# THESIS

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**Gödöllő**

**2024.**

**Hungarian University of Agriculture and Life Sciences**

**Szent István Campus**

**Business Administration and Management Course**

# MANAGEMENT AND ORGANIZATION PROBLEMS OF NON-PROFIT ORGANIZATIONS IN AZERBAIJAN

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**Gödöllő**

**2024**

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# 1. Introduction

With concepts such as social awareness, development, participation, education, independence, solidarity and responsibility, which are becoming more important day by day in Azerbaijan and in the world, non-profit organizations are becoming more important. Non-profit organizations provide stronger and more effective services in states with strong democratic structures. These organizations, which support each other through democratic practices, are mainly trying to survive and make their existence in today's competitive environment by adapting the tools used by the businesses to them. However, social differences occur in practice and therefore the forms of approach change. For example, when the European countries are compared with Azerbaijan, there are obvious differences in the purpose, law and continuity of the establishment. Various terms are used for these organizations where a flexible structure is established. In this context, state or public institutions are the first sector, profitable private market organizations are the second sector, and such institutions are considered the third sector (Ciucescu, 2009).

Human beings constantly experience social and economic crises due to limited resources that do not increase at the same rate in the face of their increasing needs. Local and international policies implemented by states for their citizens or for all humanity are inadequate in resolving these crises and ensuring social development. The private sector has also undertaken various roles in this context. However, non-profit organizations that act voluntarily in the name of serving society and increasing the efficiency of human resources with a sense of material and moral satisfaction, now have an important place in economic development and are a driving force in terms of democratic development. These organizations are of great importance in meeting the needs and requests in areas that are outside the scope of activity of the state and private sector or in areas that need support. It is important to determine the problems related to the management and organization of these organizations, whose primary purpose is to serve people and to carry out voluntary activities by alleviating the burden of the state with the support provided by the state in its area of responsibility, and to make evaluations about it, depending on the nature of the role they undertake. Because the work done on these organizations, whose main purpose is to serve the society without profit, will ultimately serve the society. In this regard, the main purpose of this research is to identify the management and organization problems of non-profit organizations and to make solution suggestions and evaluations to eliminate these problems. Another purpose is to draw attention to the fact that the time, money and human resources used in non-profit organizations are valuable as in the state and private sectors and that studies should be carried out towards this end. In this respect, the research questions of the study are as follows:

- What are the management and organizational problems of non-profit organizations in Azerbaijan?
- What are the personnel's suggestions for solving management and organization problems in non-profit organizations in Azerbaijan?
- What can be done to eliminate management and organizational problems of non-profit organizations in Azerbaijan?

This study is important in terms of providing suggestions about these problems and providing suggestions about these problems in line with the results obtained by identifying the data obtained from the personnel working in the non-profit organizations in Azerbaijan. Because, when the number of studies carried out in the name of civil society, the organizations operating in this field are also important in terms of the limited number of research on management and organization problems. In particular, one of the democratization and developmental criteria of today's societies is one of the reasons how important the decisions of the non-profit organizations, which are considered to be the burden of social and economic states in terms of social and economic terms, are one of the reasons for the determination of the deficiencies and misconceptions. While conducting a large number of studies on the administrations of the private sector and state institutions, it was observed that non-profit organizations were not dealt with as much as necessary.

This research consists of five chapters. This chapter is called Introduction where the research rationale, importance, aims and questions are mentioned. In the second chapter which is called Literature Review, the concept of the non-profit organization is explained, and then information about the purposes, characteristics, management and organization problems of these organizations are analyzed. Besides, an overview of the NPOs in Azerbaijan along with the obstacles to their development are discussed. In the third chapter which is called Methodology, research design, limitations, data collection and analysis are emphasized. In the fourth chapter, empirical findings are discussed. In the last chapter, the conclusion and recommendations are made.

## 2. Literature Review

### 2.1 The Concept of Non-Profit Organization

Although the concept of civil society has a long history, as with many social concepts, a clear consensus has not been reached on it. The existence of very different approaches, such as considering the understanding of civil society as an attitude against the state, thinking that it fills areas outside the areas of responsibility of the state, or considering it in partnership with political forces or even as an extension of political power, causes important problems (Rodriguez Heyman, 2011).

While the preferences of individuals and the importance of non-profit organizations increase through democratization, the increase in the quantity of these organizations accelerates the civilianization process (Bartosova & Podhorska, 2021). However, despite the increase in quantity, it is seen that these organizations still cannot take an active role in political decision-making processes and are limited to expressing opinions or being consulted. What distinguishes non-profit organizations from other businesses in the process up to today is that their main purpose is to serve society, as well as trying to use the profit earned in the organization, first for the organization and then for the continuity of service to the society, in accordance with the principle of continuity of business (Ciucescu, 2009). These organizations, which increasingly influence a wider area in social and economic terms, function as a complementary alternative third sector alongside the private and public sectors when evaluated in terms of their economic activities. Social and individual developments in the world show that non-profit organizations will be much more effective and powerful in this century.

### 2.2 Purposes of Non-Profit Organizations

These organizations, which often have different objectives, work voluntarily to protect historical and cultural assets, improve education and health services, human rights, culture and arts, children, the elderly, the disabled, philanthropy, patriotism, development of religious knowledge and practices, strengthening social welfare and so on (Vidal et al., 2008). However, the main point here is the added value they provide in approaching events and carrying out activities. These organizations do not replace the government and other basic institutions, but they mediate the understanding, evaluation and resolution of problems by making the relevant units responsible and effective (Smith, 2020). The objectives of non-profit organizations can be briefly listed as follows (Ott, 2014; Soteri-Proctor & Rice, 2018):

- Helping people who are in financial difficulty,
- Trying to reduce poverty,
- Carrying out development and improvement studies on education,
- Helping to increase performance while performing state functions,
- Sharing or reducing the government's social responsibility responsibilities,
- Improving health services,
- Contributing to increased social welfare for the benefit of society,
- Taking an active role, directly or indirectly, in creating an environment of peace and trust in society.

Johns (2005) listed the objectives of these organizations, which are the basic element of democratic practices, an important step of participatory management and the leading defender of individual rights and freedoms, as follows:

- To produce projects to solve social problems,
- To address social issues by cooperating with the state,
- To mediate the active, efficient, transparent and accountable functioning of the state administration without being used as a tool for political interests,
- Making individuals from different segments of the society active and creating a step towards participatory management,
- To take an active role in the equitable distribution of rights and responsibilities in social, political, economic and cultural relations and to follow the relevant processes.

Although the above-mentioned aims are largely adopted, it is seen that the number of civil organizations based on rights and freedoms is increasing day by day. These developments can be considered as an indication that democracy and libertarian ideas are widely accepted in society. In other words, it is not only based on material or physical needs but also on the desires for rights, law and freedom that enable people to be spiritually satisfied, which is a positive development for social development.

## 2.3 Characteristics of Non-Profit Organizations

As emphasized in various definitions of non-profit organizations, their basic and generally accepted characteristics vary. Because collecting all the features of non-profit organizations under a single heading may cause some problems. In this regard, Arshad et al. (2012) emphasized that there may be a problem as to whether organizations that do not have all of the

listed characteristics will be accepted as non-profit organizations. Because the characteristics that non-profit organizations should have vary according to the perspectives of different writers and thinkers. For this reason, bringing together the most accepted characteristics will be more useful than drawing an absolute framework for the qualifications that these organizations should have.

Ultimately, the activities carried out by non-profit organizations do not aim at personal profit or gain. However, they may engage in income-generating activities, but they do not distribute the income to members. Those who work as permanent personnel in these organizations can receive wages (Reed & Howe, 2019). Of course, not having a commercial profit purpose does not mean that no monetary benefit is expected from the activities or activities to be carried out. As a matter of fact, non-profit organizations can resort to ways that provide financial gain and engage in commercial businesses in order to carry out their events or activities. What is important is that these organizations use their earnings in activities carried out for the benefit of society in accordance with the purpose of the institution (Omar et al., 2016).

Another basic feature of non-profit organizations is that they work on a voluntary basis. Volunteering implies that there is no legal regulation that recommends or prevents the formation of the organization and that participation should occur as a result of the will of the individual. Accordingly, only organizations that are based on the acceptance of members and enable the free participation of their members can be considered civil (Arshad et al., 2012). In addition, the fact that individuals employed in non-profit organizations work on a voluntary basis provides the benefit of reducing personnel expenses. Individuals' voluntary choice to support the organization in question, their membership or volunteering, also means an inherent motivating force while carrying out activities. These non-profit organizations, which are voluntary organizations, also fulfill duties such as taking on some of the problems faced by modern society (Herman & Renz, 2008). In modern society, individuals who voluntarily engage in non-profit services and activities have a distinct consciousness and awareness in society and play an active role in the reconstruction of society with these gains. This leaves no need for extra effort in motivation.

Another important issue is that non-profit organizations can maintain their independence during the formation or implementation of their projects. These organizations are subject to audit by authorized boards in accordance with the laws that create them or for their own internal audit. While this situation can be considered an indication that they are independent of local and central administrations, it also means that they have a different view from the administration on

public interest (Anheier & Salamon, 2006). These organizations must have an area where they can act freely without feeling the need to take into account bureaucratic pressure or the expectations and wishes of powerful circles. Because taking an active role in social democratic initiatives is only possible by preserving one's independence.

Another important feature that non-profit organizations must have is their formal structure and organizational style. Defining the organizational structure, actions and relationships in an organization and binding them to rules and procedures, and determining the duties, roles and authorities of the employees are called formalization (Young, 2012). Non-profit organizations also have to create a systematic structure to carry out activities in line with their goals and related values by determining a vision and an ideal with a formal approach. As a matter of fact, organizations that do not have such a structure will soon face some disruptions during the planning and execution of activities. With the establishment of a formal structure, all work and tasks are organized systematically, thus making coordination significantly easier. In non-profit organizations, boards of directors are formed as a result of formalization, and the functioning of these boards, which create positive pressure on the effective implementation of activities as well as ensure coordination within the organization, is of vital importance for the organization (Arshad et al., 2012).

According to another classification, in parallel with these elements, the four common basic features that non-profit organizations have are listed as follows. Accordingly, the first feature is that individuals voluntarily sacrifice their private lives. The second is that their ultimate goal is to provide a service for society and to contribute to work done for the benefit of society. The third feature is to carry out relations horizontally, avoiding hierarchical structures. The last and fourth feature is that these organizations continue their work with a clear focus on the subjects they serve (Smith, 2010). The characteristics that non-profit organizations must have can be listed under short headings as follows:

- Volunteering
- Independence
- In compliance with the law
- Having a public space
- Caring for social benefit
- Transparency
- Having a formal structure and form of organization

As can be seen in all studies conducted on behalf of non-profit organizations, the definitions or characteristics listed are very diverse within themselves and cannot be subject to a precise definition and classification. However, they have common aspects and different aspects enrich the approach to the subject. With the broad perspective gained in this way, studies conducted from different angles serve to better understand this subject.

