How to Raise Funds

with Country-Of-Origin Effect

By

Otaru University of Commerce

2013850

Momoka Yasuda

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Contents

1.　Introduction

Since 1998, the number of non-profit organizations (hereinafter: NPOs) and non-governmental organizations (hereinafter: NGOs) has constant growth, every year with every disaster, on a global level. In Japan, since the Law to Promote Specified Nonprofit Activities was promulgated on March.25, 1998, the number of specified nonprofit corporations have increased to more than 50,000 in 2017. However, they are having serious problems in raising funds owing to it. Their source of income is membership fees, subsidy, business income, contracted projects (only NGOs), and donations. On membership fees, member enrollments have stayed almost the same. On the others, NPOs and NGOs are subdividing and most of them are small. Thus, that is highly competitive among them. Therefore, this research focuses on donations because it is familiar to us and 70% of NPOs did not work on donation plans specifically by the investigation of cabinet office NPO website. Then, this study solves the real problem of how to get donations effectively with using Country-Of-Origin Effects (hereinafter called "COO" or "COE") which is one of the concepts of marketing. We examine "what influence does country-of-origin bring donations?" as a research question with using quantitative survey by questionnaire. Finally, this thesis leads us to the conclusion through the results of these analyses.

2. Theoretical background

2.1 Non-profit organizations

 NPOs[1] are known to be important in helping to solve social problems all over the world. NPO is the abbreviation of "Non-Profit Organization" or "Not-for-Profit Organization" which have the purpose of something other than making a profit. They further a particular social cause and do not aim at distributing their profits to members of the groups. Especially, the NPOs that have the qualification of being a juridical person are called NPO corporations. It is said that there are three requirements of NPOs: voluntary association, social mission, and non-distribution principle. (Tanimoto [2002]) The Social mission is needed to get the qualification of being a juridical person.

 Globally, The United States has the most advanced understanding of NPOs, and in 2010, they had 30 times more NPOs than Japan and 20 times the total number of donations. This is because the American society understands the success of NPOs.

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[1] It is referred as all of these: Specified Nonprofit Corporation, Approved Specified Nonprofit Corporation and NPO corporations to "NPOs".

Compared to The United States called, whilst in Japan NPOs and NGOs have become familiar, their understanding of them has not advanced yet.

With the present situation of NPOs, the investigation of cabinet office NPO website showed that "business income" accounts for 77.1% of the source of income of specified nonprofit corporations. "Subsidy" (13.9%) and "donations" (4.2%) followed "business income". As well as specified nonprofit corporations, "business income" makes up 60.9% of source income of approved specified nonprofit corporations. "Donations" (25.7%) and "subsidy" (10.0%) follow behind "business income". Both of them, "donations" takes up a low percentage. The percentage of "get no donations" accounts for 28.5% on specified nonprofit corporations and 41.5% on approved specified nonprofit corporations. In addition, 70% of specified nonprofit corporations did not work on donation plans specifically.

From these investigations, NPOs can be divided into 2 kinds of types by management form: charity type, and business type. In the case of charity type NPOs, they run with donations and subsidy. On the other hand, business type NPOs operate by own business income. The movement of business type NPOs has been widened around the world especially Japan and western countries. In other words, it is recognized that management is necessary to solve the social problems and it means charity type NPOs need management to get donations as well.

2.2 Non- governmental organization

NGO is the abbreviation of "Non-Governmental Organization" which is a citizen-based group and is organized on a local, national or international level regardless religions, ethnic, nationality and so on. Their activity sector can be divided into 4 categories: development, environment, human rights, and peace. Especially activities such as education (children), health, job training, gender (women), afforestation, restoration support etc. are acted vigorously.

According to #NGOfacts (quoted in website "State Security and Civil Society in South Africa", 2016), as of 2015, there were 136,453 registered NGOs in South Africa. On average, 68 new NGOs are registered every day. The NGO sector in Kenya represents more than 290,000 full-time employees, 2.1% of Kenya's economically active population (Maracci, 2013).

