

THESIS

ANALYSIS OF ASSOCIATION INTERNATIONALE DE ETUDIANTS EN SCIENCES ECONOMIQUES ET COMMERCIALES (AIESEC) FINANCIAL STRATEGY IN SUSTAINING THE FINANCIAL STABILITY (A CASE STUDY AT AIESEC UNIVERSITAS HASANUDDIN)

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THE FACULTY OF ECONOMICS AND BUSINESS UNIVERSITAS
HASANUDDIN MAKASSAR
2022**

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Compiled and Submitted by

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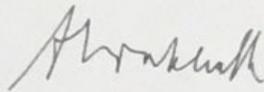
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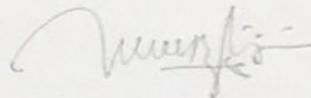
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**ANALYSIS OF ASSOCIATION INTERNATIONALE DE ETUDIANTS EN
SCIENCES ECONOMIQUES ET COMMERCIALES (AIESEC) FINANCIAL
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Makassar, September 2022



Fildzah Lamuna

PREFACE

Praise and deep gratitude to Almighty Allah SWT for the abundance of grace and guidance of hi given to the writer which made this thesis can be properly in completed. Greetings and Salawat always be dedicated to the Prophet Muhammad SAW. For the grace and blessing, the author finally able to finished the thesis research as the requirement for taking the final examination of the Bachelor of Economics at the Faculty of Economics and Business in Universitas Hasanuddin.

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Researchers realized that this thesis is certainly still far from perfection as a scientific work, if there are errors in this thesis it is entirely the responsibility of the

researcher and not the aid providers. Therefore, constructive criticism and suggestions will be very useful to further refine this thesis.

Makassar, September 2022

Fildzah Lamuna

ABSTRACT

ANALYSIS OF ASSOCIATION INTERNATIONALE DE ETUDIANTS EN SCIENCES ECONOMIQUES ET COMMERCIALES (AIESEC) FINANCIAL STRATEGY IN SUSTAINING THE FINANCIAL STABILITY (A Case Study at AIESEC Universitas Hasanuddin)

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This research aims to determine financial strategies that AIESEC Universitas Hasanuddin uses to sustain their financial stability. For the analysis, the researcher uses the SWOT analysis theory. The researcher did the observation for a few days to get all the data in the AIESEC office. The researcher also interviewed five persons who understood the strategy and cash flow of the AIESEC Universitas Hasanuddin. AIESEC is a well-known NGO run entirely by students, which means that this organization is not getting any funds from the government or the university. But even though they are not getting any help from the government, this organization is working really well, especially the one in AIESEC UNHAS. The researcher concluded that the strategy used by AIESEC Universitas Hasanuddin works efficiently and is well implemented since the data that the researcher got shows that the financial status of AIESEC Universitas Hasanuddin is stable every month and, in some months, even increasing.

Keywords: NGO, AIESEC, Funding, Financial status analysis, SWOT Analysis.

CHAPTER I

INTRODUCTION

1.1 Research Background

Now days, many organization have emerged in society with various types and interests. One of them is a non-profit organization or also called as Non-Governmental Organization. a non-profit or non-profit organization is an organization whose operations are not for profit or without profit (monetary) in attracting public attention. Included in the category of non-profit organizations include religious, public schools, public charities, public hospitals and clinics, political organizations, community assistance in terms of legislation, volunteer organizations, labor unions, professional associations, research institutes, museums, and several government officials (Korompis, 2014).

The characteristic of non-profit organization are different from business organization. The main fundamental difference lies in how-profit organizations obtain the resources needed to carry out their various operating activities. Non-profit organizations derive their resources from members and other donors who do not expect anything in return from the organization (Hendrawan, 2011). According to the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) as contained in DE ISAK 35 of 2018, states in considering that the main difference 2 between non-profit oriented entities and profit-oriented business entities is the way in which non-profit-oriented entities obtain resources from resource providers who does not expect repayment or economic benefits commensurate with the amount of resources provided. Therefore, the concept of recognition, measurement, presentation

and disclosure for similar matters is more appropriate to refer to the existing arrangements in SAK or ETAP.