## 2.4 Reasons for the Existence of Non-Profit Organizations

It is necessary to evaluate non-profit organizations according to the civilizations they are in or interact with. As a matter of fact, the quality of these organizations will of course vary in civilizations with different views on humans, society or the universe. It is quite natural for similar organizations to emerge in such societies where the civil society mentality has developed. Within an economy, some enterprises, distinct from commercial and industrial enterprises, engage in activities aimed at addressing diverse social issues or delivering social advantages. The fundamental objective of such enterprises is not to generate profit, but rather to provide a range of advantages to the target audience and to optimize the degree of pleasure derived from these benefits (Hersberger, 2019). Although the effects of socio-cultural change and development caused by today's conditions on humanity are a matter of debate, it will be inevitable for organizations and unions formed by people with common characteristics, values and purposes, common places and interests, where people's spiritual satisfaction is provided, to become stronger with this change (Jegers, 2008).

These non-profit organizations carry out their work to provide social services such as health, education and cooperation without explicitly or implicitly seeking profit. In contemporary democracies where organizations such as foundations and associations are abundant, meeting the social needs of individuals is extremely important for societies, even though they have different names such as non-governmental organizations, third sector, independent sector, voluntary organizations sector, non-profit organizations (Tibenda, 2005). Businesses should not just prioritize their profit motivation, but also strive to address the social requirements that arise from evolving environmental and living situations. Furthermore, they should actively promote customer knowledge of social responsibility and encourage the purchase of goods resulting from these efforts. Lin (2017) discusses the reasons for the existence of non-profit organizations separately in terms of their social and individual functions. These reasons are as follows:

- Creating pressure groups against the political power when necessary at the social level,
- Social integration for social solidarity and cooperation,

- Providing social services to increase socio-economic welfare,
- Working as a safety valve to prevent ever-changing interests from causing social divisions,
- In order to complete the inadequacy of the public and private sectors and to provide more effective public services,
- Being an alternative sector,
- Social leadership of innovations because they are far from bureaucracy,
- Although it varies from country to country, making regulations in areas that the state is not related to,
- Protecting the rights and interests of minorities in areas of society where they are weak,
- Balancing the social and economic structure in society through the organization of various groups
- Increasing service quality
- Attributing value and meaning to one's work and oneself,
- Protecting and disseminating personal values
- Gaining the social status provided by membership in such organizations

## 2.5 Concepts Related to Non-Profit Organizations

The developments experienced with industrialization in the Western world in the 18th century caused the political understanding to be reshaped, and as a result of these developments, political life began to be interpreted in a more participatory and liberal way along with nation states (Bartosova & Podhorska, 2021). While non-profit organizations have existed throughout the past, not only in the West but in all societies, the developments after the Second World War actually led to these organizations coming to the fore in their current sense. The term international institutions and organizations established to solve the problems that individuals experience with their states, that is, units operating under the umbrella of the UN and organizations outside the state, has emerged (Jain, 2012). Within this course of development, non-profit organizations have become widespread much more rapidly after the 1980s. One of the most striking developments after 1980 was the effects of neoliberal approaches, which caused civil society and the private sector to be treated separately (Jain, 2012). Thus, the questioning of economic, political and social boundaries has resulted in the spread and strengthening of civil structures. As a result of the efforts, especially in Western Europe, to understand how to live in society since the eighteenth century, various concepts that express the

characteristics of non-profit organizations or non-governmental organizations and have similar functions have emerged. Some of these concepts, which can often be used interchangeably, are explained below.

## 2.5.1 Third Sector

Although there is no definitive definition of the concept of the third sector, it would not be wrong to say that there are three basic sectors in states in today's conditions. The first of these is the public sector, where all employees are public servants in general or annexed budget administrations and municipalities. Apart from this, it is the second sector in the for-profit private sector that represents the main economic power of the state. The third sector is the third sector, which is formed by voluntary organizations such as foundations and associations, which act independently and were established to serve the society with the independent choices of individuals without the aim of making a profit, and is accepted as one of the benchmarks of development in the twenty-first century. The third sector, on which the social area it affects is expanding day by day, represents an organization model based on voluntary participation, located between the economy and the state (Reed & Howe, 2019). It is seen that the existing formations in this sector are expressed with different concepts depending on their usage area. This sector is also expressed as "citizens sector", "voluntary organizations sector", "third sector", "non-governmental organizations sector" and "non-profit organizations sector" (Smith, 2020).

These organizations, which were established with the claim of serving the society, continue their social activities outside the area covered by the profit-oriented private sector and the power-oriented public sector and fill a separate non-profit social field. At the same time, they have a significant social, economic and political impact on the public and private sectors (Soteri-Proctor & Rice, 2018).

## 2.5.2 Quango or Gongo

The concept of QUANGO (quasinon government organizations), which is seen to be established to benefit from public treasury resources in countries where industry is developed, refers to organizations outside the scope of the state (Hersberger, 2019). GONGO (government-organized nongovernmental organizations) are directed by the government but are referred to as non-governmental organizations (Hersberger, 2019). Here, although they have qualifications

like non-governmental organizations, they can be described as semi-autonomous because they are partially or completely financed by the state. It is a concept generally used for structures established to supervise various aid activities carried out in third world countries (Jegers, 2008).

The terms Quango or Gongo, which actually refer to partially independent non-governmental organizations or organizations organized by the government, are not considered as a fully independent organization (Hersberger, 2019). In other words, they are terms used to describe organizations that appear to be non-profit-oriented but have been established with the instruction or guidance of the government itself.

### 2.5.3 Interest Groups

As expressed in the name interest groups, it is a concept that refers to organizations that come together to pursue certain interests. With the development of non-profit organizations, they have taken on a more active role and have become small branches of these organizations with some of the activities they carry out. The concepts of interest group and pressure group should not be confused here. According to Lin (2017), the difference between an interest group and a pressure group can be explained as follows: Individuals pursue a common interest due to the work they do or their areas of interest, and then they naturally divide into some interest groups. If these groups organize of their own free will and try to get the authorities to make decisions that suit their interests, they will now have created pressure groups. While this is the nuance between pressure groups and interest groups, it is seen that pressure groups do not constantly engage in activities for their own negative interests. As a matter of fact, in some cases, non-profit organizations also carry out activities as pressure groups to achieve the goals they have set for the benefit of society. Of course, non-profit organizations and interest groups have some things in common. However, as the name suggests, it has been argued that these groups cannot be accepted as non-profit organizations because they are involved in pursuing a personal interest or gaining benefit from developments (Tibenda, 2005).

Situations where some non-profit organizations participate in social events to protect or pursue their own private interests are incompatible with their nature as voluntary organizations. Because the distinguishing point between a non-profit organization and an interest group is whether personal interest or public interest is pursued. As mentioned in the names of these organizations, it has been explained that profit and gain can only be obtained as a means of serving the society. Although there seems to be uncertainty about what non-profit organizations

and interest groups are, the answer to the question of who will benefit from profit and gain will clarify the situation.


### 2.5.4 Voluntary Organizations

The essential nature of non-profit organizations is that they are organized and operate on a voluntary basis. Bartosova and Podhorska (2021) underlined that volunteerism is one of the cornerstones of civil society, and accordingly, he emphasized that it is possible to organize in every field and that these organizations have a great role in economic development. If it is assumed that every non-profit organization is a voluntary organization, the understanding will prevail that every voluntary organization will also be included within the scope of non-profit organization. A separate study is required to clarify this issue. However, all non-profit organizations are voluntary organizations, but it is possible to say that not all voluntary organizations can be considered non-profit organizations (Jain, 2012).


### 2.5.5 Platforms

The concept of platform refers to the structures created voluntarily by individuals or organizations on issues they are interested in. Platforms are created by individuals who identify the priority issues and problems they need to come together and seek common solutions on this issue (Reed & Howe, 2019). In the first article of the Law on Platform Associations, they are defined as associations temporarily formed by non-profit organizations such as associations, foundations and unions under the names of initiatives, movements and similar names, without having a legal entity, in order to achieve a common purpose (Smith, 2020). Although a hierarchical structure is not observed here, activities are carried out through a participatory approach and horizontal relations. It is important for the groups on the platform to agree on the activities to be carried out rather than reaching a consensus. Organizations that cannot carry out these stages in a healthy way either choose to turn to a different platform or choose to create a new platform (Smith, 2020).


## 2.6 Management and Organization Problems of Non-Profit Organizations

Every non-profit organization, of course, has the ideal of achieving its goals. However, they face some problems while continuing their activities due to some incomplete and inadequate practices in terms of management and organization. However, since the main thing is to increase

the degree to which these organizations achieve their goals, it is very important to first identify these problems and then take precautions against them. In non-profit organizations, achieving their goals and successfully carrying out their duties are indispensable conditions for their existence and desire to develop. According to Othman et al. (2012), the elements that will make this successful are as follows:

**High performance:** To fulfill the task undertaken in the most optimal way, fully and completely, by taking advantage of scientific developments.

**Belief in the work done:** Having complete belief in the correctness and necessity of the work done in an intellectual and spiritual sense.

**The aim is to be impersonal and community-oriented:** To ensure the full support of the public and the necessary environment as the driving force. Identifying the problems by addressing the management and organization titles separately will serve to better understand the subject.

## 2.6.1 Management Related Problems

In all organizations, as the organization grows and becomes more widespread, it is inevitable for various management problems to arise. These problems arise mostly from the amateurish management of non-profit organizations. However, another source of problems is that non-profit organizations are seen as private sector and some incomplete management practices are carried out by these organizations (Bernd et al., 2004). Non-profit organizations have problems in acting independently of the state and in becoming international institutions. Of course, organizations that cannot break away from the state in terms of approach and cannot demonstrate an autonomous stance have difficulty opening up to the outside world. Therefore, the independence of management is among the problems that the organization encounters while performing its management function. It is the failure to manage professionally in non-profit organizations. However, members responsible for management are determined not according to their managerial ability but according to different criteria, such as political power, economic status or ability to make sacrifices. Since these organizations often work without a salary or wage, or for low wages, it becomes difficult to employ qualified personnel and talented managers (Helmig, 2000). Another problem arises in many organizations that this position is considered a retirement opportunity and a comfortable working environment. It is a very important problem that managers are not selected from among competent people by democratic

means, but according to the closeness of the members, the absence of opposing views, or criteria unrelated to management (Anheier, 2010).

Another problem in the same vein is the consequences caused by their dependence on traditions. For example, in Azerbaijan, the tradition of selecting the top managers of such organizations from people who are suitable for working more freely as a profession has a significant impact. In other words, the fact that people with more time are in charge instead of competent people causes disruptions in management practices. It is very difficult to change such traditions and apply modern management techniques. The board of directors' desire for excessive supervision and attempts to carry out continuous activities without planning, as it is not done professionally, create the basis for various problems, and similarly, the fact that the planning is too detailed delays the transition to the activity phase (Helmig et al., 2004).

