

How to Improve the Service Quality of Not-for-Profit Organizations

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Abstract

There are four kinds of customers of not-for-profit organizations, beneficiaries, supporters, stakeholders, and regulators (Ian Bruce, 1995), every one of them is indispensable, according to Bruce's research, the stakeholders of not-for-profit organizations are including broad leaders, staffs, volunteers and so on. In for-profit organizations, stakeholders are including its shareholders, employees, managers, customers and so on. Not-for-profit organizations and for-profit business have different purposes of existing, and they also have different methods of development. For-profit-organizations are aimed to make interests for its shareholders, and interests are the power of development, however, these not-for-profit organizations are mean to help other people, and it has no intension of making profits. Understanding how stakeholder management differs between for-profit businesses and not-for-profit organizations, can provide better suggestions to its managers, and improve its working performance. This essay illustrated the existing issue of not-for-profit organizations, which is the poor service quality when comparing to the for-profit business, and this essay also present the roots of this weakness, which are the demands are much more than supplies, many not-for-profit organizations are in the situation of monopoly (Bruce, 1995), staffs are lack of service ability, and the psychology factor. Based on these causes, this essay provides solutions and suggestions in respectively.

Keywords: improve the service quality, not-for-profit organizations, for-profit organizations, the stakeholders

1. Introduction

Generally, the not-for-profit organizations enjoyed widely noble reputations in public, the meaning of not-for-profit organizations is doing worthwhile jobs, which can help people (Ian Bruce, 1995). Nowadays, not-for-profit organizations are almost everywhere, and work in plenty of fields, such as medical treatment, scholarship sponsorship, peacekeeping force and so on. In United Kingdom, there are more than 200,000 charity organizations, and the overall annual revenue up to approximately 80 billion pounds (Noel Hyndman, 2020). Not-for-profit organizations dedicate in public welfares, they can contribute essential elements to social cohesiveness, this is why they are important, and be valued, protected, and supported by whole society (Noel Hyndman, 2020). Understanding how stakeholder management differs between for-profit businesses and not-for-profit organizations, can provide more lucid management strategies on the improving the working performance of not-for-profit organizations. In the following contents, this essay will illustrate the importance of stakeholder management of not-for-profit organizations, the current issues and causes in not-for-profit organizations, and give relevant recommendations and implications.

2. Significance/Importance of the Topic in Strategic Management

Stakeholder management has been intimately related to the performance of for-profit businesses (Coles et al., 2001). The priority of for-profit company is to make earnings for shareholders through legitimate ways, at the same time, for-profit businesses need to have comprehensive considerations for their stakeholders, the people who can be affected by the performance of the company, these people include broad members, employees,

customers, and even their families. For-profit companies need to take care of their stakeholders, in order to receive positive customer feedbacks, which can offer these companies better chance to achieve long-term profits and developments, the ultimate purpose for for-profit businesses is the interests. However, Not-for-profit organizations are not the same, not-for-profit organizations received widely positive reputations, they enjoyed high standard social status. In 2013, the top 100 US not-for-profit organizations received about \$29 billion overall revenue from public support (Nita Paden, 2017), not-for-profit organizations become more and more supportive in whole society, for not-for-profit organizations, the management not only related to the organizational performance, but also has close relationship with credibility and brand image among its customers, and the brand credibility and reliability are positively connected to the ability of seeking donations (Non-Profit Evaluation and Resource Center, 2006). For-profit businesses and not-for-profit organizations have different emphasizes, for-profit businesses are more care about interests, it closely related to its company development, on the other hand, the not-for-profit organizations are more care about “do good” and “be good” (Hyndman, 2018), they rely on their good reputations through its credibility and its benevolent brand image. The understanding of the basic emphasize differences between for-profit businesses and not-for-profit organizations can provide better view of management, its significant for these two kinds of organizations to create more outstanding performance in a long run.

