

FINANCIAL SUSTAINABILITY OF SOCIAL ENTERPRISES: THE CASE OF DNET

Dnet

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Submitted in Partial Fulfillment of the Requirements for the Degree
Bachelor of Business Administration



15th September, 2024

Internship/Project Report Approval Form

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Letter of Transmittal

15th September, 2024

Sarwar Uddin Ahmed, PhD
Professor & Dean
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Dear Sir,

Subject: Submission of Internship Report on “Financial Sustainability of Social Enterprises: The Case of Dnet.

I am pleased to submit my internship report titled “Financial Sustainability of Social Enterprises: The Case of Dnet” as part of the requirement to complete my internship at Dnet. This report aims to provide an in-depth analysis of the financial challenges and opportunities faced by social enterprises, particularly in light of Dnet's current situation, as well as the strategies employed to ensure financial sustainability.

During my internship, I gained valuable insights into the operations of a social enterprise. I explored various aspects of financial sustainability, including revenue diversification, dependency on external funding, and cost management. This experience has significantly contributed to my understanding of the financial management practices essential for social enterprises to thrive.

I have tried my level best to provide a comprehensive and accurate account of the knowledge and skills I acquired during the internship and how they relate to the broader field of finance and sustainability. I am confident that this report will serve as a useful resource for understanding the financial dynamics of social enterprises.

I would like to express my gratitude for the guidance and support you provided throughout this internship period. Your constructive feedback and encouragement have been instrumental in the successful completion of this report.

I do believe that my efforts will meet your expectations and will be looking forward to any kind of recommendations and feedback from you to rectify my mistakes.

Sincerely yours,
Tashfia Rahim
ID: 201011093
ULAB School of Business

Acknowledgement

Firstly, I would like to thank my great Almighty Allah for providing me with great courage to complete this report within the given time frame. I would like to thank my family for their unwavering support and encouragement throughout my academic and professional journey. Without their motivation, I would not have been able to achieve my goals.

I would like to extend my sincere gratitude to Dr. Sarwar Uddin Ahmed, my internship supervisor at the University of Liberal Arts Bangladesh, for his constant guidance, valuable suggestions, and constructive feedback throughout the internship period. His insightful direction and encouragement were pivotal in shaping the direction of this report.

I am incredibly grateful to Dnet for allowing me to intern in their Finance and Accounts department. I would particularly like to thank my on-site supervisor, Md. Ashik Mahmud, whose mentorship and expertise provided me with practical insights into the financial management of social enterprises. His continuous support and willingness to share his knowledge made my learning experience enriching and fulfilling.

I would also like to extend my appreciation to all the colleagues at Dnet who welcomed me and provided a productive environment for my professional development. Their assistance, advice, and collaboration made my time at the organization both productive and enjoyable.

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Part: A

Chapter 01: Internship Preparation

1.1. Motivation to do Internship

Motivation to do an internship means the key inner drive that encourages a person to participate in an internship program. From building a CV to applying to several organizations are the procedures that we do to get an internship. Whereas, internship is the first step for any professional career to build on. People often choose to do internships to gain practical experience and knowledge in a real-world scenario, which helps them understand how their academic studies apply to actual jobs. Additionally, a person can know their strengths and weaknesses even better. It will help a person to work on their self-motivation and leadership skills as well. In most cases, internships provide opportunities to develop new skills, learn from professionals, and build a stronger network of contacts that can be valuable and beneficial for future career opportunities. They also create a path for individuals to explore different industries and roles to decide what kind of career path they want to pursue. Moreover, internships can boost a person's confidence and make them more competitive in the job market by showing potential employers that they have hands-on experience. Lastly, the motivation comes from the desire to grow, learn, and prepare for a successful career.

1.2. Internship Search Process

Searching for an internship was a bit challenging for me, as this was completely a new experience for me. I was looking for an internship right after my Mid-Term Examination -Spring 2024 trimester. As per our instruction, I have started looking at many social media platforms such as Facebook groups, LinkedIn, BD jobs, etc. I was continuously looking for my opportunity and the best organization where I could easily fit into it. After looking for a few days I made a list of the companies that matched my requirements as per my major. Then I started to apply in all those organizations and waited for almost two

months to get a call for an interview. I also visited the Internship Fair which took place in KIB Convention Hall, and dropped my CV over there but did not receive any call, unfortunately. The internship search process was a nerve-racking experience for me as for almost two months I had sleepless nights and was waiting for one single call to attend the interview. I almost applied to twenty companies for my internship and received a few calls from there. At last, I got to know that Dnet is looking for interns and I quickly applied for the Finance & Accounts position and got selected by the grace of Almighty.

1.3. Internship Interview Experience

I have given quite a few interviews for my internship and this was the sixth interview that I had to face. The interview was conducted on 30th May 2024 and the executive members of Dnet took my interview which were the People and Culture team members and by the Head of Finance and Accounts Department. They first asked me to introduce myself and then asked about the company and some basic questions regarding the courses that I have taken during my graduation. The questions were about financial statements, VAT and TAX, Journal Entries, payroll, and some of the functions of Microsoft Excel. I tried to answer all the questions as accurately as possible and the best part is my previous interview experiences boosted my confidence and I could answer all the questions confidently. Lastly, they called me to say that I was selected as an Intern at their company and was assigned to the Finance & Accounts Department. By the grace of Almighty, I started my internship on 2nd June 2024 in Dnet.

1.4. An Overview of Dnet

Dnet is a non-profit social enterprise founded in 2001, that aims to create an impactful society where information, technology, and knowledge are used to improve the lives of the country's marginalized people. They want everyone to be involved in creating and fairly distributing wealth to reduce poverty. Dnet was a pioneer in researching how to use ICT (information and communication and technology) to fight against poverty. They mainly focus on minimizing the digital divide, giving access to information, encouraging civic participation, developing skills, and generating employment. These efforts have

gained a lot of achievements and were introduced in the global context. From the beginning, Dnet has been working on practical models that use mobile phones, and the web, and introducing new technologies to empower rural communities. Their goal is to use these tools to help people in remote areas improve their lives.

Dnet offers multiple services including tech solutions, BPO, creative solutions, incubation center support, and digital marketing. Their main areas are focused on Health and Nutrition, where they aim to improve community well-being and provide services to pregnant women and new mothers for improving their mental health and well-being, Education, and Literacy where they try to promote quality education and work towards improving basic computer literacy skills of school teachers and students. Governance and Society for promoting fundamental rights for the citizens and enhancing civic engagement for good governance. For Climate and Environment, Dnet focuses on collaborating with private sectors and institutions to address climate concerns including disaster management, building resilience, and promoting sustainable and eco-friendly energy solutions. Lastly, Business and Entrepreneurship is another area for Dnet to help women and young entrepreneurs to become financially independent, by supporting their economic growth, livelihood, and their trade activities.

Chapter 02: About The Internship

2.1. Job Position and Responsibilities

Job Position: Intern- Finance & Accounts Department

Job Responsibilities

- Preparing Journal Entries
- Calculating VAT and Tax
- Calculating Income Tax
- Preparing Bank Reconciliation every month
- Preparing Vouchers for various projects
- Checking Vouchers and organizing the documents accordingly
- Validate, organize, and filing bill documents
- Maintaining accurate and organized financial records.

As an intern in the Finance and Accounts team at Dnet, I gained hands- on experience in financial reporting, budgeting, and data analysis. As there are other departments in Dnet so I had a little bit knowledge about other departments too such as- Growth & Innovation, Research & Development, Technology & IT, People & Culture, Administration, and Communication Department. My daily responsibilities included conducting variance analysis between actual performance and budgets, and supporting the accounts payable and receivable processes. Additionally, I performed bank reconciliations and helped maintain accurate financial records. This role allowed me to develop a strong understanding of financial operations and enhance my analytical and problem-solving skills in a professional setting.

2.2. Key Take-away from Internship

The things that I have learned through my internship period are mentioned below: -

Foreign Donation

There are many key takeaways which I would like to highlight, firstly, to know about Foreign Donation which is operated mainly by Mercantile Bank Ltd. This account is mainly their Mother Account in which they receive foreign grants. There are other operational accounts such as DBBL, Bank Asia, and Mutual Trust Bank. A SWIFT Copy which is mainly provided by the bank, and in that copy, there is the Donor's name, Sender's details, etc. Additionally, there comes Form- "C" which is prescribed by Bangladesh Bank, and after filling up the form, we need to forward and get the NGO Bureau's Permission. Then the Foreign Donation will be granted.

Petty Cash

Secondly, how petty cash operates in an NGO, at first the applicant makes the expenses, then applies for reimbursement to Finance and Accounts, then Finance Accounts gives clearance for the operations, and approval is given by the project coordinator and submitted back to Finance and Accounts Department for payment which is known as Delegation of Authority (DOA).

Accounting Software

Thirdly, I got to know about their software which is named Troyee (2008), and this software is mainly operated by an organization named 'Best Business Bond'. The software has many functions such as Account Books, Trial Balance, Receipt & Payment, Budget Variance, and several transaction operations that can be done through this software. So, that is why our organization uses this software for its daily financial operations.

NGO Bureau, IFRS and IAS

Also, I knew about NGO Bureau TOR (Terms of Reference) where 39 TORs need to be maintained by an NGO and if these TORs are not maintained properly then it will lead to severe complications. Then I learned about IFRS and IAS. IFRS (International Financial

Reporting Standards) focuses more on general principles and concepts, giving companies more flexibility in how they report their financial information. This means that companies can adapt their reporting to fit their specific situations. On the other hand, IAS (International Accounting Standards) gives more detailed and specific rules for companies to follow, offering less flexibility and more precise instructions. Also, according to the Accounting Standards, Dnet follows these particular Accounting Standards which apply to the organization: -

IAS-1: Presentation of financial statements

IAS-7: Statement of Cash Flows

IAS-8: Accounting Policies, Changes in Accounting Estimates and Errors

IAS-12: Income Taxes

IAS-16: Property & Equipment

IAS-23: Borrowing Cost

IAS-24: Related Party Transaction

IFRS-15: Revenue from Contracts with Customers

IFRS-16: Leases

Budgeting

Budgeting in an NGO (Non-Governmental Organization) is a critical process that ensures the effective allocation of resources to achieve the organization's mission and goals. It begins with the identification of financial goals and objectives, which are often aligned with the NGO's strategic plan and programmatic priorities. The budgeting process involves a detailed analysis of both expected revenues and expenditures. Revenues for an NGO typically come from a variety of sources, including grants, donations, fundraising events, and government funding. Each of these revenue streams must be estimated accurately to ensure a reliable budget.

Lastly, I have learned how to work in a team and gained a lot of knowledge about how an organization maintains and looks after their financial operations both practically and theoretically.

2.3. Comparison between job experience and educational

During my internship in the Finance and Accounts department at Dnet, I developed practical skills in budgeting, financial reporting, and data analysis. My responsibilities included preparing journal entries, conducting variance analysis, managing accounts payable and receivable, and performing bank reconciliations. This hands-on experience allowed me to apply theoretical knowledge from my education at the University of Liberal Arts Bangladesh, where I studied finance and accounting principles. The courses that I took during my Bachelor's such as Financial Markets and Institutions, Corporate Finance, International Financial Management, etc. helped me to expand my skills during this internship program. The internship enhanced my understanding of financial operations and equipped me with essential analytical and problem-solving skills needed for a career in finance.

Chapter 03: Self Reflection

3.1. Opinion about Internship and Organization

Likes: The best part of this internship was that my work environment was very flexible, and my work employees were very cooperative and friendly with me. I did not face any difficulty while working with them. It was a thrilling experience; every day was a new experience for me and every day I got to learn a lot of things from my colleagues, a special thanks to my Internship Supervisor, Mr. Md. Ashik Mahmud who helped me throughout my internship journey and made it flexible for me. He guided me as a good mentor and his mentorship was beyond my expectations. My other colleague Mr. Amit Mitra guided and also supervised with all his great knowledge and experience which he gathered so far. I liked the fact of my workplace where there is no discrimination and it ensures complete equality in the workplace. Also, everyone gets an equal chance to raise their voice whenever there is any inappropriacy. This is the best workplace so far and I would like to gather more knowledge from this place if I get an opportunity.

Dislikes: The things which I did not like about my internship are that my office is a bit congested place, and the rooms are not so convenient to work in. If the organization had rented a bigger place than this then it would have been more convenient to work on. On the other hand, some of the employees are a bit outspoken and they speak rudely to some female employees which I observed is not the right thing to do. Rather, they could have explained them politely, when they were not aware of the organization's policy or usual matters. Some female employees have recently joined our organization and they are mostly not aware of the official matters, so the other employee could have explained them earlier, however, they lacked the information.

3.2. Making Better Utilization as an Intern

How could I be better as an intern?

