

Role of Planning in Non-profit Organizations in the Slovak Republic

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ABSTRACT

Management is an activity that involves a number of activities. Planning is the implementation of a basic management function. Its function is to define and specify goals, find ways, means to achieve them and determine responsibility for the realization of goals and objectives. A manager who uses planning increases the efficiency of his business and prepares the company for the future in a complex and changing environment. A non-profit organization is a legal entity that provides services of general interest under pre-determined conditions and for all users on equal terms, and whose profits may not be used for the benefit of founders, members of bodies or its employees, but must be used in full to provide services of general interest. The key prerequisite for the long-term sustainable work of NGOs in Slovakia is their sufficient and permanent, resp. predictable financial security, which is based on planned financial investments. Insufficient and unstable financial environment without sufficient independent financial resources implies the uncertain existence of NGOs in the future, or. their growing financial dependence on public resources, which in turn may jeopardize their content and expert independence.

Keywords: Management, non-profit organizations, planning, financial resources

1. INTRODUCTION

Using time efficiently means following certain rules and focusing on work as much as possible. This use of time and focus on completing tasks on time can significantly affect the ability to fund nonprofits. The most common twelve principles cited help to better organize the work so that they can effectively lead all the necessary activities important for the effective operation of a non-profit organization. Responsible leaders should pay adequate attention to setting clear goals and perform priority tasks that will help them achieve those goals. This will make it easier to decide what to do right now and what to expect. It is also useful to assign an estimated assignment time in addition to a priority. Based on this information, they will know how much they can actually achieve and redistribute resources for the performance of these activities per day. With seemingly unproductive time during the day, managers get into a variety of situations that you can use to perform smaller tasks. Multitasking's biggest enemy of productivity is loss of concentration. Always focus on one thing and do the best you can. Multitasking reduces the quality and efficiency of your work. In the context of non-profit organizations, however, we do not focus on planning the usability of human resources, but on the financial plan, which ensures the inflow of funds into the non-profit organization. It is necessary to point out its main essence and its process. In the authors' opinion, the need for financial planning is most important within the non-profit sector, as they cannot carry out the main subject of their

activity for which they were established without the funds obtained.

1.1. Planning

By planning, we can effectively use the time we have available to perform the most profitable and successful activities (maximum criterion) and achieve the set goals with the shortest possible time (minimum criterion), with optimal use of available patterns (effective criterion). The more time we plan to spend, the better we use it to meet our personal and work goals. Planning in the time management process consists of preparing for the realization of goals and timing Bencsik et al. [1]. Just as every company plans its market and business activities, every individual in their field should think and anticipate. It should not be passively controlled by events that occur during the day. Planning daily work, medium and long-term activities and anticipating events brings leaders of non-profit organizations time savings, success and more relaxed access to daily demands. The biggest advantage of planning the time needed to achieve goals is that planning means gaining time. General experience from business practice shows that the higher time required for careful planning means less time to carry out the work itself, which leads to time gains Krizanova et al. [2]. However, the time planning process cannot be extended, because at some point the optimal value is reached and every additional time spent on planning ceases to be effective. Most business days cannot be optimized because

these processes are dynamic and time-predictable. The correct optimum is more likely to be determined if it is intended for activities of longer duration. In practical life, we must be able to plan our activities in different time frames. The relative importance of long-term and short-term plans depends on the nature of the work, but it is usually advantageous to plan in three time frames Nguyen & Luu [3].

The first and most generalized of these is a general view of the next three months, which covers the main development activities. The second framework, which represents a week, requires that we be able to do everything in our power to fulfill our tasks and commitments within a given time frame. The third detailed daily plan is to ensure a balance between important and urgent items that contribute to meeting long-term goals Meyers et al. [4].

1.1.1. Plans

An important principle of planning is the document. The timelines that NGO leaders have in mind are not very clear and easy to change. At the same time, they are not transparent to all members of non-profit organizations. Written record of the plan has a psychological effect of our own motivation to work, we do not waste control of daily results by an overview of activities performed and we can gradually increase our performance, because we can better evaluate time-consuming work, along with documentation of work performed Carvalho et al. [5]. In the case of non-profit organizations, it is a matter of planning, especially in the area of securing funds for the fulfillment of the organization's goals Andjarwati et al. [6].

1.1.2. Strategic planning

The main advantage of strategic planning is that it provides managers with formulated goals and methods by which they can achieve these goals. However, the big disadvantage of such planning is its time, money and expertise. Managers are also in the habit of agreeing only on those strategies that they can examine in detail. Many times they overlook attractive opportunities, which, however, bring with them certain risks Valaskova & Kramarova [7].

Improving an organization's performance is shown by the fact that an organization with a defined mission, plans, and goals performs much better than organizations that do not. Through strategic planning there is a stimulation of thinking and clarification of the future of the organization, which prevents the organization in the loss of direction and ties to the mission. It forces workers to rethink over the existence of the organization Valaskova et al. [8].