Non-profit organizations don't pay income tax on the money earned from fund-raising activities or donations. Non-profit organizations obtain their own capital or fund capital by reducing the surplus obtained, receiving assistance or assistance from individuals or community groups. Several sources of non-profit organizations include community donations, APBD / APBN, local donor agencies, international donor agencies, international development agencies, program/project cooperation with other institutions, or through the business unit itself (fundraising). There are several things that must be considered in the financial management of non-profit organizations, including how to run the program and achieve the goals that have been set in accordance with the provisions and rules agreed with the donor; also how this non-profit organization can set aside some of its funds to pay for operational needs such as paying salaries, bills, taxes, and so on.

In activities, this non-profit organization does some positive things, which have a good impact on the community through its operations. The opportunity to serve the community, efficient performance, protection of rights, cooperation, and experienced management or sufficient human resources (Judhistira, 2013). Management of the organization's financial stability is connected with more flexibility of financial strategy of development an adaptability when it is important to provide business development with financial resources. (Averina et al., 2016; Havlicek et al., 2013)

According to Sun and Tse (2009), the sustainability of an organization lies in the substitutability and immitigability of the firm and as such sustainability

is a core concept of strategic management. Omeri (2015) defined sustainability as the ability of management to maintain an organization over into the foreseeable future.

The Scarcity of resources is very critical when considering the financial sustainability of NGOs (Omeri, 2015). This reasoning is consistent with Drucker (1995) argument that organizations are confronted with increasing programs and activities that need consistent and adequate funding but will have to settle down with limited funding opportunities. This can result in financial unsustainability if measures are not put in place to address them. The economic sustainability of an organization is the ability of the firm to take advantage of opportunities and react to unexpected opportunities and, at the same time, maintain balance in the operations of the organization (Bowman, 2011). Omeri (2015) links financial sustainability to financial capacity, which the study argues is the extent to which management has flexibility in the reallocation of resources in the light of opportunities and threats.

According to Forknell, J. (2020), Financial strategies that create stability for nonprofits organization to keep a non-profit operating efficiently, organization leaders should have the financial discipline and know-how as the leaders of commercial enterpriss. Fiscal knowledge can help non-profit leaders make better financial decisions, and this can be accomplished through internal initiatives that develop and foster financial accountability is organizations should understand the cycle of revenue and expenses, should make a standard annual budgeting of operating expenses should be a requirement of each department, Capital expenditure planning, analysing the performance of the event or project

is an important measurement to any business, and do monthly reporting and forecasting.

Association Internationale des Etudiants en Sciences Economiques et Commerciales (AIESEC), This organization is one of a non-profit organization that belongs to the type of membership organization. Politics do not govern AIESEC, and it is independent, run by students and recent graduates. AIESEC as an organization that provides services to develop the leadership of its members have a product, namely the integrated development experience. Integrated development experience is services which provided by AIESEC to develop its members, comprised of leadership opportunities, exchange program and global learning environment. Leadership opportunities offered to its members to have leadership experience by leading team in scale of project, functional, local, national, and international. This experience provided by AIESEC to develop skills of leadership and management of members with practical and theoretical experience. This organization spans 126 countries and every aspect of AIESEC's operations is managed by students and recent graduates, one of which is Indonesia. AIESEC Indonesia itself is one that is quite active at the international level. Then, AIESEC Indonesia has twenty-six (26) Local Committees (LC) spread across several universities and cities, one of which is AIESEC in Hasanuddin University.

AIESEC in Hasanuddin University is one of the AIESEC Local Committees in Indonesia. It was established in 2012 and has become a platform for youth in Makassar to develop leadership skills that positively impact the surrounding community. AIESEC in UNHAS is a non-profit organization that can be called a social organization. This means that AIESEC in UNHAS still

