Government Funding to the NGOs: A Blessing or a Curse?

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Abstract

The impacts of the government funding on the NGOs in terms of advantages and disadvantages has received mixed response from the scholars. This study attempts to review the promises and perils of government funding on the NGOs and aims to gather the scattered knowledge from literature at one place. Literature review was carried out for the relevant studies. Using the inclusion/exclusion criteria established for this article, 31 studies were finally selected for review. Using thematic analysis approach, 5 main themes regarding government funding impacts on NGOs were extracted from the reviewed 31 studies. The themes are institutional theory and Isomorphism, accountability, loss of autonomy, mission drift and crowding out. Some scholars and studies linked these themes with underperformance while others linked them with stability of the NGOs. Definite results are hard to draw to determine the impacts of government funding on NGOs and in fact these impacts depend upon a number of factors such as, age, size, sector, demography, political, economic and social environments of an NGO.

Key words: Government funding; non-government organizations; mission drift; loss of autonomy; isomorphism, crowding out

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Introduction

NGOs receive different kinds of payments from various sources which include foundation grants, government grants, corporate grants, government contracts, donations from individuals, membership dues, service-related fees, product-related fees, endowment income and investments (Guo, 2006). Among all these resources government funding constitutes an important funding source to the NGOs (Lu, 2015). There are many ways through which government can provide finances to NGOs which include outright

grants, contracts, reimbursements, vouchers, special tax deductions for contributions to certain kinds of organizations or through special tax breaks to supplement the general tax exemption that NGOs enjoy (Frumkin & Kim, 2002).

Prior to the 1980s NGOs were mainly funded through grants, schemes and subsidies, and funding was used to be provided as block grants by the governments, however, after increasing trend of collaboration between different sectors, NGOs have experienced a shift towards contractual, tied funding programmes with government and such shifts have fundamentally altered the relationships between organizations and governments and, in turn, between organizations and their communities (Carey & Braunack-Mayer, 2009). The contractual funding approach is associated with language and methods of the market which ensures the shifting of risk to service providers (NGOs) who only get paid for successful completion of assignments on a fixed rate basis (Eikenberry & Kluver, 2004). As a result of the shift of responsibility from governments to NGOs for delivery of vital human services, contracting out to NGOs has become a critical managerial option for government at all levels (Frumkin & Kim, 2002). Many NGOs depend on government funding, and this financial dependence on public money has increased in recent decades as more government funded services are delivered via grants and contracts with NGOs (Chaves, Stephens, & Galaskiewicz, 2004).

The effects of government funding on NGOs operations has turned out to be a controversial subject and researchers have seen both promise and peril in NGOs' growing financial ties with government (Spooner & Dadich, 2010). Spooner & Dadich while identifying the problems of government funding to NGOs states that problems of government funding are not only about shortfall but include the impacts of funding contracts culture on the ways NGOs operate, fading capacity of NGOs to contribute to social capital or public policy, their decreasing ability to collaborate with other NGOs and increasing organizational fragility. The uneven relationship between the government and NGOs, the deviation of government objectives and NGOs mission and government control on NGOs through the contract details deeply influence the existence and level of transaction costs to both recipient NGOs and funders (Brown & Trout, 2004). The direct impact of contractual funding is to disadvantage small NGOs which are rich in social capital, and to persuade larger ones to adopt many of the corporate practices (Rawsthorne, 2005).

The increasing trend of government contracting culture of the non-profits has significantly changed organizational dynamics and characteristics and tied funding programmes are the main reason for changing the nature of service delivery by non-profits and consequently diversion of organizations from their community groups (Brown, 1997; Laurie & Bondi, 2005; Owen & Kearns, 2006). The development of government contractual funding to NGOs has been seen to draw organizations away from their community groups and change the nature of service delivery. (Carey & Braunack-Mayer, 2009).