According to Japan NGO Center for International Cooperation (JANIC), 159 out of 430 NGOs that are published on JANIC get an income less than $5 million. On the other hand, 9 out of 430 NGOs get an income more than $1 billion. There is significant income disparity in domestic NGOs. World Vision Japan get the largest income $4.8 billion (include $3.7 billion donations) in Japan (2017), nevertheless, World vision USA get an

income $60 billion even in 2002. It shows there is significant income disparity not only

in domestic NGOs but also between The United States and Japan.

2.3 The movement of social contribution×marketing

Since around 2000s, many companies had been emphasizing corporate social

responsibility (hereinafter: CSR) and the movement of NPOs and NGOs which combine

social contribution and marketing and of companies which adopt social contribution had

often seen. For examples, Philip Kotler created social marketing, which is the key to

solving social problems with using commercial marketing concept, skills, and

knowledge. Additionally, there is a marketing tool, which is called Causes-related

marketing, can make a success of corporate branding by combining social contribution

and marketing.

However, there are few NPOs/NGOs that raise funds using marketing. In fact, they

hardly work on donation plans. (Cabinet office NPO website) Yamada Kenji says that

they underutilize about marketing tools and also their fundraising activities are not

enough. At the same time, many researchers describe that it is necessary for

NPOs/NGOs to use marketing concepts as well as companies owing to get donations. A

common issue that arises within NPOs and NGOs is preserving financial stability and

this is the most crucial key to achieve success. Especially, this thesis focuses on donations, which is considered as one of the markets because the total of donations is more than 1 trillion yen. This thesis examines the way to get donations more effectively with using the Country-Of-Origin effect as so to solve the real problem of raising funds with marketing concept.

2.4 Country-Of-Origin effect

According to Cateora and Graham (*1999, quoted in Ghazali, Othman, Yahya & Ibrahim, 2008*), Country of origin effect can be defined as any influence that the country of manufacture has on a consumer's positive or negative perception of a product. The first study was conducted by Schooler in 1965 and showed that consumer's evaluations depend on the country of origin. Since then, active research on the basis of country of origin has been carried out in The United States. Many factors - brand image, level of the country's economy, the extent of technological advancement of a country, consumer ethnocentrism, and animosity - contribute the country image.

According to LEE Kyung-Tae, all factors from past studies can be classified the COEs 3 contributing factors: Products factor, Country of manufacture factor, Consumer factor. On products factor, COE is influenced by the characteristics of products such as

durable/nondurable goods, and high/low involvement. The higher involvement, the more consumers attach importance to information on country of origin. On country of manufacture factor, where products were produced affects Country of origin effect, for instance, patriotism and animosity. On consumer factor, many studies have examined these factors: Gender, Educational standards, Income level, and nationality, etc.

In spite of the fact that studies of COO are subdividing and its factors are studied widely with the globalization of today's business environment, most studies have relied exclusively on the impact on product evaluations and researchers have failed to consider the effects on new possibility other than products.

Thus, this present study was conducted to examine the impact of country-of-origin effects upon donations. In addition, the outcome of this study will be of immense value to NPOs and NGOs in raising funds.

3. Methods

 Questionnaires were collected from 190 Japanese people to examine their image of 4

countries by using past studies as references. (Park Jeong soo,2012) A survey was made

of Japanese regardless of ages.

Those countries are The United States, Korea, India, and Kenia. Reasons why choosing

these countries are;

The United States is a developed country, Korea for being a developed country[2] and

being geographically close to Japan, India for being a Developing country (newly

advanced economic development such as BRICs) and Kenia for being a developing

country. The purpose of this study and questionnaire about own country Japan were not

written due to avoid to have a bias.

 The Statistical Package for Social Sciences (SPSS) was used for analyzing the data of

questionnaire. Statistical analyses of the country image and 8 question items were

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[2] This time, Korea is chosen as a developed country because it is widely regarded as

having joined the developed world

performed using one-way analysis of variance with the Bonferroni test for post hoc

comparisons when significance was determined by analysis of variance as reference.

(Park Jeongsoo,2012)

Moreover, the multiple regression analysis was calculated to predict donations based

on each person's image of four countries to show that which two groups have the

differences and which image influences on donation. A P value less than 5% was

considered statistically significant. In case of post hoc Bonferroni tests, a P value less

than 0.83%[3] was considered statistically significant.

