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# The Strategic Fit of Community Events Hosted by Charities: Insights from Australia

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A charitable organisation fits within the broader category of not-for-profit organisations (NFPs) which operate in a variety of sectors in Australia. As well as seeking to satisfy the demands of the persons in need of their services, many need to target suppliers of necessary operating resources. In an environment of growing competitiveness between NFPs for these resources and in many cases higher government and community expectations for these organisations to satisfy growing demand, many of these NFPs now resort to a number of marketing activities both as a means to increase awareness and as well as source funding and in-kind support. One activity for NFPs is to host a community event. There are calls for research to better understand the hosting of events by NFP organisations. This research identifies some key issues relative to the hosting of events by charities by conducting open-ended interviews with managers of charities. The findings make a contribution towards a greater understanding of events held by charities and NFPs generally and have relevance to managers as well setting an agenda for further research.

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# **The Strategic Fit of Community Events Hosted by Charities: Insights from Australia**

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## **Abstract**

A charitable organisation fits within the broader category of not-for-profit organisations (NFPs) which operate in a variety of sectors in Australia. As well as seeking to satisfy the demands of the persons in need of their services, many need to target suppliers of necessary operating resources. In an environment of growing competitiveness between NFPs for these resources and in many cases higher government and community expectations for these organisations to satisfy growing demand, many of these NFPs now resort to a number of marketing activities both as a means to increase awareness and as well as source funding and in-kind support. One activity for NFPs is to host a community event. There are calls for research to better understand the hosting of events by NFP organisations. This research identifies some key issues relative to the hosting of events by charities by conducting open-ended interviews with managers of charities. The findings make a contribution towards a greater understanding of events held by charities and NFPs generally and have relevance to managers as well setting an agenda for further research.

## **Background**

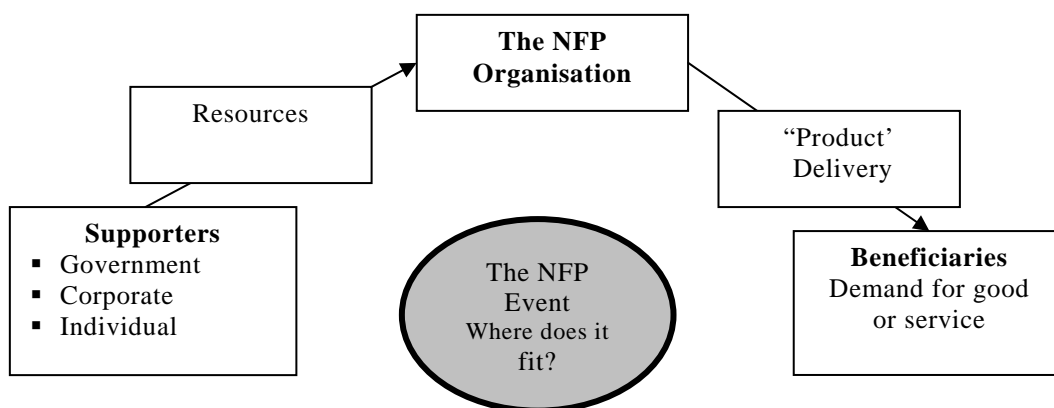
In Australia there are an estimated 700,000 not-for-profit organisations. (Australian Centre for Co-operative Research and Development, 2007). The interest and activities of these organisations is broad. Hall (1987) defines a NFP as "...a private group that associates in order to: (1) undertake public tasks on behalf of the government, (2) provide public goods and services for which there is demand but no supply from either the public or for-profit sectors, or (3) influence public policy..." It is emphasised that a NFP does not have to be a charity. A charity is a subset of NFPs. In an Australian context, a charity is defined by the Board of Taxation (2003) as "a not-for-profit entity and has a dominant purpose that is charitable and [generally] for the public benefit" The qualifying characteristics for a NFP and a charity seem to be '*the beneficiaries*' and '*the purpose*' - the purpose being to aid its nominated beneficiaries.