During my university period, I have taken Finance as my major, however, in this organization they have assigned mostly works which are related to accounting, hence, if I had taken Accounting as my major then it would have been easier for me to work more efficiently. Also, there are many functions of MS Excel that I was not familiar with, so if I had done an MS Excel professional course before then it would have been easier for me to work more professionally. The assigned tasks would have been finished earlier as it takes longer time to complete. Also, I should have done some background research about NGOs before, at first, I was facing some difficulty while working on the projects and all. But soon after I gathered knowledge and tried my best to implement it in this sector.

How could the organization utilize me better?

As per my job's responsibility, I was assigned with bank reconciliation, VAT & TAX calculation, preparing vouchers, and a little bit of budgeting, however other than this I was not assigned with some other work such as working with software as they were mostly software based. Because, nowadays, every organization is working with software and they are trying to decrease the workload within a short span of time. So, I believe that they could have taught me more about the software intelligence that they are using for their financial operations. My work was basically in MS Excel which was mostly done manually, and there are some other important functions that were not taught to me such as VLOOKUP, IF, TRIM, etc. Also, due to a plethora of workloads, they could not give me sufficient time, but still, they tried their best and I also tried my best to gather knowledge from my professionals.

3.3. Insights for Next Position

Things to continue working on in my next position:

For the upcoming role, I aim to build upon various aspects that I have found both challenging and rewarding during my internship program at Dnet. First, I would like to optimize and develop my proficiency in financial analysis and reporting. This includes excelling in advanced financial software and tools that would improve my efficiency and accuracy in financial tasks. Secondly, I plan to further my understanding of financial sustainability, apparently within social enterprises, as this area particularly aligns with my passion for adding finance with social impact. I also aim to empower my skills in budgeting and financial planning. I believe that these are the most critical areas where I can contribute effectively to any organization just like Dnet, also ensuring the financial resources are allocated properly to implement strategic goals. Moreover, I will continue to work on my networking skills as this skill will also justify communicating complex financial information to non-financial stakeholders, which is essential for fostering collaboration and helps to make informed decision-making processes.

Recommendations for Improving the Internship Program:

While my experience at Dnet has been both positive and negative remarks in some areas, however, there are a few areas where the internship program could be enriched so that it adds greater value to interns:

- **Structured Training Programs:** Dnet could have implemented more structured and comprehensive training sessions at the beginning of the internship so that it could help interns with the essential skills and help them gain knowledge more effectively. At first, they could provide a training financial manual so that it is easier for interns to understand what they will be taught and afterward, the session should cover essential software tools, implementation of financial analysis techniques, and an overview of the organization's financial processes. Also, hiring professional financial analysts for the training sessions is important otherwise it would not be effective.

- **Exposure to Diverse Projects:** It is also crucial to offer interns the opportunity to work on a variety of projects so that it can widen their experience and provide a more holistic approach to understanding of the overall organization's financial operations. It will also enhance interns' critical thinking ability. Furthermore, rotational assignments across multiple departments within the finance team can also empower their learning ability and adaptability for future endeavors.
- **Feedback Mechanism:** Essentially, creating a way for interns to give feedback about their experiences and suggestions can help the organization improve the internship program. This feedback can be used to make changes and ensure the program stays helpful for both the interns and the organization.
- **Networking Events:** Dnet should set up networking events for the interns so that they meet with senior leaders and experienced professionals in the organization. During these events, interns could get a chance to share their insights and gather some knowledge from other experts as well. Additionally, by attending these sessions interns will get a chance to learn about the industry and get advice on their careers. Talking to these experienced people will give interns a better understanding of their career objectives and what it takes to succeed. These interactions are a great way to build professional connections. This networking will help them to find relevant jobs and opportunities shortly. By meeting with all the great professionals of the organization, interns can gather valuable insights, and building a new network will be highly beneficial for their careers.

Lastly, by implementing all these recommendations, Dnet can outreach their internship program, by making it more structured, supportive, and enriching for future interns. Also, it will attract more interns to work in a workplace like this where they can share their fresh perspectives and showcase their contributions as well-prepared interns.

Chapter 04: Personal Development Plan

4.1. Brief Personal Development Plan and Career Plan

Next Course of Action

Shortly, I plan to enhance my skills and gather knowledge in specific areas of finance. I will also look for opportunities to attend industry workshops and seminars to stay updated on the newest trends and best practices in finance. Not only this, I am planning to do a professional course in MS Excel so that I can become more proficient in this financial sector. Also, I will do some background research about financial markets to gather more ideas about it. In addition, I am planning to do some professional courses regarding finance such as financial analysis, financial modeling, financial reporting, budgeting, additionally, courses related to VAT and Tax. These are my plans for the upcoming months which I will try to pursue after completing my internship. Lastly, by setting specific goals for continuous learning and skill development, I aim to build a solid foundation that will prepare me for more advanced roles in the finance sector.

Career Plan

My long-term career goal is to become a financial analyst in a leading organization where I can apply all my intricacies to support strategic decision-making and drive business growth. For the next five years, I want to polish all my skills more efficiently and gain diverse experience by working in multiple financial roles. At first, starting as a junior analyst then gradually moved up to more senior positions as per my experiences. I am planning to pursue a professional degree as a CFA (Chartered Financial Analyst) will help me to validate my skills and increase my credibility further in the field. Additionally, I will try to seek mentorship from professionals and try to participate actively in projects that can challenge my capability and broaden my experience. Moreover, it will help me to build a great network among the organizations. Lastly, I want to take a chance in leadership roles where I can implement financial plans and strategies and reach an organization's greatest place.

4.2. Technical and Interpersonal Skills for securing employment

To secure a strong position in the financial sector, we need to have good technical skills so we are planning to get a professional course in MS Excel. This Advanced MS Excel skill will enhance my proficiency in financial analysis, financial modeling, and budgeting. It is crucial for securing employment in this competitive job market. Along with this technical skill I want to deepen my proficiency in other financial software such as QuickBooks, Xero, STATA, SPSS, and R. By learning these software applications, I will be able to handle complex data sets and generate impactful financial reports. Another key area that I would like to highlight is gaining expertise in data analytics, which includes learning to use advanced statistical tools. By learning them I can generate statistical data and with the help of these statistical data, I can implement effective statistical reports for the organizations. By honing these technical skills, I will be well-oriented and can showcase my contribution to any further institution.

Nonetheless, interpersonal skills are also essential besides technical skills, as we all know that communication is the key element for any organization. Without communication, we cannot be able to build a strong network or even we cannot work in a team. So, I believe that I have a good communication skill and it will help me to build a strong network among an organization. This skill is also important to convey complex financial concepts in an understandable manner. Additionally, I want to enhance my critical thinking and problem-solving abilities which will help me to address financial challenges more strategically and creatively. Chronologically, building strong teamwork and collaboration skills is vital because financial professionals usually work cross-functionally with several departments. By examining these interpersonal skills, I will not only be able to work effectively with my clients or colleagues; rather, it will help me to secure good leadership potential, and make me a well-coordinated candidate for future corporate opportunities.

Executive Summary

This internship report explores the financial sustainability of social enterprises, focusing specifically on the case of Dnet, a non-profit social enterprise in Bangladesh. The report details the author's experiences and learnings during their internship in the Finance and Accounts department at Dnet. The key aspects covered include the challenges faced by Dnet in maintaining financial stability, the strategies the organization employs to ensure long-term sustainability, and the effectiveness of these strategies.

The report begins with an overview of the internship process, highlighting the motivation to work with Dnet, the search and interview experiences, and a brief introduction to the organization. It then delves into the responsibilities undertaken during the internship, such as preparing financial reports, managing accounts, and analyzing data, which provides practical insights into the financial operations of a non-profit organization.

The research section of the report critically examines Dnet's financial practices, identifying significant challenges such as a reduction in foreign donations, inconsistent revenue from social enterprise activities, and dependency on government projects. The report also evaluates the effectiveness of Dnet's financial strategies and suggests improvements, including diversification of income sources, enhancing fundraising efforts, and improving financial management practices.

The report identifies the key challenges of nonprofit organizations such as lack of funds, absence of strategic planning, poor governance and networking, economic downturns, operational cost management, dependence on government projects, fragile investment portfolio, and VAT & Tax Complexity. So, to identify these challenges in a broader spectrum we have used both qualitative and quantitative data. To collect these data, we have taken the total population of 40 employees of Dnet as our total population, and among them, we have taken 15-20 employees. For findings, we have done a financial analysis based on solid data, interviewed the top management members of Dnet, and also

conducted a survey among the existing employees. We have also mentioned some recommendations for ensuring financial sustainability such as increasing current assets to maintain the current ratio, focusing on high-impact projects, improving financial management practices, providing periodic reports to donors, providing consultancy services, etc.

Part: B

Chapter 01: Introduction

1.1 Background of the study

In an organizational context, sustainability means the ability to maintain financial operations over the long term. Financial sustainability differentiates between for-profit and nonprofit organizations. In both cases, financial capacity includes resources that allow the organization to take advantage of opportunities and respond to challenges while continuing regular operations. This capacity provides flexibility in asset management and financial sustainability is all about maintaining this capacity over the long run. (Gaurang & Jain 2014) Social enterprises aim to use surplus revenues for their goals rather than distributing profits, financial sustainability is crucial, especially since they often serve high-need communities needing consistent services. Lastly, social enterprises focus on sustaining or growing their services and building resilience to short-term economic crises like lack of funds or donation fluctuations. (Gaurang & Jain 2014)

The study examines the financial status of Dnet as a social enterprise and suggests ways for future sustainability. We will observe the existing financial management practices, including budgeting, financial reporting, and analysis of financial statements to assess the sustainability measures. Also, we will try to identify the financial challenges and how financial challenges can be minimized through proper ways. The sustainability measurements will be conducted through financial ratios.

1.2. Literature Review

The social development sector in Bangladesh has been greatly introduced by Non-Governmental Organizations (NGOs). These organizations became well-recognized after the Liberation War. At first, they focused on helping communities in distress as part of the post-war recovery efforts. With the support of international donors, NGOs have expanded their services in microcredit, healthcare, women's empowerment, informal education, and rights advocacy. The research explores how the NGO sector in Bangladesh has grown over time and assesses its impact on social development. The

focus is to understand how NGOs started, grew, and contributed to improving the lives of people in Bangladesh through several services and initiatives. (Zohir, 2004)

In Bangladesh, some organizations were first introduced right after the liberation war in 1971. For example, Gonoshasthava started as a mobile medical unit helping freedom fighters in 1971. In most cases, we can observe that non-governmental organizations (NGOs) in Bangladesh work closely with the government to support development efforts. In most cases, they try to be more effective at reaching and helping the underprivileged people at the grassroots level. These NGOs have played a vital role in reducing poverty, especially among the rural poor. In most of the surroundings where poverty is at its peak, the work of NGOs becomes even more crucial. They mainly focus on helping the poorest people to the fullest, who have very few opportunities to improve their well-being. That is why, most rural people in Bangladesh lack the resources and means to fight poverty and try to find better employment opportunities. NGOs always ensure to help disabled people and underprivileged people who are in poor condition. They always create by raising their awareness, inspiring them, and teaching them about development. These particular organizations aim to meet the needs of the poor, who are often excluded from these mainstream development initiatives. By doing all this strategically, NGOs try to align their efforts with national development plans. (Hassan & Forhad, 2013).

Bangladesh, as a developing country, has struggled with sustainable poverty alleviation compared to other developing nations. One notable NGO is the Bangladesh Rural Advancement Committee (BRAC), which is the largest NGO in the world. It was founded in 1972 by Sir Fazle Hasan Abed. Also, many NGOs are trying to serve the nation with their best efforts such as ASA, Proshika Organization, Oxfam Bangladesh, Shakti Foundation, Care Bangladesh, BURO Bangladesh, etc. (Hassan & Forhad, 2013).

Despite this, I have taken a case of Dnet which is pioneered in research or innovation of models and strategies using ICT as a primary tool to support and provide service to hard-to-reach populations in isolated rural areas of Bangladesh. Dnet is also registered with NGO Affairs Bureau, Bangladesh with registration No# 1918, dated April 07, 2004, renewed on 17 July 2014 with a vision for a society where information and knowledge facilitate all stakeholder's participation in the generation of wealth and its equitable

distribution for poverty alleviation. The models developed by Dnet for the empowerment of different target populations in different sectors such as livelihood, health, and education have proved to have excellent scalability and replicability. Apart from that Dnet over the years Dnet also developed expertise in content development partners, and donor agencies have strengthened the organization's ability to undertake large-scale programs and ensure smooth execution. Dnet has a highly active work environment with a group of motivated employees and an efficient administration who are dedicated to the cause that the organization is serving.

In this research paper we will be doing a descriptive quantitative and qualitative analysis where we will demonstrate with graphical representations and relevant data will also be provided as per need.

