

# HUMAN RESOURCE DEVELOPMENT IN THE NON-PROFIT SECTOR

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## *Abstract*

*In the beginning of the 21<sup>st</sup> century the social activity of the civil or non-profit organizations is becoming more and more relevant. The specifications 'civil and non-profit' are distinguishable features from the point of their content on the bases of different approaches. The main importance of the civil/ non-profit organizations is to compensate the deficiencies caused by inadequate operation of state support systems and the different pursuits of market participants. These organizations can provide the main conditions for civil self-organization and interest-enforcement processes. They can promote non-profit oriented social innovations and contribute to solving social problems. Civil/ non-profit organizations can produce and reproduce collective goods that can increase social welfare in the society.*

*Keywords: human resource development, non-profit sector, organizational development.*

## *Összefoglaló*

*A XXI. század kezdetén a civil/ non-profit szervezetek társadalmi szerepvállalása fontos, aktuális kérdéssé vált. A „civil” és „non-profit” fogalmak egymástól - különböző szempontok alapján - megkülönböztetendő jelzőket takarnak. A civil/ non-profit szervezetek legfontosabb jelentőségét tényleges küldetésük adja: egyfajta bázispótló szerepet játszanak a visszavonuló állami szféra és az eltérő érdekeltiséggel rendelkező piaci szektor között tátongó űr betöltésében. Tevékenységeik révén képesek a tényleges társadalmi igények és szükségletek kielégítésére, társadalmi, kollektív javak létrehozására, a társadalmi, szociális problémák megoldására.*

*Kulcsszavak: humánerőforrás-fejlesztés, non-profit szektor, szervezetfejlesztés.*

## **Introduction**

After introducing the main approaches of the current research and defining the basic concepts, the author argues for the substantial role of the civil/ non-profit sector and organizations in the Hungarian socio-economic system. In the second part of the article the goals and methods of the research are outlined. Results will be interpreted in their relation to the main functional characteristics of the organizations examined in the study. Further, the author will show how results are connected to human resource features. As a conclusion, the human and organizational development needs of the organizations are summarized.

## **Approaches and basic concepts**

The first question of the current study is what is meant by the civil or non-profit sector and organizations. Basically, we can answer this question from social, political, legal and economic perspectives.

Within the national economy we can distinctly separate the state/ governmental sector and the market/ business sector from the civil/ non-profit sector. The latter is a collective term for non-governmental organizations driven by non-profit goals and organized to satisfy the demands of individual groups and communities.

From a social and a political viewpoint these organizations are part of an independent and free civil society. They are separated from the political state and include civil initiatives and institutions as autonomous structures in the society. (Varga, 1999)

The common attribute of civil/ non-profit organizations is their non-profit based operation. Non-profit based operation refers to the requirement that it is prohibited to distribute the profits among the participants. These organizations can not serve any personal or business interests. The profit arising from their services must be invested in the operation and improvement of their priorities – of the basic activities included in their “mission statement”. This rule may well distinguish between civil/ non-profit organizations and business companies.

Some of the civil/ non-profit organizations included in the sample of the current investigation are civil initiatives on legal bases which operate within formal structures.

A larger proportion of them are also civil initiatives but they lack any formal structure, operation and legal base - e.g. civil circles and clubs. This sphere focuses on various forms of colourful, less formal and voluntary-based civil participation in the society. The name of these organizations - „non-governmental organizations” („NGO's”) – also refers to this attribute. (Arató, 1992)

Another important characteristics is their 'for public use' feature. According to this, the organizations can serve the interests and can satisfy the needs of the broad public, including individuals, groups and communities. (Barbetta, 1991)

## **The important role of civil / non-profit organizations and sector**

The main significance of the civil/ non-profit organizations is to compensate the deficiencies caused by the inadequate operation or shortcomings of state support systems and by the different pursuits of market participants.

These organizations can provide the main conditions for civil self-organization and interest-enforcement processes. They can promote non-profit oriented social innovations and contribute to solving social problems. (Juhász, 2006) Civil/ non-profit organizations can produce and reproduce collective goods that can contribute to social welfare in the society.

## **Hypotheses, goals and methods of research**

The main problems of local civil/ non-profit organizations are twofold: the lack of resources

and different problems within their management.

The improvement of the management of civil/ non-profit organizations has a primary importance in increasing organizational efficiency, in enhancing their interest-realization activity, in finding more sources and managing their organizational changes.

Beyond the goals and tasks of the Hungarian civil/ non-profit organizations mentioned above it is especially important to develop their human resource potentials as a primary resource and adapt modern management techniques to their needs of development.

