

# Competition for Donations and the Sustainability of Not-for-profit Organisations

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## Abstract

Social support in our society is generally provided by three sectors, Government, Profit organisations and not-for-profit organisations. To sustain high standards of social support, not-for-profit organisations must, themselves, become more sustainable. However, most not-for-profit organisations do not produce commercially viable outputs and rely heavily on private donations. As they operate in a competitive environment for these donations, sustainability emerges as a critical issue.

The effect of the fundraising expenditures of the not-for-profit organisational competition for donations is examined using a modified form of oligopolistic market modelling. Using Australian data it also examines other influences such as volunteers, government grants, organisation's size and administrative costs.

It found the level of donations increases with an organisation's level of fundraising expenditure, but the effect of donation competition can be disadvantageous to non-profit organisations.

*Keywords:* Not-for-profit; Oligopoly (Cournot) theory, Organisational sustainability; Social support; Provision; Replacing Government; Volunteers.