1.3. Problem Statement

Social enterprises like Dnet aim to focus on social goals while staying financially viable. Dnet provides important services to underserved communities, but it faces some certain challenges in securing steady funding, handling economic downturns, and managing costs. The main issue is to find ways to keep Dnet financially healthy without losing focus on its social objective. This study will observe the financial sustainability of Dnet, by identifying the specific financial challenges and suggesting solutions to improve its financial impact and stability.

1.4. Research Question

Is Dnet financially sustainable?

1.5. Research Objective

To critically examine the financial status of Dnet as a social enterprise and suggest ways for future sustainability.

1.6. Potential Contributions or Significance of the Study

This study on Dnet which is a nonprofit organization can make vital contributions. By identifying and solving Dnet's financial challenges, the research can provide impactful ideas on how to balance social goals with effective financial stability. These ideas can help Dnet to remain financially healthy, stay resilient over time, and continue serving underprivileged communities. These particular findings will not only help Dnet but other social enterprises will be benefited if they are facing these similar issues by offering practical solutions with best practices. This research supports Dnet's mission and helps improve knowledge about sustainable financial practices in the development sector.

Chapter 02: Methodology

2.1. Type of research

Descriptive Research has been used for this report. As we are trying to observe the financial sustainability status of social enterprises, that is why we are mostly focusing on Dnet's financial data to examine the overall research for this paper. We have taken Dnet as our focused population and samples are the top management and fellow employees of this organization. We have tried to collect the data in a purposive manner. Through surveys, observations, and analysis of existing data we have implemented our data representation. Additionally, the purpose of this report is to identify Dnet's financial crisis and to make sure that it is sustained in the long run.

2.2. Research Design

For this research paper, we have used both qualitative and quantitative data. Qualitative data would be collected through interviews with the top management of Dnet and the founding members of Dnet. The primary is collected directly from the members through interviews and surveys. Secondary data has been collected from existing sources such as financial reports, websites, research papers, etc. Some of the data has also been taken from the financial reports and visual representations such as graphs, and pie charts are mentioned further.

As we have used both mixed-method research designs, so simultaneously we will be mentioning a brief description of both methods in this report.

2.3. Sampling Technique

For this research paper, we have used a purposive sampling technique as we needed specific samples for our research topic. Currently, Dnet has 40 employees and among them, we have taken 20 employees as our respondents. The sample size was 20 and among them, we have taken interviews and surveys of the respected members. Purposive sampling involves selecting individuals based on specific criteria or characteristics that align with the research objectives. Also, we have used both qualitative and quantitative data analysis.

2.4. Limitations of the Study

A limitation of the study on the financial sustainability of non-profit organizations is the variability in funding sources and organizational structures, which can differ significantly between nonprofits, making generalization difficult. Additionally, the study may rely on available financial data, which can be incomplete or outdated, affecting the accuracy of the analysis. Furthermore, external factors like economic conditions or changes in donor priorities can unpredictably influence financial sustainability, posing a challenge to drawing consistent conclusions across different organizations.

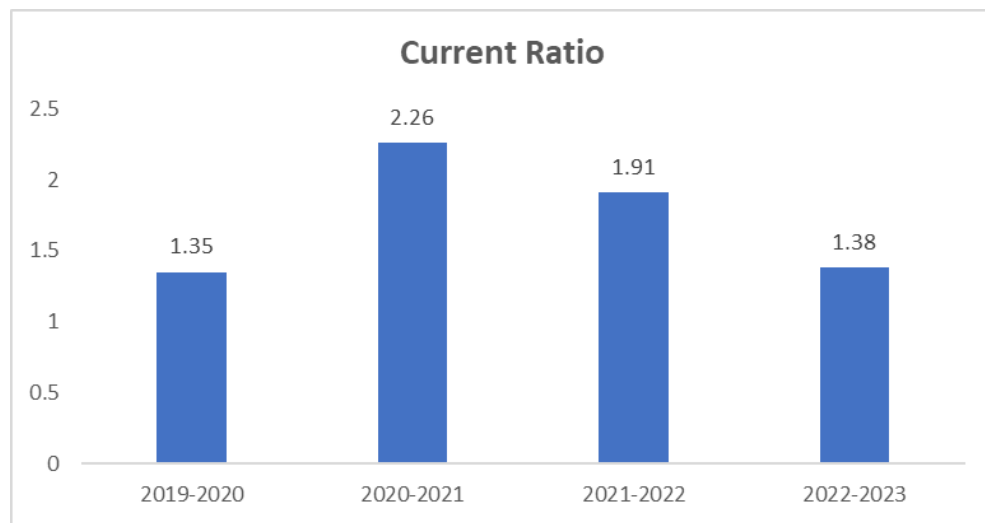
Chapter 03: Findings and Discussion

3.1. Financial Analysis

Financial data is solid information based on published annual reports. This will give us a clear and robust understanding about where Dnet stands now. Here is a clear demonstration of financial analysis to measure sustainability of Dnet.

Current Ratio under Liquidity Ratio

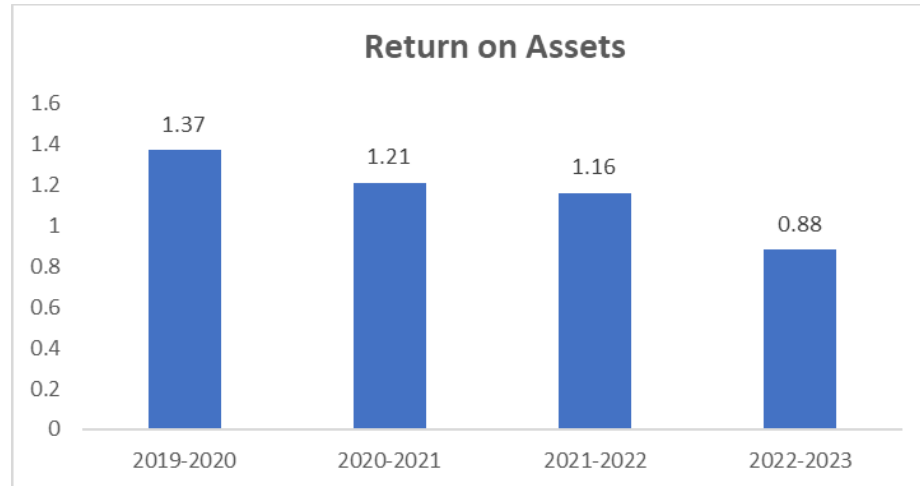
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	1.35	2.26	1.91	1.38



This ratio indicates Dnet's ability to meet short-term financial obligations by comparing current assets to current liabilities. Ideally, having a current ratio at least 1.0 is standard and preferably greater. We can see the current ratio from 2022 to 2023 has decreased by 0.53 percent. Nevertheless, Dnet has the ability to pay its current liabilities.

Return on Assets (ROA) under Profitability Ratio

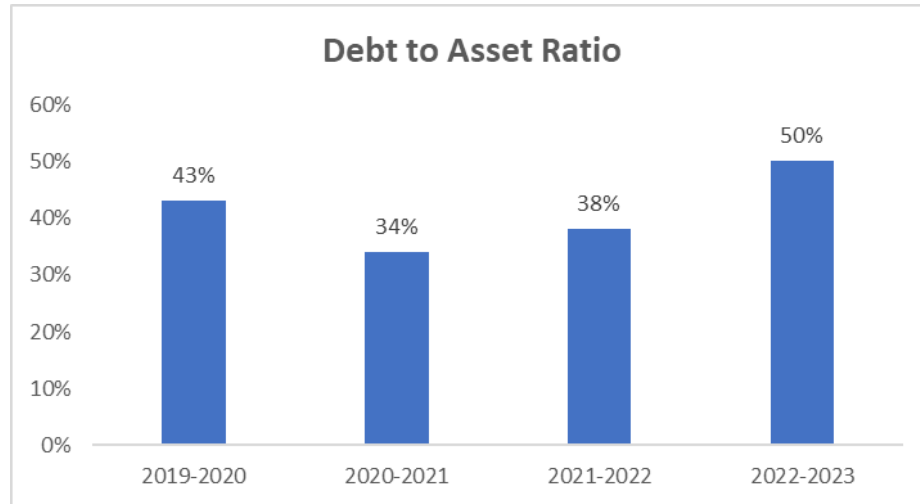
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	1.37	1.21	1.16	0.88



The Return on Assets (ROA) for the past four years shows a declining trend. ROA measures how effectively a company can utilize its assets to generate profit. In 2020, the ROA value was the greatest which was 1.37, indicating relatively efficient use of assets. However, from 2021 there is a consistent decline each year. By 2023, the ROA has dropped to 0.88 which is very less compared to other years. Several factors can be taken into consideration including increased costs, reduced profit margins, or inefficiencies in asset utilization. This trend may demonstrate a deeper analysis to understand the underlying causes and to take corrective measures.

Debt to Asset Ratio under Solvency Ratio

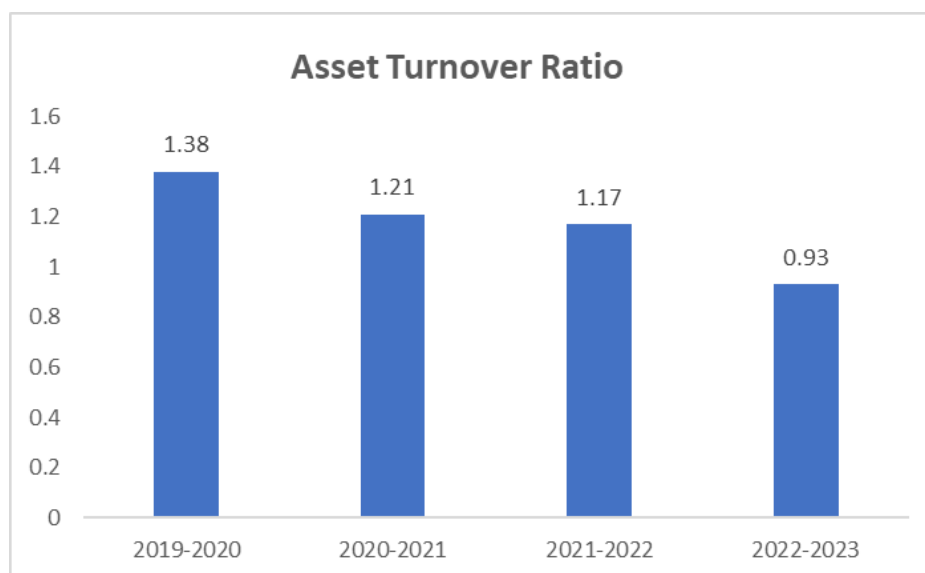
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	43%	34%	38%	50%



The debt-to-assets ratio measures Dnet's total debt to its total assets. It measures leverage and indicates how much it is funded by debt versus assets, and therefore, its ability to pay off its debt with its available assets. As the ratio shows Dnet has 50% debt against its assets and it is possible to meet these obligations.

Assets Turnover Ratio

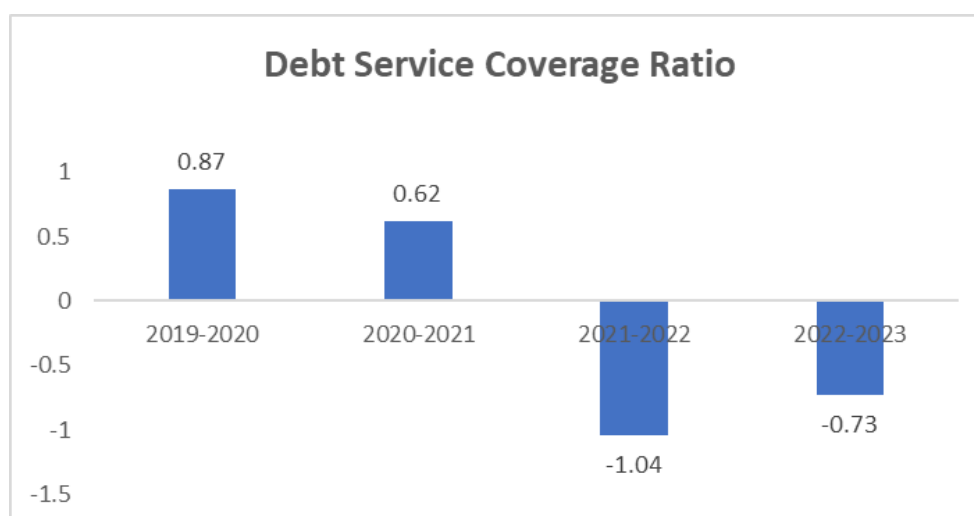
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	1.38	1.21	1.17	0.93



The assets turnover ratio measures Dnet's efficiency with which it uses its assets to generate income. The above ratio shows 0.93 therefore, for 01 Taka in total assets, Dnet generated income taka 0.93 which is comparatively lower than previous years.