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[3] The observed significance level is adjusted for the fact that multiple comparisons are

being made as references.(website IBM knowledge center "One-Way ANOVA Post Hoc

Tests") Hence, significance level 5percent divided by 6 because we repeat t-test 6times

in case of post hoc Bonferroni tests.

4. Result

4.1 The result of one-factor analysis of variance (ANOVA)

First, to examine the research question, one-factor ANOVA was conducted to determine if there a significant difference on the dependent variable by independent variable. This analysis revealed the statistically significant difference in the individual image of particular countries. It shows that their image varies from country to country as shown in Figure 1. (A P value less than 5% was considered statistically significant.)
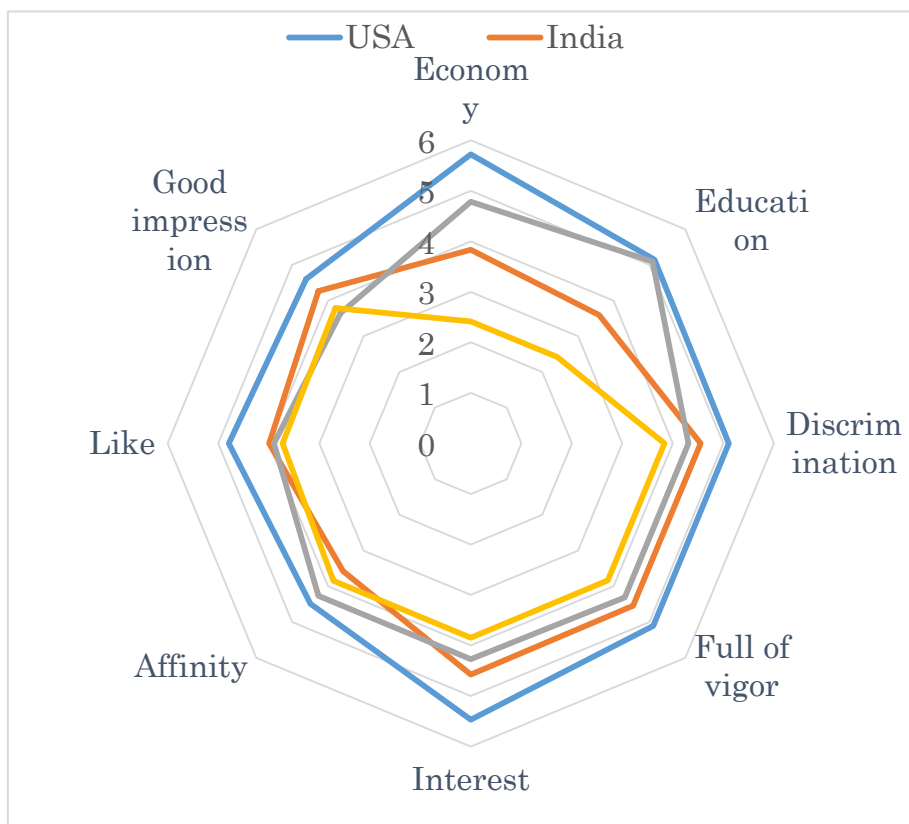

Figure 1

4.2 The result of post hoc Bonferroni tests

 Due to the differences were significant by ANOVA, a post hoc Bonferroni test was

conducted to establish where the difference was significant. Almost all country image

has a significant difference except the image of education. A P value less than 0.8%[4]

was considered statistically significant.

Economy

対応サンプルの検定

		自由度 degrees of freedom	有意確率（両側）p value
pair 1	USA － India	188	0
pair 2	USA － Korea	188	0
pair 3	USA － Kenya	188	0
pair 4	India － Korea	189	0
pair 5	India － Kenya	189	0
pair 6	Korea － Kenya	189	0

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[4] In general, although a P value less than 5% is considered statistically significant,

significance level 5percent need to be divided by 6 because we repeat t-test 6times as

reference.(website IBM knowledge center)

