

# Promoting Financial and Human Resource Management in Kosovo's Nongovernmental Organizations (NGOs)



**CAPSTONE PROJECT  
ROCHESTER INSTITUTE OF TECHNOLOGY (RIT)  
THROUGH AUK**

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# Presentation Outline



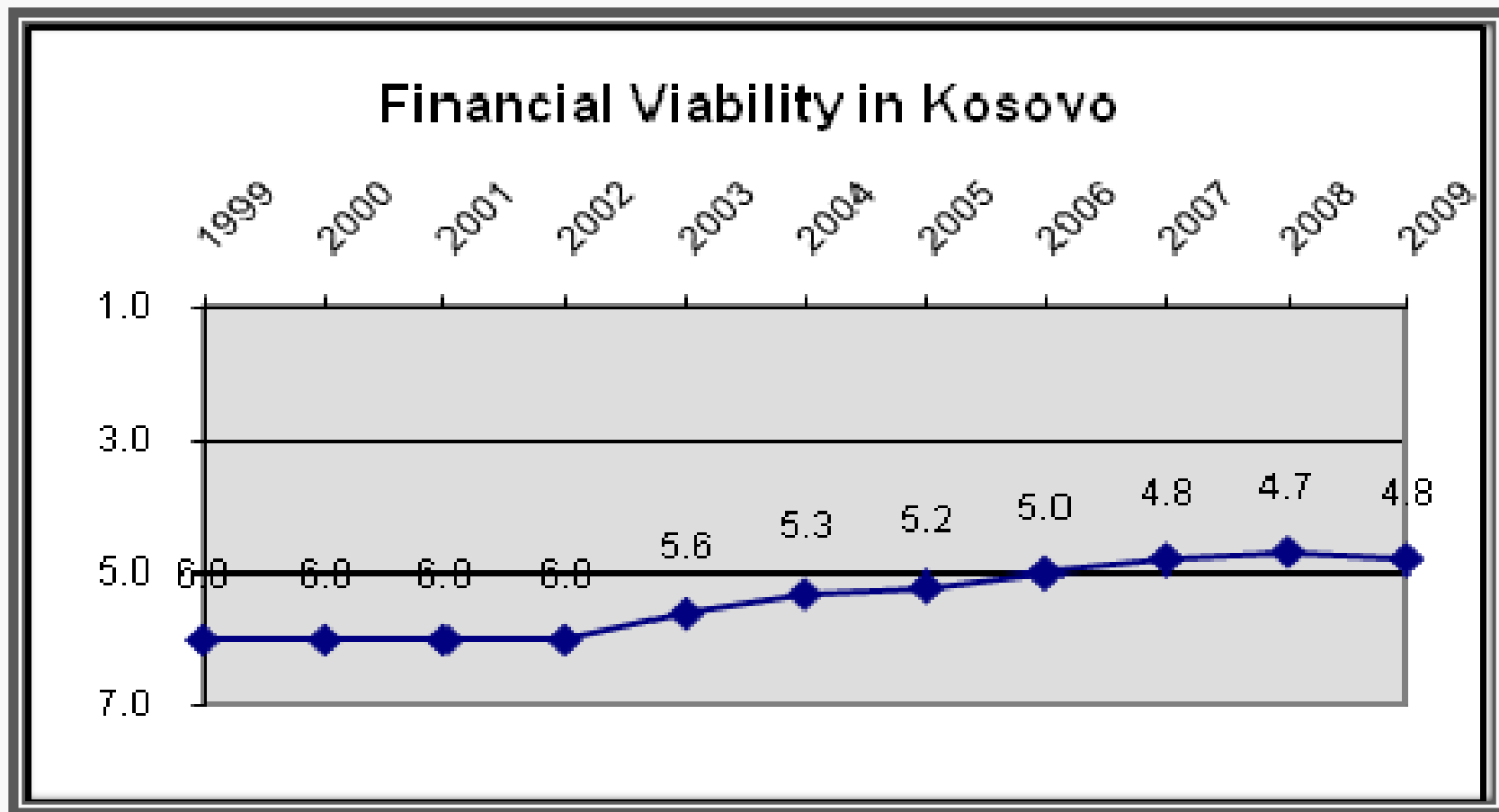
- Defining the Problem
- Evaluating the Problem
  - NGO Capacity Assessment/Research Method
  - Research Results (Tables & Graphs)
- Research Limitations
- Making of CND
- Basic Financial and Legal Procedures
- Training Program on Finance and HR
- Closing Remarks
- Recommendations