needs income stability to continue carrying out its activities, in contrast to other Non-Government Organization (NGOs), which only focus on the social impacts they provide without considering priority income. The profits obtained by AIESEC in UNHAS are not used like a business company but are to be replayed so that the program being undertaken can continue. This income is obtained both internally and from the products they have. The activities undertaken by AIESEC in UNHAS organization have an international scale and have developed various educational and social programs and activities. It is known that one of AIESEC UNHAS products is the Outgoing Global Talent. Outgoing Global Talent define as an internship abroad experience for young people that aims to develop a professional career in a global environment (“AIESEC I Live the experience”, 2019). This program is implemented in overseas professional companies with a duration of 3 to 12 months. The program not only held in the countries in Southeast Asia, but also countries in several continents such as Europe, The Middle East, and East Asia. These countries are known as the partner countries of the internship abroad program such as Singapore, Malaysia, Vietnam, India, Turkey, Japan, and Germany. The aim to carry out this program that expects to enhance and strengthen the experience of undergraduate students with some cultural differences in the work environment and workforce diversity. Moreover, they will earn wages, international certificates and facilities from certain companies where they are accepted. The program includes seven sub-products, including marketing, teaching, technology, hospitality, distribution, IT and business administration.

Table 1.1 Participant number on Outgoing Global Talent of AIESEC

UNHAS program in 2021

Year	Number Target	Number of Participants		Total number of participation
		Summer	Winter	
2021	5	4	3	7

Source: AIESEC in Universitas Hasanuddin 2021

One of product that contributes to the organization's revenue is AIESEC Future Leaders. AIESEC Future Leaders is defined as an initiative program which provides youth development in a 3 months program which consists for skill-development spaces. It provides youth the development to take further leadership roles and introduce the to the concept of leadership development.

Table 1.2 Participant number on AIESEC Future Leaders of AIESEC in UNHAS program

Number Target	Number of Participants		Total number of participation
	1 st Semester	2 nd Semester	
130	70	87	157

Source: AIESEC in Universitas Hasanuddin 2021

Research conducted by Parindra (2015) states that AIESEC's strategy in sustaining their financial stability is correct and it is all well executed as well. Not only sustain it, they also increase it and develop the organization at the same time. This research refers to the research conducted by Parindra (2015) with the title "Analysis of AIESEC President University Financial Strategy in

Sustaining the Financial Stability", and the difference in this study is that researchers conduct further research related to financial strategy in sustaining financial stability at AIESEC UNHAS which is classified as a non-profit organization, the title of which is raised by the researcher is "Analysis of AIESEC Financial Strategy in Sustaining the Financial Stability (Case Study of the AIESEC Organization of Hasanuddin University).

1.2 Formulation of The Problem

1. Where does AIESEC in UNHAS get all these funds?
2. How AIESEC in UNHAS maintaining their financial stability?
3. What is the strategy of AIESEC in UNHAS for all the funds they have?
4. How can AIESEC in UNHAS hold big events such as student exchange, and what is the strategy?

1.3 Research Objectives

1. To find out where AIESEC in UNHAS got all the funds.
2. To find out how AIESEC in UNHAS maintain their financial stability.
3. To find out about the strategy AIESEC in UNHAS obtaining funds to run the organization and its operations.
4. To find out the strategy use by AIESEC in UNHAS in maintaining their financial status.

1.4 Significant of Research

Through This research, it is hoped that it can increase knowledge, information, and suggestions for:

1. For AIESEC, This research will be a reference for AIESEC in UNHAS to maintain or even develop the organization in the future because the management of the organization changes every year. This research is expected to help new managers. Students who managed AIESEC get better and develop new strategies.
2. For University, Researchers hope that this study can help AIESEC in UNHAS get more recognition from Hasanuddin University. The university is more cooperative with the events that AIESEC will hold in Hasanuddin University.
3. For researcher, to know more about NGOs, especially AIESEC, how to get funds and manage, and their strategies in developing the organization.
4. Future Researcher, Researchers hope that the results of this study can be useful for future researchers interested in conducting deeper studies on NGOs or AIESEC.

1.5 Structure of Research

The systematic design if writing presented in the discussion of this thesis is described into five chapters, namely:

CHAPTER I: INTRODUCTION

In this chapter will explain the background of the research question of the research objective and significant of research.

CHAPTER II: LITERATUR REVIEW

This chapter will figure out theories related to this research that consist of NGO, AIESEC, Funding, Donation, and research framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter will describe the method used in this research which is qualitative method. Primary data is obtained by conducting observation and interview in the research object. Secondary data is obtained by documentation which collecting several documents.