Debt Service Coverage Ratio

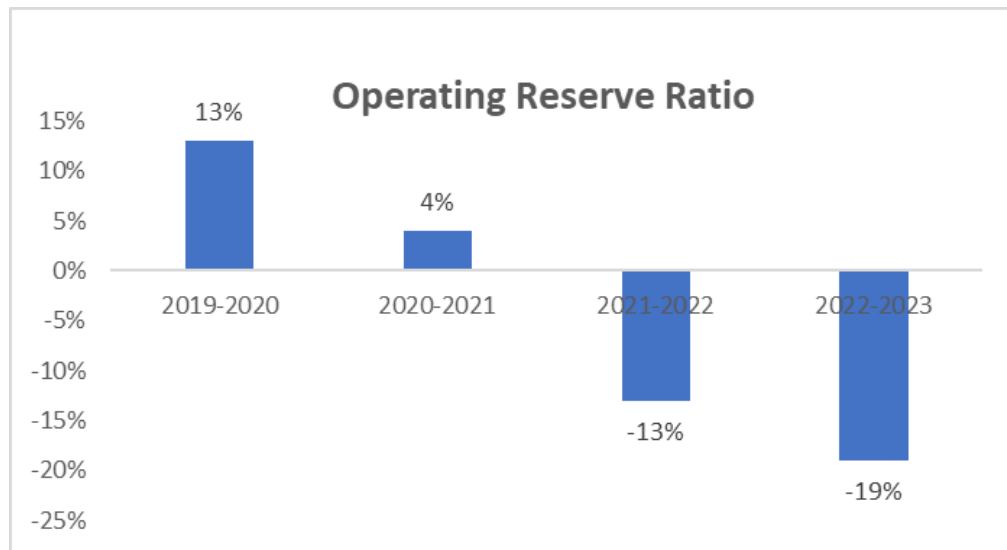
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	0.87	0.62	(1.04)	(0.73)



The debt service coverage ratio measures Dnet's capacity to repay current debt obligations with its generated surplus. The ratio shows Dnet could not generate surplus in FY: 22-23 therefore unable to repay its current debt obligation.

Operating Reserve Ratio under Sustainability Ratio

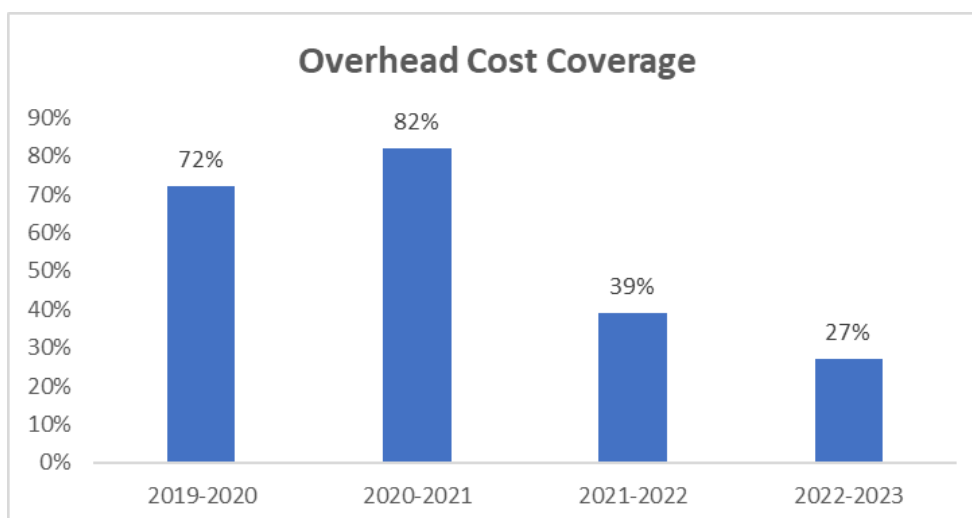
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	13%	4%	-13%	-19%



The operating reserve ratio measures how long Dnet's expenses would be covered by its generated surplus. The ratio shows Dnet could not generate surplus in FY: 22-23 so it is not possible to cover 25% expenses fully for upcoming 03 Months (standard).

Overhead Cost Coverage Ratio

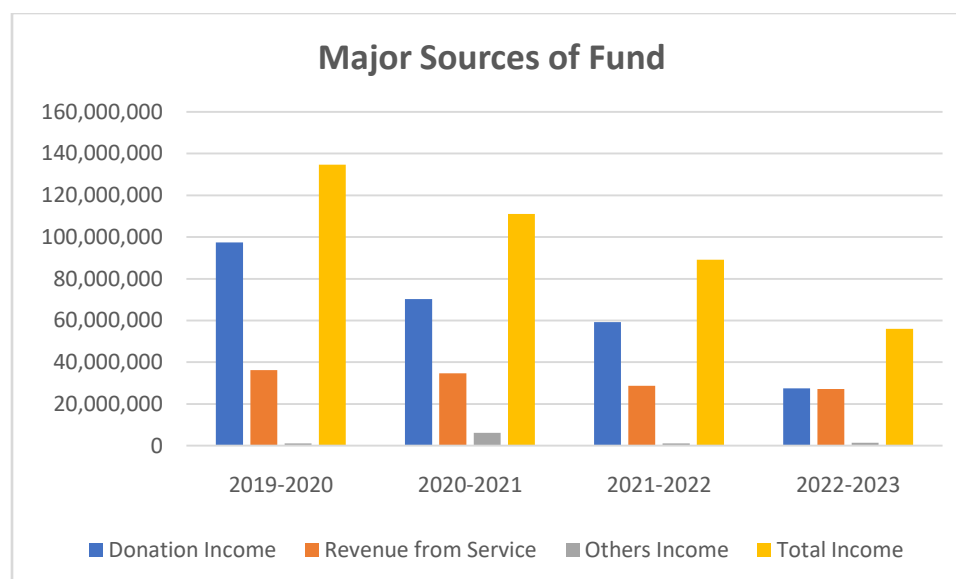
Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	72%	82%	39%	27%



An overhead cost coverage ratio is a measurement of how much Dnet can charge for its overhead cost to its grants and no- grants funded projects. The ratio shows Dnet was able to charge only 27% due to decreasing revenue from grants and non-grants funded projects which is comparatively lower than previous years.

Major Sources of Fund: -

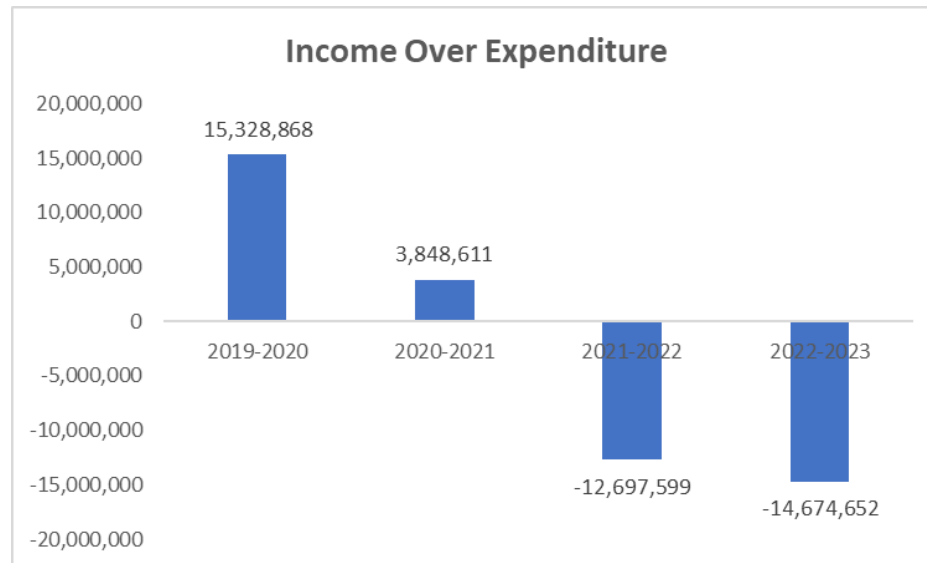
Year	2019-2020	2020-2021	2021-2022	2022-2023
Donation Income	97,397,069	70,254,856	59,290,380	27,480,614
Revenue from Service	36,128,509	34,614,625	28,641,210	27,107,354
Others Income	1,095,282	6,150,466	1,136,678	1,429,244
Total Income	134,620,860	111,019,946	89,068,267	56,017,212



The data shows a decline in income from 2019 to 2023 across various sources. Donations dropped significantly from about 97 million in 2019-2020 to 27 million in 2022-2023. Revenue from services also decreased, but at a slower rate, from 36 million to 27 million in the same period. Other income sources fluctuated, with a spike in 2020-2021 but returning to lower amounts later. Overall, total income fell sharply from around 135 million in 2019-2020 to just 56 million in 2022-2023.

Income over Expenditure: -

Year	2019-2020	2020-2021	2021-2022	2022-2023
Total	15,328,868	3,848,611	(12,697,599)	(14,674,652)



The financial summary also highlights the organization's income over expenditure during the same period. The figures indicate that the organization experienced a surplus in the initial years, with a total income over expenditure of approximately 15 million in 2019-2020 and 3.8 million in 2020-2021. However, the subsequent years show a deficit, with losses of around 12.7 million in 2021-2022 and 14.6 million in 2022-2023. This shift from surplus to deficit underscores the financial challenges faced by the organization in recent years.

Qualitative Research Design

3.2. Key Persons Interview

Most people don't have any idea about sustainability, that's why we wanted to interview the key persons who are well aware about the financial condition of Dnet. Additionally, we have identified these key persons who can answer my questions. They are Mohammed Shahadat Hossain (Executive Director), Syed Majedur Rahman (Joint Director), Mohammad Ashik Mahmud (Head of Finance & Accounts), and Mohammad Anwar Hossain (Head of Admin).

1. What does financial sustainability mean to you in the context of Dnet?

According to the top management and some of the founding members of Dnet, financial sustainability for a non-profit organization means to keep its finances stable and healthy over time. It also ensures that the organization can continue its work for the long-term, paying its bills on the right time, and to reach its goals without having any scarcity of money or depending on outsource funding. They have also observed that Dnet completely relies on external sources such as government, foreign donors, local donors, and other external funders. The challenge for Dnet is to make sure that there is always sufficient reserve and enough money coming in order to cover its financial needs.

There are some key points of financial sustainability which the top management members have tried to discuss. The points are mentioned below: -

- Revenue Generation- It is highly essential to have a stable and reliable income source to bear all the expenses for a long-term.
- Cost Management- It is crucial to keep track records of spending and avoiding any unnecessary costs that can hamper financial operations of Dnet.
- Financial Planning- Financial Planning is an important step for creating long-term financial plans.
- Risk Management- It is vital to address and identify the financial threats that can protect the organization from unexpected scenarios.
- Investment in Growth- Investments are needed for better opportunities and to excel future growth for staying financially stronger.

- Financial Reserve- Financial Reserves are also needed as they can help to handle the financial disruptions.
- Debt Management- Both financial stability and sustainability depends on debt management. So, it is necessary to manage and repay its debt accordingly.

2. What are the key financial challenges currently faced by Dnet?

The key financial challenges currently faced by Dnet are: -

- Lack of Foreign Donations- According to Dnet, they are currently facing a lack of funds. Since Bangladesh is now considered a developed country, foreign donations and grants have become less popular. As they mostly rely on external sources, for this reason, it has deteriorated Dnet's traditional source of income.
- Absence of Strategic Planning- Dnet lacks strategic planning which means they do not have a clear idea or plan for its long-term goals. As there is no strategic planning, organizations are currently facing struggles to set goals, and a lack of making important decisions, leading to confusion, missing opportunities, and difficulty while responding to challenges.
- Poor governance and networking- This means that its leadership skills and management skills aren't as effective enough as they should be, and for this reason, the organization is facing difficulty building and maintaining strong relationships with other organizations, stakeholders, and partners. This weakness can hinder the organization's ability to secure funding, make effective decisions, and collaborate simultaneously.

- Economic Downturns- Due to the current scenario of the country, Dnet has struggled with its daily financial operations, missed specific deadlines, and experienced a great loss in its business.
- Operational Cost Management- The organization is finding it hard to manage and reduce its day-to-day expenses. They are unable to cut down costs and with this low income, it is getting hard to keep a steady cash flow which affects the ability to pay for future ongoing costs and meet financial commitments.
- Dependence on government projects- As they now lack foreign grants, currently they have been relying more on government projects rather than donor funds, however, it is not working so well for them. This observes an unstable income as government contracts are not always synchronized and consistent.
- Fragile Investment Portfolio- Even though Dnet has been working since 2001, which is almost 23 years around, now its investment portfolio has not been so strong, which states that past financial planning and investment strategies weren't effective enough to pass through.
- VAT & Tax Complexity- Recently, the rates for VAT and Tax have been changed by the government which is why Dnet has been facing difficulty while calculating them. They often face confusion about which taxes they need to pay and what exemptions they might qualify for.