Internal conflict caused by members who do not share common goals coming together because no criteria are set for recruiting members is another problem. On the contrary, preventing social participation due to being too selective in recruiting members is also a source of problems. These are some of the underlying reasons for the lack of prevalence and depth compared to civil society activities that are increasing day by day (Herman et al., 2004). One of the important tools used by non-profit organizations to achieve their goals is projects. However, insufficient management capacity causes problems in project implementation. For example, their knowledge on the management of EU-supported projects is not at a sufficient level, especially in matters such as project presentation, accounting and technical financial reporting (Herman et al., 2004). However, completing projects on time in accordance with their goals is closely related to mastering these issues.

Lack of openness to external support and lack of resources leading to dysfunction, excessive dependence on external support or some resources, and laziness can also be added to these. Without cooperation with similar organizations, the emergence of many weak organizations is inevitable. The fact that they do not have a tradition of carrying out activities on a project basis and the information infrastructure and staff are neglected considered are urgent problems waiting to be solved for these organizations (Bernd et al., 2004).

## 2.6.2 Problems with Planning

Non-profit organizations' failure to clearly state their purpose, vision and mission, and their failure to plan how they can reach the target group and establish relations with the public within

this framework, causes significant problems. As a matter of fact, this problem affects corporate growth and therefore the sustainability of service delivery. Commitment to goals and excessive professionalization, as well as distancing these organizations from civilian nature, are among the current problems (Molk & Sokol, 2021). The fact that non-profit organizations do not define their goals and missions very clearly hinders them from carrying out activities in this direction. In addition, when determining these, only the opinions of the founders and managers are taken into account, and the opinions of the members and volunteers are not taken into account sufficiently. Walking towards the goal with the vision and mission determined together with the individuals in the service range of the organization and shared by them can make it possible to overcome problems (Jain, 2012).

### 2.6.3 Problems with Organization

One of the common problems of non-profit organizations is the lack of institutionalization. It may cause the democratic system to fail to function within the organization and participation to the organization not being at a sufficient level as the management of associations and foundations remains unchanged. Institutionalization has come to the fore with the increasing effectiveness of non-profit organizations today. It is the process in which organizations have rules, standards, procedures, a bureaucratic structure, and their own ways and methods of doing business, rather than individuals while carrying out their work, and thus take on a distinctive identity (Helmig, 2000). Organizations that cannot be institutionalized waste human, information, money and communication resources. They cannot be effective in providing resources and cannot mobilize their potential resources (Anheier, 2010). These organizations, which are established to produce alternatives to the system and seek solutions through their own methods, and carry out their activities accordingly, may begin to adopt a status quo approach after a while, instead of pursuing innovation or alternative solutions.

### 2.6.4 Orientation Problems

It is essential for non-profit organizations to be able to work without losing both their professional approach and amateur spirit, and to be able to reject financial resources when necessary in order to protect their own identity and mission. This situation causes problems in orientation. However, many organizations cannot demonstrate this will. Being separate from the state is perceived as being against cooperation with the state, or being in agreement with the state is perceived as being the spokesman and supporter of the government (Herman et al.,

2004). Lack of competition is another source of problems with orientation. The lack of a competitive environment in non-profit organizations often leads to new buyers not being evaluated as opportunities, and new buyers may even be perceived as new sources of problems (Molk & Sokol, 2021). While the feeling of profit, profit and competition encourages people to provide better goods or services by reducing costs in other sectors, there is no similar tool in non-profit organizations that motivates them to carry out activities with higher quality.

## 2.6.5 Problems with Coordination

One of the problems experienced in non-profit organizations is related to their management structures. Responsibility for planning and results of activities in private and state belongs to the top manager. In non-profit organizations, the responsibility is generally assigned to a committee. Although there is a committee or board chairman, decisions are always made together and responsibilities are shared. Having more than one person responsible causes decisions to be delayed and their effectiveness weakened and also creates other problems caused by not having a single responsible person (Jain, 2012). Today, as the social and economic situation changes, it is seen that the scope of basic needs such as education, health and public works that non-profit organizations try to meet has also changed. Lack of systematic knowledge in the context of knowledge production is a very important issue. The issue of sharing information through cooperation between similar organizations is not given sufficient importance. Although there are developments on the subject, more work is needed in this field. Despite this, it is seen that the coordination that is essential for these organizations serving locally or nationwide to increase their effectiveness and sustain their existence is not provided (Bernd et al., 2004).

## 2.6.6 Control Problems

Profit is considered a control criterion that managers can use in management control, unlike non-profit organizations, in measuring the success of a business and evaluating the performance of organizations. One of the main problems of non-profit organizations is that they do not have a standard profit criterion (Molk & Sokol, 2021). Because the goals of these organizations may deviate in line with political pressure and the orientation of interest groups. Since the purpose of non-profit organizations is not to make a profit, such a standard does not exist. At the same time, since these organizations provide services to society, they also contain ambiguities within the concept of service.

It is observed that some organizations do business just to fill their activity quotas rather than working towards the relevant needs of society. Due to the purposes of the studies, monitoring the suitability, effectiveness and appropriateness may be insufficient due to the structures of non-profit organizations. Since they are not mass organizations, it is seen that their internal control mechanisms do not function effectively (Anheier, 2010). However, some of the advantages these organizations have because they do not aim for profit or work for the public good may lead to an approach such as using the objectives in a malevolent manner. This being the case, it is a very important issue that the audit process is carried out efficiently and effectively and the results are presented to the relevant parties and authorities in order to use the opportunities of these organizations as service tools in accordance with their purposes (Herman et al., 2004). These organizations should go through an effective and efficient audit process in order to put the opportunities they have acquired at the service of people in need. The results of this audit should be reported and shared with the relevant public authorities and other parties.

## 2.7 Overview of the Non-Profit Organizations in Azerbaijan

The role played by non-profit organizations in the development of non-commercial relations in Azerbaijan is exceptional. The power and scope of non-profit organizations in Azerbaijan is also growing. They play an important role in improving the material and moral condition and well-being of the society. In terms of the creation of non-profit organizations and the strengthening of the public sector in Azerbaijan, it is one of the factors determining the development of independent Azerbaijan statehood. In recent years, non-profit organizations in Azerbaijan, as in all developed countries, as the leading force of society, have been active in the protection of civil rights, legal structure state building, democratization, solving social problems, integration into the world, education, conveying the truths of Azerbaijan to the world, and several other areas.

The strengthening of non-profit organizations, the sector as a whole, and the development of the interests of these enterprises with state bodies did not go unnoticed. Thus, after systematic efforts, positive results were achieved in the direction of developing cooperative relations between state bodies and non-profit organizations. Strengthening the public sector is one of the priority directions that the state pays particular attention to at the current stage, which is mentioned in the "Concept of State Support to Non-profit Organizations of the Republic of Azerbaijan", and it involves the development of social institutions for the purpose of

democratizing social and public life in the Republic of Azerbaijan (Muradkhan, 2019). The rapid economic and social development of Azerbaijan expands the capabilities of the state in terms of providing detailed assistance to the activities of civil society and encourages the improvement of policies to support non-profit organizations.

The goals of state support for non-profit organizations are the formation of new relationships in Azerbaijani society, the further modernization of social institutions, as well as the promotion of the activities of non-profit organizations in the form of increasing the role of citizens, involving them in solving important social problems, and financing programs and projects that are important for the development of society.

In the current era, non-profit organizations have become one of the important institutions of society building and the further democratization of the country. In such a situation, the cooperation of state bodies and non-profit organizations on the basis of partnership relations is very important in terms of the development of society, the growth of democracy, the determination of legislation in accordance with international standards and the protection of national interests (Ibadov, 2019). These steps aimed at the development of non-profit organizations, being considered a new stage in the development of other sectors in Azerbaijan, were a demonstration of political will to further increase their capabilities in the field of further democratization of society, protection of national interests, and increase of social initiatives. Currently, the country's non-profit organizations have become institutions and institutions that play the role of a bridge in the process of creating trusting relations between society and state bodies.

As the role of non-profit organizations in the public and social life of society increases over time, the attention paid to their activities also increases. The activities of such institutions, the projects they implement, their public position, and the problems they face, as a rule, cause wide discussions in the public. In recent years, we have witnessed a particularly great interest in the activities of non-profit organizations. This manifests itself in the debate, analysis and coverage of various aspects of the activities of non-profit organizations, as well as in the disclosure of various opinions by representatives of different classes.

Recently, transparency and accountability factors in the activities of non-profit organizations, detailed education of the society about the various projects implemented by them, and other such issues have become the subject of discussions by the public and the media. In order to increase the transparency of the activities of non-profit organizations, relevant issues are regularly raised and emphasized by state bodies. In fact, this is also natural, because it is related

to the development process of other sectors. As the activity of non-profit organizations becomes more pronounced, as their influence on events in society increases, the interest in their activity and the level of demand increase accordingly. In this regard, the Council of State Support to Non-profit Organizations under the President of the Republic of Azerbaijan, in turn, considers the submission of the draft Law, which provides for amendments to the Law "On Non-profit Organizations (Public Associations and Funds)" to the parliament, as an integral part of that process (Muradkhan, 2019). The council believes that making appropriate additions and changes to the legislation regulating the mechanism of activity of non-profit organizations is a natural process and a vital necessity. However, changing this legislation does not mean that the activities of non-profit organizations will be limited, on the contrary, it should serve to further expand, increase the transparency and accountability of their activities, and strengthen public control. For this reason, the draft law, which contains the appropriate additions and changes to the Law "On Non-profit Organizations (Public Unions and Funds)" submitted for discussion by the parliament, is not evaluated so unambiguously in society (Muradkhan, 2019). The Council believes that several provisions in the mentioned draft law, in addition to serving to increase the transparency and accountability of the country's non-profit organizations, clarifying and concretizing a number of norms, as well as eliminating some shortcomings in the legislation of non-profit organizations, may further limit the activities of non-profit organizations.

