

# SUSTAINABILITY STRATEGY OF NON-GOVERNMENT ORGANISATIONS IN SLOVAKIA

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## Introduction

The concept of sustainability started to be used in the early 70's, especially in connection with the recognition that any uncontrolled growth (population, production, consumption, pollution, etc.) is unsustainable in an environment of limited resources. The sustainability of any organisation means its capacity to fulfil its mission in the most effective way. Long-term sustainability therefore fulfils the mission in the longest time horizon. In other words, sustainability of a non-governmental organisation means that it operates continuously as long as possible in its marketplace. Long-term sustainability also means not to exceed the limits of ecological, social and economic stability of the environment [4], [10].

The concept of sustainability is often unclear and confusing. It has many definitions and forms: environmental, economic, social and political. For NGOs it is mostly connected with economic issues, especially with their funding. The refusal of donors to provide administrative support makes it difficult for NGOs to create a strategy when they have to focus on multisourcing in order to cover their overhead costs. Donations are given for a certain purpose and it is strictly controlled by donors. Overhead can be covered usually up to 10 % of the donation. Such earmarking from donors is one problem, another one occurs with the time availability of the donation that has to be used within one year. In some cases, the donation is given to be spent in three years. Yet it is a short period for building a long-term strategy, especially when the donation has to be used for the project and purpose it was meant to be. Short-time and purpose determined

donations, project-based activities, multi-sourcing are some of the factors that influence the sustainability of NGOs [1], [13]. These authors and many international NGOs, e.g. Nesst, World movement for democracy, The International Forum of NGO Platforms etc., analyse the mentioned factors and spread the awareness about importance of sustainability building from both theoretical and practical point of view. But building the sustainability of the NGOs has many dimensions, not only the funding issues and includes both internal factors – growth and capacity of the organisation and the readiness to seize the opportunities – as well as the external factors – securing resources and support from external and legislative environment. [1] Due to the limited scope of the paper we will focus mainly on the internal factors.

The presented article reviews the current state of sustainability of Slovak NGOs based on our own research output and on those of the USAID. We use their NGO Sustainability Index for the Slovak Republic and confront its output with the actual evaluation of the sustainability shown in the results of research conducted in the dissertation thesis "Self-financing and sustainability strategy of a non-profit organisation."

## 1. Goal, Material and Methodology

The goal of the presented paper is to evaluate the current state of the sustainability of non-governmental organisations in Slovakia and propose the internal factor-based solutions to enhance their sustainability.

The material consists of primary and secondary information on NGOs and the factors determining their sustainability. As secondary data we use the "NGO Sustainability

Index” (Index) compiled annually by U.S. Agency for International Development (USAID) which explores NGOs in Central and Eastern Europe and Eurasia.

Primary data were obtained from research at NGOs by means of a structured questionnaire. Based on the analysis of the Index and the results of research at NGOs we created a questionnaire to objectively evaluate the sustainability of Index related areas with the aim of identifying key areas for further development. With the Delphi method we addressed a group of experts on the non-profit sector and

NGOs. Subsequently we compared the Slovak NGOs sustainability rating from three sources: USAID rating, evaluation of NGOs by themselves and evaluation by the expert group. This allows us to focus on key or critical areas that should be enhanced in order to strengthen the sustainability of NGOs. Based on the outcome we formulate proposals for theory and practice.

We approached 670 Slovak NGOs with the questionnaire, 182 respondents completed the questionnaire with information applicable to our research purposes in the structure as follows (Tab. 1):

**Tab. 1: Sample Size**

Legal form	Absolute number	Relative number
Civic association	152	83.52 %
Foundations	6	3.30 %
Non-investment fund	3	1.65 %
Public benefit organisations	17	9.34 %
Others	4	2.20 %
Total	182	100.00 %

Source: own research

The sample in the presented structure reflects the current state of the structure of NGOs in Slovakia, where civic associations constitute the largest group of NGOs. Appropriate structure and scope of the sample were confirmed by statistical significance of the results of a Chi-square test, therefore we can generalise the results of our research for all NGOs in Slovakia.

The expert group was made up of experts from the scientific, public and non-governmental spheres. As experts from the non-governmental sector we chose representatives from so-called umbrella organisations and significant “players” and agents in this field who examine the issue from a practical point of view. We asked experts from all three spheres to assess the significance of various determinants that affect the sustainability of NGOs and assess the state of the six selected dimensions in Slovakia. The expert group was created based on citation analysis (the most cited names in scientific publications) and purposeful selection (our own decision after consultation with another expert).

Electronically we asked 40 experts of whom 22 responded to the questionnaire, 4 did not want to be involved in the research, 3 marked the option “other” where they stated they did not consider themselves to be experts in the field of NGOs. After the first round we addressed only 33 experts of whom 15 answered. The participation of experts in both rounds of research and their expertise are shown in Tab. 2 and Tab. 3.