CHAPTER IV: RESEARCH RESULT AND DISCUSSION

This chapter is about research and discussion contains an overview of the object of research, research results and discussion.

CHAPTER V: CONCLUSION AND SUGGESTION

Closing contains the conclusions of the research results and research suggestions to related parties regarding the results of the research carried out by the researcher.

CHAPTER II

LITERATURE REVIEW

2.1 Grand Theory

2.1.1 Non-Government Organization (NGO)

2.1.1.1. Definition of NGO

Non-governmental organizations or non-governmental organizations are non-profit organizations with a foundation of social and environmental interest. As the name suggests, this non-governmental organization operates independently and is not subject to government interference. Therefore, civil society sometimes sees NGOs as national and international organizations designed to specific social or political needs.

Organizations that can be classified as non-governmental organizations are non-profit and non-criminal organizations that are not controlled by the government and re restricted by non-profit and non-criminal organizations that care about environmental needs. Most NGOs rely on the performance of unpaid volunteers. Some non-governmental organizations provide job vacancies for staff and freelancers.

In general, an NGO is an organization established by an individual or a group of people who voluntarily provide service to the general public without aiming to gain profit from its activities (Praj, 2009). The United Nations (UN) Department of Public Information (DPI) defines an NGO as a voluntary, non-profit group of citizens organized at the local, national or international level to deal with issues

that support the public interest. Task-oriented and composed of people with the same interests, NGOs perform various humanitarian services and functions, convey citizen concerns to the government, monitor policy and program implementation, and encourage the participation of civil society stakeholders at the community level". Meanwhile, according to Nugroho (2001) NGO is an institution, group, or organization that is active in striving for community empowerment and development, especially at the lower levels of society.

As non-profit organizations, NGOs rely on a variety of sources for funding projects, operations, salaries, and other overhead costs. Because the annual budget of an NGO can be in the hundreds of millions (or even billions) of dollars, fundraising efforts are important for the NGO's existence and success. Funding sources include membership dues, the sale of goods and services, private sector for-profit companies, philanthropic foundations, grants from local, state, and federal agencies, and private donations.

NGOs perform a variety of functions. They provide information and technical expertise to governments and international organizations (such as specialized agencies of the UN) on various global issues, often supplying local information unavailable to governments. NGOs may advocate for specific policies, such as debt relief or the banning of landmines (e.g., the International Campaign to Ban Landmines). They may provide humanitarian relief. NGOs may also monitor human rights or the implementation of environmental regulations

2.1.1.2 Purpose of NGO

Becker, S. A. (2011) The primary purpose of an operational NGO is the design and implementation of development-related projects. One frequently used categorization is the division into relief-oriented versus development-oriented organizations; they can also be classified according to whether they stress service delivery or participation, or whether they are religious or secular; and whether they are more public or private-oriented. Operational NGOs can be community-based, national, or international.

NGOs exist for various purposes, usually to further the political or social goals of their members. Examples include improving the state of the natural environment, encouraging the observance of human rights, improving the welfare of the disadvantaged, or representing a corporate agenda. However, there are many such organizations, and their goals cover a broad range of political and philosophical positions. This can also easily be applied to private schools and athletic organizations.

2.1.1.3 Types of NGO

According to William C. (1991) NGO types can be understood by their orientation and level of operation. NGOs are organizations with various orientations as follows:

1. Charitable Orientation

A charitable orientation NGO is a type of NGO whose activities are more directed at meeting the needs of the poor.

2. Service Orientation

Service orientation NGOs are more based on community services, such as education, health service, and family planning.

3. Participatory Orientation

This type of NGO has the characteristics of a self-help project that involves the community's involvement, such as the project donating money, land, materials, equipment, and labor.

NGOs are also classified according to their operational level. Below are the types of post-organizations NGOs classified according to their level of operation.

1. Community-based Organizations (CBOs)

This type of NGO exists and develops based on various communities, such as women's organizations, sport clubs, environmental organizations, educational organizations, etc.

2. Citywide Organizations

Citywide organizations NGOS is one of the institutions assisting every community in a city. However, their service will focus more on the poor in the community.

