

Benchmarking Service Delivery Effectiveness of the Service Providers of Poverty Alleviation Programs in Bangladesh

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***Abstract:** In this study we have segregated the service delivery dimensions of the micro-credit driven poverty reduction programs in Bangladesh to explore critical success factors in which service providers [Government (GO) and Non-Government Organizations (NGOs)] need to be effective. Then based on the opinion of 841 randomly selected beneficiaries from 107 villages in Bangladesh, we explored multidimensional 'industry reference standard items' which are most desired by the beneficiaries to ensure better service delivery from the service providers of the stated programs. Finally, by exploring the best practices in each reference item through comparing the service delivery effectiveness of government and NGOs, 'industry benchmark' for each item is proposed. Findings of the study reveal that NGOs are performing better in many fields of service delivery related to area coverage and skill of the front line workers even though government agencies were found to be more effective in several key issues related to transparency in operations and ensuring more beneficiary welfare. It is hoped that the rate of poverty reduction would be more sustainable if the policy makers of GO, NGO and other service providers can assure that they all maintain continuously rising and evolving industry standard by improving their services on those fields in which they perform below the industry benchmark.*

***JEL Classification:** I380, I390, O290, C190*

***Key words:** Benchmark, Poverty alleviation, Government, Non-Government Organization, Bangladesh*

1. Introduction

Bangladesh is performing well in improving several human development indicators² but still the rate of poverty reduction is less than expectation³ (Hossain, 2009). A large and continuously growing level of investment and aid flow in the social sector thus question the standard of effectiveness of the service delivery process of the service providers. Most of the poverty alleviation programs whether run by government (GO) agencies or Non Government Organizations (NGO) is donor funded in Bangladesh (Bhattacharya and Titumir, 2000; Sobhan, 1998). After the independence of the country in 1971, donors used to utilize GO agencies for channelling funds towards beneficiaries. However, donors (to much extent) shifted their channel from GO to NGOs as it was reported (Sobhan,

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² For instance, Bangladesh received UN award for its remarkable achievement in attaining the Millennium Development Goal (MDG) particularly in reducing child mortality rate.

³ Hossain (2009) shows that between 2004 and 2007, 30% households were always unable to rise above the poverty line and another 19.2% people became non-poor to poor.

1990) that GO agencies suffer from lengthy bureaucratic procedures, corruption⁴ and less beneficiary coverage. This shifting of channel necessarily proves that donors care about timely and effective service delivery with a wider reach to the beneficiaries even though it was claimed that donors merely coordinate their micro and macro projects as the World Bank mainly designs the policy reforms⁵ in Bangladesh (Sobhan, 1998). Two major criteria that are used for performance appraisal of the service providers (GO and NGOs) in poverty alleviation programs are financial sustainability of the project and amount of credit disbursed; none of which guarantees the standard effectiveness of the service delivery mechanism from beneficiaries' point of view.

As poverty reduction programs are related to social welfare (by definition), it is important to check whether the service providers are maintaining a desired standard in delivering services to achieve their targeted rate of poverty reduction within the specified time period. This query is important for many grounds. For instance, donors can check time to time whether: a) their channel of fund disbursement and service delivery are worth of performing the desired activities or not, b) the beneficiaries of the poverty reduction programs are satisfied with the services of the providers or not. Moreover, when a service provider can assure and visibly prove that it is performing effectively, it is, in fact, presenting itself to donors or funding bodies in the best possible way. In addition, it is important to mention that the main focus of ISO 9000 is 'meeting the requirements of customer (in our case beneficiaries) expectation'. Its (ISO 9000) quality management concept focuses on the policy package of the organization that enhances customer/beneficiary satisfaction by meeting customer expectations and applicable regulatory requirements (Healy, 2005). If the entire poverty concerned sector⁶ can prove that it is working according to the best ideas available, then it can guarantee that the beneficiaries of the stated programs are receiving the best services to get out of poverty within the desired timeframe. The idea of delivering best practice standards is popularly known as 'benchmarking'.

Basic idea of benchmarking is copying the best available practice in the industry and sharing own best ideas with others, which means benchmarking is the best way of doing something (Healy, 2005). But in connection to our objective, a more operational definition of benchmarking would be: 'the best way of doing things which include quality, timeliness of service delivery and outcomes achieved'.

Prime task of benchmarking is to compare the performance of a service provider against the *reference standards* – measuring and understanding external best practice and own current performance. The concepts and applications of benchmarking are wide enough in the business, commerce and industrial sectors and in many developed nations the concept is adopted by government sector as well (Higham, Chadwick and McDonald, 1997).

⁴ Whatever the motivation of donors, their approach to aid delivery promotes inefficiency as well as some element of corruption in the aid delivery system and is thus hardly conducive to good governance over poverty alleviation programmes. More seriously, this high profile role by donors in the poverty alleviation process dis-empowers the government. This suggests that donors may be less serious about promoting good governance in Bangladesh than may be apparent from their public positions (Sobhan, 1990).

⁵ For instance, throughout the 1980s, Bangladesh's development agendas were highly influenced by the World Bank's Structural Adjustment Reforms (SAR).

