

The Importance of Project Management Methodologies and Tools in Non-Governmental Organizations: Case Study of Lithuania and Germany¹

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Abstract

Certification bodies, the managerial and academic literature, and general practice indicate that organizations willing to succeed in managing projects need to be compliant with certain rules, practices and methodologies (Golini R., Kalchschmidt M., Landoni P., 2014).

The main aim of this research is to compare the level of awareness and application of PM methodologies and tools in NGOs of two socially, politically and economically distant countries - Lithuania and Germany. There was a scientific literature analysis made to define project management methodologies, its' benefits and current situation of PM challenges NGO sector has to face. Moreover, a survey of 100 NGOs project managers was held to assess the level of awareness and application of PM methodologies and tools in NGOs. There was also a correlation analysis made to appraise the determining factors of usage of PM methodology and software.

This research will contribute to NGOs' decision making process about application of PM methodologies and tools. Research results could be also used by PM consulting and Software companies, editors of PM guidelines.

Key words: *NGOs; project management; project management methodologies*

JEL code: L3

Introduction

There are thousands of Non-Governmental Organizations (NGOs) actively working in Lithuania and Germany. Their ability to fulfil society needs depends increasingly on project-based funding.

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Nevertheless, while the livelihoods of many people depend on NGOs' ability to deliver project results effectively and efficiently, project management (PM) is rarely identified as a strategic priority for these organizations (PM4NGOs, 2013). Despite the fact that there are PM tools and methodologies created and adapted exclusively for NGOs, there is still no significant evidence on wide application in this sector.

The NGO sector is extremely diverse, heterogeneous and populated by organizations with hugely varied size, scope, targets, structures and motivations. Therefore, they face a lot of challenges which, together with absence of proper PM methodology, usually cause poor project planning, scarcity of accountability and stakeholder involvement, complexity of inter-related tasks, superficial risk management strategies, unmotivated project team and eventually – bad quality, losses of time and money.

This research seeks to analyse current NGOs' project management challenges, to introduce the reader with the variety of PM standards and tools, to prove the benefits of PM methodology and depict situation of the awareness and usage of different PM methodologies and tools in NGOs of Lithuania and Germany.

The research methods used in the article include the scientific literature review, survey based on questionnaire and correlation analysis.

Project management challenges in NGO sector

Project management consists of the knowledge, skills, methods, techniques, and tools used to plan and manage project work. It as well establishes a sound basis for effective planning, scheduling, resourcing, decision making, management, and plan revision (Richman, 2011).

Nowadays, NGOs, frequently due to the lack of private financial resources and support from the Government, tend to use project-based funding to fulfil society needs. NGO is a non-profit organization, independent from any governmental institution, based on voluntary activities in order to benefit community or it's certain groups, and its goals are not seeking for political power or exceptionally realization of religious goals (NGO Law Institute, 2014). Some of NGOs have hundreds of volunteers and are executing international development projects, building schools in Uganda, providing fresh water for a region of mountain villages while others, having only several members put their efforts on projects to fight for human or animal rights, to employ socially excluded groups, to integrate immigrants or disabled people to the society. Hereby, there is a variety of types of NGOs and there is a variety of challenges they face in everyday project management.

As Nwaiwu (2013) indicates, the most significant challenges are inadequate finances, lack of expertise (especially in risk and stakeholder management), stringent and multi-donor reporting requirements, and paucity of baseline data. In the earlier research, Diaz (2010) explains that insufficient infrastructure, limited resources, and a changing environment can also put a strain on NGOs project managers who need to deliver the project outcomes. A result of an unstable

number of employees and uncertain financial situation is usually a poor, inconsistent project management discipline.

Hereby, it can be concluded that for NGOs, which do not have enough financial and human resources, a PM methodology could help to meet the challenges by improving communication among project team members, developing work performance, better controlling of resources and most importantly – by simplifying PM processes to reach project results in the most efficient way.

Benefits of Application of a Project Management Methodology

Project Management Methodology is a strictly defined combination of logically related practices, methods and processes that determine how best to plan, develop, control and deliver a project throughout the continuous implementation process until successful completion and termination. It is a scientifically-proven, systematic and disciplined approach to project design, execution and completion (McConnell, 2010).