Under the contractual and competitive funding model, NGOs have been treated like businesses and they are expected to demonstrate accountability and higher performance, while supporting clientele with complex needs and managing increased back-office costs (Spooner & Dadich, 2010). Government contracts may provide NGOs with necessary financial stability, but at the potential cost of reduced autonomy and programmatic inflexibility (Mitchell, 2014). The dependence on government funding leads towards the concerns whether it can compromise NGOs' missions and autonomy (Lu, 2015). Brown and Trout (2004) state that the role of NGOs is under threat with the growing use of clauses making funding condition on non-engagement in political dialogue. The government funding suppress the political activity of the NGOs on a simple philosophy, don't-bite-the-hand that- feeds-you resource dependence, which mean, NGOs which depend upon the government funding for their survival abstain from oppositional political activity or any advocacy which is not liked or welcomed by their funders (Chaves et al., 2004).

The aim of this article is to review the research conducted on the impacts of government funding on the NGOs in order to draw on a conclusion in the favour of or against government funding. The objective of this review article is to provide a consolidated direction to the NGOs' policy makers to understand the relationship between government funding and their functionality for better performance. Studies on the NGOs are widely dispersed in the non-profit literature and are often laborious to find (Edward & Fowler, 2002). While NGOs phenomenon is not new, the development of research about NGOs is new (Lewis,

2006), therefore this article will serve as one stop to understand the government funding impacts in totality in terms of their advantages and disadvantages.

The major databases accessed for the review were EBSCOhost, JSTOR, Sage Journals, Emerald, Elsevier, Web of science and google scholar. The English language literature was chosen as the majority of studies across the world are reported in English. Other inclusion criteria included peer reviewed journal articles and articles reporting results from national NGOs only. Exclusion criteria included studies on international NGOs, government reports and survey papers and articles on for-profit organizations. Upon retrieval of relevant literature, the forward and backward snowballing technique was used which involved consulting the reference lists for further relevant articles. The key terms used for the search were non-government organizations (NGOs) and its permutations (non-profit organizations, not-for-profit organizations, and community organization), government funding to NGOs, impacts of government funding on NGOs and contractual funding to NGOs, . The three basic Boolean operators “and”, “or”, “not” were also used to interlinked the multiple searching terms and concepts. In order to review the most recent literature to reach the latest trends and results, the time frame chosen for reviewed studies and research was from 2000 to 2015.

The initial search yielded 497 results, and after initial screening by using inclusion and exclusion criteria, 419 articles were omitted leaving 78 for further consideration. The remaining 78 articles were examined through their titles and abstracts in order to further filter out unwanted articles, yielding 31 studies for final review.

Using thematic analysis approach, 5 main themes and several sub-themes regarding government funding impacts were extracted from the reviewed literature which are as follow; institutional theory or isomorphism, accountability, loss of autonomy, mission drift and crowding out. These 5 main themes were presented with regard to their advantages and disadvantages to the NGOs respectively, as derived from the reviewed literature.

Institutional theory and Isomorphism

Depending on government funding is more specifically related to greater revenue stability but it may also lead towards goal displacement and institutional isomorphism (Mitchell, 2014). Institutionalism is defined as when NGOs pursue and embrace strategies, practices, processes and structures which have little to do with the performance and efficiency maximization but react to and seek ways to accommodate pressures in response to external security and regulations (Frumkin & Kim, 2002). Isomorphism occurs when pressures in the form of coercive scrutiny, evaluation and regulation from the outside grow, so organizations tend to become defensive and try to find ways to diffuse or eliminate this pressure by changing their internal practices and one of the easiest ways is to adopt those routines and structures which can minimize the conflict but such routines may lead towards inefficiency due to divergence from mission (Frumkin & Kim, 2002). Frumkin and Kim identified government funding, licensing, inspection, and regulation as main levers for non-profit and for-profit isomorphism.