2.7.1 Obstacles to the Development of Non-Profit Organizations in Azerbaijan

Considering that Azerbaijan belongs to the list of newly created states, as in most fields, serious reforms are needed in order to achieve more optimal and effective results in the non-commercial segment. Also, one of the most appropriate ways at this time is to take advantage of the experiences of pioneer countries that have achieved certain success in the non-commercial field, such as the United States of America, Russia, India, China and several European countries (Ibadov, 2019). Several factors hinder the more successful development of non-commercial relations in Azerbaijan. Some of them are (Ibadov, 2019):

- Ignorance
- Insecurity
- Corruption

- Lack of voluntary manpower
- Absence of concessions and assistance

If we try to look at these factors separately, we can see that if we talk about the factor of ignorance, the point to be noted here is that society does not have enough information about non-commercial companies, sometimes simple basic knowledge, which keeps them away from this work. In order to eliminate this problem, it is useful to conduct awareness-raising activities among the population by relevant state and municipal authorities, as well as by companies that are well-known in the Corporate Social Responsibility plan (Ibadov, 2019). The question may arise, which age category of the society or at what stage of their lives should these educational activities be carried out? Teaching non-profit activities at the higher education level is a very rare phenomenon, but if this phenomenon were to become more widespread, they would be more aware of the requirements of the principles of non-profit organizations. At the same time, it is appropriate to teach lessons about non-profit organizations not only to economics-oriented majors but also to other field majors as much as possible.

In Azerbaijan, the companies are so involved in earning income that they have almost forgotten what Corporate Social Responsibility is and why it is needed. However, gaining the attention and trust of customers in the community, gaining new customers and keeping loyal customers, is a very suitable option for getting ahead of the competitors in the segment. Corporate Social Responsibility also creates an opportunity to educate employees and directly participate in charity procedures.

For the part of the population that does not have a Corporate Social Responsibility department in the companies it works for and does not have any information about non-commercial activities in universities, mainly middle and older age groups, information can be provided through various advertising means (Ibadov, 2019). This can include television, internet and street posters. If the relevant authorities are more responsible for the work of education, it will not be so difficult to achieve the set goal.

Since the feeling of trust is a somewhat moral factor, replacing insecurity with trust in people is a rather difficult matter. The issue of corruption is actually directly related to the issue of insecurity that we talked about earlier. An increase in corruption means a proportional increase in insecurity. Corruption prevents development not only in this area but in most other segments. Of course, it is impossible to reduce it to zero, because in general there is no such country in the world. But we have a lot to learn about how to avoid such situations, and we don't have to go far for example.

The voluntary workforce has started to develop in Azerbaijan in recent years and there is much to learn in this field. Compared to Europe, the weekly working hours in Azerbaijan are significantly longer, as well as the average monthly salary is even lower, which does not save time for voluntary activities for the population and, as a result, discourages them (Muradkhan, 2019). This factor is actually related to the awareness factor. If society is more informed, they will understand what they should be spending their time on and when they start to see the fruits of what they do, they will realize how important a figure they really are. European Games, Islamic Games and a number of other international events held in Azerbaijan in recent years have created a foundation for the development of volunteering culture. The lack of initiative is one of the main problems facing the development of this field.

The lack of concessions and assistance creates great difficulties in terms of ensuring the continuity of non-profit organizations' activities. Considering that there is no revenue factor here and the main part of the funding is aid and donations from donors, perhaps the biggest gesture that the government can make for non-profit organizations is to exempt them completely or significantly from taxation (Muradkhan, 2019). Unfortunately, as we have already mentioned, due to the refusal of most private and public bodies to act as donors, the development of this field was far below the perspective. However, if leading companies and institutions jointly or individually accept the role of donors, for example, for families with financial difficulties in Azerbaijan, integration into society will be easier, their needs will be relatively met, and they will feel less of a lack.

Considering that devaluation and some economic difficulties that have occurred in Azerbaijan in recent years affect the financial situation of the population, this factor can be considered as one of the barriers in front of the non-commercial sector (Ibadov, 2019). So, as a result, the number of donors is decreasing, while the number of those who need help is increasing after those economic processes. From this, it can be concluded that the rate of development of non-commercial companies is higher in countries with a more promising and stable economy.

The issue of finding donors is one of the main shortcomings in the non-profit segment. The solution of this problem should be in the focus of the relevant state structures and local municipalities. Because if necessary steps are taken to solve these issues, non-commercial organizations will perform their function more successfully and effectively. As a result, providing a part of the work of the relevant state institutions and municipalities will make their work easier and serve to improve the welfare of the population. Thus, there are several issues in front of the development of non-commercial relations in Azerbaijan. Considering that

Azerbaijan belongs to the list of developing countries, there is a great perspective in the non-commercial sector, as in most fields, and after the necessary steps have been taken and the necessary educational work has been carried out, we can already talk about development when public interests exceed personal interests. After achieving some progress, one can think about attracting foreign investors over time, but first, it is necessary to achieve as much development as possible of potential growth at the local level (Muradkhan, 2019). Attracting foreign investors can lead to a long-term solution to the donor issue, as well as pave the way for the development of the country's economy, further recognition in the foreign arena, the rise of its reputation, and the development of tourism and other leading areas. As we can see, the non-profit segment contains great perspectives, but timely strategic and tactical steps are necessary to approach the maximum potential.

## 3. Methodology

In this research, a mixed research method was utilized to collect primary data. An online survey technique as a quantitative research method was used as a data collection tool. The survey applied in the research consists of three parts. In the first section, sociodemographic characteristics (age, gender, marital status, education level, previous work experience in the field, position in the organization, working time in the position, total service time in the organization) are included. In the second part, statements measuring management and organization problems in non-profit organizations are included, and in the third part, statements measuring suggestions for solving management and organization problems are included.

In order to test whether the questions in the surveys could be understood accurately and easily by all participants, a pilot study was carried out on 30 participants by applying a survey to some of the non-profit organizations. Accordingly, expressions that were difficult to understand in the survey text were corrected. The first and second parts of the questionnaire are in the form of multiple-choice questions while the second part of the questionnaire is in the for of the five-point Likert scale (1: Strongly disagree; 2: Disagree; 3: Neither Agree Nor Disagree; 4: Agree; 5 Strongly Agree) The data obtained was analyzed with the EXCEL program.

An online structured interview technique as a qualitative research method was also utilized in this research. Four interview questions were asked to qualitatively analyze the management and organization problems of non-profit organizations in Azerbaijan.

The target population of this study consists of those who serve in non-profit organizations in Baku, the capital city of Azerbaijan. As a result of using the convenience sampling technique, it has been possible to reach 172 participants for the online survey and 2 participants for the online interview who constitute the research sample size for the survey. It is assumed that the scales used as data collection tools in the research cover details related to the subject. It is assumed that the managers, staff, members and volunteers involved in the research understand the questions in the surveys used as data collection tools and answer them objectively and truthfully.

This research includes findings that reflect the opinions of managers, staff, members and volunteers serving in NPOs in Baku, the capital city of Azerbaijan. Accordingly, it is possible to obtain different results with research conducted in different parts of the country in different time periods. Since the units that constitute the population of the research are large in number, the survey method was preferred among data collection tools such as interviews, observations and experiments. However, since the response rate of the surveys sent via e-mail was low, most

of them were distributed by the volunteers of NPOs. This caused the majority of respondents to be limited to those who attended consultation meetings, and the distribution of managers, staff, members and volunteers was not equal. In this regard the results of the research are limited to the data obtained from the scale used within the scope of the research.

# 4. Research Findings and Discussion

## 4.1 Demographic Characteristics of Participants

According to Figure 1, 72% of participants are male while 28% of them are female.
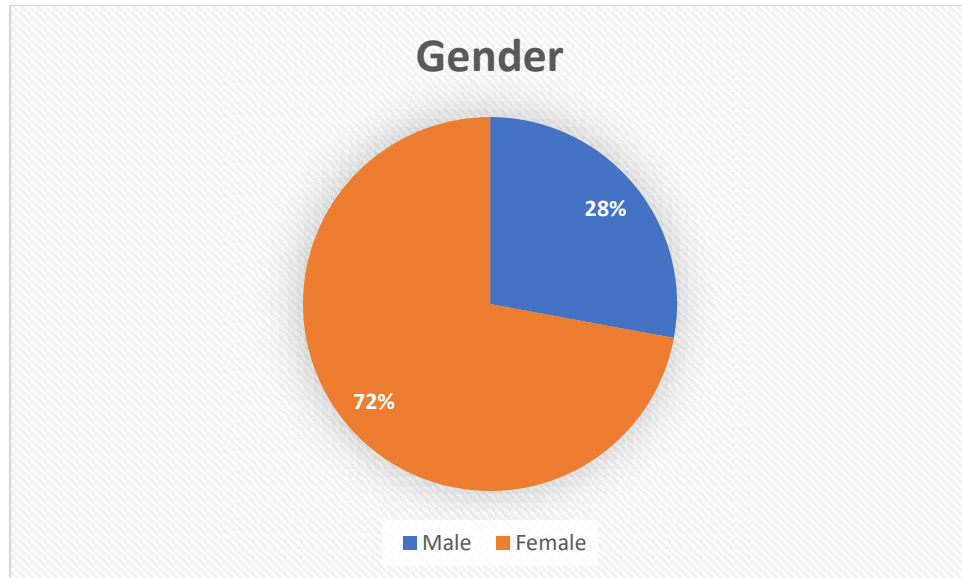


**Figure 1:** Distribution of Participants by Gender

Source: own survey

According to Figure 2, 43% of the participants from the age group of 18-27, 34% of them are from the age group of 28-47m 21% of them are from the age group of 38-47, and 2% of them are from the age group of 48-57.



**Figure 2:** Distribution of Participants by Age Group

Source: own survey

According to Figure 3, 73% of the participants hold Bachelor's degrees, 19% of them hold Master's degrees, 6% of them hold high school degrees, and 2% of them hold Ph.D. degrees.
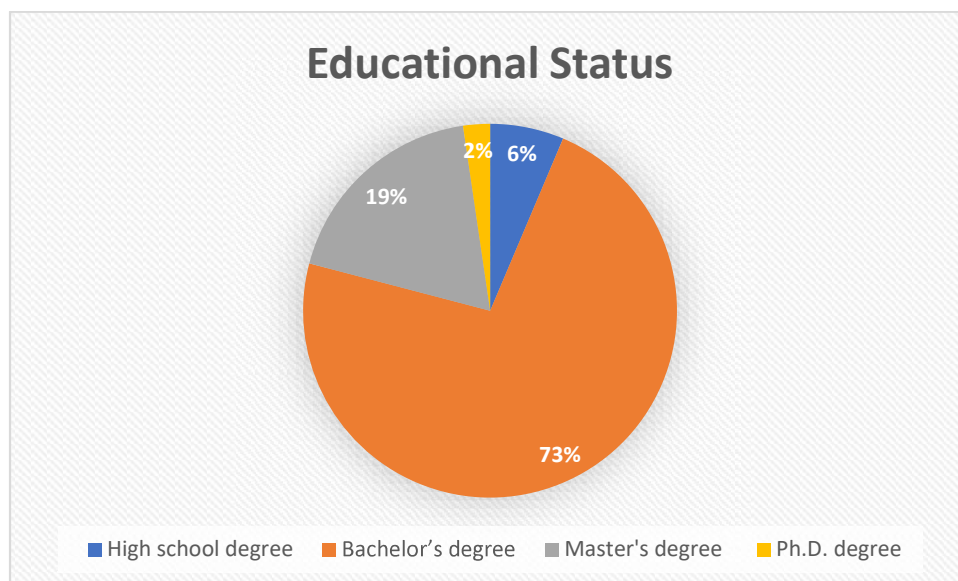


