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Performance Measurement and Management of non-profit organizations

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Abstract

When we consider the international establishment of NPOs essential to their operation, we realize that they are subject to the same imperatives as multinational companies in terms of efficiency, professionalism, and adaptation to different economic, political, legislative and cultural laws of the countries in which they operate

In times of economic crisis, the world of non-profit organizations is faced with the problem of shortening grants. Competition within nonprofit organizations is set to increase accordingly. Only the most successful organizations will be able to access the available resources. This should encourage them to try to explore the field of performance. The purpose of this article is to question to what extent is it possible to turn to the performance measurement tools traditionally applied in for-profit companies to measure the performance of non-profit organizations. The goal is to contribute to making understandable the factors of understanding of what determines that a non-profit organization is effective and efficient.

In the non-profit sector, there is a lot of concern on ways to see what is delivered by the NPOs and what are the main indicators that could help us measure the performance of these organizations as they should also qualify for performance evaluations, as this evaluations is necessary to know if we have all the parameters such as business models, effectiveness of funding, and the right leadership to use all of the attention first, then funds second that we are spending on the non-profit sector, and if the goals of non profits can be met, as in so many theories, it is often spoken that a sector, that gets a lot of funding from different parties should also stand out, and be subject to accountability, effectiveness tests, organizational efficiency review.

It is proving important to review the performance measuring indexes in NPOs mainly because of the problems surrounding the certainty of the continuous funding of this sector, as many parties that used to fund it can become disinterested as they are getting attracted by other ways of delivering the aspect that attracted them the most to the non-profit sector, which is bringing a certain social, environmental or economic justice into the world, and these parties are exploring other ways in which the delivery of these services and the mission that these funders want to achieve.

1. General Introduction

In recent years, non-profit organizations have been faced with new challenges: professionalization of their activities, changes in funding methods and environmental accountability. It is well known that humanitarian activities have gained importance in our society. The importance of the activities of non-profit organizations is now widely recognized and their popularity is growing. On the other hand, there are few questions, debates and concerns that question the performance of these activities. However, it seems to us that it has become urgent that the performance of the organizations involved in these activities be subject to an evaluation.

The world of non-profit organizations is indeed going through an interesting and complex change at the same time. Characterized by vigor and vitality, it reflects various ways of acting and undertaking. The fulfillment of the missions of NPOs depends on the satisfaction of their beneficiaries as well as the ability to meet the requirements of stakeholders. To do this, they must be able to identify with great precision the expectations of the populations they target. Likewise, they must develop their capacities to mobilize the necessary funds. However, in a context of the proliferation of NPOs and funding crises, achieving one's objectives is becoming more and more difficult. Thus, in a context of shrinking funding and competition between NPOs, to achieve their objectives, they must demonstrate performance in their operation. They must provide evidence of good use of the funds collected, reassure those who award them grants and meet the expectations of the communities they target. As a result, they are invited to fundamentally change their perceptions and their management practices.

In terms of management, non-profit organizations need to be fundamentally aware of what they do and how they do it. They should find new paths and look for new ways to conduct their interventions in order to achieve high levels of performance. Assessing the effectiveness and efficiency of the management of otherwise limited financial and non-financial resources will have to become a priority for several reasons:

- Firstly, and in the face of the shortening of grants and the ensuing competition, NPOs will be called upon to improve their strategies and their performance if they want to access funding. This will become possible by building management systems adapted to their missions and the expectations of their stakeholders and at the same time capable of measuring the effectiveness of their organization. Managing performance, improving efficiency and effectiveness, in addition to being powerful learning tools, becomes essential for studying the impact of the actions they undertake on development and on the satisfaction of beneficiaries and stakeholders.

- The second reason is related to the need to respond to the changing requirements of different stakeholders. NPOs are indeed faced with new challenges. They are increasingly challenged by their partners and by the community for more transparency, efficiency and interactivity. Transparency, objectivity and organizational accountability are essential for the survival of NPOs. Ensuring better performance is also a way of reassuring stakeholders and responding to the pressure they exert on NPOs. The main objective of this scientific article is to answer the central problem, namely: To what extent can performance measurement tools applied in the business field be used in the non-profit sector and specifically in the case of NPOs? in other words, do the traditional performance tools accurately reflect the social enterprise? Are there performance measurement tools specific to non-profit organizations?

To answer these questions, we thought it useful to first deal with the concept of performance, its relevance and the various related theories. Secondly, we study the term efficiency in its different facets and see to what extent this term can be faithful in the context of NPOs.

1.1 Importance of performance measurement

Humanitarian activities are generally organized in programs (United Nations, programs run by local, national or international NPOs, etc.) and designed to meet the needs of people who are victims of financial, health and social exclusion, affected by poverty etc.… In fact, within the framework of these programs, several types of organizations interact either to achieve a common objective (for example, to help a specific group of people in need) or within the framework of a common vision (for example, to reduce poverty, social inclusion etc.). In this process, some organizations, whether public, private or international, can provide funds, while other smaller and usually voluntary-based organizations play the role of "intermediate agents" between donors and beneficiaries.

The evaluation of the performance of these programs or that of the organizations in charge of implementing them has either been neglected or deemed too complex to lend itself to a managerial approach. Or perhaps it is fairly unconsciously admitted that this is an area of confusion and improvisation. The only rationality that reigns there is that dominated by a search for legitimacy. However, this rationality based on the search for legitimacy risks sacrificing the objectives for which the programs were set up, to give way to ineffective behavior. These types of programs originally designed to fight against poverty and exclusion, by dint of being centered on its legitimacy, ended up failing to achieve all of their goals. In a context of competitiveness and the search for greater returns, the performance of NPOs must be put to the test.

Their legitimacy and reasoning to be dependent more than ever on their performance. Their leaders as well as their stakeholders are subject to pressure from all sides. Performance deserves to be raised to the level of absolute priorities. Yet their performance is disputed. Little effort has been made to link this performance to the decisions and actions of a larger system that includes, in addition to the organizations themselves, the donors and the clients or communities that benefit from them. Long focused on for-profit organizations, to the detriment of NPOs, the study of organizational effectiveness in NPOs has begun to attract the attention of researchers in recent years (council, 2004) In addition to the growing interest of academics in nonprofit organizations, they realized that it was important to be critical in their performance to guarantee the survival of their organizations (Rojas, 2000) In addition, funders have shown increased interest in their effectiveness (Herman & Renz, 2004); their performance. There remains the question of what this can mean for an NPO. Does it have the same meaning as for-profit organizations? Does it have the same meaning for leaders as for stakeholders? there any theoretical benchmarks for organizational performance? Are there good practices in this regard? To address these questions and their implications for the practice of non-profit organizations, we first chose to ask the question of the relevance of the concept of performance designed for NPOs.

1.2 Consistency of the measurement of performance

On several occasions, it has been demonstrated that, even if NPOs do not necessarily work at a loss (French, 2001); the multidimensionality of social objectives goes beyond mere financial objectives, which should not be neglected either. According to an analysis carried out by (council, 2004) unlike for-profit organizations, NPOs have a preference for human and societal results and for internal social problems. This distinction between for-profit and non-profit organizations will surely be reflected in the choice of effectiveness criteria. Findings from studies measuring effectiveness in both types of organizations provide strong justification for questioning the use of the same effectiveness criteria when evaluating the organizational effectiveness of for-profit and not-for-profit organizations. Standards and benchmarks related to production and finance etc… used in business-oriented enterprises to measure performance seem inappropriate for non-profit organizations.

That said, we will agree with (Robert D. Herman, 2003)that theoretical and conceptual teachings on the organizational effectiveness of for-profit organizations can contribute to understanding and shaping the concept of the nature of NPOs. Measuring the value created by NPOs is a very exciting topic. Everyone is striving to create a system for measuring and comparing nonprofits. The only measure known for a few years is that relating to the percentage of general expenses. An organization that spends less than a certain amount, usually around 10% of overall spending in our own experience, was considered eligible for new funding. This extremely simplistic criterion is currently completely outdated. The need for a fairer and broader evaluation of the effectiveness of NPOs quickly proved necessary. The question is to know what would be the evaluation system that would be able to take into account the diversity of social problems with which NPOs are confronted and the multiplicity of modes of operation that characterize them? Between a multitude of efforts made in this field to solve the problem, we have selected a set of theoretical and empirical works that we will be able to present in the following (council, 2004) reviewed empirical studies on the effectiveness of nonprofit organizations. His conclusion is that construction has been conceptualized in various ways. Forbes also observed that recent efficacy research has used an emergent or social constructionist approach. Effectiveness is seen as stakeholder judgment formed during making processes. But if each nonprofit now creates its own theory of change and its own outcome and impact measures, how do they compare to another nonprofit's outcome and impact measures?