# Defining the Problem

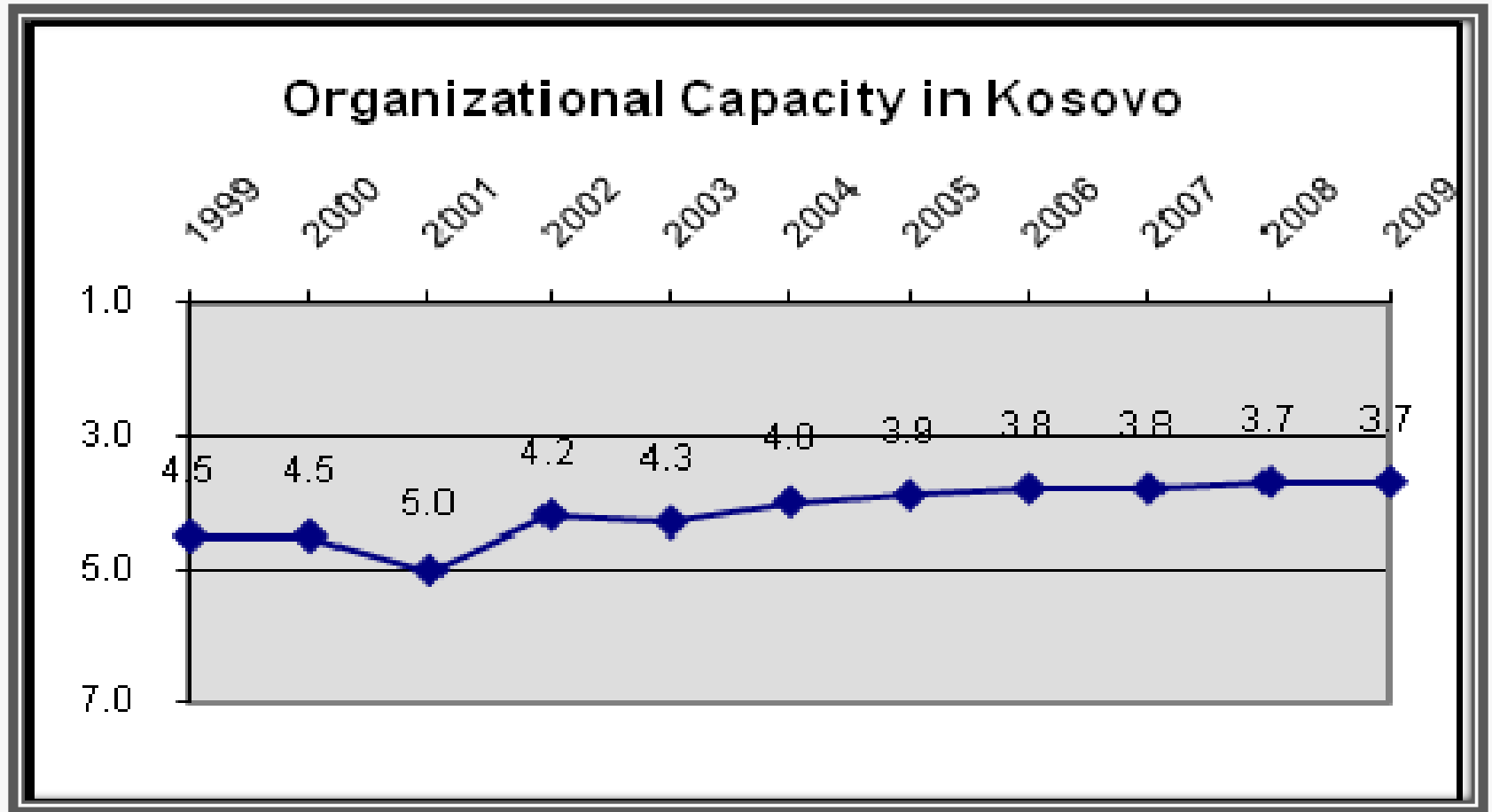


- Out of 5000 registered NGOs in the Ministry of Public Administration (MPA), less than **10 percent** of those remain active.
- **Problem Background**
  - The interdependent factors that have led to closing of many NGOs in Kosovo include:
    - ✦ Lack of funding from both international and local stakeholders
    - ✦ Financial mismanagement (no independent audits, annual reports, etc.)
    - ✦ Employment of inept HR (limited staff number, unaware of problems, etc.)
    - ✦ Lack of volunteer activities