The most widely used PM methodologies are the Project Management Body of Knowledge (PMBOK), IPMA Competence Baseline (ICB), ISO 9000 and PRINCE2. Furthermore, due to the specific needs of NGOs, there were Logical Framework (LogFRAME), PMDPro (developed by PM4NGO) and PM4DEV guidelines created. In 2003, the LOGICAL Frame Work, a requirement from many international fund agencies was one of the most used one in NGO sector. Later on, in 2007, the initiative of PM4NGOs was born. PM4NGOs is an organization devoted to training and disseminating project management knowledge among NGOs (Golini et al., 2014).

After a few years, PM4DEV was introduced to society. Through the experience of project managers who have worked in international organizations for developing, the main objective of PM4DEV is to provide fundamental needs to the community involved in developing projects, offering them tools and processes to plan, execute, monitor and control the project in a more consistent and reliable manner (Golini et al., 2014).

These authors made a comparative analysis of PMBOK, PM4DEV and PM4NGOs (see Table 1, Table 2). PMBOK does not consider Project Justification Management and Project Contract Management. On the contrary, it considers the Project Integration Management that is neglected by the other two.

Table 1

Comparison of processes of Project Management methodologies

	<i>PMBOK® Guide</i>	PM4NGO	PM4DEV
Process Integration Management			

Project Scope Management			
Project Time Management			
Project Cost Management			
Project Quality Management			
Project Human Resource Management			
Project Stakeholders Management			
Project Communication Management			
Project Justification Management			
Project Risk Management			
Project Procurement Management			
Project Contract Management			

Source: Golini et al., *The impact on international development projects of non-governmental organizations*

In general, all the tools included in the PMBOK are also present in the other two guides (see Table 2). On the other hand, the PMBOK® Guide does not include the logical framework and problem tree, objectives tree, alternative tree (Golini et al., 2014).

Table 2

Comparison of the tools of Project Management methodologies

	PMBOK® Guide	PM4NGO	PM4DEV
Project Charter			
WBS			
Critical Path Method			
Gantt Diagram			
Earned Value Management System			
Risk Analysis			

Logical Framework			
Stakeholders Analysis Matrix			
Problem tree, Objective tree, Alternative tree			

Source: Golini et al., The impact on international development projects of non-governmental organizations

As Wysocki (2004) remarks, project management methodologies that can be repeated are valuable to the organization. Repeatability creates standards, best practices, skill development, and a host of other benefits to the organization. Hereby, clear PM standards and formal methodology can be defined as a crucial project management success factor.

Kerzner (2004) presented more arguments on benefits of a standard methodology. These benefits can be classified as short – term and long – term ones.

Short – term benefits are described as:

- Decreased cycle time and lower costs;
- Realistic plans with greater possibilities of meeting time frames;
- Better communications as to what is expected from groups and when;
- Feedback: lessons learned (Kerzner, 2004).

Long – term benefits are described as:

- Lower overall program risk;
- Better risk management, which leads to better decision-making;
- Greater customer satisfaction and trust;
- Continuous improvement made easier and quicker (Kerzner, 2004).

As Diaz (2010) suggests, the benefits from a standard project management methodology outweigh the effort organizations need to invest in order to implement one:

- Completing projects effectively and efficiently. Once the processes, procedures and templates are created, they can be used on all projects in the future, there is no need for reinventing them again;
- Better results through better planning. Using a methodology gives the project, the donor and the beneficiaries an opportunity to ensure there is a mutual understanding on what the project aims to achieve and this is also related with successful stakeholder management;
- Resolving problems more quickly. Proper management reduces the time project managers spend dealing with issues;
- Resolving future risk before the problems occur. The development of risk response plans helps to solve the problems before they appear;

- Improved financial management. Occurs as better estimating, more formal budgeting and better tracking of the project actual costs against the budget.