The concept of performance of non-profit organizations has in recent times indeed become a subject of great importance and an essential element for the survival of these organizations. The question is where to start? From what angle, then, are we going to examine the performance of NPOs? What should be assessed? The management system? project and program management? board management? What criteria for the effectiveness of organizations? management practices? the experimental practices of competitors? Board decisions? Donor criteria? Beneficiary satisfaction? Financial criteria? Social criteria? To summarize the main answers to these questions, we will proceed to a review of the literature on this subject. The responses were categorized into six theses on the effectiveness of nonprofit organizations (Herman & Renz 1999):

- The first is that the effectiveness of NPOs is always a matter of comparison.
- The second is to say that the effectiveness of NPOs is multidimensional.

- The third is to say that boards of directors make the difference in the effectiveness of NPOs. - The fourth is that more efficient NPOs are more likely to use correct management practices. - The fifth is to say that the effectiveness of NPOs is a social construct.
- The sixth thesis is that program outcome indicators as measures of NPO effectiveness are limited and can be dangerous.

1.3 Issues with the current measurement of the performance and efficiency

When trying to prove the performance of an NPO, performance in relation to what? Compared to a previous situation of this same NPO or compared to competing or similar NPOs? Whatever our approach, we will always need relevant criteria of comparison. But if each nonprofit now creates its own theory of change and its own outcome and impact measures, how do they compare to another non-profit's outcome and impact measures?

Given the complexity of NPOs, a multiplicity of criteria is used to define NPO performance. Its criteria can take various forms: surpluses achieved, funds collected, objectives achieved, achievement of level of growth, accomplishment of missions, satisfaction of requirements of beneficiaries and stakeholders, etc. In this sense, the performance of NPOs becomes multidimensional.

- First, there are multiple dimensions of effectiveness, with program management and effectiveness being the main dimensions.
- Second, each main dimension is composed of two sub-dimensions: capacity and results.
- Third, researchers should collect objective and perceptual measures of effectiveness.
- Fourth, the effectiveness model should allow for organizational and programmatic variations within a systematic structure.
- Fifth, the analytical tool should capture multiple levels of analysis and model the relationships between the dimensions of organizational effectiveness.

From this perspective, performance measurement can refer to different indicators. Therefore, to say that an NPO is successful because it was able to maximize one criterion, or two criteria is perhaps not as relevant as one might imagine.

2. Literature review

2.1 Aspects and parameters that may be factors to the judgement of an NPO's performance

As stated before, the main goal of finding out ways to measure performance, is to find ways that directly impact the performance of nonprofit organizations in relation to many aspects and parameters, starting with leadership, the social results it brings, or what you can refer to as the efficiency, or the likelihood of the projects ran by the NPO to have outcomes and meet objectives, all of this in addition to multiple variable parameters that define the results of an NPO and whether it is going to attract investors interested, these investors also are going to play a big role with their investments in NPOs, what interests us is the motivation behind their investment and what kind of advantage or benefit would that bring them, as investors are one of the primary cash flows for NPOs.

To be able to determine most of these aspects or parameters that influence directly the performance of an NPO, we have to start from the results, as they are going to determine what drove them. The main concept of a successful performance of an NPO is its ability to achieve its objectives and meet all of the preset goals in a given year, in other words, an NPO can be judged successful if it is setting goals and meeting them. As simple as the success concept of NPOs may seem, what interests us is the main factors that drive this performance.

Let's start figuring out these parameters by trying to treat NPO like a for-profit organization, the main factor or one of them driving the success or failure of for-profit organizations is the leadership of that certain organization. This also applies to governmental organizations.

2.2 Leadership's impact on NPOs based on different literatures

Certain points must be determined in leadership and NPO's, and one of them is how are leaders chosen in the case of NPOs, and if the same concept of for-profit organization is applicable to NPOs in terms of criteria. It is also important to find out what is leadership in economics, society and politics as all of these domains are touching directly the non profit sector.

Let's start by defining what a leader is what is leadership in both economics and society. This is a topic that has been in a lot of discussions in the last 6 decades and the concept of is has been so many times a debate between two perspectives, one saying that defines it by the requirements of a leader, and if we would have an individual with these personal traits, they would fit as a leader whether in an economic or social scenario.

The first literature that I am going to discuss regarding leadership is a classification that serves the same purpose as what I already wrote in this section of leadership which is to classify leaders either by trait or category. (Robert D. Herman, 2003)have written about three types of leaders in the non-profit sector specifically, and they gave each one of these three categories certain traits and broken them down. The first category are the non-aligned, that according to the 60

NPOs studied by (Mole, 2005)non-aligned are compared to any employee in a for-profit organization, as they are involved in NPOs for strictly their financial benefits and they are not interested in the missions of NPOs in general, this type treat NPOs as a source of income, and therefore are leaders that have a direct impact on the performance of NPOs in a negative way, as they do not view their job in a perspective that matches the perspective of the non-profit sector which should be selfless and directed towards the entities in need of help from the NPO; The second type of leaders are the paid philanthropists which we can define by default as being the opposite of the first category, the non-aligned and according to this classification, the paid philanthropists are the best possible match for leadership for a non-profit organization as this category is selfless, and altruist and they genuinely care about the well-being and they are concerned about other beings, the paid philanthropists are people that consider their salary secondary to their objective and primary mission which is to run the NPOs and have the beneficials of these organizations best interest at heart. This typology is mentioning a third type of leaders called careerists, the careerists are people who have chosen the non-profit sector as a conscious decision, and they started developing their leadership skills within it.

If we use this typology of the three types of leaders in the nonprofit sector and use its survey that was based on 60 examples, it shows that the reigning type of leadership among the non-profit organizations is the non-aligned, which is apparently not the most ideal scenario for NPOs as this type of leadership is two fifths of the respondents in the study.

A second typology that I want to mention in my leadership analysis in this literature review is a study of 200 San Francisco Bay Area nonprofits that classifies leaders in the non profit sector based on their career progression (Suarez). The first category in this typology is non-profit lifers, these people are mainly motivated because they are trying to fight a certain social problem which often the reason that they started their career in the sector early on, these people have gained managerial skills and experience throughout their careers starting from this particular reason. Substantive Experts are the second type of leaders according to this study and they are defined by their experience and training that they acquired not necessarily in the non-profit sector but in a specific profession that fits it; but they are not only gained experience from running leadership positions in NPOs, but they acquired it from the private or public sector. Social Entrepreneurs, these are the types of leaders that are dedicated to the sector, but they have acquired their training in management which makes them more finance oriented than the other types. The professional administrator has an experience in management but is not tied to a specific sector, usually this is the type that acquire their management skills from volunteering in nonprofit organizations suggesting that NPOs may help people market themselves for executive positions which means that NPOs also obviously attracts people that are not necessarily in the missions of NPOs but just into growing their careers.

There exists now a lack of good leadership in the non-profit sector, and it is possible that this deficit is having a negative impact directly on the service delivery of NPOs and therefore, we should try to judge which character, skills or previous experience should exist in an ideal or semi-ideal non-profit organization leader.

Despite that one may have never led an organization before, it is possible that with this lack of experience in leadership, that an unexperienced leader may also be suitable for a leadership position at an NPO. Differences exist between the for-profit and the non-profit sectors based on (Hansmann 1980) and in terms of leadership, this difference is due to the the fact that non-profit organizations are excluded from distributing their income to stakeholders and they may accumulate their revenues as endowments, reserve them or either grant them into other NPOs that have the same goal.

Based on the previous reviewed leadership related literature, we can suggest that leadership skills are not necessarily transferable from the for-profit sector into the non-profit organizations, however we can judge that the leaders of the for-profit organizations can, with some adaptations and after acquiring certain skills and traits from training lead non profit organizations and if they have sufficient experience in the for-profit sector, actually lead an NPO and a study conducted in 2006 (Mole, 2005) suggests that after they surveyed leaders that went from the for-profit into the non-profit sectors, these leaders indicated that they did have to adapt to be able to lead NPOs, in terms of aligning their personal goals with the NPOs missions, and in terms of personal advantage and conflict of interests between their financial earnings and the organization’s goals.

