

RESEARCH ARTICLE

Individual Donations and Competition in Albanian Non-Profit Sector

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Abstract

Non-profit organizations (NPOs) have started their activities in Albania after 1990. From 1990 until now non-profit sector in Albania has had periods of growth, decline and stability. The purpose of the nonprofit sector or else the third sector is to offer those services society, that can't be offered by the government or that are not profitable for the private sector. In function of this goal they must apply for funding. Sources of funding are different. NPOs provide funds from international donors who are the main source of fundraising in Albania, as well as from government, private businesses, member payments, the sale of goods or services, and individual donors. The aim of the paper is to present, what relations exist between NPOs and individual donors in Albania? How percent of funds is provided from individual donors? Which is the gender and age group that donates more? How does competition in fundraising looks and what is the trend? For providing necessary data have been used primary and secondary sources. Among the techniques used to provide primary data are used questionnaires, focus groups and depth interviews. For data processing computer program SPSS is used. The limitation of the paper is that: the object of study are nonprofit organizations (associations, foundations, and centers) registered in District Court of Tirana (capital of Albania).

Keywords: *Competition, Individual donors, Nonprofit sector.*

Introduction

The purpose of the nonprofit sector or else the third sector is to offer those services society, that can't be offered by the government or that are not profitable for the private sector. In function of this goal they must apply for funding. Sources of funding are different. NPOs provide funds from international donors who are the main source of fundraising in Albania, as well as from government, private businesses, member payments, the sale of goods or services, and individual donors. The aim of the paper is to present, what relations exist between NPOs and individual donors in Albania? How percent of funds is provided from individual donors? Which is the gender and age group that donates more? How does competition in fundraising looks and what is the trend? For providing necessary data have been used primary and secondary sources. Among the techniques used to provide primary data are used questionnaires, focus groups and depth interviews. For data processing computer program SPSS is used.

Literature Review

Non-profit organizations are constantly looking for financial support. Sometimes this activity includes everything that the organization wants

to do, distort the operations moving away from its mission. Some have accused the organizations in social service sectors that behave in a manner aimed at maximizing the budget. Such an orientation can lead to search for multiple donor and charitable foundations that can lead a NPO away its ideals and goals. So the main challenge in fundraising is to achieve a proper balance between mission and securing funds.

A nonprofit organization may provide funds from various sources. The four largest donors are: foundations, corporations, governments and individual donors. Individual donors are a primary source of providing funds for charity, which account for about 81% of the total in America. Robert Sharpe suggested that individual donors can be divided into three groups based on life cycle and structure of the donation [1].

Early years: By age 50, potential donors are those who deal with the creation of their family and career growth. They have limited discretionary income, and when they provide funds for the charity they are small in size. They are regular donors to churches. They give money or sometimes good.

Middle years: Between 50 and 70, donors are at a stage where they are smooth. They have children who have finished college. They are regular donors, and are candidates for making great gifts for special needs of NPOs.

Later years: Families with members over 70 years are the first candidates to offer what Sharp calls the last gift. They are not regular donors because their income is decreased. They are closer to the delivery of their heritage or other forms of gifts

When a nonprofit organization planning an advertising campaign to individuals it needs to understand why people offer money for charity. The argument is that people give in order to get something in return. In other words, donations should not be viewed as a gift but as a transaction, where nonprofits offer significant benefits that donors want and they pay with their donations. The motives of the donations are: the need for self-esteem, the need for appreciation of others, fear of contracting with problems; the habit giver; required to give; captive givers; concern for humanity.

Fundraising at the individual level to large nonprofit organizations are divided into annual giving, major giving, and planned giving [2].

Annual Giving: Although some new nonprofit organizations rely on a few donors, many charitable organizations rely on annual giving campaigns. There are a number of basic component that must be present for an effective annual giving campaign: (1) strong volunteer leadership and staff support, (2) clear organization structure, (3) ambitious but realistic goals, (4) careful segmentation of donators, (5) training of volunteers solicitors, (6) donor and volunteers recognition, (7) online giving options etc.