To conclude, there are a lot of benefits of application of PM methodology - it ensures that available resources are used in the most efficient and effective manner. Nevertheless, as Golini et al. (2014) state, despite the universalistic nature of project management methodologies, different industries show different approaches to project management and one of the most neglected sectors is the non-profit one as there is a little evidence that NGOs adopt any of project management standards.

Therefore, it is crucial to analyze, whether the NGO sector use PM methodologies, gain the advantages or not and which factors influence the current situation. The research is made to compare application of PM methodologies and tools in NGOs of two socially, politically and economically distant countries – Lithuania and Germany.

The awareness and usage of PM methodologies in Lithuania's and Germany's NGOs

In Lithuania, NGO sector is divided into three parts: associations, charity foundations and public institutions. There are around 24 thousands registered in the system and approximately 18 thousands actually working for the society well-being (NGO information and support center, 2013). Interestingly, there are less NGOs, operating in Germany – according to Germany's Federal Ministry for Economic Cooperation and Development, there are several thousand of NGOs working in the field of development – associations, action groups, federations, working groups, solidarity groups, twinning arrangements, foundations and development-policy networks.

The research seeks to compare application of PM methodologies and tools in NGOs of two socially, politically and economically distant countries – Lithuania and Germany.

Sample and Data Collection

The target group for this study was 100 NGOs project managers from Lithuania and Germany. The online survey with multiple choices was performed in November 2014 – January 2015. To evaluate the level of awareness and application of PM methodologies and tools, there were questions formed accordingly: first group of questions assessed the size of an NGO in a matter of number of employees, average number and funding of executed projects per year; second group of questions were related with awareness and usage of PM methodology, different elements and software; the last questions were appointed for the analysis of the source project managers acquired their PM competences and challenges they face in everyday NGO's project management. There was also a correlation analysis made to appraise the determining factors of usage of PM methodology and software.

The Research Results

Study shows that the majority of NGOs in Lithuania are small-sized: 56% of them have only 1-5 permanent employees, 22% have 6-10 employees and the remaining ones permanently employ 10 or more workers. On the other hand, the presumption can be made that these organizations have plenty of volunteers to help and they are not counted as permanent employees. While analyzing the situation in Germany, it can be stated that it differs – the greater number (40%) of NGOs has 20 and more employees, 28% of them work with the help of around 10-20 members and 26% have 6-10 workers.

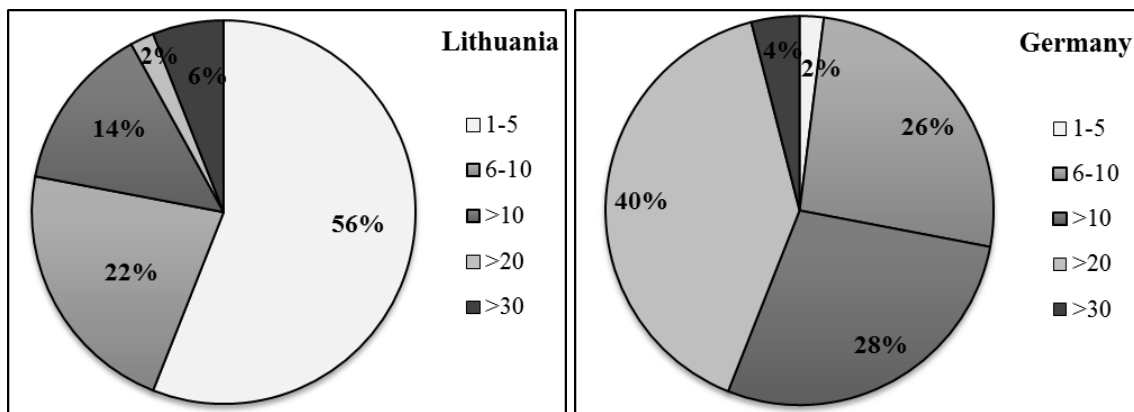


Figure 1: The number of NGO's permanent employees

Source: Authors' survey data

The major differences can also be seen in a comparison of a number of NGO's executed projects per year. In Lithuania, possibly, due to the low level of human resources, usually 1-5 projects are executed (70%) while in Germany the distribution can be noticed and the majority of NGOs execute around 10-30 projects per year (in sum, 48%).

