



INDIANA NONPROFITS

Scope and Community Dimensions

Nonprofit Survey Series
Report #5

INDIANA NONPROFITS: AFFILIATIONS, COLLABORATIONS, AND COMPETITION

A JOINT PRODUCT OF

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V. COMPETITION AMONG INDIANA NON-PROFITS

Indiana nonprofits compete with other nonprofit organizations, governments, and for-profit organizations. They do so in a variety of competitive arenas, such as to obtain funding or to secure staff, volunteers, and board members. This is especially the case for large nonprofits, those that are involved in formal collaborations or informal networks, and nonprofits that have access to basic information technology.

Patterns of competition for Indiana nonprofits: Not only do Indiana nonprofits collaborate with other organizations, but they also compete with them for access to a variety of resources. We asked survey respondents whether they compete with other organizations to obtain financial resources; deliver programs or services; attract clients or members; or recruit staff, volunteers, or board members. We also asked them to specify the types of organizations with which they compete in each of these arenas—secular nonprofits, religious nonprofits, governments, or businesses.

- **Extent of competition:** To determine the degree to which nonprofits compete, we first look at competition broadly. Overall, more than two-fifths (42 percent) of Indiana nonprofits indicate that they compete with other organizations (both in an outside of the nonprofit sector) in at least one of the arenas specified in Figure 45 (i.e. to obtain financial resources; attract clients or members; deliver programs or services; or recruit staff, volunteers, or board members). Many compete in multiple arenas.

- **Nonprofit field:** The extent to which nonprofits compete with other organizations varies significantly according to the field of activity in which they operate.
- Although nonprofits in the health field are the most likely to say that they compete with other organizations (see Figure 46), this may have more to do with their typically large size (or other organizational characteristics). Once we control for these factors, health nonprofits do not stand out significantly from nonprofits in the other fields. Instead, human services and, to a lesser extent, education nonprofits show high

high odds of competing with other organizations.

Figure 45: Arenas in which Indiana nonprofits compete (n=2,206)

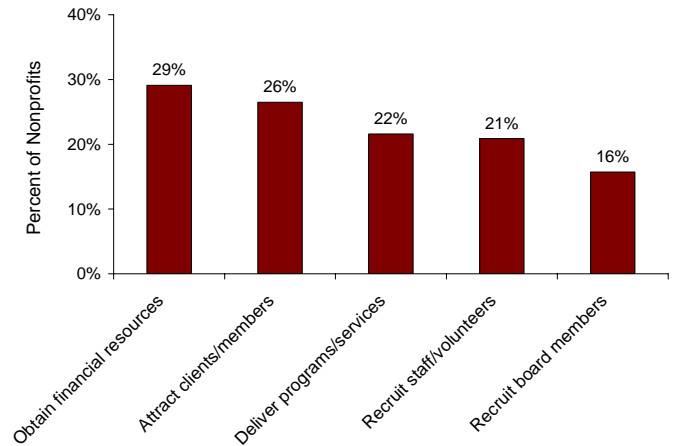
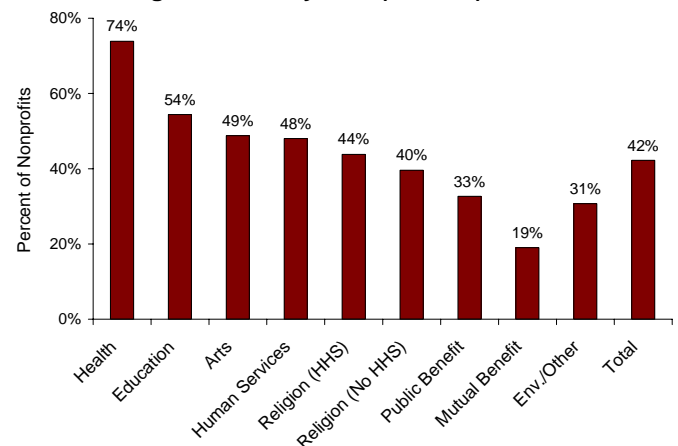
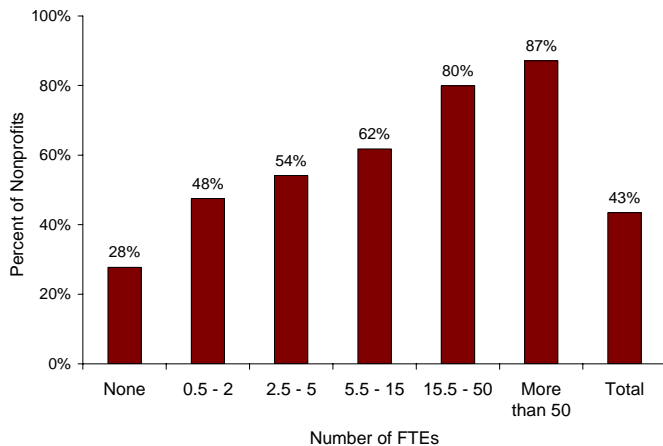


Figure 46: Percent of nonprofits that compete with other organizations by field (n=2,206)



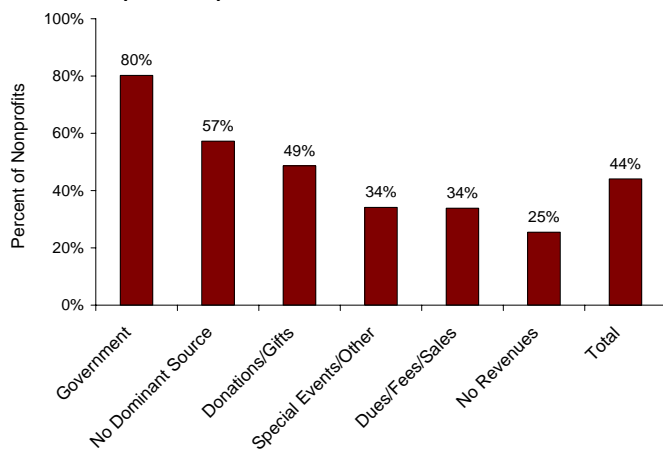
- The odds are significantly low, however, for religion, public and societal benefit, and mutual benefit nonprofits. Figure 46 illustrates this relationship.
- **Size:** Size may be a more important predictor of interorganizational competition than major field of activity for Indiana nonprofits. Larger nonprofits are considerably more likely than smaller ones to indicate that they compete with other organizations. Indeed, nearly 9 in 10 of Indiana nonprofits with more than 50 employees say they compete, compared to less than one-half of small nonprofits. See Figure 47. Multivariate analyses confirm this pattern.

Figure 47: Percent of nonprofits that compete with other organizations by size (n=2,042)



- **Funding profile:** Nonprofits that rely on the government for more than half of their funding are considerably more likely than nonprofits that depend on revenues from other sources to indicate that they compete in the various arenas (80 percent vs. 44 percent overall). This is the only funding reliance category that significantly relates to competition and may reflect the fact that nonprofits must often compete for government grants. See Figure 48.