⁶ Includes GO, NGOs and other social organizations like grass root organizations

However, in Bangladesh this concept has never been used by the social welfare organizations and there is no such standard so far set to evaluate or benchmark the effectiveness of the service providers. Even though the rate of repayment⁷ on micro-credit and coverage of the service provider are two referred criteria in evaluating performance of the service providers, in our opinion, this is a narrow way of measuring effectiveness where the major issues of service delivery process are ignored. Thus, this paper is grounded on two objectives: (1) for the industry reference items of the service delivery, we will identify (based on the opinion of the beneficiaries) the multidimensional service delivery areas where service providers need to be more effective and (2) as there is no agreed set of standards available in the literature which the funding and regulatory bodies can use to judge the effectiveness of service providers, that gap will be closed as well by setting benchmark for the service delivery areas (explored in objective-1) in the poverty alleviation programs in Bangladesh. It is hoped that the findings of this study would help the service providers to compare their service standards against the industry benchmark that will lead them to improve the fields of service delivery in which they are performing below the industry standard.

This paper is formatted in the following manner: Section-2 explains the selection of industry reference standard determining items while in Section-3 industry benchmark will be set for each item by comparing the effectiveness of GO and NGOs. Section-4 includes major discussion on the findings of the study and Section-5 concludes with policy recommendations.

2. Selecting standard determining items in service delivery: Conceptualizing effectiveness and scale development

Before setting benchmarks for the service delivery process of the stated industry, it is important to determine reference standard 'dimensions and items' in which benchmark would be set. This necessarily means breaking the whole service delivery process in to several activities and selecting those activities which are most expected by the beneficiaries from the service providers. We call these items 'multi-dimensional scale items' in which service providers need to prove their effectiveness.

In a traditional sense, effectiveness is measured by the ratio of outputs to inputs for instance, (3000 Taka of credit * 100,000 beneficiaries)/Cost of services. However, in our study we will not view effectiveness in such a limited or crude way for two major reasons: 1) due to non-profit nature of the service providers and 2) less monitoring of donors results to more cost of operations which do not reflect true nature of project's cost structure⁸. In defining effectiveness, Buchanan (1987) indicated that the service provider (GO or NGO) is effective if it is able to make a situation where people can easily access to their desired services. In our case, we are conceptualizing effectiveness from a service delivery perspective, unlike the traditional way of looking at firms' profit-earning. In

⁷ For instance, rate of loan recovery in Grameen Bank, BRAC and PKSF is close to 100% and they all use this information to justify their success of operation and other providers use this as a success benchmark.

⁸ One such review of aid-funded poverty related projects implemented by various agencies of the GOB indicated that close to 50 per cent of the expenditure was diverted away from the target group into overhead costs, hardware, and foreign and local consultancies (Sobhan, 1998).

analysing the effectiveness of GOs and NGOs in poverty alleviation programs, it is more important to examine the extent to which they reach the beneficiaries, reduce the *ill-beings* of the poor by providing customized services, support them in income generation, deliver services in time, mobilize them in social activities other than measuring the quantity of profit they made by disbursing micro-credit to the poor. Thus, for our case, *effectiveness is defined as a comparison of what is expected by the beneficiaries (poor people) with what is actually performed by the participating organizations (GO and NGO) in the poverty alleviation projects, based on a few common grounds related to administration, management, service delivery processes, skills of the workers, marketing processes, interaction procedures, social mobilization skills etc.*

As beneficiaries will be assessing the service delivery effectiveness of GOs and NGOs based on the factors stated above, a multidimensional scale needs to be developed and validated to explore the specific items (or fields) on which an assessment can be made. Construction of a unique scale for a participant's effectiveness analysis is important for many other reasons. Available scales in marketing and management (termed as 'Performance Scales') are quite different from the one we have developed here. This is because the existing scales include the performance analysis of *for-profit* organizations whereas participants (GOs and NGOs) of the poverty alleviation programs are by definition *non-profit*.

2.1 Dimension selection and item generation for best practices

By considering the non-profit nature of the poverty reduction projects and service delivery issues related to poverty, 38 items were generated at the initial stage, and then they were grouped under five dimensions as given below:

1. *credibility dimension*: the degree to which people can rely on the activities of the service provider. In this dimension items reflect issues like timeliness, sincerity in operation, speed in the process, fairness in decision making, information sharing, etc.;
2. *reactive factors*: the way the service provider responds to the queries or problems of the beneficiaries. We, thus, focus on items like responsiveness of field workers and managers, worker's attitude with beneficiaries, feedback approach, technical support activities, etc.
3. *confidence dimension*: the service recipients' trustworthiness of the organization, which is expressed through transparency in the transactions, professionalism, consultation and guiding ability, knowledge of the workers, problem solving capacity and sincerity, keeping promises etc.;
4. *empowering dimension*: the extent to which the service organizations value the suggestions of the beneficiaries. This then incorporates the provider's attention towards individual's welfare, the worker's focus towards beneficiaries, the sincerity of the providers in the participatory process of the beneficiaries, caring attitudes, etc; and finally
5. *accessibility dimension*: degree of communication facility between beneficiaries and participants of the project by including items related to location advantage, area covered, office hours, availability of the technology suggested by the providers, etc.

