

ECONOMIC-LOGISTIC ASPECTS OF THE OPERATION OF NON-PROFIT ORGANISATIONS – CASE STUDY FOR GERMANY

DAGMARA BUBEL¹

Abstract: In contrast to entities carrying out commercial activity, non-profit organisations practically do not participate in the processes of market competition. This allows them to concentrate their activity on securing the qualitative level of provided services in disinterested way. However, achievement of this objective requires significant logistic effort to ensure proper synchronisation of the operations of various entities in accordance with the rules of cost-effectiveness. The paper presents results of studies aimed at identification of non-profit organisations operating in the sphere of transport in Germany and examination of the main areas of their activity, as well as an attempt to assess relations between these organisations and transport policy actors at various levels. Non-profit organisations represent a dynamically growing area of the economy in Europe. This sector is becoming an active participant of social and economic life also in Germany. In particular, organisations from this sector may play a large role in shaping transport policy. Currently, this role is vestigial, but the third sector will increasingly impact directions of transport policy, and should be treated as a tool for implementing this policy. The aim of the paper is to examine, analyse and diagnose activity of non-profit organisations in Germany in terms of the construction of logistics relations functioning in them, with special reference to the development of this sector as an employer and important stakeholder of the social and economic policy.
Keywords: *non-profit organisation, transport, logistics*

1. INTRODUCTION

From the perspective of the theory of economics, non-profit organisations represent a link between state and market; they are not an alternative, but complement the existing structures, which in many areas fail in their activities. Market and state do not meet the needs of weaker consumers and voters. Market does not produce public goods, whereas a state often produces them ineffectively and/or in a way that does not meet preferences. The critical assessment of a state's role in solving social problems creates the space for an active role of civil society, including activities undertaken by non-profit organisations. Meanwhile, from the perspective of sociology, formation of social organisations is a manifestation of the activity of a civil society [7].

Literature provides a number of definitions of non-profit organisations. According to the definition proposed by BRUHN, “a non-profit organisation is one that serves improvement of the overall living standards of the society through gathering and redistribution of appropriate resources and providing physical goods and services. The purpose of such organisations is not to gain profits or benefits for themselves, therefore they do not distribute profits or surpluses among shareholders or members. They can however employ staff and undertake profit-generating activities designed to help them to fulfil their missions” [2].

Non-profit organisations, although they do not operate for profit, have to follow the principle of cost-effectiveness. Like every economic activity, that of non-profit organisations has to have appropriate legal framework as well. Their internal regulations have to comply with the

¹ PhD, Częstochowa University of Technology
dagmarab@bg.pcz.pl
42-200 Częstochowa, ul. Armii Krajowej 19b, Poland

statute and the law in force, as only in this case they can properly implement their objectives as public utility organisations. Descriptions of such organisations and attempts to identify the character of their activity encountered in literature show some diversity [4]. However, their common feature is allocating all financial resources of an organisation for implementation of statutory objectives. We can also find other terms referring to these organisations, such as social organisations and public utility organisations. These terms emphasise that such organisations most extensively carry out the basic scope of their activity in the area of health care, broadly understood social assistance, charity campaigns and education, i.e. activity in the public interest [3].

It should be noted that a non-profit organisation is an entity that focuses in its activity on supporting private or public good, and is not guided by the principle of making profit [6]. Usually, it is a voluntary society, permanent and self-governed association which does not seek profit, independently defines its objectives, action programmes and organisational structures and establishes internal regulations regarding its activity which relies on social work of its members, also as part of voluntary service. Although non-profit organisations do not seek profit, their activity is subject to economic principles, forcing them to efficiently spend their financial resources in the interest of society, and not for commercial purposes [8]. The sector of the economy where non-profit organisations are in particular very active is transport. In this sector, a lot of organisations with different reach operate, usually concentrating on selected transport modes and transport activity, such as forwarding or logistics organisations and associations as well as clubs gathering fans of the different transport modes.

