

Nongovernmental Organisations' Sustainable Strategic Planning and Its Impact on Donors' Loyalty

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Abstract—The non-profit sector has been heavily rising with the rise of sustainable development in developed and developing countries. Most economies are putting high pressure on this sector, believing that nongovernmental organizations (NGOs) are one of the main rescues during crises worldwide. However, with the rising number of those NGOs comes their incapability of sustaining their performance and fundraising. Additionally, donors who are considered the key partners for those organizations have become knowledgeable about this sector which made them more demanding, putting high pressure on those organizations to believe that there must be a valuable return for the economy in order to donate. This research aims to study the impact of a sustainable strategic planning model on raising loyal donors; the proposed model of this research presents several independent variables determining their impact on donors' intention to become loyal.

Keywords—Non-profit sector, non-governmental organizations, strategic planning, sustainable business model.

I. INTRODUCTION

A. Overview

SUSTAINABILITY is strategic thinking based on the belief that achieving ethical standards in business is achieving mutual benefits for economic growth and business profitability. Businesses question the importance of going green because sometimes consumers use economically green products, not intentionally for that reason. This research examines the implication of sustainability on brand positioning in the minds of consumers and to what extent sustainability can impact consumers' loyalty on several emotional levels. We aim to study several types of business sustainability and build on previous studies that touch on the impact of sustainable brands on the consumer loyalty.

B. Research Gap/Contribution

NGOs are mostly connected with economic issues, especially with their funding. The refusal of donors to provide administrative support makes it difficult for NGOs to create a strategy when they have to focus on multisourcing to cover their overhead costs. Donations are given for a certain purpose, and donors strictly control them. Overhead can usually be covered up to 10% of the donation. Such earmarking from donors is one problem. Another one occurs with the time availability of the donation that has to be used within one year. Sometimes, the donation is given to be spent in three years. However, it is a short period for building a long-term strategy, especially when the donation has to be

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used for the project and purpose it was meant to be. Short-time and purpose-determined donations, project-based activities, and multisourcing are some factors that influence NGOs' sustainability. Building the sustainability of the NGOs has many dimensions, not only the funding issues. It includes internal factors (growth and capacity of the organisation and the readiness to seize the opportunities) and external factors (securing resources and support from the external and legislative environment). Minimal research examined the influence of NGOs' sustainable behaviour on donors' loyalty. So, this paper intends to fill this gap and contribute to the present literature by providing a solid ground for the relationship between sustainable strategic planning with its dimensions and donor loyalty.

C. Research Objective

All organisations work with external groups besides working for their own benefit to make a profit. So, the first objective of any organisation is to improve its image in front of its customers, enhance their positive reputation, and increase their market share. The main objective of the business entity is to maximise shareholders' wealth and show environmental, social, and economic responsibility. The main objective of this paper is to explore the relationship between successful sustainable NGOs and customer loyalty (donor's loyalty) to increase NGO funding, as it was clear in the past that organisational performance depended on financial performance. Now, organisational performance is based on sustainability with its triple elements. The first element is social sustainability, and the second element includes implementing the environmental sustainability factors in every aspect, and finally, the third element is the economic sustainability of the NGOs.

II. LITERATURE REVIEW

A. Sustainability

Sustainability is defined as the ability to continue in a defined behaviour indefinitely, which will lead to defining the three elements of sustainability. Environmental sustainability is the ability to conserve the resources needed for present and future generations without creating pollution and depleting renewable resources, allowing the human community to meet its needs. At the same time, the capacity of its supporting ecosystems continues to renew services necessary to meet those needs and not through actions that reduce biodiversity. Economic sustainability is the ability to indefinitely support a certain level of economic production. Finally, social sustainability is considered with how individuals,

communities, and societies coexist, including resource allocations that affect their ability to succeed and prosper over time.

Emergence of the Sustainability Concept

A global awareness towards green marketing obliges firms to generate economically boosting services and products with partial dedication to the economy. Based on the previously studied literature review, it has been concluded that green marketing has been categorised into two main concepts. The first falls under the environmentally friendly businesses that bring back to society, and this concept existed in the 1970s. The second category explicitly presented in the 1990s shifted the concept towards the industrial product. Sustainability has been more closely related to the tension between human aspirations for a better life on the one hand and limitations imposed by nature on the other. Over time, this concept has been reinterpreted to encompass three dimensions which are social, economic and environmental. Sustainability is presented within three elements: The economy, the environment, and the society [1].