After the modification of the scale items through a five-person judgemental panel⁹, we retained 26 items and five dimensions for data collection. A five-point *Likert scale* was incorporated to get the responses ranging from 1 (Worst) to 5 (Best) in the scale item.

2.2 Questionnaire preparation and data collection

As we conducted the study in rural Bangladesh, a Bengali (local language) version of the questionnaire with 26 items was developed from the original English version and tested for comparability iteratively. Districts were selected in a way that they share common economic, social and natural features like degree of poverty, presence of natural calamity (flood and drought), soil characteristics, occupation, agricultural labour size of the households, land holding patterns, tenancy patterns, percentage of agricultural farms in the areas, literacy rate, crude birth and death rate, per capita expenditure, gender disparity, population density, wage rate, time to travel from capital city and agricultural productivity. A total of 562 questionnaires were completed from seventy eight villages of eight districts, namely Lalmonirhat, Kurigram, Nilphamari, Gaibandha, Potuakhali, Barguna, Jhalokathi and Jessore. Among these usable questionnaires, there are 286 (50.8%) male respondents and 276 (49.2%) female respondents. The multi-stage sample selection procedure is shown in Figure 1.

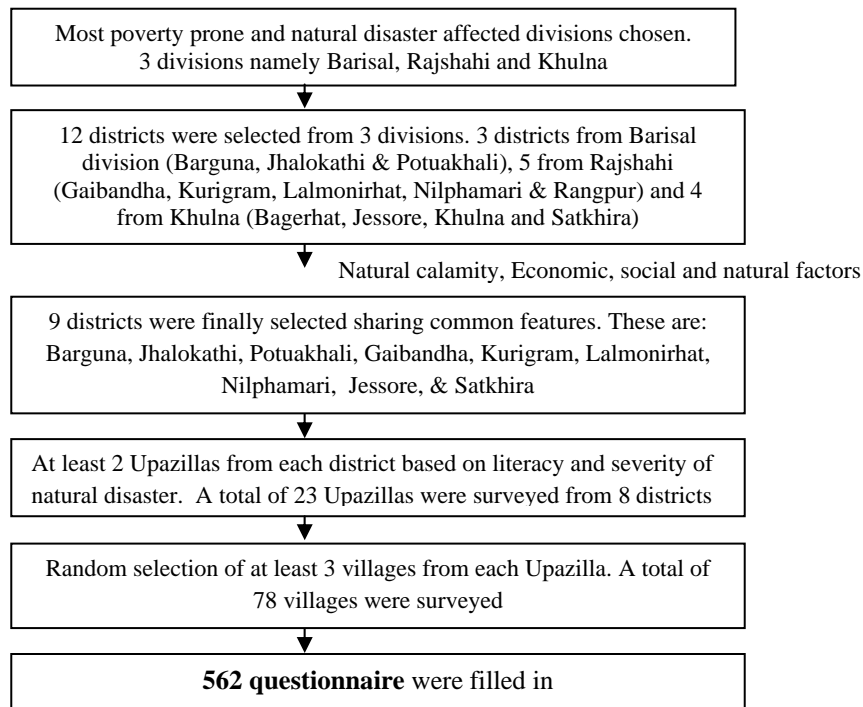


Figure-1: Sample selection and data collection procedure (Note: Upazillas are the lowest level of administrative government in Bangladesh, HCR stands for Head Count Ratio)

Before beginning the scale purification, we conducted a measure of sample adequacy (MSA) test through *Kaiser-Mayer-Olkin* (KMO) statistics to see the data appropriateness.

⁹ Following the methodology used by Shimp and Sharma, 1987.

The KMO for 26 items was reported to be 0.963 and individual MSA for scale items ranged from 0.842 to 0.988, which satisfied the requirement.

2.3 Purification of scale for standard enhancing items

Twenty six items with five factors were subjected to common factor analysis. As our main intention was to reduce many variables to a more tractable number, we used the *moderately strict* decision rule¹⁰ of deleting items that had cross loadings, or a loading of less than 0.50 on any factor, and had less communality value (less than 0.45). Five items were dropped in the initial purification process through factor analysis based on the deletion rule explained above. Results of this study also show that the *eigenvalue* dropped below 1 (*Kaiser Criterion*) after incorporating 3 dimensions other than the 5 hypothesized dimensions.

In the next stage confirmatory factor analysis (CFA) was conducted and for this purpose the same questionnaire was utilized on a new sample. Four new districts of Bangladesh were chosen for this, namely Barisal, Lakshmipur, Brahmanbaria and Feni (these are all located in central Bangladesh and more poverty prone). From these four districts 12 Upazillas and 29 villages were surveyed. A total of 368 questionnaires were found to be appropriate for the CFA. Of these 368 samples, 47.6% were male and 52.4% female. In the whole sample, 42.9% and 57.1% of the respondents were found to be beneficiaries of GOs and NGOs respectively.

With the remaining 21 items, a step by step CFA was performed to get the well fitted scale (Please refer to Chowdhury and Mukhopadhaya, 2010 for details about the process). Items with a loading value less than 0.50, with high *modification index* value and high *per change* value were dropped in those stages. Results of the different stages of CFA are displayed in Table 1 and results show that with the initial 21 items, the scale is of bad fit with GOF values below the standard. The scale has become a satisfactory fit with 14 items and two dimensions where our scale has better AIC and ECVI values compared to that of a saturated model.