3. Issues/Problems of the Topic Face by Strategy Practitioners

According to the previous research by Bruce, the customers of not-for-profit organizations were consisted of four elements: beneficiaries, supporters, stakeholders, and regulators (Bruce, 1994). Generally, the not-for-profit organizations are supported by public, but these are still some issues in these organizations, some of not-for-profit organizations paid a little attention on the service for beneficiaries, they ignored the needs, desires, and expectations of beneficiaries (Bruce, 1995). The poor service quality is one of the main issues faced by not-for-profit strategy practitioners, especially when compares to for-profit companies, as above have mentioned, regulator was one of four customers of not-for-profit organizations, but in real world, not-for-profit organizations are barely received regulations and investigations in service quality, which lead to the poor customer experience.

The duties of not-for-profit organization are “be good” and “do good”, these organizations are supposed to be full of love and kindness, but the poor service quality would lead to negative beneficiaries’ feedbacks, furthermore, damage the credibility and trusts of not-for-profit organizations, once these organizations lost their credibility, it will be harder for them to raise donates and funds from public. Build a favorable organization image and keep it in a long-term are vital for not-for-profit organization managers, an outstanding service quality is also an indispensable element in positive organization image building. The current unsatisfied service for beneficiaries is an unignorable problem for strategy practitioners.

4. Factors/Barriers that Cause the Issues

4.1 Factor 1

Beneficiaries are one of four customers of not-for-profit organizations, and it’s the center element in organization structure, when compares to other customers of not-for-profit organization, the number of beneficiaries is numerous, but the supporters are limited, which lead to supply is inadequate for beneficiaries demands (Bruce, 1995). For example, there are still numerous children are not able to go to school, due to the donations are not enough for not-for-profit organizations to build sufficient schools for the children who lives in poverty areas, the demands are strong, but the supports are limited. Under the situation of demands much more than supplies, raise more funds and supports become the priority job for strategy practitioners, but ignored the quality of serving current beneficiaries.

According to the previous study, some not-for-profit organizations are in the situation of monopoly (Bruce, 1995). For example, normally, one poverty area only has one not-for-profit organization to help them, once a poverty place has no school for children to learn, not-for-profit organizations have the willing to build one free school in this village for kids to go, but when it comes to the second school, not-for-profit organizations are more willing to build the first school in other poor area, which has no school before. Under this condition, beneficiaries only have one choice for them to pick, no matter its good or not. It’s hard for organizations to improve without competitors, unlike for-profit organizations, the stakeholders of for-profit organizations also include their competitors, they need to continuously improve their performance to present better competitiveness, for-profit business value the service quality of their customers, but many of not-for-profit organizations are monopolistic, they have no worries in the competition of snatching customers.

4.2 Factor 2

The stakeholders of not-for-profit organizations include staffs, managers, volunteers and so on, the professional competence of service are irregular in their employees, especially the volunteers. Its undeniable that volunteers are worth to be praised, they are full of kindness and benevolence, however, sometimes they lack professional

trainings. Volunteers are not stable in charity works, the individuals of volunteer are always change, which makes organizations hardly arrange service training for volunteers. For example, in the charity service for old people, it's hard for not-for-profit organizations to recruit enough nursing staffs, sometimes, they need to recruit some people who are willing to do the job but lack of relevant knowledge, such as school students, government employees etc. So, it's challenging for not-for-profit organizations to reach high standard of service quality in charity works.

From the perspective of psychology, it's hard for supporters or donators to avoid the patronizing attitude (Bruce, 1995). It's no doubt that supporters and donators are doing kind things, when they dedicate in charity works, they are helping the people who needs their supports, they are supposed to receive gratitude, and they are used to it. So, once they receive some negative feedbacks, they are likely to feel arrogant and ignore it, which makes not-for-profit organization strategy practitioners barely listen to negative voice and make improvements in service quality.