**Figure 3:** Distribution of Participants by Age Group

Source: own survey

According to Figure 4, 35% of the participants are permanent employees, 31% of them are junior managers, 20% of them are volunteers, 6% of them are middle managers, 5% of them are temporary employees, and 3% of them are senior managers.
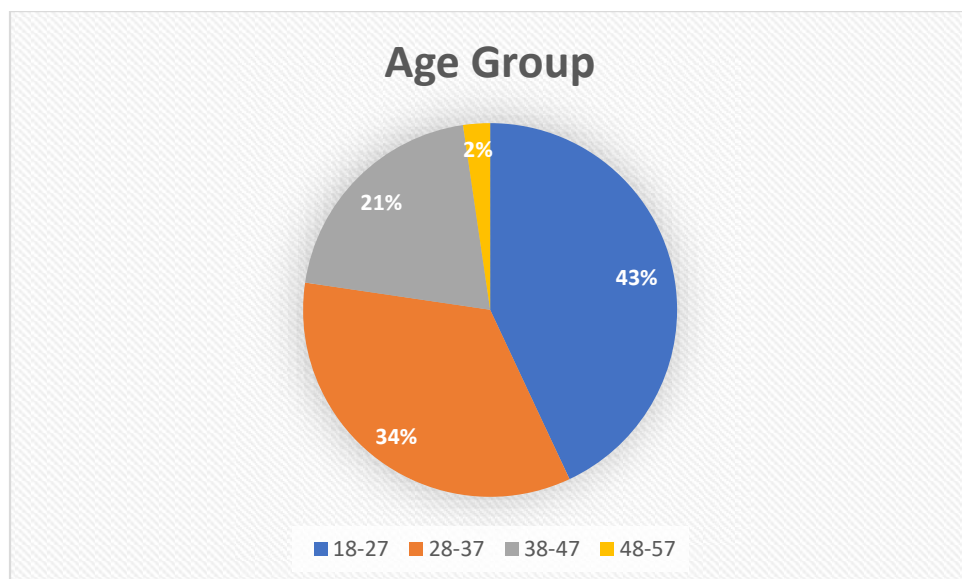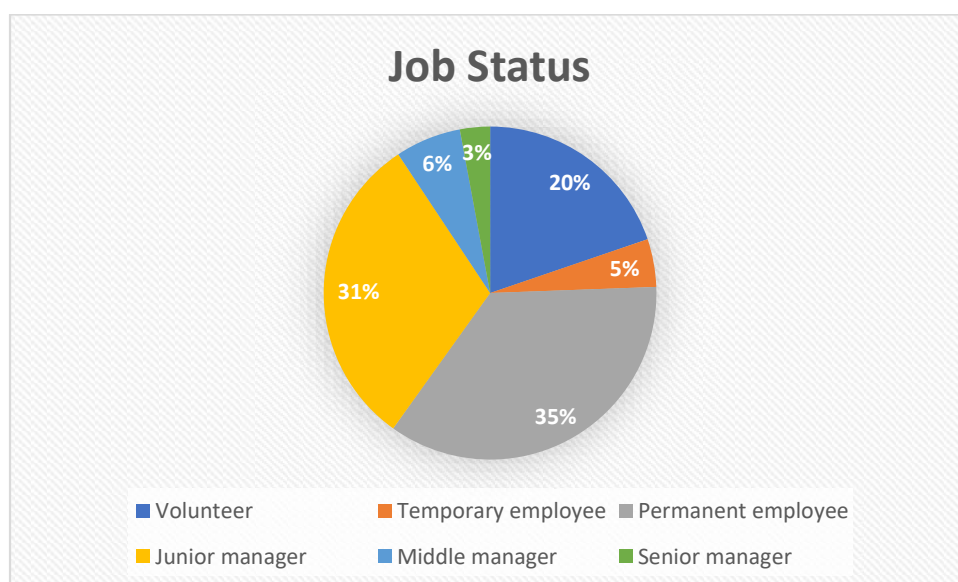


**Figure 4:** Distribution of Participants by Job Status

Source: own survey

According to Figure 5, 60% of the participants have previously worked in the competitive sector while 40% of them have not worked in the competitive sector.



**Figure 5:** Distribution of Participants by the Previous Work Experience in the Competitive Sector

Source: own survey

According to Figure 6, 55% of the participants' organizations consist of 6-15 employees, 42% of the participants' organizations consist of 1-5 employees, and 3% of the participants' organizations consist of 16-25 employees.
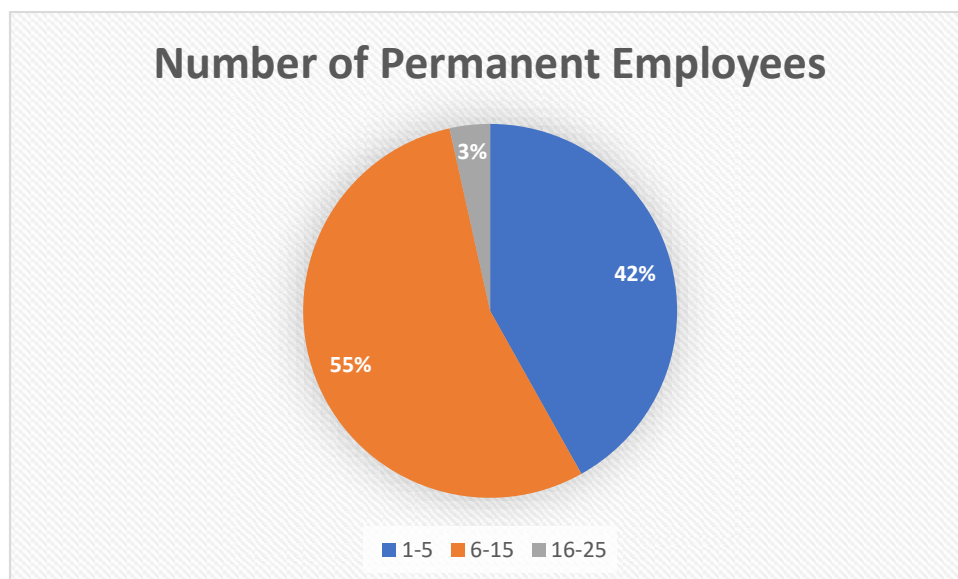


**Figure 6:** Distribution of Participants by the Number of Permanent Employees in Their Organization

According to Figure 7, 46% of the participants work in the field of social care, 15% of them work in the field of advocacy and culture-leisure, 6% of them work in the field of religion, 5% of them work in the field of education&research, 4% of them work in the field of science, and 1% of them work in the field of sport.
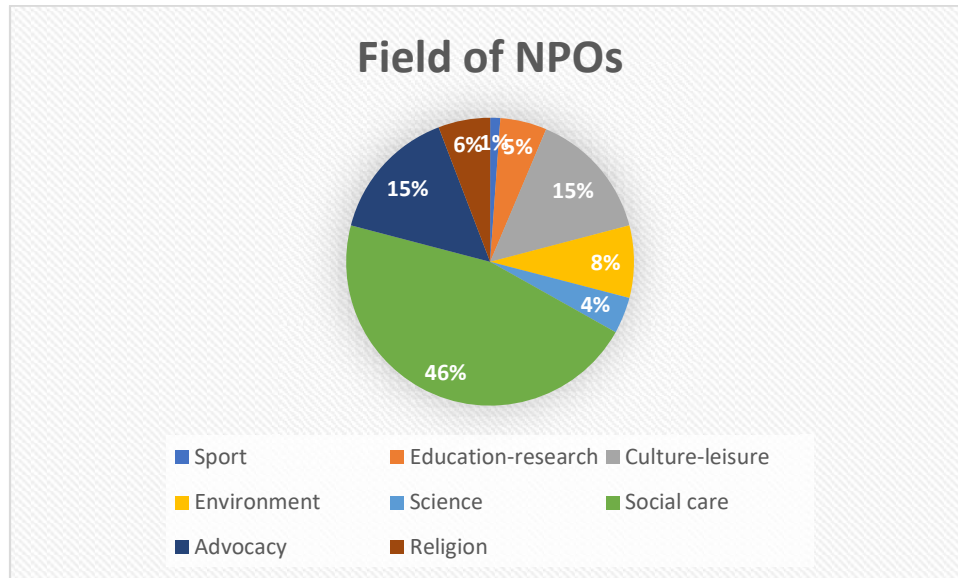


**Figure 7:** Distribution of Participants by the Field of NPOs they work in

Source: own survey

## 4.2 Findings Regarding Management and Organizational Problems

When the items of the survey participants' problems related to management and organization were examined, it was stated that the participants definitely agreed with the idea that "The objectives of the organizations are clearly defined" and the highest level of participation was achieved (4.34). This may tell us that the definition of organizational purposes should be clear and understandable. In addition, it was seen that the participants strongly agreed with the idea that the "Use of resources, implementation process and expenditures are made transparent" (4,30). This situation can tell us that the use of resources, implementation process and expenses are meticulous and done in accordance with ethical rules. Another judgment stated that they strongly agreed with the idea that "Communication has improved through social media" (4,23). This situation can tell us that social media has a great impact on communication. Finally, "Efforts are made to enable members and volunteers to be more active (4,20). It was observed that the participants in the research did not agree at all with the idea that "Institutionalization

affects the success of the organization's management" (1,61). This situation can tell us that institutionalization does not have an effect on the success of the organization's management. The participants did not agree with the idea that "Financial inadequacy affects the activities of the organization" (2.04). This situation can tell us that financial inadequacies do not affect the activities of the organization and that those affecting financial inadequacies are more effective problems. It is stated that the participants of the research are undecided on the idea that "in case of failure in the organization, a warning will be given or sanctions will be applied" (3,15).