Table-1: Comparative study of GOF values in different stages of scale refinement in CFA

GOF index	Preferred value	21 item scale	17-item scale (First stage refined)	15-item scale with new correlates	Finalized scale items (14 items & 2 dimension)
RMR	< 0.05	0.064	0.044	0.034	0.033
GFI	> 0.90	0.801	0.892	0.946	0.950
AGFI	> 0.90	0.753	0.858	0.925	0.931
PGFI	> 0.50	0.645	0.677	0.678	0.670
CFI	Close to 0.95	0.808	0.906	0.964	0.970
NFI	> 0.90	0.764	0.865	0.924	0.933
IFI	> 0.90	0.810	0.906	0.965	0.969
TLI	> 0.80	0.784	0.889	0.956	0.962
RMSEA	< or equal	0.093	0.073	0.047	0.044

¹⁰ Similar rules were followed in marketing literature by Shimp & Sharma (1987) and Bawa (2004); in Psychology literature by MacCallum & Austin (2000) and Chan et al. (2000); and in Research methodology by Black et al. (2009).

	0.05				
PCLOSE	> 0.50	0.000	0.000	0.664	0.712
AIC	Lower than saturated model	862.286	416.766	222.86	194.117
		Bigger than saturated	Bigger than saturated	Lower than saturated	Lower than saturated
ECVI	Lower than saturated model	2.350	1.136	0.607	0.529
		Bigger than saturated	Bigger than saturated	Lower than saturated	Lower than saturated
HOELTER	> 200	105 & 112	153 & 166	258 & 283	272 & 301
Chi-square	Smaller the better	772.286	342.766	154.865	132.117
Total fit		Bad fit	Improved but bad fit	Major improvement	Best fit

2.4 Aggregate test for finalizing best practice requirement areas

An aggregate test was performed by incorporating all data from the two different sets. Result shows that the goodness of fit index is satisfactory ($RMR = 0.031$, $GFI = 0.964$, $AGFI = 0.949$, $CFI = 0.978$, $RMSEA = 0.049$, $PCLOSE = 0.610$ and $Hoelters$ are 373 and 413) along with no significantly large modification index value. This necessarily shows that the developed scale is robust in nature. The finalized 14-item Effectiveness Scale is shown in Table 2 with the respective loadings.

Table-2: 14-item Effectiveness Scale

Item number	Scale Item	Loading in factor-1	Loading in break factor-2
I1	Timeliness in loan disbursement/providing other services	0.70	
I2	If you had a problem, how sincerely the service provider resolved it	0.64	
I3	Regularity of information sharing through field workers	0.68	
I4	Fairness in decision making by the organization	0.78	
I5	How sincerely the service provider keeps their promise	0.75	
I6	Quality maintenance of the service by the provider	0.77	
I7	How good are the workers in answering your queries quickly	0.76	
I8	Transparency in transaction process of the service provider	0.65	
I9	How good the organization is in listening to any of your suggestion		0.67
I10	How helpful the service provider been in dealing with other org.		0.62
I11	Attention of the service provider towards your welfare		0.70
I12	Attention of the workers towards beneficiaries		0.68
I13	Workers understanding of the individual beneficiary's need		0.77
I14	Service provider's location is convenient		0.68

2.5 Validation of the scale with three areas study

Three separate studies were conducted to assess reliability and construct validity of the 14-item scale. These studies are named as, 'Northern study', 'Southern study' and 'Central areas study'. The northern and southern parts of Bangladesh are the most poverty prone however, due to different reasons (see Table 3); we need to see whether the same scale items are equally applicable to both areas. On the other hand, few districts were chosen from the central part of the country where the prevalence of poverty is comparatively less. Comparison with this area will further validate the strength of the Effectiveness Scale. Sample characteristics of each study are shown in Table 3.

Table-3: Sample characteristics for three studies

	Northern Study	Southern Study	Central areas
Districts covered	4	4	4
Reasons to be chosen	Lengthy drought in every year, absence of industries, backward infrastructure, low literacy, high unemployment	Very vulnerable to natural shocks like cyclone, tidal surge that creates more destitute	More poverty prone compared to other districts of the area and this is our hold out sample and chosen purposively
Sex			
Male	134 (48.2%)	158 (55.6%)	175 (47.6%)
Female	144 (51.8%)	126 (44.4%)	193 (52.4%)
Member of			
GO	126 (45.3%)	143 (50.4%)	158 (42.9%)
NGO	152 (54.7%)	141 (49.6%)	210 (57.1)
Age (Years)			
21-25	2 (0.7%)	0 (0%)	38 (10.3%)
26-30	67 (24.1%)	45 (15.8%)	98 (26.6%)
31-35	63 (22.7%)	71 (25%)	64 (17.4%)
36-40	44 (15.8%)	69 (24.3%)	78 (21.2%)
41-45	43 (15.5%)	44 (15.5%)	54 (14.7%)
46-50	55 (19.8%)	55 (19.4%)	33 (9%)
51-55	4 (1.4%)	0 (0%)	3 (0.8%)
56-60	0 (0%)	0 (0%)	0 (0%)
Total Sample	278	284	368

2.5.1 Reliability assessment with Convergent validity and discriminant validity test¹¹

The Effectiveness Scale's reliability and internal consistency are very high. Coefficient alpha for the Northern, Southern and Central areas are 0.918, 0.949 and 0.90 respectively, which guarantees that the developed scale can be further utilized for the validation process.

