

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

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*The major purpose is to understand the nature of the competition between Not-for-Profit Organisations (NPOs) for private donations. The sustainability of NPOs, both individually and as a sector, is always problematic as they do not produce commercially viable outputs. Instead they raise funds by competing for private donations or relying on government grants. Consequently, financial sustainability emerges as a critical issue when governments reduce their grant giving, as calls on NPOs' resources increase at such times. The competition between NPOs for donations also increases. Currently the Global Financial Crisis and the Eurozone Crisis have placed NPOs under prolonged budgetary pressure and simultaneously increased the need for their services.*

*Using Australian data, competition between NPOs for donations is analysed. A modified Cournot oligopoly market model is used. The use and impacts of fundraising expenditures are central to this model. A variety of other factors, including unpaid-volunteers, organisational size and age are explanatory variables in determining success in fund raising. NPOs concerned with human welfare, other than specialised aged care, are the primary focus of this paper, although other NPOs such as those concerned with animal welfare, science and the arts are also modelled.*

*It was found that a NPO's fundraising expenditure has a direct and positive impact on its level of donations. A major influence on level of donations is the presence of volunteers within an NPO. There seems to be an interesting reciprocal relationship between the effect of size and age of organisations on their donations and the effect on fundraising, which may not be fully understood by NPOs themselves.*

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