The experts evaluated the significance of selected determinants as well as the current state of Slovak NGOs in terms of sustainability in accordance with the USAID methodology. The Index rates on a scale from 1 to 7 the seven selected dimensions, where 1 means a very high level of sustainability of a non-governmental sector, 7 is low or poor level. According to their scores, countries fall within three basic stages of development in terms of NGO sustainability: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded [15].

Based on the responses in the first round we evaluated the importance of determinants

**Tab. 2: Number of Participating Experts in Both Rounds**

	TOTAL	Public sphere		Non-governmental sphere		Scientific sphere		Other	
Round 1	22	6	27 %	8	36 %	5	23 %	3	14 %
Round 2	15	4	27 %	5	33 %	5	33 %	1	7 %

Source: own research

**Tab. 3: Expertise of Participating Experts**

Criteria of expertise	TOTAL		Public sphere		Non-governmental sphere		Scientific sphere	
	Round 1	Round 2	Round 1	Round 2	Round 1	Round 2	Round 1	Round 2
	Years of experience	4.5	4.6	5.5	5.5	5.2	5.5	4.4
Number of expert publications	6	7.2	4	6.6	7	8.6	9	7.7

Source: own research

as ordinal variables using median and variance. We added other determinants stated by experts in the first round and after 1 month we sent the questionnaire to the experts again to confront their opinion with the majority of the group. Subsequently, experts could modify their opinions or could argue their original opinion. After the second round we conducted an overall evaluation, the changes of opinions resulted in the changes of values of median and variance (Appendix 1).

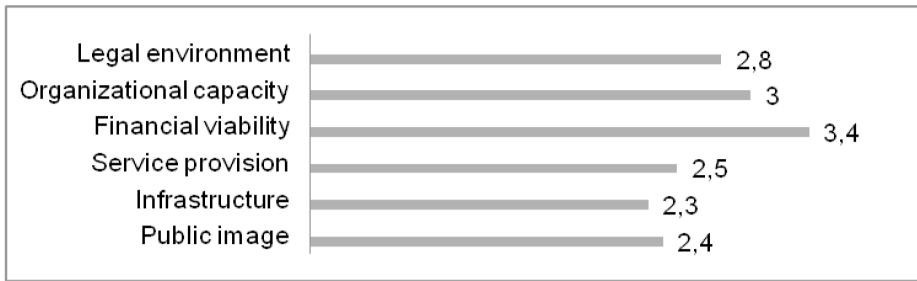
## 2. Evaluation of Sustainability of Non-Governmental Organisations by USAID

The U.S. Agency for International Development (USAID) annually publishes the "NGO Sustainability Index" (in 2011 renamed to CSO – civil society organisation but methodology and content remain the same, we will use the term NGO to correspond with the abbreviation in this article). It is a key analytical tool that measures the development of the civil sector in Central and Eastern Europe and Eurasia. The Index analyses and assigns scores to seven interrelated dimensions: legal environment, organisational capacity, financial viability, advocacy, service provision, infrastructure, and public image civil of NGOs. According to several authors [1], [9] the dimension of

advocacy is not a key one in achieving sustainability. We share this view: advocacy points out the relevance of the existence of the non-governmental sector, proves the ability of NGOs to mobilise, to join together, to defend the interests of a democratic society and to be active in the legislative process (which is indirectly reflected in the evaluation of the dimension of legal environment). Moreover, the observed criteria in this dimension were of a political nature, e.g. whether an NGO works with the government or any political party, whether it can lobby, etc. During the pre-research we encountered reluctance to answer these politically tuned questions. In order not to discourage non-governmental organisations and a group of experts from filling in the questionnaire, we decided to exclude advocacy from our research.

The Index is always published retrospectively for the previous year, i.e. currently available document is from June 2012 and evaluates the year 2011. In that year, the sustainability index (overall score) for Slovakia was 2.7, which ranked Slovakia among the top 5 from 28 countries from Central and Eastern Europe and Eurasia. In Slovakia, USAID has implemented sustainability research since 1997 in cooperation with Pontis Foundation. Individual dimensions and their scores are in Fig. 1.

**Fig. 1: Sustainability Index for Slovakia in 2011**



Source: USAID

We briefly outline what factors are observed in the dimensions and state the numerical evaluation by USAID; the verbal description for 2011 as well as previous years can be found in the evaluation report for USAID.

**The legal environment** should support the needs of the non-governmental sector, allow entry of new organisations, prevent political interference of organisations, enact the conditions under which the organisation can carry out fundraising and business activities to ensure revenue and enhance their stability. Among the monitored factors are: level of difficulty of registering new organisations, laws governing the operation of organisations, taxation of NGOs, their access to information, etc. The index score for the Slovak legal environment in 2011 reached 2.8; it has remained unchanged since 2009.

**The organisational capacity** of NGOs is reflected in the transparent governance, responsible management and essential organisational skills. Factors that affect the score of this dimension are: defined mission and vision of the organisation, an organisational structure with clearly defined roles and tasks, the number of employees, effective use of volunteers, modern office equipment, use of IT and so on. The dimension of organisational capacity for Slovakia in 2011 gained a score of 3, which has also not changed since 2009.