We performed convergent validity of the Effectiveness Scale in all three areas based on correlation values. Correlation based convergent validity was found in favour of the Effectiveness Scale in all three areas. Discriminant validity was found to exist in the Effectiveness Scale in all three areas. To avoid repetition we will discuss the results of the Central area only. Our findings are presented in Table 4, which supports the existence of convergent and discriminant validity in the Central area study.

¹¹ Nomological validity testing for the scale items is not displayed here. However, interested readers are requested to contact the author for detailed results.

Table-4: Evidence of convergent and discriminant validity in Central area study

	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10	I11	I12	I13	I14
I1	1.00								0.28	0.16	0.17	0.14	0.11	0.12
I2	0.56	1.00							0.36	0.19	0.27	0.24	0.24	0.23
I3	0.57	0.56	1.00						0.33	0.19	0.22	0.22	0.19	0.26
I4	0.62	0.54	0.59	1.00					0.39	0.23	0.27	0.31	0.17	0.25
I5	0.63	0.64	0.61	0.58	1.00				0.32	0.21	0.26	0.23	0.18	0.27
I6	0.68	0.67	0.59	0.60	0.58	1.00			0.34	0.28	0.28	0.30	0.26	0.32
I7	0.68	0.56	0.59	0.57	0.68	0.60	1.00		0.34	0.32	0.32	0.24	0.30	0.33
I8	0.66	0.65	0.52	0.68	0.67	0.60	0.64	1.00	0.35	0.25	0.24	0.27	0.28	0.26
I9									1.00					
I10									0.56	1.00				
I11									0.55	0.53	1.00			
I12									0.61	0.33	0.50	1.00		
I13									0.42	0.66	0.46	0.57	1.00	
I14									0.54	0.57	0.46	0.52	0.63	1.00

Note: Pearson Correlations are significant at 0.01 level. I1, I2, I3 are the items as labelled in Table-2

In Table 4, correlation values are shown for the 14 scale items that we developed in the last section. Values below the diagonal show the correlation among the items of individual dimensions (I1–I8 for the first dimension and I9–I14 for the second dimension). Higher and significant values (most are above 0.52) of ‘r’ between the scale items and its construct show that there is convergent validity in items in the Effectiveness Scale in the case of both dimensions. Thus, this scale is appropriate to express the message of individual items without any redundancy between dimensions. On the other hand, values above the diagonal show the inter-dimension item’s correlation. However, it is important to mention that these values are quite low compared to the correlation values of convergent validity that support the evidence of discriminant validity in our 14-item Effectiveness Scale for the Central area study, and thus is a strong point in favour of the Effectiveness Scale’s construct validity.

3. Setting benchmark in service delivery for poverty alleviation sector in Bangladesh

As we already have the reference standard items, the next step would be to set the reference standard value or benchmark for each and every item (see Table-2). GO and NGOs are the main actors of the poverty reduction sector in Bangladesh and thus in this section we will make a comparative study between these two alternative providers to find who is performing better in which reference standard item. Best value¹² in the respective field of service delivery then can be considered as ‘industry reference standard’ value for that particular item subject to constraint that the value is high enough to reflect the satisfaction of the beneficiaries.

A total of 841 responses were utilized for the stated purpose among which 40% (335 samples) and 60% (506 samples) are GO and NGO beneficiaries respectively. We began the comparison process through validation of the assumptions of Multivariate Analysis of Variance (MANOVA) – method used for comparative study. Independence of the respondents was ensured as the data is collected through simple random sampling procedure. Univariate and multivariate tests of homogeneity results show that Box’s M test for equality of the covariance matrices value is 331.135 with a non-significant value

¹² As there is no such standard values available in literature, findings of our study can reasonably be the starting point.

(sig = 0.052), indicating no significant difference between the two groups (GO and NGO) on 14 industry standard items collectively. Bartlett's test for sphericity is in line of the preferred analysis (significance is 0.000) and thus we can conclude that assumption of normality, outliers and homoscedasticity is met for each individual item separately and fourteen items collectively. Thus all the assumptions to conduct MANOVA are satisfied.

Results for MANOVA test is given in Table-5.

Table-5: MANOVA test results on scale items for GO and NGOs

Effectiveness items	Results of MANOVA		
	Mean for GO N = 328	Mean for NGO N = 506	Change* of effectiveness between GO and NGO
I1	3.38	3.75	-0.37
I2	3.47	3.75	-0.28
I3	3.41	3.85	-0.44
I4	3.38	3.76	-0.38
I5	3.61	4.01	-0.40
I6	3.15	3.47	-0.32
I7	3.39	3.73	-0.34
I8	3.92	3.43	+0.49
I9	3.23	3.44	-0.21
I10	3.46	3.15	+0.31
I11	3.68	3.38	+0.30
I12	3.32	3.72	-0.40
I13	3.24	3.65	-0.41
I14	3.07	3.53	-0.46

* A positive difference shows GO domination over NGOs on that particular item and negative value shows the opposite. In each case asymptotic significance value is 0.000. I1-I14 is the items listed in Table-2.