3. How does Dnet plan to address these financial challenges in the next 5 years?

In the next five years, Dnet plans to address these financial challenges through these strategies: -

- **Diversify Income Sources:** Dnet can diversify its income sources by providing new services, building partnerships, and exploring new funding methods. These methods can be beneficial for the organization to maintain its financial sustainability.
- **Improve Fundraising and Marketing-** Dnet needs to actively participate in social media to strengthen its relationships with current donors and reach out to new ones through focused campaigns. Making attractive content like posting videos with local and foreign donors can attract other donors to invest over here. It will help to increase its visibility.
- **Operational Efficiency-** Reducing costs is important as it will find ways to cut down unnecessary operational expenses without disrupting the quality of services. By using efficient methods and technology they can make their daily operations smoother and less cost effective.
- **Strengthen Financial Planning-** Financial Reserves need to be built so that Dnet can secure their money for any financial absurdity when income is comparatively low. Hiring Financial Experts can also be beneficial for Dnet to improve its investment strategies and for making better investment decisions.
- **Enhance Skills and Leadership-** The organization can invest in staff training to improve skills such as financial planning, managing projects, and grant writing. Additionally, proper governance is needed as it will help to strengthen leadership and operate the financial decision-making process.

4. Can you describe the strategies that Dnet has found most effective in securing long-term funding?

The strategies that Dnet has found most effective in securing long-term funding. The following points are mentioned below: -

- First of all, they have built a strong relationship with their donors and made it a long-term success. The strategy they have implemented through their regular communication by keeping donors updated about the impact of their contributions. They have used newspapers, reports, and other updates so that donors feel more valued and connected. Additionally, the other aspect was to ensure personalized engagement. Dnet has tailored their interactions to match donors' interests and preferences and it helped them to create a stronger bond with the donors.
- Dnet has diversified its funding sources to ensure financial stability. The aim of long-term funding was to apply for grants from various institutions and foundations. As they were relying on multiple sources of funding it will help them to reduce the risk of dependency on a single one. Also, they thought of corporate partnerships, and by aligning with some other businesses they shared their mission which attracted the sponsors and collaborated on such joint projects that benefitted both the parties.
- The most important strategy which they have implemented was to build a strong brand and reputation. As we all know, transparency and accountability are the key factors in this scenario. They were always open in financial reporting and clearly demonstrated the possible outcomes of funded projects. By this strategy, they have built a greater trust with donors and stakeholders. Another one was to show their achievements through these years and what they have actually meant. As they have gained media coverage, and shared successful case studies it has helped them to boost their visibility and credibility.

- Lastly, they can follow strategic partnerships and alliances which can open up new opportunities. The synchronization of collaborative projects with other organizations can attract joint funding and allow them to establish more together. They could also rely on government contracts for multiple services or projects as these contracts can be beneficial and would suggest stability in the funding process.

5. How does Dnet ensure the diversification of its income sources?

As we know, every business needs to diversify their income sources to some greater extent and so does Dnet try to expand the range of services which they are currently offering. By introducing new services to the list can create a new dimension in the income source. Additionally, they are trying to focus on developing new partnerships which could be an effective strategy for them. Also, they try to form alliances with local businesses as well. They always target international NGOs, and other stakeholders who can offer greater funds for their projects. Moreover, they try to explore alternative funding models, such as focusing on social bonds, impact investing, or public-private partnerships that can provide solvent and sustainable income.

Nonetheless, enhancing fundraising and marketing efforts can create drastic financial growth. Dnet always focuses on increasing donor engagement as it helps to strengthen relationships with current donors and reach out to new ones. This is done by targeted campaigns that show clear visibility to the donors. Marketing is also a vital aspect for any sort of business, it helps to raise awareness about their work and can attract more donors and partners which ensures that Dnet is well-recognized in all matters.

6. What role do partnerships and collaborations play in the financial sustainability of Dnet?

By this time, we know how partnerships and collaborations play a vital role in financial sustainability. Here are some points which are mentioned down below: -

- Joint Funding Opportunities- Working with other organizations would be more impactful in creating greater funding opportunities. Also, it allows Dnet to access grants and donations that might not be possible for a single organization.
- Increased Credibility- Partnering with well-recognized organizations helps Dnet to increase its credibility and it will also attract donors or investors simultaneously.
- Shared Reputation- Collaborations also help Dnet gain the reputation and influence of its partners, which increases their visibility and trustworthiness.
- Shared Risks and Resources- The partners are trying to share their risks and resources such as technology, staff, and office space and it also helps to reduce costs.
- Combined Strengths- By teaming and collaborating with other organizations, Dnet can share its strengths with those partners and can make better and more effective programs.
- Innovation- Working with other partners can bring more innovative ideas to solve critical problems, and make Dnet's programs more appealing and effective to the funders.
- Building Skills- Building skills are also very important to elevate any business. Partnerships do offer opportunities for training and skill development as it will elevate Dnet's abilities and will make it more competitive for funding.

- Long-term stability- If there are multiple partnerships it means Dnet is not reliable on just one source of funding and will help to support.

7. What are the sources of income Dnet should explore to bring financial sustainability?

The sources of income Dnet should explore to bring financial sustainability are: -

- Grants: According to the top management and other employees' statements they apply for funding from various sources such as international organizations, foundations, and local government agencies.
- Individual Donations- They are also focusing on campaigns to attract individuals through online platforms, direct requests, and events.
- Corporate Donations- Dnet reaches out to other businesses as well through their corporate social responsibility (CSR) programs. As this is an effective way to get a great source of income.
- Service Fee- While offering any consultation, training, or other services they do charge a certain amount to organizations, businesses, or any government bodies.
- Public- Private Partnerships- Dnet plans to work with private companies and also wants to explore government-based projects so that they can receive better funding from both sides.
- Digital Campaigns- They are also trying to create digital campaigns through social media platforms, digital ads, and emails.
- Contracts and Tenders- Creating a suitable contract so that they can attract government agencies and get a high value of income.

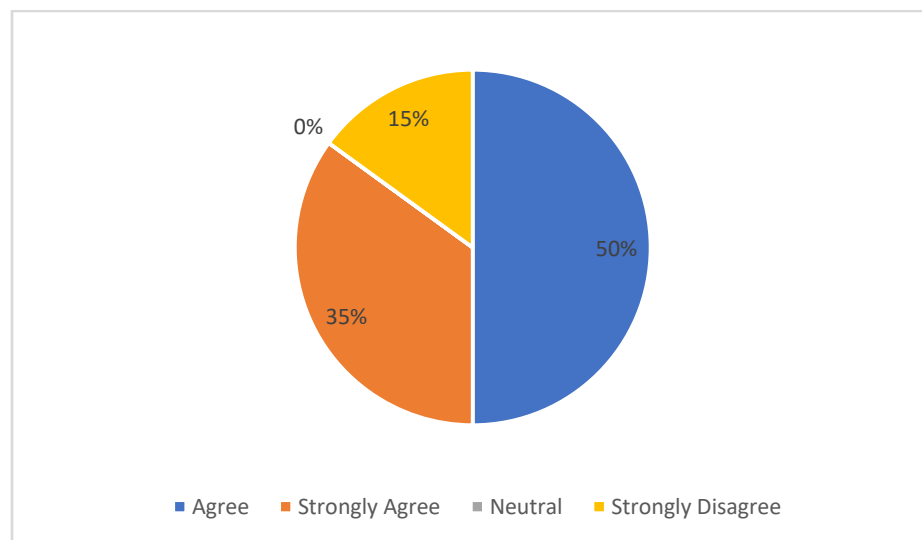
- Subsidies and Incentives- Dnet plans to apply for government subsidies and incentives which are currently available for non-profit organizations.

Quantitative Research Design

3.3. Explanation of Survey Questions

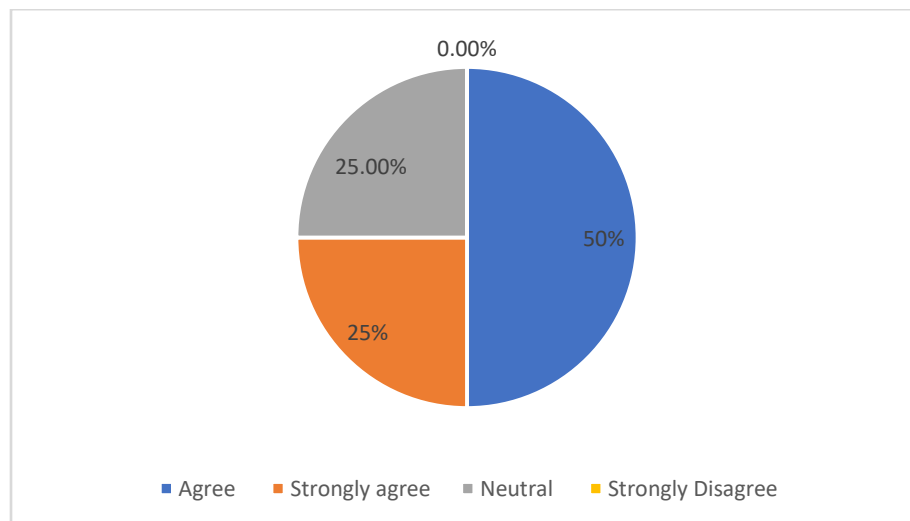
We have conducted a survey over here to analyze more closely to the root of sustainability. However, ultimately people's opinion matter what the general employees are thinking, they may not be aware about finance but they are aware about their wellbeing and the organization's wellbeing, so that they might be able to provide a different angle about the sustainability of Dnet.

1. To what extent do you agree that effective financial management influences Dnet's financial sustainability?



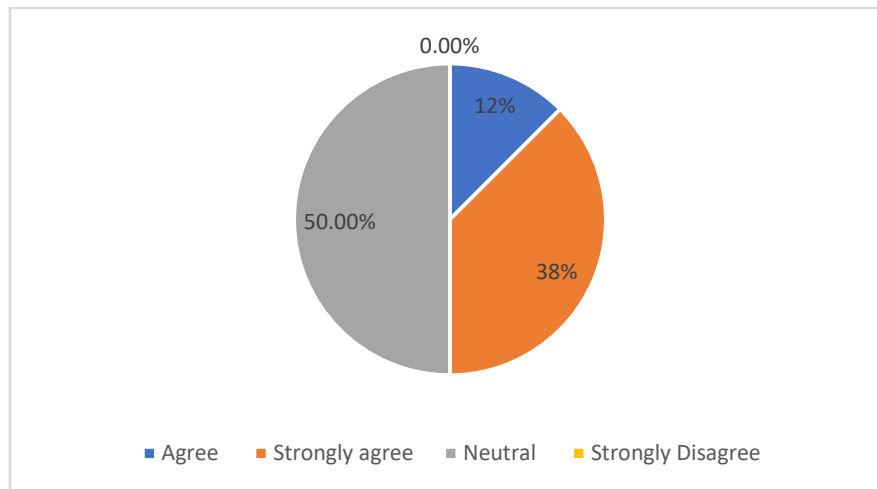
From this demonstration, we can see that 50% of the employees agree and think that effective financial management influences Dnet's financial sustainability. Indicating that most people think good financial practices are important for Dnet's long-term stability and sustainability. On the other hand, 15% strongly disagree and the other 35 % strongly agree that financial management is the real key to excel in financial sustainability. As per the data we took 20 respondents and from there 10 people are male and agree that effective financial management influences Dnet's financial sustainability. So, this mix of opinions and demographics reflects a general belief that good financial management is crucial.

2. Dnet's financial management practices are robust and effective.



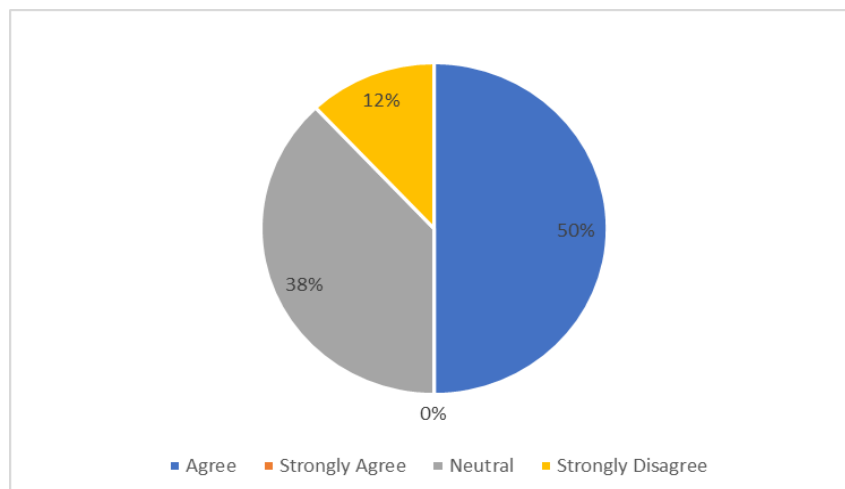
As we know, for any organization financial management practices need to be handled efficiently. So, from our collected data 50% of the people think that Dnet's financial management practices are strong and they work well as per the terms and conditions. A quarter of them feel even more confident and strongly agree that the financial management practices are robust and effective. Even I have also seen how dedicatedly they manage their financial operations. So, the remaining 25% neither agree nor disagree, meaning they are neutral and don't have a strong opinion either way. Lastly, most people have a positive view of how Dnet handles its finances effectively.