**The financial viability** is largely dependent on the economic level of the country, namely whether the economy generates enough philanthropic donations from local sources and supports self-financing efforts of non-governmental

organisations. Within the internal factors are important fundraising and experienced financial management (manager) in the organisation. Questions to monitor this dimension are focused on whether organisations are capable of acquiring a significant share of funding (both financial and non-financial) from local sources, whether they have a diversified funding structure, whether they have a sufficient basis of constant supporters, whether they use self-financing to secure an income for organisations, etc. Financial area has long been the worst rated one in the Slovak NGOs. For the year 2011 the score was 3.4, which means a drop from 2010 when it scored 3.3.

**The provision of services** should meet the needs of the market and the priorities and expectations of clients. Monitored factors are diversity of provided services, existence of extra service (beyond basic social needs), whether the services are charged, whether the government cooperates with NGOs and supports the provision of services through subsidies or contracts, etc. The provision of services has been rated at 2.5 since 2009.

**The infrastructure** of the non-governmental sector is important in terms of ensuring access of NGOs to necessary information and potential support. It is analysed as to whether there are any platforms for NGOs or so called umbrella organisations which allow access to information, technologies, training and technical support for NGOs in the country; whether there are networks for sharing information or creating common projects; whether there are cases of successful partnerships (formal and informal) between NGOs and commercial firms, or

between NGOs and government and or media to achieve common goals. Slovak infrastructure of non-governmental sector reached a rating of 2.2 for the year 2011, which is a drop of 0.01 from the previous year.

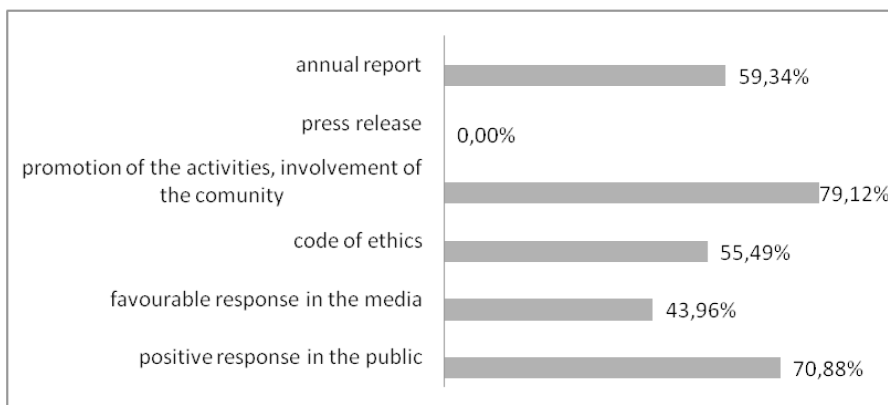
The public image is important for the sustainability of any organisation. Understanding and appreciation of the role of the NGO by government, firms and individuals help to raise funds from local sources, as well as recruit members and volunteers from the local communities. The dimension is evaluated by asking questions whether the organisation has a favourable response in the media; whether the public (general but also at the local level) is aware of the activities of the organisation and sees it positively; whether the organisation acts transparently; whether it behaves ethically and publishes annual and other reports where it promotes its activities and so on. In the dimension of public image of NGOs the index achieved a score of 2.4, this value has remained unchanged since 2009.

These scores are averaged to produce an overall sustainability score. Since 2009 the overall score of Sustainability Index for Slovakia is 2.7.

### 3. Evaluation of Related Dimension of Sustainability Index by Non-Governmental Organisations and by the Expert Group

Rating of sustainability by NGOs themselves is slightly subjective (NGOs evaluated mostly themselves; only in some issues did they evaluate external factors, such as legal environment). To get an objective rating of related dimensions of the Index, we used the Delphi method and compare all three evaluations as in Tab. 4. This objectification allows us to say that the results are very important due to the fact they came from the practise. As an example we describe the evaluation of the public image as one of the examined dimensions. We carried out similar evaluation in other dimensions of the Index. Slovak NGOs build their transparency, which is essential for a long-term sustainability, as follows:

Fig. 2: Tools Used to Build a Positive Public Image



Source: own research

Fig. 2 shows that almost 80 % of NGOs actively promote its work in the community where it operates and allows the locals to engage in the activities of the organisation. It is followed by the fact that almost 71 % of the organisations can say about themselves that they have a positive response from the public. Evaluation of favourable response in the media

is significantly lower (nearly 44 %) which may be due to the fact that none of the respondents publish press releases thus reducing the opportunity of the media to learn about the activities of NGOs. Publicity therefore must be ensured in other ways, e.g. by inviting the media to attend NGO events, open days, etc. A source of information for the public and the

media also provides an annual report (issued by 59.34 % of respondents). Credibility and positive public image might be increased if organisations apply the Code of Ethics: 55.49 % of respondents have a code of ethics or other rules that build credibility in the community where they operate. On this basis, we conclude that the dimension of public image is on average at a good level (51.47 %) and we assign a score of 2.6.