Results depicted in Table-5 were verified with statistical significance and power of the test as presented in Table-6.

Table-6: Multivariate test for group differences in effectiveness scale items between GO and NGOs

Effect/Statistical test	Value	F	Hypothesis df	Error df	Observed power ^b
Intercept					
Pillai's Trace	0.975	2272.154	14.00	819.00	1.000
Wilk's Lambda	0.025	2272.154	14.00	819.00	1.000
Hotelling's T ²	38.840	2272.154	14.00	819.00	1.000
Roy's Largest Root	38.840	2272.154	14.00	819.00	1.000
Helpforincome (Groups)					
Pillai's Trace	0.107	6.993 ^a	14.00	819.00	1.000
Wilk's Lambda	0.893	6.993 ^a	14.00	819.00	1.000
Hotelling's T ²	0.120	6.993 ^a	14.00	819.00	1.000
Roy's Largest Root	0.120	6.993 ^a	14.00	819.00	1.000

^a Exact statistics, ^b computed using alpha = 0.05. All values are significant at 0.000.

According to *Pillai's* test, as the observed significance level is small ($p < 0.05$), the null hypothesis (H_3) that the sample means of GO and NGOs do not differ is rejected, *Pillai F* = 6.993, $p = 0.000$. Same statistically significant results were observed in case of *Roy's largest Root* criteria and *Wilk's Lambda* (in each case, sig. is 0.000). These results confirm the group differences observed in Table-5.

Results explored in Table-5 can be utilized for setting benchmark for each item of the service delivery process in the poverty alleviation programs. As, for the first time, a multidimensional scale for industry standard items is developed, best mean values for each items can be used as the benchmark values until further study on the same scale items by using another sample is being done. According to Table-5, the lowest and highest range of best means are reported to be 3.44 and 4.01 respectively which shows that in a 5-point scale, at least 69% (3.44/5) or more beneficiary satisfaction exists for each and every items of the industry standard scale in service delivery process and we feel this rate is quite high and satisfactory. Thus, for a 5-point scale, industry benchmark for effective service delivery determining items can be set by considering best mean value of each item (referred in Table-5). These benchmark values with their corresponding level of beneficiary satisfaction are demonstrated in Table-7.

Table-7: Setting benchmark in service delivery items in poverty reduction programs

Effectiveness determinants	Benchmark value	Rate of satisfaction by the beneficiaries with suggested benchmark values
Timeliness in loan disbursement/providing other services	3.75	75%
If you had a problem, how sincerely the service provider resolved it	3.75	75%
Regularity of information sharing through field workers	3.85	77%
Fairness in decision making by the organization	3.76	76%
How sincerely the service provider keeps their promise	4.01	80.2%
Quality maintenance of the service by the provider	3.47	69.5%
How good are the workers in answering your queries quickly	3.73	74.6%
Transparency in transaction process of the service provider	3.92	78.4%
How good the organization is in listening to any of your suggestion	3.44	69%
How helpful the service provider been in dealing with other org.	3.46	69.2%
Attention of the service provider towards your welfare	3.68	73.6%
Attention of the workers towards beneficiaries	3.72	74.4%
Workers understanding of the individual beneficiary's need	3.65	73%
Service provider's location is convenient	3.53	70.6%

Note: These values are applicable and comparable only with another sample with 5-point scale

By using these benchmark values, GO and NGO projects can compare their position and performance against the industry best practices for each service delivery related item. A higher mean value (compared to ones in Table-7) for our developed scale items derived from a new study can be considered as the new benchmark for that particular item of the service delivery process.

4. Discussion and managerial implications

While setting benchmark, we found that GO agencies are practicing better than NGOs in gaining trust of the beneficiaries thus have higher mean value for 'transparency in transaction process' (I₈) (mean value for GO and NGOs are 3.99 and 3.43 respectively in Table-5). This finding is due to several examples of NGO bankruptcy (for instance JOBUK and ITCL, *The Daily Star*, 7th July, 2006) without repaying the deposits of the beneficiaries. Recent government report¹³ on NGO registration also confirmed our findings as the report says there are 4200 NGOs working with micro-credit among which only 453 have licence for the operation and remaining NGOs didn't get license due to the

¹³ Report of Micro-credit Regulatory Authority, 2010

violation of minimum requirements of at least 100000 beneficiaries with disbursement of 4 million taka. Report also said that 438 new NGO applications were declined for the stated reason (*The Daily Janakantha*, May 16, 2010). In addition, a recent report by Transparency International Bangladesh (2007) pointed that, severe problem of financial transparency was found in many NGOs where directors misused the funds that were allotted for poverty reduction purpose. All these findings made NGOs less trustworthy to the beneficiaries particularly while commenting on transaction related issues. Finally, charging higher rate of interest along with reduction in the provision of additional services (like, sanitation, pure water supply, immunization etc) characterized NGOs as new form of traditional money lenders or Micro-Finance Institution (MFIs). At the time of survey we observed that NGO's MFI image has made it less trustworthy compared to government's credit delivering agencies. To be more transparent, NGO authorities need to be more communicative with the beneficiaries and regulatory bodies about their fields of operations, way of utilizing funds, disclosure of financial statements, their relations to the donors and funding bodies and most importantly the new changes they are going to make in the credit delivery and repayment process.