Education

<div align="center">対応サンプルの検定</div>

		t 値	degrees of freedom	p value
pair 1	USA - India	0.929	196	0.354
pair 2	USA - Korea	1.678	194	0.095
pair 3	USA - Kenya	2.155	194	0.032
pair 4	India - Korea	1.696	194	0.092
pair 5	India - Kenya	1.938	194	0.054
pair 6	Korea - Kenya	3.317	193	0.001

In education, this shows that no pairs were statistically significant except between

Korea and Kenya

Discrimination

<div align="center">対応サンプルの検定</div>

		t 値	degrees of freedom	p value
pair 1	USA - India	3.868	189	0
pair 2	USA - Korea	6.321	188	0
pair 3	USA - Kenya	8.666	189	0
pair 4	India - Korea	1.573	188	0.117
pair 5	India - Kenya	5.117	189	0
pair 6	Korea - Kenya	2.929	188	0.004

Full of vigor

<div align="center">対応サンプルの検定</div>

		t 値	degree of freedom	p value
pair a	USA − India	7.324	188	0
pair 2	USA − Korea	8.014	187	0
pair 3	USA − Kenya	14.347	188	0
pair 4	India − Korea	0.979	188	0.329
pair 5	India − Kenya	6.206	189	0
pair 6	Korea − Kenya	8.245	188	0

Interest

<div align="center">対応サンプルの検定</div>

		t 値	degree of freedom	p value
pair 1	USA − India	6.376	188	0
pair 2	USA − Korea	8.161	189	0
pair 3	USA − Kenya	11.688	189	0
pair 4	India − Korea	1.807	188	0.072
pair 5	India − Kenya	6.389	188	0
pair 6	Korea − Kenya	2.476	189	0.014

Affinity

<div align="center">対応サンプルの検定</div>

		t 値	degree of freedom	p value
pair 1	USA − India	6.377	189	0
pair 2	USA − Korea	1.301	189	0.195
pair 3	USA − Kenya	4.397	189	0
pair 4	India − Korea	4.483	189	0
pair 5	India − Kenya	2.236	189	0.026
pair 6	Korea − Kenya	2.476	189	0.014

Half of them showed significance difference in affinity.

Like

<div align="center">対応サンプルの検定</div>

		t 値	degree of freedom	p value
pair 1	USA － India	6.822	188	0
pair 2	USA － Korea	5.535	188	0
pair 3	USA － Kenya	8.238	187	0
pair 4	India － Korea	0.66	189	0.51
pair 5	India － Kenya	2.697	188	0.008
pair 6	Korea － Kenya	1.024	188	0.307

Good Impression

<div align="center">対応サンプルの検定</div>

|		t 値	degree of freedom	p value
pair 1	USA － India	6.822	188	0
pair 2	USA － Korea	5.535	188	0
pair 3	USA － Kenya	8.238	187	0
pair 4	India － Korea	0.66	189	0.51
pair 5	India － Kenya	2.697	188	0.008
pair 6	Korea － Kenya	1.024	188	0.307

4.3 The result of multiple regression analysis

SPSS performed a multiple regression analysis where person's image of a country is

set as explanatory variables while donations as a target variable. This thesis examined

the factors that have affected donations using multiple regression analysis. A P value