NGO evaluation of other dimensions is shown in Tab. 4. We decided to interpret the public image because of the startling findings that none of the respondents use press releases and because of a significant difference that emerged in the comparison of all three evaluations (also in Tab. 4).

To examine the rating of the sustainability by the expert group we compiled a questionnaire in which the experts at first had to identify the significance of the selected determinants according to their impact on the sustainability of non-governmental organisations, and as the second, they had to assess the level of the determinants in Slovakia on a scale from 1 to 5, where 1 means the most important determinant and 5 the least important determinant. Determinants were grouped into six dimensions corresponding to those in the Sustainability Index (legal environment, organisational capacity, financial viability, service provision, infrastructure, public image). Experts also had the option to propose their own determinant.

Examined determinants are statistically considered to be ordinal variables (we can determine the order of their values, but it is not possible to determine how much the values

differ from each other). Therefore for the evaluation we used the median, which determines the center of the data distribution and its variability was measured by standardised ordinal variance. The variance in many cases centres around a value of 0.5 (Appendix 1), which means medium high variability in the responses, i.e. answers to some questions were consistent, the others were inconsistent. The answers were not homogeneous neither heterogeneous what actually confirms that the research is reliable. The outlier results would undermine its reliability: if the variance would have been close to 1, it would mean a uniformity of views on the issue, which is unrealistic, and if they would have been close to 0, this would be an absolute divergence in the opinion of experts, which could indicate that the question was asked incorrectly and the experts had problems with the answer. The rating of the level of Slovak NGOs sustainability by the experts is summarized in Tab. 4. The second rating of the importance of the determinants is discussed in the next section on selected determinants.

The comparison of the Sustainability Index (USAID) with the results of primary research (NGOs) and the results obtained using the Delphi method (expert group) helps us to identify which areas and determinants need to be enhanced to strengthen the sustainability strategy. The comparison of all three ratings is shown in Tab. 4, bringing an overview of the stages (Sustainability Enhanced – 1, Sustainability Evolving – 2, and Sustainability Impeded – 3) where Slovakia falls based on ratings by USAID, expert group and NGOs.

**Tab. 4: Comparison of Ratings by USAID, Expert Group and NGOs**

Dimension	Sustainability Index USAID, 2011		Expert group, Delphi method, 2011		NGOs evaluation, questionnaire, 2011	
	score	interval	score	interval	score	interval
legal environment	2.8	1	3.4	2	2.8	1
organisational capacity	3	2	3	2	2	1
financial viability	3.4	2	3.4	2	3.2	2
service provision	2.5	1	3.6	2	2,9	1
infrastructure	2.3	1	3.2	2	.	.
public image	2.4	1	3.8	3	2.6	1
<b>TOTAL</b>	<b>2.7</b>	<b>1</b>	<b>3.4</b>	<b>2</b>	<b>2.7</b>	<b>1</b>

Source: USAID and own research

The table shows that the rating by experts is more sceptical than ratings by USAID and by NGOs. Conformity is only in the case of financial viability; in all ratings this area falls within the second interval, which represents the Sustainability Evolving stage. The biggest difference (2 levels) is in the public image; according to USAID and rating by NGOs Slovakia should be in the second interval, but according to the expert group it is in the third interval (Sustainability Impeded). Other dimensions are a level worse in the evaluation by experts. The rating based on research at the NGOs does not cover all areas as we did not acquire complete response to the questions dealing with infrastructure and therefore we excluded it from the further analysis. The table shows that the ratings by USAID and by NGOs in our research are in the same intervals. Thus we can say there is a certain level of conformity in the monitored dimensions.

For one of major findings we consider the fact that the dimension of public image is quite critically evaluated by the expert group. According to the experts, the public image of non-governmental organisations and their position is clearly not favourable. Furthermore, the dimensions of legal environment, financial viability and service provision are at a low level per all three ratings. We therefore present such proposals which are important for the sustainability of NGOs in connection with these dimensions.

#### 4. Selected Determinants Affecting NGO Sustainability and Proposals for Their Development

The research using the Delphi method brings not only the expert rating of the current state of sustainability of Slovak NGOs but, also an evaluation of the significance of various determinants in the dimensions. We focused on those that have been identified as important for enhancing sustainability, but rated as underdeveloped in Slovakia (the difference of 2 points between significance and current state, see Appendix 1 or Tab. 5). These determinants can be classified into the functional strategies. According to the group of authors [3] the main functional strategies are marketing strategy, personnel (including scheduling and organising voluntary work) and financial strategy. The other authors [5], [11] indicate additional functional strategies that are mainly used in the

profit sector: product (production), innovation, environment, information, political, legal and so on. A strategy is always needed to build and strengthen the sustainability. The process of strategic management also started in the profit sector and it differs from the strategic management of non-governmental or non-profit sector [8], [14] yet in the conditions of Slovak republic it can be compared to the strategic management of small and medium enterprises [7]. The differences can be seen in the application-specific instruments and also the fact that non-profit organizations must be taken during the decision to deal with more complex problems NGOs have started applying the practices of the profit sector to strengthen its market position of utility services. From the functional strategies we chose the following as crucial for the sustainability of NGOs (Fig. 3, based on research conducted by Delphi method).