3. Dnet has a comprehensive strategic plan that includes financial goals.



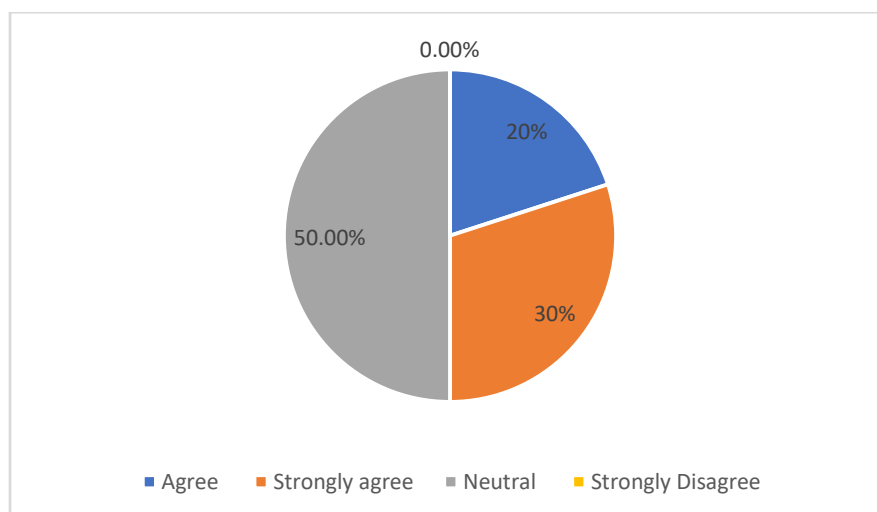
The data represents that 50% people are neutral when it comes to Dnet's strategic plan that includes financial goals, it means they neither agree nor disagree about its completeness or effectiveness. So, a minority, about 12 %, believes that Dnet does have a strategic plan with clear financial goals. Additionally, 38 % feel strongly that the strategic plan is comprehensive and includes important financial objectives. So, while many people think positively about the plan, a significant number are a bit unsure and do not have a strong opinion regarding this.

4. Dnet has sufficient financial strength to sustain its operations.



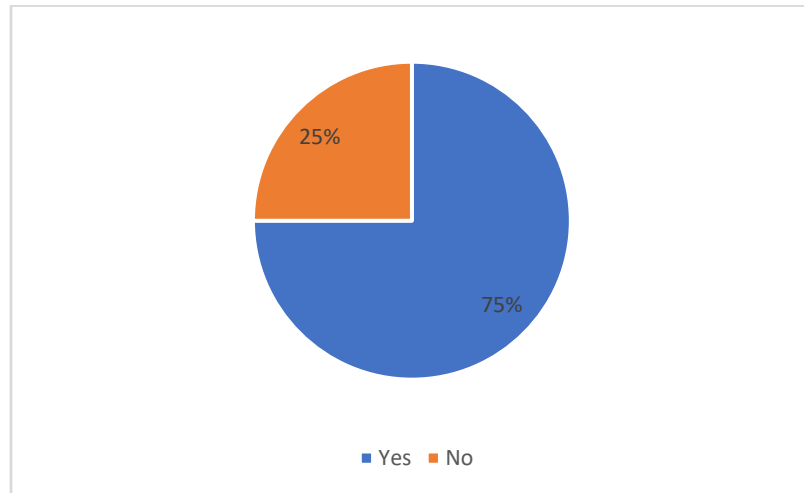
As per our survey, where we have collected 20 responses and among them 50% agrees that Dnet has sufficient financial strength to sustain its operations and half of the respondents believed that the company is financially stable. In addition, 38% are neutral, which means that they either agree or disagree because these respondents might not be sure about Dnet's financial situation or might not have enough knowledge to form a strong opinion. Lastly, 12% strongly disagrees as they are confident about the matter that Dnet does not have sufficient financial strength to sustain its operations for the long-term.

5. I think Dnet is sustainable in the long-run.



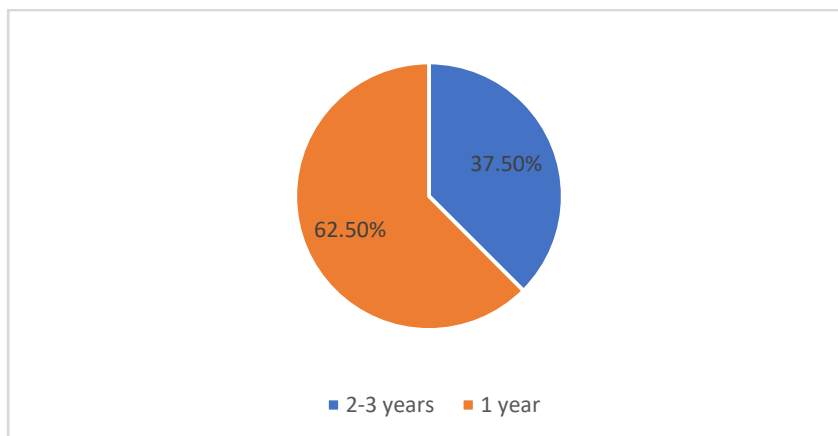
The survey results show that a significant portion of respondents are optimistic about Dnet's long-term sustainability, with 50% being neutral and 50% agreeing to some extent. Specifically, 30% strongly agree, and 20% agree that Dnet is sustainable in the long run. This suggests that while half of the respondents are confident in Dnet's future, the other half are uncertain, reflecting a mixed sentiment. The neutral stance could indicate a wait-and-see attitude, possibly due to the financial challenges Dnet is currently facing.

6. Does Dnet have a financial plan aligned and informed by its strategic plan?



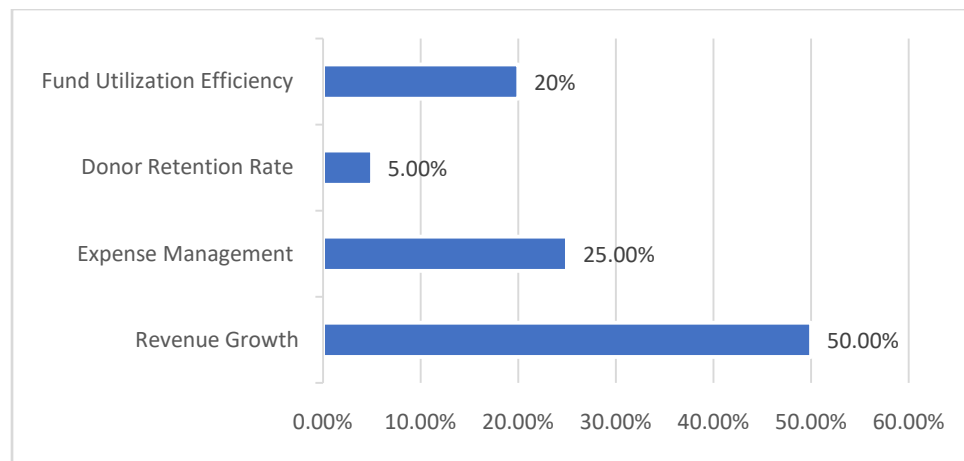
Based on the feedback from 20 respondents, it shows that Dnet's financial plan is mostly aligned with its strategic plan. Where we can see, 75% of the respondents saying "yes", indicates that the majority believe that there is a good connection between the financial and strategic goals of the organization. However, 25% of the respondents suggested "no" and that there are still some areas for improvement. This mixed response highlights that while Dnet is on the right track, it may need to focus more on ensuring that its financial planning is consistently and fully informed by its strategic objectives.

7. What is the period of Dnet's financial plan?



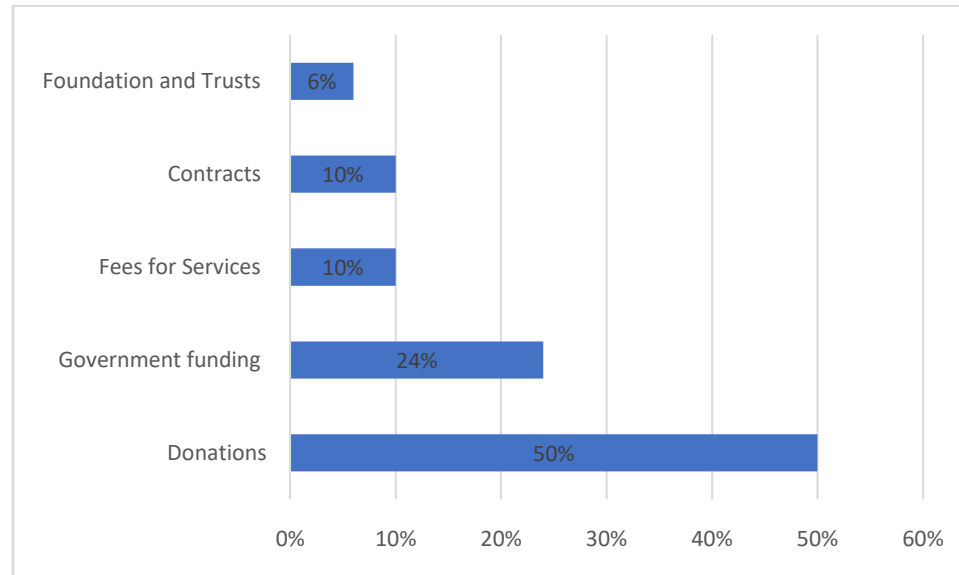
Among all the responses, Dnet's financial plan is mostly short-term as 62.5 % saying the plan covers 1 year, it shows that the majority believe Dnet focuses on yearly financial planning. However, 37.5% of the respondents think they have a longer time approach which is 2-3 years. This suggests that while Dnet primarily focuses on short-term financial planning, there is some recognition of efforts to plan for a longer period.

8. What metrics does Dnet use to measure its financial performance?



The responses which we have collected and it observes that Dnet uses several key metrics to measure its financial performance. The most common method is the revenue growth which is 50% and it is showing that 12 respondents believe Dnet focuses on increasing its income as a primary indicator of success. Expense management is also vital in this case, where 25% respondents highlighted that controlling costs is a significant focus for Dnet. Therefore, fund utilization efficiency is another crucial metric with 20% suggesting that Dnet pays attention to how effectively it uses the funds it receives. At last, donor retention rate is mentioned by 5% which indicates that it's not similar to the other metrics. Overall, Dnet seems to prioritize growing its revenue, managing expenses, and utilizing their funds effectively.

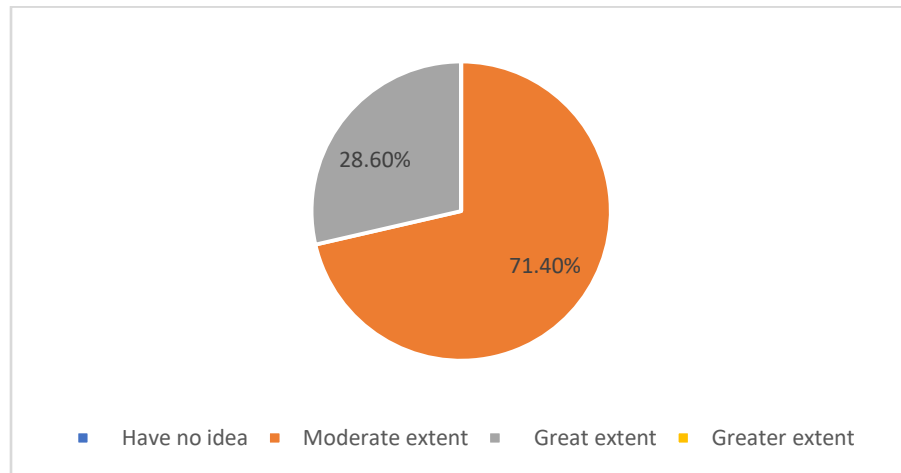
9. What are the main sources of Dnet's income?



Based on the responses, the main sources of Dnet's income comes from several different sources. As per our data, donations are the largest source, with 50% of respondents indicating that Dnet relies heavily on contributions from individuals, organizations, or other entities. Government funding is also significant in this case, as 24% of respondents think it is also a key income source for Dnet. It states that they receive support from government grants or programs. Fees for services and contracts are also an important source and that's why Dnet earns some revenue by providing services or fulfilling contracts. Lastly, foundation and trusts contribute to some extent as 6% of the respondents think. Overall, Dnet's income is widely diversified with a strong reliance on donations and government funding, and also supported by services, contracts and from foundations and trusts.