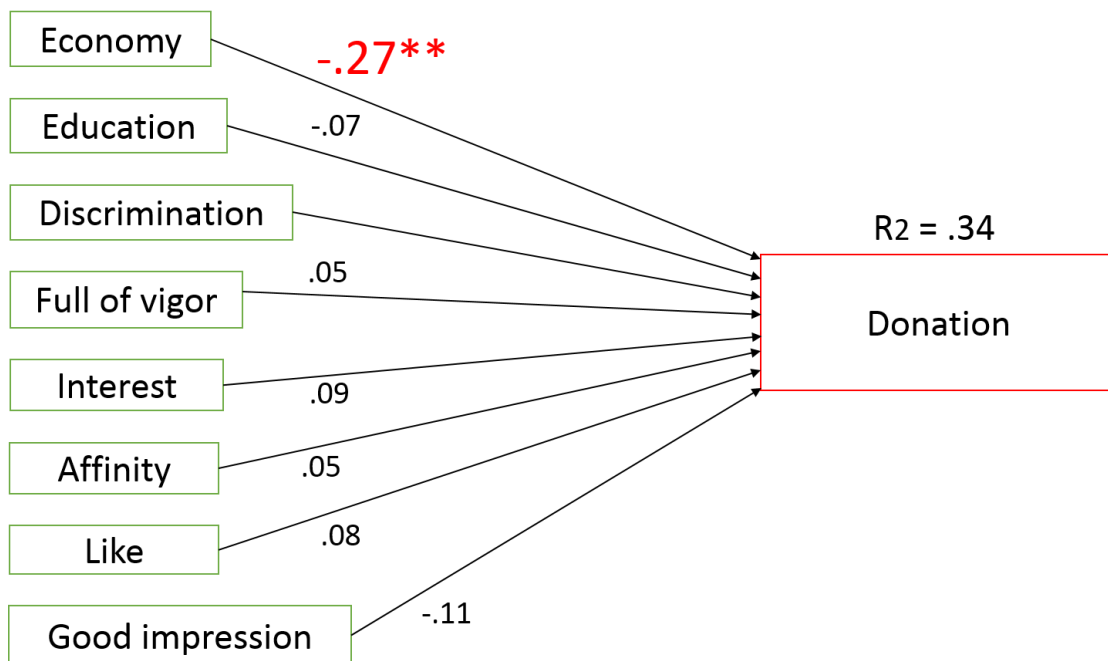less than 5% was considered statistically significant.

The United States

Each person's image to The United States is accounting for 20% of the variance.

Whether the person likes the United States or not was significant Independent variable
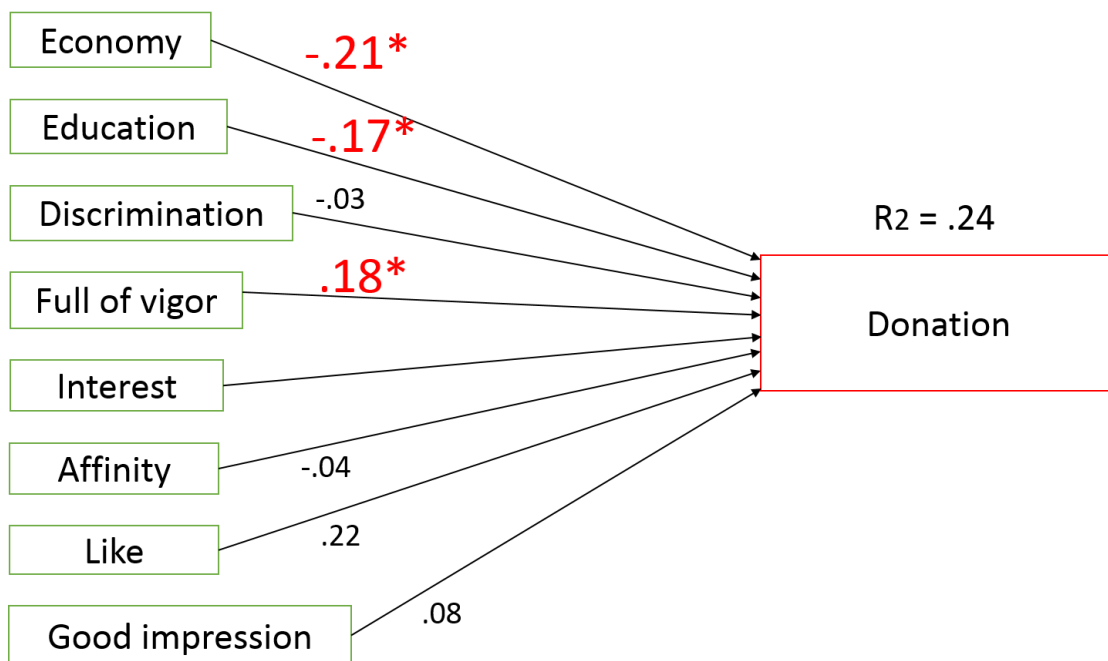
of donations.
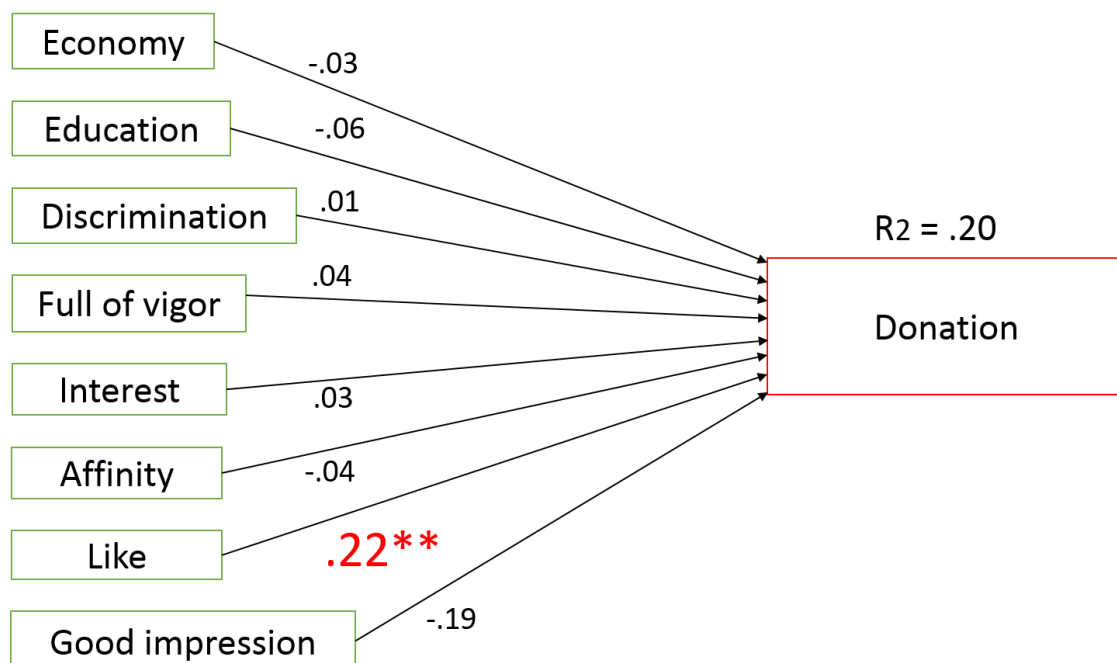
Each person's image to India is accounting for 34% of the variance. This result shows