The goal of the current research has been to analyze human resource conditions of civil/ non-profit organizations in Hungary. The author collected data from Hungarian and international professional data bases. Internet resources were also employed. (www.eustat.com). As a next step, a new data base has been constructed using the relevant information. Employing the method of sociological research two or three organizations were selected in each geographical unit relying on the applied distribution method. A questionnaire method was used to interview 50 civil/ non-profit organizations in Hungary.

## The questionnaire

Two main groups of questions were constructed in the questionnaire. The first group focused on general data of the organizations examined in the current study. These questions were related to the significance of these organizations: the roles they play locally or in the rural areas; features of organizational form and structure; the distribution of activities; and the features of internal organizational environment. In the second group of questions the author focused on human resource characteristics of the organizations. Here the types of education, knowledge and competencies possessed by the employees were examined.

## Results

### *Formal and general characteristics of the organizations*

#### *Organizational form*

The organizations reflect the specific dual feature of the Hungarian non-profit sector: we can find civil institutions - foundations and societies - and non-profit business organizations such as public foundations, and companies for public use in the model.

*Table 1. Classification of examined organizations on the basis of formal characteristics*

<b>Officially registered organizations: 70 %</b>	
<b>Civil organizations</b>	<b>Non-profit business organizations</b>
Societies: 62.86 %	Public foundations: 5.71 %
Foundations: 28.57 %	Companies for public use: 2.86 %
<b>Non-registered organizations: civil circles, clubs etc.: 30 %.</b>	

*Source: own data*

Among these, we can identify organizations that provide public services and those with non-profit services. Furthermore there are some organizations that are not officially registered, do not have a formal structure and offer some operational initiatives in order to satisfy the needs of small groups and communities. (Table 1.)

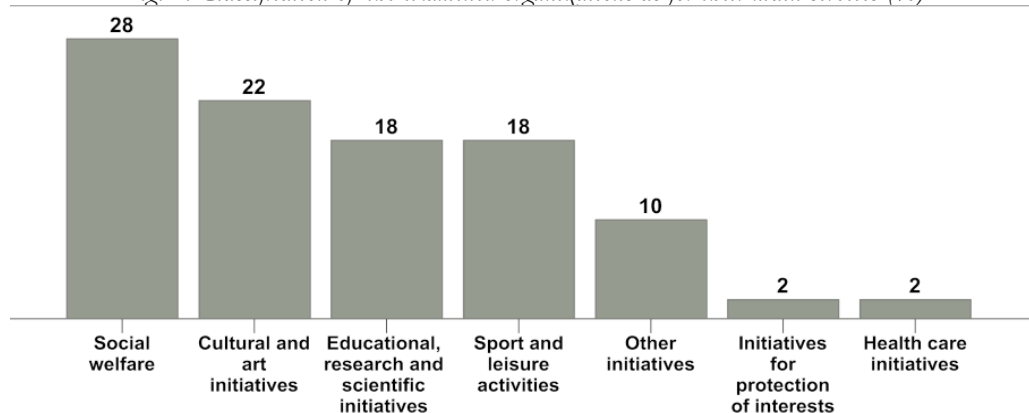
#### *The main services*

According to the accomplished tasks and initiatives of the organizations seven different categories were constructed where the fifty civil/ non-profit organizations examined in the current study would fit in.

Based on the main initiatives we can state that most of the organizations (28 %) perform social aid activities. The next frequent category is 'cultural and art initiatives' (22 %). There were several organizations engaged in 'educational, research and scientific activities' (18 %) and 'sport and leisure activities' (also 18 %). Another 10 % of the examined organizations pursued 'other initiatives' (here, it refers to non-determined, mixed or incidental activities). A small proportion of the organizations perform 'health promotion' (2 %) and 'protection of interests initiatives' (2 %).

The results have disclosed that the organizations represent a relatively wide scale of different types of initiatives and tasks (Figure 1.).

*Fig. 1. Classification of the examined organizations as for their main services (%)*

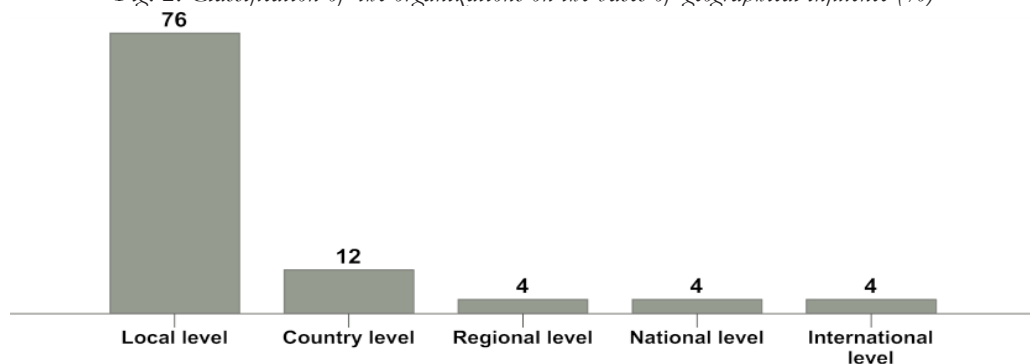


*Source: own data*

#### *The geographical influence of the organizations*

As it can be seen in Figure 2., 76 % of the civil/ non-profit organizations have a marked local-level impact on the area where they have their headquarters.