Isomorphism is driven by three strong processes: a coercive process that requires submission to rules, regulations and laws dictated by a powerful party in the environment; a normative process driven by professional and social norms and values; and a mimetic process driven by high uncertainty (Hafsi & Thomas, 2005). The government as a source of funding becomes the enforcer of the rules and in this role it ensures rule compliance by obligations like external audits and when NGOs are convinced that government funding is linked with or depend upon financial reporting compliance, they make essential efforts to ensure compliance which increases efficiency (Verbruggen, Christiaen & Milis, 2015).

A major outcome of isomorphism which is professionalism (Lu, 2015). Discussing the threats of professionalism as a result of isomorphism, Frumkin and Kim (2002) comment that while government funds may represent a critical source of revenue, particularly in the fields of health and human services, it may cause bureaucratization and professionalization in NGOs which results in inefficiency. They established in their study that receipt of government funding in the forms of grants and contracts can make an NGO more inefficient, more bureaucratic and professionalize in the operations. As a result of professionalization,

NGOs gradually divert from being well integrated into their communities and largely voluntary in nature, towards being bureaucratized organizations that deliver services on behalf of the government (Carey & Ayton, 2013). Professionalization of the NGOs has significant implications for community based approaches to health promotion, given the shifts it causes in organizational structure and workforce (Carey & Ayton, 2013).

As a result of isomorphism, NGOs reported themselves feeling under constant pressure as a result of changing government policies, legislations and priorities and these pressures stemmed from managerial and financial functions, increased competition and increased expectations for efficiency and other internal pressures including internal crises, declining performance, obsolescence and conflict between members and the external environment (Spall & Zetlin, 2004). As a result of these pressures NGOs were becoming more enterprise oriented thus departing from their spirit (Spall & Zetlin, 2004).

Another disadvantage of the government contractual funding is a negative impact on inter-organizational relationships (IORs). IORs emerge when NGOs make a formal or informal relationships with other NGOs to achieve joint outcomes (Lu, 2015). Government contracting system had caused loss of collaboration and cooperation among the NGOs and increasingly competitive inter-organization ethos affected collaborative service delivery, networking, referral, needs identification and problem solving potential on the NGOs (Rawsthorne, 2005). Rawsthorne (2005) survey found that contracting had affected collaboration and cooperation between organizations, especially large organizations were more likely to agree that the changed funding arrangement (contractual funding) had led to greater competition and less collaboration.

Summing up the disadvantages of contractual government funding to NGOs, Eikenberry and Kluver (2004) commented that competition for contracts leads to replacement of a benevolent spirit, increases focus on management and public relation at the expenses of services, encourages provision of reimbursable services instead of social welfare, smaller revenue pools for community services, unsupported advocacy, concentration of power with larger service providers, threatens inter-organizational networks, devalues volunteer work and focuses on the bottom line instead of building social capital.

Accountability

As NGOs are engaging in more contractual and partnership relationships, they face changing demands for performance measurement and accountability, both upward to government and downward to their members, clients and the community (Barraket, 2006). As government's relationship with NGOS evolve, its ability to impose its priorities on organizations increases, with the major tools for this increase being reporting requirements and increasingly specific regulation of organizations (Cunningham, Baines & Charlesworth, 2014).

NGOs are with subject to two types of audits. Financial audits are conducted to ensure that there is complete material disclosure and that accounts are maintained according to the stipulated accounting and financial standards and performance audits which attempt to ascertain the efficiency, effectiveness and accomplishment of NGOs in view of their missions (Frumkin & Kim, 2002).

Compliance-based accountability by government focuses on conformity of rules and punishment for violators (Carman, 2009). Accountability and conformity even begins before the issuance of a grant or contract to NGOs with the issuance of specific criteria regarding who is eligible to receive a specific contract or a grant, for instance, a licensing condition. Once a contract or grant is awarded, other external monitoring activities come into play, for example, visiting the sites and reviewing program documents and records to keep track of performance (Carman, 2009). Governments were found to not only work hard to monitor and increase the oversight they exercised over NGOs, but were also requiring more evaluation and performance measurements. Carman also found that the NGOs which rely on federal and departmental funding were more exposed to accountability requirements as compared to NGOs which relied on state and local funding.