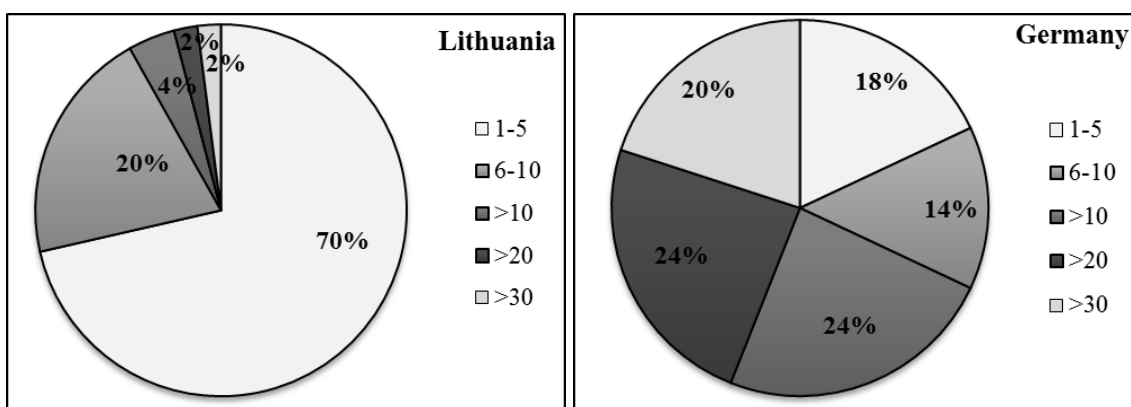


Figure 2: The number of NGO's executed projects, per year

Source: Authors' survey data

Despite the fact that Germany’s NGOs on average execute bigger amount of projects per year, Figure 3 shows that the tendencies of funding for projects are similar – the majority of NGOs in both countries get more than 100.000 euros per year.

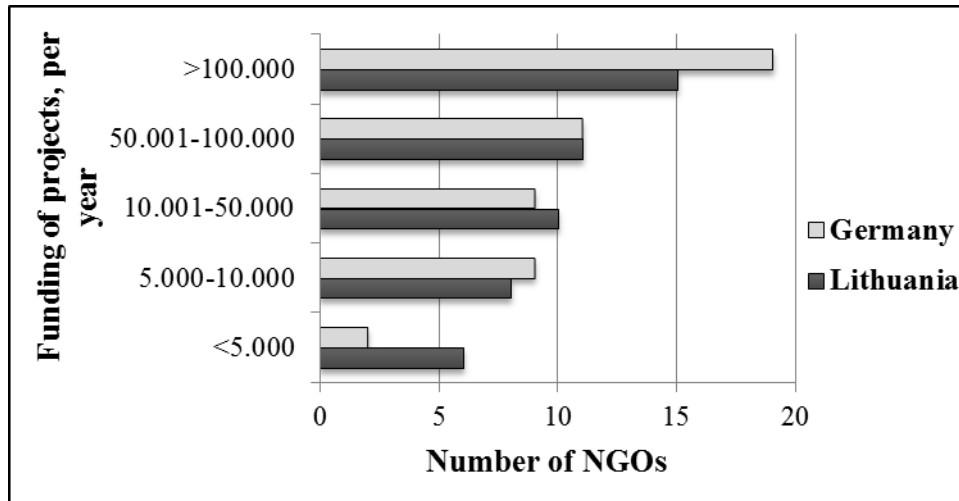


Figure 3: the average funding of NGO's projects (Eur)

Source: Authors' survey data

The results of the survey show significant disparity between Lithuania’s and Germany’s NGOs project managers’ awareness and usage of PM methodologies (see Figure 4). Firstly, it can be seen that 12 (24%) Lithuania’s NGOs project managers have not heard about any of listed PM methodologies and 21 (42%) of them do not use it constantly in every project management. On the contrary, all (100%) of Germany’s NGOs project managers are aware of and use PM methodologies in their work. Secondly, it can be stated that in Lithuania, PMBOK, LogFrame and PM4NGOs are the most popular PM methodologies while in Germany own organizational PM system is usually created and used (21/42%). PM4NGOs and LogFrame are best known and used in both countries.

