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# The Use of Special Events to Promote Financial Sustainability in Nonprofit Organizations

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Abstract


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Nonprofit Organizations

by

Anora Snyder


MS, McDaniel College, 2012

BA, Hood College, 2010




Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Human Services Management




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Abstract

Services provided by nonprofit organizations (NPOs) benefit many individuals, but without the ability to raise adequate funds—an ongoing challenge—their ability to fulfill their mission is diminished. Hence, the use of, special events. But there are challenges related to being labor-intensive, meeting financial goals, obtaining sponsorship, donor development, event fatigue, competition from other events, marketing the event, and logistics of the event. The purpose of this multiple case study was to explore how 11 leaders of NPOs in Ohio implemented special events to contribute to the financial sustainability of the organization. Data were collected from interviews with participants and from internal and external documents about special events. The constant comparative analysis technique was used to analyze the data. The findings from this study revealed that special events (a) promote connection and engagement with current stakeholders, (b) provide an opportunity to develop relationships with new individuals, and (c) raise the money required for the programs of an NPO, but only minimally does that money contribute to financial sustainability. Implications for social change of this study include identifying best practices when using special events to enhance the success and what factors to consider when deciding if special events will be a beneficial fundraising strategy for an NPO. Having successful events will allow NPOs to develop relationships with stakeholders and to raise funds, friends, and mission awareness. Increased support leads to a growing capability to provide services to those in need and better support the community.

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Dedication

I am grateful to have had the support of my mom and step-dad throughout my journey towards completing my doctoral study. Your prayers and words of encouragement helped keep me pushing forward to the end of this journey. I am also grateful to my family and friends who have been anticipating the day they can refer to me as Dr. Snyder.

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Chapter 1: Introduction to the Study

**Introduction**

Reduced funding from the government and increased competition from other sources of funding place nonprofit organizations (NPOs) in a financially vulnerable position (Álvarez-González, García-Rodríguez, Rey-García & Sanzo-Perez, 2017; Chikoto & Neely, 2014; Zhai, Watson, Gilchrist & Newby, 2015). Services provided by NPOs benefit many individuals, but without the ability to bring in adequate funds, their ability to fulfill their mission is diminished. Methods of fundraising can involve investing money in fundraising and marketing strategies and administrative expenses (overhead). Compared to other strategies, investing money into overhead, has been proven to bring in a notable increase in money to support programming (Čačija, 2016; Chikoto & Neely, 2014; Lecy & Searing, 2015).

Since the Great Recession and its aftermath, NPOs have had to become more innovative in addressing their challenges (Reilly, 2016). Funding sources, such as the government, can be unreliable. However, the demand for services does not decrease, even if funding does (Kearns, Bell, Deem, & McShane, 2014). Due to insufficient and unreliable funding support from charitable giving and the government, leaders of NPOs have to consider additional funding sources to ensure financial sustainability while working on their core missions (Reilly, 2016). Chikoto-Schultz and Neely (2016) discussed several factors linked to the financial stability and growth of NPOs: government funds (grants and contracts), investment income, an increase in total

expenses and fund balances, revenue diversification, and revenue concentration. These factors will be discussed in the literature review.

While different strategies can be used for fundraising, special events allow for creativity and innovation (Tysiac, 2016). For instance, there are various types of events that can be used to help reach the desired donor base. Some commonly used events include 5ks, golf outings, clay shootings, and galas. The baseline goal of an NPO is to net at least 50% of gross receipts when using special events for fundraising (Anthony, 2015). Special events take time and preparation far in advance, but results, such as the amount of funds raised from the event, can be seen on the day of the event. Special events can also promote donor engagement by attracting new donors and connecting with current donors (Sargeant & Shang, 2017; Tysiac, 2016).

In this chapter, I cover the following topics: (a) background of this study, (b) the research problem, (c) purpose of this study, (d) the research question, (e) theoretical framework, (f) nature of this study, (g) operational definitions, (h) assumptions, (i) delimitations and scope, (j) limitations, and (k) significance of this research.

**Background**

Fundraising in NPOs has been studied using qualitative and quantitative approaches. For instance, Krawcyzk, Wooddell, and Dias (2017) used quantitative measures to evaluate how charitable giving was affected by the characteristics, reputation, and fundraising and financial efficiency of arts and culture organizations. Kearns et al. (2014) used qualitative interviews to explore the criteria used by CEOs and board members of NPOs to evaluate their funding sources. Fundraising has been

evaluated in quantitative studies to measure fundraising efficiency and effectiveness using different financial ratios (Chikoto & Neely, 2014; Lecy & Searing, 2015; Lee & Shon, 2018). Researchers have also investigated how investing money into fundraising and marketing strategies affects the charitable giving received by the NPO (Chikoto & Neely, 2014; Lecy & Searing, 2015; Čačija, 2016).

Although there is considerable research on fundraising in NPOs concerning donor behavior (Charles & Kim, 2016; Linder, 2017; Wagner, 2015), organizational characteristics (Krawczyk et al., 2017; Mitchell, 2017; Erwin & Landry, 2015; Qian & Naim, 2015), marketing strategies (Álvarez-González et al., 2017; Čačija, 2016), and fundraising efficiency and effectiveness (Chikoto & Neely, 2014; Lecy & Searing, 2015; Lee & Shon, 2018), research on specific fundraising strategies, such as special events, is minimal in the peer-reviewed literature. Inoue (2016) researched how event attributes impacted the attendee's intention to donate funds to an organization. McKeever, Pressgrove, and McKeever (2016) studied how improved communication channels could be used by NPOs to increase attendance at their fundraising events from a public relations perspective. Blansett (2015) suggested the use of six questions as prompts for NPOs to use when trying to evaluate and improve their fundraising program.

Tysiac (2016) notes that special events have become important to NPOs trying to raise funds to support their missions, and he offers some suggestions on how to engage donors. However, the approach and planning NPOs use to make special events financially beneficial have not been discussed in the literature. This study sought to address the following gap in the literature: What strategies do leaders of NPOs use to develop their

annual special events so that they remain a sustainable fundraising strategy, and thereby contribute to the financial sustainability of the organization?

It could be beneficial for NPOs to understand how to balance the potential risks that come with the use of special events to increase the likelihood that the event will be successful. Results from this study may also inform leaders of NPOs about strategies that can be used to ensure the sustainability of their fundraising practices. Providing an in-depth description of the challenges and strategies involved when using special events may also enable leaders of NPOs to make informed decisions about whether special events would be beneficial for their organization.

## Problem Statement

Tysiac (2016) found that special events have become important to NPOs trying to raise funds to support their missions. Competition for funds from donors has grown. Therefore, leaders of NPOs cannot just simply ask for funds; they need to come up with creative strategies (Levine Daniel & Kim, 2018; Tysiac, 2016). Furthermore, with the Baby Boom generation aging, leaders of NPOs need to focus on how to recruit and retain younger donors (Tysiac, 2016). Special events can be used to create value for new and existing donors. However, Zabel and Hamilton (2015) found that if NPOs regularly target the same audience for all events, the events' expenses could outweigh the revenue received. Using this study, I aimed to address how leaders of NPOs develop their annual special events so that they remain a sustainable fundraising strategy, thereby contributing to the financial sustainability of the organization in a competitive and changing environment.

**Purpose**

The purpose of this qualitative, exploratory, multiple case study was to explore how leaders of NPOs develop special events that can contribute to the financial sustainability of the organization. Čačija (2016) found that marketing and fundraising management are necessary for the viability of NPOs (especially those of small size). Creating value for donors is also an important factor to consider when planning a special event (Blansett, 2015). By looking at the monetary and nonmonetary measures of success for special events described by the leaders of NPOs, the value of special events can be identified. By exploring the experiences leaders of NPOs have with implementing their special events, the degree to which special events contribute to the financial sustainability of an NPO can be identified.

**Research Question**

The primary question for this study was: How does the use of special events contribute to the financial sustainability of an NPO?

**Nature of the Study**

Based on the purpose of this study, to explore how leaders of NPOs use special events to contribute to their financial sustainability, the qualitative research approach was deemed appropriate. When using a qualitative research approach, there are no hypotheses and no generalizations, as is the case for this study (Benoliel, 1984). Qualitative research also makes it possible to study the complex behaviors and attitudes from the perspective of the subjects of a study that would not otherwise be available in quantitative research (Meadows, 2003).

After reviewing the different qualitative research designs, a multiple case study was identified as being the best suited. The benefits of using a multiple case study design include allowing a researcher to conduct an in-depth exploration of the cases and increasing awareness of the similarities and differences between cases (Yin, 2018). By examining multiple cases, results can show similar results lending to a replication of data (Yin, 2018). The cases for this study were NPOs in the Cincinnati, Ohio area, that had used special events as part of their fundraising strategy. Organizations in the art, culture, humanities, environment, animals, and human services sector were considered.

Case study research can be exploratory, explanatory, or descriptive (Yin, 2018). An exploratory case study can be used to provide an in-depth analysis of a phenomena or subject. An explanatory case study is used to find an explanation to a question or phenomena. A descriptive case study is used to generate a story about a real-world problem that details essential facts and commentary collected from people and groups who are involved in the problem. Because this study seeks to explore the experiences of leaders of NPOs and gain further insight into their use of special events, an exploratory, multiple case study was considered appropriate.

**Theoretical Framework**

Resource dependence theory (RDT) (Pfeffer & Salancik, 1978) and strategic choice theory (Child, 1972) formed the theoretical framework for this research. According to RDT, a competitive advantage can be achieved by managers who seek out important resources that lead to higher organizational performance (Sosin, 2012). The environment in which the nonprofit sector operates is constantly competitive (Levine

Daniel & Kim, 2018; Tysiac, 2016). NPOs compete for donations and other scarce resources.  One way leaders of NPOs can gain these resources is through the use of enhanced activities (Tysiac, 2016). Using special events is a creative and innovative fundraising strategy used by leaders of NPOs to attract new donors and continue to build relationships with current donors (Tysiac, 2016).

NPOs can be affected by internal and external changes to the environment, making it necessary for leaders to adapt and make strategic decisions for the benefit of the organization. Internal environment changes relate to management policies and styles, employment, organization procedures, and structure (Bryson, 2011). External changes relate to changes in the external environment that the organization does not have control over, such as the economy (Bryson, 2011).  Lewis and Volberda (1999) discussed how strategic choice theory is related to the role of management in an organization and the environment. Management should consider the different ways the organization interacts with its environments and consider strategies that make it possible for the organization to stay aligned with it (Lewis & Volberda, 1999). The focus of strategic choice theorists is on the level of influence leaders have on organizational change when adapting to environmental changes (Childe, 1997). As the environment and access to resources change, leaders of NPOs need to use their experience and acumen when developing special events to produce the desired results.

## Operational Definitions

Nonprofit organizations: Organizations that meet certain requirements to qualify for tax-exempt status from federal income taxes according to Section 501(c)(4), Section

501(c)(5), Section 501(c)(6), Section 501(k), or Section 501(c)(3) of the IRS (IRS, 2019). Organizations that are operating with a tax-exempt status due to their purpose of furthering a social cause (Bowman, 2011).

Fundraising strategies: The use of a plan by an organization to acquire monetary resources and also in some cases to increase awareness, participation, or education in the mission of the organization (Sargeant, 2001).

Special Events: Any type of event, i.e., receptions, meals, participation events, or community mega-events used to raise funds for a cause (Sargeant & Shang, 2017).

Strategic Planning: A short-ranged, specific, focused, and action-oriented approach to identifying key decisions that will shape and guide the actions of an organization to achieve the desired outcome (Bryson, 2011).

Financial Vulnerability: When an organization experiences a financial shock such as the loss of a major funding source or an economic downturn that causes it to put services on hold due to lack of resources (Tuckman & Chang, 1991).

Financial Sustainability: When an organization has the resources to meet the needs of its consumers in the short-term and long-term (Bowman, 2011).

## Assumptions

Several common assumptions in qualitative research applied to this study. First, it was assumed that the participants would be open and honest in their responses to the questions (Patterson, 2011). Second, it was assumed that the necessary documents for analysis would be submitted by the participants (Patterson, 2011). Third, it was assumed that the multiple case study approach was the best possible tool for answering the

research question. Another assumption was that special events contribute to the financial sustainability of an NPO in some way.

## Scope and Delimitations

Delimitations are considered to be limitations that are intentionally imposed by the researcher (Rudestam & Newton, 2007). The delimitations in this study included the sampling of five NPOs, with budgets under $15 million, that used special events for fundraising. The organizations that were invited to participate in this study were located in the Cincinnati, Ohio region and classified in the animals, environment, arts, culture, and humanities, and human services sector. Individual participants were leaders of the selected NPOs who had experience implementing special events to raise money for their organizations.

## Limitations

This study was subject to several limitations involving the interview process—the primary data collection tool (Brumfield & Christensen, 2011). Limitations can occur with interviews when responses are distorted for reasons listed by Patton (2002), such as researcher's bias, anger, anxiety, politics, and lack of awareness. It is possible that, as the researcher, my experience and perspectives influenced the final analysis of this study. However, to mitigate this potential bias, I shared my findings with my committee members (Yin, 2018). Additionally, the influence of the relationship between participants and the researcher was also considered a limitation (Brumfield & Christensen, 2011). Other limitations that can occur are scheduling complications and limited availability of the participant for follow-up interviews. The use of the multiple case study design can

also be a drawback because of the sheer quantity of data that will be collected from interviews, documents, and artifacts (Brumfield & Christensen, 2011).

## Significance

In this study, I identified (a) the strategies used by leaders of NPOs to develop successful special events and (b) how these events may be beneficial to the financial sustainability of the organization. The financial performance of fundraising has been evaluated in quantitative research to measure the fundraising efficiency using different ratios; however, Charles and Kim (2016) found that further qualitative research would be beneficial regarding the experiences of NPO leaders related to measuring fundraising performance. While fundraising efficiency has been a topic of focus over the years, Charles and Kim (2016) also found that foundations and individual donors do not put as great a value on fundraising efficiency today as they may have in the past. The results of this study will allow leaders of NPOs to make more informed decisions when considering special events as a fundraising strategy.

The detailed descriptions of how special events have been conducted successfully will help increase awareness of how leaders of NPOs can use special events to contribute to the financial sustainability of their organizations. One of the main considerations of the use of special events is whether or not they may become stagnant in attracting and retaining donors (Zabel & Hamilton, 2015). There are different environmental factors for leaders of NPOs to consider when planning a special event (Levine Daniel & Kim, 2018). This study addressed how leaders use strategic planning to ensure the sustainable use of

special events in a competitive market, thereby contributing to the financial sustainability of their organization.

This research sought to identify how the use of special events contributes to the financial sustainability of an NPO. Its results can help leaders of NPOs identify what strategies to use to enhance the chance of success. The implications for positive social change include identifying best practices when using special events and identifying how special events contribute to the sustainability of an organization. Having successful events will allow leaders of NPOs to develop relationships with stakeholders and to raise funds, friends, and mission awareness. Increased support leads to a growing capability to provide services to those in need and better support the community.

## Summary and Transition

An ongoing challenge that leaders of NPOs encounter is how to raise adequate funds for their organization. Different fundraising strategies, such as special events, are used to raise money from donors, but they come with a set of challenges. This multiple case study was used to explore how 11 leaders of NPOs in Ohio implemented special events to contribute to the financial sustainability of the organization. Leaders participated in face-to-face interviews and provided various documents with information about their organization's special events. This study was used to take an in-depth look at how special events may contribute to the financial sustainability of an NPO. By detailing the challenges, strategies, and functions of special events, leaders of NPOs will be able to develop successful special events that raise the desired funds. Increased funds and support will help an NPO fulfill its mission.