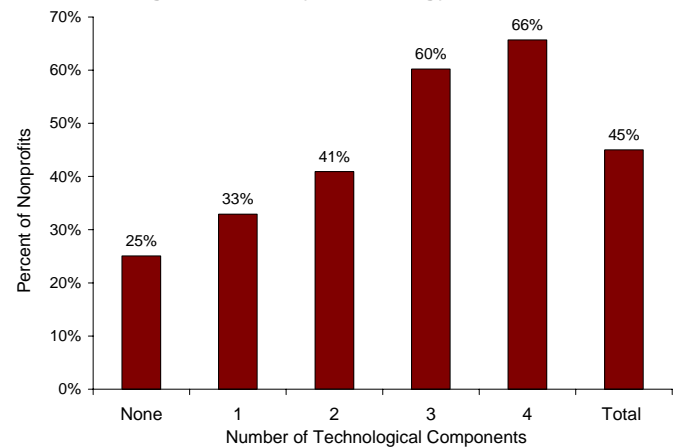
Figure 48: Percent of nonprofits that compete with other organizations by primary source of funding (n=2,000)



- **Information technology:** Nonprofits that have access to information technology are significantly more likely to say that they compete with other organizations, as illustrated in Figure 49. While only one-quarter (25 percent) of Indiana nonprofits without any of the IT components say

that they compete with other organizations, two-thirds (66 percent) of those with all four of the components do so.

Figure 49: Percent of nonprofits that compete with other organizations by technology (n=2,049)

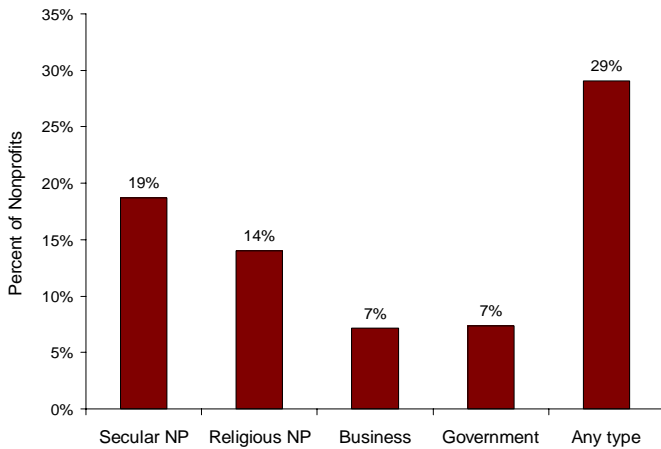


- We don't know whether this result reflects the fact that access to technology *allows* nonprofits to compete with other organizations. For example, having a computer, Internet access, and e-mail, may present opportunities for nonprofits to compete for financial resources (such as grants or contracts), while nonprofits without such resources would lack access to particular funding sources. It may also indicate that nonprofits acquire technology in order to more effectively deal with the competition they face from other organizations. Alternatively, better access to communication may simply make nonprofits more aware of what other organizations do.
- **Networks and collaborations:** The odds that nonprofits say they compete with other organizations increase by approximately 70 percent for nonprofits that participate in formal or informal interorganizational relationships.
- This interesting result may also have more than one explanation. First, participating in these relationships may increase the competition that nonprofits face, or at least make them more aware of the competition. Alternatively, nonprofits may enter into formal collaborations and informal networks because they are confronting substantial competition. We do not have suffi-

cient data to determine which explanation is more valid.

- **Competitive arenas:** We now look in more detail at the various arenas of competition to investigate the characteristics of nonprofits that face each type of competition.
- **Competing for financial resources.** Obtaining financial resources appears to be the competitive arena that affects most nonprofits. Overall, about 3 in 10 (29 percent) Indiana nonprofits compete with other organizations for financial resources. One in five (19 percent) compete with secular nonprofits, 14 percent compete with religious nonprofits, and less than one in ten compete with businesses (7 percent) or government agencies (7 percent). See Figure 50.

Figure 50: Types of organizations with which Indiana nonprofits compete for financial resources (n=2,206)

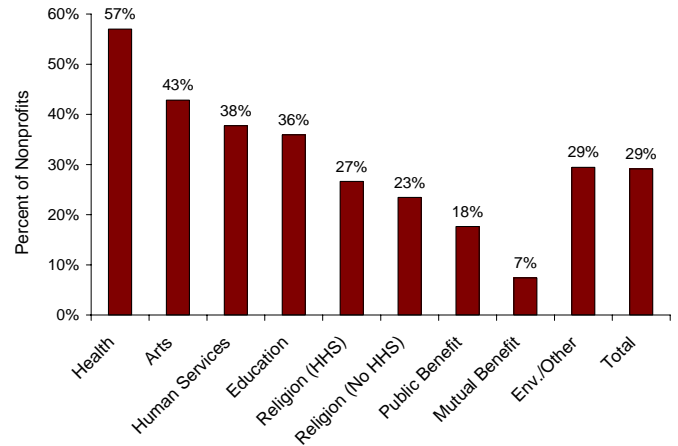


– We developed a statistical model to identify the organizational characteristics that most significantly relate to whether Indiana nonprofits compete with other organizations for financial resources (without regard for the specific type of organization against which it competed). All but age appears to be important.

– **Nonprofit field:** The extent to which nonprofits compete for financial resources varies somewhat according to field of activity, although Figure 51 exaggerates the magnitude of the differences. Once we control for size, age, and other factors, nonprofits in the fields of religion, mutual benefit, and less clearly, public and societal benefit

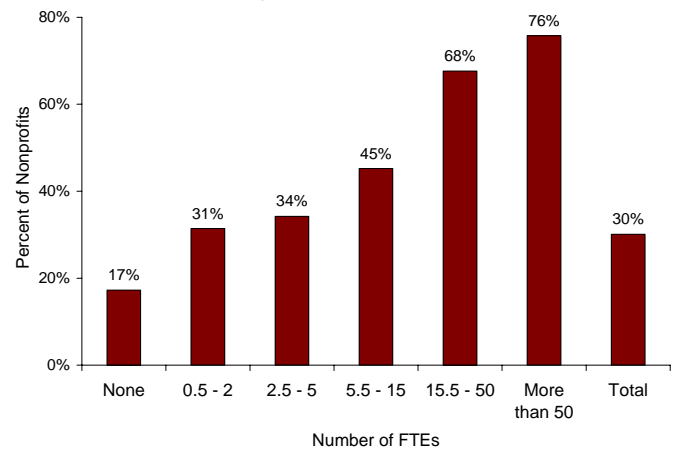
appear to be less likely to compete for financial resources than those in other fields. No other fields stand out.

Figure 51: Percent of nonprofits that compete for financial resources by field (n=2,206)



– **Size:** As noted above, size is consistently related to competition. Relatively large nonprofits are particularly likely to say they competed for financial resources – by a factor of two or three times that of small nonprofits. See Figure 52.

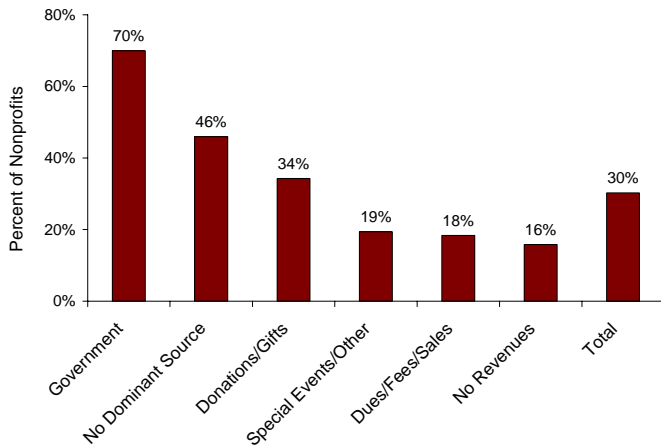
Figure 52: Percent of nonprofits that compete for financial resources by size (n=2,042)



– **Funding profile:** Nonprofits that rely on government for at least half of their funding are considerably more likely (by a factor of two or three) than those that rely on other funding sources to say that they compete for financial resources. See Figure 53. Likewise, the odds nearly double for nonprofits that receive support

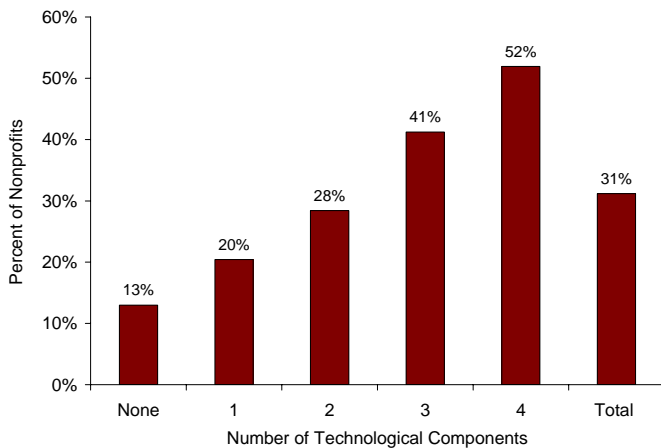
from federated funders, such as the United Way or Catholic Charities (not shown in Figure 53).

