

# Chapter 1

## Management Solutions in Non-Profit Organizations: Case of Slovenia

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### ABSTRACT

*The main purpose of this chapter is to examine the utilization of management solutions in non-profit organizations in Slovenia and compare their utilization with utilization of solutions in profit oriented organizations. We used 357 answers from employees in Slovenian organizations, where 58 answers were from employees in non-profit organizations. The results reveal that examined management solutions are on average in non-profit organizations less used than in the profit oriented organizations. Significantly less used are for instance benchmarking, customer relationship management, mission and vision statements, balanced score card and shared service centers. In terms of the frequency of management solutions utilization, outsourcing, core competencies and strategic planning are most frequently used in non-profit organizations, and benchmarking, mission and vision statements and outsourcing in profit oriented organizations. At the end the paper outlines management solutions, which have potential to bring substantial benefits for improvement of non-profit organizations' working.*

### INTRODUCTION

The main purpose of this chapter is to report about examination of the utilization of management solutions in non-profit organizations in Slovenia. Management literature reported about several management solutions and their utilization in enterprises (Porter, 1996; Daft, 2000; Sutherland & Canwell, 2004; Van Assen et al., 2009; Potocan & Dabić, 2012; Dabic et al., 2013). The current discussions about enterprises' operating are mainly focused on selection of adequate business policies and strategies and their implementation through the use of suitable management solutions (Armstrong, 2006; Ralston et

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al., 2011). Additionally, enterprises constantly re-think the adequacy of their chosen management solutions and possibilities for utilization of new solutions (Kumar et al., 2011; Jarzabkowski et al., 2013).

In the forefront of the present discussion in management theory there are non-profit organizations as the fastest growing group of organizations in the modern societies, whose contribution to gross domestic product is rapidly growing in societies around the world (Becchetti et al., 2013). Non-profit organization is usually defined as an organization whose purposes are other than making a profit (Zimmer & Priller, 2004; Rutzer et al., 2009). Contently, these organizations are member-serving or community-serving organizations, but the definition of non-profit organizations is not consistently differentiated across different countries and in the international society (Hansmann, 1980; Frumkin, 2005; Rutzer et al., 2009).

In the forefront of management discussion about non-profit organizations in Europe there is the development of methodological and content-related consideration of managerial improvement of their working and behavior (Rhys & Van de Walle, 2013; Schachter, 2014). The non-profit organizations are under pressure for improvement of their working and behavior for optimization of disposal of sources and achievement of the selected society's goals (Mullins, 2010; Becchetti et al., 2013). In that framework, the management theory focused on transformation of traditional management to the "new management" of non-profit organizations (Drucker, 1989; Evers & Laville, 2004; Smith, 2014).

An important part of development of new management of non-profit organizations belongs to issues related to possibilities and results of utilization of diverse management solutions as carriers of management ideas and their appearance forms ranging from concept, methodologies, methods, techniques, instruments to tools in working of non-profit organizations (Morgan & Wang, 2010; Jarzabkowski et al., 2013). But the previous researchers of this area are linked with plenty of unsolved issues (Carter et al., 2011; Potocan et al., 2012). In management, researchers are primarily oriented on consideration of management tools, as the most recognizable and frequent appearance of management solutions and ideas behind them. In that framework we continue previous studies about importance of managerial tools' use as selected part of management solutions' consideration and their impacts on results of organizations (O'Hare et al., 2010b; Kumar et al., 2011; Rigby & Bilodeau, 2011). The available literature offers limited evidences about utilization of several contently different management tools in non-profit organizations (Audier et al., 2010; Schachter, 2014). Previous empirical studies also reported contradictory results about the frequency and patterns of management solutions and corresponding tools in non-profit organizations (Majduchova, 2003; Danvers & Nikolov, 2010; Adamoniene & Ciutiene, 2013), since there are no broader researches about that topic concerning different non-profit organizations and non-profit organizations in different environments (Armstrong, 2006; Certo & Certo, 2009; Mullins, 2010).

With the reported-about study we outlined the actual state about the selected management tools utilization in non-profit organizations and comparison of states of tools utilization in the non-profit and profit organizations. Results of the study are important for practice, since they are based on obtained results which reveal the current state of management tools utilization in non-profit organizations; they provide an important starting point for setting the direction about future utilization of management tools in non-profit organizations – i.e. pace of use and priority of utilization. In that framework another important question is related to the transferability and usability of management tools, prevailing in practices of the profit oriented organizations, in the non-profit organizations. Our study is also providing results about management tools utilization in profit organizations; thus it provides an answer about differences in pace and priority of management tools utilization in both non-profit and profit organizations. Knowing the intensity and hierarchy of management tools utilization in non-profit and profit organizations provides a fertile ground for discussion and future directions of utilization of management tools.

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