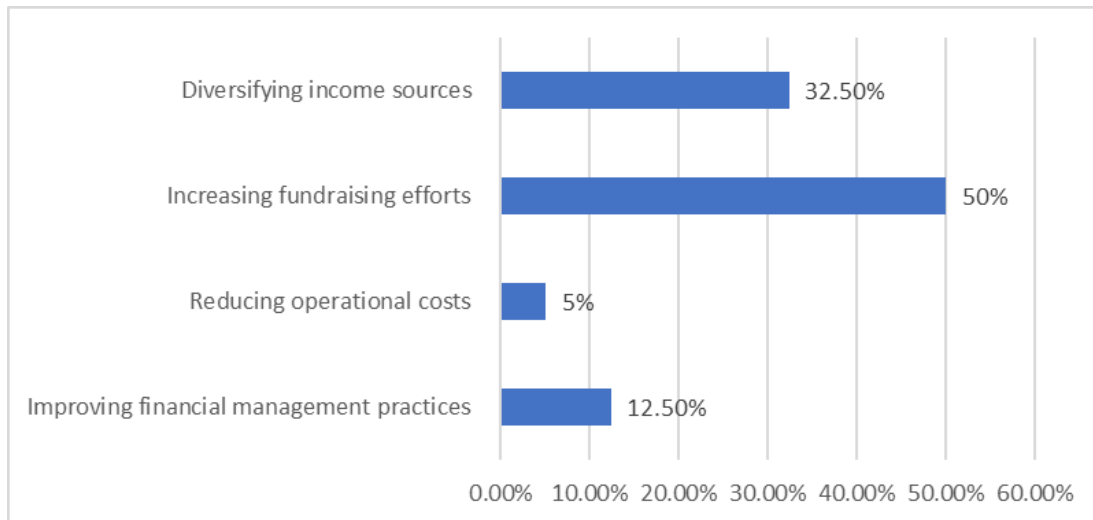
Understanding Financial Sustainability

1. To what extent do you understand financial sustainability to be?



Based on the responses, most people understand financial sustainability to a moderate extent which is demonstrated as 71.4%. This means that the majority of the people have a fairly good knowledge of what financial sustainability means and they understand the basic concepts but may not be deeply knowledgeable about all the details, on the other hand, 28.6% of respondents understand financial sustainability to a great extent that means they have a great understanding about this topic. Additionally, none of them said that they don't have an idea or they have a lot of ideas about sustainability. To recapitulate, while most people have a solid and moderate understanding of financial sustainability.

2. What actions does Dnet take to improve financial sustainability?



As per the indicated respondents of 50% they think Dnet takes to improve on increasing fundraising efforts. This suggests that Dnet is actively working to raise more funds from donors, sponsors, or other sources. As they want to ensure it has enough financial resources to continue its operations. Whereas, 32.5% of the respondents think Dnet is trying to focus on diversifying their income sources, which means they are trying to cut down its reliance on any single source of income by exploring different avenues like grants, service fees or partnerships. Also, 5% think reducing operational costs are also vital. Lastly, 12.5% of respondents stated that Dnet is managing and trying to improve its financial management practices, which involves better budgeting, financial planning, and resource allocation to ensure long-term financial health. In summary, Dnet's strategy to enhance financial sustainability includes a strong focus on fundraising, exploring diverse income streams, and refining its financial management.

Open- Ended Question

What improvements would you suggest to enhance Dnet's financial sustainability?

The respondents state that to enhance Dnet's financial sustainability, several key improvements can be implemented. First of all, increasing fundraising efforts will bring in more funds to support its operations. Reducing operational costs can free up more resources for other critical areas. Exploring new revenue streams can help to diversify their income source. It is also essential to review both current and future capital needs to ensure the organization can support its growth. Some of the respondents also suggested that balancing profitability is crucial, so Dnet should focus on projects that cover longer periods and can bring in significant donations. Additionally, setting project goals can bring more employee benefits that improves staff morale and retention, further strengthening the organization's sustainability.

Chapter 04: Recommendations

As per our financial analysis, we need to focus on all the financial challenges that have been addressed through this report. To improve the current ratio, it is essential to focus on increasing current assets while efficiently managing the current liabilities. One approach is to optimize inventory management and accounts receivable collection processes, ensuring faster cash conversion cycles. By reducing reliance on short-term debt and negotiating better payment terms with suppliers can also alleviate pressure on liabilities. Additionally, enhancing cash flow through better sales strategies or securing longer credit terms with creditors can help increase liquidity. Lastly, careful management of working capital by minimizing unnecessary expenses and maintaining a buffer of cash reserves will support a healthier current ratio over time.

The declining Return on Assets from 1.37 in 2020 to 0.88 in 2023 shows that the company's ability to generate profit from its assets is weakening. To improve Return on Assets, the company should focus on better utilizing its assets and increasing profitability. This can be done by cutting unnecessary costs, improving operational efficiency, and boosting sales. Investing in technology and automation can also help optimize processes. Additionally, the company should review underperforming assets and either improve their productivity or consider selling them to focus on more profitable areas. By doing this, the company can make better use of its assets and increase its profits, which will lead to an improved Return on Assets.

The Debt to Asset Ratio shows how much of a company's assets are financed by debt. A higher ratio means more reliance on debt. In 2023, the ratio increased to 50%, indicating that half of the company's assets are funded by debt, which is higher than in previous years. To improve this, the company should focus on reducing its debt by cutting unnecessary expenses, improving cash flow through better revenue management, and exploring alternative funding options like equity financing. Additionally, the company

could reinvest profits to reduce the need for borrowing, helping to bring the ratio down over time.

The declining asset turnover ratio from 2020 to 2023 indicates that the company is becoming less efficient at using its assets to generate revenue. To improve this, the company could work on increasing sales through stronger marketing efforts or expanding into new markets. By managing its assets more effectively and boosting revenue, the asset turnover ratio can be improved over time.

The Operating Reserve Ratio measures how well an organization can handle unexpected expenses or revenue drops. Looking at the trend from 2020 to 2023, there was a sharp decline in 2021 (4%), but it improved significantly by 2023 (19%). To strengthen this ratio further, the organization should focus on increasing its reserves by reducing unnecessary expenses and generating more stable revenue sources, such as diversifying income streams or improving cash flow management. Additionally, regularly reviewing financial performance and setting aside a portion of income for reserves can help maintain a healthy operating reserve ratio in the long run.

The Overhead Cost Coverage Ratio shows how much of an organization's overhead costs are covered by its income. The declining trend from 72% in 2020 to 27% in 2023 suggests that the organization is struggling to cover its fixed expenses. To improve this, the organization should focus on increasing its income by diversifying revenue streams, such as exploring new funding opportunities or expanding profitable services. Additionally, reducing unnecessary overhead costs through better budgeting and cost-saving strategies could help. Strengthening financial planning and regularly monitoring expenses would also ensure better control over overhead costs.

The major sources of funds were donation income, revenue from services, and other income. The organization's total income has been steadily declining from 2020 to 2023, with a sharp drop in donation income being the main cause. To improve this, the organization should focus on diversifying its income sources by seeking new donors, partnerships, or grants, especially from local sources to reduce dependency on foreign aid. Increasing revenue from services by expanding or improving their offerings could also help. Additionally, exploring other income-generating activities, such as investments or fundraisers, may bring more stability to the organization's finances. Regularly reviewing and updating strategies will ensure sustainable growth.

The organization's Income Over Expenditure shows a worsening trend, with deficits in 2021-2022 and 2022-2023. To address this, the organization should focus on reducing unnecessary expenses and improving cost control. They can review their spending habits, cut down non-essential costs, and streamline operations to be more efficient. At the same time, boosting income through new revenue streams, like expanding services, attracting more donations, or exploring investment opportunities, can help balance the budget. Improving financial planning and closely monitoring both income and expenses will ensure better financial health in the future.

The focus group is more concerned about the financial sustainability aspects, such as lack of funds, fewer networking opportunities, risk management strategies, etc. Thus, I would recommend diversifying income sources by enhancing fundraising activities, exploring digital campaigns, and engaging with public-private partnerships to access more reliable funding. Strengthening financial planning, cost management, and risk management is also essential to minimize operational inefficiencies and prepare for economic downturns. Additionally, they were facing some complexity regarding VAT & Tax, so for that they could get some consultancy from a financial analyst or they could take professional training for calculating them accurately. They should focus on more joint funding opportunities, such as getting donations that might not be possible for a single organization. Working with other partners can bring more innovative ideas to solve

critical problems and make Dnet's programs more appealing and effective to the funders. Non-profit organizations should also focus on building strategic relationships with corporate donors and partners while improving governance and leadership. Additionally, investing in staff training and financial expertise will help to ensure more effective use of assets and better financial decision-making in the long term.

Based on the respondents' feedback, with 71.4% of respondents being aware of financial sustainability to a moderate extent and 28.6% to a great extent, there is room to enhance this awareness further. The organization can improve by offering more training sessions and workshops focused on financial sustainability, ensuring that all staff and stakeholders understand its importance and how it impacts long-term success. Additionally, regular communication through newsletters or meetings about financial performance, challenges, and goals can help everyone stay informed. Encouraging more involvement in financial planning and decision-making can also deepen understanding and commitment to sustainable financial practices. Nonetheless, I recommend that Dnet's operational costs should be minimized to free up resources, and both short-term and long-term financial plans should be aligned with strategic goals. Additionally, non-profit organizations should focus on high-valued projects that attract significant donations, improve financial management practices, and prioritize staff morale to ensure long-term growth and sustainability.

However, they could engage with healthcare sectors as they provide a wide range of services. Also, focusing on marketing aspects to attract donors and suitable investors. They could enhance their income generation by renting out buildings, offering training, and providing consultancy services. Also, to maintain transparency they could provide periodic reports to donors on a monthly, half-yearly, or annual basis. Lastly, these are the recommendations that can ensure financial sustainability for non-profit organizations.

Chapter 05: Conclusion

In conclusion, this internship report highlights the financial challenges faced by Dnet, a non-profit social enterprise in Bangladesh, and explores the strategies it employs to maintain financial sustainability. Through hands-on experience in the Finance and Accounts department, I have gained practical insights into Dnet's financial operations, from preparing reports to managing accounts. The research section of the report critically evaluates Dnet's current financial practices, identifying issues like reduced foreign donations, inconsistent revenue, and dependency on government projects. Also, the question arises at the end “Is Dnet financially Sustainable?” As per all the observations and reliable sources, Dnet is currently facing significant financial challenges that impact its sustainability. The organization struggles with reduced foreign donations and grants due to Bangladesh's developed country status, inconsistent revenue from its social enterprise activities, and a heavy reliance on government projects. These issues are compounded by a need for diversified funding sources, difficulties in strategic financial planning, and challenges in managing operational costs. Additionally, Dnet's fragile investment portfolio further threatens its financial stability. To achieve financial sustainability, Dnet must address these issues by diversifying revenue streams, improving financial management, and enhancing strategic planning. The answer is neither yes nor no, I believe if Dnet maintains all the recommendations mentioned and tries to maintain these strategies effectively then it will be sustainable in the long run.

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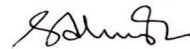
Appendix

Internship Proposal Form

Name:	Tashfia Rahim
ID:	201011093
Semester	Summer 2024
Department:	Bachelor of Business Administration
Supervisor's Name (Faculty):	Sarwar Uddin Ahmed, PhD
Organization Name:	Dnet
Internship Title:	Financial Sustainability of Social Enterprises: The Case of Dnet


13.06.24

Student's signature & date



Supervisor's signature & date

LETTER OF TRANSMITTAL

13th June, 2024

Tashfia Rahim, Cell: 0170148651, Email: tashfia.rahim.bba@ulab.edu.bd

Sarwar Uddin Ahmed, PhD

School of Business

University of Liberal Arts Bangladesh (ULAB)

688, Beribadh Road

Mohammadpur, Dhaka 1207.

Dear Sir,

Subject: Submission of Internship Proposal.

Please find attached herewith the proposal for an internship in partial fulfillment of the requirement for a Bachelor's of Business Administration (BBA) at Dnet, Mohammadpur from 2nd June, 2024.

If you have any questions, please call me at 01705148651, you can reach me most easily at the following times: Available Hours e.g. 10:00 am to 10:00 pm, Workdays e.g. Saturday to Thursday.