that the greatest influence upon the dependent variable is whether people think Indian

is rich or not. The image of an Indian person being rich negatively affects donations.
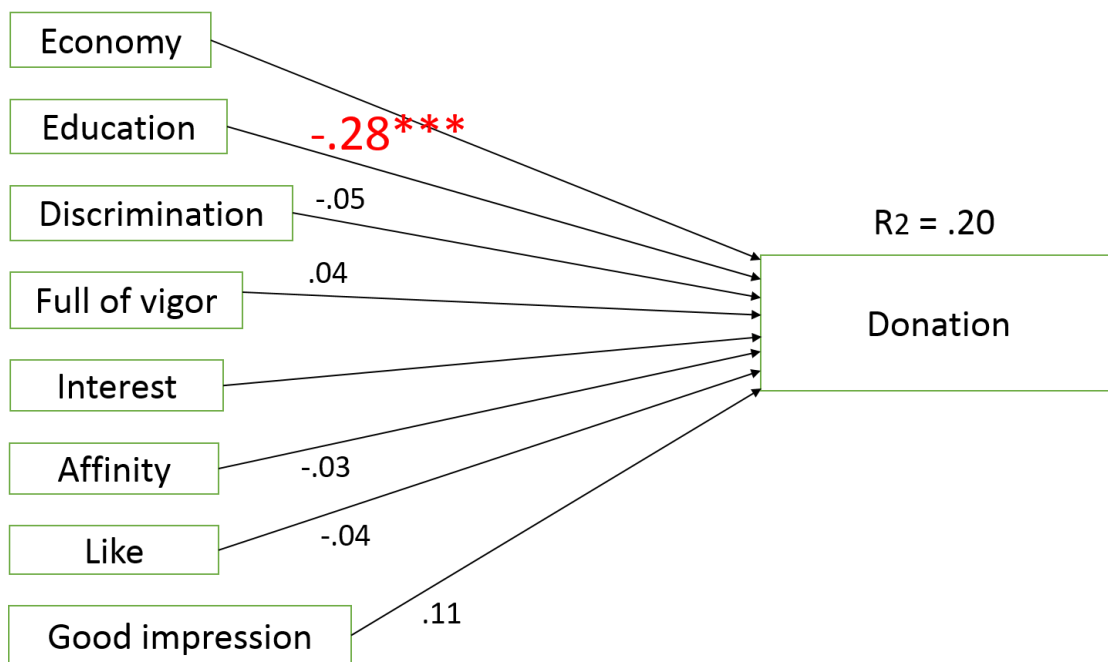
Economy	**-.27****	
Education	-.07	
Discrimination		$R^2 = .34$
Full of vigor	.05	**Donation**
Interest	.09	
Affinity	.05	
Like	.08	
Good impression	-.11	