2.3 Organizational culture following leadership

One other aspect that should be taken into consideration when analyzing the different literatures that have discussed the relationship between leadership and performance measuring of NPOs is the organizational culture that leaders bring into an NPO and the conflict or the compliance of their leadership with the NPOs main goals. One defines the organizational culture depending on different perspectives, as historically, there have been differences on how to define an organizational culture. An organizational culture according to (Azhar, 2003) is an addition of assumptions that are common between a set of members in a certain enterprise that can be developed into both either values or beliefs and values are the assumptions that are what interests us in our literature reviews as these ones are the organizational culture that is transmitted by leaders into the subordinate employees, these are defined as ideals that all the members of the organization agree on to be the major direction that should be moved towards on by all of the members of that organization. A second literature of (Rousseau, 2000) says that the organizational culture is a uniform and set of characteristics that should be stable between all of the members of a certain organization and it serves as a differentiation tool to make a certain enterprise unique from the others as it is mainly a matter of distinctive features. The two literatures are quite similar in defining the organizational culture as a set of norms that everyone should have the same of, and the whole group is on the same line with, these norms dictate the behavior of the organization and different ways that it would take to achieve its goals.

According to (Azhar, 2003), the organizational culture is one if the not the most vital indicators or performance index reviewer of a company, regardless of its purpose. Therefore, we can apply it to the non-profit sector and assume that, with different leaders, come different organizational cultures and they are distinguished by the that leader’s experience path, personal experience and professional motives. Starting with the relationship between the previous literature reviewed about leadership, we could assume that leaders are different based on either their professional experience, background, or their likelihood of prioritizing their careers or personal benefits over the NPOs, we can judge that the organizational culture that a leader brings is going to be linked to either one of the previously spoken of parameters. In terms of previously acquired experiences from leaders, we can say that whether a leader originates from a for-profit organization or not, this is going to have an impact on the organizational culture he is going to bring to the NPO, lets say for example values that are common in the employees of a for-profit organization are dictated by the business model of a for-profit organization which are typical to them, say we have prioritizing profitability and reducing cost reduction is going to be one of them, this exact unit of organizational culture is not going to be good applied in the case of NPOs as it is in conflict with the missions that NPOs come with. Based on (Azhar, 2003) the organizational culture has multiple layers, and these layers often can be revealed right after you reveal the one above it, which is going to make the possible issue of having a leader that has a different organizational culture than what a specific NPO needs a bigger issue than say their previous experience within the finance departments or accounting etc... as the organizational culture is way deeper than what could be perceived from a shallow perspective on the leadership impact. (Rousseau, 2003) stressed that organizations and investigators of the impact of the organizational culture on performance must accept that without the fact that a certain aspect of the organizational culture is shared amongst all the players (employees) of a certain organization, we must accept that it is not going to be an aspect that matters in the evaluation of their performance.

Speaking about the organizational culture itself without the intervention of leadership, we can discuss the importance of its exact definition being values and beliefs that are shared commonly by all the employees, workers, or internal stakeholders of a certain company regardless of its goal, funding, or orientation. I want to discuss what the organizational culture actually does inside of an NPO, and (Schein, 2004) has studied the main benefits of having a solid organizational culture, he cited the first one being a facilitator of communication between the members of the organization as since they are all aligned with each other on the main goal of the company dictated by the organizational culture, they can easily reach common goals between each other and have an understanding of the values that drive that certain organization, in the case of NPOs the employees would have an easy communication because they know already what is the core value of the organization and that would drive them into the same route of thinking as their goal is common. One other aspect that is portrayed by (Schein 2004) is the fact that NPO employees can easily lose their responsibility and may drift away from the original core values of an NPO, so there should be self-accountability amongst employees and that self-accountability is originating from the organizational culture that is going to set them equally with their peers that they share these values with, not only values but also subcultures and behavioral norms that (Schein, 2004) describe as being another layer of the organizational culture, and this could be also a weakness point if employees are not on the same page in terms of these subcultures and behavioral norms, as in that case employees will consider their job more like a wage-bringing occupation rather than value creating, society developing and selfless work towards other parties, which is a result of loss of corporate responsibility and commitment first, then followed by a loss of social commitment and responsibility.

In the light of negative results from an organization culture, we want to know what drives this weak performance, especially in NPOs and possibly apply some of them the weak performance drivers on also for-profit organizations and extract these reasons to find out if we are really going to apply these same standards on NPOs as they may help as well in determining the ideal way of forcing a strong organizational culture.

If we would like to drive a positive organizational culture, we would want to assess certain aspects as the corporate culture results from a social process and can be a resource for the organization in the context of its transformation. The authors agree that all work on corporate culture must be carried out over a long period of time. A “management” of the corporate culture therefore appears possible and the influence it exerts on the running of the NPO will therefore have to be the subject of an appropriate measure. culture constitutes a set of references that irrigate the action of management. These references can intervene not only in managerial actions but also upstream of them (perception, vision of reality, skills acquired, etc.). The resolution of certain problems by management can therefore change the corporate culture.

Corporate culture will then be taken into account in the management of functions, given its impact on the behavior of individuals and on individual and collective performance. The literature suggests that any desire to change the corporate culture can only pass through a coherence of the actions carried out at the level of the NPO, that is to say through transversal and transcendent actions to the only function concerned. Steering at the company level then becomes necessary, the responsibility of which should probably be that of top management of the NPO.

We can be based on the previous definitions of (Azhar, 2003) mainly, that the organizational culture is as of big importance in measuring the performance of any organization and we can be based on the application of it on NPOs judge that it is also a vital indicator of the good, bad or average performance of an NPO.

2.4 Achieving objectives as a performance measurement indicator

One obvious way to determine whether some plan we implement is working, is to see if it is achieving the original reason that plan was put. And in our case we want to explore some of the literature that explains how we can determine good performance measurement indicators in NPOs based on if they are achieving objectives. There is a few points to be considered in this analysis, one of which is whether the objective achieving should be taken from which perspective? Should we treat all departments of an NPO the same in this respect? And are all types of NPOs accountable for achieving objectives, and how much is a good estimation of objectives achieved?

Looking for surveys about NPOs and if they are setting up self-performance measurement tools that are based on achieving objectives and in fact although evaluation practices are widespread today, they still very often concern only a part of the activities of the organizations concerned. Only a third of organizations that have implemented performance appraisal practices say that these practices apply to their entire organization. Some organizations choose not to assess their entire organization, or even all of their projects, for a variety of reasons. Either because they are small-scale projects, the evaluation of which would then be too costly in relation to the actual amount of the project, or because they are projects whose evaluation seems to be of little interest in the eyes of the leaders interviewed (the subsidization of medical equipment within a research laboratory was mentioned to us, for example). By constraint or by choice, several heads of organizations we met therefore establishing priorities and focus their evaluation practices on the projects or activities that seem to them the most important.

Meeting overall objectives can be the easiest way to approach performance measurement in NPOs, as it is very straightforward. (council, 2004)has defines a concept called key corporate objectives of an NPO, and it couldn't be a single objective, so the set of objectives set by a specific NPO are met, it means that it is a positive performance measurement index. However, this generalization of meeting goals means good performance by (council, 2004) has been contested and rejected by (Herman & Renz 2004), and four reasons have been provided as to why we cannot just judge that an NPOs is reaching their goals, therefore their performance is good. The first reason being that the only real people have goals, these goals are sometimes not prioritized, or they are not the right goals that should be prioritized, or overall, the goals that are set by this NPO are not specific enough. We can argue that based of this theory, the goals that are set by the NPOs are set originally by the management leadership and they are goals that are set because they go in line with the organization's mission and the services they want to deliver in relation to the reason that they were created for, and it could be a reason to adequately consider that meeting overall objectives by the NPO is possible a good performance measuring tool and it would be useful to knowing which organizations are effective, which can affect the decision of funders and money raising is going to be encouraged towards those organizations that the public see as successful in achieving goals that are in line with their mission and that serve the purpose of that specific NPO.

It is often proven in non-profit organizations that they fall short of setting up goals for their organizations to follow up on in a year period, this should not be a reason to ignore this as probably one of the main ways of measuring performance, as theory can help fix the discrepancy caused by not setting up goals in the upcoming periods.