Major Giving: Both individuals and corporations give major gifts which generate about 80% of funds with 20% of effort. Major gifts are designed for a specific purpose, and tactics used to raise funds are different to those used for the annual campaign to provide them. These include auctions, benefit events (theater sport), invitation dinners, dances, fairs, fashion show, small gathering in a sponsor's home, celebrity meeting, and challenge grant.

Planned Giving: A great importance to nonprofit organizations is planned giving. The planned giving is a euphemism for charitable gifts made at the time of donor's death. Planned giving can take a wide range of forms, and each vehicle has its own requirement. The two simplest form of

planned giving are through ordinary wills in which the donor pledges a fixed amount or percentage of the estate, and life insurance in which the charity is named as the beneficiary.

Methodology

In purpose of research, were used three instruments of methodological research: questionnaires, focus groups and depth interviews. Questionnaire was designed to identify the percentage of NPOs funded by individual donors by type and location of NPO's; donations by age groups and gender of individual donators, as well as to identify the competitors, how strong competition looks, for what NPOs compete and which are the differentiation ways. Depth interviews and focus groups were designed to provide detailed information on questions. Depth interviews and focus groups were conducted after processing the survey in order to argument the findings by its own nonprofit organizations. For sample selection were based in the database that District Court of Tirana disposed on the registration of all NPOs in Albania. Object of study were NPOs that operate in Tirana, in the North and South area of Albania

Data Analyses and Finding Presentations

(Fig 1) 83% of the NPOs claim that are not financed by individual donors, and 17% of them declare that they financed. From the responses obtained from focus group some of the reasons are:

- There is a lack of transparency,
- Lack of confidence,
- Lack of social culture by individual donors.

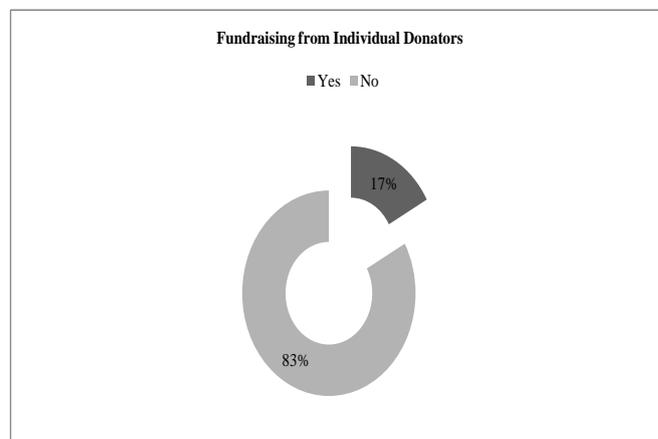


Fig. 1: Securing funds from individual donators

(Fig 2) Taking into consideration the NPOs who claim that they are funded by individual donors (17%), we note that 72% of them are associations,

21% centers and 7% foundations. This variability in the percentage corresponds to the variability percentage of NPOs type in Albania. Since associations are more in number 51.9%, the probability that an association responses is greater.

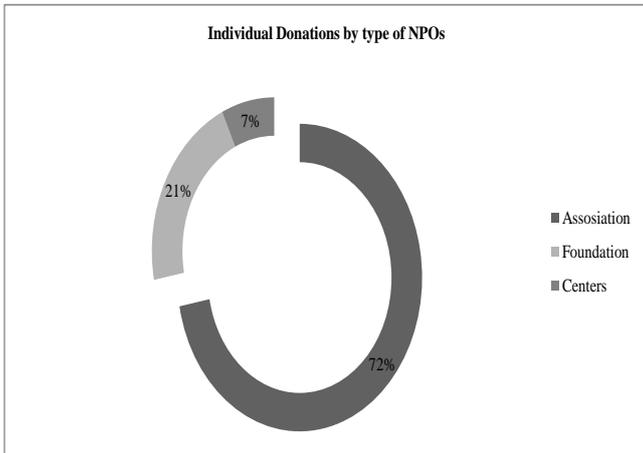


Fig 2: Individual donations by type of NPOs

(Fig 3) If we look at the distribution of individual donations by location note the NPOs that are funded by individual donors, 50% of them are from Tirana, 36% from the north, and 14% from the south. Individual donors are higher in Tirana, and some of the reasons could be:

- 1/3 of the population is concentrated in Tirana
- There is a higher heterogeneity of demographic indicators
- There is a higher level of awareness
- There is a higher heterogeneity cultural indicators

North compared to south of Albania has a higher percentage of donations, some of the reasons could be:

- It is the percentage of NPOs in the study in the North that is higher 24%, while in the south is 19%.

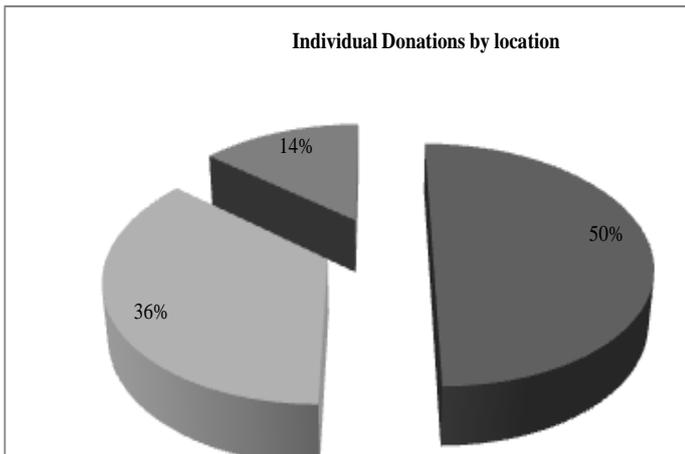


Fig 3: Individual donors by location of NPOs

(Fig 4) 76.9% of individual donations in cash or goods are provided by the age group 45-60 years, while 53.8% declare that provide individual donations from 25-45 years old. If we compare with developed countries, individual donations offered by age group over 60 years of age have the highest percentage. In Albania there is the opposite 0% of donations are offered over the age of 60, and 15 -25 years old, it's because:

- Albania is a developing country
- Refers to the distribution of income by age group.

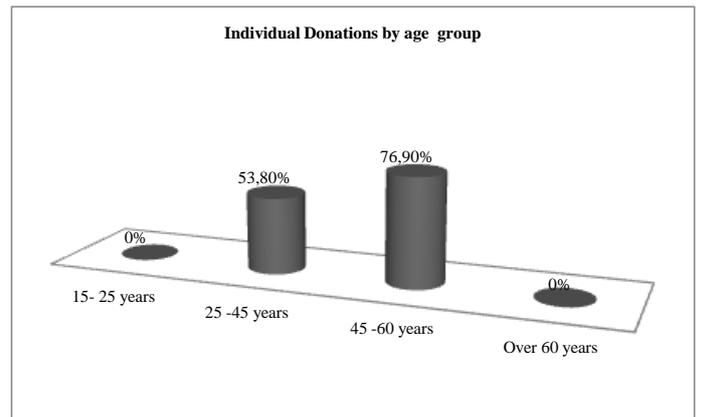


Fig 4: Individual donations by age group

(Fig 5) Male donors have higher rates of donations in money and materials compared to female donors, which is explained by economic factors, cultural and social. If we look at the gender of individual donors by type of NPO's note that for three types dominate male donors, while females have a lower percentage of donations. Some of the reasons are that male donor have more income, because perform hard work and have a higher responsibility so are paid more. If we look at individual donations by location conclude that there are male donors who dominate in the providing of funds, while in North area difference between male and female donors is greater.