2. DEFINITIONS OF NON-PROFIT ORGANISATIONS FUNCTIONING IN THE TRANSPORT SECTOR IN GERMANY

Non-governmental organisations are playing an increasing role in the process of improving the already existing transport solutions or initiating new, unconventional ideas in this field. How they operate, the scope of their work and areas to which they dedicate their efforts vary not only by organisations but also countries in which these organisations are active. Thus, it seems vital to identify non-governmental organisations operating in the field of transport in Germany. This country was selected for this study due to its long history of the activity of non-profit organisations, understood here as: “all private organisations which operate in the name of society and not for profit” [9] and an extensive network of non-governmental organisations cooperating at various levels, which may provide a certain model that can make it easier to analyse or suggest the directions of the development of such organisations in Poland in the future.

In Germany, there are 173 non-profit organisations operating in the sector of transport. The initial exploratory study identified several of their characteristics, such as:

- structure;
- coverage of operation;
- main objectives;
- forms of cooperation with the government and local authorities;
- mutual cooperation forms.

The organisations analysed were initially divided based on their structure into mass, nationwide organisations, in which there are around 5,000 members, and local organisations, with

several to several hundred members. A more in-depth study of non-profit organisations in Germany shows that these are very diverse entities with different potential. As for the coverage of operation of the non-profit organisations analysed, the first of these characteristics, i.e. rich diversity, can be confirmed. German non-profit organisations can be initially divided into:

- nation-wide ones – the largest of these organisations that both operate in the country and have international contacts;
- regional ones – organisations whose activity covers areas of counties and neighbouring areas;
- local ones – organisations whose activity focuses on one facility or a group of closely located facilities valuable for local society, but also important for people outside of it. An example can be narrow-gauge railway running through part of a county, buses running on local routes, an exhibition dedicated to local transport solutions (presented at one location or moved from one location to another within a given administration unit or a museum).

The identified non-profit organisations in Germany perform a lot of tasks, and their activity varies significantly. However, among the declared activities we can distinguish several ones undertaken by most of the organisations. One of such forms of activity is organisation of social transport. Social transport is understood as a free of charge or low cost transport service for the disabled, elderly, poor, people living in distant or isolated places without or with limited possibility of using urban transport [5]. Such transport is usually organised in the territory of a city, town, but it can also cover the whole county. In most cases, social transport is addressed to people who can use it to meet such needs as going to hospital, the family doctor or office. However, in the case of the organisations analysed such assistance was also offered to parents of small children so that they could take them to a playground and to teenagers who wanted to go to the cinema, theatre or sports centre in a bigger city [1].

Another, widespread form of the activity of non-profit organisations in Germany is organising exhibitions dedicated to transport. Such exhibitions are organised for educational purposes to preserve and disseminate knowledge e.g. about means of transport or travelling possibilities from the past, but also for promotion, where the aim of an exhibition is to attract visitors to a museum, help to raise funds, e.g. for renovation of an old bus or purchase of a museum piece. This form of activity is connected with another one, i.e. supporting local museums. Such support may involve taking care of and maintaining museum pieces, collecting and purchasing them, organising events in and for a museum, disseminating knowledge about it, using its space etc. As can be seen, assistance is not limited to raising funds, although this form of support is also present.

Another frequent form of activity by non-government organisations in Germany is organisation of cooperation between non-profit organisations and governmental bodies. Some organisations also organise training courses, conferences, and gather data on transport modes and provision of transport services.

Less standard or widespread forms of activity include transport of pets and farm animals to a vet, when their owners do not have technical possibilities to organise such transport, i.e. when an animal is big or when the owner cannot drive it to a vet by himself. There is also an organisation that maintains care facility for former employees of transport companies.

Cooperation is an important element of the activities of non-profit organisations in Germany. Organisations create a kind of network of mutual services and relationships, and cooperation exists within the network and with other entities. We can distinguish cooperation between non-governmental organisations and residents of the area where they operate. It involves, among other things, defining residents' needs and adjusting assistance to such needs, and voluntary service and assistance provided to residents by a non-governmental organisation.