5. Coherent Discussion, Recommendations, and Implementation

The essential purpose of for-profit business stakeholder management is to make profit, only rely on profit, for-profit business can survive from the market competition. On the other hand, not-for-profit organizations' ultimate goal is to help other individuals, and they do it without tangible rewards, completely voluntary, so, the core of stakeholder management is to serve the individuals who need help. Not-for-profit organizations receive good reputations and credibility through doing charity works, then depend on these reputations to raise more funds from donators and supporters. So, the stakeholder management strategy of not-for-profit organizations need to emphasis on the service quality, its significant for not-for-profit organizations to keep positive performance in long-term. Based on the two above causes of poor service quality issue, in the following paragraphs this essay illustrated two recommendations and implementations in respectively.

5.1 Recommendation, and Implementation of Factor 1

The core of factor 1 is the demands are much more than supply, in order to cope with factor 1, not-for-profit organization managers need to seek more supports, and select really necessary demands to improve the service quality.

Firstly, not-for-profit managers are suggested to widen the donator range, they need to not only rely on certain enterprises, governments, or entrepreneurs, not-for-profit organization managers can also seek help from general citizens, put more efforts on advertisements, in order to arouse more kindness in public. Education investment is also efficient and adoptable, encourage university students to participate in charity works, such as teaching in countryside primary school in weekend days, blood donations and so on. Not-for-profit organizations are also suggested to work with convenience stores, they can put more donation boxes on the check counter in stores, in order to raise charity funds for beneficiaries.

Secondly, not-for-profit organization managers need to select the people who are really need help, basing on individuals' real situation to offer help, cut down unnecessary charity expense, and use these money to help the people who live in real struggle condition. In order to achieve this goal, managers need to carefully censor the backgrounds of the people who ask for help, for example, not-for-profit organizations can decrease or withdraw the supports for the people are able to work, and use these funds to help disable people or children who live in poverty.

5.2 Recommendation, and Implementation of Factor 2

Not-for-profit organization managers should arrange work contents more deliberately. Managers need to base on volunteers' conditions to arrange different jobs, for example, when not-for-profit organizations to encourage college students to participant in charity works, managers need to base on the majors of students to plan specific charity job, medical students can be arranged to do more charity works in hospital, the students of nursing majors can participant in gerocomium charity jobs etc. Before volunteer take part in charity works, not-for-profit organizations are also suggested to offer trainings for them, in order to improve the service quality.

As one part of the customers of not-for-profit organizations, regulators should participant in charity works actively. In order to improve the working performance of not-for-profit organizations, value negative feedbacks are extremely important. From this point, regulators should be the intermediate, if beneficiaries have any comments on not-for-profit organizations, they can directly report to the intermediate, then the intermediate start to investigate, to verify the authenticity of the feedbacks, once tested the critics is true, intermediate need to report to the execute department of not-for-profit organizations and supervise organizations to make changes and improvement strategies. The intermediate can be not-for-profit organization itself, managers set a new department in organization, which specifically focus on the supervise work, make sure they can provide high quality of service to beneficiaries, the intermediate can also be other organizations, such as government or another not-for-organization.

6. Conclusions and Implications

Not-for-profit organizations have different stakeholder management with for-profit business, they have different purposes of existence. For-profit enterprise needs to continually make profits from its customers in order to survive, but not-for-profit organizations rely on its credibility and its reliable reputation to raise more funds and supports. Not-for-profit organizations need to be more care about its service quality in the future, the service quality positively related to its credibility, currently, plenty of not-for-profit organizations are facing the problem of poor service quality, strategy practitioners need to take more actions to improve the weakness. In this essay, these are the four suggestions to improve the not-for-profit organizations' service quality: widen the donator range, select beneficiaries more deliberately, provide professional training to volunteers and base on their situation to arrange different charity contents, make sure not-for-profit organizations can “be good” and “do good”. However, there is still an issue unsolved, which is the monopoly problem among not-for-profit organizations, more research needs to be done in the future to cope with the monopoly issue.

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