To be able to set a certain logic in defining how measuring performance based on meeting overall objectives, we have to observe if the NPO is setting up major goals or a major goal and subgoals that are in line with the major goal as this shows that the NPO has direction that it is working towards and that if the subgoals it is setting are in contradiction with its main goal or goals, then we can judge that the company is contradicting itself, which means that there is another department in the NPOs that is driving this discrepancy and that we should examine the management of the organization to see the root cause that is making the company have inconsistent goals or goals that don't relate to each other.

Other discourses, on the other hand, reveal, implicitly, a position of principle more than a problem of method. To the question "can we evaluate everything?" » therefore seems to replace the question « should we evaluate everything? ". The benefits of listening, relationships, human support, "the effectiveness of human relations" to use the terms of an organization surveyed, would, for example, be non-evaluable dimensions. "We cannot speak of performance when we are dealing with profound transformations of the person", (Herman & Renz 2004).

2.5 Efficiency of funding collection

Fundraising is the concern and responsibility of each Association. No association can really function without an adequate contribution of funds. The health and dynamism of an association depends on its financial capacity. Having funds available strengthens the capacity of members to manage their associations and allows them to meet their strategic priorities and participate effectively in the development of their community (Slim, 2002).

Fundraising efficiency is tied to financial efficiency. Among the authors who have analyzed financial efficiency are (Ritchie & Kolodsinky, 2003). It is true that the primary goal of non-profit organizations is always to increase revenue (donations, grants) and balance expenses so that the organization can sustain its programs. The financial strength of nonprofits is determined by their ability to consistently attract donors, benefit from:

- Sponsorships
- Supports
- Grants

To be used in the service of beneficiaries. In general, the income level of NPOs depends on many factors:

First, the ability of NPOs to mobilize funds is limited by the general le prosperity of society. This is what explains the shrinking of subsidies in so much crisis and their increase in so much prosperity without neglecting that one of the key components of fundraising is communication, communicating with others about what your charity is doing is how you can encourage them to donate. An effective fundraiser must be able to show donors how their contribution (donation) contributes to strengthening the organization's ability to meet the needs of beneficiaries and bring about positive change.

Strategic thinking will also allow to consider how fundraising strategy can promote the sustainable growth of the organization; effective fundraising and continued donor support will help ensure the long-term impact of an NPOs action.

Fundraising takes time and, finding major donors, whether individuals or organizations. It may take more than a year for a major donor to develop sufficient trust in an organization and to be convinced of the need to give an NPO their money. On the other hand, if you an NPO is new to fundraising and that it manages to balance their accounts in the first year, this is a positive sign and this means that the process is going well. Also fundraising activities also help to raise the profile of the organization, not just to raise funds.

Fundraising impacts performance quite dramatically in the sense, that we can directly judge an NPOs performance based on its ability to attract funds, as this is a sector that will be affected by the current management of the NPO and their ability to sell their ideas, mission and vision and how it would benefit both society, the environment and the stakeholders that are investing their money into it.

To collect funds we must also stress that an NPO has togain credibility and legitimacy, NPOs must justify their speaking out in their campaigns or in the press and prove the effectiveness of the aid they provide (Slim, 2002). One of the best ways for them to justify the first criterion is to link it to the second. Their legitimacy would therefore be more linked to action than to representation and based on the quality of the projects carried out, the expertise and skills acquired in specific fields, as well as the ability to mobilize donors, but also non-donors around their project.

2.6 Concept of accountability in pushing performance measurement's importance

According to the previous studied literature about the efficiency of funding collected by NPOs comes a certain link to the concept of ''Accountability". This concept has been developed to measure the performance of NPOs in a way that holds them accountable as NPOs are in a different management situation. Their survival depends on the participation, in their business project, of a certain number of actors rich in strategic resources. This does not imply that the NGOs are in a position to do anything with impunity in operational matters but implies that the interests of the beneficiary populations are represented by an actor capable of influencing the course of the actions produced in their name.

A situation of weak interdependence: NGOs are here required to satisfy the explicit requests of their resource providers without these necessarily relating to the quality, relevance or efficiency of the aid produced (Tomasso & Andreaus 2011). Consequently, no one is able and/or encouraged to contest the informational monopoly of the NGOs, which results in an institutional situation for the latter that is comfortable while continuing to be supported, their action is not subject to no external performance diagnosis (Herman & Renz 2004).

These archetypes correspond to two extreme states of the relational system constituted by the NPOs, states whose consequences are here intuitively deduced. However, a system can be described by its structure. At this point in the development, it is therefore necessary to limit our field of reflection, it is not within the scope of this article to make an inventory of the actors whose support strongly conditions the existence of the NPOs or to analyze the way in which the latter manage their requirements. It is no longer a question of describing all the states of their relational system nor of listing the developments/issues specific to each of them; however, it will be considered that the major humanitarian NPOs have long been able to prosper without the quality of their operational achievements having been the object of sustained vigilance on the part of their contributors (Tomasso & Andreaus 2011).

According to (Erwan, 2003) the effectiveness of these accountability mechanisms, i.e. their ability to fulfill a certain objective, can be considered in many ways depending on the rationality of reference. Within the framework of this contribution, we will retain two of them. The evaluation of the accountability function is carried out on more flexible criteria because it is defined differently for each mechanism and is based on ad hoc standards (Erwan, 2003). The relationship between accountability and the responsibility of NGOs is that it is clear that the two mechanisms offer very different possibilities. In themselves, flexibility and being decentralized are not necessarily strengths, if we compare their effectiveness to that of accountability mechanisms that some consider too rigid to be effective. Accountability can only offer a credible method of conflict resolution if the standards on which it is based are well defined, the procedure predictable and, from the point of view of its problem-solving function, if spaces for mediation and follow-up are spared (Erwan, 2003)

We can further add to the above literature a review of (Slim, 2002) regarding to whom the NPOs are liable, we are targeting the main party involved in this accountability process, as to see who is going to be the measurer of whether the NPO can be held accountable for not reaching the targets that are preset by the management, and we can go even further to see who impacts the setting of these goals that may trigger holding an NPO accountable, or at least who and what influences the parties that set long term goals in the case of an NPO.

To respond to this, we have to summon the financial department into play, and the fact that all stakeholders should be involved in holding an NPO accountable, and this accountability should be based on so many aspects, and the decision-making process of holding an NPO accountable should be much broader than looking at the NPOs financial efficiency, but it should also include social mission, the objectives and the methods used to achieve the mission of an NPO (Slim, 2002). We can also talk about the different aspects that could be reviewed in the process of "accountability" and we can start making assumptions on the decision that we are going to see the organizational practices of an NPO.

3. Group interview at ABG, Rotaract Intl. on the importance of choosing the right managers for NPOs and their impact on the performance.

Not everyone in our surroundings might be interested in NPOs or their management or knowing what performance measurement tools we need, to be able to make sure that the NPOs are performing at their utmost best and that we are being efficient in running these fragile organizations yet so important. But nowadays, and especially in my environment, I see more even of a slight interest in non-profit activities as a whole, so I have decided to face forward and ask my work, school and the NGO that I was part of, to help me out by asking them a couple of questions in this subject.

The main goal of this group interview, is to be able to first identify how people respond to managerial decisions overall, regardless of the sector, and since we are going to take their answers and start analyzing the aspect of management separately from different perspectives, perspectives such as criteria that is desired in a manager in the case of non-profit or for-profit companies, then compare the experience results between the two sectors, the third aspect that is going to be important in our analysis of management alone is how people are seeing their personal traits and the personal traits of a manager, in this regard, I would consider (Peterson, 1998) as a valid analysis to the personality trait analysis as, according to (Peterson, 1998) there is very limited people that are fit for managerial positions and that depends fully on their likelihood to adapt to very disliked personality traits. and the likelihood that they would consider a management position in case they are not a manager, or if they believe that the management position, they occupy suits their personality traits or their desires. Then I started asking questions specific to the NPOs.

I am going to use the answers in the third section to analyze in my results section, based on the people's opinions on the management position, I will formulate assumptions that are going to have a basis of this small sample's preferences and it is going to be very relative as we must accept that people are always going to be biased towards their possibly-utopian point of views that could be reflective of their own experiences with management or with non-profit organizations in general, therefore, it is required that we only treat the results of this interview as being non conclusive and that we would need a bigger sample of people. The objectivity aspect of the people included in group interviews, surveys or such systems of opinion collection should always be questioned as it is never going to be based on stable facts and rather is going to be as previously mentioned relative to one's emotions or own experience within the sector, and for that respect, it is also a positive to know how people feel about certain managers as, the response of sub-management workers to the practices of the management team is very vital to understanding how are managers influencing their employees (Peterson 2018) and it could also relate to the organizational culture enforcement, that's why I also included a question that is related to this subject in my interview as to know if people are familiar with the concept. The importance of this group interview is to judge if a manager would be ideal from the participants point of view in addition to my independent point of view in regards to how people actually react to a manager's decisions and and a slight drift from our subject and it is also indirectly related to management is going to cover as well a question about how they react to change to be able to know if the managers that were in charge or are in charge are good in the respect of taking employees from one organizational culture to another or just are able to make employees comfortable with the change in processes, new events, or funding in the case of NPOs.