Organisations cooperate with each other as well. One of the forms of such cooperation is participation in the organisation of transport during events held by other non-profit organisations: if a given organisation that undertakes to organise assistance or some action does not possess a sufficient number of transport units, it may approach another organisation and borrow means of transport from it – free of charge or at a low cost, as in the case of social transport. Such form of cooperation makes activity much easier for smaller organisations that otherwise would not have undertaken or would have failed to organise a bigger campaign due to high costs or lack of staff, e.g. drivers. Thanks to cooperation, smaller local organisations can also organise initiatives throughout a state or part of the country.

3. A CASE STUDY FOR TRANSPORT ACTIVITIES UNDERTAKEN BY NON-PROFIT ORGANISATIONS

Studies conducted using the method of search of Internet resources identified over 50 active non-profit organisations in Germany operating in the area of transportation. A questionnaire method was also used to conduct the studies, and the research tool was a survey questionnaire sent by e-mail to those surveyed. The surveys were conducted from January to June 2016. The research sample was 100 identified non-profit organisations selected using purposive sampling.

The survey questionnaire consisted of 10 questions covering such issues as: characterisation of an organisation, competencies and potential for cooperation with transport policy actors, contacts with transport policy actors and cooperation forms, problems in and barriers to cooperation, as well as most important projects and their impact on transport policy actors.

Most non-profit organisations that participated in the studies undertake local projects of small coverage, therefore their activity is financed mainly from membership fees. Only 22 out of 50 organisations surveyed received subsidy from budget appropriations or from international organisations for implementation of their projects. The basic aim – most often indicated as the most important one and most often indicated with the highest weight – of the non-profit organisations surveyed is to “exert influence on basic solutions in the area of transport policy” and, further, to “promote the idea of sustainable transport”. However, among the aims most often indicated by all of the organisations surveyed, the respondents mainly named activities connected with documenting history, tradition and preservation of historical objects connected with a certain transportation mode, and dissemination of knowledge on a selected transportation mode. Other aims mentioned by respondents included: organisation of events to promote a certain type of transportation, information about transport investments and construction of cycling and road infrastructure.

It seems that activity in associations of this type is treated mainly as hobby, which is confirmed by data on competencies of members of such organisations. On average, only every eighth member of the non-profit organisations surveyed is employed in transportation,

logistics or forwarding, and only 19.8% of people have education connected with transportation, logistics, urban management or ecology. Around 42% of the members of the organisations surveyed are employed in public bodies dealing with transportation.

Transportation problems, especially those connected with sustainable transport, represent a special area of the activity of non-profit organisations. Among the aims of their operation, the surveyed non-profit organisations dealing with broadly understood transport most strongly articulated activity in the area of education and transportation history, which has been presented in *Figure 1*.