For many NFPs to have the capacity to meet the demands of persons in need of their services, they will need to target potential suppliers of the essential operating resources including cash, buildings, subsidies and supplies. Governments, corporations and individuals are often targeted with this aim in mind. There is evidence of an environment of growing competitiveness between NFPs for operating resources and in many cases higher government and community expectations for these organisations to satisfy the growing demand (Weisbrod, 1997; Barman, 2002). Many NFPs now resort to a number of marketing activities both as a means to increase awareness and as well as source funding and in-kind support. One activity of NFPs to address this need is to host a community event (Webber, 2004). In addition to fundraising, there are other benefits of hosting events including engendering pride in the community, strengthening a feeling of belonging and creating a sense of place. Events can also help to expose

people to new ideas and experiences, encourage participation in sports and arts activities, and encourage tolerance and diversity (Allen, O'Toole, Harris *et al.*, 2005). In the general marketing communications literature, an event is seen as a technique to “motivate target audiences to listen, to learn more, and to alter behaviours,” (Kotler, Roberto and Lee, 2002 p. 310). Kotler *et al.* (2002) identify a role for social marketers to use the event to provide information to influence behavioural change. Wharf Higgins and Lauzon (2003 p. 363) suggest that event marketing “...provides organisations with a way to focus on distinct target markets that other mass marketing alternatives fail to reach...”. Despite the potential benefits, Van der Wagen (2001) identifies the characteristics of events which includes being generally expensive to stage, requiring long and careful planning and carrying a high level of risk, including financial risk and safety risk for the event management team.

Throughout Australia there is evidence of many charities hosting events at national, state regional and local levels. Examples of NFP events include, ‘Red Cross Calling’, ‘Million Paws Walk’, ‘The 40-hour Famine’, ‘Australia’s Biggest Morning Tea’, ‘Daffodil Day’, ‘Wish Ball’, Book Fairs, Art Shows, and Activity Events (e.g. fun runs, cycling etc). The events are developed and administered differently, possibly depending on the size and structure of the NFP organisation.

**Figure 1: The NFP: Supply, Demand and the Event**



Wharf Higgins and Lauzon (2003 p. 364) identify a research need into the relationship between NFPs and their events as “the actual prevalence and importance of special events to non-profit organisations, as well as the amount of revenue generated, is not well documented...”. This research is timely not only given the limited research to date but also the growing competitiveness between NFPs (Barman, 2002). This study contributes to the literature and to professional practice by identifying some contemporary issues which NFPs may face in hosting events. Figure 1 shows conceptually the role of a NFP in gaining resources and then converting and distributing those resources to their beneficiaries. Figure 1 also shows diagrammatically the research question which seeks to better understand the NFP event.

## Methodology

The objective of the research was to develop a clearer understanding of events held by charities. As a first study, an Australian context was chosen not only as evidence of similar studies could not be found but having regard to the resources available to the researchers. It was decided to conduct in-depth interviews with the aim of identifying issues, views, and attitudes relative to events held by charities. Potential participants were selected on the basis of identifying charities which were geographically accessible by the researchers and that these organisations conducted events. Approaches were made to a number of charities providing the background and objectives of the research and seeking the consent of the chief executive officer or senior manager of each organisation. Four in-depth interviews were conducted with the interviews taking place either in the office of the participant or the office of the researcher. The interviews lasted on average one hour and were digitally recorded and transcribed. Each interviewee agreed to follow-up conversations to clarify or expand upon responses in the interview. The participants and their organisations are not named in this paper as to do so would be in breach of an undertaking that was given. Open-ended interviews were considered the most appropriate method as this allowed the respondents to express their own opinions and allowed the researcher to individually investigate and clarify the responses in a topic which has not been widely researched. The objective was to gain an insight into the thoughts of the managers regarding the events held by their charity. Using the approach applied by King and Grace (2005) an interview framework was developed to ensure that the research questions were addressed, and that there was some consistency between interviews to provide a chain of evidence as well as to be able to replicate this study in the future. This “bureaucratisation of fieldwork” (Miles, 1979) assists with the coding and analysis of data (Sinkovics, Penz and Ghauri, 2005). A qualitative analysis of the interview transcripts was undertaken from which concepts and higher level categories were developed from the initial codes derived from the interview transcripts (Burnard, 1991).

## Findings

The categories or key themes developed identify some key issues which may need to be considered by charities seeking to host events. These will have relevance to practitioners as well as contribute to knowledge in this area and provide a foundation for further research. The themes are *strategic tension*, *stakeholder engagement*, *competitive pressures*, *event structure*, *event analysis and review*. No assumptions should be drawn from the order of presentation.

### Strategic Tension

In each interview, steps were taken to confirm the purpose of the organisation and that of the event. Responses to the purpose of the charities included; providing information to clients and health professionals; to encourage people to make lifestyle changes; as a social services agency, [to] run programs from birth to death; to enable clients to access and participate in every part of life they chose.

When asked about the aims and objectives of ‘their event’, fundraising was the most mentioned objective although other responses included; build awareness of the charity, community engagement, build sponsorship relationships, aid beneficiaries, education

and information, publicity, and a 'thank you' to the community and other stakeholders. In some cases the people who support the event were not the beneficiaries of the charity. This may relate to the 'type' of event hosted by the charity and understandably the ability of the charity's beneficiaries to be financially or physically involved in the event.