3.1 Questions and the criterion of interrogations during the interview

When I was planning to do the interview, I wanted to first get the questions I was going to ask the people involved, and I had a very straightforward method to that, which is starting from the results I want to get. In regards to management overall I wanted to know how people view management in general and how they see their current managers and describe them so that I can relate this information later to how an idealistic manager would be according to them, I knew that it is a must that people also would give a brief about themselves and answer a few questions that are related to their own personal traits as to be able to detect later on the aspect of bias and favoring the very generic answers or answers that are similar to other people as well as being able to see how people are viewing their development and what are the paths that they prefer to take in order to becoming a manager and this would be answered by questions related to people's future plan while also respecting the privacy and discretion if the participants refuse to answer.

The questions I asked about the management in general are:

- How do you describe your current management in terms of leniency, development of employees and reachability?
- Would you be able to describe the aspects that you see are vital in a manager of any type of organization? And do these aspects apply to all sectors?
- What personality traits should a manager have in case the sector they are working in is non-profit? Do you think that should be different from if they're managing a for-profit company?
- Are you a manager type of person? Describe the reason you judged yourself as compatible with the management positions or not.

It is always preferred to be subtle with direct personal questions, and ask them in a way that people are not going to be pressured to answer them in a very generic way or afraid to be judged especially the question relating to personal traits as some people might be uncomfortable answering such questions so, I asked an indirect question that instead of questioning someone's personality traits, it is demanding an information as if it was preference even if it may necessarily not be the case, so even if people are afraid to say that they are not compatible with management because they believe they lack some skills or professional assets, they are going to take my question just as if I was asking them whether they prefer to be a manager or not.

The second round of questions contains only three questions due to time constraints and they were straight to the NPO side, they were:

- Have you ever had any involvement in NPOs? If so which company? (not applicable to participants in the Rotaract group interview).
- Do you see that we need to hold NPOs managements accountable more?
- Is it possible for any manager to hold an NPO management position?

These questions are targeted directly to know how the participants view the NPO sector in general, and the relevance of their answers to the questions that follow as if they were involved in NPOs that would make it clearer that they are going to speak from experience which would help my research a lot more as it would make results relevance filtering easier.

3.2 Sample of the experiment (group interview)

The sample we are taking here could be people who might have very little NPO involvement or have heard or studied before at a university or a similar establishment about basic economics, and therefore might have an idea about the subject, and could offer an insight about the different types of managers that at least they had to work with during their careers. The questioned groups were my colleagues at my current workplace Avis Budget Group Business Support Center, and some of the friends, and colleagues at Rotaract, the international district at Budapest.

The size of the sample might be a limiting factor, and therefore a larger study would be necessary for more precise information, but nevertheless this study offered very good insights on the very close environment's opinions in Budapest, of how people are perceiving management positions in general and the NPO sector, and their relation, and the similarities between the for-profit sector and NPOs, in addition to what they think about the non-profit sector in general, as this sector has been almost in stealth mode in the past years.

In general, I intended first, to only collect the data from the second group, the Rotaract international district in Budapest. Rotaract is an international non-profit organization that operates in the shapes of service clubs, these clubs hold people aged 18-30, 30+ in case of Rotary, and this NPO has a broad spectrum of values that it promotes. Rotaract is distributed into clubs for every district and a city can have multiple districts, I happened to be in the international district of Budapest, because it is the only English-speaking district in the country; Rotaract clubs and districts are supervised by Rotary international, and they work under the guidance of it. The organization was founded in 1963 in North Carolina as a youth club that had the goal of developing professional, educational and personal skills in youth and young adults.

I have chosen Rotaract to join, back in 2019 to be able to start a career in the NPO sector or just to be able to do non-profit work for the benefit of others or the environment. I recalled that the people that I worked with would be the perfect sample to use this group interview in, as people in NPOs are more or less interested in the non-profit sector and may have preliminary ideas and could be of good help to my thesis research. I have questioned fourteen members of the Rotaract, International club district, and five Hungarian Rotaractors that joined us from another district of Rotaract that were mainly interested in joining the group interview to be able to have a conversation in the English language, and some of them didn't speak very good English but they have contributed as well by giving some of their past experiences with Hungarian managers at Rotary, the supervisory entity of Rotaract which was very insightful.

The second sample are the colleagues from my workplace, I have requested during a team meeting of my department all of my colleagues to help me organize a group interview about management in general and management in NPOs experience if any. Surprisingly and opposite to what I anticipated, I found out that I have more colleagues that have a history of being part of non-profit organizations and initiatives. The second sample counts seven people from work and that makes it twenty-six people that are taking this interview.

The age sections are divided into three, young people between nineteen and twenty-five years old, who are expected no managerial background in NPOs or exceptionally very little, the second of people between twenty-six and thirty years with none or some managerial experience and the last category of people that are thirty or plus that are expected to have some managerial experience and their point of views are going to be impacted by their personal experiences and what they had to learn in terms of management.

Table 1 sample categories by gender

Sample category	Sample size by gender
Ages 19-25	M: 4 F: 8
Ages 26-30	M: 7 F: 5
Ages 30+	M:2

Source: own work

3.3 Group results, possible discrepancies in the interview results based on different backgrounds of the participants

I have held the group interviews in two meetings. One that I have participated in with all of the Rotaract International district members, and they all had a little bit of experience at least in the NPO sector, the meeting was held smoothly as we all knew each other before I started asking the questions. The meeting started, and everyone was very keen to giving their full experience and feedback in which I marked based on the exact person that was speaking in a draft.

The participants from Rotaract have had a lot to say about the impossibility in their opinion of a manager of a for-profit to run an NPO, and sixteen out of nineteen people (age was not a factor as everyone is below 26) have confirmed that they do not think that management of NPOs can be done by anyone other than managers that have been trained especially for NPOs, meanwhile three Rotaractors, have argued that, there is no specific training required from a manager of a for-profit organization to be able to organize an NPO, and that is regardless of the department that they are going to manager. Another point that we discussed is if the Rotaractors would consider a management position and, only three men and zero women have declared that they would be would like to jump in a management position and most of the Rotaractors have explained their decision of not wanting to be managers, as being very demanding and very stress inducing, and that they do not prefer to be stressed, which could lead us to drawing a preliminary non conclusive result that, stress management is a factor that is common between managers in both for-profit and non-profit sectors and that people would consider this aspect first if they want to consider becoming a manager in any sector.

All participants in Rotaract have been asked the last optional question about the organization culture in NPOs, and what does it mean in their opinion. Almost everyone had a distinct idea about what it could mean, but almost all answers were aiming at the possibility of it being the values of a certain company, which was very close or almost the right answer. People from Rotaract have all kind of agreed that it is a vague term and that it cannot be fully applied to every company, but it is more important in NPOs than in other sectors according to a few participants, they argued that NPOs specifically have distinct cultural values and cultures that they induce in the employees of these organizations as they believe that an organizational culture is more frequent in NPOs.

The last group interview had the same questions asked to seven of my colleagues at Avis Budget Group BSc, the answers were totally different, as people are describing managers in a totally different way given that most of my colleagues are twenty-six years or older in age. Almost all the seven participants have agreed that the most important aspect of a manager is the leniency and the flexibility and most importantly the communication between them and their employees as in the lack of communication, the manager will lose all of their trust, one of the seven participants is a current manager, and they also are in line with the other six colleagues.

Four participants out of the six non managers, have confirmed in the interview that they would take on managerial positions in case they are offered one and that they believe they own the skills needed to be a manager, the participant that is a current manager says that the development of people is vital in giving them confidence to first being able to manage themselves, and align themselves with the senior management with the fact that they have to be independent actors within the company.

The four participants, argued that they have traits that suggested, are only desirable to be in a person if they are seeking power and they considered that there should be nothing wrong for the desire for power, in case we can use it in a way that is going to help others and not going to be causing the person to lose either their credibility or be seen as evil.