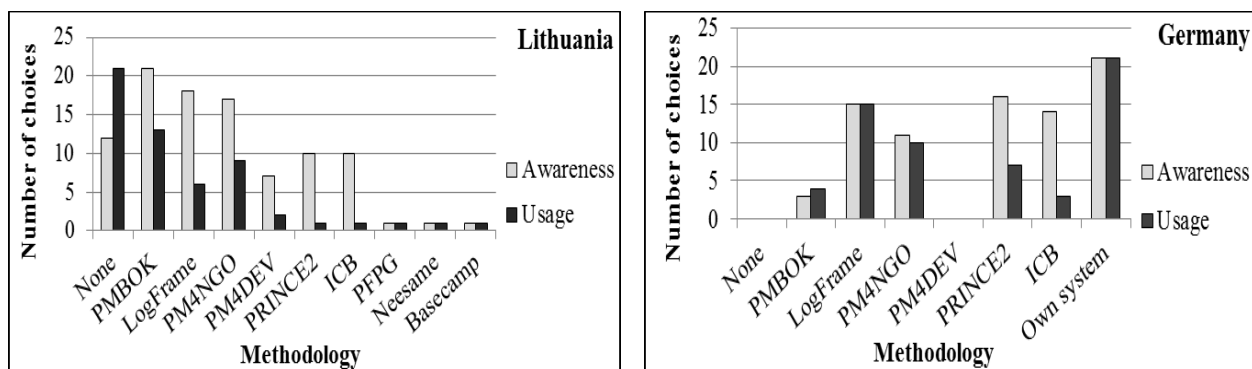


Figure 4: NGO's project manager awareness and usage of PM methodologies

Source: Authors' survey data

Further, the correlation analysis was made to check, whether the indicators as an amount of funding, executed projects and number of employees can make influence on usage of PM methodology (see Table 3).

Table 3

Influence of factors on usage of PM methodology

	Funding for projects, per year	Number of executed projects, per year	Number of employees	Usage of PM methodology
Funding for projects, per year	1			
Number of executed projects, per year	0,2855996	1		
Number of employees	0,4436621	0,421098764	1	
Usage of PM methodology	-0,0594022	0,513942286	0,05698	1

Source: Authors' calculations based on survey data

According to Ratner (2008), the correlation coefficient is a measure of the strength of the straight-line or linear relationship between two variables. The correlation coefficient takes on values ranging between +1 and -1.

Values between 0.3 and 0.7 indicate a moderate positive linear relationship. As it can be seen from the Table 3, usage of PM methodology depends from the number of executed projects per year. If an NGO executes a lot of projects, they tend to use PM methods and tools.

On the other hand, this study shows that the usage of PM elements also varies. In Lithuania's NGOs, where is a high level of ignorance on PM methodologies, the most frequent PM elements are project charter, work breakdown structure (WBS), earned value (EV) management, risk analysis and problem tree. In Germany's NGOs, project managers as well usually use project charter and WBS but other data also present high level of usage of Gantt Diagram, Logical framework and stakeholder analysis matrix (see Figure 5). These results further reflect the situation of the most important processes in NGOs project management (see Table 4).