Each person's image to Korea is accounting for 24% of the variance. If it is likely a Korean person can get an education or are wealthy, they are less likely to donate. However, if they believe the same person is full of vigor and enthusiastic it will positively affect donations. Interestingly, whether the person likes Korea or not does not affect donations.

Economy	-.21*
Education	-.17*
Discrimination	-.03
Full of vigor	.18*
Interest	
Affinity	-.04
Like	.22
Good impression	.08

R2 = .24

Donation

Kenya

Each person's image to Kenya is accounting for 20% of the variance. If the person's image is of people being able to get an education, they are less likely to donate. It is also interesting that economy affluence does not influence donations in Kenya.

Economy	
Education	-.28***
Discrimination	-.05
Full of vigor	.04
Interest	
Affinity	-.03
Like	-.04
Good impression	.11

R2 = .20

Donation

Furthermore, yet a multiple regression analysis was calculated by age, there are no differences.

5. Conclusion

In consideration of solving the problem of NPOs and NGOs that having difficulty in financing, using marketing concepts is important such as combining social contribution with marketing. Although many studies showed that COO had influenced product evaluations, this paper examined that the effect of COO on donations. Questionnaires about their image of four countries have distributed by 190 Japanese people and data were analyzed with the SPSS. As a result, their image, which influences donations, varied from country to country. This thesis made useful contributions, as follows.

Theoretical contribution

Although most past studies have examined that COE influences consumers' buying decision process, this thesis shows COE influences on donation activity as well. Most studies have only focused on product evaluations, however, it revealed that it is possible to extend the range of applications of COE. This study provides valuable insights into COE in for-profit sectors as well. In other words, this research succeeded not only in extending the range of applications beyond the industry or region but also in making it generalize.

Additionally, this research has novelty for people want donations when there are few studies on the way to get donations more in NPO/NGO research or donated fund research. More research in this area will help NPOs and NGOs a new finding and perspective to solve their problems.

Practical contribution

Nonprofit organizations face many challenges. It is not easy to get enough donations continuous and stable in Japan, which does not have donation culture. Additionally, by Principle of egalitarianism, NPOs and NGOs are not guaranteed to be able to get subsidy every year. Securing a stable fundraising and ensuring the organization's survival is most important for NGOs and NPOs to work for all over the world and achieve their purpose. As like it is necessary for every kind of company to take the country image into own marketing strategy in the business world, NPOs and NGOs need to consider about COE to raise funds and sustain finances. As a result of these analyses, there is a country image which can be likely to get donations and cannot be likely to get donations depending on the country. In other words, this finding showed the way to approach fundraising must be changed depending on the country. For

example, more emphasize the fact that Kenya cannot get an education than the fact that they cannot drink even clean water when NPO/NGO place an advertisement.

With the way to raise funds diversified, it may be possible to raise funds more smoothly and efficiently by executing promotions using these results. The findings provide important implications to NPOs and NGOs with regard to their decisions on donations.

Future tasks

・The result relies on quantitative research and this thesis need to qualitatively research to get a sense of value which cannot be quantized. By doing so, this can be pluralistic research.

・Although analyzing by age, it appears that there is any deviation in the result of age 18 to 20, 36 to 40, 41 to 50 and over 50 because the number of samples of them is small.

・In order to raise funds and work globally, the range of the object of study needs to widen such as targeting people around the world. The results reported here suggest the need for further research.

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