**Table 1: Descriptive Analysis of Findings Regarding Management and Organizational Problems**

| Statements | Mean | St.D |
|---|---|---|
| Institutionalization affects the success of the organization's management. | 1.61 | 0.96 |
| There is a professional management approach in the organization. | 3.88 | 1.03 |
| Management is not democratic, there is only one person's authority. | 4.14 | 1.06 |
| There is a status quo approach. | 4.13 | 1.05 |
| Employees' concerns and opinions are taken into account in organizational decisions. | 3.98 | 0.88 |
| Success is rewarded in the organization. | 3.6 | 0.98 |
| In case of failure in the organization, a warning is given or sanctions are applied. | 3.15 | 1.16 |
| The organization has a global vision. | 4.19 | 0.94 |
| Instead of long-term plans and strategic solutions, daily solutions are produced. | 3.41 | 1.3 |
| Good budget planning is made to use financial resources in the most effective way. | 3.94 | 0.89 |
| Employees' opinions are taken into account when budget planning. | 3.81 | 1.05 |
| The organization has an organizational chart, and the distribution of authority and responsibility is clearly determined. | 4.11 | 0.86 |
| The objectives of the organization are clearly defined. | 4.34 | 0.78 |
| Efforts are made to enable members and volunteers to be more active. | 4.2 | 0.79 |
| Management and employees change frequently in the organization. | 3.67 | 1.12 |

| | | |
|---|---|---|
| The equipment and physical conditions in the establishment are sufficient. | 3.39 | 1.07 |
| Qualified staff is employed in the organization. | 3.41 | 1.02 |
| People who are not competent and seek more spiritual satisfaction are employed in the organization. | 3.35 | 1.3 |
| People who are not competent and seek more financial satisfaction are employed in the organization. | 3.98 | 1.16 |
| Financial resources are used in the most effective way. | 4.1 | 0.78 |
| The use of resources, implementation process, and expenses are made transparent. | 4.3 | 0.79 |
| There is effective cooperation (such as sharing information and preparing joint projects) with other non-profit organizations. | 4.06 | 0.71 |
| The tradition of carrying out activities on a project basis has developed. | 3.79 | 0.97 |
| An information infrastructure regarding the field of activity has been created. | 3.95 | 0.83 |
| Information technologies are used. | 4.17 | 0.68 |
| External auditing of work and assistance processes is permitted. | 4.02 | 0.94 |
| Work and assistance processes are periodically audited internally. | 4.1 | 0.77 |
| Financial inadequacy affects the activities of the organization. | 2.04 | 1.11 |
| Financial resources are obtained on time. | 3.17 | 1.16 |
| Relations with written and visual media have improved. | 4.11 | 0.79 |
| Communication has improved via social media. | 4.23 | 0.75 |

Source: own survey

## 4.3 Findings Related to Management and Organizational Recommendations

In the third part of the questionnaire, the participants were asked multiple-choice questions to determine their perspectives regarding management and organizational recommendations. According to Table 2, most of the participants (89.5%) think that NPOs should be managed with a global understanding rather than a local understanding. The majority of the participants (72.7%) think that in order for NPOs to be successful, as much authority as possible should be delegated, and as many people as possible should be involved in the management. Most participants (86.6%) are in favor of the opinion that primarily long-term strategic management plans determine the success of the organization. In terms of organizational structure, the

majority of participants (91.3%) agreed that the independent structure should be preserved with the guidance of political parties rather than being under the control of political parties. A considerable number of participants (77.3%) expressed that the projects of NPOs should be developed and relationships should be established in order to act together with international organizations (UN, Council of Europe, UNESCO, EU). Most participants (63.4%) also agree that an organizational chart should be developed and the distribution of authority and responsibility should be balanced and clear. In the phase of budget planning, most participants (68.6%) think that employees' participation should be ensured, and their opinions should be taken into account. In terms of auditing, 72% of the participants are in favor of the opinion The activities of NPOs should be audited periodically rather than consistently. Lastly, it can be said that the state should not only provide consultation and information on issues concerning civil society but also non-profit organizations should be involved in decision-making.

**Table 2: Descriptive Analysis of Findings Regarding Management and Organizational Recommendations**

|   |   | N | % |
|---|---|---|---|
| **1** | The organization should be managed with a global understanding. | 154 | 89.5 |
|   | The organization should be managed with a local understanding. | 18 | 10.5 |
| **2** | To be successful, as much authority as possible should be delegated, and as many people as possible should be involved in the management. | 125 | 72.7 |
|   | A strong leader with good relationships and vision should be put in charge. | 47 | 27.3 |
| **3** | It is primarily short-term strategic management plans that determine the success of the organization. | 23 | 13.4 |
|   | It is primarily long-term strategic management plans that determine the success of the organization. | 149 | 86.6 |
| **4** | The independent structure should be preserved without being under the control of political parties. | 15 | 8.7 |
|   | The independent structure should be preserved with the guidance of political parties. | 157 | 91.3 |

| | | | |
|---|---|---|---|
| 5 | Projects should be developed and relationships should be established in order to act together with international organizations (UN, Council of Europe, UNESCO, EU). | 133 | 77.3 |
| | Projects should be developed and relationships should be established in order to act together with national organizations. | 39 | 22.7 |
| 6 | An organizational chart should be developed and the distribution of authority and responsibility should be balanced and clear. | 109 | 63.4 |
| | An organizational chart should be developed and the distribution of authority and responsibility should be determined by high authority. | 63 | 36.6 |
| 7 | The need for qualified personnel in the organization should be provided internally. | 99 | 57.6 |
| | The need for qualified personnel in the organization should be provided externally. | 73 | 42.4 |
| 8 | In budget planning, employees' participation should be ensured, and their opinions should be taken into account. | 118 | 68.6 |
| | In budget planning, employees' participation should be restricted. | 54 | 31.4 |
| 9 | The activities of the organization should be audited periodically. | 124 | 72.1 |
| | The activities of the organization should be audited consistently. | 48 | 27.9 |
| 10 | The state should not only provide consultation and information on issues concerning civil society. | 17 | 9.9 |
| | The state should not only provide consultation and information on issues concerning civil society but also non-profit organizations should be involved in decision-making. | 155 | 90.1 |

Source: own survey

## 4.4 Findings from the Interviews

**Key Issues Confronted in the Process of Implementing Effective Governance**

The key difficulty of the non-profit organizations in sustaining adequate governance is the board's members' engagement and awareness of the context of operations. Another challenge with the boards of the two NGOs is that the board members are busy people in their respective careers, resulting in inadequate communication and little knowledge of daily operations. In

order to overcome this, both organizations have put measures to ensure that its board is informed and active.

One NGO has managed to adopt the policy of giving and receiving updates with a high level of frequency but in brief, thus combining monitoring with fulfilling more operational objectives. This approach seeks to exploit the board members'experience while at the same time not interfering with the board's agility. The second NGO involved mainly deals with the education sector; this ensures that routine site visits and beneficiary engagements, aimed at narrowing the strategy implementation gap are conducted. Furthermore, they stress continuing education for board members to ensure they have adequate knowledge of the legal and innovative procedures in non-profit governance.

Synthesizing these strategies highlights a common theme: a general understanding of the need for more frequent and more focused communications and awareness-raising activities to ensure that board members are effectively informed. In this way, non-profits are able to get the best out of their board members while not bogging them down with administrative requirements and not displacing the responsibility of community responsiveness from the non-profit itself.

**Dealing with the Lack of Control over Financial Resources**

Another challenge to non-profit organizations is the limited amount of funds at their disposal that must, therefore be spent wisely and effectively. Both NGOs have found it crucial to deliver programs and have focused on cost reduction and operational efficiency enhancements. Deploying information technology applications that enable the reduction of administrative overhead and involving volunteers remain popular strategies. Also, they demand additional funds without any restriction for administrative costs and adopt strict policies of budget control and financial analysis.

Often, NGOs have one specializing in a lean approach to the overall organizational operation, with a range of operations, including consistent budgeting and the ultimate focus on the program costs that are direct. They effectively seek and engage in collaborative procurement to attain resources at lower prices. Another strategy involves applying for grants meant for operational costs, although filling these tends to be done systematically. They also stress that it is necessary to continue to cover these costs and promote unrestricted funding.

Altogether, these strategies summarize the fact that non-profit organizations need to apply a complex approach to solving the problems of finance management. When non-profits enhance

lean business practices, strategic funding appeals, and engage donor stewardship, the non-profit organizations can successfully achieve full operational efficiency and program service delivery while optimizing resource utilization.

**Main Problems Faced in Managing Communication and Collaboration Within a Team**

Communication and collaboration issues remain a major concern for most non-profit organizations and can severely affect their operations. In the case of one organization, the team members existed across different geographical locations with differing chronological requirements across different areas of operation, making it challenging to communicate in due time and eradicate misunderstandings arising from regional divergences in healthcare systems. They counteract this by using project management software and daily check-ins over video conferencing; however, they find sustaining team cohesiveness and clear communication challenging unless plans run into issues, which further delays progress.

Another organization has issues around different departments and groups working in isolation from each other; different communication modes and patterns make integrated work more difficult. Such measures as cross-departmental activities and daily /weekly/ monthly inter-departmental meetings have been put in place in order to foster teamwork and create mutual understanding. Nonetheless, as in any large organizational structure, there are still cases of mutual miscommunication and different goals and aims, which affect productivity.

These strategies suggest that there is a constant requirement for strengthening the type and variety of media and techniques used to facilitate communication and interaction. Both organizations appreciate and acknowledge the idea of the culture of change and convergence to one regime to promote and facilitate teamwork, communication, and the need to eliminate gaps and delays in service delivery.

**Strategies To Deal with Conflicts Associated with the Competing Interests of Stakeholders**

Similarly, both organizations bear in mind that there are bound to be clashes and multiplicity of interests in the course of their operations and ensure that these are resolved through consultation and consensus. Stakeholder forums and meetings are prudent in avowing concern and proposing suggestions whereby the interests of all the stakeholders are enhanced. Conflicts are handled with the training of the parties and readily established procedures to enhance the process of mediation and bargaining among them.

The organizations try to address the needs of the communities of operations by balancing the requirements of the donors and volunteers with the needs, desires and aspirations of the

communities. They stress the need for clear and open communication so that persons donating their monies can have a clear direction on the program priorities. Thus, ensuring the donor expectations are reasonable and at the same time catering to the community needs to form a strong stakeholder environment.

Combining these approaches underlines the significance of strategic and effective interpersonal conflict resolution, alongside the active involvement of stakeholders, within non-profit institutions. In both organizations, there is good evidence of concerted efforts to achieve stakeholder amendment and create goodwill toward the purpose and cause of the organizations to ensure fit within their communities.

## 4.5 Discussion

One of the implications was the positive impression that social media channels have greatly enhanced communication patterns in organizations which have now become more dynamic. As social media becomes more popular, organizations get carried away by it and adopt these tools to communicate and engage with their targeted groups like stakeholders (Waters & Jamal, 2011). The high consensus among participants provided evidence that social media is of huge help in rather effective communication as it enhances the distribution of information. In other words, social networking sites must be leveraged very skillfully and effectively for the purpose of communication and connection and thus reach diverse audiences.

Contrary to expectations, the results demonstrated the disunity of speckle on participants' view of the interrelationship of institutionalization and organizational management success. The researchers also intend to look deeply into institutionalization and its effects on business performance. Institutionalization can not only provide stability and a legitimate status for organizations, but it can also have different impacts on how successful management can be (Scott, 2013). It is often dependent on the context in which the organization that is being managed is situated. One of the options may be to explore the pathways through which institutionalization determines organizational performance.