In Chapter 2, I will discuss the literature search strategy used for this study and the theoretical foundation of this study. Chapter 2 will also include a review of the literature related to the funding of NPOs, financial vulnerability and sustainability, fundraising in NPOs, and special events.

Chapter 2: Literature Review

**Introduction**

In this study, I explored how leaders of NPOs use special events to promote the financial sustainability of their organizations. Funding from the government and charity can be unpredictable, but NPOs need to continue to access resources to fulfill their mission (Arik, Clark & Raffalo, 2016; Levine Daniel & Kim, 2018; Reilly, 2016). According to Tysiac (2016), special events can be used by NPOs to raise significant funds, but their success is not assured. It can be inhibited by competition between NPOs, generational donors aging out, and targeting the same donors too often. However, empirical research on the use of different strategies by NPOs in the development of special events is limited.

Through the use of this study, I aimed to address how leaders of NPOs develop their annual special events so that they remain a sustainable fundraising strategy, thereby contributing to the financial sustainability of the organization in a competitive and changing environment. The results of this research (a) sought insight into the challenges and strategies that leaders of NPOs consider when developing their special events; (b) can help leaders identify strategies to use when developing their special events to enhance the likelihood of success; (c) identified the different roles that special events can fill in an NPO.

With increasingly competitive markets, it is becoming more challenging for leaders of  NPOs to find sustainable resources (Arik et al., 2016; Levine Daniel & Kim, 2018; Reilly, 2016). Reduced funding from the government and increased competition

for other sources of funding place NPOs in a financially vulnerable position (Čačija, 2016; Levine Daniel & Kim, 2018; Reilly, 2016; van Breda, 2016). Due to insufficient and unreliable funding support from charitable giving and the government, leaders of NPOs have to consider additional funding sources to ensure sustainability while working to achieve their core missions (Reilly, 2016). Different types of fundraising are often used by leaders of NPOs to bring in resources and cover the expenses that remain after funding from other sources is accounted for (Berlin et al., 2017). When NPOs use special events for fundraising, the baseline goal of the organization is to net at least 50% of gross receipts (Anthony, 2015).

This chapter review covers the following topics: (a) the theoretical framework used to guide this study, (b) a brief history of the funding of NPOs, (c) the funding challenges NPOs currently face, (d) financial vulnerability, (e) financial sustainability, (f) fundraising and development strategies, and (g) the literature on special events.

**Literature Search Strategy**

To explore fundraising strategies and financial sustainability in NPOs, including funding challenges, financial vulnerability, sustainability, fundraising strategies, marketing practices, and special events, I used the following databases: Academic Source Complete, Business Source Premier, Google Scholar, and Sage. I used the following keywords: *nonprofit organization, fundraising strategies, special events, strategic planning, fundraising efficiency, donor relationships, financial vulnerability,* and *financial sustainability*. The literature I selected included books and peer-reviewed articles published between 2011 and 2020.

To identify content for the literature review, I referred to the purpose statement and research question. The content of the literature review is meant to provide useful information to nonprofit senior leaders researching how to use fundraising methods most effectively and what factors may contribute to fundraising success. The information covered in the literature review could also be useful to future researchers and their studies.

## Theoretical Foundation

Strategic choice theory (Child, 1972) and resource dependence theory (Pfeffer & Salancik, 1978) form the theoretical base for this research. Strategic choice theory is used to consider how the interactions between an organization and its environments influence adaptation and change (Lewin & Volbera, 1999; Schul, Davis & Hartline, 1995). As the environment and access to resources change, leaders of NPOs will need to be strategic when developing their fundraising strategies to produce desired results (Blansett, 2015; Burde, Rosenfeld & Sheaffer, 2017; Qian & Naim, 2015). RDT considers how environmental factors can affect an organization's ability to access resources (Pfeffer & Sanlancik, 1978). An organization needs to develop adaptive strategies to limit the control of its resource dependencies by the environment (Pfeffer & Sanlancik, 1978). This study adds to existing theories, strategic choice theory and resource dependence theory, by using both theories together to explore how leaders of NPOs are using special events to contribute to financial sustainability.

**Strategic Choice Theory**

Child (1972) began the discussion of the use of strategic choice theory, and since then, the theory has evolved. The basis of strategic choice theory focuses on the interaction between the external environment and the decisions made by organizational leaders (Child, 1972). Prior theoretical models, according to Child (1972), did not consider the relevance of the political decisions made by organizational leaders to choose courses of action. Organizational theory on its own was not considered sufficient in explaining the actions of an organization, so Child (1972) worked to develop further a theory that included strategic choice. In a strategic choice context, the effect of dominant groups (i.e., leaders, board members, internal or external groups of stakeholders) on the outcome of an organization is taken into consideration. Choices and outcomes could also be viewed as either deterministic or enacted.

Bourgeois (1984) further developed Child's strategic choice theory by making a case against deterministic organization theory for not considering that managers could manipulate dependent variables such as structure and strategy through strategic choice. Bourgeois (1984) perceived leadership as a dynamic role that involved balancing free will and determinism. He also viewed managers as the dominant coalition instead of internal or external dominant coalitions suggested by Child (1972). Managers can make strategic decisions to affect the organization, and their decisions are not always resulting from deterministic forces in their environments (Bourgeois, 1984). With the added views of managerial roles and enacted environments connecting strategic choice theory to

strategic management, Bourgeois (1984) posited strategic choice gave a better explanation for organizational dynamics than deterministic organizational theory.

Further discussion of strategic choice theory occurred in the development of models by Astley and Van de Ven (1983) and Hrebiniak and Joyce (1985). They expanded on the concept of deterministic and enacted environments with their model of a scale ranging from entirely enacted to fully deterministic. An organization could classify into one of the four positions along this scale based on their subjective interactions with the environment (between organizational stakeholders).

Astley and Van de Ven (1983) discussed the relevance of the population ecology view and the human ecology view to strategic choice theory. Population ecologists view all organizations within a population as homogenous sharing key elements and a mutual vulnerability to their environment. All NPOs are subject to vulnerabilities in their environment, especially those of a financial nature due to fluctuations in funding. There are many different NPOs formed to address various needs in the environment and community, but they all share a commonality in purpose to help those in need.

A human ecologist is more concerned with the internal structure of an organization and how the internal relationships help an organization transform and adapt proactively to avoid becoming reactive to the external environment (Astley & Van de Ven, 1983). This point of view leads to the consideration of how leaders of NPOs are strategic in the choices they make when planning and implementing the use of special events for fundraising. Economic forces are the focus of population ecologists, while

social and political forces are the focus of human ecologists (Astley & Van de Ven, 1983).

Factoring in both of these views, the manager of an organization needs to establish a balance between these pressures by acting as a gamesman and statesman (Astley & Van de Ven, 1983). Considering both population and human ecologist perspectives helped guide the development of the research question and interview questions to identify what internal and external factors are taken into consideration to ensure the continued success of the special events.

Schul et al. (1995) discussed how important strategic choice is to the ability of an organization to develop products and services that stand apart from its competitors. In striving to remain sustainable, strategic choice can be used to aid an organization in keeping a competitive advantage (Schul et al., 1995). While these characteristics of strategic choice theory are general, they can be applied to the process of planning special events. There may be competition from events occurring simultaneously, and there may be competition between NPOs that provide similar services in a region. The use of strategy can help leaders of NPOs distinguish themselves from others by highlighting their mission and impact on the community.

Strategic choice theory explores the importance of both internal and external relationships and factors on organizational performance. Houghton, Smith, and Hood (2009) stated that diverse knowledge about potential opportunities could be obtained through external network ties. Leaders of NPOs establish relationships with various external stakeholders. These people are then able to share knowledge, help build more

relationships with others, and contribute to the success of the NPO. When special events are being planned, these external stakeholders are a source of marketing and can be used to bring attention to the event. Potentially, the more relationships that are established, the more resources can become available for planning and implementing special events.

A wealth of knowledge can also be found when internal networks are built within an organization (Houghton et al., 2019). By building internal relationships, leaders of NPOs can maximize their access to external stakeholders and knowledge. All of this knowledge can be shared and used to work towards a common mission and goal. Internal relationships also contribute to marketing because they can reach out to their networks, thereby extending the reach of the organization to new populations.

Miles, Snow, Meyer, and Coleman (1978) posited that finding a balance between external and internal forces while maintaining an effective alignment with the environment is a complex process involving various decisions and behaviors. However complex, it is possible to search for and identify patterns in behavior to then describe the process of organizational adaptation. Fiol and Lyles (1985) found through their research that an organization's ability to survive is enhanced by its ability to learn and adapt. An organization's ability to learn is based on how the insights and knowledge gained from past actions shape future actions (Fiol & Lyles, 1985). An organization's ability to adapt is based on its ability to adjust accordingly to internal and external interactions and factors (Fiol & Lyles, 1985).

From a strategic choice theory perspective, strategies are used by an organization to promote adaptation to its environment or to foster change in its environment in pursuit

of a favorable outcome (Schul et al., 1995). Strategic choice theory will provide the theoretical framework for investigating how NPOs change and adapt to their environment to remain sustainable. When adapting to internal and/or external environment(s), some organizations may transform themselves while other organizations may transform their environments (Miller & Friesan, 1978).

**Resource Dependence Theory**

According to resource dependence theory, a competitive advantage can be achieved by managers who seek out important resources, thereby leading to higher organizational performance (Doyle, Kelly & O'Donohoe, 2016). Special events are a fundraising strategy used by leaders of NPOs to be creative and innovative when attempting to attract new donors and building relationships with current donors. Research has identified concerns and benefits associated with the use of special events (Hafele, 2014; Krawcyzk et al., 2017; Sargeant & Shang, 2017). To make special events successful year after year requires evaluation and planning.

Resource dependence theory is commonly used in research on NPOs. RDT is applicable in nonprofit administration and organizational sustainability research when a researcher is looking to explain the reliance an organization has on its external environment (Sosin, 2012). An organization must recognize the environmental factors it could be affected by and create adaptive strategies to manage its resource dependencies compared to being controlled by them (Pfeffer & Sanlancik, 1978). NPOs must compete for funds in order to provide services. Leaders of NPOs need to access and secure necessary resources for their programs and operations to remain sustainable.

When discussing organizational survival, Pfeffer and Salancik (1978) stated that the ability to acquire and maintain resources is a vital strength (p. 2). The survival of NPOs is dependent on the external resources they can acquire, and the access to these resources impacts their level of sustainability. Without the necessary funding and resources, an NPO is not going to be able to remain operational. The number of NPOs continues to increase, creating more competition for resources. Revenue diversification strategies are one approach being used by NPOs to help mitigate their dependence on any one source of funding (Chikoto-Schultz & Neely, 2016).

The use of revenue diversification is supported by researchers as a strategy to promote sustainability and stability (Chikoto-Schultz & Neely, 2016). Multiple forms of funding are sought after by NPOs to avoid (excessive) dependence on any one source. Revenue from special events is just one source of funding that can contribute to the whole picture in an impactful way if used strategically. When organizations use revenue concentration to raise resources, they may experience some benefits, but they risk being dependent on a few sources of funding. These sources of funding could be subject to change and therefore be unreliable. NPOs seek funding from different sources such as charitable giving in the form of donations and foundation grants, government funding, and in some cases, commercial activities (Froelich, 1999). Ultimately, researchers find that revenue diversification is the preferred strategy of organizations looking to combat resource dependence (Chikoto-Schultz & Neely, 2016).

The effectiveness of an organization to acquire critical resources from the environment will determine its survival (Doyle et al., 2016). A critical function for

managers and leaders of NPOs to consider is managing these dependencies (Pfeffer &
Salancik, 1978). Funding received from external sources such as individuals or
corporations is subject to coming with demands or certain expectations that will need to
be met if the funding is to be maintained (Pfeffer & Salancik, 1978). As such, managers
need to continue to evaluate their criteria for resource acquisition and be aware when it
may be necessary to modify the locus of their dependence (Pfeffer & Salancik, 1978).
Organizations do not want to be in a position where the acquisition of resources leads to a
loss of power or mission drift. Interorganizational arrangements may be formed in
response to the constraint's organizations are subject to by their environment (Pfeffer &
Salancik, 2003). Managers also develop networking relationships with key stakeholder
groups to secure available resources (Andrews & Beynon, 2017).

Resource dependence theory explains how the internal structure of an
organization and the relationships an organization forms with external stakeholders
contributes to the autonomy and the sustainability of the organization (Birken et al.,
2017). Strategies can be derived from RDT to help find the balance between autonomy
and dependence on others. RDT consists of three primary themes lending it to serve as a
good fit to research building resource capacity. The first theme discussed by Pfeffer and
Salancik (2003) is based on how the environment affects an organization. The second
theme relates to how the organization manages the environmental effects or constraints.
The third theme examines how internal organizational dynamics have been affected by
environmental constraints. Rey and Powell (2015) found two strategies identified by
Pfeffer and Salancik (2003) that could be applied to building resource capacity in

universities. These strategies were to either have the environmental requirements dictate

how the institution should change or try to change the environment to fit the institution's

capabilities.

Organizations strive to attain greater control over their destiny by using various

strategies to gain resources and promote their sustainability (Andrews & Beynon, 2017).

In doing so, they build a strong power base, and they are no longer at the effect of

external threats. Strategies that can be used to reduce resource dependence can include

internal restructuring, co-optation of external board members, forming inter-

organizational relationships, corporate political action, and executive succession

(Hillman, Withers & Collins, 2009; Pfeffer & Salancik, 1978).

Environmental resources an organization depends on are not limited to a financial

capacity; resources can also include information, materials, access to markets, etc.

(Pfeffer, 1992). An organization can also have a dependence on the actions of other

people to achieve the desired outcome (Pfeffer, 1992). In the case of this study,

organizations are relying on internal and external stakeholders to plan and market their

special events with the intent of raising the desired amount of funding and increasing

donor relationships.

When organizations require resources such as capital, knowledge, and technology,

they will turn to their external environment to form exchange relations (Pfeffer &

Salancik, 1978). Through these relationships, an organization will become dependent on

external factors in the delivery of services. Research by Ortlieb and Sieben (2008)

determined the value an organization places on the resources being received by external

contributors and the degree others are controlling the resources are two determining

factors of how dependent an organization will be on external factors. Organizational

strategies are used to seek additional resources to help reduce the dependence on current

resources.

Organizations work to acquire more resources from the external environment

when faced with constraints and uncertainties (Pfeffer & Salancik, 2003). Internal actions

can also be taken, such as hiring former government employees and politicians to take on

political activities to compete for funding and achieve organizational goals (Pfeffer &

Salancik, 2003). Within RDT are three constructs consisting of internal processes,

relationships with customers, and relationships with suppliers. Singh, Power, and Chuong

(2011) found that when these three constructs are considered together, they effectively

help organizations manage their environment. Whatever strategies may be used to reduce

resource dependency can vary over time based on the circumstances affecting the

organization. RDT guides organizations to use strategies that help reduce dependence on

external resources and build better competencies and internal resources.

## Funding for Nonprofit Organizations

According to Arik et al. (2016), NPOs, historically, were privately funded.

Following the Great Depression, privately funded resources became scarce, and to

continue delivering services, NPOs began partnering with the government to receive

federal grants. Government funding for many social programs was reduced in the 1980s,

creating problems for the NPOs that relied heavily on government grants. Additional

changes could be seen in the attitude of donors of new generations. The 1990s led to

donors becoming more focused on outcomes and wanting their donation to be used as an investment into the success and impact of the NPO. Due to the occurrence of scandals in some NPOs, measures of accountability and transparency were put in place.