Sincerely yours,



Tashfia Rahim

ID: 201011093

BBA Program

School of Business

University of Liberal Arts Bangladesh

Financial Sustainability of Social Enterprises: The Case of Dnet

Supervisor: Sarwar Uddin Ahmed, PhD

University of Liberal Arts Bangladesh (ULAB)

An Internship Proposal

Submitted in Partial Fulfillment of the Requirements for the Degree

Bachelors of Business Administration

By

Tashfia Rahim

ID: 201011093

Summer 2024

Date of Submission

13th June, 2024

Internship Organization: Dnet

Address: 4/8 Humayun Road, Block-B, Mohammadpur, Dhaka 1207, Bangladesh

Duration: 2nd June, 2024 to 31st August, 2024

Organizational Supervisor:

Md. Ashik Mahmud
Head of Finance and Accounting
Cell: +880 1919896828,
Email: ashik@dnet.org.bd

Description of Internship organization:

An Overview of Dnet: Dnet is a non-profit social enterprise founded in 2001, aims to create an impactful society where information, technology, and knowledge are used to improve lives of the country's marginalized people. They want everyone to be involved in creating and fairly distributed wealth to reduce poverty. Dnet was a pioneer in researching how to use ICT (information and communication and technology) to fight against poverty. They mainly focus on minimizing the digital divide, giving access to information, encouraging civic participation, developing skills, and generating employment. These efforts have gained a lot of achievements and were introduced in the global context. From the beginning, Dnet has been working on practical models that use mobile phones, the web, and introducing new technologies to empower rural communities. Their goal is to use these tools to help people in remote areas improve their lives.

Core Services of Dnet:

Tech Solution: -

- Customized software Development
- Mobile App Development
- CMS Development
- Website Development
- Data Analytics Dashboarding & Decision Support System (DSS)
- Customized SMS, IVR & OBD Solution
- 360 Degree E-Learning Solution

BPO: -

- Call Center Solution
- Telemarketing
- Telemedicine Service
- Phone Survey
- Robo Survey

Creative Solution: -

- Audio Visual
- Audio Content
- Animation

- Graphics
- Text Content

Incubation Center: -

- Education & Training
- Market Linkage
- Financial Linkage

Digital Marketing -

- Search Engine Optimization
- Digital Advertising
- Social Media Marketing

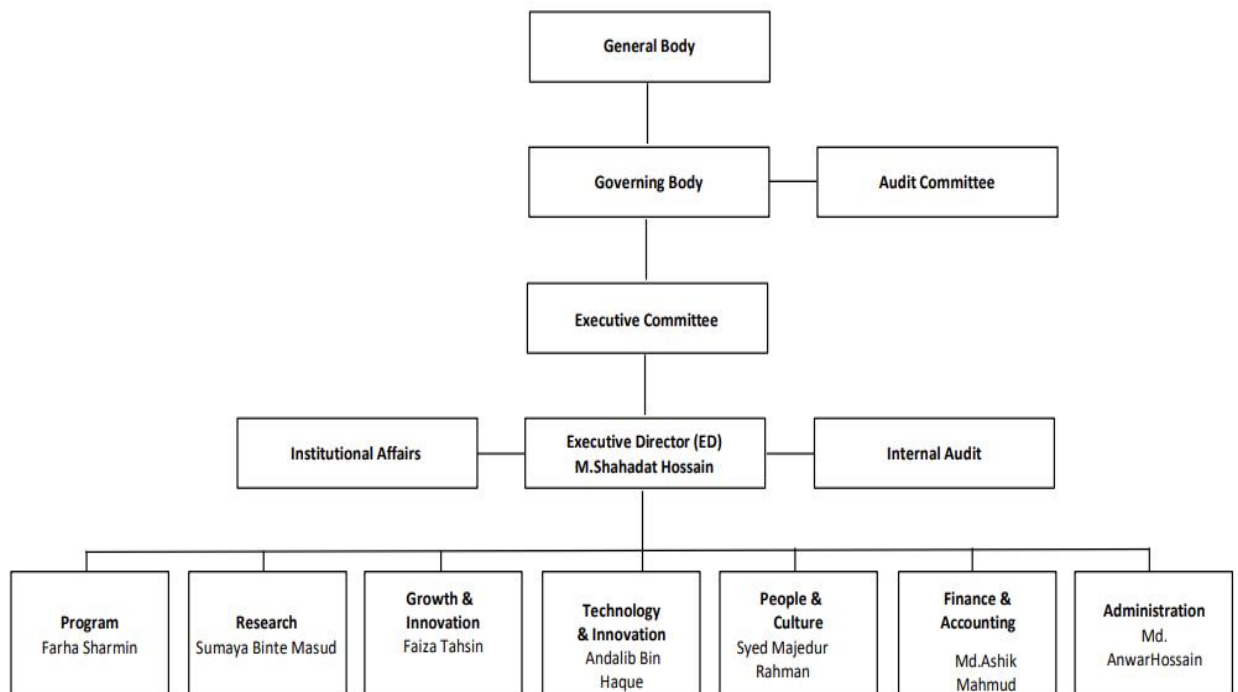
Areas of Focus where Dnet empowers the society: -

- Health and Nutrition
- Education and Literacy
- Governance and Society
- Climate and Environment
- Business and Entrepreneurship

Dnet offers multiple services including tech solutions, BPO, creative solutions, incubation center support and digital marketing. Their main areas are focused in Health and Nutrition, where they aim to improve community well-being and provide services to pregnant women and new mothers for improving their mental health and well-being, Education and Literacy where they try to promote quality education and work towards improving basic computer literacy skills of school teachers and students. Governance and Society for promoting fundamental rights for the citizens and enhancing civic engagement for good governance. For Climate and Environment, Dnet focuses on collaborating with private sectors and institutions for addressing climate concerns including disaster management, building resilience, and promoting sustainable and eco- friendly energy solutions. Lastly, Business and Entrepreneurship is another area for Dnet to help women and young entrepreneurs to become financially independent, by supporting their economic growth, livelihood, and their trade activities.

Core Management Structure of Dnet:

Organizational Organogram



Description of the Internship Study:

An Overview of the study: In this research we will be analyzing the overall financial management system of Dnet that ensures long-term sustainability. We will observe the existing financial management practices, including budgeting, financial reporting and analysis of financial statements to assess profitability, liquidity, and solvency ratios. Also, we will try to identify the financial risks and how we can minimize the financial risks. The sustainability measurements will be conducted through balance sheet and financial ratios.

Nature of the study: Descriptive Quantitative & Qualitative Research

The Objectives of the study: The objective of the study will be as follows:

1. To critically examine the financial status of Dnet as a social enterprise and suggest ways for future sustainability.

Expected Contribution and Gain:

The study will draw relevant recommendations and conclusions about the overall financial scenario of Dnet and it will help them to sustain in the near future. The recommendations will help them to analyze their financial challenges and create a path through sustainability.

Justification of the Study:

This topic is chosen because we will try to ensure the long-term impact of the organization, enhancing more accountability and transparency also for proper resource allocation optimization, to identify the key financial challenges and finding solutions for those challenges. Also, the research will help to attract and retain donors.

Sources and Methods of Collecting Primary Data:

Statistical data and research reports will be analyzed for this research. The method will be surveys and interviews.

Sources and Methods of Collecting Secondary Data:

Financial statements and other financial documents of the organization will be the sources for this research. Methods such as- Internet, Research papers, newspapers, relevant books etc.

Sampling Technique and Sample Size:

Total Population is 40 employees of Dnet. The sample size would be around 15 to 20. In this sample we will be targeting the top management and the existing members of Dnet who are aware about the research topic. Purposive Sampling Technique will be used for data collection.

Analysis and Interpretation of Data:

Data collection will be using Microsoft Excel and we will use relevant graphs and charts for data representation, as it will help us to interpret the overall financial scenario of the organization.

Reporting: A final report will be written at the end of the study with the findings. The academic supervisor and institutional supervisor will be regularly updated on the progress.

Timeline:

Serial	Activity	Weeks											
		1	2	3	4	5	6	7	8	9	10	11	12
1	Consultation with Supervisors	√	√	√	√	√	√	√	√	√	√	√	√
2	Secondary Data Collection		√	√	√								
3	Services Record Collection					√	√	√	√	√	√		
4	Primary Data Collection						√	√					
5	Data Analysis								√	√			
6	Draft Report Writing										√		
7	Final Report Writing											√	
8	Report Submission												√


13.06.24

Tashfia Rahim

ID:201011093

Internship Acceptance Letter



Dnet/HR/Internship/L-24-0450

May 30, 2024

Ms. Tashfia Rahim
97, Malibagh Rail gate
First Lane
Bangladesh

Internship Letter

Dear Ms. Tashfia Rahim

In reference to your application and subsequent interview with us, Dnet is pleased to appoint you as **Intern** with effective date from **June 02, 2024** under the following terms and conditions:

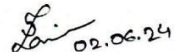
1. **Internship period:** The period of this internship will start from June 02, 2024 and will end on August 31, 2024.
2. **Compensation:** Your compensation during the internship period will be BDT 3,000 per month.
3. **Benefits:** No other benefits except free lunch facility in office premises will be applicable.
4. **Office location:** Your location of work will be Dnet, 4/8 Humayun Road, Block B, Mohammadpur, Dhaka 1207. You will have to carry out field visits as and when required by the activity plan if necessary.
5. **Office Hour:** The general office time will be 9.00 am to 6.00 pm (lunch, prayer, personal activity break 1 hour). Office time can be extended based on the workload and task completion deadlines. Office will be closed on every Friday, Saturday and government holidays. The management may change the working hours and holidays if required.
6. **Reporting person:** You will directly report to **Head of Finance & Accounting, Dnet**. The reporting point may be changed on the basis of duty location/change of job description.
7. **Confidentiality:** Accepting this offer entails your vow that you will not, under any circumstances, disclose any information to anybody outside the organization, without prior permission of the management. You will also maintain this level of confidentiality within the organization, except sharing only the relevant information required for the purpose of effective and efficient implementation of assigned tasks. We trust you will follow this instruction sincerely and diligently. Any deviation of this will be treated as a breach of contract and relevant disciplinary measures as per the articles of the code of conduct will be applied for any such violation.
8. **Dnet policy:** Dnet policy is applicable to all employees equally. This letter covers only major highlights of the terms of conditions. Please refer to the full HR policy and other policies for your kind reference.

Sincerely,


Syed Majedur Rahman
Head of People & Culture
On behalf of Dnet

I have read and understood this Internship letter and I willingly agree to accept the terms and conditions, as written.

Tashfia Rahim


Signature and Date:

Cc: Head of Accounting, Dnet
Cc: Personal File



4/8 Humayun Road, Block-B, Mohammadpur, Dhaka-1207, Bangladesh
Phone: +88 096060 03638, | Fax: +88 02 8142021
Email: info@dnet.org.bd | www.dnet.org.bd



Questions for Interview

- What does financial sustainability mean to you in the context of Dnet?
- What are the key financial challenges currently faced by Dnet?
- How does Dnet plan to address these financial challenges in the next 5 years?
- Can you describe the strategies that Dnet has found most effective in securing long-term funding?
- How does Dnet ensure the diversification of its income sources?
- What role do partnerships and collaborations play in the financial sustainability of Dnet?
- What are the sources of income Dnet should explore to bring financial sustainability?

Questions for Survey

Part 1: Demographic and Organizational Information

Name:

Gender:

Department:

Please specify your role within Dnet.

How long have you been with Dnet?

Part 2: Questions on Dependent and Independent Variables

1. To what extent do you agree that effective financial management influences Dnet's financial sustainability?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

2. Dnet's financial management practices are robust and effective.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

3. Dnet has a comprehensive strategic plan that includes financial goals.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

4. Dnet has sufficient financial strength to sustain its operations.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

5. I think Dnet is sustainable in the long-run.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

6. Does Dnet have a financial plan aligned and informed by its strategic plan?

- Yes
- No
- Not entirely so

7. What is the period of Dnet's financial plan?

- 1 year
- 2-3 years
- 4-5 years
- More than 5 years

8. How often does Dnet update its financial plan?

- Annually
- Every 2 years
- Every 3 years
- Other (Please specify): _____

9. Does Dnet get audited by a registered auditor?

- Yes
- No

10. Which type of auditing does Dnet apply?

- External
- Internal
- Both

11. What metrics does Dnet use to measure its financial performance?

- Revenue Growth
- Expense Management
- Donor Retention Rate
- Fund Utilization Efficiency
- Other (Please specify): _____

12. What are the main sources of Dnet's income?

- Donations
- Government funding
- Grants
- Fees for services
- Contracts
- Foundation and Trusts
- Membership fees
- Other (Please specify): _____

13. How frequently does Dnet conduct financial audits?

- Annually
- Bi-annually
- Quarterly
- Other (Please specify): _____

Part 3: Understanding Financial Sustainability

1. To what extent do you understand financial sustainability to be?

- Have no idea
- Moderate extent
- Great extent
- Greater extent

2. What actions does Dnet take to improve financial sustainability?

- Diversifying income sources
- Increasing fundraising efforts
- Reducing operational costs
- Improving financial management practices
- Other (Please specify): _____

Part 4: Open- Ended Question

1. What improvements would you suggest to enhance Dnet's financial sustainability?

Financial Sustainability of Social Enterprises: The Case of Dnet

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