Figure 53: Percent of nonprofits that compete for financial resources by primary source of funding (n=2,000)



- **Information technology:** Having access to information technology is closely related to competing for financial resources. Nonprofits with each of the technological tools are four times as likely as those without any to say they compete with other organizations for financial resources. See Figure 54.

Figure 54: Percent of nonprofits that compete for financial resources by technology (n=2,049)

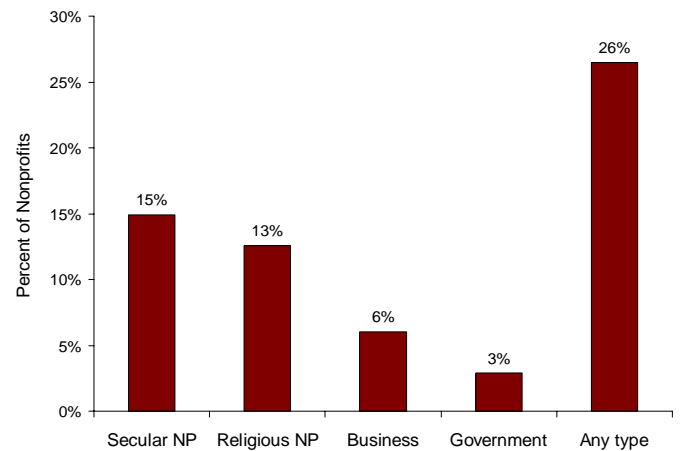


- **Networks and collaborations:** Participating in a network or collaboration is also significantly related to competing for financial resources. Nonprofits involved in formal or informal relation-

ships are twice as likely as nonprofits not so involved to say this is so.

- **Competing to attract clients or members.** Competing for clients or members is the second most pervasive arena of competition for Indiana nonprofits. Overall, one-quarter (26 percent) of Indiana nonprofits competes with other organizations to attract clients or members. Such competition takes place primarily with other nonprofit organizations, although 6 percent compete with businesses and 3 percent do so with government agencies. See Figure 55.

Figure 55: Types of organizations with which Indiana nonprofits compete for clients or members (n=2,206)



- **Nonprofit field:** Nonprofits in the health and arts, culture and humanities fields are the most likely to indicate that they compete with other organizations for clients or members. See Figure 56. These patterns hold when we control for various other factors.
- **Age:** Older nonprofits are slightly more likely than younger ones to say that they compete for clients or members. For every 10 years of age, the odds that nonprofits say they compete in this arena increase by 4 percent.
- **Information technology:** Nonprofits that possess basic information technology, such as a computer, access to the Internet, e-mail, and a website, are substantially more likely than those without these technology components to compete for clients and members. Forty-four percent of nonprofits that possess all four technological

components indicated that they compete for clients compared to 14 percent of those without technology and 28 percent of nonprofits overall. See Figure 57.

Figure 56: Percent of nonprofits that compete for clients or members by field (n=2,206)

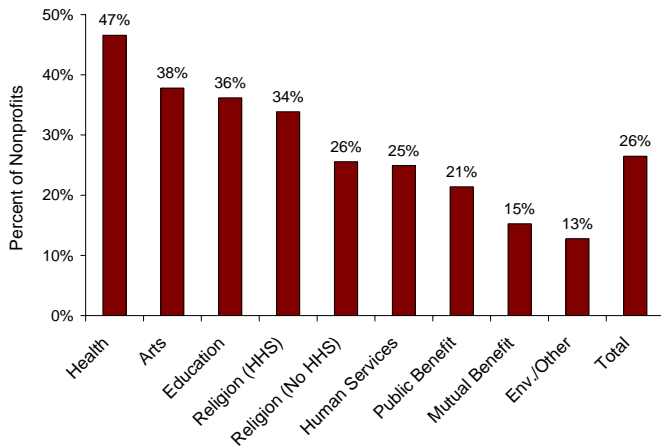
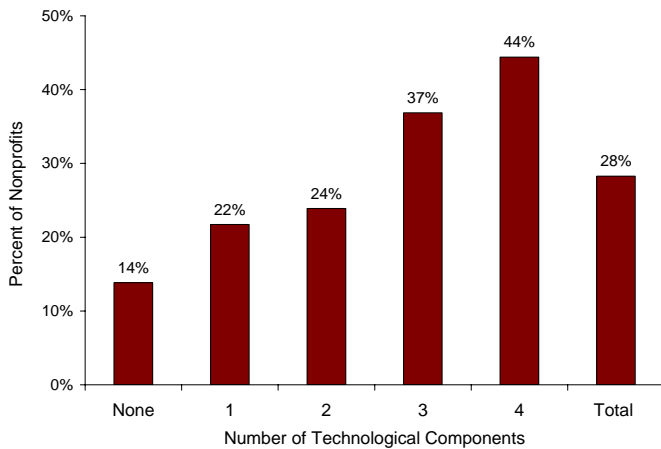


Figure 57: Percent of nonprofits that compete for clients or members by technology (n=2,049)

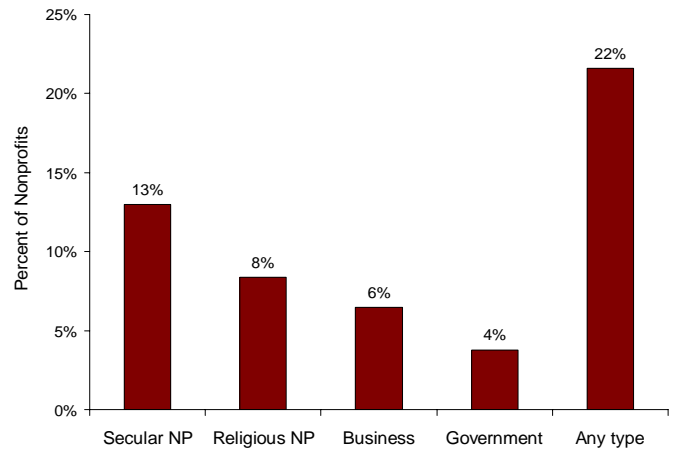


- **Competing to deliver programs or services.** Somewhat fewer nonprofits say they compete to deliver programs or services. Overall, one in five (22 percent) Indiana nonprofits competes to deliver programs or services. Slightly more than one in ten (13 percent) compete with secular nonprofits, while 8 percent compete with religious nonprofits. About one in twenty compete with businesses (6 percent) or government agencies (4 percent). See Figure 58.