**Funding Challenges for Nonprofit Organizations**

NPOs are funded by government funding, private donors, grants, sponsorships, and endowments (Sargeant & Shang, 2017). All of these are key resources to helping an NPO grow and become financially stable if not sustainable. Chikoto-Schultz and Neely (2016) discussed the relevance of several factors linked to financial stability and growth. They include government funds (grants and contracts), investment income, an increase in total expenses and fund balances, revenue diversification, and revenue concentration. Government funding may lead to financial stability for some NPOs, but the literature suggested that is not the case for all NPOs (Álvarez-González et al., 2017; Chikoto-Schultz & Neely, 2016; van Breda, 2016). Some NPOs have experienced decreased or unreliable government funding and have had to become more innovative in obtaining other sources of funding. Fundraising strategies, when used effectively, can contribute to the financial sustainability of an NPO when other funding sources become unreliable or insufficient (Sargeant & Shang, 2017).

Leaders of NPOs engage in various practices, such as revenue concentration, revenue diversification, marketing activities, fundraising, and social entrepreneurship, to gain funding for their organizations. Results from Chikoto and Neely (2014) showed revenue concentration to be highly effective as a strategy to build the financial capacity of NPOs when used initially or on a one-time basis. However, when looking at the long-

term effects of building financial capacity, revenue diversification was still considered the most effective (Chikoto & Neely, 2014). Von Schnurbein and Fritz (2017) found that revenue concentration is more effective than revenue diversification at contributing to the growth of NPOs. However, they state that each revenue strategy should be considered in managerial decisions because of the different factors leaders of NPOs face when determining their optimal revenue structure.

The nonprofit sector relies greatly on charitable donations. In the United States alone, $427.71 billion has been donated to charity (Giving USA, 2019). Receiving those funds makes it possible for NPOs to serve their crucial role in service delivery to help maintain a healthy civil society (Mitchell, 2017). During times of economic downturns, relying on government funding and philanthropic funding can become a less sustainable practice leading towards financial vulnerability (Burde et al., 2018; Lu, Lin & Wang, 2019).

**Financial Vulnerability of Nonprofit Organizations**

One definition of financial vulnerability posed by Greenlee and Trussel (2000), as cited by Qian & Naim (2015), is when an NPO has had to reduce program expenditures for three consecutive years. Indicators of this situation are the "debt ratio, revenue concentration, and surplus margin, administrative cost ratio, and size" (Quian & Naim, 2015, p. 3). Several reasons Human Service Organizations, specifically those serving vulnerable populations, may face financial vulnerability are provided by van Breda (2016) in his research. They include but are not limited to inadequate financing, poor

staff development, and changes to the internal and external environment of a social, economic, and political nature.

Organizations that can become especially vulnerable during economic challenges are the arts, culture, and humanities nonprofits (Krawczyk et al., 2017). The ACH nonprofits rely heavily on donor support; however, Besel, Williams, and Klak (2011) found during times of economic uncertainty, such as the Great Recession of 2008, donor contributions are often directed towards social services and basic needs instead of to the arts and culture. Although it may appear more donations are given to social services during economic downturns, Chikoto and Neely (2014) observed that social service NPOs had experienced financial distress due to a decrease in charitable and government funds. Even with decreased funding, demands for services continue to increase. In higher education, the general public often assumes universities are funded through tax dollars; however, Whitchurch and Corner (2016) pointed out state appropriations continue to shrink, so colleges and universities invest time, energy, and resources into fundraising to identify alternative funding sources.

Qian and Naim (2015) found that financial vulnerability in NPOs could be reduced with strategic plan implementation. The results of their study demonstrated that a higher implementation index was associated with a smaller deficit ratio increase. Burde et al. (2017) found during times of financial uncertainty, such as that produced by an unstable grant environment, NPOs with a focus on education and research and development were able to survive the longest and have the greatest viability. Chikoto and

Neely (2014) also discussed the necessity of investing in administrative and fundraising costs except for executive salaries.

**Contributing Factors to the Financial Sustainability of Nonprofit Organizations**

Various factors have been reviewed in research studies to see how they contribute to the financial performance and sustainability of an NPO. One factor identified by Faulk, Willems, McGinnis, and Stewart (2016) to positively influence the ability of NPOs to acquire grants is board network characteristics. The board network characteristics, such as having a mixture of indirect and direct ties, were shown to increase the sustainability of NPOs. Additional contributing factors identified by Faulk et al. (2016) include the number of grants received in the past, the size of the organization, fundraising expenses, and the financial health of the organization. Lin and Wang (2016) found some of the factors that contributed to the financial sustainability of an NPO during the Great Recession were having a higher operating margin and equity ratio as well as maintaining strong relationships with external funders. van Breda (2016) found that developing the system, the staff, and the services of an organization are three primary factors that led to a human service organization being resilient despite organizational adversity.

Qian and Naim (2015) did not find enough evidence in their research to support the hypothesis that during times of economic stress, board involvement would positively correlate with the financial performance of NPOs. They did find evidence supporting the financial performance of NPOs was negatively affected by the external financial conditions of 2008. The perception of the public and potential donors can have either a positive impact or a negative impact on an NPOs ability to raise funds (Bennett, 2017).

For example, if an organization is perceived to be financially inefficient, donations could begin to decline, thus leading to a backlash from watchdogs and regulators.

A good deal of attention is focused on how economic downturns affect the financial sustainability of NPOs (Burde et al., 2017; Hommerová & Severová, 2019; Lin & Wang, 2016). The location of an organization may have an impact on the organization's stability (Besel & Nur, 2017). When trying to access funding from the government, private donations, or other sources, organizations in rural locations tend to have a more difficult time compared to organizations in urban and suburban locations (Besel & Nur, 2017). Burde et al. (2017) investigated whether small NPOs are more vulnerable than larger ones. They found that while smaller NPOs may experience financial vulnerability at the initial onset of funding instability, large NPOs are the ones that may become even more vulnerable following a long period of instability. Hommerová and Severová (2019) found it is the lack of a systematic approach to address funding that contributes to the reduced chances of small NPOs maintaining sustainability.

## Fundraising in Nonprofit Organizations

Fundraising is a systematic activity used to acquire financial resources in a fluctuating macroeconomic environment, to be used for activities of an organization or an individual (Hommerová & Severová, 2019). Approaches to fundraising include capital campaigns, corporate support, online and direct mail, earned incomes, grants, major gifts, membership campaigns, telemarketing, planned giving, and special events (New Hampshire Center for Nonprofits, 2014).

The perception of how well or unwell external funding sources are doing financially can have an impact on the publics' perception of how well NPOs can handle budgetary challenges, generate income, and maintain expenses (Bennett, 2017). During times of economic distress when organizations have limited resources to work with, top management does not expect to achieve the same financial results from fundraising as they would when the economy is doing well (Lin & Wang, 2016). The expectations of generating revenue through fundraising are lowered during times of economic distress because of the perception that donors may also be experiencing similar fiscal challenges as the NPO (Lin & Wang, 2016).

NPOs have been subject to measures of fundraising efficiency to hold them accountable for the amount of money they spend on administrative and fundraising costs (overhead) as compared to how much money goes towards programming (Chikoto & Neely, 2014). The attitude held by watchdog agencies and regulators is beginning to move focus away from the ratios they use to gauge the efficiency of an NPO and towards how well the NPO is fulfilling its mission (Berlin et al., 2017). Paying attention to the financial details and measures is important. However, it should not be the only driving factor for whether individuals, groups, or corporations choose to donate funding to the NPO (Mitchell, 2017).

When an NPO decides to increase its spending on administrative and fundraising expenses compared to the spending on program activities, generally, this is frowned upon and can reduce donations (Marudas & Petherbridge, 2015). However, Arulampalam, Backas, and Micklewright (2015) found when large charities increased their fundraising

expenses by one standard deviation, other development charities experienced about a 9 percent increase in donations. Krawczyk et al. (2017) also found that an increase in fundraising expenses was positively associated with private donations.

Regardless of fund ratios, fundraising is a vital strategy for NPOs competing for available resources (Lee & Shon, 2018). Woronkowicz and Nicholson (2017) argue that capital campaigns are beneficial to the fundraising performance of NPOs, and they can be used to help increase our understanding of fundraising competition. Ford (2015) found in an educational context, the fundraising ability of a nonprofit can be improved when it is part of an umbrella organization because of the access to social capital networks.

**Measuring Fundraising/Financial Performance**

Nonprofit efficiency can be measured using nonprofit financial disclosures to determine the price of giving, fundraising efficiency, the "cost to raise a dollar", and administrative efficiency (Krawczyk et al., 2017). Fundraising efficiency is defined as fundraising expenses divided by total expenses and can be used to determine how an NPO prioritizes its fundraising activities (Krawczyk et al., 2017). Often, the public is very critical of the fundraising efficiency due to expectations of NPOs to have a program ratio exceeding 75% and a fundraising ratio below 25% (Parsons, Pryor & Roberts, 2017). Although the assumption is that the public is very critical of fundraising efficiency, Krawczyk et al. (2017) found when an NPOs fundraising expenses increase, private donations increased as well. To have a report of good standing, some NPOs may use misreporting practices to make it appear that they have zero fundraising costs (Lee &

Shon, 2018). This practice, however, can make it difficult for other NPOs and charities to justify their fundraising costs.

Organizations need to be mindful of their efficiency, but they must be careful not to put so much focus on efficiency to where the organizational objectives and mission become overlooked. Hahn (2013) found that increasing "cost to raise a dollar" by 1% and decreasing administrative efficiency by 1% resulted in a decrease in donations by 0.76% and 0.12%. When studying nonprofit arts organizations, Charles and Kim (2016) did not find significant evidence to support the hypothesis that having a lower "cost to raise a dollar" would lead to receiving a greater amount of donations. What they found instead was when the cost to raise a dollar increased, the donations increased as well. The assumption has been that donors only care about efficiency ratios and how much organizations spend on fundraising, but perhaps that is not the case for all nonprofit sectors.

Chikoto-Schultz and Neely (2016) explored the financial performance of NPOs to increase the understanding of how financial stability and financial growth are related. They explored what factors were relevant to a successful financial operation, such as revenue diversification and revenue concentration. Researchers' findings from empirical studies suggest that both revenue diversification and revenue concentration may contribute to the financial health of NPOs (Qian & Naim, 2015; Shier & Handy, 2015; Zhai et al., 2017). Findings from Chikoto-Schultz and Neely (2016) suggested that high financial performance is characterized by overhead costs, receiving substantial government grants, and investing in capital assets (p. 2573). NPOs that were high

financial performers were found to be older and larger, with higher revenues and capital assets (Chikoto-Schultz & Neely, 2016). In order for NPOs to promote financial growth, more revenue needs to be generated.

Erwin and Landry (2015) researched the fundraising performance of hospitals. They identified increased importance being placed on fundraising because reimbursement has become less reliable, and gaining access to capital is more challenging as well. By using measures such as public support and fundraising efficiency, they found that greater public support was generated when hospitals increased their fundraising investment. A hospital's endowment is also positively associated with the prediction of public support (Erwin & Landry, 2015).

Lin and Wang (2016) conducted research to find how NPOs weathered the Great Recession. One of their findings suggested that revenue diversification was useful for achieving long-term success, but it could prove a threat to short-term success. Lin and Wang (2016) found that NPOs with more operating margin and equity ratio could generate revenue more efficiently, and their ability to maintain their expenses was improved during a financial crisis. Adverse factors to the financial health of an NPO during a financial crisis could include higher administrative expenses and a greater debt ratio (Lin & Wang, 2016).

**Developing Fundraising Strategies**

During economically difficult times, traditionally used fundraising strategies will likely need to be altered because they may not have the same desired effect as when they are used during a normal period (Lin & Wang, 2016). The one factor that significantly

impacted nonprofit financial health during a severe financial crisis was the external economic environment (Lin & Wang, 2016). Lee and Shon (2018) found that during times of economic difficulty, ACH nonprofits increased their fundraising expenses. NPOs that relied more heavily on donations tended to increase their fundraising expenses to a larger degree (Lee & Shon, 2018). In comparison, NPOs that were more commercially based increased their fundraising expenses to a smaller degree (Lee & Shon, 2018). Their results suggested that leaders of NPOs make strategic choices about their fundraising strategies based on their revenue structure.

Khodakarami, Petersen, and Venkatesan (2015) researched how the development of a relationship between an organization and a donor impacted the level of giving over time. They found that when a donor initially gives to an organization, it is often due to intrinsic motivation. Over time, if that initial relationship is developed, the marketing of an organization can influence a donor to give to multiple initiatives (Khodakarami et al., 2015). Ultimately, the notion that relationship building strategies are helpful to NPOs looking to achieve higher fundraising performance is supported by the results of their study.

There is often a focus placed on quantitative measures of data to evaluate fundraising techniques, but it is equally important to focus on how to recruit and retain donors (Čačija, 2016; Qian & Naim, 2015). In her article about fundraising, Blansett (2015) discussed that fundraising is not all about money; fundraising also encompasses the passion, vision, leadership, engagement, impact, and legacy of the leaders of an

organization. Fundraising involves developing relationships with businesses, civic leaders, and donors (Blansett, 2015)

Sources such as Blansett (2015), Jung (2015), and Qian and Naim (2015) also offer a variety of suggestions for developing fundraising strategies, one being to focus on relationship development with donors. Concepts such as relationship marketing and customer relationship marketing, along with database marketing techniques, have gradually been embraced by leaders of NPOs as strategies to enhance their fundraising performance (Čačija, 2016). The development of communication and public relations strategies is another strategy that should be used by leaders of NPOs to develop their fundraising strategies, the main focus being on clarity and consistency across all communication channels (Theron & Van Tonder, 2015).

Reissová, Žambochová, and Vlčková (2019) found it is of critical importance to build relationships with donors by first understanding their preferences and values, and then by maintaining communication to keep them informed on how they are making an impact on the organization with their donations. By building loyalty in existing donors, Mack, Kelly, and Wilson (2016) found that organizations can save money and time. A beneficial focus for NPOs is to develop relationship strategies that focus on how to build long-term relationships with donors to promote more personal interactions (Mack et al., 2016).

Another suggestion for developing fundraising strategies is related to the transparency of an organization (Reissová et al., 2019). Donors want to know what the mission of the nonprofit organization is and how their donation will be used to fulfill that

mission. When leadership members of a nonprofit organization are clear about the mission and purpose of the organization, they can determine what type of donors will fit best with their goals (Jung, 2015).

Research has also examined the role of senior staff in assessing funding sources and developing fundraising strategies (Čačija, 2016; Faulk et al., 2016; Qian & Naim, 2015). Findings demonstrated that senior staff and board members in leadership roles need to be knowledgeable about development and fundraising through training and education to be more effective. Results from Burde et al. (2017) further indicated that NPOs with an orientation towards education and research and development were most able to survive the longest during times when access to grants was not guaranteed.

Articles have been written about what motivates donors to give to NPOs (Pulido, 2018). Norris-Tirrell, Blessett, and Connolly (2014) discussed two types of giving: instrumental giving and expressive giving. Instrumental giving typically targets a specific social problem, while expressive giving typically reflects the donor's interest in a cause or organization. Jung (2015) and Pulido (2018) advocated for the use of a donor-centered approach to fundraising in order to develop relationships with current and new donors.

**Developing Marketing Strategies in fundraising**

Álvarez-González et al. (2017), Čačija (2016), and Hommerová & Severová (2019) researched NPOs and how marketing practices impact their fundraising success. Findings from Čačija (2016) demonstrate the importance of investigating the needs of potential individual and group donors to increase the success of recruiting and retaining donors. Organizational feedback is important to the success of marketing and fundraising

efforts (Čačija, 2016). Adequate knowledge and expertise of NPO marketing practices and fundraising management are necessary for the viability of NPOs, especially those of small size with limited funds (Álvarez-González et al. 2017; Čačija, 2016). Investing in human resources and NPO marketing, management, and fundraising skills may be key to survival. Several potential benefits NPOs could experience if they focus on an effective application of marketing activities and trends include an improved competitive advantage and strengthened position in the market, improved access to multisource funding, and increased growth and sustainability (Hommerová & Severová, 2019).