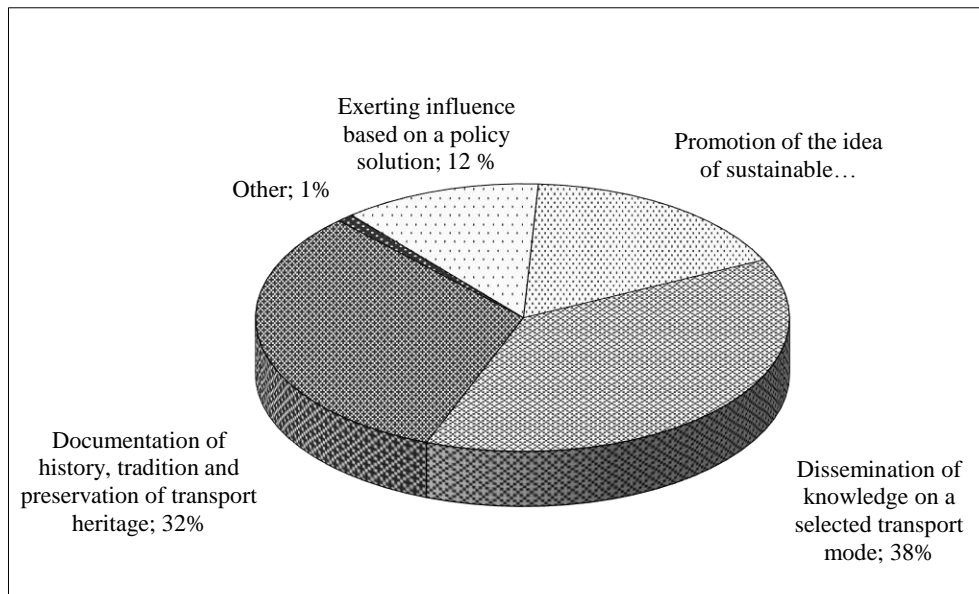


Figure 1. Aims of non-profit organisations
(Source: Own work based on survey results)

Shaping the development of transport came second. The organisations seem to concentrate on the interests of their founders and members, and the issue of public provision of non-profit services remains their future. The activities of the organisations surveyed correspond with the aims declared. The initiatives include activities to promote transport, contacts with the media, organise events that popularise transport and revitalise engineering heritage. In the case of the latter, it is mainly about revitalising trails and vehicles of rail transport in the form of trams and steam engines.

Contacts with transport policy actors are extensive, but critically evaluated by representatives of non-profit organisations. As many as 72.6% of the organisations surveyed declared continuous contacts, and only 19% – lack of such contacts. At the same time, this cooperation is evaluated critically – 69% evaluate it negatively or as average, highlighting that initiatives are usually proposed by the non-profit sector. The main area of these relationships is flow of information, consultation of solutions and participation in joint projects – all respondents indicated activities in this area, in particular the information activity (86%). It seems however that such organisations are not treated by transport policy actors as

partners, but rather as entities legitimising procedures, especially the obligation of consultation. The sense of such instrumentalisation is visible in the number of answers showing such opinion, which has been presented in *Figure 2*.

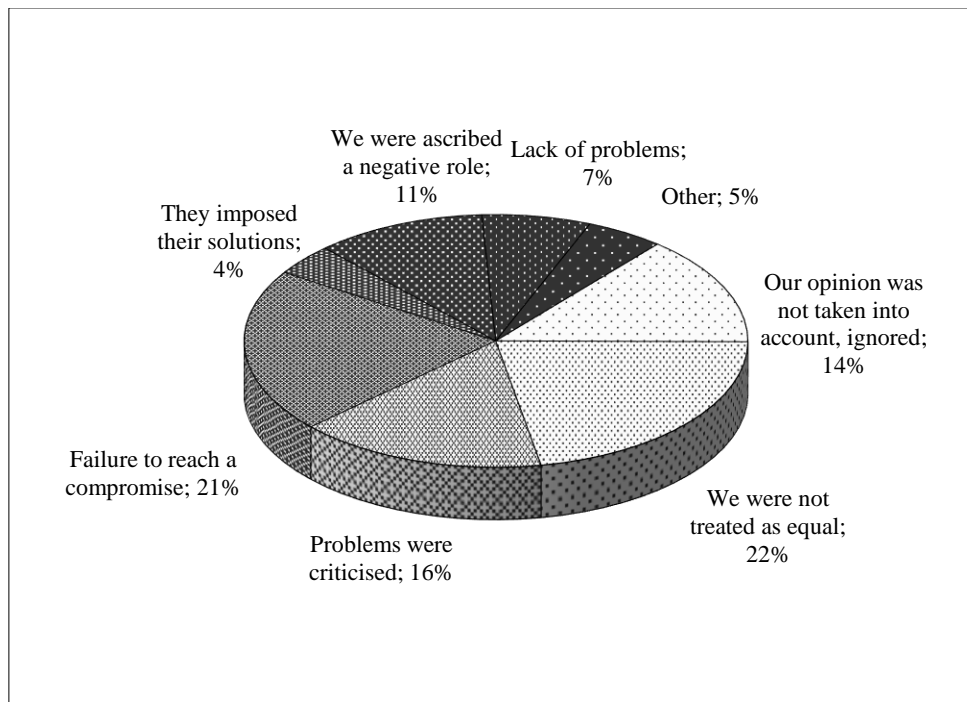


Figure 2. Contacts of non-profit organisations with transport policy actors
(Source: Own work based on survey results)

Among the causes of problems, organisations most often indicate treatment of consultation as an obligation by public authorities, but also low evaluation of competences of such organisations' members, which has been illustrated in *Figure 3*.