# Defining the Problem



# Defining the Problem



# Evaluating the Problem



- **NGO Capacity Assessment Methods**
  - ✦ **Capacity Profile** – “assessment, analysis, and action planning tool that facilitates useful inputs for any NGO in strengthening organizational capacity.”
  - ✦ Qualitative and Quantitative Methods from Sarah Cook’s book, Measuring Customer Service Effectiveness

## Research Outline

**Fieldwork dates:** May 4 – 23, 2011.

**Research type:** One-to-one interviews and surveys.

**Sample area coverage:** Funding, finance management, human resources and volunteer work.

**Sample size:** Total of 5 respondents for interviews, 28 respondents for the Funding and Finance Management Questionnaire, and 19 respondents for HR Questionnaire.

**Sample groups:** 22 NGOs, 5 auditor, 1 government administrator, and 1 tax administrator.

# Evaluating the Problem (Research Results)



| <b>Survey Opinion Polls on Funding</b>  | <b>Not Agree (%)</b> | <b>Agree (%)</b> |
|---|----------------------|------------------|
| Thirty percent (30%) of funding or more comes from local donors.                        | 67.86                | 28.57            |
| NGO has funding from three or more sources.   | 31.14                | 53.57            |
| Basic program delivery can continue even if there is a funding shortfall.               | 50.00                | 32.14            |
| Current funds meet project needs.   | 35.71                | 60.71            |
| A long-term funding plan exists that result in the NGO's self-sufficiency.              | 42.86                | 39.29            |
| All projects have funding plans.  | 25.00                | 67.86            |
| Constituent support to generate income from their willingness to pay for some services. | 39.29                | 32.14            |
| NGO has been able to generate income from providing services.                           | 50.00                | 42.86            |
| NGO has a functional online profile or website.   | 35.71                | 53.57            |

# Evaluating the Problem (Research Results)

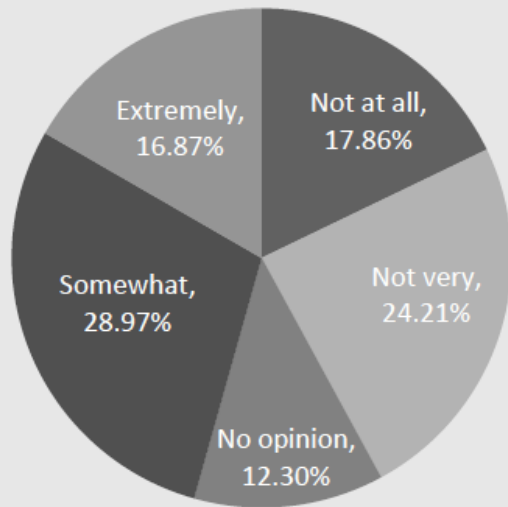


| <b>Survey Opinion Polls on Volunteer Work</b>   | <b>Not Agree (%)</b> | <b>Agree (%)</b> |
|---|----------------------|------------------|
| High integration of volunteers with paid staff.   | 52.63                | 47.37            |
| Volunteers are integrated into the planning and evaluation process of the organization. | 36.84                | 57.89            |
| Training programs are in place for volunteers.  | 47.37                | 47.37            |
| Volunteers are recognized and thanked for individual and collective achievements.       | 26.32                | 68.42            |