**Special Events**

Special events are a fundraising tool used by many leaders of NPOs to help support their organization. The NH Center for Nonprofits (2014) defines special events as a strategy used to recruit new donors, recognize current donors, and generate publicity for the organization. When a special event is strategically planned, the outcome can ensure yearly growth with increased annual giving and generate support within the community or statewide (NH Center for Nonprofits, 2014). Birken et al. (2017) found that 51% of 443 NPO's surveyed in California received significant revenue from special events.

Hafele (2014) discussed how special events might not be a fundraising strategy for everyone. In some cases, they may only yield a small net profit, and there may be occasions when there are competing events taking place at the same time. Another concern with special events is that regular events such as banquets and golf tournaments can become redundant. Krawczyk et al. (2017) researched the measure of efficiency in arts and culture nonprofits. They found that although there are concerns about fundraising

efficiency and "cost to raise a dollar," the use of special events did not have an adverse

impact on the ability of the NPOs to secure funding from other forms. McArdle (2020)

found that special events helped parks appeal to both locals and non-locals by promoting

a sense of stewardship and community. Special events provided the opportunity for

recreation, education, and volunteerism in the community.

Embracing a true social marketing strategy could help leaders of NPOs identify

the preferences and motivations of their target market to organize and implement

successful events (Theron, 2015). Zabel and Hamilton (2015) found that if NPOs

regularly target the same audience for all events, the expenses of the event could end up

outweighing the revenue received. Tysiac (2016) suggested that leaders of NPOs should

focus on how to recruit and retain members of the younger generation with the baby

Boomer generation aging. During some seasons, it may make sense to put more money

into donor acquisition, depending on the organization's strategic plan and the campaign

goals. Fundraising costs should not be boxed into under 5-10% raised (Hafele, 2014).

Another factor for leaders of NPOs to consider when fundraising is that businesses

typically account for less than 5% of charitable donations, while individual donors can

contribute 75% or more of donations (Hafele, 2014).

Sargeant and Shang (2017) identified several characteristics that may contribute

to the success of an event to include corporate sponsors and vendors, volunteers, and

constituents who attend the event. Holding more events could be an option to increase the

financial benefits of special events, but NPOs must be careful not to target the same

audience each time, or the costs could end up outweighing the benefits (Sargeant &

Shang, 2017). An additional factor to consider when planning special events, according to Sargeant and Shang (2017), is the reasons why people decide to be a part of an event; believing in the mission of the NPO is not typically the only reason.

**Summary and Transition**

NPOs receive funding from public and private sources; both sources are subject to fluctuation. When government funding and grants fluctuate, fundraising strategies can help make up the lost revenue. NPOs rely on private donations received through fundraising. External changes such as an economic recession have a negative impact on the funds received from both government sources and private donors. NPOs that have a systematic approach to funding and develop their staff and their services have a greater chance of obtaining and maintaining financial sustainability. Fundraising can be used in a variety of ways to help NPOs reach their revenue goals and appear to be the most successful when a relationship based approach is used to develop strategies.

Special events are one type of fundraising that can generate significant revenue for an NPO. Just like any fundraising strategy, special events come with challenges that need to be addressed to raise money successfully. Regardless of the size or type of NPO, all organizations must navigate a competitive market to develop strategies that will increase their likelihood of financial sustainability. Some of the factors contributing to financial sustainability were discussed and can be expanded on with research specific to how leaders of NPOs create and develop successful special events.

In Chapter 3, I will provide an overview of the research method of this study and discuss data collection and analysis procedures.

Chapter 3: Research Method

**Introduction**

The purpose of this qualitative, multiple case study was to explore how leaders of NPOs develop their annual special events so that they remain a sustainable fundraising strategy, thereby contributing to the financial sustainability of the organization in a competitive and changing environment. I used purposeful sampling to identify five NPOs within the Cincinnati, Ohio region. Interviews were conducted to gather information about the research question: How does the use of special events contribute to the financial sustainability of an NPO?

Berlin et al. (2017) found that NPOs can use special events as a significant revenue source. Special events can be used to create value for new and existing donors but, Zabel and Hamilton (2015) found that if NPOs regularly target the same audience for all events, the expense of the event could outweigh the revenue received. NPOs may encounter difficulty balancing the potential costs and risks of special events with the expectation of keeping fundraising costs within 5-10% of the revenue raised (Hafele, 2014).

In this chapter, I present detailed reasoning for the choice of research design. I discuss the role of the researcher and describe the selection criteria for the sample of this study. I outline data collection procedures and the data analysis plan. Finally, I discuss the trustworthiness and ethical procedures.

**Design of the Study**

The different research methods considered included qualitative, quantitative, and mixed methods. For this study, I chose a qualitative research methodology. Yates and Leggett (2016) described qualitative research as a method to explore and understand a social or human problem by examining the meaning that individuals or groups assigned to the problem. Three purposes of qualitative research are description, hypothesis generation, and theory development (Benoliel, 1984). Qualitative research is used to meet different objectives than those of quantitative research, but their differences do not need to make them stand alone (Pope & Mays, 1995). Qualitative findings may be the preliminary work leading to a quantitative study, or qualitative techniques may be used to supplement the findings of a quantitative study (Meadows, 2003). In this study, the qualitative method is being used to build upon the quantitative research that has used different ratios to measure the financial performance of fundraising in NPOs. Detailed findings of special events as a fundraising strategy can also lead to a quantitative inquiry into measures specific to special events. Qualitative research also makes it possible to study the complex behaviors and attitudes from the perspective of the subjects of a study that would not otherwise be available in quantitative research (Meadows, 2003). By exploring the perspectives of the leaders of NPOs regarding the use of special events, how special events contribute to the financial sustainability of an NPO can be evaluated.

The characteristics of quantitative research and mixed method research did not align with the purpose of this study. Quantitative research is used to examine the relationships among variables to test objective theories (Yates & Leggett, 2016). No

variables were tested in this study; therefore, the quantitative design was not appropriate. The mixed methodology design incorporates both a qualitative and quantitative component (Palinkas et al. 2011). There was no quantitative component to this study; therefore, the mixed methods design was not appropriate.

After reviewing the different qualitative research strategies, I decided that a case study was the most appropriate qualitative strategy for this research study. Single or multiple case studies are options when using the case study design. Yin (2018) discussed reasons for the use of a multiple case design, such as allowing a researcher to conduct an in-depth exploration of the cases and to increase awareness of the similarities and differences between cases. By examining multiple cases, results can show similar results lending to a replication of data (Yin, 2018). For these reasons, I chose a multiple case study design for my research study.

Characteristics of multiple case studies are the use of natural settings to conduct interviews and observations, the researcher serving as the data collection instrument, the use of participants' meanings, the interpretive nature of the analysis, and the ability to provide a holistic account (Yin, 2018). Purposeful sampling was used to select organizations and participants to provide meaningful data leading to a better understanding of the problem and research question (Devers & Frankel, 2000). When conducting an exploratory study, there are no hypotheses to be tested (Yin, 2018). Additionally, when a researcher uses an exploratory study, it is understood that the results will not be used to make broad generalizations beyond the sample that is interviewed

(Yin, 2018). Based on this description and the purpose of this research study, an exploratory multiple case study was appropriate.

I determined that the use of the multiple case study design would be most beneficial in helping answer the research question. Case studies are useful for addressing "why and how" questions in situations (Yin, 2018). Case studies are also useful in situations where the researcher has minimal control over events and when the focus of the study is on real life context phenomena (Yin, 2018). This study focused on how leaders of NPOs can develop successful special events to ensure the events continue to be sustainable, thereby contribute to the financial sustainability of the NPO. Amerson (2011) purported case studies are used in many social science disciplines. They require a good deal of planning and some flexibility along the way but can provide a thorough understanding of the topic being studied (Yin, 2018).

The cases for this study were NPOs that have used special events as part of their fundraising strategy. The use of a multiple case design allowed for an in-depth look at what similarities occur in the strategies used by each NPO to plan and implement special events to contribute to the financial sustainability of the organization. Selecting NPOs that use fundraising to generate revenue was important for this study. By covering multiple cases, a single set of "cross-case" conclusions can be derived, therefore being more powerful than the conclusions of a single case study (Yin, 2018). Additionally, Reichow, Barton, and Maggin (2018) discussed a multiple case study design might be chosen to offer a wider discovery of theoretical evaluation and research questions.

Results from this study may also expand on the relevance of resource dependency theory and strategic choice theory.

## Role of the Researcher

As the researcher for this study, I was responsible for actively writing, planning, and document processing for institutional review and approval. My role as the researcher was significant as I identified and gained permission to collect data from prospective participants for this project. Once participants were confirmed, I proceeded with data collection. My role as the researcher involved conducting interviews with key leaders (CEOs, executive directors, development directors, event directors, and financial leaders) and reviewing relevant documents (budget documents and financial records, annual reports, meeting minutes, and public and internal documents) with information on fundraising. The views and opinions of the various leaders from each NPO provided answers about the study topic and research question. The use of data from documents and reports helped validate the findings.

When conducting interviews, I used an interview protocol. Using a semistructured interview technique gives a researcher a detailed account of the phenomenon being studied (Rubin & Rubin, 2012). Through interviews, the researcher can collect information from the participants about their experience(s) and perspective(s) regarding the topic being studied (Rubin & Rubin, 2012). The purpose of using semistructured interview questions in this study was to identify what strategies are being used by leaders of NPOs to develop successful special events that contribute to the financial sustainability of the organization.

During the interview process, I listened, recorded, and took notes to ensure that interview transcripts would be accurate. To ensure consistency and accuracy, I used member checking by sending a copy of the interview transcript to the interviewee for verification. After data collection and verifications were completed, my role was to analyze and evaluate data. This process involved looking for patterns and themes in the data (Yin, 2018).

It is also important, as the researcher, to identify how your subjectivity can influence preconceived beliefs about the topic being studied (Wilhelmy, 2016). Beliefs and biases can form through personal and professional experience as well as exposure to knowledge from various books and articles (Yin, 2018). I did not have personal or professional relationships with four of the five NPOs selected for this study. I had previously worked for one of the NPOs that participated in this study. To build trust with the participants and encourage an open and honest dialogue during interviews, I established a working relationship with the participants. It is important to identify my personal view(s) as a researcher to give an accurate account of the nuances and responses collected from the participants during interviews (Fusch & Ness, 2015). Having the ability to accurately represent the views and perspectives of the participants through the data that is collected is essential for completing qualitative data analysis (Yin, 2018).

As the data collection instrument for this study, I identified my own experiences and subjectivity. I became aware of how they could influence my interpretations of the data I collected during the interviews. For instance, I have about eight years of professional experience working in the nonprofit sector in a programming and

management capacity. My experience with special events is indirect and limited, but I have seen how they can be used to draw in a large crowd of donors and potential donors. Aside from hearing some anecdotal stories of the impact of special events on fundraising, my knowledge of the impact of special events on the overall financial sustainability of an organization is limited.

To address bias and researcher reflexivity, Creswell and Miller (2000) stated a researcher must describe any assumptions, beliefs, values, or biases he or she has to the consumer. How the assumptions, beliefs, values, and biases will be suspended or controlled during the research process must also be described (Creswell & Miller, 2000). To reduce bias, I relied on data triangulation between perspectives and experiences identified from interviews and data collected from documents and reports.

### Population and Sample

This study included five NPOs (selected from Cincinnati, Ohio area) actively involved in the use of special events for fundraising. The sectors these NPOs were selected from included the art, culture, and humanities, environment, animals, and human services. According to the Independent Sector (2016), these sectors receive 45% or more revenue from charitable giving and private contributions. Organizations with budgets less than $15 million were considered in the search. The interviewees included individuals from the organizations with first-hand knowledge and experience with special events such as development directors, CEOs/executive directors, finance leaders, development/event directors, and marketing directors.

To gather data for this research study, I used a purposeful sampling protocol to select NPOs. Two reasons purposeful sampling strategies are useful are (1) to gain an in-depth understanding of the experiences of certain individuals or groups and (2) for theory and concept development (Devers & Frankel, 2000; Yin, 2018). This strategy was in alignment with the purpose of this study. By using a purposeful sampling strategy, NPOs that best met the established criteria for selection were identified. Once five NPOs were selected, inter-organizational snowball sampling made it possible to select the most knowledgeable and experienced members of the organization. Recruitment strategies for participants included email, phone calls, and face-to-face requests.

The vast majority of nonprofits in the United States are small, grassroots organizations with budgets under $5 million (Frailey, 2017). It was important to select NPOs that use fundraising to generate revenue. Online databases, Charity Navigator and Guidestar, were used to identify NPOs located in Cincinnati, Ohio area with budgets under $15 million in the arts, culture, humanities, environment, animals, and human service sectors. The leaders of the participating organizations were required to be experienced in managing special events. The NPOs selected had used special events for at least five consecutive years as a fundraising strategy for their organization. The leaders selected to participate in the interviews have been in their position for at least five years. These criteria were verified at the time of the request for participation in this study.

The number of cases considered acceptable for conducting a multiple case study is three (Yin, 2018), but five cases were selected for maximum data saturation. Yin (2018) discussed that each case is considered a single experiment in a multiple case study

method. By using five cases, this study could be considered more robust due to replication logic. After reviewing one case, each additional case was used to either predict comparable results or different results for expected reasons (Yin 2018). Through this replication, further development or expansion of theories could occur (Yin, 2018).

I gained approval to conduct research from the Institutional Review Board before I began to contact potential participants. Organizations were identified through the use of the Charity Navigator and Guidestar website. Potential organizations that met preliminary criteria were screened further by reviewing the organization's website for additional information. I identified who the best contact would be from each NPO to email and request participation in the study. Consent forms were sent to the leaders of each organization, via email, who agreed to participate in this study. The consent form consisted of information about the purpose of the study, the rights of the participants, the confidentiality of information, my role as the researcher, and my personal information. Throughout the research process, I worked on building a trusting and collaborative relationship with each participant by being open, honest, and available.

Data saturation is required in qualitative research (Yin, 2018). Data saturation is reached when data collection no longer yields new analytical information (Moser & Korstjens, 2018). Without complete data saturation, the content validity of a study can be compromised (Fusch & Ness, 2015). The number of interviews or the amount of time spent collecting data that dictates when data saturation is reached is not set because study designs differ (Fusch & Ness, 2015). Data saturation is reached when enough information is gathered to replicate the study and when there is no longer any new data, new themes,

or new coding taking place (Guest, Bunce & Johnson, 2006 cited in Fusch & Ness, 2015). How quickly data saturation is reached coincides with the sample size of the study (Fusch & Ness, 2015). To reach saturation, the researcher should focus on collecting both rich (quality) and thick (quantity) data (Fusch & Ness, 2015). Some methods to reach data saturation include interviews, constructing a saturation grid, and the use of data triangulation (Fusch & Ness, 2015). For this study, I collected data from interviews with various leaders of NPOs with knowledge on fundraising and special events. I also collected data from a variety of documents. I interviewed the participants until I reached data saturation. I also asked the participants to review the transcribed interviews to ensure accuracy. Having a sample size of five NPOs provided a wealth of information that led to data saturation.

## Data Collection

Due to the nature of qualitative research, the researcher is the primary data collection instrument of the study (Yin, 2018). The researcher collects data by conducting interviews with participants and reviewing pertinent documents (Yin, 2018). Some additional instruments required for data collection included a semistructured interview protocol, a recording device, and a pen and pencils. The semistructured interview protocol included an opening statement, open-ended interview questions targeting the strategies involved when using special events to contribute to the financial sustainability of the organization, and a closing statement. The pen and pencils were used to write down any observations or nuances that occurred during the interviews.