Within strategic planning, we focus on the ability to operate with limited financial resources, which are available within the plan, which often helps to increase our own activity and income or related or the start of new gainful activities. At the same time, strategic planning

includes a number of team activities where co-workers meet, who often do not even communicate with each other, but their mutual communication is very important for the operation of the organization. Job analysis also provides managers with a set of information they need to make the right and objective decisions Stanculescu [9].

1.1.3. Financial planning

The process of long-term planning, also called strategic planning, begins with the specification of goals to which all activities and activities in the future should be directed [10]. Nonprofits are heavily dependent on donations, subsidies from government or businesses and corporations, institutions or individuals, who benefit from raising awareness of their company and reputation through charitable activities Marciszewska [11]. The purchase of long-term tangible and intangible assets, operation and routine activities of non-profit organizations are directly supported from public and private sources. In general, financial plans are divided into long-term, longer than 1 year, and short-term, up to 1 year Inglis & Minahan, [12]. It is necessary to determine who will carry out the activities, and thus what human resources the organization needs. In the conditions of a non-profit organization, they are employees and volunteers. It is also important to define for whom the individual activities and activities will be implemented, ie the target group and material resources that are necessary for the implementation of activities. Another part of the process is the creation of a long-term plan in which the activities are systematically divided according to the time sequence as you can see in the Figure 1 Carvalho et al. [5].



Figure 1 Diagram of the financial planning process from Carvalho et al. [5].

The main task of financial planning is to formulate the financial goals of the non-profit organization and the activities through which these goals will be achieved in accordance with the mission of the organization. Within

planning, the manager chooses the most optimal options among many alternatives based on the analysis of internal and external conditions of development of the organization, their forecast and evaluation of risks in the future Valaskova et al [8].

A financial plan is a document that is the result of financial planning as a process where this plan determines the interrelationships between investment proposals and the financial capabilities of the organization. Subsequently, the financial plan quantifies the financial consequences that the organization will bear after choosing the alternatives. The budget of non-profit organization A is prepared as a combination of source, program and cash flow budget, as it provides an overview of the costs required to manage the organization and sources of coverage, as well as planned costs and revenues for individual projects that the organization implements in its activities for a certain period of time Gratton [13].

His next task is to set financial deadlines, ensure the liquidity, stability and profitability of the organization and, last but not least, fulfill the mission of the organization. The last pillar of planning is the control of the schedule by maintaining an overview of the progress of the planned activities, when it is necessary to move to activities and monitor the activity needed to meet the set objectives Lautour [10].

1.1.4 Principles of drawing up financial plans

In practice, when compiling financial plans of non-profit organizations, we rely on eight principles of compiling a financial plan Carvalho et al. [5]. The first principle consists in the systematic nature of tasks in accordance with the constant pursuit of the main goal, which in the case of non-profit organizations is focused on fulfilling the mission of non-profit organizations. All other goals are subordinated to this main goal and adapted to it. The second principle concerns completeness and consists of taking into account all external as well as internal factors that affect or could affect the organization. The principle of clarity allows users of the plan to make it easy to read and understand, as well as to continuously monitor the implementation of the plan. By implementing the principle of flexibility in the financial plan, we will enable the updating of the planned values at the time of the plan implementation. The principle of periodicity speaks of drawing up a financial plan in regular successive periods. The principle of glide is closely linked to this principle. It ensures a partial overlap of two consecutive plans, and thus the new financial plan partially overlaps with the previous financial plan. The last two principles are the principles of temporal and spatial coordination. Time coordination ensures the harmonization of individual processes of long-term and short-term planning, information that they take over from each other Meyers et al. [4]. The result of spatial coordination is the compilation of a business plan, and thus the plans of individual departments on the one hand and the investment, supply or personnel plan on the other.

The individual principles do not fully influence each other but are largely complementary. The operation of all principles ensures compliance with all attributes of quality financial plans Carvalho et al. [5].

2. CONCLUSION

Leading an NGO has never been easy, but today's challenges facing non-profit leaders are extremely challenging. The management of non-profit organizations balances between intuitive visionary and the everyday reality of managerial tasks that need to be solved. Donors are increasingly interested in how to invest their resources effectively, and non-profit organizations are increasingly thinking about how they can better measure the impact of their activities. It is therefore necessary to pursue both interests. The advent of modern technologies and social networks has brought new possibilities for communication, but also with them the need to function not only in the real world, but also through the virtual one. Therefore, strategic planning for both online and offline environments needs to be implemented. Nonprofits are looking for ways to reach people's growing interest in supporting good projects. In addition, they learn how well-planned financial management can help to use resources efficiently, or how to earn income from gainful employment and support the achievement of the mission with the resources obtained. At the same time, we are currently witnessing a fascinating boom in new initiatives, often initially informal, which seek to change specific areas of social or community life and thus provide non-profit organizations with new opportunities to develop and support their interests.

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