The costs associated with compliance and accounting requirements is also a source of a particular drain on NGOs' resources and this has been further aggravated by the patterns of funding as NGOs typically receive funding from multiple government departments and from multiple government levels (local, state

and national), all having different requirements for reporting on the use of the funds (Spooner & Dadich, 2010). Cunningham et al. (2014) in their study found that record keeping linked to targets and accountability associated with all the different models of government funding to NGOs significantly affected the workloads of NGOs and new and changing reporting requirements had often caused a loss of focus on clients' services as well as a changed professional identity.

The differences in the reporting requirements to different donor departments is another factor which negatively affect NGOs. Flack and Ryan (2005) in their study analysed the financial reporting requirement documents of 22 government departments involved in funding 31 different programs of the NGOs and found that all 31 different programs had special and different financial reporting requirements and all 31 programs have had different sets of acquittal documents that had caused profound compliance costs to NGOs. Moreover, not only were there inconsistencies among government agencies for reporting requirements, but also with in one particular government department there was little consistency and harmony. Herzer and Nunnenkamp (2013) in their study concluded that in addition to extensive monitoring and reporting requirements, government financing typically implies that NGOs are no longer autonomous in defining their financial portfolios. Identifying the implication of accountability to large NGOs, Rawsthorne (2005) in his study found that larger the organization was, greater the belief that organization was more accountable to the government than to the community.

Loss of Autonomy

NGOs' leaders expressed their anxiety over the loss of autonomy which comes with government money and feared that their political activity would drive away government funders (Chaves, Stephens & Galaskiewicz, 2004). Hamilton and Maddison (2007) quote a survey of 750 NGOs involved in advocacy and comment that most respondents reported government constraints on their independence with 70% reported that government funding at times restricted their ability to comment on government policy and 90% believed that dissenting organisations risked having their funding cut. The authors noted that the more reliant an NGO was on government funding, the more constrained they felt in criticising government. Lloyd and Wise (2010) in their study quoted several participants expressing frustration at the point that funding decisions to NGOs were made according to political imperatives rather than moral, economic or social arguments.

The closer ties of the NGOs with government and their restricted ability to provide political advocacy or to respond to communities, these organizations are sometimes referred as "proxy state organizations" (Carey & Ayton, 2013). NGOs with closer ties to government have constrained activities, for example, although such organizations carry out advocacy work, yet it is not up to the standards of broad political debates, but is only restricted to politically acceptable areas and mostly to the non-sensitive issues (Phillips, 2006). Such organizations tend to follow the central policy values set by the government and strengthen the political agenda of the ruling government. Parks (2008) states that NGOs autonomy is of great importance in domestic and political dialogue and advocacy activities and with close association with the government donor agency, NGO loses its credibility vis-à-vis the government, other political actors, and the rest of civil society. The NGO's advocacy role for marginalised people is under serious threat with the increasing use of clause making funding conditional on non-engagement in political dialogue (Gray, 2013).

The preference of government to fund project based programs over advocacy services also restrain the advocacy role of the NGOs. Casey and Dalton (2006) found that the government shift and priority to project based funding results in increasing percentage of available funding to specific activities and less funding to advocacy due to which advocacy can only be funded from the shrinking pool of uncommitted funds, private membership or fundraising. They further comment that the increased use of government contracting and competitive tendering effectively decouples the NGOs from policy and service provision roles which results in concentration of power over policy and services into the hands of governments. One of the most common and widely criticised effects of contemporary policy trend of tied funding and the new imperatives of partnership on the community sector, is that they limit NGOs' capacity to advocate for the needs of its constituents or dissent from the status quo (Barraket, 2006).