4. Rotaract case study, in terms of funding and efficiency with stakeholders

4.1 Introduction about the organization

Rotaract is a program launched in 1968 by Rotary international with the goal of targeting developing the youth between the ages of 18-30 years and at the same time having an impact on society, the environment and people.

Rotaract clubs are formed only by young people as they are linked to the seniors' club Rotary as stated before, therefore the fact that people under 30 years of age are targeted in the process of developing leadership, management and teamwork in between them.

Rotaractors participate in the life of their city, and act based on the spirit of the team and partnership, to achieve common goals that they set based on their geographical location, and they could even go beyond that regularly and start taking initiatives outside of their circle of operations, but mainly every district belongs to a certain city.

Rotaract began called Rotary International youth program in North Carolina, US. They started growing very big in the domain of non-profit organizations and the club has expanded very quickly started from a few people and right now it accounts for ten thousand clubs around the world and these clubs are being ran by two hundred thousands members approximately in 190 nations. The main mission of Rotaract, is making a positive change in the surrounding environment of each district and in line with this positive change, growing the youth in the premises of the organization to becoming managers, leaders and project initiators in NPOs in general. The word Rotaract comes from Rotary and act, which means Rotary in action.

Rotaracts activities are all happening within districts, and each city might have multiple districts (or clubs).

Clubs are the center of all meetings, social gatherings and project works that Rotaract plans, and the meetings happen every two weeks in the case of Budapest international district, and could also be weekly depending on the availability of members and the significance of the work needed to be done in terms of operations. Workshops as well happen within the clubs, with the main goal of learning skills that would allow them to leader projects and manage operations or people. Meetings of club leaders with other clubs could also take place depending on the monthly Rotaract Hungary district managers agreement.

Every Rotaractor goes through a membership process at first to determine if they are committed to the goals and mission of the organization, and after members of Rotaract and the president of the club approves a new member, they are introduced as a new Rotaractor within the district.

4.2 Funding within Rotaract and its relation to performance

Within NPOs and specifically here at Rotaract, there is a cultural conflict between communication and marketing: we do not speak the same language. This difference is reinforced by the division of services (a marketing service, a communication service) within the structures. Therefore more and more NPOs are choosing to combine the two functions to create synergies and cross-functionality, because the issues are common.

One of the key components we learned at Rotaract of fundraising is communication – communicating with others about what Rotaract is doing is how you can encourage them to donate. An effective fundraiser must be able to show donors how their contribution (donation) contributes to strengthening the organization's ability to meet the needs of beneficiaries and bring about positive change.

Every person at Rotaract has the potential to fundraise as the organization believes in everyone’s potentials to get funding and motivate their environment into giving back. This is a very common practice amongst NPOs, and it is therefore necessary that all staff and volunteers have a good understanding of the mission of the organization and the legitimacy of its purpose. Rotaract may not have a fundraising team or committee in place, or even assigned a single person to this role. It is all the more important in this case to involve everyone in our fundraising efforts.

The organization is using a fundraising committee that provides strong support and helps oversee the fundraising activities. Their mission is to support the Rotary in the development of its fundraising strategy and all its activities and to focus on the implementation of a single activity or campaigns, according to the training we received at the start of the presidency that setting up a committee requires the involvement of staff and volunteer leaders and sometimes a budget to operate we need to decide if it is fit to set up such a committee. The composition of the committee can be varied, and it includes people who have networking skills or who have forged close ties with other individuals who have the capacity to give or are relevant to to what we do at Rotaract and Rotary International.

4.3 SWOT Analysis of Rotaract

Analysing the strategy of a company we are studying is very vital, as it describes its whole environment, and gives an idea of what external factors are affecting the operations, and how we can exploit potential opportunities within the organization. SWOT analysis is a very practical tool during the strategic diagnosis phase. It has the advantage of summarizing the strengths and weaknesses of a company with regard to the opportunities and threats generated by its environment.

Determining Rotaract’s performance based on their fundraising can be very straightforward and I am interested in figuring out the strategy based on a SWOT analysis that I conducted of our NPO that we are using as an example; I have used the help of a senior leadership member of Rotary International as they have to define the strategical management approach of Rotary and also Rotaract.

This SWOT analysis will be dissected further in the later stages of my thesis, as I will conclude from it how an NPO is affected by its management that could be based on being experience or not in the field.

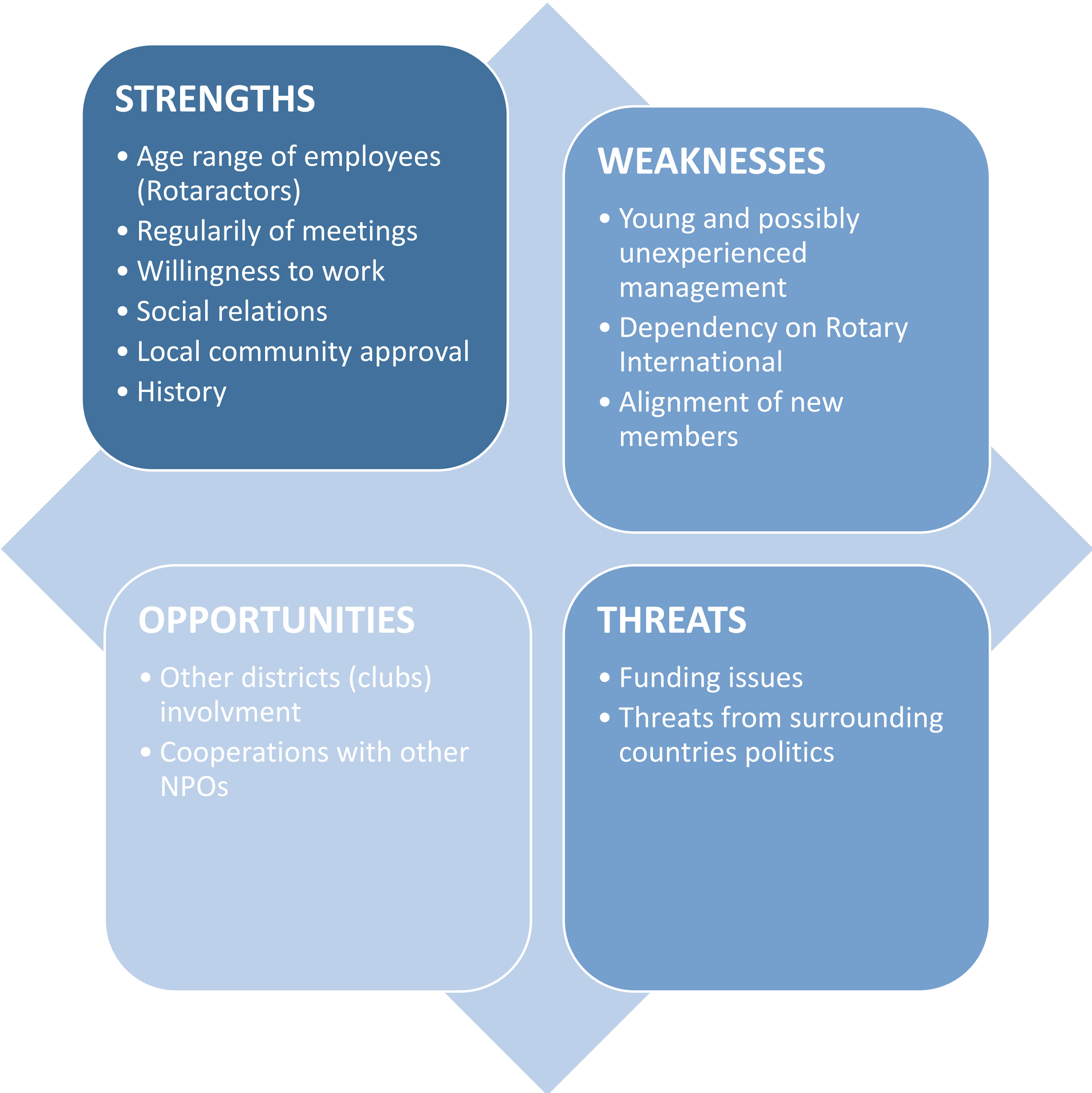

Figure *SWOT ANALYSIS OF ROTARACT*

Based on the SWOT analysis we can resume Rotaract's strength is based on the fact that the employees are very young, motivated and are willing to learn, as this may be is their first experience within an NPO, and it could be a strength as younger employees are more keen to align themselves with the higher management, authorities and are quick to adapt to the company's organizational culture which could prove to have impacts on the productivity and the proactivity of the employees in collecting funds, making projects, and acquiring management skills fast.