- The extent to which nonprofits compete to deliver their programs does not vary according to

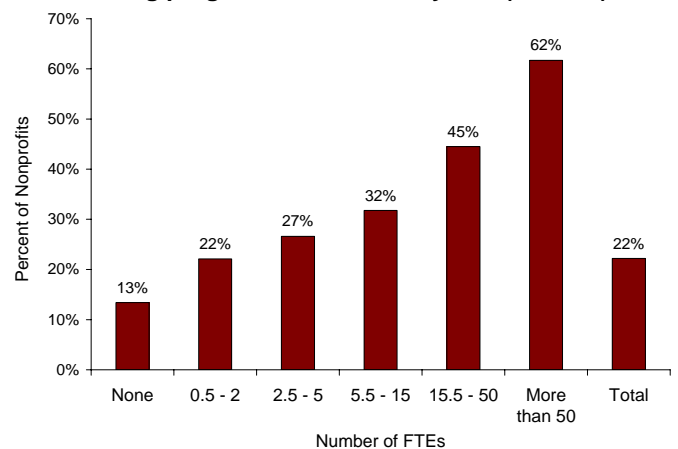
field of activity, but by size, funding profile, information technology and involvement in collaborations or networks.

Figure 58: Types of organizations with which Indiana nonprofits compete to deliver programs and services (n=2,206)



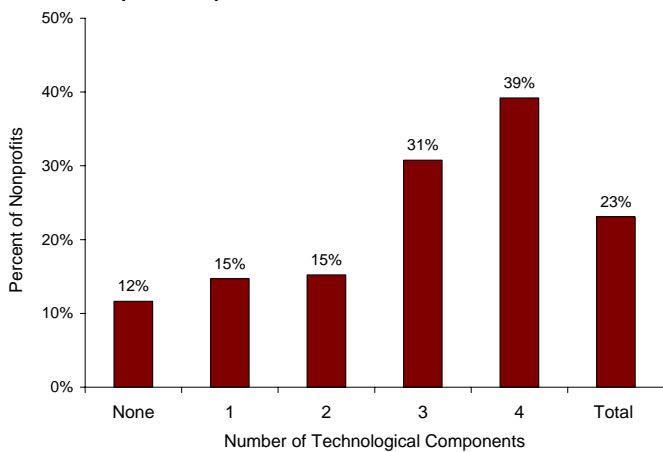
- **Size:** As in case of other arenas of competition, competing to deliver programs or services is significantly related to size. (See Figure 59.) This is particularly the case for nonprofits with more than 15 FTEs, and indeed, the multivariate analyses confirms this pattern: the odds of competing with other organizations for delivering programs or services increase by approximately 80 percent for these large nonprofits in comparison to medium-sized or small ones.

Figure 59: Percent of nonprofits that compete for delivering programs or services by size (n=2,042)



- **Funding profile:** For the most part, the type of funding nonprofits rely on is not related to competing for the delivery of programs or services, although the odds of competing in this arena are considerably lower for nonprofits that rely on dues or fees for most of their income. This seems counterintuitive and may reflect the fact that these nonprofits are generally smaller than other nonprofits.
- **Information technology:** Having access to information technology is the most statistically significant predictor of whether Indiana nonprofits compete for delivering programs or services. Nonprofits that are well-equipped with basic technology components are considerably more likely than those without (39 vs. 12 percent) to say they compete in service or program delivery. See Figure 60.

Figure 60: Percent of nonprofits that compete for delivering programs or services, by technology (n=2,049)

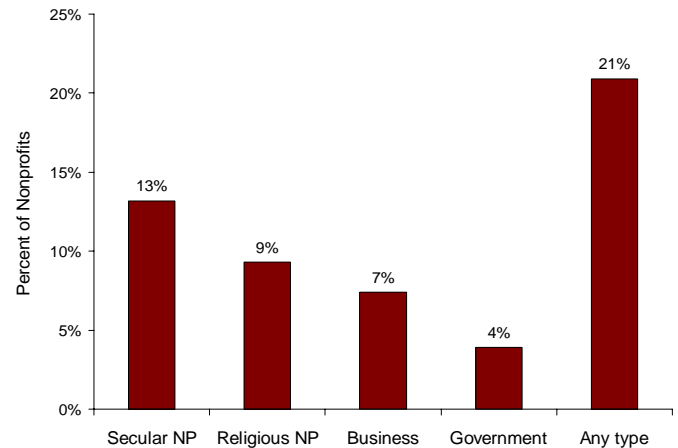


- **Networks and collaborations:** Although not as statistically robust as in some of the analyses described above, involvement in interorganizational networks or collaborations increases the odds that nonprofits find themselves competing with other organizations to deliver programs or services.

- **Competing for staff or volunteers.** A minority of Indiana nonprofits competes for staff or volunteers - one in five (21 percent). Most of the competition is with other nonprofits (9-13 percent) rather than with

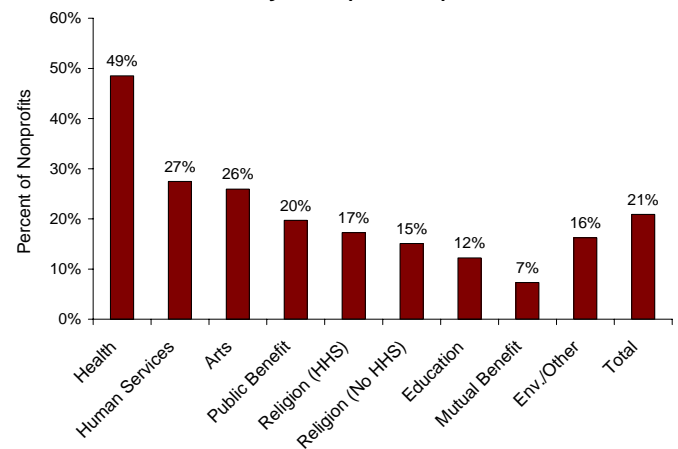
businesses or the government (4-7 percent). See Figure 61.

Figure 61: Types of organizations with which Indiana nonprofits compete for staff or volunteers (n=2,206)



- **Nonprofit field:** Competition for staff or volunteers appears to be relatively high for health nonprofits (49 percent, see Figure 62). However, once we control for size, age, and other factors, health nonprofits no longer appear to face higher than average competition for staff or volunteers. Religion nonprofits that provide health or human services and, less significantly, education nonprofits are less likely than their counterparts to compete for staff or volunteers once we control for other organizational characteristics.

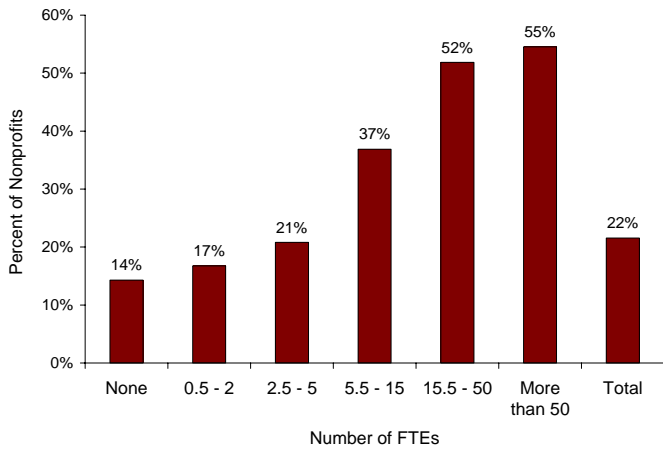
Figure 62: Percent of nonprofits that compete for staff or volunteers by field (n=2,206)



- **Size:** Competition for staff or volunteers is clearly related to size. Large nonprofits are more

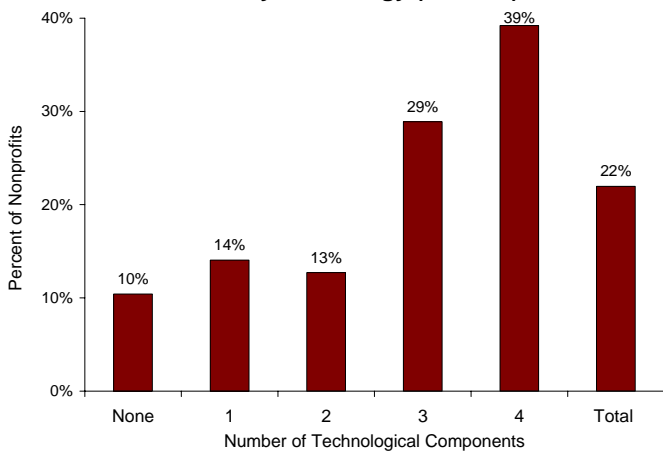
likely than small ones to say that they compete with other organizations for human resources. Over half (55 percent) of nonprofits with 15 or more FTEs say that they compete for staff or volunteers compared to 14 percent of those with no FTEs and 22 percent overall. See Figure 63.