Casey and Dalton (2006) concluded that contracting and project-based funding have decoupled the policy and service roles, and, instead of providing NGOs with greater participation in both may, have led to a concentration of power over policy and services in government hands.

Mission Drift

Mission drift arises when an NGO's priorities and activities are mainly decided by its funders, consequently, the NGO's functions then diverge significantly from its original mission (Bennet & Savani, 2011). The main reason behind the mission drift is the funder's desire for an NGO to change its mission, objectives and operations to match the funder's requirements (Bennet & Savani, 2011). When mission drift occurs, organizations' objectives become increasingly aligned with government policies, rather than working with communities to challenge the government to create more equitable and socially responsive policies and programs (Carey & Ayton, 2012).

The concerns were expressed about government agendas influencing organisational governance which was significantly difficult because different funding bodies, for example, the national government and the state/territory governments, have different agendas and NGOs were reportedly being driven by the priorities of funding bodies rather than by mission (Spooner & Dadich, 2010). Moreover, informants also questioned the value of government agendas that were driven by short-term election cycles, rather than long-term vision.

Another aspect of mission drift is the inclination of NGOs towards top-down approach as compare to bottom-up approach. Carey and Braunack-Mayer (2009) in their ethnographic case study identified that initially the NGOs operated on the more radical bottom-up principle of increased social justice through community participation, empowerment and advocacy, however, with an increase in state funding, it appears that this principle has started to be abandoned in favour of more conventional health promotion discourse, top-down approach, focusing upon disease prevention and population approaches.

In his research on American NGOs, Chaves et al. (2004) quote a study, which found that increased government funding caused NGOs to redirect their attention, energy, and resources away from service delivery and advocacy and towards administrative activities such as grant-writing fundraising, and documenting the communities' needs for services.

In a case study of three non-profit charities in the UK, Bennet and Savani (2011) commented that the management of all three charities recognized that mission drift was an unavoidable consequence of receiving substantial volumes of government contract work.

Crowding out

After the government funding, donations are the second most vital revenue source of the NGOs. In literature, impact of government funding on donations is known as crowding out and crowding in effect. According to Kim and Ryzin (2014) the term crowding-out refers to a situation in which government funding displaces or discourages donations, whereas, crowding-in refers to the situation when government funding leverages or encourages private donations to an NGO.

The general assumption is that government grants can crowd out private donation to NGOs mainly due to two reasons, first, donors view their involuntary tax contributions as a substitute of their voluntary donations, second, NGOs general strategic response to the fundraising becomes minimal after receiving government grants, which will eventually reduce the fundraising efforts and hence indirectly reducing the private donations (Bremen, 2008).

Brooks (2000) comments that NGOs which receive heavy funds from government start becoming quasi-public agencies and since only few people give voluntary donations to the governments, fewer and fewer people become inclined to give to these organizations, moreover, since heavily funded NGOs often suffer the image of requiring public money to stay alive, and this may inspire little confidence among private contributors.

On the basis of his study, Brooks (2000) called government funding a short-run subsidy trap and comments that if a larger government funding subsidy has been used to increase the NGOs' short term liquidity, the NGOs donations, both short-term and long-term would fall. Similar kinds of results were obtained from Borgonovi's (2006) study that low level of government funding attracts a low level of private donation and a higher level of government funding increase private donation but after a certain threshold is reached, higher the level of government funding, lower the level of private donations. To test the impacts of the government funding on donation, Breman (2008) established that government funding crowded out 7 percent donations for all NGOs, 22.3 percent for health, 5.7 for social and 9.6 for other organizations.

Advantages of government funding

The cautionary claims of the government funding have not gone unchallenged and many researchers have seen the relationship between government and NGOs as complementary and mutually advantageous (Frumkin & Kim, 2002). NGOs capitalize on government's steady financial support to improve the efficiency of the service delivery process mainly through the achievement of scale through large blocks of government support (Frumkin & Kim, 2002).