B. Customer Loyalty

Loyalty is defined as a commitment which is formed profoundly about being a steady customer or performing the same transaction again in the future [2]. Loyalty will provide a repetitive buying behaviour of the same product or service despite the marketing efforts or situational effects. Loyal consumer always prefers stable long-term relations. Loyalty of company customers is also considered as one of the company's key success factors (KSF) and play a major and essential role on creating firm's competitive advantage (CA) and sustainability over time [3]. Few research investigated the factors influencing customer's (donor's) loyalty in NGOs.

C. Nongovernmental Organizations

The United Nations Organization (UNO) researchers had concentrated on spreading and highlighting the strategic difference between Governmental organizations and international private agencies [4]. To begin with a clear understanding on factors sustaining NGOs, first the researcher refers to the United States Agency for International Development (USAID) in their management of NGOs. The US is a successful system at crises in its strategic capacity, allowing NGOs to operate within an eased law. Based on the believe that governmental constraints are one of the main barriers to operate. According to the comparative research conducted by [5], aimed to evaluate the best practices of 110 articles in the past 10 years in 30 countries, it has been concluded that 17 articles were on the efficient grass roots of NGOs in the US country. Worth noting that work resulted from this research is considered a great archive for any researcher since it suggests the grey area that has not been covered by researchers yet in the NGOs sector. Among the various recommendation for future research stated in [6] was the need to develop strategic planning thinking that would allow NGOs to be classified internationally and consider all

factors effecting its sustainability rather than just the law governing the organization [6].

1. Nongovernmental Sector Contribution to the Society

The NGO sector is believed to be a key player to the world development by revamping the lives of others. They participate in every sustainable goal and contribute to the world's future vision. NGOs' profession is becoming wider where some are now in the field of innovation, research and analytics. NGOs represent a key player to the governmental agencies, development partners and the community. They are considered to be the solver to the well-being of the society due to their capacity of delivering the services to those who mostly need it. However, these organizations face many obstacles starting with their fundraising capabilities, governmental policies, and country rules which are considered to be external factors. These external factors impact the NGO's efficiency in operating and sustaining their funds since they are only meant to deliver free service, they are not equipped to conduct dual jobs at the same time [7]. This study aims to assess the performance effectiveness through sustainable planning using the multiple perspectives of the balanced scorecard. Worth mentioning that NGOs struggle as well with internal challenges with the increased number of competitors and competitiveness, each NGO is obliged to differentiate itself [8].

The national governments are considered to be the main supporters to NGOs and for that being said they somehow put pressures on them regarding their legality and need for security clearance. Funding institutions such as "CARE International" along with the government develop a bidding system for several projects and allow for both For-profit and Non-profit organizations to bid against one another [8].

2. Historical Overview on the Nongovernmental Sector in Emerged and Emerging Markets

In the world leading systems such as with the England and the US, NGOs are regulated by a specified legal and political framework that strictly obliges each organization to abide by and as well determines the conceptual framework of the organization. Therefore, those systems highlight the importance of the size of the entity, stakeholder and key entrepreneurs to the success of the organization. NGOs started occupying a societal and economical place during "Mohamed Ali" era in the 1820s and its very first function was related to education development. During the 20th century Egypt had an estimate of 159 NGOs in different society development fields. 1950 was considered the success decade for the NGOs in Egypt where their number approached an estimate of 5000 organizations given the approved law to form organization for the social contribution. Following this era was "Gammal Abd El Nasser" which was remarked as a restricting decade for the Egyptians towards any Community Social Responsibility (CSR) contribution. During that decade the law had restricted any formation of Non-Profit Organizations (NPOS) leading only to a total of 4 organizations with minimal activities associated [9].

NGOs have been able to restructure their growth life cycle as Egypt approaches the Mubarak regime; however, they continue to face challenges related to bureaucracy and politics. Starting the beginning of 1964, NGOs in Egypt were set to be supervised by the Ministry of Social Affairs (MOSA) which is now under the name of Ministry of Social Solidarity (MOSS), given the full right to practice its full authority on those civil society organizations. Towards the beginning of 2009, the total number of civil society institutions in Egypt had reached an average of 25,000 with a very small number of those NGOs were registered or security cleared. The government had stated the law at that decade which allowed for closing any NGO or an activity it is providing, interfering with its performance, or refusing its activation from the start [10]. With Egypt under the Sissi regime since 2014, the country is trying to recover from the economic recession but it will take few more years before it emerges from the recession. The current status is an incredibly high inflation rate that is affecting the entire economy. However, the country is continuously supporting the growth of NGOS. According to a statement by the MOSS, the country had started witnessing a middle ground moving forward NGOs number had reached 50278. Additionally, 1 billion and 634 thousand Egyptian pounds received from foreign funds in 2015 [11].