The fact that was exposed about the way psychological impact of financial deficit is not really that strong on organizations asks fundamental questions about organizational budgeting and valuation. Financial limitations are admittedly the most worrisome problems facing most organizations (Anastasopoulos & Mirchandani, 2019), however the study's outcomes point to other aspects as even more striking affecting business operations. This, in that way, highlights

the existence of organizations having to adopt smart approaches for the allocation of resources and search for other alternative sources of funding, to curb the effect of a shortfall in finance.

Lastly, the observation that the existence of threatening warnings and sanctions on organizational failure introduces the difficulty of organizational governance and accountability mechanisms that mainly depend on the effectiveness of responses of management. The fact that people have different points of view indicates the necessity and necessity to work on the policies and procedures on rules and consequences for the occurrence of organizational mistakes. Developing open and clean support measures that aid accountability creation and discourage the completion of infractions can be very useful for organizations.

Board engagement is a well-established topic that is integral to the performance of organizations. As pointed out by Bradshaw, Murray, and Wolpin (1992), the board should actively engage in the strategic planning process as well as with monitoring of the organization. The NGOs also pointed out that board members' competing work schedules are another factor that can hinder this line of engagement. Approaches like the familiar model, including regular updates and site visits, as highlighted by Ostrower and Stone (2006) to some extent, assist in efforts to close the dichotomy between the strategic planning level, and the day-to-day implementation process.

Managing finances is very critical in the non-profit sector as the literature shows. Herman and Renz (2008) also stress the points, where strategic financial planning of the non-profit organization and the aim of seeking and diversifying the financial resources for sustainable revenue sources are crucial. The strategies used by the NGOs concerning fund restructuring, seeking unrestricted funds, and use of in-kind donations are supported by Frumkin and Kim (2001) who assert that the source of funds should be diverse to ensure that they support the constant operation and delivery of programs.

The difficulties that involve communication and cooperation, especially when the crew members are widely located, are apparent. Guo and Acar (2005) point out that through the use of technology and having regular face-to-face and asynchronous meetings, such challenges can be avoided but agree that the key factor is the development of an integrated culture. Other works, for example, by LeRoux and Goerdel (2009) encourage the development of cross-departmental projects to overcome the silo trouble with integrated communication strategies that would work to improve organizational unity.

Addressing conflict in non-profits is important because of contesting the interests of all the stakeholders. Bingham (2009) and Susskind et al. (1999) present some features and benefits of

mediation in conflict management and approach to decision-making. Thus, the identified best practices in the applications of forums, feedback sessions, and conflict resolution training correlate with Augusto's expectations and disclose the significance of formal procedures for addressing conflict situations in cooperation with NGOs.

Based on the presented literature review, it became clear that to achieve success, non-profit organizations have to apply various methods to tackle their specific issues. There are several measures that have to be taken in order to sustain effective cooperation, these include more frequent communication, sound financial planning and a decision-making process involving all the partners. Signifying that greater attention should be paid to non-profit corporate governance, this paper reveals how such organizations can improve their governance, operations, and relations with their stakeholders based on the existing benchmarks. A literature review shows that the approaches of non-governmental organizations are applicable and that the longevity of these areas has the potential to enhance the NGOs profoundly. To sum up, the study revealed a number of critical observations about the different organizational and management functions of the researched case. Manifestation of the above aspect can lead the organizations to sharpen their effectiveness, accountability, and resilience towards fulfilling the implemented strategy.

## 5. Conclusion

Non-profit organizations aiming to provide social benefit must pay utmost attention to the volunteer resources they have in order to achieve their goals, provide quality service and ensure sustainability, and carry out the management process in a professional manner in order to increase the commitment of this resource to the organization and ensure that it works more effectively. Although non-profit organizations in Azerbaijan are progressing towards institutionalization, it is seen that they cannot attract the attention of society at the required level because they lack strategic management and a participatory structure, which is a problem related to society becoming more participatory.

This research aimed to make recommendations for addressing these issues, based on the findings derived from analyzing data collected from workers employed in non-profit organizations in Azerbaijan. Due to the limited number of studies conducted in the name of civil society, it is crucial to recognize the significance of organizations functioning in this sector in addressing management and organizational issues. One of the key factors in the democratization and development of societies today is the significance of decisions made by non-profit organizations. These organizations are seen as crucial in identifying and rectifying social and economic shortcomings, which are considered burdensome for states in both social and economic terms.

In fact, the main reason underlying these problems is the confusion in the concept of non-profit organization itself. Deficiencies arise when both the legal structure and the administrative structure are organized on a concept that is not yet fully understood. Eliminating the ambiguity and complexity of these organizations may first be possible by uniting under a single roof and definition. The managerial and organizational steps to be taken after this will result in more solid and permanent solutions.

Based on the research results, the following recommendations can be made:

- One of the most important steps to be taken to solve the current management and organization problems is to select the people in management positions of these organizations from among competent people with management knowledge and equipment. Only in this way, volunteering and meeting the needs of a wide social area can be more effective and efficient. Thus, the responsibility of labor, time and money in these organizations will turn into socially positive values in competent hands. In addition, these managers will be able to create more permanent and widespread service areas with long-term strategic management plans instead of daily short-term plans.

- It is essential to organize meetings, symposiums, panels, and print reports, bulletins, and brochures in order to create an effective information-sharing and communication network regarding the activities carried out. While it is important to hold meetings in various fields with members, target groups, other non-profit organizations, public institutions and organizations, it is also essential to benefit from the power of the media by using current information and communication systems effectively

- Non-profit organizations should be in constant communication and cooperation with universities, research institutes and scientific circles. Support from the private sector and the media should be provided; The organization and the media should carry out joint trend and awareness campaigns. In this way, the trust in the organization will be strengthened by ensuring better recognition by society. In addition, the communication of non-profit organizations with relevant organizations in the EU and their efforts to become members of higher organizations is a very important issue internationally.

- Regardless of the level they are at, decision-making authorities should ensure that they not only seek the opinions of third-sector higher organizations on issues within their field of activity but also take part in decision-making processes. As a matter of fact, having a say in proportion to the social needs they meet will positively affect social awareness and participation.

- Successful practices carried out by volunteers and members of the organization, of their own volition and without expecting anything in return, should be appreciated through a number of practices such as certificates of appreciation, certificates, and sending to domestic and international conferences. In order to further increase volunteers' commitment to the organization, their satisfaction and performance, attention should be paid to sincerity and timing in these appreciations and rewards.

- Non-profit organizations should carry out their aid processes in full coordination, cooperation and communication, both among themselves and with the state. In this way, waste of time and resources or idle resources can be prevented. For this purpose, today's information technologies should be used in the most effective way and, if necessary, resources should be created for this.

- In order to increase aid activities, it is not enough to work only for members and volunteers, but also for potential volunteers, additional methods and practices are required. It should be known that the effort, time and money spent in these organizations, which carry out their activities voluntarily and without profit, are at least as valuable as in other sectors. For this reason, strategic plans should be made and managed in this

way in order to use the organization's resources and opportunities at the highest level. Otherwise, it is inevitable that it will turn into national waste instead of increasing our national welfare.

- Taking into account the role of human relations in the establishment of the culture in the organization in strategic management, it is possible to ensure the effectiveness of the business by taking the opinion of the relevant experts to prepare the organizational charter to ensure democracy.

- Taking into account human relations in the organizational culture, to make proposals for the preparation of appropriate projects for people in order to organize work more efficiently, and to set a reward in return

- With the integration of the organization and the individual, long-term employment provision is possible. Instead of immediately dismissing an employee who is not successful in his role, he may be offered another, more suitable job. By making career planning, employees can be presented with opportunities for promotion and advancement. As a result, other working groups who see this will increase their trust in the organization and reduce their worries about their future.

- Instead of paying everyone equally within the enterprise, "extraordinary" payments can be made based on different criteria. Thus, more creative, result-oriented, productive employees can be encouraged to work.

- The correct application of all stages of strategic management in the management of non-commercial enterprises is the basis for achieving the desired and expected results

- Principles are important in ensuring the productivity of strategic management. Each strategy is based on certain principles and rules, and on the basis of them, managers can make decisions aimed at the consistent achievement of long-term goals.

The results obtained and suggestions made in the implementation of strategic management and organizational culture in business can help business efficiency. All of these will enable non-profit organizations, whose main purpose is to serve the oppressed people in need all over the world, especially in Azerbaijan, in a humane way, to carry out higher quality and sustainable work.

# 6. Summary

This study aims to identify the management and organization problems of non-profit organizations and to make solution suggestions and evaluations to eliminate these problems. Another purpose is to draw attention to the fact that the time, money and human resources used in non-profit organizations are valuable as in the state and private sectors and that studies should be carried out towards this end. In this research, a mixed research method was utilized to collect primary data. An online survey technique as a quantitative research method was used as a data collection tool. An online structured interview technique as a qualitative research method was also utilized in this research. Research findings implied the key difficulty of the non-profit organizations in sustaining adequate governance is the board's members' engagement and awareness of the context of operations. Another challenge with the boards of the two NGOs is that the board members are busy people in their respective careers, resulting in inadequate communication and little knowledge of daily operations. In order to overcome this, both organizations have put measures to ensure that its board is informed and active. There are several measures that have to be taken in order to sustain effective cooperation, these include more frequent communication, sound financial planning and a decision-making process involving all the partners. Signifying that greater attention should be paid to non-profit corporate governance, this paper reveals how such organizations can improve their governance, operations, and relations with their stakeholders based on the existing benchmarks. The approaches of non-governmental organizations are applicable and that the longevity of these areas has the potential to enhance the NGOs profoundly. To sum up, the study revealed a number of critical observations about the different organizational and management functions of the researched case. Manifestation of the above aspect can lead the organizations to sharpen their effectiveness, accountability, and resilience towards fulfilling the implemented strategy.

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# Appendix

## STUDENT DECLARATION

Signed below, _____ , student of the Szent István Campus of the Hungarian University of Agriculture and Life Science, at the BSc/MSc Course of _____ declare that the present Thesis is my own work and I have used the cited and quoted literature in accordance with the relevant legal and ethical rules. I understand that the one-page-summary of my thesis will be uploaded on the website of the Campus/Institute/Course and my Thesis will be available at the Host Department/Institute and in the repository of the University in accordance with the relevant legal and ethical rules.

Confidential data are presented in the thesis: yes          no*

Date: _____ 20 _____ month _____ day

_____
Student

## SUPERVISOR'S DECLARATION

As primary supervisor of the author of this thesis, I hereby declare that review of the thesis was done thoroughly; student was informed and guided on the method of citing literature sources in the dissertation, attention was drawn on the importance of using literature data in accordance with the relevant legal and ethical rules.