In fact, some research has argued that the flow of public funds into NGOs allows them to expand substantially their operations and to achieve greater levels of operational efficiency and improved effectiveness (Frumkin & Kim, 2002). The data shows that on one hand, government grants have a positive and statistically significant effect on the number of NGOs and on the other hand, numbers of NGOs and their fundraising efforts have a positive and significant effect on the amount of government grants (Luksetich, 2008). NGOs functioning with no government support might be entirely unknown or just starting out, and as such might benefit from the publicity and credibility which comes with a grant (Brooks, 2000).

Explaining the advantage of competitive tendering process, Durham and Bians (2015) state that due to insufficient funding, NGOs have to operate in contestable markets for winning funds and these competitive tendering processes assume that competition between for and not-for-profit providers act as a catalyst to improve service delivery efficiency. Durham and Bians continue that contestability allows more providers to enter the market and compete for contracts, creating the stimulus for greater efficiencies, innovation and improved service delivery to consumers. Government usage of competitive performance based contracts and not giving NGOs preferential treatment provide for-profit sector to enter in the bidding process because of for-profit's greater ability to sustain risk due to high capital and greater technological capacity to meet contract requirements and this phenomenon triggers the performance based approach among NGOs (Eikenberry & Kluver, 2004). Competition for funding increases accountability and positive outcomes, incentives for NGOs to work harder, cut unnecessary costs, improve the overall influence and effectiveness of civil society in domestic and political environment. As a result, high performing NGOs thrive and inefficient fade out (Parks, 2008).

Government funding does not always cause mission drift. Rawsthorne (2005) in his study found that over half (58.3%) of the organizations he studied strongly disagreed that the new contractual funding arrangements had diverted their organizations from their vision and purpose. Rawsthorne continues that whilst government contracting has been detrimental for some NGOs, over a broader spectrum, the community development activities of these NGOs have been affected minimally and the negative impacts of contracting have been less than anticipated and these organisations feel able to continue to play an important developmental role in community life, regardless of the contractual arrangements.

Government contracting requires NGOs to behave in a trustworthy manner over time and over transactions to develop familiarity and credibility and more broadly, this points to the imperative of building inter-organizational trust with funding agencies which are more likely to survive and sustain (Lu, 2015). Yet if government funding causes mission drift, it can have positive consequences for NGOs, by undertaking contract work well beyond the scope of their existing missions, NGOs can develop their competence, extend their capabilities, and become adept at building activities into a total package to offer to government funders (Bennet & Savani, 2011).

NGOs at times adopt several strategies to avoid mission drift effect of government funding. Ince it is rare to find an alignment between donors and an NGO, negotiations are carried out over what to do and towards what ends, though mostly these negotiations are heavily influenced by donors, at time, NGOs hold an advantage, especially if there are only few NGOs in an area, in such case NGO would be able to advocate community needs to donors in better way (Parks, 2008).

Favouring the structural changes or isomorphism as a result of government funding, Lu (2015) comments that NGOs with higher bureaucratic orientation, stronger domain consensus with government, and longer government funding history are more likely to receive government contracts and grants (Lu 2015). On the structural side, NGOs' bureaucratic orientation plays a strong positive role in facilitating the flow of government funding and on the relational side, both domain consensus and funding history have strongly significant effects on attracting government funding (Lu 2015).

Dependency (on government funding) is not only inevitable, but it is also necessary for survival as it increases the organization's sensitivity to the environment and its ability to adapt to it (Hafsi & Thomas, 2005). Supporting the inevitable dependency of most organizations on government funding, Hafsi and Thomas further suggest that this is not a curse and instead of competing for resources on an open market, organizations rather seek to increase legitimacy and support among the main actors upon whom they are dependent (government). In doing so, isomorphism takes place, and can be seen as a strategy to deal with such a dependency (Hafsi & Thomas, 2005).