Some 'strategic tension' was found when comparing the needs of the clients to the needs of the charity. As well as providing resources to aid beneficiaries, the charities had to allocate resources to plan and run their event. Events were usually run by event organisers either employed permanently or on a contract basis. As the objective with most of the events was to realise a surplus, the event has a different business model and requires different resources and capabilities when compared to main activities of the charity. The event manager engaged by the organisation often had the sole purpose of managing the event and did not deal with the 'product delivery' (see Figure 1) by way of goods and services to the clients of the charity. It seemed that the charity had to allocate 'mutually exclusive' resources to the event. The implications of this finding include a necessity for managers of those charities which host events to be charged with at least two business models as well as a requirement for different resources and capabilities in each model.

### **Stakeholder involvement**

Some participants advised an 'event template' is prepared by the charity at state, if not national, level. Notwithstanding, it was found that consideration needed to be given to the 'uniqueness' of each community in which the event was to be held. This research identified three important groups of community stakeholders; individuals, media and corporate. Each group had a role in engaging the community and contributing to the success of the event.

Volunteers have an important role in many charities, particularly providing labour and skills. In this study it was found that their role was also to engage the community.

*"...if you've got [the local] people doing the work, they're the ones that will get people to come to the event, they're the ones to be believed..."*

The media was also identified as having an important role in promoting community events. In addition to paid advertisements, editorial support was seen as extremely important in gaining community support for the event.

Corporate support was also identified as being important. Two dimensions of corporate involvement surfaced both showing how corporates and charities can work together. First, the corporates can enhance community engagement with the event. *"They're really good for us because they're like an octopus, in so far as, they've got 21 ... centres in our call area, so they've got like...great reach..."* and second being involved with a charity can also provide benefits for the corporate. *"... it positions them about being part of the community, and it really works..."*

Managers of events need to be aware of the key and sometimes unique stakeholders in a community and take care if they are proposing to apply an event template prepared at a higher level to their event.

## **Event Structure**

Related to stakeholder engagement it became apparent that there was an issue with charities trying to host events at a regional or even city-wide level in some cases. Although there are resource and structural issues in operating at a community level, there was additional stakeholder problems encountered when an event was regional or city wide. As one participant commented with reference to a larger-scale event, “... *is a difficult community to reach, [the event]... could grow a lot more, but it is difficult to reach all the different segments within the community...*” An important aspect emerging this theme is that events covering larger geographical areas have a higher level of stakeholder complexity and there may be a need for managers to determine the optimal size of their event.

## **Strategic and competitive pressures**

The competitive nature of charities in the NFP sector was observed. In this study there was reference to ‘supply side’ competition for resources. The events were being organised in an environment of seeking market share; to attract the “publics’ dollar” as well as to gain corporate support. As one participant observed:

*“[the charity] see it as there’s one big pie and they’ve got to have a bigger, bigger share of the pie...”* and *“[they are] competing for individuals ‘spare’ income...”* while another participant commented, *“... there’d be competition from other not-for-profits who’d be running events...everyone’s trying to get in there ...we have more competition for sponsors and clientele ...”*

This finding verifies the claim of growing competitiveness as made by Barman (2002) and the implication might well be that as the competition for resources increases there is also increased risk of declining outcomes. This may result in managers being required to review their involvement in events and either respond to competitive pressure by ‘scaling-up’ their event or ‘scaling-down’ and pursuing other alternatives to satisfy their objectives.

## **Analysis and review of the event**

Of those interviewed there was evidence to suggest that there was a review after each event although it seemed that the event was an assumed activity. As one participant stated:

*“...[the charity] doesn’t allow too much discussion whether or not it is going to be held, it basically is held, on a yearly basis...”* Alternatives to hosting an event seemed to be given little if any consideration. One participant acknowledged that an alternative might be to, *“Look at more regular donations”*. There may be some risk for charities not to consider the changing environment and growing competitiveness in their sector and to assume that what has worked in the past will continue to work in the future.

## **Conclusion**

The limitations as a result of the small scale of this research are acknowledged. However even at this exploratory stage some important findings provide incentive to conduct a broader study. It is likely that for many charities an event is an assumed activity. The results suggest that managers of charities need to better understand why they host events and that such decisions be made having regard to costs and benefits.

The hosting of events should be a strategic decision which considers the changing environment as well as the resource implications. Events can require additional, and different, resources and capabilities as well as a different business model than that of the core business. A broader study will provide greater insight into the hosting of events by NFPs but the findings of this study suggest that managers of NFPs should carefully consider the purpose, fit and required resources of an event rather than treat the event as a 'must do' within the strategic plan of their charity.

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