As the researcher for this study, I considered the techniques to be used when conducting semistructured interviews to collect data. When a researcher wants to understand the participant's account of the phenomenon being studied, interviews are an appropriate method (Paradis et al., 2016; Rubin & Rubin, 2012). Semistructured interviews are useful for gaining responses from participants about their perceptions and feelings regarding the subject being studied (Paradis et al., 2016; Rubin & Rubin, 2012). A very open-ended protocol when conducting interviews for an exploratory study is an appropriate option to consider (Devers & Frankel, 2000). The use of semistructured interviews makes it possible for clarification of the responses if need be (Doody & Noonan, 2013). The structure of the interview questions can include the main question, open-ended questions, and any follow-up questions (Owens, 2014). Conducting semistructured interviews was a useful approach for this study because it allowed me to gain depth and richness in data using the tiered interview question structure discussed by Owens (2014). I used face-to-face and phone semistructured interviews to explore how leaders of NPOs plan and develop special events that can contribute to the financial sustainability of the organization.

In addition to semistructured interviews with various leaders of NPOs, data was collected from budget documents and financial records, annual reports, meeting minutes, and public and internal documents with information about fundraising. Methodological triangulation allowed for the data being collected from various sources to be cross-checked, thereby checking for validity and reliability (Yin, 2018). Pattern matching, as

described by Yin (2018), was used for analysis to help address problems that could arise with developing internal validity and external validity.

## Data Collection Technique

Data collection included semistructured interviews with participants at the NPOs, along with written notes to capture nuances. Data was also collected from documents and physical artifacts located at the NPOs and from their website. These methods of data collection helped with the triangulation of the data (Yin, 2018).

Interviews were scheduled to suit the time schedules of the participants. The interviews took place face-to-face at a location convenient for the participants or over the phone. Interviews were conducted until data saturation was reached. Data from documents and physical artifacts were collected at the time that coincided with the scheduled interviews and post interview when participants sent documents via email. Participants were contacted via email to identify a time most suitable for participation in the interview. Documents and artifacts from the NPOs that were accessible to the public were reviewed throughout the interview schedule.

Interviews were recorded with a recording device (with participant permission, both oral and written), and some notes were taken. The process for the semistructured interviews consisted of an introduction, opening script, interview questions, and a closing. Each interview was recorded, transcribed, and analyzed. Documentation collected in the study included budget documents, financial records, meeting minutes, annual reports, and public and internal documents, and physical artifacts such as

websites, signage, and brochures. As the basis for analysis, a detailed recording of all interviews was necessary (Yates & Leggett, 2016).

## Data Organization and Storage

To protect the confidentiality and privacy of the participants, Yin (2018) recommended the use of codes. To keep data organized from each case and to protect the confidentiality of each participant, the codes NPO1 P1/P2, NPO2 P1/P2, NPO3, P1/P2, etc. were assigned to participants. By using codes, any personally identifying or confidential information shared by participants during the interviews was protected when it is was transcribed. The storage of these transcripts is located on a password protected USB memory stick. It will remain in a locked storage box along with other data materials for five years after the completion of the study. At the end of the five years, all data will be permanently erased.

The target number of cases for this study was five. At the completion of this study, all participants will be debriefed. Tesch (1997) discussed even when subjects have not been deceived, debriefing is still necessary as a means to ensure participants do not leave the study with any confusion or misconceptions about the study. Debriefings should address any suspicions and negative reactions held by the participants of the study (Tesch, 1997). Participants' impressions of the study and its value can also be managed during debriefings (Tesch, 1997).

## Data Analysis Plan

Data analysis involved theoretical coding for conceptual ideas (Yin, 2018). The constant comparative analysis technique was used to assimilate the information gathered

from interviews and documents. Patton (2002) discussed that qualitative researchers usually read over interview transcripts and other textual material multiple times to identify emerging themes and categories. To ensure rich data and interesting findings are collected, a good practice is to consistently move between the sampling, data collection, and data analysis stages of the research process (Moser & Korstjens, 2018). Inductive and deductive analysis can both be used to discover patterns, themes, and categories present in the data (Patton, 2002).

During the data collection and data analysis process, coding and sorting were used to analyze the data. Coding involved first deciphering the core meaning of a passage of information and then assigning it with an appropriate code to help track commonalities and differences in the data (Clark & Veale, 2018). According to Kranke, Constantine Brown, Danesh, and Watson (2016), coding involves paying great attention to how something is said or done and taking the time to read over texts to identify any processes that unfold carefully. To develop a thorough qualitative analysis, the use of coding is essential because of the focus it places on taking a high degree of care when interpreting the data (Kranke et al., 2016).

There are two tiers to the thematic analysis procedure. First, the data was analyzed for recurrent themes for each participant, and then, the data was analyzed to identify common themes across participants (Fossey, Harvey, McDermott & Davidson, 2002). Data analysis involved coding data and conceptualizing data to explore meanings, patterns, and connections (Fossey et al., 2002). Data analysis software can assist with this process, but the researcher should also consider how his/her thoughts, reflections, and

intuition affect the interpretation of the data (Fossey et al., 2002). I coded data manually and with the use of NVivo software to perform data analysis.

I used methodological triangulation to validate all data collected and to confirm data saturation. By using multiple methods of triangulation, a richer understanding of the study topic through the correlation of data from multiple data collection methods was accomplished (Denzin, 2013). Methodological triangulation enhanced the results of this study by making the data more balanced and saturated (Fusch & Ness, 2015). Additionally, triangulation was used to ensure the validity of the study results (Yin, 2018). I used methodological triangulation to ensure data saturation and to promote equal consideration for the data I gathered during the analyses and coding process.

## Issues of Trustworthiness

An important part of conducting a research study is ensuring the data analysis is as accurate as possible. Four tests can be used to establish quality in case studies: credibility (internal validity), transferability (external validity), dependability (reliability), and confirmability (objectivity) (Yin, 2018). The use of these strategies can help establish a quality study with reliable data. Their application is detailed in the following sections.

### Credibility

Credibility emphasizes the truthfulness and accuracy of what a researcher reports to reduce bias (Lewis, 2009). What to look for is, in general, how consistent the findings are with one another and whether or not they are internally coherent (Miles & Huberman, 1994). Two of the main strategies used to establish credibility are triangulation and member checking (Ellis, 2019). Triangulation involves using multiple methods, data

sources, data collectors, and theories to generate a comprehensive understanding of the topic of study (Ellis, 2019). Member checking is used to identify and correct any errors or misinterpretations that may have occurred in the transcription process continually (Lewis, 2009). The opportunity for a participant to share additional information is also present during the correspondence (Lewis, 2009).

While I was the only data collector for this study, I employed all of the other triangulation strategies in my study. I used multiple methods such as interviews and interpretation of written documents along with multiple data sources coming from different people and various written records. Two theories guiding my study are resource dependence theory and strategic choice theory.

Member checking occurred when I asked interviewees to verify all transcribed data from the interview recordings. The data was also reinforced by the participant, confirming what was said and observed (Lincoln & Guba, 1985). Peer review was also used regularly throughout the research process to identify any problems that needed to be corrected (Lewis, 2009).

**Transferability**

Transferability is concerned with how far study findings can be generalized (Miles & Huberman, 1994). Findings should be thoroughly described to allow research consumers to arrive at their conclusion(s) about how the research can be transferred to different groups, circumstances, and events (Lewis, 2009). Strategies to achieve transferability include thick, rich description and variation in participant selection (Yin, 2018). Using a multiple case study design, the use of replication logic can lend to the

strength of transferability. Replication logic views each case of a multiple case study as an individual. It is when all of the cases are analyzed in comparison to one another that potential similarities and replications can be identified. If similar findings are discovered in each case, the likelihood of transferability is greater.

**Dependability**

Dependability refers to how stable the data is over time and conditions (Miles & Huberman, 1994). The quality of the data, data collection process and theory generation should be evaluated (Ellis, 2019). It is important to have clear research questions and an appropriate study design to address those questions (Meadows, 2003). A good practice for ensuring dependability is to keep an account of the changes which occurred in the setting being studied and how these changes affected the research methodology and methods (Ellis, 2019). A case study protocol can be developed, and a chain of evidence should be maintained to ensure the dependability of the research study (Yin, 2018).

**Confirmability**

To address confirmability, the researcher should review the research to check that it is free from any unacknowledged bias (Miles & Huberman, 1994). Confirmability can be done by explicitly describing general methods and procedures to enable the reader to follow the sequence of data collection, process, transformation, and display (Meadows, 2003). Creating an audit trail makes it possible for readers of the research to confirm they might arrive at the same conclusions as the researcher, given the same data (Carnevale, 2016).

Watt (2007) found the use of reflexivity through journal entries to be very helpful in clarifying her thinking, values, purposes, and beliefs about her research. Writing journal entries made it possible for her to keep a record of her thoughts and concerns and reflect on their impact on her research. Journaling requires a vigilant effort to be conscious of one's thoughts throughout the whole research process, but the effort pays off with increased clarity and understanding of the research topic (Watt, 2007). My goal was to build a thorough audit trail using journal entries, interview transcripts, and documents.

**Ethical Procedures**

I used the informed consent process for all participants in this study to ensure all participants received adequate information about the research. By informing each participant about the background and purpose of this study, overt or implicit coercion was avoided, and participants were able to make informed decisions about their involvement in the research (Parsons, 2015).

Providing adequate information about the study entailed constructing an informational sheet with what is involved with participation, the fact that participation is voluntary, and how data will be stored (Parsons, 2015). Before I contacted any participants, I applied to Walden University's IRB for approval to conduct my research. Once approval was granted (Approval No. 01-15-20-0454516), I emailed consent forms to participants. Yin (2018) also recommended reconfirming consent at the onset of an interview, which was done.

I followed the guidelines in the Belmont Report to ensure the ethical protection of participants would be adequate based on the principles of respect for persons,

beneficence, and justice. I protected the anonymity of participants with the use of pseudonyms. The data collected remains anonymous and confidential.

The data, such as recorded interviews and supporting documents, is protected by being secured in locked storage where it will remain for five years. Hard copies of data were kept in a locked box during the research process and will remain there for no less than five years. Additional data was stored on a password protected USB memory drive and will remain there throughout five years.

## Summary

The purpose of this qualitative, multiple case study was to explore how leaders of NPOs develop their annual special events so that they remain a sustainable fundraising strategy, thereby contributing to the financial sustainability of the organization in a competitive and changing environment. The qualitative research method was chosen because it could be used to explore and understand how leaders use special events as a fundraising strategy. A multiple case study design was chosen because it allowed for in-depth exploration of each case and is often most beneficial for addressing "why and how" questions. Additionally, using multiple cases makes it possible to see a replication of data. Purposive sampling helped identify NPOs in the Cincinnati, Oh area. Leaders from five NPOs participated in semistructured interviews and provided documents with information about special events. I conducted all of the interviews and reviewed all pertinent documents. The constant comparative analysis technique was used to assimilate the information gathered from interviews and documents.

In Chapter 4, I provide a detailed description of the results of this study.

Chapter 4: Results

**Introduction**

In the current literature, a variety of articles are written by researchers about fundraising as a general practice, but few cover special events. Tysiac (2016) discussed some of the challenges and strategies associated with the use of special events, but the level of sustainability of special events has not been reviewed. Sargeant and Shang (2017) wrote that special events are labor-intensive and may not be the best way to raise funds consistently. Tysiac (2016) stated it is possible to use special events as an innovative strategy to raise funds in a competitive and changing environment. This qualitative, multiple case study was used to explore how leaders of NPOs plan and develop special events that can contribute to the financial sustainability of the organization. This study was designed to answer the following question: How does the use of special events contribute to the financial sustainability of an NPO?

In this chapter, I (a) describe the setting and demographics of the cases from which I collected data, (b) explain the process of collecting and analyzing data, (c) discuss issues of trustworthiness and (d) discuss the results.

**Setting**

Leaders of the NPOs in this study were invited to participate via an email message. Interviews were scheduled once consent was received by the leader to be part of this study. While the original plan was to conduct all interviews face-to-face, several took place over the phone. Face-to-face interviews were conducted at the organization. All

participants were comfortable with the indicated duration of the interview, and no one

expressed any concerns about having the interview recorded.

## Demographics

To answer the research question, I recruited leaders (executive director, financial

director, and development professionals) from five NPOs from the Cincinnati, Ohio

region. Of these organizations, four were from the human services sector, and one was

from the arts, culture, and humanities sector. All were mid-sized with a minimum of two

special events that leaders used for fundraising purposes and have run for more than ten

consecutive years. Table 1 gives information about the cases and participants.

Table 1

Demographics

| Case | Sector | Cause | Participants' Titles |
| --- | --- | --- | --- |
| NPO1 | Human Services | Food Bank/ Pantry/Distribution | P1: VP and CFO; P2: President CEO; P3: Development Director; P4: Events and Fundraising Manager; P5: Manager of Customer Connection Center |
| NPO2 | Human Services | Services to Promote the Independence of Specific Populations | P1: Development Director |
| NPO3 | Arts, Culture, Humanities | Public Broadcasting and Media | P1: VP and Chief Development Director; P2: Major and Planned Giving Director |
| NPO4 | Human Services | Services for Individuals with Developmental Disabilities (I/DD) and Veterans | P1: Corporate Relations, Special Events, and Volunteer Leader |
| NPO5 | Human Services | Services for I/DD | P1: Director of Community Advancement; P2: |

According to the Independent Sector (2016), NPOs in the human services sector and the arts, culture, and humanities sector typically receive 45% or more of their revenue from charitable giving and private contributions. The breakdown of revenue sources varies with each of the NPOs involved in this study.

NPO1 (human services) receives about 85% of its funding from individuals and family foundations (7% of which comes from special events), according to P1 (the financial director). The additional 15% of the funding comes from government grants, some government reimbursements, and some corporate giving or sponsorships.

NPO2 (human services) receives revenue through fundraising, program fees, and investments. According to its 2017 Annual Report, 23.9% of the revenue NPO2 received was from public support (individuals, institutional and corporate donations, grants, and sponsorships), and 76.1% was from operational support (delivery of services and other sources). Of the public support, funds raised from special events were the second-largest contributor, contributing 7%.

NPO3 (arts, culture, and humanities) provided a development overview fiscal year 2020 document which outlined the sources of funding. NPO3 receives funding from membership dues, major giving, planned giving, special events, and underwriting. The financial goal for major giving (individual and foundation donors who give $1,000 or more) is $1,300,000. The overall income goal of special events is $445,000. The percentage breakdown of total revenue for 2019, according to their annual report, shows

community funding 45.3%, restricted project funding 7.1%, corporation for public

broadcasting funding 16.5%, state and county funding 7.6%, earned income 12%, and in-

kind donations 11.5%

NPO4 (human services) receives funding from various sources. The breakdown is

as follows: fee for services and performance contracts 75%, self-generated income/social

enterprises 13%, contributions and grants 6%, special events 3%, other 2%, and United

Way 1% according to their annual report.

NPO5 (human services) receives 80% of its funding from public dollar sources

(residential per diem, community services, earned income), 11% from fundraising, and

9% from an endowment. Although the endowment makes up 9% of the operating

revenue, the advancement department uses fundraising to fill the 10–20% gap not

covered by public dollar sources to reduce the amount of pull from the endowment

(NPO5, P1).