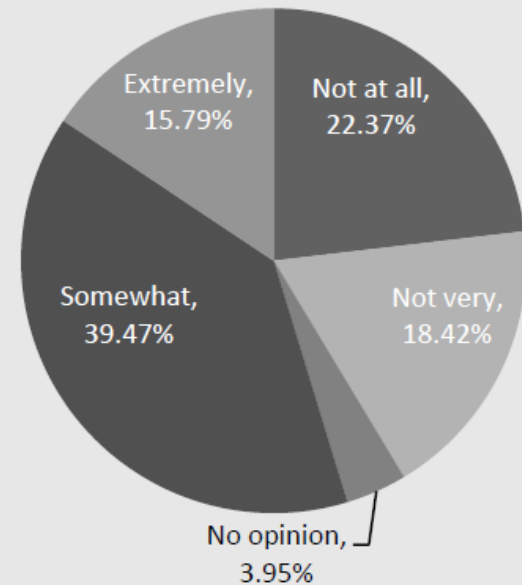


# Evaluating the Problem (Research Results)

**Funding Effectiveness**



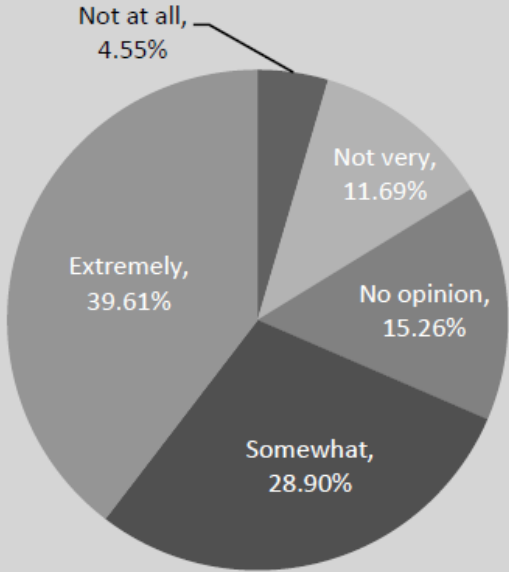
**Volunteer Work Effectiveness**



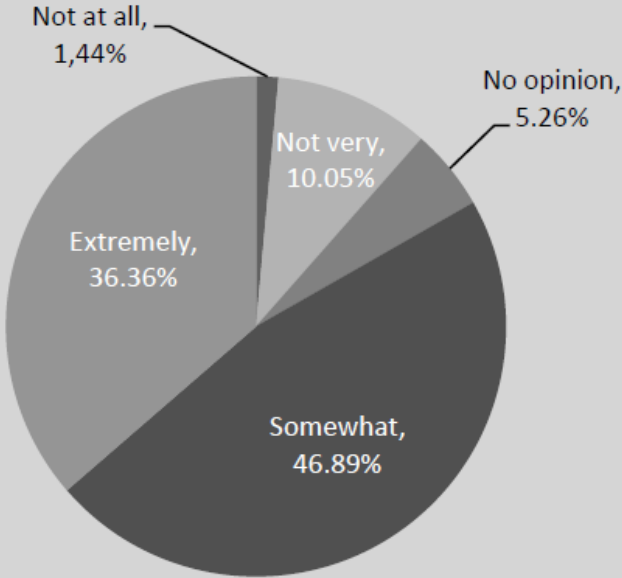
# Evaluating the Problem (Research Results)