We identified five dimensions that are least developed: financial viability, service provision, public image and legal environment. We can assign each dimension into the following functional strategies from Fig. 3:

- financial viability – financial strategy,
- services provision – product strategy,
- public image – marketing strategy.

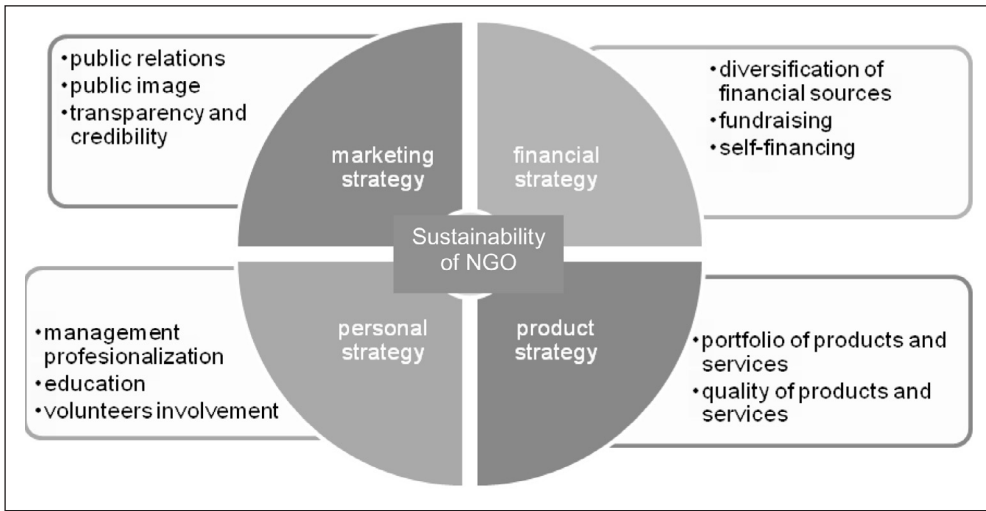
These dimensions are considered to be internal. The fourth important dimension is organisational capacity that belongs under personal strategy but this dimension was rated on a good level therefore we do not propose solutions in this area.

Based on the analysis of the results of the primary research we present concrete proposals for possible solutions to research problems. Due to the limited scope of the paper we provide a brief overview of the proposals in Tab. 5 which would be possible to develop and strengthen the determinants of sustainability of NGOs.

Proposals for the first three areas are based on best practices of non-governmental organisations in the Czech and Slovakia Republics. These practices have improved their position on the market of utility services. We deliberately chose the Slovak and Czech NGOs that have similar backgrounds (historical development, similar legislation) and therefore they are comparable and the best practices can be used as an example for other NGOs wishing to enhance their sustainability by focusing on the development of the determinants from best



**Fig. 3: Precondition of Sustainability of NGO**



Source: own research

**Tab. 5: Overview of Least Developed Determinants and Proposals for Their Enhancement**

Factor	Dimension	Determinant	Proposal
Internal	Financial viability	Level of multisource financing of NGOs	Increase the range of self-financing to increase the sources diversification
	Service provision	Charging fees for products and services	Use the forms of self-financing: sale of
		Government recognition for service provision	lobbying, increase the quality of services provided, networking
	Public image	Public awareness about NGOs	Organising events (open day, joint events with partners, community, media)
		Level of publishing of annual reports and press releases	Press releases and reports to increase transparency and public awareness
		Level of promoting NGOs activities	Community involvement into NGOs activities
		Media response	Media communication

Source: own research

practices. Of course, every NGO must take into account other factors arising from the specificities (in particular the organisational culture which has a strong influence in the implementation of the best practices). To achieve success the best practices must be innovated, only thus NGOs both differentiate and adopt the best practices for their needs. The list of best practices is in Appendix 2, from

which it is clear that the most common factors for enhancing sustainability were mainly increasing the range of self-financing, extending the portfolio of activities, as well as staff training and the involvement of voluntary work and in some cases establishing cooperation/partnership with firms.

As for the range of self-financing, it is an appropriate tool for ensuring financial security,



competitiveness of organisations and a higher level of independence which means it is a suitable tool for building sustainability strategy. More about self-financing as a part of sustainability strategy can be found in the works of various authors [2], [6], [12], [13].

Based on the results of the research conducted using the Delphi method, suggestions for other determinants that may be significant in strengthening the sustainability of NGOs were obtained from the expert group:

- Creating own redistributive structures in the non-governmental sector - creating support funds and financial institutions similar to that offered by pawnbrokers.
- Providing micro-loans from commercial banks.
- Pro-active mindset of non-governmental organisations.
- The stability and quality of services.
- Measuring the effectiveness of provided services.
- The government should recognise also mutually-beneficial activities of non-governmental organisations such as utility services.
- Cooperation with a quality, creative partner in building the image and publicity.