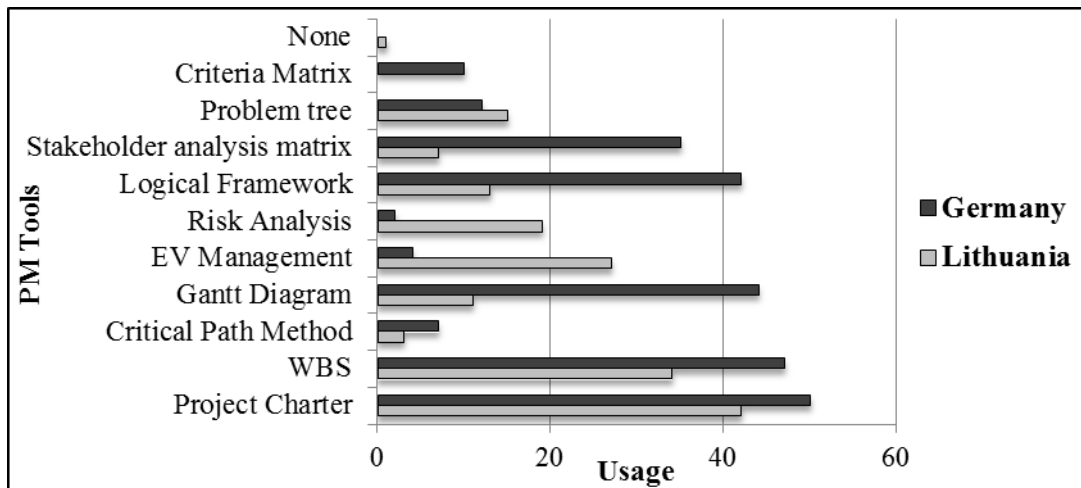


Figure 5: The usage of PM tools in NGO’s project management

Source: Authors’ survey data

There is similar attention paid for project cost, time, human resource, communication and contract management both in Lithuania’s and Germany’s NGOs. That is why project charter and WBS are widely used PM elements. In Germany, project managers claim that stakeholder management is important and that is why stakeholder analysis matrix is usually used. In Lithuania, this process is not considered as important while Germany’s NGOs project managers do not take risk management to an account (the lowest places in priority). These approaches can easily be called a huge mistake because the biggest challenges NGOs face (see Figure 8) are sensitive target group (part of stakeholders) and unstable financial situation (part of risks).

Table 4

The comparison of the most important processes in NGOs project management

Priority	Lithuania	Germany
1.	Project Cost Management	Project Time Management
2.	Project Time Management	Project Cost Management
3.	Project Integration Management	Project Quality Management
4.	Project Human Resource Management	Project Human Resource Management
5.	Project Communication Management	Project Communication Management
6.	Project Procurement Management	Project Contract Management
7.	Project Quality Management	Project Stakeholders Management

8.	Project Contract Management	Project Procurement Management
9.	Project Scope Management	Project Justification Management
10.	Project Risk Management	Project Integration Management
11.	Project Justification Management	Project Scope Management
12.	Project Stakeholders Management	Project Risk Management

Source: Authors' survey data

Both, in Germany and Lithuania, tendencies of usage of PM software are similar – the majority of NGOs project managers use MS Excel (accordingly, 61% and 71%), MS Project (accordingly 33% and 23%). Planisware, MS Word, Mind Manager, Smartsheet and no usage at all were also mentioned as alternatives (see Figure 6).