**Data Collection**

Individual interviews (face-to-face and via phone) with a total of 11 leaders from

five NPOs comprised data collection. Of the 11 participants, there were five from NPO1,

one from NPO2, two from NPO3, one from NPO4, and two from NPO5. Of those

leaders, there was one executive director, one financial director, and nine development

professionals. All of the face-to-face interviews occurred at the place of business for each

participating NPO. All interviews, whether in person or over the phone, lasted between

45–75 minutes. Each leader participated in one interview. Any follow up questions were

asked through email. In addition to interviews, leaders provided documents through email

with information about special events and their organization, such as meeting minutes and agendas, historical data, profit and loss statements, event budgets, some marketing content, and pamphlets. Additional public documents were reviewed, such as 990 tax forms, annual reports, and website content about the events. The use of semistructured interviews, internal and external documents, and website and social media content contributed to methodological triangulation.

I used an audio recorder to record the interviews, and then I transcribed all of the interviews into a word document. After transcribing an interview, I sent it via email to the appropriate participant for member checking. All documents I received from participants and member checked transcriptions were uploaded into NVivo 12 Plus for coding and analysis.

All of the leaders who opted to participate in interviews and document collection were paid staff; no board members, donors, or volunteers participated in this study. Leaders from each NPO were able to provide a variety of documents about their special events. Although all of the NPOs recruited for this study rely on fundraising to bring in the funds they need to balance the budget, fundraising makes up a different percentage of the budget for each organization.

**Data Analysis**

The process of performing a thematic analysis first started with a review of each transcribed interview of the leaders from NPO1 to identify any recurrent themes. Then after carefully reading each passage of an individual interview to decipher the core meaning, codes could be defined. The use of NVivo 12 Plus helped organize and track

codes. Reading through each transcript made it possible to find commonalities and differences in participant responses. Coding each interview also assisted with identifying common themes across participants and cases. This procedure was repeated within each case while also looking at available documents to confirm findings. By analyzing interviews and documents, commonalities and differences across cases were identified.

## Evidence of Trustworthiness

### Credibility

Two of the main strategies used to establish credibility are triangulation and member checking (Ellis, 2019). As outlined in Chapter 3, the use of methods of triangulation and member checking helped establish credibility. All participants reviewed the transcribed data from the interview recordings and confirmed the transcription accuracy. Member checking was beneficial because there was an occasional word or two that was unclear on the recording, and this provided the participant the opportunity to clarify what was said. Data triangulation occurred through the use of interviews, observations, and document reviews. Additionally, the two theories guiding this study remained resource dependence theory and strategic choice theory.

### Transferability

In this chapter, a thorough description of the findings was used to promote transferability. Lewis (2009) wrote that research consumers should arrive at their conclusions on how the research can transfer to different groups, circumstances, and events. Using a multiple case study design made it possible to use replication logic and identify similar findings in each case. Another strategy to achieve transferability,

according to Yin (2018), is variation in participant selection. Although the goal was to have various leaders of each NPO participate, the majority of the participants are development professionals except for two. Having cases from different nonprofit sectors would have provided variation in participant selection; however, the majority of the organizations that showed interest in participating in this study were in human services except one from the arts, culture, and humanities sector.

**Dependability**

A multiple case study design was appropriate for answering the research question. The use of interviews, documents, and observations provided detailed information about special events. The method of data triangulation to evaluate data throughout the collection process and check for data saturation also ensured dependability. Specific documents were requested from participants from each NPO about special events. In this chapter, I discuss changes in the setting and how they affected research methods and methodology. Using a case study protocol ensured the dependability of this research study.

**Confirmability**

The confirmability of this study was established by creating a thorough audit trail using journal entries, interview transcripts, and documents. The method of triangulation was part of the process to ensure the confirmability of the data. A review of the research to check for any unacknowledged bias also helped address confirmability. Meadows (2003) suggested explicitly describing general methods and procedures to enable the reader to follow the sequence of data collection, process, transformation, and display.

**Results**

To answer the research question, participants responded to questions about the general use and purpose of special events within an organization during interviews. Documents about special events were also reviewed for financial performance and to confirm interview responses. After analyzing all of the responses from the interviews, common themes that emerged were funding challenges, challenges with special events, strategies, relationships, friend-raiser, fund-raiser, and mission awareness. Each of these themes aligns with the guiding theoretical framework for this study and with findings in previous literature. The information in this study adds to the limited amount of research on special events as a fundraising strategy.

**Theme 1: Funding Challenges**

Erwin and Landry (2015) researched the fundraising performance of hospitals. They identified increased importance being placed on fundraising because reimbursement has become less reliable, and gaining access to capital is more challenging as well. One factor that significantly impacted nonprofit financial health during a severe financial crisis was the external economic environment (Chikoto & Neely, 2014; Lin & Wang, 2016). Each organization is susceptible to fluctuation from its various sources of funding. Changes can be seen in government funding, individual giving, and corporate giving for a variety of reasons.

All of the participants from each case have encountered challenges with fluctuations in government funding, individual giving, and corporate giving. In circumstances where government funding for programs decreases, the challenge becomes

how to make up the difference with fundraising strategies. According to NPO1/P1, "We get government funding as well, and those programs come and go depending on the administration, or the mayor, or things like that, so that's also a challenge - keeping all of those programs funded." NPO4/P1 also considers it challenging to keep all of the programs at her organization funded. She stated, "Especially during this time with COVID-19, some of the programs cannot operate in the same manner…and having to cancel special events presents a huge challenge on how to make up those funds."

The use of fundraising in itself can also be challenging because individual and corporate donations are also subject to change. On an individual and corporate giving level, NPO1/P2 felt that "We, maybe sort of, are selling a product. We are selling a good feeling, we are selling community engagement, we are selling volunteerism, we are selling those sorts of things, but they don't really have any tangible value." In regards to individual giving, NPO2/P1 said, "this generation of older donors is, unfortunately, passing away, and the younger generations do not give in the same way. And so, this transfer of wealth that's happening to every single nonprofit is a huge challenge." When the development team at NPO3 consolidated their auction event from two locations to one location, NPO3/P2, talked about the impact it had on corporate sponsorship. She said, "I think we lost some sponsors that we won't see come back … Not that they don't support [the organization], but some of those changes are just a logistical thing." NPO5/P1, however, mentioned that although funding challenges exist, they have an endowment to pull from during economically challenging times, which helps alleviate some of the pressure that may otherwise be felt if it did not exist.

**Theme 2: Challenges with the use of Special Events**

Leaders of NPOs can be faced with various challenges when using special events for fundraising. Some of these factors discussed by Sargeant and Shang (2017) and Tysiac (2016) included being labor-intensive, competition between NPOs, generational donors aging out (donor development), and targeting the same donors too often (event fatigue). The challenges identified by Sargeant and Shang (2017) and Tysiac (2016) were reflected in the responses from leaders of the five NPOs. Additional challenges that were mentioned included marketing, sponsorship, and logistics.

**Subtheme 1: Labor-Intensive.** Of all of the challenges discussed by the different participants, the most emphasized was special events being labor-intensive. When participants referred to special events as labor-intensive, it was not the physical labor involved but the degree of multitasking and the amount of time involved in arranging all of the components to make the event happen. NPO1/P2 talked about the variety of processes that need to take place before an event, such as acquiring insurance certificates, waivers, passes, and police approvals to close off streets. NPO2/P1, in the following statement, emphasized the challenge of multitasking, "you're working on them [events] concurrently in a professional role. So, you are working on one, but you still have to be doing some action items for the one [event that is] three, four months down the road or even six, seven, eight, nine months down the road". Each of these NPOs has a small group of staff who share fundraising responsibilities and efforts. NPO2/P1 discussed how everyone in the development department is involved in all aspects of fundraising as compared to a hospital where roles are typically separate. NPO3/P2 and NPO4/P1 both

expressed concern over how the amount of time spent on organizing an event detracts from the amount of time spent on other fundraising strategies. NPO4/P1 talked about how it can be especially difficult when an event committee needs to be micromanaged and does not contribute as substantially as may be needed. NPO5/P1 stated their events currently are very staff lead and volunteer supported, which "creates a drain on time." NPO5/P2 felt that if an event was volunteer-driven, it could be viewed as more sustainable because the load of work could be more equally shared.

**Subtheme 2: Financial.** Financial challenges such as encountering a fluctuating market or changes in the organizational budget were also apparent in all of the NPOs to varying degrees. NPO1/P1 listed several financial challenges that have negatively impacted their ability to raise revenue with events in the past, such as the stock market crash, government shutdown, and having to adjust to new tax laws. Once external factors improved, the organization saw its fundraising revenue return to what it typically would be. NPO1/P3 also said contending with fluctuations in the market is challenging. When the economy is doing poorly, events with a higher-end ticket price are more negatively affected than those with a low cost of entry. NPO1/ P4 and NPO5/P2 remarked on how, when the market is down, the corporate dollars or sponsorships they receive decrease because the companies are making cuts to their budgets.

NPO2/P1 stated that one of the financial challenges is trying to raise money before the event and at the event. For example, with a gala/auction type of event, there are only a few hours to raise a significant quantity of money. P1 stated,

So, that's always a challenge because you've got just a couple of hours to make

an awful lot of money once you're there. This generation is, unfortunately, this

very varied generation of older donors is, unfortunately, passing away, and the

younger generations do not give in the same way. And so, this transfer of wealth

that's happening to every single nonprofit is a huge challenge.

NPO3/P1 also brought up the challenge of raising money at the event. One of

their events is a gala/auction event where different members are honored each year and

asked to help with bringing in sponsorship and bringing in their friends to the event. P1

noted there are some years where the honorees support the event, and there are some

years where they can see a drop in the funds raised. NPO3 also hosts nonrevenue events

to engage and connect with their members as well as the general public. One of the

events received some national support financially. However, when the support was no

longer there, the organization could not solely support it, they decided to cancel it

according to P2. When events are held off-site, there is also the additional expense of

renting space and equipment.

NPO1/P3 shared he has yet to find an answer to how to engage these younger

generations and obtain recurring donations. His experience is that millennials volunteer

their time, but often they do not have extra dollars to give. NPO4/P1 felt special events

were not the best way to raise a significant dollar source, and she views special events

more as a friend-raiser than a fund-raiser. She talked about how special events should not

be relied on financially, especially now considering COVID-19 and having to cancel

many events. She also talked about how, without sponsorship support financially, events

would not be possible. NPO3/P2 brought up the difference in resources they have available to put on an event in comparison to that of a hospital that has more resources to put toward throwing young professional (YP) events. Although NPO5 recently added a 3rd event in the last year, they are also beginning to view special events more as a friend-raiser than a fund-raiser.

**Subtheme 3: Sponsorship.** The level of sponsorship an event receives can have an impact on how it performs and on its sustainability. NPO1/P4 discussed how events are more dependent on sponsorship. The financial documents for the different events each NPO have indicated that sponsorship dollars can account for approximately 50% of the gross revenue. If the focus of a company changes or they have had to make budget changes and now have less to spend on marketing, then the organization could all of a sudden lose that sponsorship. NPO1/P3 stated, "chasing sponsorship dollars is the harder part when putting together a special event…. It's not as easy as people think it is." NPO3/ P2 also encountered having a company that typically supported the auction event decline this year because of a change in its budget. Even with a committee of people whose purpose is to help with finding sponsors, this does not guarantee success. NPO4/P1 found it challenging to utilize an event committee to help seek out and secure sponsors. She expressed some frustration stating, "I don't know if I need to improve my skills when it comes to working with a committee or if it is a matter of finding some new committee members." NPO2/P1 found that when working with committee members or existing company partners, they may not be able to come up with sponsorship ideas on the spot of whom they could contact. However, if someone presents a few ideas or observations to

them, it would often help trigger the thought process.

NPO5 added an event this year, resulting in some of their sponsor dollars shifting off of their other events. NPO5/P1, similarly to NPO1/P3, noted the challenge of trying to find new sponsors stating, "there is not a ton of interest out there in company's seeking these events. It is us actively and proactively reaching out to them." An additional challenge with sponsorship, according to NPO2/P1, is that sponsors can bring whomever they want to the event. She stated,

> Those people are there for free because [they] kind of come on their company's dollar. They do not have that affinity for the agency that more of the individuals have. So, getting those people to want to spend money at the event is really difficult, and usually, the sponsors are not sending decision makers or high-level people.

**Subtheme 4: Donor development.** Another challenge with the use of special events is turning participants into regular or long-term donors, especially in regards to Millennials, which was apparent in interviews with all participants across all cases. NPO2/P1 discussed, the younger generations are not giving in the same way as the older generations. Tysiac (2016) discussed this need to identify ways to engage the younger population because of the Baby Boomer generation aging out. However, there are no clear strategies to do so. NPO1/P4 and P5 both felt because the younger generation has less to give, they were probably more likely to give to a cause that they connected to, whether it was because a family member, a friend, or themselves received services. Special events can reach a broad population for a one-time fundraising occasion.

However, unless a participant has a strong connection to the mission of the organization, they are not likely to become regular donors. P5 stated, "How do you invite and keep the younger generation engaged, and attentive, and wanting to do it because that's the generation that's one and done?" When talking about events, NPO4/P1 said that some of their events focus on supporting specific programs, and it limits the scope of who may be interested in attending the event and was also finding it challenging to connect with young professionals.

NPO1/P3 and NPO2/P1 also observed that the younger generation has less to give, so they are more likely to give with their time through volunteering. NPO2/P1 felt it was essential to foster relationships with young professionals. However, it is essential to be mindful of how much money is invested in tailoring events towards that population because it could be 10–30 years down the road before they see any return. NPO3/P1 also expressed concern that their gala event was not appealing to young professionals and was in the process of putting together a focus group comprised of some young professionals to discuss how to improve the event. NPO3/P2 also added that she had read an article about Millennials having more of a desire to stay at home and do things instead of going out, so she questions what appeal their events have to the younger generation. NPO3/P1 also would like to see more diversity in who attends their events because the services are for everyone, but right now, they do not see much diversity. NPO5/P1 offered the perspective, "I think some of the growing challenges for us is how to transfer those relationships beyond an event in order for it to be deemed successful as a friend-raiser from my point of view on a systematic basis." NPO1/P5 felt the relationships take time to

build, but many times, development professionals and leaders of NPOs want to rush them. It continues to be a challenge of how to balance staff time and resources, engaging participants at an event, and engaging participants outside of an event.

      **Subtheme 5: Event fatigue.** A potentially contributing factor to the challenge of donor development and special events is event fatigue. At least one participant from all of the cases mentioned event fatigue when discussing challenges with special events. One of the events NPO1 has used for the past 17 years is a 5K walk and run. P2 stated, "I think sometimes you get event fatigue because, especially here in our area, there is probably not a weekend that goes by that you can't have a 5K run or walk out there." NPO1/P3 discussed there are some elements of an event that will likely look the same year after year, but they have to continue to make tweaks, or else people would start to ignore the event. NPO1/P5 felt that although some tweaks are made to events year after year, nothing drastic has had to change because the events continue to perform as expected. P5 does think there will come a time where some tweaks here and there will no longer be enough. In the case of a golf outing, NPO2/P1 said there is only so much that can happen with golf. Golf is going to be golf, but they try to explore different options of what could be offered on course or at the event. NPO3/P1 felt their gala event, which has been running for over 15 years, is "stale," and the young professionals that attend are probably bored. NPO4/P1 rebranded a couple of their long-running events to gain interest and remain viable. Changes need to occur continually, or the event will start to lose its audience instead of increase it.

Event fatigue can also occur when there are too many events, according to NPO2/P1. NPO2 added their fourth event, and one of the concerns was whether or not adding that event would cannibalize their donor base. In their case, it did not, and the event has been running for four years and continues to take place. Even so, there are still some people who feel like they are always receiving emails about different events, and they feel it is too much. Some donors and participants feel their involvement with many events spreads them too thin. NPO3/P1 discussed having to scale back their live auction event from two locations to one. NPO3/P2 discussed how one of their events ran for several years, but then they decided to take a break from it this year. NPO5 uses a 5k, golf outing, and newly added gala for fundraising, and P2 discussed these events as being "a dime a dozen," so keeping their brand "fresh and enticing is increasingly important."