D. Relationship between NGOs Sustainable Strategic Planning and Donor Loyalty

Scholars have been trying to study the impact of green marketing on raising loyal consumers and how going green would impact consumer behaviours. Based on studied literature reviews in this concern, it was concluded that the green market is a matter of interest to diversified types of businesses; online marketing, service marketing, consumer products and branding. Studies are conducted based on the belief that developing sustainable products and services would play a vital role in most affluent consumers' minds which will bring back to the brand. Nevertheless, green products and sustainability in the most developed countries are now as important as strategy and tactical planning [12]. Top management aims to develop strong brand identity to become profitable, in contrast, markets in developing countries face insufficient resources and research is needed to attain such objectives, in general.

NGOs can have environmental, social and economic contribution to the countries they are established in. Environmental conservation is one of the key areas where NGOs are doing considerable amount of work in. As the importance of sustainable value concept is growing every day, it is also to the benefit of companies to have good relations with the societies and organizations working towards the benefit of the environment [13]. Within the concept of sustainable development, the collaboration with NPOS or NGOs increases [14]. In one study conducted in Turkey among 196 volunteer based environmental conservation societies, the members of the societies were asked to rate the importance of global environmental problems over a five-point scale [14]. Of the 82 organizations who responded to the

survey, misuse of natural resources was noted as being the most important problem with an average rating of 4.83. Other than this, global warming was rated as 4.80, water pollution was rated as 4.79 and reduction of biodiversity was rated as 4.78. It is clear that these environmental problems need to be addressed by the appropriate civil society organizations. NGOs' environmental sustainability practices can provoke citizen to donate more as a participation in protecting the environment.

Concerning social sustainability, NGOs pursue two objectives: first, to mobilize individuals in the host communities; and second, to promote social sustainability. Those bold objectives are essential to social movements in which collective action is at the heart of social change. Together, people can make a difference, but only if they work together toward a shared purpose. Organization, mobilisation of resources, shared interests, and an available window of opportunity are the building blocks of collective action. These factors contribute to the growth of social movements, but they are insufficient without the NGO's provision of leadership, a method of frequent communication, finance, and material. In this context, NGOs strive to improve working conditions for their staff and business partners in order to promote social justice and reduce poverty. The ease with which NGOs implement these strategies reflects well on them in the eyes of the public. Consequently, this phenomenon engenders heightened commitment among community members, thus resulting in increased financial support. The achievement of long-term survival requires meticulous strategic planning, a practice that is adopted by enterprises worldwide. Similar to governmental entities, non-governmental organizations (NGOs) are required to engage in strategic planning to ensure their long-term sustainability and effectiveness. Various strategies may be used to enhance the likelihood of achieving success in one's objective. The attainment of organizational objectives, the presence of well-defined policies and procedures or a sustainable policy framework, and the implementation of well-structured marketing strategies are key elements that significantly contribute to the effectiveness of strategic planning efforts.

III. RESEARCH METHODOLOGY

A. Research Variables

1. Dependent Variable

Donor's loyalty as a composition of diversified senses, according to [12], is the intention and willingness of the donor to donate constantly to a certain NGO believing in its equity, integrity and prosperity. Loyalty is a result of donors' five senses towards an NGO whether in a negative or positive manner

2. Independent Variables

According to the proposed study model, the independent variable is the sustainable strategic planning in NGOs. The dimensions of sustainable strategic planning used in this study are mission achievement, sustainable business model,

improved donor reporting, complying with donor requirements, and well-defined marketing strategy.