There are some studies which have shown that government funding result crowding out, rather causes crowding in. Smith (2007) in his study established that government grants can have the potential of the crowd in private donations from the range of \$ 0.14 to \$ 1.15. Smith further advocates that overall there is a lack of evidence that government funds can have a negative impact in private giving and there are some evidences that government grants can have a small positive impact on donations in performing arts organizations.

Heutel (2014) also found in his study that government funding crowd in private donations and especially for younger NGOs, which confirms the notion of signalling, where donors know less about a new NGO and view government funding as a source of credibility and worthiness of an NGO. Heutel also did not find any evidence of crowding out. Heutel (2014) states that if private donors have the better information about charity quality, their donations can act as signals to the government and crowd in government grants.

Discussion

From the review of the literature, the main impacts of government funding, such as, isomorphism, mission drift, accountability, loss of autonomy, and crowding out have received a mixed response from different researchers as evident from presented studies in this review. Some of the presented studies which have been analysed in this section to support the theory link these impacts with positive consequences while others link them with negative ones. As Spooner and Dadich (2010) state, there is mixed evidence about the impacts of government funding on NGOs' independence, although there appear to have been some problems in this area, the extent of the problem is not clear.

From the presented studies in this chapter, it has become clear that definite results are hard to draw to determine the impacts of government funding on NGOs and in fact these impacts depend upon a number of factors such as, age, size, sector and demography of an NGO. As according to Zappala and Lyons (2006), larger NGOs least rely on fundraising and more likely to have a diversified revenue base including revenue from government and commercial activities, whereas smaller organisations are more likely to depend on fundraising, moreover, organisations located in capital cities are also more likely to be dependent on fundraising revenue to carry for their activities.

Political, economic and social environments within which governments and NGOs contract and operate also play a role in deciding the nature of the relationship between two and service delivery pattern. Chaves et al. (2004) state that the relationship between government and NGOs significantly depends upon the environment in which both operates, on one hand, NGO is dependent on government for its funding, whereas on other, government agencies may also depend on that organization to deliver needed services.

Government agencies responsible for managing grants and contracts need qualified and capable nongovernmental partners with which to contract and if the number of such partners is limited in a given community or in a given arena, the situation is one of mutual dependence between government and the NGO that can deliver the service and in such case government influence on NGO would be minimal. (Chevs et al., 2004).

Kearns, Bell, Deem and McShane (2014) concludes that the most important factor NGOs' leaders consider is catalyst which means that leaders think strategically about the positive spin-offs that certain type of funding can produce by generating not only other types of funding, but also other clued resources like visibility in the community and partnerships, second, leaders are highly concerned about the importance of matching funding streams with mission alignment and board chairs seemed mindful of the pathologies such as mission drift in the quest for funding (Kearns et al. 2014).

There are some scholars who believe that government as a donor has complete right and authority to exert and exercise its power over NGOs, and it is the duty of NGOs to fulfil all the conditions tied with government funding. As Gray (2013) states that as a matter of fact no individual or organisation has a constitutional right to government funding and governments are not obliged to fund any specific community organisations. Gray continues that if the government is free to decide whether to fund an individual or agency, it can impose conditions on the recipient of the funding and if the recipient does not like the conditions, it does not have to accept the money.

Conclusion

Government funding has been linked with causing isomorphism, loss of autonomy, mission drift and crowding out in the NGOs. Accountability requirements have also constrained the performance of the NGOs. For NGOs, receiving government funds is not cost free and NGOs leaders have become more aware of the negative impacts of government funding where onerous government oversight and regulations may lead to NGOs' greater formalization, administrative inefficiency, and mission drift (Lu, 2015). However on the other side, there are number of studies which have termed government funding essential and vital for the survival of the NGOs, and in this regard, have also linked the above mentioned impacts of government funding for the sustainability and development of the NGO sector. This review has significantly managed to gather the dispersed research upon the negative and positive impacts of government funding and factors which interplay these impacts. This article may help the NGOs' policy makers to better understand the consequences of the government funding and consider them during their planning for better performance.

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