Figure 63: Percent of nonprofits that compete for staff or volunteers by size (n=2,042)



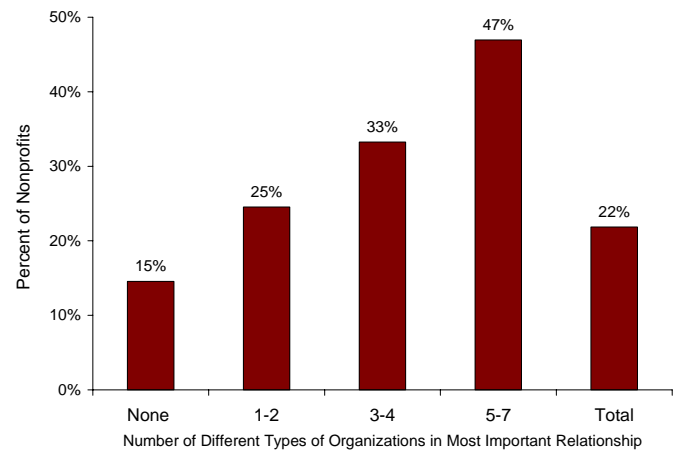
– **Information technology:** As is the case with almost every other competitive arena, nonprofits with basic information technological resources are significantly more likely than those without such resources to compete for staff and volunteers. Two fifths (39 percent) of nonprofits with all four components say they compete for staff and volunteers compared to one tenth of nonprofits with none of the technological components. See Figure 64.

Figure 64: Percent of nonprofits that compete for staff or volunteers by technology (n=2,049)



– **Diversity of networks and collaborations:** Nonprofits that report their most important interorganizational relationship includes many different types of organizations are more likely to say they compete for staff or volunteers than those involved in more homogeneous relationships. See Figure 65. We don't know whether their competitors include those they also collaborate with and cannot explain the reasons for this somewhat counterintuitive finding.

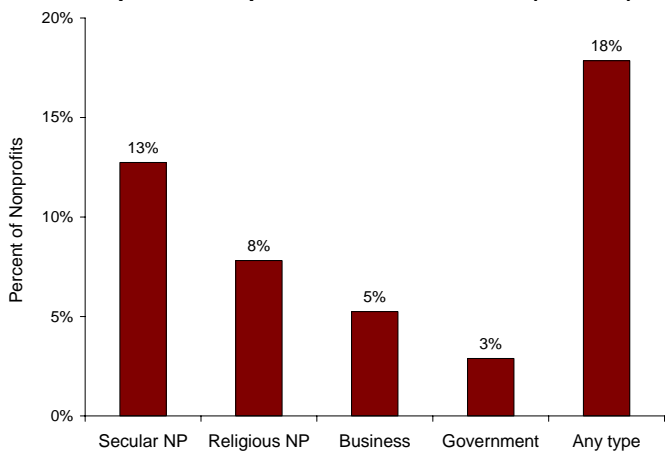
Figure 65: Percent of nonprofits that compete for staff or volunteers, by number of different types of organizations in most important interorganizational relationship (n=1,937)



• **Competing for board members.** Nonprofits are least likely to compete for board members. This is surprising, since previous analysis from this survey has shown that recruiting and retaining qualified board members is one of the most pervasive challenges that Indiana nonprofits face – two thirds (66 percent) say that it is at least a minor challenge.¹⁷ However, among the 85 percent of Indiana nonprofits that have their own board of directors, less than one in five (18 percent) competes with other organizations for new board members. A little over one in ten (13 percent) say they compete with secular nonprofits for board members. Slightly less than one in ten compete with religious nonprofits (8 percent), and even fewer compete with businesses (5 percent) or government agencies (3 percent). See Figure 66.

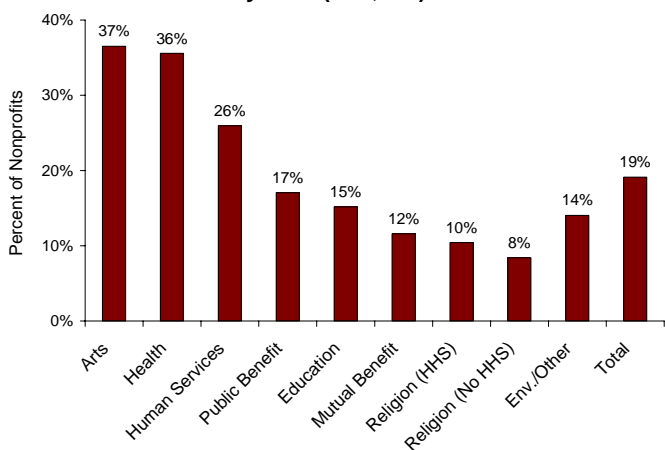
¹⁷ See Chapter IV in *The Indiana Nonprofit Sector: A Profile* by Kirsten A. Grønberg and Linda J. Allen (Bloomington, IN: School of Public and Environmental Affairs, January 2004). Available online at www.indiana.edu/~nonprof.

Figure 66: Types of organizations with which Indiana nonprofits compete for board members (n=1,857)



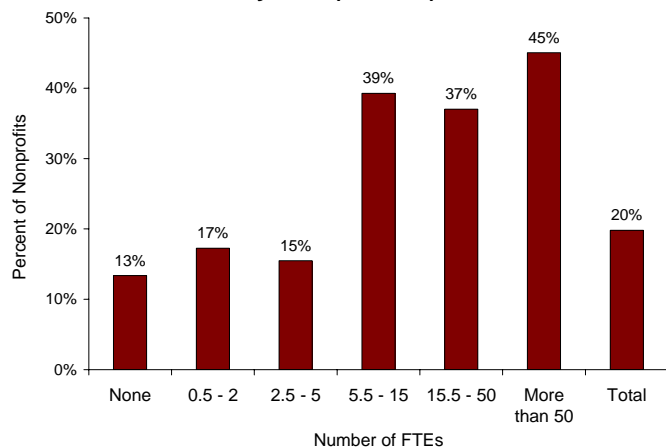
- **Nonprofit field:** Once we control for other characteristics, multivariate analyses reveal that human services and arts, culture and humanities nonprofits are the most likely to say they compete with other organizations for board members (health nonprofits do not stand out in this analysis). Religion and, to some extent, public and societal benefit nonprofits show the opposite pattern: they are significantly less likely to compete for board members. See Figure 67.