GO agencies could set a better standard in keeping relations (item named How helpful the service provider been in dealing with other organizations, I_{10}) with other influential organizations in spite of their less coverage (mean values for GO and NGOs are 3.46 and 3.15 respectively in Table-5). It might be argued that government's administrative power might help the GO agencies in such respect. However, many beneficiaries reported that NGO managers do not maintain desired relationship with other supportive organizations (for instance, raw materials suppliers, final goods distributors, local government offices, etc) which could help the beneficiaries in utilizing the credit or getting additional services promptly. It was also reported that NGO field workers are not powerful enough to influence those organizations. Rather, in many cases it was reported that NGO field workers pressurize the beneficiaries to purchase high value equipments or inputs from those organizations from which they (workers) can get commission. This behaviour not only reduces trust towards NGOs, but also increases the cost of operations and production by creating monopolistic market for the inputs.

Beneficiaries are particularly most satisfied with the standard of GO's social welfare concern (I_{11}) in the poverty reduction projects as GO agencies consider the situation-factor (mean values for GO and NGOs are 3.68 and 3.38 respectively in Table-5). For instance, GO beneficiaries can repay their loan amount later if there is any loss of property or business or harvest due to natural calamities or economic shocks. A few respondents reported that government waived their remaining loan amount last year (2008) due to the loss of harvest caused by cyclone and flood in their area (Southern Bangladesh). This social issue which is expected by NGO beneficiaries too is, on the contrary, absent in the code of practice of NGOs. Moreover, as stated earlier, NGOs have reduced providing additional services whereas GO agencies always have a continuously

rising budget¹⁴ on those social services. All these efforts created a positive perception of the beneficiaries towards GO agency's superior focus on social welfare compared to NGOs.

With large investment, dedicated work force and wider coverage, NGOs set better standards in many areas of service delivery. One major advancement by the NGOs is their wider reach (I₁₄) towards the poor by considering that the most vulnerable poor people live in the remotest corner of the country (mean values for NGO and GO on location issue are 3.53 and 3.07 respectively). More operational offices and branches of NGOs made it easier for the rural poor to get better access to credit and services by breaking the barrier of undeveloped rural infrastructure.

NGOs were found to be more effective in delivering and sharing timely information (I₃) (mean for NGO is 3.85 against GO's 3.41) with their beneficiaries. GO agencies need to be careful about improving their standard in this particularly important dimension of service delivery because the most rural poor people are vulnerable to natural shocks and they can only be saved from natural calamities if the information is shared timely. In addition to that, NGO's periodic group meeting is another milestone in service delivery process where beneficiaries can share their own ideas to solve their individual problems with others and with the workers of NGOs. Not only new ideas are generated through that meeting but also the beneficiaries (especially women) can get information about government, politics and other social issues.

NGOs already set example of the dedication of their field workers (I₇) (mean for NGO and GO are 3.73 and 3.39 respectively) and that mainly came through a better training, motivational remuneration and compensation package and better equipments provided by the NGO offices. GO agencies are not only lagging behind in coverage, but also have less dedicated, less knowledgeable and small number of field workers. It was reported at the time of survey that monitoring by the GO workers are almost absent in the rural areas and that causes a less effective utilization of the credit by the beneficiaries. Monitoring by field workers is important for the following reasons: (1) to ensure that the approved fund is utilized by the person under whom the credit was sanctioned. This is because, many respondents especially women reported that their husbands or male family members are using the loan which was sanctioned for them and this practice ultimately goes against the concept of self-dependency and empowerment of women, (2) it is also important to check if the credit recipients require any extra help in utilizing the loan to ensure better return from the project and (3) it is also necessary to check whether the approved fund is utilized in the proposed project or not because many recipients reported that they ended up with personal consumption (for example, to buy daily consumer goods or even to pay dowry) of the loan other than using the loan in a productive venture. It was also argued that GO workers are less motivated to provide more services because of lower than industry standard remuneration and less support from the branches including transportation facilities and facilities of better equipment (for instance, mobile, computers, motor cycle etc). All these have at least two major consequences. First, GO

¹⁴ It has been observed that development expenditure on housing, education, health and family planning by the Government of Bangladesh (GOB) has drastically increased to 26.63% in 1990s from 12.88% in 1980s (WB, 1991 & 1995; BBS GOB, 2002).

agencies have poor coverage and second, to earn more or comparable to NGO workers, GO workers are accused to be corrupted (financially) in delivering loans to the rural poor.

Findings of this study revealed that the highest mean value (or industry standard value) among all items is 4.01 out of 5. All other mean values are below 4.00 (see column 2 Table-7) which necessarily signifies that low level of poverty reduction is largely caused by lower industry standard value (or lack of effectiveness) in delivering services to the rural poor. As there is no such benchmark values for poverty reduction projects in other developing countries are available, we can't compare the effectiveness of GO and NGOs of Bangladesh and other developing countries. However, the explored mean values suggest that there is still room for further improvement in each and every industry standard item in Bangladesh (closer to 5 is desired).