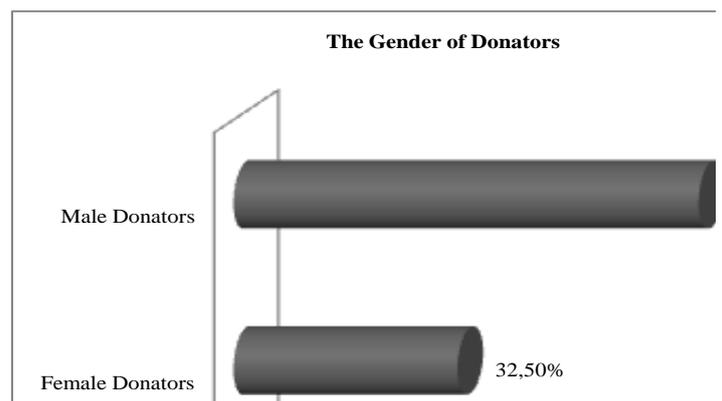


Fig 5: The gender of individual donators

(Fig 6) 31 of a total of 82 NPOs surveyed declare that competitors are those that operate in the same field. 3 of them declare that consider competitors those operating in various fields. NPOs that think that have competitors those who operate in different fields, argue that have no competitors in their field, or competition is not strong. While 42 of NPOs declare that have competitors those who operate in both. Exists a small number of NPOs who think that have no competitors, they are monopoly in their field, and in areas who cover.

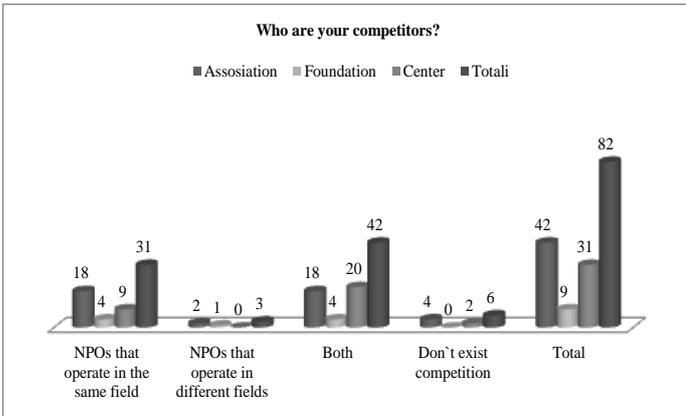


Fig 6: Competitors by type of NPOs

(Fig 7) 46% of the NPOs surveyed reported that in the past, competition has been less powerful, because the number of NPOs operating in the sector was small and donors or projects were numerous.

Currently 67.9% of NPOs think that competition is strong because the NPOs operating in the sector are numerous and Albania is not a priority of international donators and donations are decreasing. In the future, a high percentage of 64.2% think that competition will appear powerful.

A small percent of NPOs declare that competition is going to be very powerful in the future.

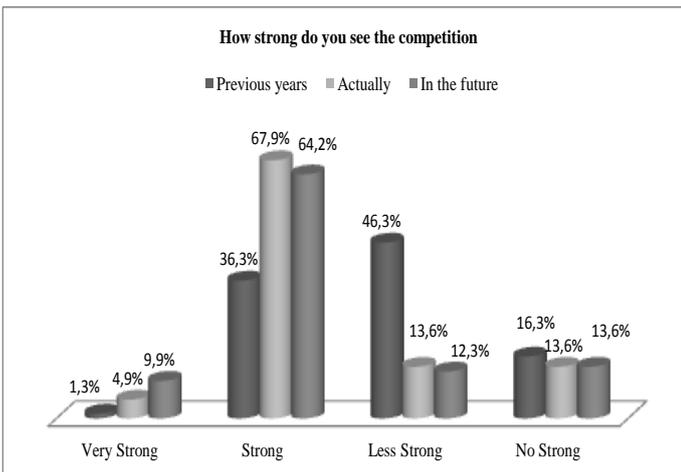


Fig 7: The trend of competitors in years

(Fig 8) 98.8% of NPOs compete for funding. This does not mean that NPOs do not need volunteers, but they are numerous in those activities of a low importance for NPOs, while for important tasks don't exist volunteers. Beneficiaries are many in number that their demand is not satisfied with the services provided by NPOs