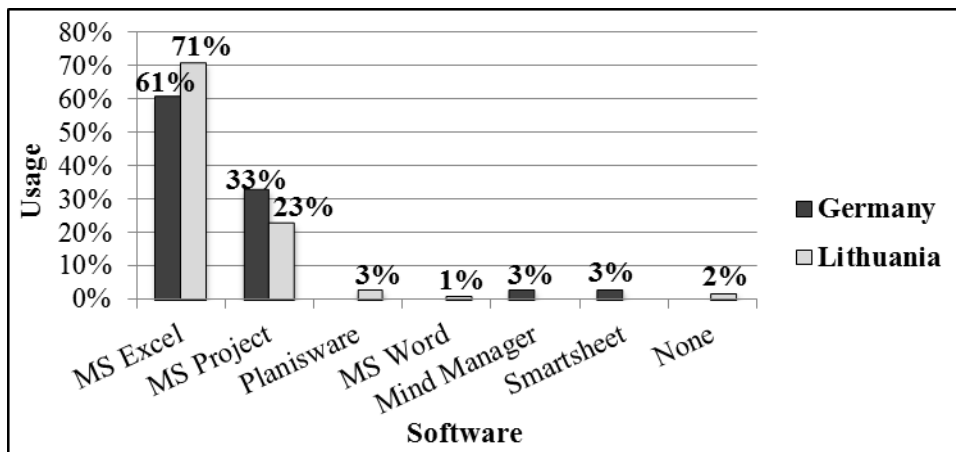


Figure 6: The usage of PM software in NGOs

Source: Authors' survey data

The vast majority of things and processes, related to project management in an organization, depends on the competences of it's project manager. Moreover, it is crucial to analyze, what is the source of these competencies and what influence it can make. The majority (43%) of Germany's NGOs project managers claim that their competences were formed and developed with their experience during the years while lithuanians (45%) choose to attend non formal PM seminars to deepen their knowledge. Courses for certified project managers were also mentioned as a source of competences – in Germany they are more popular (28%) than in Lithuania (9%).

Lastly, module or a programme in higher education institution (HEI) is the second choice (25%) to develop PM skills for Lithuania's NGOs project managers whereas german project managers give it a third place (15%) of four.

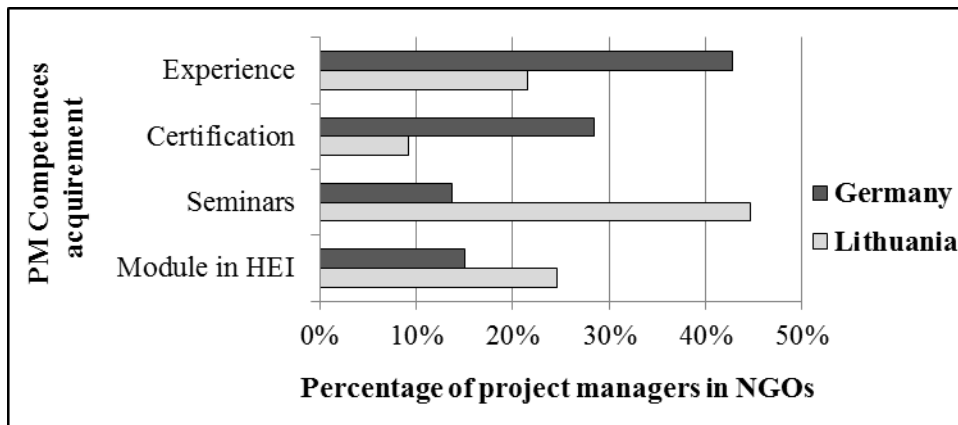


Figure 7: The source of NGOs project managers competences
 Source: Authors' survey data

The correlation analysis has shown that the source of PM competences acquirement can make an influence on application of PM standards and usage of PM software (see Table 5).

Table 5

Influence of source of competences on usage of PM methodology and software

	PM4NGOs	MS Project	Seminars
PM4NGOs	1		
MS Project	0,1281821	1	
Seminars	0,5986946	0,3541125	1

Source: Authors' calculations based on survey data

Values between 0.3 and 0.7 indicate a moderate positive linear relationship. Due to this fact, it can be noted that project managers, who choose to attend non formal PM seminars usually use PM4NGOs as a guideline in their work. Furthermore, there is slight evidence that these project managers also use MS Project to control project activities.

Tables 6, 7 show that certified project managers tend to use PMBOK as a guideline and those, who had a PM module or a programme in a higher education institution, better know and apply PRINCE2.

Tables 6,7

Influence of source of competences on usage of PM methodology

	PMBOK	Certification		PRINCE2	Module in HEI
PMBOK	1		PRINCE2	1	
Certification	0,4423622	1	Module in HEI	0,4082487	1

Source: Authors' calculations based on survey data

Table 8 depicts Lithuania's situation about influence of source of competences on usage of PM methodology and software. The analysis was done in this way because all project managers from Germany are applying PM methodologies and software. The results show that those Lithuania's NGOs project managers, who do not use external courses to develop their PM skills and rely on their internal experience, tend not to apply any of PM methodologies or software to facilitate PM processes.

Table 8

Influence of source of competences on usage of PM methodology and software (Lithuania)

	No usage of PM methodologies	No usage of PM Software	Experience
No usage of PM methodologies	1		
No usage of PM Software	0,0741688	1	
Experience	0,3425109	0,3775721	1

Source: Authors' calculations based on survey data

Lastly, NGOs project management challenges were analyzed. Project managers were asked to point out challenges which, in their opinion, differ from other sectors (see Figure 8).