By considering the above analysis and remaining gaps (mean value gaps were considered), we are offering strength, weakness, opportunity and threat (SWOT) analysis for both GO and NGOs as shown in Table-8.

Table-8: SWOT analysis for GO and NGOs

Part-A: SWOT for GO		Environment	
		Internal	External
Forces	Positive (+ve)	Strengths: - Reputation and good image - Trustworthiness among beneficiaries - Influential power over others - Administrative support/power - Better liaison with governments and donors - Well educated managers - Long experiences in the field of social welfare - Low rate of interest - Flexible repayment schedule - Integrated social service approach - Continuously operating safety net projects like VGD, VGF, FFW etc	Opportunities: - Collaboration with large and small NGOs - Outsourcing the social works to expand coverage - Collaboration with cooperatives - Collaboration with new donors and charities - Use of mobile technologies, medias - Working with the most vulnerable groups of the community - Replication of successful models of other countries in reducing poverty
	Negative (-ve)	Weakness: - Lengthy operational procedure - Bureaucratic complications - Political pressure - Lack of budget - Small worker base - Less devoted workers due to low payment and other facilities - Corruption - Lack of regular meeting with the beneficiaries - Lack of periodic survey on demand management - Lack of regional cooperation - Poor service knowledge of the workers due to lack of training - Less coverage - Less investment on HR - Serving more educated and solvent beneficiaries - Non incorporation of the suggestion provided by the beneficiaries	Threat: - Available new technologies and techniques of operations - Donors shifted preferences towards NGOs - New local NGOs are emerging - Growth of new MFI without the approval of the government

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Part-B: SWOT for NGOs		Environment	
		Internal	External
Forces	Positive (+ve)	Strengths: <ul style="list-style-type: none"> - Timeliness in service delivery - Fairness in decision making and in approving loans - Wide coverage with large and ever expanding beneficiary base - Women empowerment and inclusion of more women in the main stream - Award winning approaches like peer monitoring and lending - Large budget and developed infrastructure - Investment in HR - Working with grass-roots - High loan recovery rates - Better liaison with the donors - More equipped work forces - Devoted work force due to high salary structure - Experienced managers - Quality maintenance - Long experiences in the field of social welfare - Media backup 	Opportunities: <ul style="list-style-type: none"> - Donor's preferred channel - Collaboration with government - Collaboration with other large and small NGOs - Collaboration with cooperatives - Collaboration with new donors and charities - Working with the most vulnerable groups of the community - Replication of successful models of other countries in reducing poverty
	Negative (-ve)	Weakness: <ul style="list-style-type: none"> - Corruption of the board members - Less financial sustainability - Lack of transparency - Misuse of funds and lack of financial disclosure - Large scale commercialization thus shifting of focus - Political involvement and interfere in religious issues - Lack of regular meeting with the beneficiaries - Lack of periodic survey on demand management - Low level of sectoral cooperation - Less influence over other organizations - Serving only female beneficiaries and avoiding men - Shift of focus from social mobilization to credit providers - High rate of interest - Rigid payment schedule and less customized services - Less focus on other social works other than credit delivery - No regional meeting process for update - Less incorporation of the suggestion provided by the beneficiaries 	Threat: <ul style="list-style-type: none"> - Clash with the GO bodies (Lewis, 2004) - New local NGOs are emerging - Growth of new MFI without the approval of the government - Loosing the faith of beneficiaries - Threat from local religious and fundamental groups

One common policy implication can be deduced from the above discussion is the opportunity of large scale collaboration between GO and NGOs in delivering services to the rural poor in Bangladesh. GO's administrative power and trustworthiness benefit

along with NGO's wide coverage and dedicated workforce benefits in combined may create revolution in reducing poverty in Bangladesh by setting better benchmarks. However, it is important to check the feasibility and outcome of the existing collaborative projects before joining for the large scale collaboration. It is thus left for other researchers of the same field to explore and validate the mean values of the industry standard items for existing collaborative projects and compare them with the individual GO and NGO projects (comparing with the findings of Table-5).

5. Conclusion

A multi-dimensional scale comprised of industry-reference standard items of service delivery process has been developed and validated which is then utilized to compare the effectiveness of GO and NGOs in delivering services to the rural poor in Bangladesh. This comparative study explored the best practices in each item of service delivery, thus benchmarks were set for the industry. By considering the proposed benchmark values, beneficiary's ratings on their existing service providers and field observations; strengths, weaknesses, opportunities and threats (SWOT) analysis was performed for both government and NGOs. Results of the study show that NGOs are comparatively more effective in major fields of service delivery that other participants like government can follow to upgrade their level of effectiveness. However, in several items, government was found to be more effective which a good lesson is for NGOs. Particularly government agencies are performing better in several key items like transparency in transaction process and service provider's attention towards welfare of the beneficiaries which made government still a preferred service provider to many beneficiaries. The study also explored that government agencies need to focus more on reducing lengthy and bureaucratic procedure in service delivery, expansion of coverage through large work force and reduction of corruption in the loan disbursement process to improve their service delivery standard to proposed benchmark values. On the other hand, NGOs are suggested to look after issues related to transparency, misuse of donor funds, low level of sectoral cooperation and lowering the rate of interest on micro-credit to cope up with the industry benchmark.

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