3. NGO National

National NGOs are various organizations that have a wide scope in the country. For example, the Indonesian Red Cross (PMI) or other professional service institutions.

4. NGO International

This type of NGO is more focused on helping all communities worldwide and providing insight to various NGOs that are smaller than them. Simple examples of international NGOs are Greenpeace, WWF, and AIESEC.

2.1.2 Financial Strategy

The financial strategy of an organization is essentially concerned with procurement and utilization of funds. The basic purpose is to ensure an adequate and regular supply of funds fulfilling the present and future requirements of the business enterprise. Financial strategy deals with areas such as financial resources, analysis of cost structure, estimating profit potential, accounting functions, and so on. In short, financial strategy deals with the availability of sources, usage, and management of funds. It focuses on the alignment of financial management with the organization to gain strategic advantage.

According to Thomas Wheelen and David Hunger, “Financial strategy examines the financial implications of corporate and business-level strategic options and identifies the best financial course of action. It can also provide a competitive advantage through a lower cost of funds and a flexible ability to raise capital to support a business strategy. The financial strategy usually attempts to maximize the financial value of an organization.”

2.1.2.1. Aims of Financial Strategy

The financial strategy aims to maximize the economic value of a firm. Financial strategy can provide a competitive advantage through low costs funds. In any financial strategy, achieving the desirable debt-equity ratio by borrowing for long-term financial needs and generating cash flow internally is a crucial issue. Studies point out that high debt levels lead to improved productivity and improved cash flows. Studies also point out that diversification strategy mainly influences financial strategy. Equity financing is much preferred for related diversification whereas debt financing is preferred for unrelated diversification.

2.1.2.2. Board Areas of Financial Strategy

In general, financial strategies involve four broad areas stated below:

1. Evaluating Financial Performance

The financial position of a company at a given time can be evaluated by such typical financial statements as income statements, balance sheets, and cash flow statements. These statements can be analyzed using quantitative measures such as financial ratios. These ratios may be based on sales, profits or return-on-investment (ROI), etc.

2. Financial Forecasting

Financial forecasting is used to estimate a firm's future financial needs. Based on these forecasts, various budgets can be prepared. Based on these budgets, proper allocation of funds to multiple activities can be made. Such budgets and expenses are a function of future sales and revenues. Accurate forecasts

made on scientific techniques can provide a basis for strategic decisions.

3. Capital Structure Planning

Capital structure decisions require an appropriate mix of debt and equity capital. The debt-equity ratio measures this. This can create an optimum combination of debt and equity capital to minimize the various risks involved in excessive borrowing. A good capital structure produces financial stability. It relates to sound strategic decisions.

4. Other Financial Considerations

There are many financial activities and decisions that may influence strategic planning.

2.1.3 Funding

According to Assa'di (2009) Funding is an important part for the sustainability of NGOs, namely for the needs of implementing activities, operations, salaries, and others. Therefore, NGOs prioritize funding as an important aspect for the existence of the institution.

Funding is the act of providing resources, usually in form of money, or other values such as effort or time, for a project, a person, a business, or any other private or public institution. The process of soliciting and gathering funds is known as fundraising. Sources of funding include credit, venture capital, donations, grants, savings, subsidies, and taxes. Fundings such as donations, subsidies, and grants that have no direct requirement for return of investment are described as

“soft funding” or “crowdfunding.” Funding that facilitates the exchange of equity ownership in a company for capital investment via an online funding portal as per the Jumpstart Our Business Startups Act is known as equity crowdfunding. Funds can be allocated for their short-term or long-term purposes.

Mishkin, Frederic (2012) in economics funds are injected into the market as capital by lenders and taken as loans by borrowers. There are two ways in which the capital can end up at the borrower. The lender can lend the capital to a financial intermediary against interest. These financial intermediaries then reinvest the money against a higher rate. The use of financial intermediaries to finance operations is called indirect finance. A lender can also go the financial markets to directly lend to a borrower. This method is called direct finance.