Figure 67: Percent of nonprofits that compete for board members by field (n=1,715)



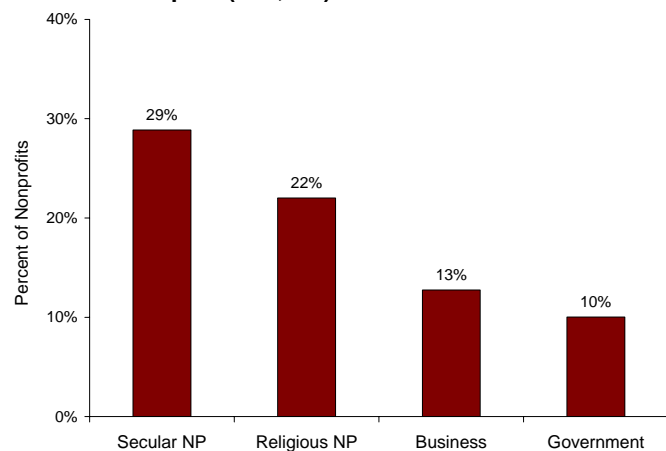
- **Size:** Competing for board members is clearly related to organizational size. More than two-fifths (45 percent) of the very large nonprofits compete for board members, in comparison to less than 20 percent of nonprofits with have five or fewer employees. See Figure 68.

Figure 68: Percent of nonprofits that compete for board members, by field (n=1,650)



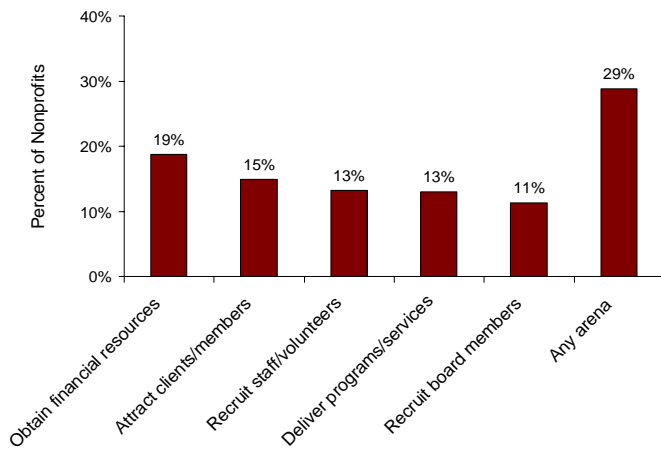
- **Types of competitors:** We now shift our attention to the types of organizations with which Indiana nonprofits compete. Although they compete primarily with other nonprofits, Indiana nonprofits state also compete with businesses (13 percent) or governments (10 percent). See Figure 69.

Figure 69: Types of organizations with which nonprofits compete (n=2,206)



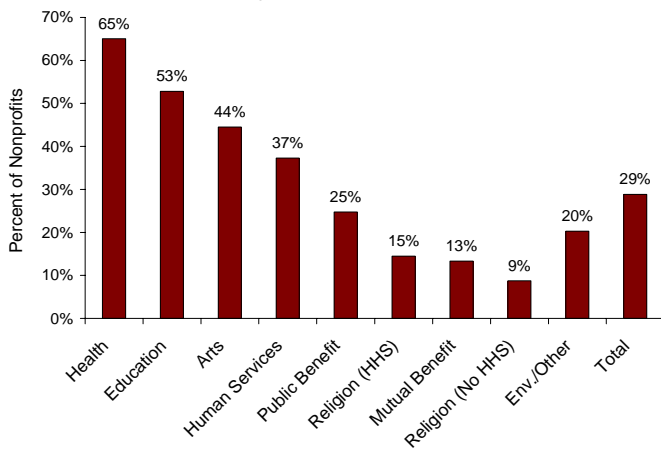
- **Competition with secular nonprofits.** Nonprofits are most likely to find themselves in competition with secular nonprofits. Overall, three out of ten (29 percent) nonprofits in Indiana compete with secular nonprofits. They are most likely to do so in order to obtain financial resources (19 percent), but many also compete for clients or members (15 percent), to deliver programs and services (13 percent), or for staff, and volunteers (13 percent), or board members (11 percent). See Figure 70. In many cases they compete in several arenas.

Figure 70: Arenas where Indiana nonprofits compete with secular nonprofits (n=2,206)



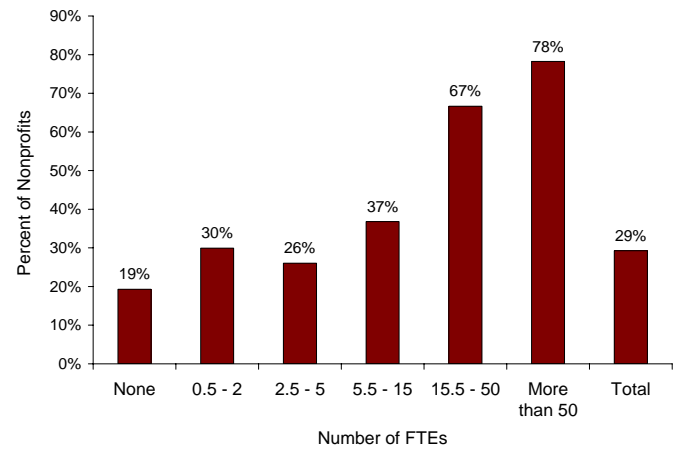
- **Nonprofit field:** The odds that nonprofits compete with secular nonprofits are notably high for nonprofits in the health, human services, education and, less significantly, arts, culture and humanities fields, once we control for other characteristics. Religion and mutual benefit nonprofits, on the other hand, are significantly less likely to compete with secular service nonprofits. This relationship is apparent in Figure 71.

Figure 71 Percent of nonprofits that compete with secular nonprofits by field (n=2,206)



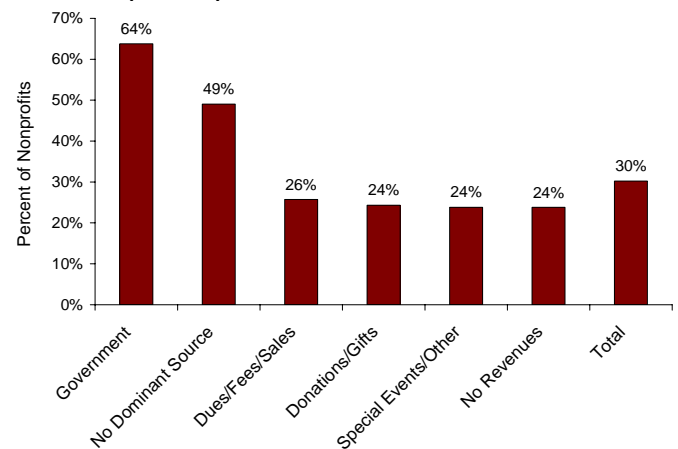
- **Size:** Nonprofits with more than 15 FTEs are significantly more likely than smaller nonprofits to compete with secular nonprofits. The great majority of nonprofits with more than 15 FTEs (67 to 78 percent) report competition with secular nonprofits compared to 29 percent of nonprofits overall. See Figure 72. The odds of competing with secular nonprofits increase two-fold for larger nonprofits.

Figure 72: Percent of nonprofits that compete with secular nonprofits by size of FTEs (n=2,042)



- **Funding profile:** Nonprofits that rely on government for most of their funding are significantly more likely than those with other primary funding sources to compete with secular nonprofits. See Figure 73. However, once we control for size and field (recall that nonprofits that rely on the government for funding are disproportionately large), nonprofits without a dominant source of funding stand out as significantly more likely than the others to compete with secular nonprofits.