**Subtheme 6: Competition.** Competing events can also be a challenge for NPOs, especially those with 5ks. NPO1 holds their 5k during a time when many people are in town for local events because they can usually capture a different crowd according to P2. However, one year another organization had the same idea. It launched their 5k a day before, so people who were interested in participating in a 5k had two options, and it was unlikely that they would participate in both. NPO1/P4 also talked about how there is a 5k every weekend, sometimes two or more, and then there are also the Ninja Warrior style events that create competition. As a result, their 5k does not show much growth, but it does remain steady, according to P3. The financial performance of the 5k, noted by NPO1/P3, is confirmed by financial documents about the event. P3 discussed a time when another organization launched a golf outing at the time of NPO1's Regatta event.

The Regatta event continued to do well, but the other organization ran its event for about four years before deciding to cancel it. NPO3 holds an annual gala, and P2 felt that there was considerable competition because many organizations have galas. There is pressure to identify how to make a gala event stand out from the rest. Although galas are frequent, NPO5 added one in the last year because, according to P1, it helps them connect with the specific mission-focused donor base they wanted to target.

It is not always local events that generate competition for NPOs. NPO1/P3 talked about a few years ago when a hurricane "came crashing through," and the American Red Cross ran a national campaign to help with relief support, the sales for NPO1's Regatta slowed. Participants from the other cases did not bring up this type of situation, but it may have just been a result of the timing of the event. NPO5/P1 did notice that adding another event did cause their other events to compete for sponsor dollars, so perhaps there can also be competition between events within an organization, not just outside of it. NPO2/P1 was concerned that when they added their fourth event, the other events may suffer, but it did not end up being the case for them.

**Subtheme 7: Marketing.** Additional concerns expressed by participants across cases are related to knowing the audience. In some instances, this relates to knowing how to brand the organization's events. NPO1/P3 talked about how early on there was a great deal of discussion that took place over how to brand the Regatta event. Initially, the organization was not tied closely to the event, so attendees were not often aware of what organization was benefitting from the event. Over the years, the taglines for the event have connected the event with their cause. Now people do associate the event with the

organization and their mission. This particular event aims to engage the community and allows them to learn more about the mission of the organization. Not all of their events bring as much awareness to their mission. One of the higher-ticket priced events targets a different demographic through the nature of the event and then makes a brief reference to the organization itself.

NPO2/P1 found it could be a challenge to tell the organization's story in a way that makes people inclined to give once they are at the event. Their events depend significantly on the at event giving, so it is crucial to be able to make that connection with the audience. NPO3/P1 talked about how they are struggling to capture the younger audience with their gala event. They tried doing a 5k walk and run but found it just did not fit with their organization. NPO4/P1 has gone through the rebranding process with two of their events. The addition of an event also allowed them to reach their target audience better. The reason they decided to add another event at NPO5, according to P1, was to be able to reach two of their different audiences more effectively.

**Subtheme 8: Logistics.** Although it is not necessarily the most significant challenge with the use of special events, participants from all cases did talk about the difficulty's logistics could pose. One of the most talked-about difficulties with logistics, whether the event is inside or outside, was the weather. NPO1/P2 talked about how sometimes an event will have to go on rain or shine because there is no rain date. P3 and P4 also mentioned that most of their events are outside, and anything can happen. Some of their events can be held virtually if they had to, but the event would lose the effect. NPO2/P1 noted with an indoor event during the winter season, inclement weather such as

a snow or ice storm could affect whether or not people will be able to attend. Without

people at the event, there is no other comparable way to capture that money again.

The location of an event can also be a challenge. NPO3/P2 talked about when

they moved their auction event from being in Dayton and Cincinnati to just Cincinnati,

and they lost some sponsors and volunteers from Dayton that would typically help with

the event because of the location. NPO2/P1 talked about how some event host locations

limit the event's ability to grow in attendance because of the restricted space. She shared

the question she asks herself and her team, "How do we raise more money with the same

amount of bodies?" Leaders at NPO4, according to P1, also deal with the same dilemma

as NPO2; they have events at locations with limited space for attendees and have to find

creative ways to raise more money.

Since COVID-19 began during data collection with NPO4 and NPO5, participants

also brought up how not being able to bring together large groups of people for their

events was going to have a considerable impact on the viability of events. Some

organizations, such as NPO1, are holding their 5k's virtually, but again as NPO1/P2 has

said, it loses its effect, and people may be less inclined to participate.

**Theme 3: Strategies for Special Events**

In the literature, researchers have identified strategies to increase the

sustainability of NPOs. Some of these factors include board network characteristics

(Faulk et al., 2016), being part of an umbrella organization (Ford, 2015), and the

development of communication and public relations strategies (Čačija, 2016). Several

factors identified by van Breda (2016) to promote resiliency in human service

organizations include developing the system, the staff, and the services of an

organization. Maintaining strong relationships with external funders was also identified

as a factor that contributed to the financial sustainability of NPOs during economically

challenging times (Lin & Wang, 2016)

　　While there are many challenges when using special events to consider, there are

also many strategies that can increase the likelihood of having a successful event. Some

of the strategies discussed by researchers in the literature were relevant to developing

special events in the cases of this study. Common strategies that were apparent across all

cases included planning and debriefing, use of network and team, accessibility of the

event, marketing, and event selection.

　　**Subtheme 1: Planning and debriefing.** Planning and debriefing meetings are

something all of the participants discussed using to help develop special events. Planning

consisted of meetings to discuss and determine budgets, logistics, operations, and

additional details to address before the event. Debriefing meetings also take place within

each NPO after an event to discuss items such as what worked, what did not work, what

could be improved upon, or done differently. NPO1/P2 views these meetings as a way to

ensure continuous improvement "to make it as grand of an event as possible." NPO2/P1

finds using progress reports from the previous year to compare with their current progress

helps everyone gauge their performance and figure out the next steps. NPO3/P1 feels

there is a need to start engaging more individuals from the younger generation in their

event committee to help improve their gala. They have been able to connect with a

younger gentleman who has provided valuable feedback on one of their events and will

become part of a focus group geared towards improving their gala. NPO4/P1 also talked

about the use of event committees. The development team will often meet with them

before and after an event to discuss sponsorship, marketing, and logistics. Pre-planning

and debriefing meetings are also used by leaders and committees at NPO5, according to

P1 and P2. As part of their debriefing meetings, they discuss what went well and what

could be improved.

Part of planning an event is deciding what time of the year the event will take

place. According to NPO1/P2, "We try to marry up our events with another community

event that is going on so that we can capture that crowd if you will." Three of their events

are strategically placed throughout the year to capture as broad of an audience as

possible. NPO2/P1 also tries to strategically plan the timing of their four events

throughout the year so that there is no overlap in marketing that could otherwise

overwhelm their donor base. Staff time and resources only go so far, which is why all of

these organizations have event committees and meetings to help distribute the workload.

NPO1/P2, NPO3/P1, and NPO4/P1 talked about how there are many moving elements to

consider when planning events, so the use of regular meetings between staff and

volunteer event committees, close to a year in advance of the event, help sort out the

details.

**Subtheme 2: Use of network and team.** Having meetings with a team of people

also enables these organizations to take advantage of everybody's knowledge and

expertise (NPO1/P2). Different people can bring different ideas or approaches to the table

to consider. Sometimes it can be a simple suggestion that makes an event more

meaningful. NPO1/P2 provided an example of a suggestion to sing the Star-Spangled

Banner at the opening of their 5K event, which takes place on Memorial Day weekend.

Singing the Star-Spangled Banner was something that had not previously been

considered but was an easy addition and made sense to do. NPO2/P1 emphasized how

putting on special events was a team effort for a mid-sized agency. NPO2 and NPO5

have four people on their development team, and they all play a role in planning special

events. The development team on NPO2 spearheads the planning of events. However,

they rely on their event committees and board members to support their efforts by using

their connections in the community to identify additional sponsors and to promote the

event within their network. NPO2/P1 discussed how they are always looking for ways to

expand their reach through their network and into new communities. NPO5/P1 talked

about how in prior years, the team was able to bring in a new concept for their 5k, which

allowed it to grow during a time when many 5k's were stagnant or in decline.

Although the use of an organization's network and the team is a strategy, it can

still be challenging. It requires a board and volunteer committee members that have the

time, resources, and dedication to supporting an event. NPO4/P1 finds it can be difficult

connecting with some event committee members and therefore does not access their full

potential to support. NPO3/P1 and P2 have found they need to bring in some new

committee members for new, fresh ideas and connections. NPO5/P1 has stated that in

some cases, they have experienced the gambit of having a committee that contributes

support on a small scale to a committee that contributes a great deal of support. NPO5/P1

and P2 expressed how right now, their events are heavily staff lead and volunteer

supported, and they are trying to shift the dynamic to utilize their committees and network better. An organization can have dedicated staff, but to support and plan an event, they also need dedicated board members and dedicated event committees.

**Subtheme 3: Marketing.** In their research on NPOs, Čačija (2016) and Hommerová and Severová (2019) discussed the value of using marketing strategies to improve access to multisource funding and increase growth and sustainability. All of the participants in this study use marketing strategies to promote their events. NPO2 and NPO3 also have a staff member whose primary function is to focus on marketing. NPO1/P1 thinks the more marketing or advertising the organization does, the more likely people are going to know about the organization and its mission.

All of the participants talked about their use of technology and direct mail when marketing an event. Different social media platforms are used for advertising to the public and drive people to the organization's website, where they post the most up-to-date information about what the organization is doing. All of the organizations use an email campaign and social media posts leading up to their events. A direct mail piece is also used but to varying degrees. For instance, the development team at NPO5 primarily uses digital marketing for event invitation because they found they did not receive a high enough response for direct mail to justify the cost for their golf outing and gala event. They do, however, still use a direct mail component initially for the 5k but then do all digital. Before an event, they will use weekly social media posts and emails to connect with their donor base and the public. NPO3 and NPO4 have also scaled back the number of direct mail pieces due to cost, but ultimately, it depends on the event.

Additional advertising used by NPO1 to market their events to the public, according to P3, includes billboards, PSAs, and news outlets such as tv and radio. Participants from NPO2, NPO4, and NPO5 said they do not typically use TV and radio for advertising unless it is donated. However, leaders of NPO2 try to appeal to the media with an interesting story that they will want to cover to help broaden their reach with the public. They want the public to hear about them and make connections with what they are doing. Following an event, the development team at NPO2 will "send press releases with some photos to the area magazines and newspapers in hopes that it will get picked up and covered, and the larger community will see the results of our event." NPO5 also has its 5k covered by a local news outlet.

In marketing their Regatta event at NPO1, there are prize giveaways so they can use taglines that will appeal to people who are interested in winning a prize. They also use taglines that reach the people who have more of an emotional connection to their mission. They try to meet the different motivating factors that donors may have to give. Advertising for the event is adjusted based on the event and the crowd they are looking to reach. Identifying the different motivational factors of participants and the intended audience is also a strategy used by NPO4 when promoting their events. NPO5/P1 and P2 find that their events are historical fundraising events with predetermined audiences that would be interested in going to them.

Team members at NPO1 also research the profile of people who attend their events as a strategy to appeal to different sponsors and see if it is the demographic they are trying to reach. "Being able to show people the similarities of the various events and

the similarities between the demographics of the people that are participating in the event.

So, that it says, yeah, it meets whom we are trying to reach" (NPO1/P2). In the case of

NPO2/P1 stated that the use of a direct mail piece for marketing their events includes

sponsor logos and promotes them in that way.

**Subtheme 4: Event selection.** Each NPO that participated in this study have at

least two events that have been running for more than 15 years. Different factors can

contribute to the decision to use an event. According to NPO1/P3, the use of various and

unique events helps them reach a more diverse population. Their Regatta has a low cost

of entry to participate and is very family and community-oriented, thereby appealing to a

broad range of individuals. Their Taste of the NFL events attracts a very different

audience from sports fans to "foodies" and has a higher ticket price (NPO1/P2). Their 5k

again is very community-oriented, and although it does not show as much growth as the

other events, the team feels it is worth continuing because their partner agencies benefit

from it. NPO1/P3 stated they are always willing to try new ideas to raise money for the

organization and keep events interesting. Sometimes it may involve introducing themes

or different games to an event, and sometimes it may involve starting up a more

competitive event between community members. As long as they can flesh the idea out

and stay true to their mission, they are willing to continue trying new ideas.

NPO2/P1 also discussed how they continue to try and find new elements to add to

their events to help raise additional money. One of their events is at a location where they

cannot grow the number of people in attendance, so they added something new that

raised an additional $1500. They have completely revamped one of their signature events

for the coming year from location to a theme to activities at the event to give it a fresh look. P1 does find it is difficult to change up golf, but they do try to put different things out on the holes so that people can get involved. They also added a clay shooting event in the last five years that P1 found helped them target a new audience they had not yet captured. In trying to make events more accessible to young professionals, they also have a "discounted" rate and auction items that are at a level that may interest them. The team at NPO2 is always looking for ways they can do things differently without damaging the integrity of the event itself.

In addition to revenue events, NPO3 also has screening events to engage members of the organization and sometimes the public. These events are content driven and occur throughout the year. One of their fundraising events, Live Auction, is one of the few remaining of its kind and has been scaled down because it was no longer performing at its highest capacity. NPO3/P1 and P2 discussed how there would likely come a day where they no longer hold the Live Auction because it takes up air time that could otherwise go towards programming. Additionally, P1 felt their Gala event was becoming stale and in need of a revamp. NPO3/P2 talked about one of their newly introduced events, America's Test Kitchen, which was a great success and came to fruition simply because the personalities they featured at the event were available to do it. NPO3/P1 stated, "We try to do more events that are focused on who we are, so [familiar] personalities or our content like screening events. So, those are all really free events where we're trying to engage with people." Sometimes whether or not they decide to do an event is based on the available resources and logistics.

NPO4/P1 also discussed the choice of timing and type of event often serves the purpose of targeting a particular audience and supporting a specific program. She found the team has had to make tweaks and changes to their events and, in the case of two events, even rebranding it with a new name. Similar to NPO2, leaders at NPO4 have worked with committee members to revamp their longest-running event, a gala, by changing the format. Adjustments need to continually take place to an event to keep the audience engaged and interested.

Leaders at NPO5 also consider the audience they are trying to target when deciding how to run an event. P1 discussed the development team felt their golf outing was trying to accomplish too much in too long of a timeframe. They were trying to reach two different audiences in the span of an afternoon and evening by having a golf and a gala type event combined. Ultimately the decision was made to turn the one event into two separate events to better appeal to each audience. A change to the format of the 5k a few years ago raised participation numbers from about 200 to 800. The concept of forming a team has continued to be embraced.

**Subtheme 5: Individual skills.** The skills and knowledge of the leaders of an organization also contribute to a successful event. When talking about what skills and knowledge are needed to help promote a special event, all participants primarily mentioned interpersonal skills and flexibility.

NPO1/P2 talked about needing a knowledgeable team of people to come together to share their ideas and experience because one person does not know everything. Being flexible was a skill all participants at NPO1 shared because, as P2 stated, "even though

you have the proper procedures, you have the processes all laid out, stuff happens." P3 and P4 talked about having to be flexible on the day of the event because the weather may dictate the order of events. P5 talked about how it is also beneficial to talk to event volunteers about being flexible because sometimes, their assigned tasks may need to be adjusted.