We agree with the fact that some self-financing activities may require initial investment and to raise the required capital can be challenging. The existence of support funds in the non-governmental sector or the willingness of banks to provide micro-loans to non-governmental organisations could help overcome this problem.

The measurement of effectiveness of the provided services could bring a strong argument for the organisation to point out the justification of their existence and the benefits of providing these services by NGOs in comparison to the public sector. It would also support their transparency.

We also agree with the fact that the government should appreciate and show some recognition for organisations that are mutually-beneficial. In many cases these services are about "supporting the hobby" of members of the organisation in maintaining traditions, creating non-traditional forms of education, supporting sport and culture, filling the free time of the members with meaningful activities (which can be understood as a prevention of

socio-pathological phenomena in society). It is therefore questionable whether the mutually-beneficial activities could be seen as publicly-beneficial services from a wider perspective when they bring benefits to society as a whole.

In the area of marketing, co-operation with an expert may be helpful in building the public image of the NGO and improve communication outside the organisation. This co-operation is appropriate in view of the fact that non-governmental organisations often lack the financial and organisational capacity to employ a professional marketer so any expert advice can be useful.

## Conclusion

The output is part of the primary research of the sustainability strategy of non-governmental organisations conducted in the dissertation thesis "Self-financing and sustainability strategy of a non-profit organisation". Output and presentation of proposals of strengthening the sustainability of Slovak NGOs fulfil the goal of this paper which was to evaluate the current state of the sustainability of non-governmental organisations in Slovakia and propose the internal factor-based solutions to enhance their sustainability.

We are aware that the sustainability of non-governmental organisations needs to undertake a number of steps and measures in the field of strategic management. In this paper we identify the current state of sustainability of Slovak NGOs as well as the dimensions which given its importance to sustainability were rated at a low level. Within these critical dimensions we were looking for determinants that are again important, but low-rated. To strengthen the sustainability we have proposed solutions that focus on the development of these determinants and enhancement of the dimensions which can be divided into different functional strategies (financial, product, marketing strategy).

In short we can summarise that the diversification of financial sources is one of the pillars of the financial strategy. The diversification can be improved with self-financing that is considered to be appropriate to achieve financial equilibrium and thus long-term sustainability of NGOs. The product strategy should address not only issues concerning the expansion or narrowing of the product portfolio

but also improving the quality of services and products and consider the possibility of charging of those products and services where it is socially appropriate. Within the marketing strategy it is important to build awareness of non-governmental organisation as a transparent and credible organisation which greatly influences obtaining funds from both external and internal sources.

When NGOs responsibly carry out their mission and clearly communicate to the public what impact non-governmental organisations have in the community (positive social change), the public is willing to support the self-financing activities and potential commercial activities that do not necessarily relate to the mission.

It is important to maintain transparency and demonstrate how the organisation uses the received funds. The marketing strategy should also be combined with the product strategy in order to plan what products should be provided, how the organisation should differentiate itself from the competition and how to increase interest in its products and services provided.

We would like to continue in the research of the field of NGO sustainability. In the future we would like to approach the Pontis Foundation which is a partner organisation of USAID in analysing NGO sustainability index in Slovakia. Other examined factors could be:

- Previous experience – whether a non-governmental organisation has some experience with self-financing activities that enhance the sustainability strategy (self-financing activities except collecting membership fee which does not involve creativity, and business thinking and working on projects).
- Services – the range and quality of provided services, to what extent the nature of the services brings any social change or satisfies a social need and to what extent the nature of the services is connected with the mission and the vision of the organisation aligned with the sustainability of the organisation.
- Networking – what the level is and what experience NGOs have with bringing together non-governmental organisations with each other or with the government and firms in order to share information, knowledge and experience or collaborate on projects to strengthen the sustainability of the organisation.

- Identifying the key conditions of operating of NGOs and subsequently to identify the key problems that may differ from the determinants analysed in this paper and thus propose more solutions for sustainability building of NGOs.

These and other factors could be a topic for further research in the area of the NGO sustainability.

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**Appendix 1: Significance of the Determinants Influencing the NGO Sustainability**