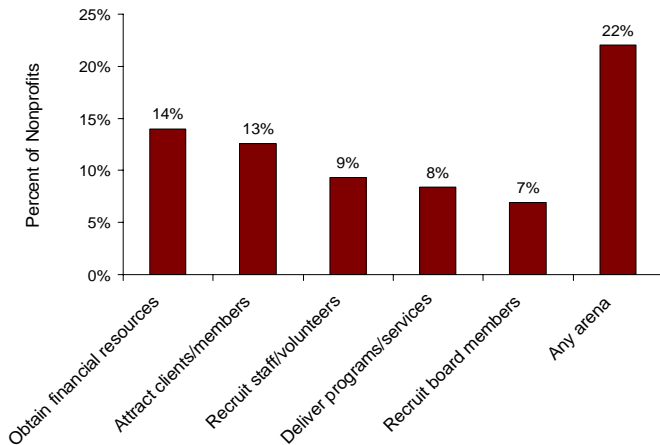
Figure 73: Percent of nonprofits that compete with secular nonprofits by primary source of funding (n=2000)



- **Networks and collaborations:** Being in a network or collaboration significantly increases the odds that nonprofits compete with secular nonprofits.

- **Competition with religious nonprofits.** Overall, slightly more than one in five (22 percent) Indiana nonprofits competes with a religious nonprofit. The majority do so in order to obtain financial resources or to attract clients and, more likely, members. See Figure 74.

Figure 74: Reasons Indiana nonprofits compete with religious nonprofits (n=2,206)



- **Nonprofit field:** Nonprofits in the religion field are the most likely to compete with religious nonprofits. Although the bivariate analysis (shown in Figure 75) suggests that religion nonprofits that provide human services are more likely than those that do not to compete with other religious nonprofits, after we control for size, age, funding source, and other characteristics, the odds of competing are particularly high for religion nonprofits that do not provide health or human services.
- The odds of competing with religious nonprofits are also considerably high for nonprofits in the education field (health nonprofits do not stand out, once we control for other factors).
- **Size:** As shown in Figure 76, nearly two-thirds of the very large nonprofits in our sample say that they compete with religious nonprofits. Interestingly, the majority of these large nonprofits are in the health, human services, and education fields—not religion.
- **Funding profile:** After controlling for nonprofit field, size, age, and access to technology, there is only minor variation in the extent to which

nonprofits with different funding dependencies compete with religious nonprofits. Only nonprofits that rely on dues for more than one-half of their funding are significantly less likely to compete with religious nonprofits.

Figure 75: Percent of nonprofits that compete with religious nonprofits by field (n=2,206)

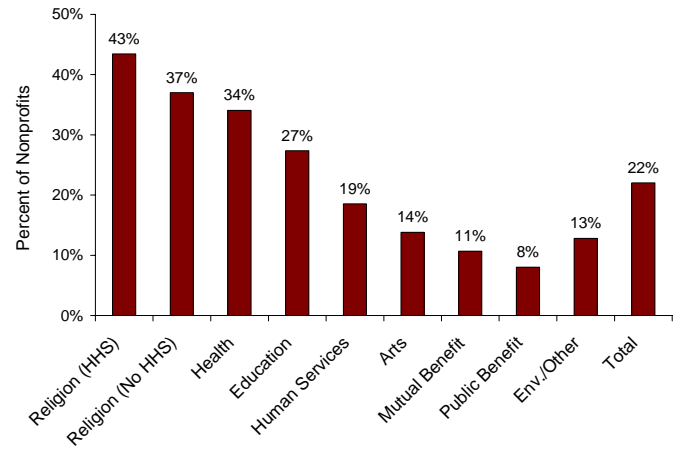
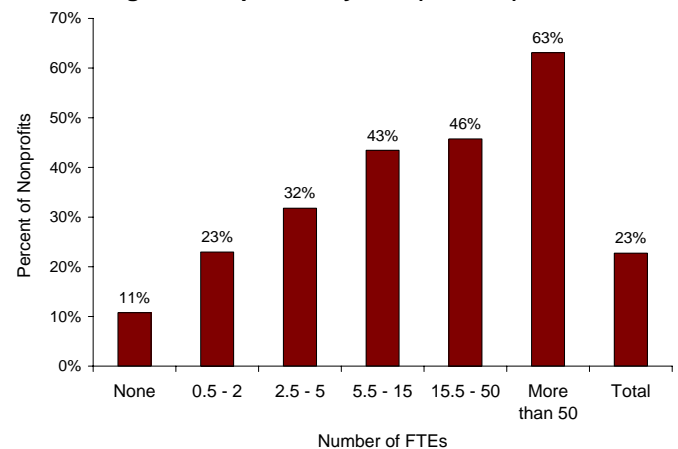
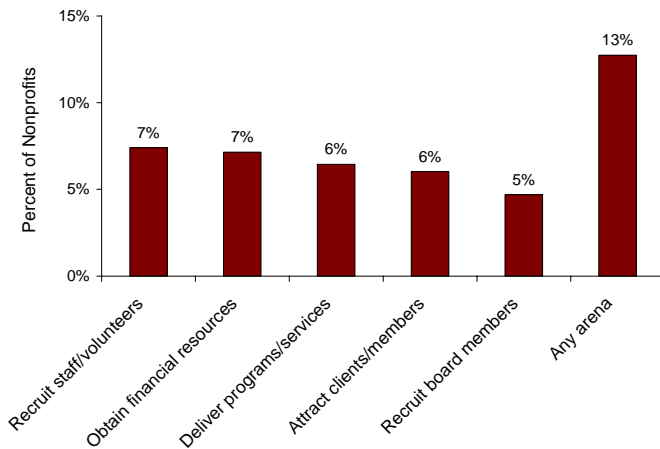


Figure 76: Percent of nonprofits that compete with religious nonprofits, by size (n=2,042)



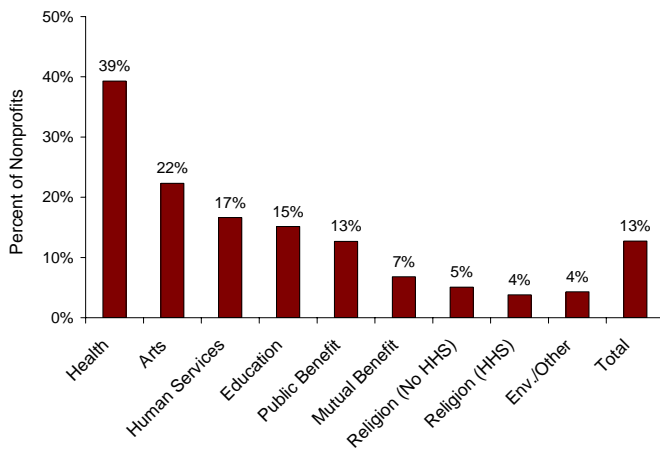
- **Networks and collaborations:** Multivariate analyses reveal that the odds of competing with religious nonprofits increase by nearly 80 percent or more for nonprofits involved in interorganizational relationships.
- **Competition with businesses.** Overall, Figure 77 shows that nonprofits compete with businesses to only a minor degree across all arenas. Only 13 percent of nonprofits report any competition with businesses.

Figure 77: Reasons Indiana nonprofits compete with businesses (n=2,206)



- **Nonprofit field:** Nonprofits in the health field are clearly the most likely to compete with businesses (39 percent), although this appears to have much to do with their relatively large size and access to technology. Religion nonprofits, on the other hand, rarely do so (4 to 5 percent). See Figure 78.