The weaknesses could also be drawn from the age category, as Rotaract would be suspected to have very unexperienced managers and they would be unable to hold the organizations to standards like very advanced NPOs, in terms of impact.

Opportunities are going to be linked to Rotaract having the opportunity to cooperate within itself, as the member count all over the world is very high therefore it would be very easy to hear from other members from other locations, districts or even countries about their different experiences in running multiple projects, and therefore there is a broadened knowledge base.

Threats are similar to those of other NPOs in the sense that Rotaract is also threatened by what is happening in its environment and is going to be also subject to issues that will possibly impact its funding, as less funding is given to organizations who are not efficient using it.

5. Results and discussion

5.1 Management

From the group interview at Rotaract, we are told that there is no manager that creates decisions but a coordinator. The status of the leader is then not presented as a leader but as an individual who brings together and harmonizes a set of actors. Its role is then described to us as: leading discussions, summarizing everyone's opinions for decision-making. Observation, however, demonstrates a completely different reality.

From the reaction of the colleagues at work, which in my opinion have given more precise detail on the type of manager employees are looking for, we can see that the manager or coordinator has a natural authority because he is the oldest, has a lot of experience and contacts and has a higher level of training than the majority. Also, his personality is highly esteemed by the collaborators because he is modest, attentive to others and close to all the members (in many cases, he has helped them on a personal level). During the group interview, the members even reveal that if they work for this association, it is out of loyalty to it. Its position is therefore not called into question, on the contrary, it is legitimized by the members who really appreciate it.

The problem is therefore that everything rests on a person who, let us remember, has taken over the role of manager since the recent organizational change. There is therefore a lack of management skills to lead this organization. Finally, the respect expressed by employees for him prevents them from expressing any criticism or even bringing up new ideas. Without really realizing it, the coordinator is authoritarian in front of his employees.

Nevertheless, our group interview shows that the style of management applied is rather paternalistic or even authoritarian. Indeed, the coordinator imposes the projects and the tasks to be carried out. According to the employees, it does not take their proposals or remarks into consideration and therefore does not involve them in decision-making. <u>Employees only have an advisory role</u>.

The structure described by (Azhar 2003) does not, however, reflect the actual functioning of the association. Our analysis of the group interview reflections shows that in reality, there is no hierarchy or delegation of responsibilities depending on the project. Everyone must report directly to the coordinator. We can then represent the organization with the leader.

Examining most of the research that have been done, to possibly link the type of leadership, their experience or their qualities and leadership skills to their efficiency into running NPOs and therefore into their impact in the performance of an NPO are very limited and I took the two previous studies that classify leaders based on either their experience or their main goal on why they chose an NPO as their leader career. From these example it is obvious that leadership has a big impact on the performance of an NPO, especially that most NPOs that are struggling to find funding and to deliver on their preset goals are having non suitable leaderships as the root cause of their struggle, which begs the question of what could be the perfect leader for an NPO, in terms of service delivery, meeting overall objectives and running the NPO in a way that makes it survive especially in the very competitive economic market in which NPOs are struggling to thrive because of financial struggles that result from the lack of funding of these non-profit organizations.

The leader (Mole, 2005)manages the project managers who are themselves responsible for their team, made up of social workers. The different groups are linked by a support service which takes care of tasks relating to accounting and the secretariat. Nevertheless, the structure is intended to be versatile, and employees often work on several projects at the same time.

We can draw (Schein, 200) in addition to the need to adapt the models, other problems linked to the particularities of this field do not facilitate adherence by NPOs to the management principles. In addition, NPO managers are often opposed to adaptation. The following main obstacles can be identified here:

1. For many NPOs, organizational management is not a priority. They have a short-term rather than a long-term view and therefore respond to immediate problems (they are often over-committed in the short term and therefore do not allocate resources over a longer period).

2. The notion of operational performance goes against the basic principle and ethics of a humanitarian organization. We cannot ask NPOs to focus their actions on the “least expensive” populations, the “more expensive” populations would then be discarded.

These obstacles therefore make the integration of management principles difficult. Before knowing how to professionalize an NPO, the actors of this NPO must first accept and understand the need for this change. Then, the biggest problem will be to find management models that increase their efficiency while maintaining the strong values that drive them like in the case of our group interview at Avis Budget Group and undoubtedly, NPOs face the same management problems as any other private sector enterprise. One could therefore assume that the classic management models can easily be applied to companies in the third sector. However, it should not be forgotten that these models are built according to two initial hypotheses which go against the specificities of NPOs. First, they are fashioned for profit-oriented commercial enterprises, which is obviously not the case for NPOs. Secondly, they are based on a context, a culture originating from industrialized countries, whereas NPOs intervene mainly in developing countries which certainly do not have the same cultures and operating methods. These findings therefore demonstrate that it is necessary to adapt any model to the specific context of non-profit organizations.

Becoming a manager may be triggered if the person if and only if has disagreeable personality traits (Peterson, 1998). Recalling our interview, the three people who are likely to apply for management positions from Rotaract have argued that management is a position of a big responsibility and therefore accountability and managers often get a lot put on their shoulders which means that the aspect of accountability applies to managers at least morally, then they argued that in order to become a manager, you would have to confront people, two out of the three said that they are right now in a position that allows them to be able to confront people in a positive stance without comfortability, which could help us draw a little image of a manager according to these NPO employees, or actors for that matter and the traits of this manager, are disagreeableness as the manager has to confront people and the second trait is stress management. The people from Rotaract that wouldn’t want to pursue a management role which are sixteen have had different opinions about what makes a manager valued by the employees and what makes a perfect manager, as they portrayed a manager, as a person who begs the responsibility of all the results that the NPO is yielding and would be questioned in case the strategies of the company are working or not, as he takes full responsibility.

We would want to enforce teaching methods as well, in case we want a successful management of an NPO To make organizational learning a collective activity spanning the whole organization, it is necessary to embed it in the organizational culture. An organizational culture favorable to learning allows, encourages, values, rewards and uses the learning of its members, both individually and collectively.

Organizational learning is prioritized by integrating it into the overall strategy of the organization. Organizational indicators are developed and used to ensure accountability and ensure that organizational learning remains a top management concern.

For the vast majority of those working in the field of organizational leadership, it is fundamental to creating an NPO that anticipates, encourages and values learning. Many organizational learning specialists are faced with the challenge of helping leaders and managers move from passive acceptance to passionate defense of learning by demonstrating its concrete results and benefits (Schein, 2004). One of the reasons why managers may be reluctant to support the idea of organizational learning is that they see it as a potential threat to their authority. Learning ultimately involves organizational change and those who may feel they have the most to lose from any change are those who take overall responsibility for the organization.

5.2 Organizational culture

Even I felt that the organizational culture is something that more people would know about and appreciate and would look for, based on the literature and the group interview it seems that few use the term “organizational culture” themselves. However, it is clear that the NPOs we know are all fully aware of a need that could almost be described as absolute: to offer employees a unique work experience both to attract them and to retain them. And, for the majority of them, what makes this experience unique, even if they do not necessarily use this term, is the corporate culture.

For the experts met, the concept of corporate culture seems just as difficult to define, being composed of different objects. Unlike NPOs who, for the most part, spoke of a global organizational culture, the majority of experts seem to agree on the fact that there is not, in the same company, a culture unique and homogeneous but a main culture and as many sub-cultures as professions or hierarchical strata.

This concept would be dependent on the scope of action and would result from existing experience and beliefs about this experience. The experts we seen in our literature review like to point out that this concept should be “handled” with caution because these are very often only operating rules that are more or less imposed.

In summary of the literature, the corporate culture would be a set of actions and feelings that would unite employees towards a common destiny making their experience within the organization different from any other.

It is a common distinction between the NPOs or organizations in general with a strong organizational culture and a weak is the presence or absence of creativity and entrepreneurship, as a corporate culture would enforce these values into employees in a simple way: having common denominators, drive self-accountability and responsibility to have the organization's best interest at heart, which is going to include some aspect of entrepreneurship and creativity (Schein 2004). One other parameter that is discussed by (Schein 2004) is the willingness to adapt from employees to meet each other's visions, as based on the definition of a corporate or organizational culture is the fact that everyone has the same vision and beliefs, and this is portrayed in adaptation of the employees to each other's ideas, in case of the absence of these aspects, we often witness weak NPOs and the absence of adaptability in general, and this makes employees sink in their own imaginations of how the company should be ran in all of the different sectors, which makes the depth of this issue of non-alignment even bigger.