Determinants	Significance				Total significance of the determinant				State in the SR			
	Round 1		Round 2		Round 1		Round 2		Round 1		Round 2	
	median	variance	median	variance	Round 1	Round 2	Round 1	Round 2	variance	median	variance	median
<b>Legal environment</b>	2.3		2.4		62 %	60 %	3.4		0.41	3.4		3.4
Suitability of laws governing the operation of NGOs	1.5	0.45	2.0	0.42	70 %	60 %	3.0		0.41	3.0		3.0
Clarity of laws governing the operation of NGOs	2.0	0.62	2.0	0.49	60 %	60 %	3.0		0.37	3.0		3.0
Tax laws (allowances for NGOs)	2.0	0.53	2.0	0.53	60 %	60 %	4.0		0.44	4.0		4.0
Availability of legal advice for NGOs	3.0	0.60	3.0	0.46	40 %	40 %	3.0		0.48	3.0		3.0
Opportunities to apply for government / public contracts	3.0	0.55	3.0	0.43	40 %	40 %	4.0		0.49	4.0		4.0
<b>Organizational capacity</b>	2.1		2.2		65 %	63 %	2.9			3		
Existence of a management	2.0	0.55	2.0	0.49	60 %	60 %	2.5		0.50	3.0		3.0
Level of employees professionalization	2.0	0.47	2.0	0.55*	60 %	60 %	3.0		0.41	3.0		3.0
Defined mission and vision	1.0	0.43	2.0	0.47	80 %	60 %	3.0		0.49	3.0		3.0
Volunteers involvement	2.5	0.51	2.0	0.43	50 %	60 %	3.0		0.43	3.0		3.0
Material and technical support	3.0	0.48	3.0	0.24	40 %	40 %	3.0		0.43	3.0		3.0
<b>Financial viability</b>	2.1		2.2		65 %	63 %	3.3			3.4		
Economic situation in Slovakia	2.5	0.45	3.0	0.47	50 %	40 %	4.0		0.33	4.0		4.0
Economic situation of NGOs	2.0	0.54	2.0	0.55	60 %	60 %	3.5		0.34	3.0		3.0
Level of multisource funding of NGOs	2.0	0.48	2.0	0.55	60 %	60 %	3.0		0.56	4.0		4.0
Use of fundraising	2.0	0.47	2.0	0.44	60 %	60 %	3.0		0.44	3.0		3.0
Raising funds from local sources	2.0	0.49	2.0	0.52	60 %	60 %	3.0		0.47	3.0		3.0
<b>Service provision</b>	3.1		2.4		48 %	60 %	3.1			3.6		
Diversity of providing services	3.0	0.48	3.0	0.52	40 %	40 %	3.0		0.39	3.0		3.0
Providing services to the needs of the community	2.0	0.43	2.0	0.51	60 %	60 %	3.0		0.48	3.0		3.0
Charging fees for the services	3.0	0.57	2.0	0.49	40 %	60 %	3.0		0.40	4.0		4.0

Determinants	Significance				Total significance of the determinant				State in the SR			
	Round 1		Round 2		Round 1		Round 2		Round 1		Round 2	
	median	variance	median	variance	Round 1	Round 2	median	variance	median	variance	median	variance
Providing extra services	4.0	0.55	3.0	0.58	20 %	40 %	3.0	0.38	4.0	0.38	4.0	0.45
Government recognition for providing services	3.5	0.62	2.0	0.66	30 %	60 %	3.5	0.42	4.0	0.42	4.0	0.44
<b>Infrastructure</b>	<b>2.3</b>		<b>2.6</b>		<b>62 %</b>	<b>57 %</b>	<b>3.4</b>		<b>3.2</b>		<b>3.2</b>	
Existence of umbrella organisations for NGOs	3.0	0.55	3.0	0.45	40 %	40 %	3.0	0.39	3.0	0.39	3.0	0.47
Access to information, training, technical support	2.0	0.48	2.0	0.35	60 %	60 %	3.0	0.49	3.0	0.49	3.0	0.51
Availability of documents (training materials, application forms) in Slovak language	3.0	0.46	3.0	0.60	40 %	40 %	3.0	0.51	3.0	0.51	3.0	0.51
Existence of foundations providing grants to NGOs	2.0	0.53	3.0	0.57	60 %	40 %	4.0	0.42	3.0	0.42	3.0	0.32
Level of networking – existence of partnerships with other NGOs, with government, with firms	1.5	0.49	2.0	0.64	70 %	60 %	4.0	0.45	4.0	0.45	4.0	0.43
<b>Public image</b>	<b>2.1</b>		<b>2</b>		<b>65 %</b>	<b>67 %</b>	<b>3.8</b>		<b>3.8</b>		<b>3.8</b>	
Public awareness about NGOs	2.0	0.48	2.0	0.42	60 %	60 %	4.0	0.39	4.0	0.39	4.0	0.37
Level of publishing annual reports and press releases	2.5	0.37	2.0	0.37	50 %	60 %	4.0	0.47	4.0	0.47	4.0	0.52
Level of promoting NGO activities	2.0	0.41	2.0	0.47	60 %	60 %	4.0	0.42	4.0	0.42	4.0	0.41
Response in the media	2.0	0.57	2.0	0.44	60 %	60 %	4.0	0.46	4.0	0.46	4.0	0.42
Transparency of NGO, use of Code of ethics	2.0	0.47	2.0	0.56	60 %	60 %	3.0	0.55	3.0	0.55	3.0	0.65

\* Numbers in italics show a drop in the value of the variance in Round 2 compared to the Round 1.

\*\* Underlined determinants are rated as underdeveloped in Slovakia - the difference of 2 points between significance and current state.

Note: also determinant of "Tax laws (allowances for NGOs)" has 2 points difference between significance and current state but it belongs to external factors and therefore is not a subject of presented paper.