Figure 78: Percent of nonprofits that compete with businesses, by field (n=2,206)



- **Size:** Very large nonprofits are much more likely to compete with business than smaller ones. The majority of nonprofits with more than 50 FTEs report competition with businesses as opposed to 6 percent of nonprofits without FTEs. See Figure 79. This is true even after controlling for the field of activity, age, and other factors.
- **Information technology:** Based on our statistical analyses, we estimate that the odds of nonprofits

competing with businesses increase significantly by approximately 30 percent for each additional technological component acquired. Although simplified, Figure 80 illustrates this relationship.

Figure 79: Percent of nonprofits that compete with businesses by size (n=2,042)

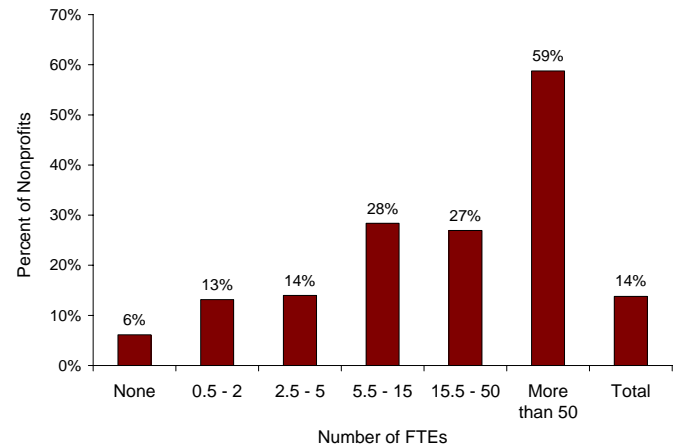
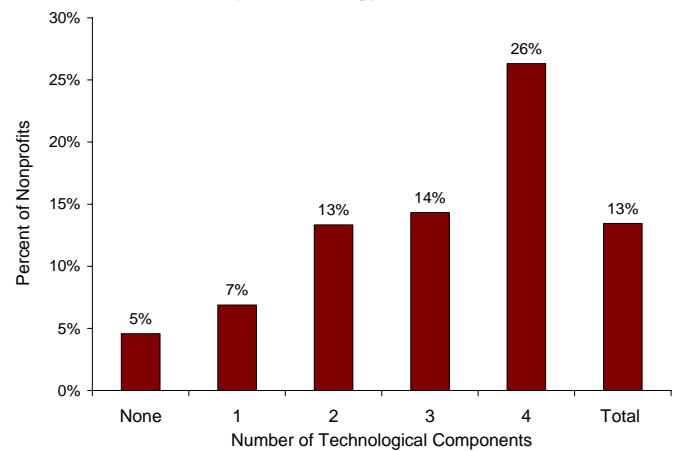


Figure 80: Percent of nonprofits that compete with businesses, by technology (n=2,049)



- **Competition with government.** Overall, 10 percent of Indiana nonprofits report that they compete with government agencies. Of those that compete with government, most (7 percent) do so in order to obtain financial resources, while less substantial percentages compete with governments for staff and volunteers, to deliver services, and to attract clients and members. See Figure 81.
- **Nonprofit field:** When controlling for all other factors, we find that religion nonprofits are significantly less likely to say they compete with

government (no other field stands out). See Figure 82. Given the separation of church and state in the U.S. this is not surprising.

Figure 81: Reasons Indiana nonprofits compete with government agencies (n=2,206)

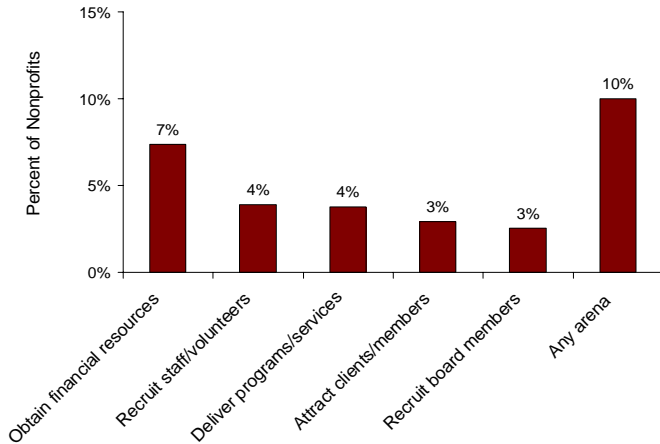
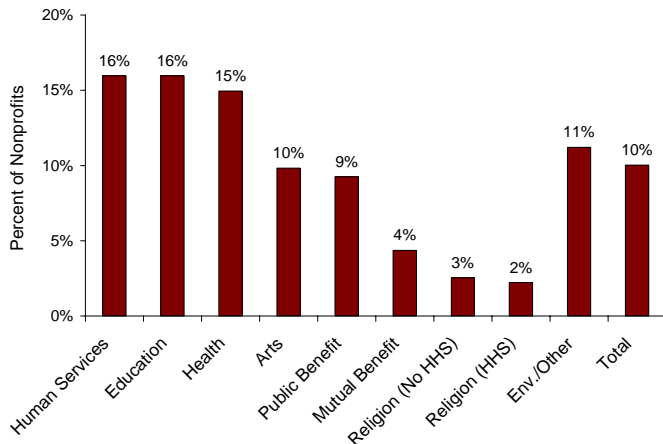


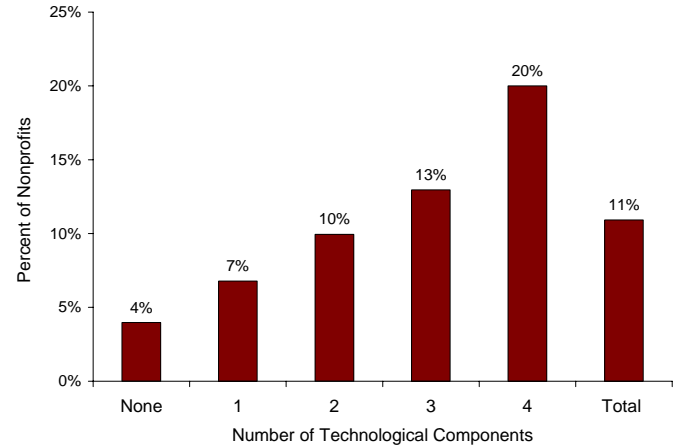
Figure 82: Percent of nonprofits that compete with government agencies, by field (n=2,206)



- **Information technology:** As before, we find that having access to information technology is significantly related to competition, in this case with government agencies. One in five nonprofits that have a computer, Internet access, e-mail, and a web-site compete with government agencies, compared to notably lower percentages for those without such technology. See Figure 83.
- **Networks and collaborations:** Likewise, nonprofits participating in formal or informal inter-organizational relationships are significantly more likely than nonprofits not involved in such to compete with the government. The odds of

doing so double for nonprofits participating in collaborations or networks.

Figure 83: Percent of nonprofits that compete with government agencies, by technology (n=2,049)



Conclusions and implications: We draw several conclusions and implications from these findings.

- **Nonprofits compete:** More than two-fifths of Indiana nonprofits compete with other organizations in a variety of arenas. Although most compete with other nonprofit organizations, some also compete with businesses and governments.
- **Size, access to information technology, and involvement in collaborations or networks are all related to competition:** Although some unique factors are related to competing with different types of organizations for various purposes, three organizational characteristics stand out in almost every case. Thus large organizations are significantly more likely than small ones to indicate that they compete with other organizations, as are nonprofits with access to technology and those that participate in formal collaborations or informal networks.
- **Religion and public benefit nonprofits are less likely to compete:** Besides competing with other religion organizations, nonprofits in the religion field rarely engage in competitive relationships. Analyses suggest public and societal benefit nonprofits follow a similar pattern.