The cause of the marginalisation of non-profit organisations in Germany, as most often indicated by respondents, was the fact that public bodies treated public consultation only as an obligation, not seeing it as a chance for discussion or finding out citizens' opinions. Moreover, as declared by the organisations surveyed, such cooperation seems to be simply inconvenient for the public sector.

The non-profit organisations participating in the survey declared continuous contact with the representatives of the authorities responsible for the implementation of transport policy. The organisations cooperated mainly with territorial self-government units as part of public consultation. The most popular forms of cooperation used by the non-profit organisations surveyed include sharing information about planned activities and, further, implementation of joint projects and events, which has been presented in *Figure 4*.

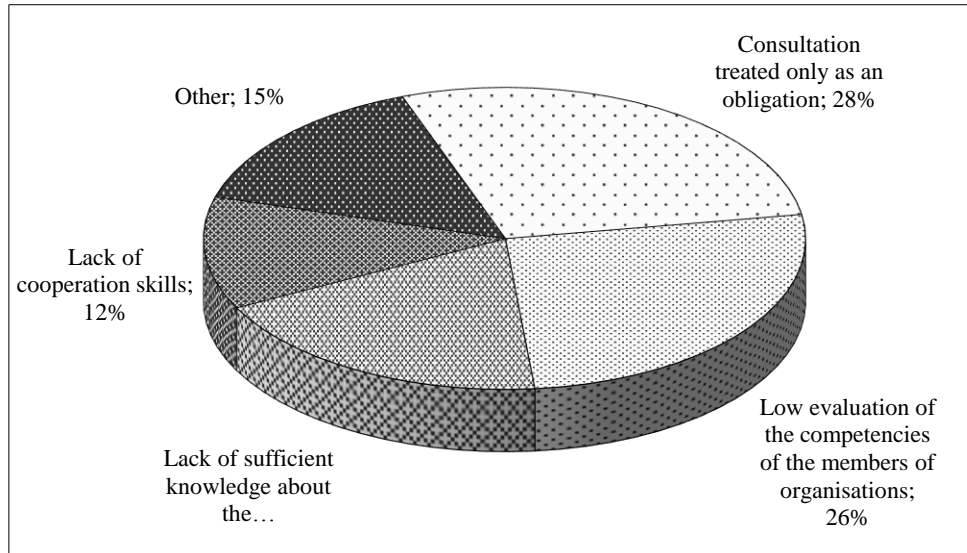


Figure 3. Causes of problems in cooperation between non-profit organisations and other entities (Source: Own work based on survey results)