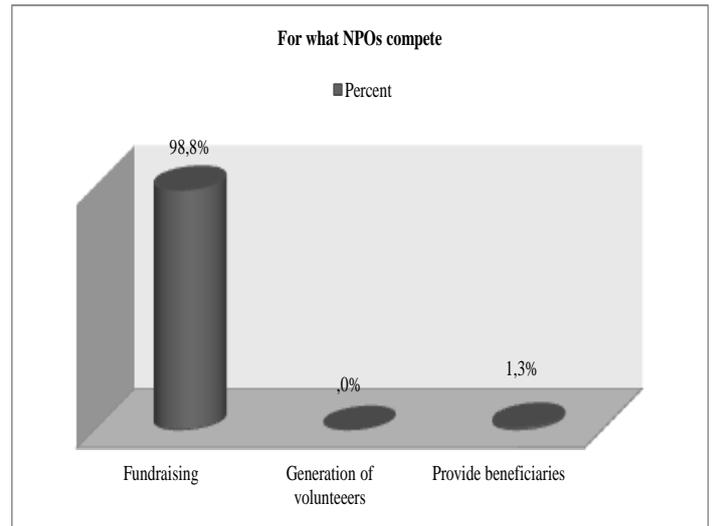


Fig 8: Competition between NPOs

(Fig 9) 96.3% of NPOs declare that the way they use to differentiate from the competition is the offer (the project). 75.6% of them reported that are differentiated through the quality of service, 57.3% through expert personnel, and 45.1% through the reliability. A small percentage of NPOs emphasize the cost of service provided, and channels to reach beneficiaries. Reasons are that NPOs provide free services, and all of them offering directly through their staff [3-9].

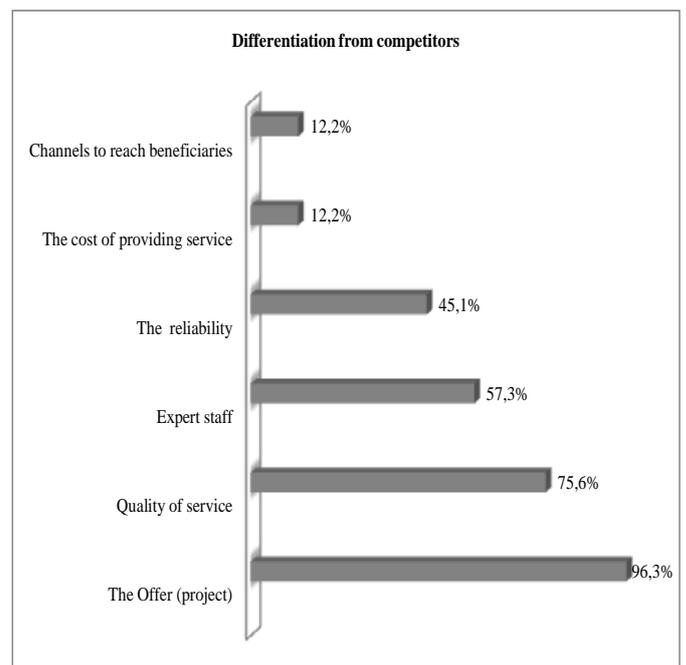


Fig 9: Ways of differentiation from competitors

Conclusions

Funding from Individual Donors

A high percentage of NPOs claims that are not financed by individual donations, some of the reasons could be: there is a lack of confidence on their part, lack of transparency and lack of the social culture.

Individual donations are higher in Tirana and in the North and some of the reasons are:

- 1 / 3 of the population is concentrated in Tirana
- There is a higher heterogeneity of demographic indicators
- There is a higher level of awareness
- There is a higher heterogeneity of cultural indicators

North compared to southern Albania has a higher percentage of donations, some of the reasons could be:

- It is the percentage of NPOs in the study in the North that is 24% higher, while the south is 19%.
- Coping Northern Albania on Kosovo crisis gave them more opportunity to express a sense of charity.

Age groups who donate more are 45-60, and a low percentage of the age group 25-45 years.

Some of the reasons for the donation of these age groups are:

- The fact that Albania is a developing country
- Distribution of income by age group.

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