2.1.3.1 Source of Funding

Various sources of funding are available for NGOs both at the conventional as well as non-conventional levels. Conventional sources are those that are most existing and donor-based and non-conventional sources of funding are those that also include alternative fundraising for organizations. Bilateral and multilateral aid is one of the biggest sources of funding we have seen over the past fifty and more years. These originate either from the foreign offices of the developed countries or from the multilateral organizations set up by different countries such as the United Nations, the World Bank, the Asian Development Bank. These organizations have been created to extend international support for alleviating poverty and reducing the socio-

economic gap between developed and developing countries. But their agendas are far more complex and they are not necessarily focused upon injecting funds into NGOs, but definitely, a small part of their massive programs does include funding support for NGOs in developing countries. The second important source of funding is the private charities/foundations/international organizations that are more privately handled and have a better focus on equipping local NGOs not just financially but also technically. In countries where there is some economic growth recorded with a presence of a wealthy private sector, NGOs can also look upon the corporate agencies as another major source of funding for them. There are also international corporate groups that have Corporate Social Responsibility (CSR) agenda for enhancing equity, social justice, and development. Besides, in the present times, the corporate agencies are also partnering with NGOs for joint profit-oriented projects. In some countries, the local governments are also a major source of funding as they have different community welfare and development schemes in which NGOs can apply and raise resources and implement projects. Donations and gifts, mostly from individuals or informal groups are also sources of funding for NGOs.

2.1.3.2 Funding for Business

Entrepreneurs with a business concept would want to accumulate all the necessary resources including capital to venture into a market. Funding is part of the process, as some businesses would require large start-up sums that individuals would not have.[4]

These start-up funds are essential to kick-start a business idea, without it, entrepreneurs would not have the ability to carry out their concepts in the business world.

2.1.3.3 Funding for NGO

NGOs rely on money from a variety of sources, including individual donors, foundations, corporations, and governments. Often what an NGO can and cannot do is tied to where the money comes from, dramatically affecting the effectiveness and neutrality of NGOs. While some NGOs, like GPF, refuse to accept government or corporate funding to stay independent in their decision-making, many NGOs need to depend on these funding sources in order to operate. Funding Issues have become particularly challenging, following the economic crisis. This section examines how NGOs are funded, and how funding sources affect NGO operations.

2.1.4 Financial Strategy for sustaining the financial Stability

According to Anngaini, N. P (2021) Financial stability condition that is describe the financial condition of the organization from stable condition. Meanwhile, stability is the company's/organization ability to carry out its business in a stable manner, which is measured by considering the company's ability to pay interest on debts and finally repay these debts on time, without experiencing critical financial constraints.

Like a for-profit organization, a non-profit organization needs to be financially stable to meet its goals. For a non-profit, the goal is not

about profitability, of course, but about providing a product or service that meets a more altruistic need.

Since the mission of non-profit organizations is to provide some societal or community-based greater good, non-profits seek donations from like-minded sources to achieve their goal of delivering something of value to the community. Successful nonprofits might have large donor bases, a few generous donors, or both; some seek grants to fund their operations, while others, such as symphonies or museums, charge fees for tickets and memberships to augment their foundation efforts.

Regardless of a non-profit's mission, being "non-profitable" is not the goal for any non-profit. However, a non-profit must demonstrate financial stability to fulfil its mission. Even though the revenue comes in different forms than it does for a for-profit company, strong financial controls, measurement, and reporting should mimic a for-profit company in several key areas.

2.1.4.1 Financial strategies that create stability for non-profit organization

According to Forknell, J. (2020), financial strategies that create stability for non-profits organization, to keep a non-profit operating efficiently, organization leaders should have the same financial discipline and know-how as the leaders of commercial enterprises. Fiscal knowledge can help non-profit leaders make better financial decisions, and this can be accomplished through internal initiatives that develop and foster financial accountability:

- Revenue and Expenses. Organizations should understand the cycle of revenue and expenses. In a non-profit organization, this

is accomplished through an understanding of the dynamics and tendencies of its donor base and the schedule of its revenue-generating activities.

