

How charities can manage their way to cost effectiveness

Submitted by: BlueSky Public Relations Ltd

Tuesday, 5 December 2023

Charities must find a balance between maintaining the status quo without being afraid of change when necessary if they want to maximise cost effectiveness, finds research from UCD School of Business.

A charity's operations management is vital to its success in having a positive impact on society and its survival. To learn more about the operations of successful charities, Mark Pagell, Professor of Sustainable Supply Chain Management at UCD School of Business, and colleagues investigated six charities known for being cost effective; being able to fulfil their mission while using donor funds efficiently. The charities all had different goals but were successful in reaching them while maintaining low costs.

Professor Pagell and his colleagues found that management is key. Charities that found their niche and stuck to it whilst being open to change saw the most success in being cost-effective.

Cost-effective charities make strategic operational decisions based on three different priorities: prioritising the status quo, prioritising change in how they deliver value, and balancing these two diverging priorities.

Those charities also made sure to consistently reassess their strategies for every new place they opened, ensuring that they aligned with a location's specific conditions, and reinvested in differing areas depending on the need of each place.

Professor Pagell says, "The results can be used by operations managers of charities to devise strategies, set goals, and guide operational decision making. The findings also provide guidance for policymakers and potential donors when deciding which charities to support. Finally, the results should apply outside the charity sector and can inform operations managers at any organisation looking to have a positive societal impact while continuing to use resources efficiently."

These findings were published in the International Journal of Operations & Product Management.

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If you would like to see a copy of the paper, or speak with Professor Mark Pagell, please contact Georgina at georgina@bluesky-pr.com.