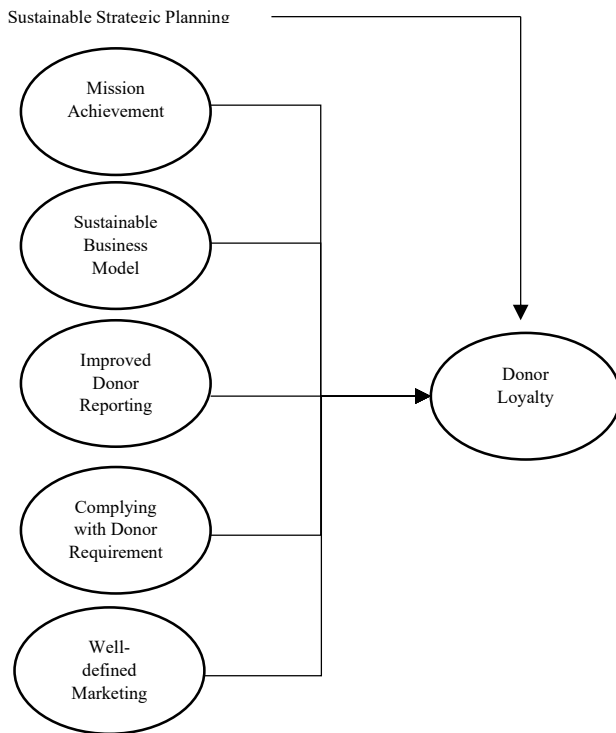


Fig. 1 Proposed Conceptual Framework

B. Research Approach

The deductive approach starts with checking a theory already exists, creates hypotheses, and then tests the theory in a relevant context. The deductive approach is generally associated with quantitative research and represents the most common concept of the relation between the theory and the real world. The approach of this paper is deductive. The foundation of this research is the literature review presented in the second chapter, based on which the hypotheses will be drawn.

C. Research Method

Quantitative research is a more structured and controlled approach, which focuses on quantifying behaviours, attitudes, opinions, and other defined variables to draw measurable and statistical results with the aim of generalizing the results from a larger sample population. Quantitative techniques of data collecting are more regimented than their qualitative counterparts. such as offline/online surveys, face-to-face interviews, telephone interviews, longitudinal studies, and systematic observations. Since the deductive approach is more suitable for quantitative research, the inductive approach is associated with qualitative research. Therefore, in this paper, a quantitative research approach will be followed, first, because it fits with the deductive approach. Due to the quantitative nature of this study, numerous results are required, to be measured and analysed with the help of statistical methods.

D. Research Strategy

There are three main data collection methods researchers can use for collecting the empirical data in survey research. This includes interviews, surveys, and observation of individuals and events. Interviews along with surveys are the most commonly used methods. Interviews mean that the interviewer applies the same questions to all respondents to be able to compare the answers. Interviews may be conducted face to face, by telephone, or online. Surveys are sent to the respondents where they answer independently and then send the questionnaire back to the interviewer. Surveys may be sent personally, through the mail, or electronically administrated. The benefits obtained when using a questionnaire instead of interviews are that surveys are of a lower cost and easier to administrate, contrary to interviews, which are costly and time-consuming [13]. The research purpose would be better served with a survey to achieve a higher level of responses and answer the hypotheses based on statistical analyses. Due to these arguments and the benefits gained, a survey will be adopted for this research.

E. Time Horizon

In order to address a research issue, a study might be conducted in which data are gathered once, perhaps over a period of days, weeks, or months. One-time studies, sometimes termed cross-sectional studies, are the most common kind of research in this category. To answer the research question, the researcher may plan to collect data on the dependent variable at more than one time point. For example, the researcher aims to study the behaviour of a specific group before and after accomplishing some sort of change. Such studies are called longitudinal studies [14]. In this research, the time horizon will be cross-sectional (one-shot).

F. Research Limitations

The first limitation is that results cannot be generalized because sample is based on convenience sampling technique because of the limited resources. Second core limitation which changed the research's initial objective is that most NGOs in Egypt does not follow a sustainable strategy. One more limitation that was faced during this study is that donors are not aware of the different sustainable development approaches, and they rather prefer targeted donations across government accredited institutions. Hence, results will not reflect the real case due to lack of awareness as mentioned.

IV. CONCLUSION

This study was built on previously presented literature that examined the impact of environmentally sustainable brands on customer senses to develop loyalty. The study helps further research to empirically study the impact of sustainable NGOs on raising the customer experiences through the moderation of their senses. To the knowledge of the researcher, this is one of the few studies conducted in Egypt examining the impact of sustainability on the multidimensional model in Egyptian NGOs.

The study examines how advertising and means of it affect consumer affective and cognitive senses towards donations. Additionally, this research provides pragmatic guidance on how to have a broader look on customer or donor's inner senses moderating their intention in participating in a particular NGO. The methods used in this research shall guide researcher in examining the variables that are impacted by sustainability in NGOs. Sustainability is supposed to build mutual trust between the brand and consumer. Building on the studied literature review consumers' senses play a vital role in their decision-making process, it helps in the positioning of the brand in the mind of consumers. Leaders shall study how sustainability can touch on each sense and the result of this sense on perception and loyalty. There are a lot of other factors such support this concept such as means of advertising on the donation needed, how organizations reach their donors, and how they maintain them.

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