Source: own research

**Appendix 2: Best Practices**

Organisation	Factor	Activities
Orbis institute Slovakia, o.z	Field of activity – extension of services, creation of a program / project.	Incomes from promotion events are used to fund education, leadership programs and workshops.
Outdoor institute	Field of activity – extension of services, creation of a program / project.	Renting and providing attractions such as wall climbing. Organizing wall climbing technique courses.
OZ Jablonka	Field of activity – extension of services, creation of a program / project.	Sale of old varieties of fruit trees and shrubs, organizing seminars and workshops – eco-education, traditional crafts.
Galenospharm	Field of activity – extension of services, creation of a program / project.	Organizing courses.
	Business (commercial) activity.	Business with parking. Incomes from parking fees.
	Networking, cooperation with companies.	Cooperation with several important companies, e.g. Zentiva.
Sieť LetNet	Field of activity – extension of services.	Organizing meetings, selling products.
	Membership fees.	Registration charges, membership fees.
Aliancia Fair-Play	Field of activity – extension of services, creation of a program / project.	Selling products (gifts) and services (organizing trainings for other NGOs).
	Involvement of volunteers.	Involvement of volunteers into self-financing activities.
Leccos	Field of activity – extension of services, creation of a program / project.	Services provision.
Mezera	Field of activity – extension of services, creation of a program / project	Revenue from regular activities (sales of services).
	Education of employees, trainings.	Attendance at meetings of NGOs and trainings regarding self-financing activities.
	Involvement of volunteers.	Regular and irregular activities of the organization were realized only thanks to volunteering.
Magráta	Education of employees, trainings, management professionalisation.	Attendance at different trainings, also regarding the self-financing,
	Field of activity – extension of services, creation of a program / project.	Organizing cultural events and courses, running workshops.
Český západ	Field of activity – extension of services, creation of a program / project.	Sale of services (social), sale of goods (charity shop Buti), revenue from their own weaving shop.
Kaspian	Field of activity – extension of services, creation of a program / project.	Sale of products (T-shirts with the logo of the organization), ceramic workshop, publishing and sale of publications. Providing advertising space in the skate park.

Organisation	Factor	Activities
	Involvement of volunteers.	Volunteer to map the possibilities of self-financing (how much investment is required, what are revenues), in collaboration with the staff will seek other sources of funding.
EFFETA	Field of activity – extension of services, creation of a program / project.	Organizing courses of sign language, providing interpreters services, organizing workshops.
Lepší svet n. o.	Field of activity – extension of services, creation of a program / project.	Organizing workshops (ceramics, painting, arranging), cafes and galleries. Sale of paintings and other products of the workshops. Providing advertising agency services, rental of premises, publishing a magazine.
O. z. Pomoc ohrozeným deťom	Cooperation with companies, networking.	Cooperation with Nadácia pre deti Slovenska (co-organization of projects). Cooperation with Philip Morris International (“social marketing/cause related marketing” – Education of police officers to evaluate the risk in domestic violence cases).
Nadácia Pontis (foundation)	Field of activity – extension of services, creation of a program / project.	Organizing conferences, forums and seminars (mainly focused on philanthropy, donations, responsible entrepreneurship).
O. z. Archimera	Field of activity – extension of services, creation of a program / project.	Organizing exhibitions and competitions.

Source: own research



## **SUSTAINABILITY STRATEGY OF NON-GOVERNMENT ORGANISATIONS IN SLOVAKIA**

**Mária Svidroňová**

*The sustainability of any organisation means its capacity to fulfil its mission in the most effective way. In other words, sustainability means that an organisation works continuously for as long as possible in the marketplace of the services provided. The basis to ensure the sustainability is to create and adopt strategies. Strategic management has become an essential part of non-governmental organisations (NGOs). Although it is difficult for an NGO to create a long-term strategy when its donors support this NGO either for a specific purpose (and thus not for creating a strategy) or for a short term period (usually for one year which makes it really difficult to plan a strategy and certain steps when their financing is insecure). This scientific paper presents research results of the current state of sustainability of non-governmental organisations in the Slovak Republic. Using secondary data analysis of the NGO Sustainability index compiled annually by the U.S. Agency for International Development (USAID), two questionnaires were created. One was dedicated to Slovak NGOs whereas the second one was sent to an expert group in Slovakia. Primary data obtained by the sociological questionnaire and by the Delphi method were analysed with relevant statistical methods. The results of the analysis allow us to formulate proposals to strengthen the sustainability of NGOs in Slovakia. The presentation of these results enables us to fulfil the scientific goal of the paper which is to evaluate the current state of the sustainability of non-governmental organisations in Slovakia and propose internal factor-based solutions to enhance their sustainability. In this article, we did not analyse the external and legislative factors, e.g. changes in tax assignation system due to the limited scope of the paper.*

**Key Words:** *third sector, non-governmental organisations, sustainability strategy, the NGO Sustainability Index, USAID.*

**JEL Classification:** *L31, L39.*