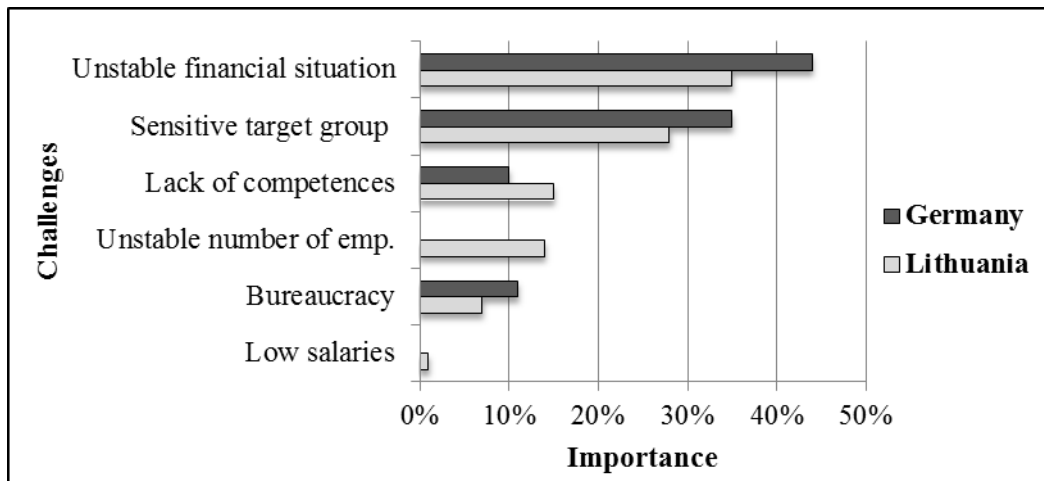


Figure 8: NGO’s project management challenges

Source: Authors’ survey data

It was indicated, that unstable financial situation and sensitive target group are the biggest problems for NGOs in Germany and Lithuania. Lack of competencies and high level of bureaucracy were also mentioned as big challenges. Lithuania’s NGOs project managers, differently from Germans, noted that they face an issue related with unstable number of permanent employees and low salary.

Conclusions

1. Despite the fact that there are PM tools and methodologies created and adapted exclusively for NGOs, there is still no significant evidence on wide application in this sector.
2. For NGOs, which do not have enough financial and human resources, a PM methodology could help to meet the challenges by improving communication among project team members, developing work performance, better controlling of resources and most importantly – by simplifying PM processes to reach project results in the most efficient way.
3. Despite the fact that Germany’s NGOs on average execute bigger amount of projects per year, the tendencies of funding for projects are similar – the majority of NGOs in both countries get more than 100.000 euros per year.
4. It can be seen that 12 (24%) Lithuania’s NGOs project managers have not heard about any of PM methodologies and 21 (42%) of them do not use it constantly in every project management. On the contrary, all (100%) of Germany’s NGOs project managers are aware of and use PM methodologies in their work. Also, it can be stated that in Lithuania, PMBOK, LogFrame and PM4NGOs are the most popular PM methodologies while in Germany own organizational PM system is usually created and used (21/42%).

5. There is similar attention paid for project cost, time, human resource, communication and contract management both in Lithuania's and Germany's NGOs. That is why project charter and WBS are widely used PM elements. In Germany, project managers claim that stakeholder management is important and that is why stakeholder analysis matrix is usually used. In Lithuania, this process is not considered as important while Germany's NGOs project managers do not take risk management to an account (the lowest places in priority). These approaches can easily be called a huge mistake because the biggest challenges NGOs face are sensitive target group (part of stakeholders) and unstable financial situation (part of risks).
6. It was indicated, that unstable financial situation and sensitive target group are the biggest problems for NGOs in Germany and Lithuania. Lack of competencies and high level of bureaucracy were also mentioned as big challenges. Lithuania's NGOs project managers, differently from Germans, noted that they as well face an issue related with unstable number of permanent employees and low salary.

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Profile to be added shortly