- **Budgeting.** Standard annual budgeting of operating expenses should be a requirement of each department. This will hold each line item manager responsible for their performance in meeting overall goals.
- **Capital Expenditure Planning.** Fulfilling a nonprofit's mission often requires access to certain facilities or assets, which necessitate effective capital expenditure planning. Every level of the organization contributes to significant capital investment, and funding depends on having a solid financial projection and plan.
- **Cost accounting Methods.** Analyzing the performance of the event or the project is an essential measurement of any business. Cost accounting brings you this understanding.
- **Monthly reporting and forecasting.** Changes happen all the time, so it is essential to continue forecasting expected results based on those changes.

2.1.5 Donation

A donation is a gift given by physical or legal persons, typically for charitable purposes and/or to benefit a cause. A donation may take various forms, including cash offering, service, new or used goods, including clothing, toys, food, and vehicles. It also may consist of emergency, relief, or humanitarian aid items, development aid support,

and can also relate to the medical care needs as, i.e., blood or organs for transplant. Charitable gifts of goods or services are also called gifts in kind.

In the United States, in 2007, the Bureau of Labor Statistics found that American households in the lowest fifth in terms of wealth gave on average a higher percentage of their incomes to charitable organizations than those households in the highest fifth. Charity Navigator writes that, according to Giving USA, Americans gave \$298,42 billion in 2011 (about 2% of GDP). The majority of donations were from individuals (73%), then from bequests (about 12%), foundations (1.8%), and less than 1% from corporations. The largest sector to receive donations was religious organizations (32%), then education (13%). Giving has increased in 3 out of 4 years since 1971 (with the occasional declines occurring around recession years).

Blackbaud reports that online giving in 2012 grew 10.7% on a year-over-year basis in the US. The percentage of total fundraising that comes from online giving was about 7% in 2012. This is increased from 6.3% in 2011 and is nearing the record level of 7.6% from 2010 when online giving spiked in response to Haitian earthquake relief efforts. Steve MacLaughlin notes in the report that “the internet has now become the first-response channel of choice for donors during disasters and other emergency events.”

Donations are given without return consideration. This lack of return consideration means that, in common law, an agreement to donate is an “imperfect contract void for want of consideration.” Only

when the donation is actually made does it acquire a legal status as a transfer of property. On the contrary, in civil law jurisdictions, donations are valid contracts, though they may require some extra formalities, such as being done in writing.

In politics, the law of some countries may prohibit or restrict the extent to which politicians may accept gifts or donations of large sums of money, especially from business or lobby groups (see campaign finance). Donations of money or property to qualifying charitable organizations are also usually tax-deductible. Because this reduces the state's tax income, calls have been raised that the state (and the public in general) should pay more attention to ensuring that charities actually use this 'tax money' in suitable ways.

There have been discussions on whether also a donation of time should be tax-deductible. In countries where there are limits imposed on the freedom of disposition of the testator, there are usually similar limits on donations. The person or institution giving the gift is called the donor, and the person or institution getting the gift is called the donee. In India, donations for charitable purposes are eligible for tax exemptions.

It is possible to donate in the name of a third party, making a gift in honor or memory of someone or something. Gifts in honor or memory of a third party are made for various reasons, such as holiday gifts, wedding gifts, the memory of somebody who has died, in memory of pets, or the name of groups or associations no longer exist. Their survivors sometimes request memorial gifts (e.g., "instead of flowers, which may make contributions to ABC Charity"), usually directing

donations to a charitable organization for which the deceased was a donor or volunteer or for cause befitting the deceased's priorities in life manner of death. Memorial donations are also sometimes given by people of they cannot go to the ceremony

2.1.6 Investment

An investment is something of value purchased to make more money. While the term investment is often applied to stocks, bonds, and other financial instruments, investments also commonly include real estate, artwork, collectibles, and even wine. There are often risks involved with investing, but those risks regularly pay off for countless investors worldwide.

An investor is a person or entity who outlays capital to produce an income or to make profits. Investing is the act of putting forth capital with the expectation of income or profit. Personal investing is buying financial securities or property to make a profit.

According to the Customer Financial Protection Bureau (CFPB), investment is "something you spend money on that you expect will earn a financial return."