Confidential data are presented in the thesis: yes          <u>no</u> *

Approval of thesis for oral defense on Final Examination: <u>approved</u>   not approved *

Date: ____<u>Gödöllő</u>____ 20<u>24. október</u> month ___31.___ day

_____
signature

**\*Please, underline the correct choice!**

## ABSTRACT OF THESIS

## MANAGEMENT AND ORGANIZATION PROBLEMS OF NON-PROFIT ORGANIZATIONS IN AZERBAIJAN

**Orujov Alakbar**

Course, level of education: **Business Administration and Management Course, BSc**

Host Department/Institute: **Institute of Agricultural and Food Economics**

*Primary thesis advisor:* **Horváth Zoltán PhD. associate professor**

The roles and importance of non-profit organizations in social life are increasing day by day. These organizations are today accepted as benchmarks for the civilianization and democratization of societies. The aim of this study is to identify the problems encountered in the management and organization of these organizations, which have an ever-expanding sphere of influence and reveal the power and importance of civil society, and to make evaluations for the solution of these problems. In this regard, first of all, a literature review was conducted on the subject and a conceptual framework was created. Later, a field study was conducted on managers, members, staff and volunteers serving in NPOs operating in different parts of Azerbaijan in order to identify the management and organization problems encountered in non-profit organizations and to develop solution suggestions. An online survey method was used as a data collection tool. Research findings imply that the main reason underlying these problems is the confusion in the concept of non-profit organization itself. Because deficiencies arise when both the legal structure and the administrative structure are organized on a concept that is not yet fully understood. Eliminating the ambiguity and complexity of these organizations may first be possible by uniting under a single roof and definition. The managerial and organizational steps to be taken after this will result in more solid and permanent solutions.

1. What is your gender?

Male

Female

2. Please choose your age group

18-27

28-37

38-47

48-57

57 and above

3. What is your highest education degree?

High school degree

Bachelor's degree

Master's degree

Ph.D. degree

4. What is your job status?

Volunteer

Temporary employee

Permanent employee

Junior manager

Middle manager

Senior manager

5. How long have you worked in the non-profit sector?

Less than a year

1-3 years

4-6 years

7-10 years

11-15 years

16-25 years

More than 26 years

6. Have you previously worked in the competitive sector?

Yes

No

7. How many permanent employees does your organization have?

0

1-5

6-15

16-25

26-50

51-100

Over 100

8. In which field does the organization operate?

Sport

Education-research

Health

Culture-leisure

Environment

Science

Social care

Advocacy

Religion

Below is a series of statements intended to identify "Management and Organization Problems". "How much do you agree with the following statements about your workplace (1 strongly disagree, 5 strongly agree)?"

| | Strongly Disagree | Disagree | Neither Agree Nor Disagree | Agree | Strongly Agree |
|---|---|---|---|---|---|
| Institutionalization affects the success of the organization's management. | | | | | |
| There is a professional management approach in the organization. | | | | | |
| Management is not democratic, there is only one person's authority. | | | | | |
| There is a status quo approach. | | | | | |
| Employees' concerns and opinions are taken into account in organizational decisions. | | | | | |
| Success is rewarded in the organization. | | | | | |
| In case of failure in the organization, a warning is given or sanctions are applied. | | | | | |
| The organization has a global vision. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Instead of long-term plans and strategic solutions, daily solutions are produced. | | | | | |
| Good budget planning is made to use financial resources in the most effective way. | | | | | |
| Employees' opinions are taken into account when budget planning. | | | | | |
| The organization has an organizational chart, and the distribution of authority and responsibility is clearly determined. | | | | | |
| The objectives of the organization are clearly defined. | | | | | |
| Efforts are made to enable members and volunteers to be more active. | | | | | |
| Management and employees change frequently in the organization. | | | | | |
| The equipment and physical conditions in the establishment are sufficient. | | | | | |
| Qualified staff is employed in the organization. | | | | | |
| People who are not competent and seek more spiritual satisfaction are employed in the organization. | | | | | |
| People who are not competent and seek more financial satisfaction are employed in the organization. | | | | | |
| Financial resources are used in the most effective way. | | | | | |
| The use of resources, implementation process and expenses are made transparent. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| There is effective cooperation (such as sharing information and preparing joint projects) with other non-profit organizations. | | | | | |
| The tradition of carrying out activities on a project basis has developed. | | | | | |
| An information infrastructure regarding the field of activity has been created. | | | | | |
| Information technologies are used. | | | | | |
| External auditing of work and assistance processes is permitted. | | | | | |
| Work and assistance processes are periodically audited internally. | | | | | |
| Financial inadequacy affects the activities of the organization. | | | | | |
| Financial resources are obtained on time. | | | | | |
| Relations with written and visual media have improved. | | | | | |
| Communication has improved via social media. | | | | | |

Below is a series of multiple-choice question intended to measure judgments regarding the Management and Organizational Recommendations. Please put X in the statement best suits you.

| | | |
|---|---|---|
| **1** | The organization should be managed with a global understanding. | |
| | The organization should be managed with a local understanding. | |
| **2** | To be successful, as much authority as possible should be delegated and as many people as possible should be involved in the management. | |
| | A strong leader with good relationships and vision should be put in charge. | |
| **3** | It is primarily short-term strategic management plans that determine the success of the organisation. | |
| | It is primarily long-term strategic management plans that determine the success of the organisation. | |

| | | |
|---|---|---|
| **4** | The independent structure should be preserved without being under the control of political parties. | |
| | The independent structure should be preserved with the guidance of political parties. | |
| **5** | Projects should be developed and relationships should be established in order to act together with international organizations (UN, Council of Europe, UNESCO, EU). | |
| | Projects should be developed and relationships should be established in order to act together with national organizations. | |
| **6** | An organizational chart should be developed and the distribution of authority and responsibility should be balanced and clear. | |
| | An organizational chart should be developed and the distribution of authority and responsibility should be determined by high authority. | |
| **7** | The need for qualified personnel in the organization should be provided internally. | |
| | The need for qualified personnel in the organization should be provided externally. | |
| **8** | In budget planning, employees' participation should be ensured, and their opinions should be taken into account. | |
| | In budget planning, employees' participation should be restricted. | |
| **9** | The activities of the organization should be audited periodically. | |
| | The activities of the organization should be audited consistently. | |
| **10** | The state should not only provide consultation and information on issues concerning civil society. | |
| | The state should not only provide consultation and information on issues concerning civil society but also non-profit organizations should be involved in decision-making. | |

**Interview Transcript (1)**

1. What are the key issues that you are likely to confront in the process of implementing effective governance and in making sure that your board of directors understands the strategic vision of the organization?

One of the key issues on our agenda is how to make our board members aware of the ongoing processes in the organization. Board members often have full-time responsibilities and are consequently busy which causes communication and knowledge lapses. We have passed regular succinct updates and scheduled shorter but more frequent meetings to keep them filled without overexposing them. Nonetheless, it is not easy to find the right approach concerning the board's supervisory versus operational control since we are attracted by their advisory experience but do not want to burden our team with excessive amounts of bureaucracy and inefficient management.

2. How do you plan to deal with the constraints associated with the lack of control over financial resources and the trade-off between program expenditures and managerial overheads?

We also understand that since we have limited funds we have to control all the spending. Our program delivery is strategically planned through efforts that cut down on costs and increase efficiency levels. This is often achieved by using IT systems to lower bureaucratic expenses and by employing volunteers to fill certain positions. Further, we actively look for general-purpose donations that can cover various expenses associated with administration, as well as engaging in meticulous budget planning and budgeting to maximize our ROI.

3. What are the main problems you face while trying to manage the communication and collaboration within a team and how do these challenges influence your organizational effectiveness?

One of the main challenges is the fact that the team operates in different locations with diverse healthcare demands. The communication gap may arise due to time zones since people in different geographical regions are used to different settings. In order to achieve this, there are tools like project management applications and maintenance of regular online updates. However, teamwork and making sure everybody understands their roles and responsibilities is quite

troublesome. Mismatches can create inefficiencies and service consistency becomes difficult for us to achieve.

4. What strategies do you apply to deal with conflicts associated with the competing interests of stakeholders such as staff, volunteers, donors, and the community?

Diversity in terms of conflicting or contentious objectives in the workplace is inevitable. Control them with the help of transparent communication and open decision-making and include everyone in the process. We organize such forums and meetings to foster discussions for all the stakeholders to air their thoughts. The opportunities for mediating and learning about conflict resolution for our leaders have also been beneficial. It is also common for our firm to base it decisions on what is best for the communities, and we do all that is in our power to ensure that our customers' interests are also in line with the needs of the communities that we serve.

**Interview Transcript (2)**

1. What are the key issues that you are likely to confront in the process of implementing effective governance and in making sure that your board of directors understands the strategic vision of the organization?

A major issue is that our board members have working experience not only in the education industry but also in different sectors, which means that they do not always appreciate the dynamics and peculiarities of the institution's work. Such a separation sometimes creates a gap between their strategic planning and our on-the-ground operations. As a way of trying to bridge this gap, we organize regular visits and interaction sessions of sites with our beneficiaries. It also entails the regular review of board education programs that are focused on ensuring that board members are motivated and remain informed about organizational success and non-profit governance functions and principles.

2. How do you plan to deal with the constraints associated with the lack of control over financial resources and the trade-off between program expenditures and managerial overheads?

So we tackle financial issues by having a very cost-effective operational model and maximizing the utility of the minimum spent money. This includes close cost reduction and ensuring that more funding is directed to the core programs and less to the overheads. We also seek contributions of kind things and alliances that offer resources and services at a price that is cheaper than the normal market price. Apart from this, we also seek grants that are open and specifically related to operational costs and make a point of educating the donors on how critical these costs are.

3. What are the main problems you face while trying to manage the communication and collaboration within a team and how do these challenges influence your organizational effectiveness?

Another major problem is the functional structure of departments which creates an isolated environment and reduces the interaction and coordination of activities. This is compounded by differences in preferences and styles of communicating with one another. To overcome this, we have come up with some cross-project departmental groups and carried out inter-departmental meetings in order to enhance understanding among the players. Still, there are times when the

process is ineffective, and misconceptions and conflicts of interest arise between the employees and our management and this reduces the efficiency of the process. One of the ongoing processes is in the area of communication where attempts are being made to have all aspects integrated.

4. What strategies do you apply to deal with conflicts associated with the competing interests of stakeholders such as staff, volunteers, donors, and the community?

We operate in a way where the team approaches conflict strictly through negotiations. Detailed feedback and iterative discussions with various stakeholders are good for acknowledging other people's points. It is also important to note that open conflict management is a prerequisite for mediation and facilitated discussions. Trying to find a balance between the wishes of the donors and strategies for effective work with the communities is sometimes a difficult task. Our goal is always to crystalize this impact to donors so that it is clear what issues we are investing in and why. It is worth mentioning that by doing so we ensure that the stakeholders have an interconnected and supportive network.