**Finance Management Effectiveness**



**HR Effectiveness**



# Statistical Calculations – Funding and Finance



| Funding Source       | Scale of Financial Management |          |            |           |           | Index           | # of respondents |        |        |
|----------------------|-------------------------------|----------|------------|-----------|-----------|-----------------|------------------|--------|--------|
|                      | Not at all                    | Not very | No Opinion | Some-what | Extremely | APPROVAL INDEX* |                  |        |        |
| Statement 1          | 8                             | 11       | 1          | 7         | 1         | -9              | 28               | 67.86% | 28.57% |
| Statement 2          | 3                             | 6        | 4          | 8         | 7         | 5               | 28               | 32.14% | 53.57% |
| Statement 3          | 7                             | 7        | 5          | 8         | 1         | -5.5            | 28               | 50.00% | 32.14% |
| Statement 4          | 2                             | 8        | 1          | 13        | 4         | 4.5             | 28               | 35.71% | 60.71% |
| Statement 5          | 3                             | 9        | 5          | 9         | 2         | -1              | 28               | 42.86% | 39.29% |
| Statement 6          | 1                             | 6        | 2          | 8         | 11        | 11              | 28               | 25.00% | 67.86% |
| Statement 7          | 5                             | 6        | 8          | 5         | 4         | -1.5            | 28               | 39.29% | 32.14% |
| Statement 8          | 8                             | 6        | 2          | 11        | 1         | -4.5            | 28               | 50.00% | 42.86% |
| Statement 9          | 8                             | 2        | 3          | 4         | 11        | 4               | 28               | 35.71% | 53.57% |
| Financial Management | Scale of Financial Management |          |            |           |           | Index           | # of respondents |        |        |
|                      | Not at all                    | Not very | No Opinion | Some-what | Extremely | APPROVAL INDEX* |                  |        |        |
| Statement 10         | 3                             | 5        | 4          | 9         | 7         | 6               | 28               | 28.57% | 57.14% |
| Statement 11         | 1                             | 3        | 3          | 9         | 12        | 14              | 28               | 14.29% | 75.00% |
| Statement 12         | 2                             | 5        | 2          | 10        | 9         | 9.5             | 28               | 25.00% | 67.86% |
| Statement 13         | 1                             | 6        | 7          | 5         | 9         | 7.5             | 28               | 25.00% | 50.00% |
| Statement 14         | 1                             | 2        | 6          | 11        | 8         | 11.5            | 28               | 10.71% | 67.86% |
| Statement 15         | 2                             | 3        | 4          | 3         | 16        | 14              | 28               | 17.86% | 67.86% |
| Statement 16         | 1                             | 1        | 3          | 12        | 11        | 15.5            | 28               | 7.14%  | 82.14% |
| Statement 17         | 0                             | 3        | 2          | 10        | 13        | 16.5            | 28               | 10.71% | 82.14% |
| Statement 18         | 3                             | 2        | 6          | 4         | 13        | 11              | 28               | 17.86% | 60.71% |
| Statement 19         | 0                             | 4        | 7          | 9         | 8         | 10.5            | 28               | 14.29% | 60.71% |
| Statement 20         | 0                             | 2        | 3          | 7         | 16        | 18.5            | 28               | 7.14%  | 82.14% |

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\* APPROVAL INDEX - From (-100) "Not at all" to (+100) "Extremely"

|                             |        |        |        |        |        |
|-----------------------------|--------|--------|--------|--------|--------|
| <b>Funding Source</b>       | 17.86% | 24.21% | 12.30% | 28.97% | 16.67% |
| <b>Financial Management</b> | 4.55%  | 11.69% | 15.26% | 28.90% | 39.61% |

# Statistical Calculations – HR and Volunteerism



| Human Resources | Scale of Financial Management |          |            |           |           | Index           | # of respondents |        |        |
|-----------------|-------------------------------|----------|------------|-----------|-----------|-----------------|------------------|--------|--------|
|                 | Not at all                    | Not very | No Opinion | Some-what | Extremely | APPROVAL INDEX* |                  |        |        |
| Statement 1     | 0                             | 3        | 1          | 10        | 5         | 8.5             | 19               | 15.79% | 78.95% |
| Statement 2     | 0                             | 3        | 1          | 11        | 4         | 8               | 19               | 15.79% | 78.95% |
| Statement 3     | 2                             | 2        | 0          | 5         | 10        | 9.5             | 19               | 21.05% | 78.95% |
| Statement 4     | 0                             | 2        | 2          | 11        | 4         | 8.5             | 19               | 10.53% | 78.95% |
| Statement 5     | 0                             | 0        | 1          | 11        | 7         | 12.5            | 19               | 0.00%  | 94.74% |
| Statement 6     | 0                             | 5        | 0          | 9         | 5         | 7               | 19               | 26.32% | 73.68% |
| Statement 7     | 0                             | 1        | 1          | 9         | 8         | 12              | 19               | 5.26%  | 89.47% |
| Statement 8     | 0                             | 1        | 2          | 8         | 8         | 11.5            | 19               | 5.26%  | 84.21% |
| Statement 9     | 1                             | 1        | 1          | 8         | 8         | 10.5            | 19               | 10.53% | 84.21% |
| Statement 10    | 0                             | 3        | 0          | 9         | 7         | 10              | 19               | 15.79% | 84.21% |
| Statement 11    | 0                             | 0        | 2          | 7         | 10        | 13.5            | 19               | 0.00%  | 89.47% |
| Volunteer Work  | Scale of Financial Management |          |            |           |           | Index           | # of respondents |        |        |
|                 | Not at all                    | Not very | No Opinion | Some-what | Extremely | APPROVAL INDEX* |                  |        |        |
| Statement 12    | 3                             | 7        | 0          | 6         | 3         | -0.5            | 19               | 52.63% | 47.37% |
| Statement 13    | 5                             | 2        | 1          | 9         | 2         | 0.5             | 19               | 36.84% | 57.89% |
| Statement 14    | 5                             | 4        | 1          | 8         | 1         | -2              | 19               | 47.37% | 47.37% |
| Statement 15    | 4                             | 1        | 1          | 7         | 6         | 5               | 19               | 26.32% | 68.42% |