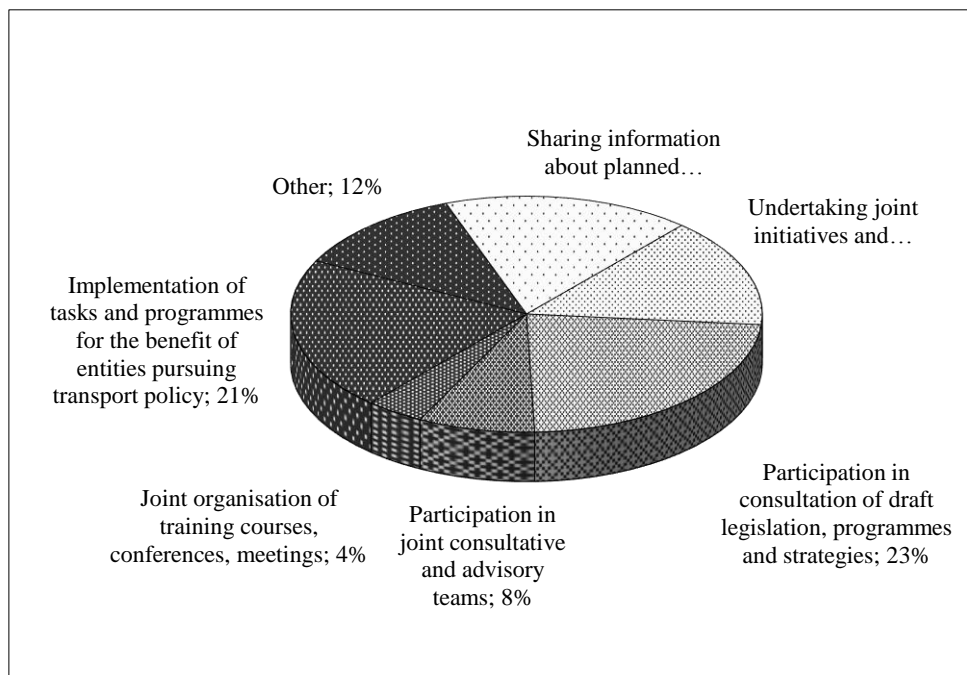


Figure 4. Forms of cooperation between non-profit organisations and other entities (Source: Own work based on survey results)

Despite continuous contacts with transport policy actors declared by the non-profit organisations surveyed, the latter are not treated as equal partners, and their opinion is often not taken into account. Every tenth organisation claims that its ideas and opinions were ignored. It is thus not surprising that 33 out of 50 non-profit organisations surveyed think that public bodies marginalise the role of non-profit organisations.

In most cases, it is a non-profit organisation that initiates cooperation, while the public sector shows significant passivity in this matter, as in none of the questionnaires analysed a public body was indicated as an initiator of activities.

Thus, cooperation with public bodies is evaluated by non-profit organisations very critically, because as many as 92% of organisations evaluate it negatively or as average. Over 61% of the organisations surveyed claim that the current legal and organisational solutions and programmes are not conducive to the development of cooperation between the public and non-profit sectors. Interestingly, 51% of respondents were unable to answer this question, which may indicate lack of knowledge of legal procedures and conditions.

Overview of implemented undertakings regarded by the organisations surveyed as their most important projects enables their categorisation into three main groups. The smallest group included projects to develop a concept of building new facilities or make analysis of the existing situation. The second, bigger group of projects included promotion activities and various events organised for local communities. The largest group of projects included initiatives to document the history and tradition of a selected transport mode.

These activities focus mainly on revitalisation of old railway lines and tramways, repair of historic vehicles or publication of brochures, commemorative albums, postcards or organisation of historical exhibitions. It should be however stressed that some organisations focus mainly on educating other non-profit organisations and volunteers in provision of transport services, in particular through such activities as:

- offering training courses and providing tools to support the existing organisations dealing with this form of transport in a specified area so that they can enhance offered services and develop;
- maintaining a forum where such organisations can find support, share their experience and information;
- examining economic, social and environmental aspects of travelling, transport and transport policy in Germany;
- supporting education in issues connected with transport, in particular recommending solutions to transport problems.

These activities allow conclusion that the role of non-profit organisations will grow and can create a “new quality” in transport. It should be stressed that this analysis is only an effect of preliminary studies. Nevertheless, the information gathered enabled formulation of a few conclusions. Non-profit transport organisations in Germany are actively involved in the life of local community, dealing mainly with social transport, education and supporting local initiatives, and over years of their activity they developed methods of cooperation both between themselves and with public administration organs.

4. SUMMARY

The studies show that activity of non-profit organisations in the sphere of transport in Germany consists mainly in organising local events, mostly addressed to hobbyists and enthusiasts. Analysis of the questionnaires reveals a picture of young organisations that gather enthusiasts of selected transport modes and finance their activity mainly from membership fees. Few organisations have budgets that allow them to implement bigger projects.