Investment is an important part of the economy and an important part of personal finance. For individuals investors, investments can allow you to grow your wealth over different periods. One of the most important parts of investments is compounding. Compounding is a term for how your investments increase in value over time. Some investments may even lose money, which is why it's important to understand what

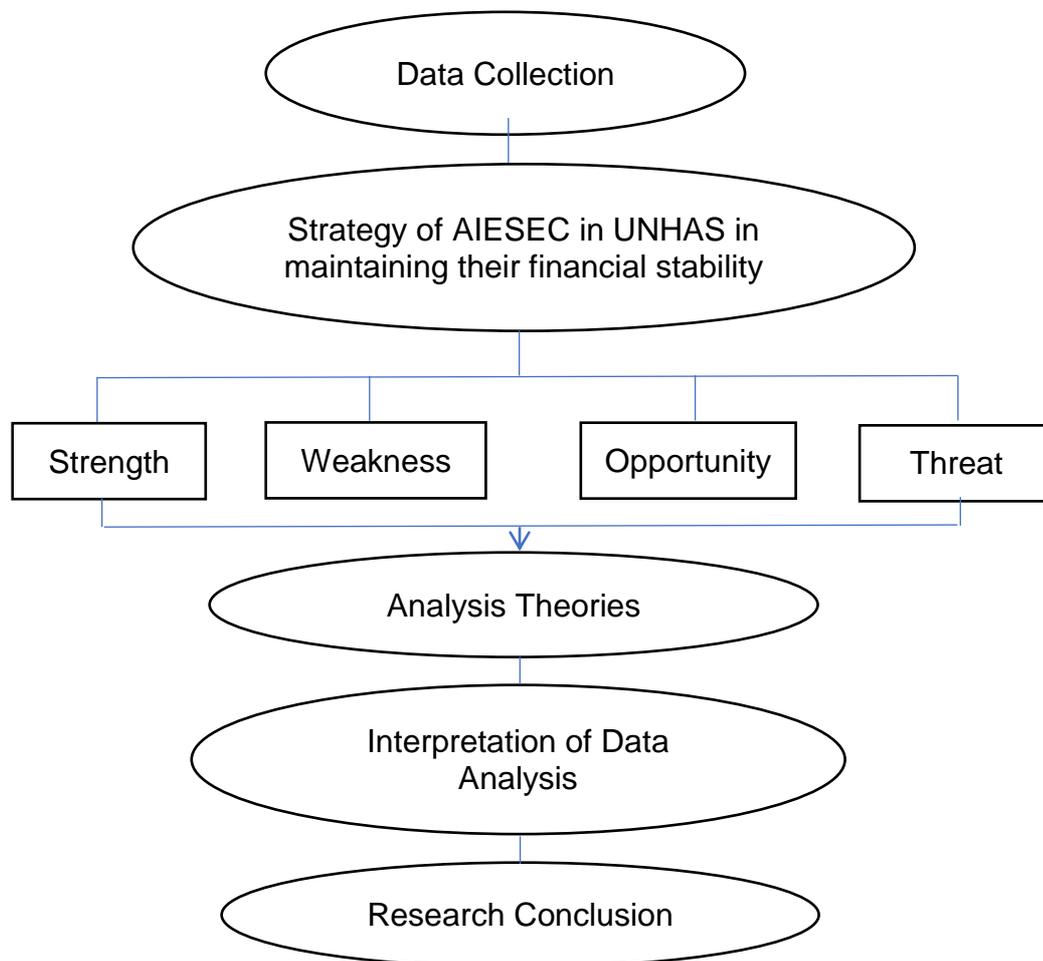
you're investing in and why. Investment has different meanings in economics and finance.

In economics, investment accumulates newly produced physical entities, such as factories, machinery, houses, and inventories. In finance, investment is buying or creating an asset with the expectation of capital appreciation, dividends (profit), interest earnings, rents, or some combination of these returns. This may or may not be backed by research and analysis. Most of all forms of investment involve some form of risk, such as investment in equities, property, and even fixed interest securities which are subject, among other things, to inflation risk. It is indispensable for project investors to identify and manage the risk related to the investment.

2.2 Research Framework

Based on the background, the research questions, the objectives, and the theoretical bases stated above, the proposed research framework is as follows:

Figures 2.1 Research Framework



Source: Researcher's Development