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\* APPROVAL INDEX - From (-100) "Not at all" to (+100) "Extremely"

|                             |        |        |       |        |        |
|-----------------------------|--------|--------|-------|--------|--------|
| <b>Funding Source</b>       | 1.44%  | 10.05% | 5.26% | 46.89% | 36.36% |
| <b>Financial Management</b> | 22.37% | 18.42% | 3.95% | 39.47% | 15.79% |

# Research Limitations



- Sample very small and not representative
- Respondents not well oriented
- Irrational fear of completing surveys online
- Lack of understanding surveys in English

# Making of CND, Part I



- **Mission Statement**
  - ✦ The mission of CND is to encourage develop tools and services for local nonprofit organizations in Kosovo to carry out responsible financial and human resources activities.
    - Financial Component: (1) reporting, and (2) internal control.
    - HR Components: (1) recruitment, and (2) performance evaluation.
- **Goals and Objectives**
  - ✦ CND seeks to improve employee skills and learning on finance and HR through drafting manuals and conducting trainings.
  - ✦ CND in order to create and maintain its goals and objectives would require a variety of resources and strengths of its own: staffing, planning, financing, etc.
- **Board of Directors**
  - ✦ 3 individuals, developers
  - ✦ **Criteria**: skills of nonprofit work, language, and marketing
- **Staffing**
  - ✦ 15 individuals, implementers
  - ✦ Free of charge

# Making of CND, Part II



- **Financial Risks and Implications**
  - ✦ Global financial instability and decline in terms of funding
  - ✦ CND Financial Sustainability Program:
    - Endowment Fund – restricted fund
    - Annual Campaigns – cultivate gifts from potential donors
    - Self-financing – create new skills and review ways it will operate to generate income
- **Program**
  - ✦ Guide to financial and legal procedures
  - ✦ Trainings on finance management and HR
- **Registration**
  - ✦ Zero (0) cost to setting up an NGO
  - ✦ Law on Freedom of Association of NGOs
    - NGOs with PBS: (1) submit audit report, and (2) annual report.
  - ✦ Regular meetings at the NGO RL Department

# Basic Financial and Legal Procedures



- Expense Reports
- Legal Representation
- Audit Criteria
- Cash Management
- Tax Procedures and Requirements



# Training Program on Finance and HR



- Scope of Training
- Training Delivery
  - ✦ Training Method
  - ✦ Training Time
- Problems and Opportunities
- Training Resources
- Who is involved?
- Topical Outline
  - Finance Management: financial reporting, record keeping, and in. control.
  - HR: recruitment, and performance evaluation.
- Administration & Evaluation

# Closing Remarks



- **First Dimension**

- It consists of factors (**i.e. FM and HR**) which lie largely within the span of an NGO's control.
- **CND's role** – to help other NGOs carry out responsible activities.

- **Second Dimension**

- It consists of the process (**i.e. funding and volunteer activities**) shaping the wider environment over which an organization has little control.
- Research results show that local NGOs have major funding and volunteer deficits in Kosovo.

# Recommendations on Funding Strategies



## ○ Establish Networking

- ✦ **Methods:** meet face-to-face, membership, online profiling, etc.
- ✦ **Solutions:** more donors interested

## ○ Become Donor Independent

- ✦ **Methods:** partnership with the private sector
- ✦ **Solutions:** increased income, financial discipline, and self-confidence

## ○ Establish Credibility

- ✦ **Methods:** concrete mission statement
- ✦ **Solutions:** excellent quality work

# Recommendations on Attracting Volunteers



- Young volunteers
  - ✦ **Methods:** newsletters, websites, bill-boards, etc.
- Training programs for volunteers
  - ✦ **Methods:** lectures, meetings, etc.



**Thank You**

**Questions?**