The discussion presented in the paper also shows that efficiency of non-profit organisations in Germany to a large extent depends on proper construction of logistic relationships functioning as part of this activity. Operating as non-profit organisations, they are not subject to the rules of market competition, which allows them to concentrate their activity on maximal safeguarding of qualitative level of provided services. It should be stressed that the economic importance of non-profit organisations is growing, therefore it should be assumed that also in Germany this sector will become more important as an employer and a significant stakeholder of social and economic policy.

The paper may serve as a basis for discussions and polemics concerning contemporary works on issues connected with economic and logistic aspects of activity of non-profit organisations [10, 11, 13]. It is however necessary to highlight publications [12, 13] that present findings of empirical studies of the concept of logistic aspects of activity of non-profit organisations. Large part of publications in the field of logistic aspects of activity of non-profit organisations represent purely theoretical considerations. Only a small share of them focuses on practical implications. In few cases, theoretical considerations are illustrated with examples, which significantly narrows down the possibility of disseminating and implementing knowledge and best practices in the area of logistic aspects of activity of non-profit organisations.

References

- [1] STRACHWITZ, R. G.: Management and non-profit organisations – similarities and differences (in German). In: NÄHRLICH, S. (ed.): *Management in a non-profit organisation: practical introduction (in German)*. Springer Fachmedien Wiesbaden, 2013, 23–36.
- [2] BRUHN, M.: Conceptual background in quality management for non-profit organisations (in German). In: *Quality management for non-profit organisations (in German)*. Springer Fachmedien Wiesbaden, 2013, 43–63.
- [3] HELMIG, B.–BOENIGK, S.: *Nonprofit management (in German)*. Vahlen München, 2013, 71–76.
- [4] GEORG, F.: *Staff management in a non-profit organisation: critical analysis (in German)*. Personalführung. GRIN Verlag, 2015, 27–32.
- [5] SCHWIEN, B.: *Comprehensive management in a non-profit organisation (in German)*. Nomos Verlagsgesellschaft mbH & Co. KG, Baden-Baden, 2015, 74–93.
- [6] WÖHLER, C.: *Management of future entities: efficient and effective management of non-profit organisations (in German)*. Springer Fachmedien Wiesbaden, 2015, 39–153.
- [7] ZIMMER, A.–HALLMANN, T. (eds.): *New challenges for non-profit organisations*. Springer Fachmedien Wiesbaden, 2015, 13–29.
- [8] MESJASZ-LECH, A.: Assessment of transport sustainability in the aspect of environmental governance in Poland against The European Union (in Polish). *Logistyka*, No. 6, CD 1, 2015, 268–273.

- [9] BACKHAUS-MAUL, H. et al.: State of research in social sciences on engagement in activity of non-profit organisation in Germany (in German). In: BACKHAUS-MAUL, Holger–SPECK, Karsten–HÖRNLEIN, Miriam–KROHN, Maud (eds.): *Engagement in non-profit activity in social welfare organisations (in German)*. Springer Fachmedien Wiesbaden, 2015, 41–60.
- [10] SCHIFFLING, S.–PIECYK, M.: Performance measurement in humanitarian logistics: a customer-oriented approach. *Journal of Humanitarian Logistics and Supply Chain Management*, Vol. 4, No. 2 (2014), 198–221.
- [11] CHANDES, J.–PACHÉ, G.: Investigating humanitarian logistics issues: from operations management to strategic action. *Journal of Manufacturing Technology Management*, Vol. 21, No. 3 (2010), 320–340.
- [12] OVERSTREET, R. E. et al.: Research in humanitarian logistics. *Journal of Humanitarian Logistics and Supply Chain Management*, Vol. 1, No. 2 (2011), 114–131.
- [13] MCLACHLIN, R.–LARSON, P. D.–KHAN, S.: Not-for-profit supply chains in interrupted environments: the case of a faith-based humanitarian relief organisation. *Management Research News*, Vol. 32, No. 11 (2009), 1050–1064.