12 % of the organizations accomplish different activities on county level, 4 % of them operate on regional and national level. Only two (4 %) of the organizations were included into international co-operations within the EU and were able to maintain a continuous business relationship for years while working on their projects (Figure 2.).

*Fig. 2. Classification of the organizations on the bases of geographical influence (%)**Source: own data*

### ***Major human resource characteristics of the organizations***

#### *Number of employees and volunteers*

The 50 organizations only had 19 legally hired paid employees. In the subgroup of public foundations there were two and three persons employed, respectively. In the case of a company 'for public use', there were four employees in the organization.

Managers or representatives of the organizations are the only staff in most organizations. Being under-staffed is directly caused by lack of adequate financial resources and difficult employment conditions.

The civil/ non-profit organizations try to compensate for the low numbers with volunteers. The number of volunteers and the value of their work continuously increase. Unfortunately, we can not speak about an extensive and well-organized voluntary sector in Hungary these days.

#### *Education*

Among the nineteen employees, eight managers and two subordinates have college or university degrees or diplomas. (Table 2.)

It is definitely an advantage that most of the representatives have university or college degrees but there were only four persons among these who have received specialized training on the non-profit sector. These specialists had adequate education to manage the organizations.

In the author's opinion, managers and perhaps other staff members providing a number of social services and trying to meet a number of community needs should be engaged more in multi-professional studies and they should acquire field-specific knowledge.

Table 2. Education

	Managers (person)	Subordinates (person)
College and/ or university degree	8	2
Postgraduate and/ or specialized	4	0

*Source: own data**Second language and computer skills*

With regard to the two main competencies emphasized in the study the author has not received any favourable results. Nobody from the management had relevant second language proficiency (language exams) or an adequate level of communicative competence in a second language. There were only two persons among the subordinates who had intermediate level language proficiency and there was another colleague who had a basic level language exam. These shortcomings considerably limit the chances of the examined organizations in their potential co-operations both locally and internationally.

The computer skills of the employees were somewhat more developed than their language competencies. 50 % of the managers and almost 100 % of the staff had adequate computer skills - in most cases, MS Office experiences.

Table 3. Language proficiency and computer skills

	Managers (person)	Subordinates (person)
Second language exam or practiceable language skills	0	3
Computer skills	10	9

*Source: own data**Competency matrix*

The competency matrix contains parameters of education, former work experience and relevant skills as it is shown in Table 4.

The author compared the parameters of each employed person to the professional needs determined by frequently performed tasks. The competency matrix shows that the managers should improve their competency in all areas. (Table 4.)

Table 4. Competency matrix

Competencies	Competencies related to tasks accepted by employed	
	Managers	Subordinates
Studies	insufficient	Sufficient
Command of a second language	insufficient	Insufficient
Computer skills	sufficient	Sufficient
Former work experiences	insufficient	Insufficient

*Source: own data*

**Suggestions: human resource and organizational development needs and goals**

Human resource development comprises the series of improvement-oriented interventions that facilitates the change, the level of accommodation and the increase of performance in the organizations by improving individual skills and attitudes.

The methods and techniques of improvement applied can be differentiated as internal and external methods and programs. Through human resource development – training, skill building, workshops, in-service lectures and continuing education – it is possible to build experienced, motivated and competent workforce lead by highly qualified managers.

Heads of non-profit organizations, as democratic leaders and mentors, should facilitate the development and maintenance of professional and motivated human resource basis that must ensure the completion of the tasks undertaken and the survival as well as the development of the organization as high priorities. These leaders should be familiar with methods and workable solutions of project management, organizational psychology and sociology, organizational development and change management, work organization and human resource management.

When these contingencies are met only then innovation can begin.

**Summary**

In the beginning of the 21<sup>st</sup> century the social activity of the civil or non-profit organizations is becoming more and more relevant.

The specifications 'civil and non-profit' are distinguishable features from the point of their content on the bases of different approaches (social/ political and legal/ economic perspectives). The current research has revealed that human resource development should be a priority in the Hungarian non-profit organizations. Presently, their prospects of development are seriously impeded by the lack of necessary competencies and skills. This would serve the interests of the broad public as civil/ non-profit organizations are founded on the principle of satisfying collective needs and of fulfilling goals and tasks related to social needs and problems.

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