We could also get to the fact that a coherent organizational culture will largely depend on the ability of the person who leads to lead or lead other individuals or organizations towards the achievement of the desired objectives. The actors met often refer to the professional but also personal experience of the directors, coordinators, founders or boards of directors which make it possible to develop the scheme of values defining their way of interacting with the families and with the team. of work.

It is essential that the organizational culture is consistent with practice and promotes the development of a learning organization that puts the NPOs main goal at the center of interventions. The parties concerned maintain that it is important to have a framework and clear orientations to guide them in their practice. The implementation of certain mechanisms can then put in place facilitators to guide action and discourse.

These are the main factors to be considered by a leader to establish a working organizational culture.

- Choose orientations adapted to the needs of the NPO
- Focus on human resources
- Promote the flexibility of organizations

In choosing the best orientations adapted to the needs of an NPO, while at the same time focusing on human resources it is vital that recruitment, support and retention strategies for human resources (staff members and volunteers) contribute to building a well-defined organizational culture. Recruitment is a strategic step that involves clearly defining the profile and characteristics of the people the manager should be looking for. Human resources should have know-how, interpersonal skills and specialized knowledge that are in line with the mission of the organization and the profile of the target populations of the NPO.

5.3 Funding

General fundraising and any type of funding is crucial to ensure the development and sustainability of an organization. Core funding makes the organization stronger, more efficient and more productive. In this highly competitive industry, raising core funding is more difficult than raising 'restricted funds.

Income from the sale of items or from the charging of services does not strictly fall within the scope of 'Fundraising' and these sources of income must be viewed in a very different light.

Many national associations and local guiding groups have used a commercial approach to generate revenue, including billing for services, renting equipment, or selling packages for training and programs.

We could also draw a result that in order to fulfill the recognition from the donors, or donor organizations, the NPO has to have a degree of legitimacy, In the field of international solidarity, the legitimacy of an NPO is acquired over time, skills and expertise, but is not decreed or officially recognized by a high authority (Slim, 2002). Moreover, legitimacy is relative and will apply differently depending on the context; although acquired from the populations of the countries of the North, it is not necessarily granted by the populations receiving humanitarian aid.

Developing a good proposal does not guarantee funding. However, mediocre proposals have very little chance of being funded. When reviewing project proposals, funding partners look at results/budgets. These must be clear and convincing for the proposals to be considered. Well-articulated, logical projects that lead to clear results (measured qualitatively or quantitatively) are much more likely to attract funding.

An NPO can increase the cognitive dimension of its legitimacy by demonstrating the real and positive impact of its action on the populations for which it is intended, all the more so if it demonstrates appropriate means that respect human values (Slim, 2002).

Fundraising is the art of asking for money to carry out a project. Many charities and non-governmental organizations (NGOs) invest time and money in fundraising to finance their own activities. There are many ways to fundraise, and new methods are constantly being developed. The people and organizations who give money are the donors and often these donors want to help solve a problem and support the beneficiaries of charitable actions. Girls and young women are the primary beneficiaries of our organizations.

This means that performance measurement's importance in the matter of fund collection, is the most important out of all the aspects mentioned in my thesis, as it is the main motor in moving NPOs which means that, an NPO has to work relentlessly to be able to prove that it has a high degree of legitimacy inside of the non-profit sector, which also means that performance measurement could also apply to this aspect of legitimacy as it is also going to be related to many parameters, one of which is the management, as it is going to be the main drive to having either an NPO with decent income streams from fundraising and specifically donors as it has a great degree of legitimacy, or an NPO that is going to be struggling with the financial side because of a lack of legitimacy from the sector.

We can always determine all of the parties that could be a potential funding source for the NPOs, and there is multiple guides on how to seek and find funding. We are therefore facing just a situation of whether we are or aren't able to be convincing enough to find funding. The relationship between this last statement and performance management, is that we must accept that finding funding for a company should be a criteria that defines management choices, as we have to have a management that is going to have negotiation skills, convincing abilities and ability to share the NPOs vision with all of the potential funding partners.

6. Recommendations

One thing I believe within the organizational culture that definitely needs to be studied further is either as a brake, the challenge of the transformation within an NPO and it would then be residing in an evolution? an adaptation of the existing culture? or even the creation of a common culture? in the case, for example, of a merger of two companies, which are made up of two cultures too far apart for them to be brought together.

I believe that this subject of transformation is very present within NPOs, and it is very important to have more studies on as it influences NPOs even more than for-profit organizations due to the reason that NPOs are more likely to have to change due to the operating environment, changing employees, and changing management because of it is very common, seeing people very enthusiastic about joining NPOs, then losing interest in them quickly after.

Despite that there is different types of perspectives about management, I believe that more studies about the impact of leaders on employees should be conducted, because the simple reason that in any hierarchy, the lowest group of people are the pillar of that hierarchy, therefore in modern day, where people can just leave the company and the fact that they have a lot of other options outside of a certain NPO, or for-profit company, their morale proves to be very important to the management and to the efficient running of that NPO.

The organizational culture is a subject that, involves multiple parties, and factors mainly the transformation factor that I think needs to be discussed in depth using, questionnaires notably, as transformation is affecting the organizational culture there it is affecting the performance of non-profit organizations and it can also be a faulty measure of performance if we are neglecting its effectiveness. Many employees are on auto-rejection, when it comes to new projects and that manifests a big issue for both management and the NPO in general, as in a changing world, we could not live without constant change and transformation, therefore the aspect of change management would be very useful to study further as a tool to enable us to control further the performance of the NPOs and manage it in an assertive way, and to be able to know how to make employees gradually accept change and adapt to it, while at the same time avoiding all of the unwanted implications of it.

Another aspect that has a direct impact on the financials of an NPO is the legitimacy, and this aspect is according to the results drawn from the literature, is the main reason that donors and stakeholders decide to engage or not in funding, or working with or for an NPO, therefore, the legitimacy of an NPO should be subject to further studies and that it is going to be of big importance in knowing the limiting factors in an NPOs ability to sustain itself financially in the sector.

7. Conclusion

I have started this thesis, to know to which extent, we need to measure performance in NPOs, and why is it important to be careful with the management of these organizations, as they are more sensitive to finance, management and statistical analysis than the for-profit organizations.

There are points I could draw from my review of all the literature mentioned in the thesis, and that is it very important to have the right management in the case of NPOs, as this is a very impactful department of NPOs, and unlike for-profit companies, the NPOs need certain skills that are distinct to be able to be ran, some of which you can only acquire at non-profit organizations.

When we have the management that is suitable for the non-profit sector, it is much easier to attract fund partners, as the management is in which the negotiation process is going to come from, and for the NPOs, to have funding it is vital to be able to first negotiate.

One aspect that should be drawn is the fact that an organizational culture should depend objectively on the NPOs service delivery and should not have fancy rhetoric general assumptions on the non-profit sector, the organizational culture should include values, visions that only are going to be useful in determining, how the NPO is going to be funded, how they are going to execute their goals, and how they can reach all the parties that they want to help, and it makes a straightforward concept that is ignored by many employees and managers even.

It is very obvious that NPOs are faced with so many issues that are impacting their performance, which is always going to be a motive to make more and more researches on the field of performance measurement and management, because there is no conclusive data that can be drawn yet to be able to determine exactly what type of approach these organizations should take in regards to their management, funding, and setting up their networks within the sector. We are accepting that NPOs are suffering from competitiveness of so many other sectors that promise delivering the same services and missions of the NPOs but organized in a way that gives the credit to a certain individual or a certain company in the case of CSR. This pseudo-competition is going to be the main pressuring element to NPOs to find ways to care more about their performance in order to be able to demonstrate to the whole economic system, that there should be no reasoning for having to substitute this sector even partially, and that it is playing a vital role in fixing, according to some classic theories the failure of the economic systems in delivering equal opportunities to everyone in certain aspects.

There is indeed a big need as well for good management, that we learned before that practically means the same as coordination, thus there should be a more concrete way to split all of the parameters that determine what is an ideal management.

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Signed below, Karim Hamza, student of the Szent István Campus of the Hungarian University of Agriculture and Life Science, at the BSc/MSc Course of BA Business administration & Management 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.

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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.

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