NPO2/P1 shared how being able to go out into the community and do some research helps utilize their community partnerships as fully as possible. She gave an example of how an executive at one of their partner companies in the community will often be unsure of who else he could reach out to on behalf of NPO2. However, if P1 goes to the company and has a look around and sees what new items are available, she can go back to him with a list that will spark his ideas. It is essential to be able to create connections and to try to expand the organization's community footprint by using current connections and relationships. NPO2/P1 and NPO5/P1 talked about how vital developing relationships with donors, sponsors, corporate partners, and other stakeholders are to the success of an event and the success of fundraising in general. It requires strong interpersonal skills to form relationships with people. NPO2/P1 stated, "shame on us if we have not spoken to someone since we last asked them for money" and "our largest donors, whatever that number is, say our top 50 donors, we should be having extraordinary personal relationships with these people."

NPO3/P2 also discussed the need to be flexible, especially with America's Test Kitchen event. She found that in some of the previous organizations she had worked for, the schedule for an event was often known one or two years in advance. However, with

NPO3, she finds she has to be more flexible and reactive in a shorter timeframe because some elements cannot be determined a year in advance. NPO3/P1 and P2 also talked about going to other events to see what types of changes they are making and reading articles about fundraising trends.

NPO4/P1 talked about the use of communication and interpersonal skills and being able to multitask. There are many moving pieces to coordinate with the help of a team to pull off an event. Communication lines need to be open, and everyone needs to be clear about what to do and when to do it. She talked about needing to work with and manage a team. To continue building on her skills and knowledge, NPO4/P1 attends webinars and reads relevant articles.

NPO5/P1 said skills from creativity to detail orientation to cultural competency to facilitation and courage to navigate an ask are essential in fundraising. Interpersonal skills are always essential, "especially between your committee members, sponsorship asks, fostering those new relationships – where this may be someone's first touch with you." NPO1/P2 reiterated similar skills and also added being extremely detail oriented regarding the execution the day of the event and having ongoing communication with all those involved. NPO5/P1 shared how one member of the development team is part of different forums and AFP, so they are also able to use those resources to continue learning about best practices.

**Theme 4: Relationships**

Relationships are at the center of fundraising strategies. Khodakarami et al. (2015) found that relationship building strategies are helpful to NPOs looking to achieve

higher fundraising performance. Tysiac (2016) found that building partnerships with donors as opposed to lists of donors was valuable to the fundraising success of an NPO. Qian and Naim (2015) also found building relationships with donors to be critical in developing fundraising strategies.

Khodakarami et al. (2015) found it is of critical importance to build relationships with donors by first understanding their preferences and values and then by maintaining communication to keep them informed on how they are making an impact on the organization with their donations. By building loyalty in existing donors, Mack et al. (2016) found that organizations can save money and time. A beneficial focus for leaders of NPOs is to develop relationship strategies with a focus on building long-term relationships with donors to make interactions feel more personal and less like a financial transaction (Mack et al., 2016).

**Subtheme 1: Relationship strategies.** All participants throughout the interview discussions brought up the role of relationships in fundraising. According to NPO1/P4, the team has "gotten savvy with identifying I guess what you call those types of folks, social media influencers, and that helps." By developing relationships with these types of influencers, they can ask them to promote their event, which then is received by a large following of people. Having relationships with people who will promote the event and the organization is free advertising and marketing and helps reach another portion of the population. When it comes time to sell ducks for their Regatta, they also have various companies that will sell ducks for them (NPO1/P5).

Based on interviews with NPO2/P1, and NPO3/P1 both organizations like to make sure when they are connecting with their stakeholders (donors, members, corporate sponsors, volunteers) that they are not just asking for money or participation in an event. NPO2 sends out newsletters, emails, and their annual report with information highlighting what is going on in the program. NPO3 hosts screening events for members and their lower-level donors and sustainers. They want everyone to feel engaged and appreciated. NPO2/P1 shared it is essential to cultivate donors to keep them coming back year after year and grow their support.

NPO3/P2 finds it very valuable to have relationships with stakeholders because they will probably be the first ticket buyers for an event. NPO2/P1 finds that by having meaningful relationships with stakeholders, they will want to see not just the organization succeed but also you as a professional succeed. NPO5/P2 also found, "The people whom we have a positive relationship with, not just in the neutral, but people who are part of our mission … they want us to succeed." Having positive relationships with many different people leads to more people recruiting and sharing social media posts to obtain a further reach.

**Subtheme 2: Event committees.** Having an event committee is something all NPOs have in common. NPO1/P1 said their Regatta committee has various professionals who help with problems that arise, such as a need for a new sponsor. The Regatta event is the largest for this organization, and that particular committee meets almost year-round except for taking a one-month break. Having relationships with the agencies and people that help fundraise contributes to the growth of an event. According to NPO1/P2, "If you

didn't do that, then your events would be a lot smaller." The Executive Director at NPO2 makes an effort to have seats allocated for young professionals to help with ideas on targeting the younger generation. The volunteer committees for events are vital to the growth of an event, "what we are relying really heavily on is our volunteer committees and chairs leveraging their personal and professional networks" (NPO2/P1). NPO3/P1 said when planning an event, having the best committee members possible elevates the success; "If you have a great committee…you're going to be able to leverage so much more because somebody is going to say 'I have these six friends that I can go to who owns companies and I don't mind throwing in a couple thousand'."

NPO4/P1 also shared having a committee of people who are highly invested in the event contributes to its growth. However, she has also worked with committees that required more micromanaging, and it started to detract from the planning process. NPO5/P1 also felt that support from their event volunteer committees has varied. There have been some years where the committee has provided ample support to the development staff in the planning process. Then there have been some years where the committee provided minimal support to the development staff. NPO5/P2 stated the committees they have for each event generally stay the same except for a couple of people that may change year to year.

**Subtheme 3: Individuals.** At least one participant from all of the NPOs discussed fostering relationships with the individuals that support the organization, such as donors and volunteers. NPO1/P2 said they rely heavily on their individual supporters of an event to reach out to their circle of influence and see who else may be interested in supporting

the event. The staff of an organization brings in a certain amount of support from their circle. However, they also need additional individuals to use their personal and professional networks to "really hit the ball out of the park." (NPO1/P2). NPO1/P2 discussed how the team at NPO1 works to build relationships with the supporters of each event to make sure they are using their resources in the best possible way. NPO1/P2 also emphasized that relationship building occurs with the donors consistently so they can see what investment they have made and how it has contributed to the mission of the organization.

NPO2/P1 talked about the importance of fostering relationships with current donors because it will be easier to grow the size of their donation year over year than to find a brand new donor. Every year, she stated there is a need to bring in new donors because inevitably, some donors will leave for various reasons. She felt, "In a perfect world, we want to be cultivating our donors, so they not only come back next year but maybe they do a little bit more. So, instead of one event, they attend two events, or whatever the case may be. And that's really how you grow your support." NPO1/P2 and NPO4/P1 discussed the importance of building year-round relationships with their core group of donors (such as the ticket buyers and main points of contact for sponsorship) that are not just about money. NPO2 will send thank you notes post-event; they regularly share a little collage about what is happening with the programs. They continuously work to build personal relationships with these individuals. NPO4 will send thank you notes, program updates and maintain regular contact with their core group of donors.

NPO3/P1 and P2 discussed how fundraising is all about relationships. NPO3/P2 talked about how one woman, in particular, will share the organization's social media posts regarding events with her friends and self promote; "you cannot buy that kind of advertisement." Some of the ways NPO3 tries to recognize their donors and members according to P1 are by recognizing someone different each year at their gala, hosting a special event specifically for their sustainers, and sending out individual thank you notes post-event.

NPO5/P1 talked about how they rely on their knowledge of their donors for the event. They want to have people in mind with whom they want to engage and develop relationships. They want to connect with their long and faithful donors regularly. These are the people who can promote their message and advertise their event amongst their friends, furthering their reach in the community.

**Subtheme 4: Millennials.** Relationships will also need to extend beyond the current donor base and shift towards engaging millennials as long-standing donors age out. NPO1/P3 found that engaging millennials through volunteer opportunities was one way to connect with this generation that is not yet in the position to give. NPO1/P4 said millennials enjoy the volunteer opportunities and giving with their time. NPO2/P1 also found that engaging millennials through volunteer opportunities provided a way to develop relationships with this younger generation. NPO3/P1 talked about how they are trying to engage the younger generation by using a focus group to help with event ideas and planning. NPO4/P1 and NPO5/P1 brought up how millennials are this largely untapped population. While volunteer opportunities might help build some relationships

maintaining their interest can be challenging if they do not have a deeper connection to the mission of the organization.

When planning events, NPO3/P2 considers the questions, "What role, what appeal do we have, I guess, at a certain event – who really wants to come to this?" Leaders at NPO2 and NPO3 are working to bring young professionals into their event committees to help identify what they can do with their events to appeal to this younger demographic. All of the participants discussed the importance of appealing to millennials. However, there must also be a balance in the number of resources used to target this portion of the population.

**Subtheme 5: Corporate partners and sponsors.** All of the participants shared how important corporate partners and sponsors were to the success of their events. NPO1/P3 noticed that during the year when one of the major hurricanes hit, many people were donating to the relief fund, and team members at NPO1 could see that their event was not going to perform as well as expected. However, they could reach out to some of their corporate partners for help leveraging into another campaign and hit the numbers they were aiming to reach. Those types of connections provide a safety net. Corporate sales also help them hit their mark for the Regatta. NPO1/P2 also talked about how many of their corporate donors have been with them through thick and thin. Now, there are times when they have less money to give when the economy is down, but when the economy is going "gangbuster," they have more money to spend and contribute significantly to the events. NPO1/P2 talked about the team's role at the organization is to make sure the corporations feel that they are getting a good return on their investment. If

not, they should feel they can openly communicate any concern they may have. Expectations need to be discussed on both sides to make sure everyone is on the same page.

NPO2/P1 talked about how their relationships with their point of contact with corporate sponsors should extend outside the conversation about money; leaders at NPO2 should also be developing personal relationships with these people. When they have strong relationships with sponsors, then those people want to see the organization and the individual leaders succeed at an event and will be more apt to give an extra donation if needed, providing they are in a situation to do so. When working with a point of contact at one of their corporate partnerships, NPO2/P1 found she can help them reach out to new companies in the community and make more connections. The team at NPO2, like NPO1, also wants to make sure the sponsors feel they are getting a return on their investment. They do so by making sure to advertise them on their mailer invitations for events and in other marketing contexts on the event.

NPO3/P2 talked about how their sponsorship around their auction event has changed. Since they now only do their auction in Cincinnati, sponsors from Dayton are no longer involved in that event, so they have worked to find other ways to keep those sponsors engaged. Regardless of the logistics of their events, the relationships with their sponsors are important to maintain regularly.

NPO4/P1 felt that sponsors are vital to the planning of an event. Sponsors help cover the cost of putting on an event, and without them, it would be challenging to budget for an event. As someone who is very budget conscious, P1 finds there is a lot of time

and effort that goes into developing and maintaining relationships with current sponsors while also looking for potential new sponsors. These sponsorships are necessary for the sustainability of an event. NPO4/P1 and NPO3/P1 both felt that their time, dollar for dollar is better spent working on cultivating larger individual donors than planning and preparing a fundraising event.

NPO5/P1 stated they have a pool of long and loyal sponsors to go to for an event, but they need to actively seek out new sponsors. NPO5/P1 and P2 find their 5k is the most challenging to find sponsors for because it is a general audience that does not draw the attention of companies. When talking about fundraising and special events, NPO5/P1 stated, it is all about relationships and the vendors or sponsor's experience with the organization, no matter who it was they connected with at the organization.

**Subtheme 6: Volunteers.** Relationships with volunteers are also important because they often help provide support in the form of labor at events. All of the participating organizations have volunteer opportunities with their programs and events. All participants shared how volunteers are invaluable because they are supporting the functions of the event for free. Without their efforts at the event, it would not be possible to operate. Everyone also felt it was important for event volunteers to have a good experience so they continue to return and support the event each year. Participants from each NPO also use volunteer opportunities to educate individuals and groups about their program, operations, and mission.

**Theme 5: Friend-Raiser**

Using special events as a friend-raiser by the cases in this study was also apparent. For this study, a friend-raiser is defined as engaging individuals as supporters of the organization. Friends raised may provide support in non-financial ways such as volunteering, offering free consulting advice, sharing the mission of the organization within their network, etc. NPO1/P1 sees special events as something fun people will come to and feel good about supporting a cause and then continue to attend the event year after year. NPO1/P2 finds special events help them to reach a different audience other than their typical donor base. NPO1/P3 and P4 both find special events are great for drawing in new people, but turning an event supporter into a long-time donor is difficult. NPO5/P1 finds that most people who come and participate in an event love it but do not often become donors beyond their participation fee. NPO1/P5 views special events as a great way to engage volunteers and participants in a fun way so that they will tell their friends, family, and network about their experience.

NPO2/P1 also sees value in special events as a friend-raiser;

we want them to be great friend-raiser too, and that people leave there, and they feel really great about what they did, they don't just feel like they got hit up for money, they feel like they were a part of something bigger, a part of our mission.

NPO3/P1 finds their free events provide an excellent opportunity for the staff of the organization to meet members and the general public and get to know them better. The events are also an opportunity for people to learn about the organization and experience what the organization does. NPO3/P2 thinks whether or not people can come to the event,

it is good for them to see what the organization is doing. It is good for people to see the organization is being active in the community and engaging with people. NPO3/P1 and P2 talked about how they think using special events allows them to deepen the trust of their audience through engaging and showing people what they are doing within the organization.

Participants from NPO4 and NPO5 all view special events more as a friend-raiser than a fund-raiser. They do not diminish the need for special events to raise funds for the programs of the organizations, but they do not like to put a heavy focus on using events for that purpose. NPO4/P1 talked about how special events are useful for educating a broad audience about the effect of their programs and increases their understanding of how their donation can support the cause. NPO5/P1 noted events provide an opportunity for the staff of the organization to share with different audiences the mission of the organization as well as connect with new people.

**Subtheme 1: Engagement.** Part of raising friends is connecting and engaging with donors and participants. NPO1/P2 said one reason nonprofits do special events is that it gives them a renewable audience. NPO3/P1 said participants usually feel good about giving back, and they want to do it again. Circumstances do not always allow for them to participate again, so sometimes that turns into a financial donation. One of the events at NPO1 engages a general audience and involves hundreds of volunteers, according to P3. People enjoy being involved in the event in some capacity and continue to return each year, creating that renewable audience that was mentioned by P2. An event can bring in new friends for an organization, but it can also help develop deeper

connections with existing friends (donors) of the organization.

NPO1/P3 discussed how organizations like NPO1 started very grassroots in nature, and having special events provided them the opportunity to get their message out to the general public and start building connections and relationships with people, thereby making it possible to generate a list of supporters and develop trust. NPO3/P2 thinks special events can build trust. She said, "we are bringing people together to have that relationship, and if they know us, and we're now a face with the organization, then that just deepens their trust."

NPO2/P1 wants the people who attend their events to feel like they are part of the mission and to feel that they have made a difference. Having an event that makes people want to come back and participate again is one of their goals. They consider not just the experience of the participants but also the experience of the sponsors and vendors who support the event. NPO3 has had some people who have moved away travel back just to volunteer for their live auction event because of their commitment, according to P1. NPO2/P1 has found that if they reach out to people through mail who attended an event one year but were unable to do so the following year, many of those people will often donate. NPO3/P1 thinks the engagement of committee members, volunteers, and attendees with an event is what makes them feel the closest to the organization. Those who are most engaged are those that show more significant commitment. NPO3/P1 said the level of connection and engagement that comes from being at an event would be hard to replicate in any other way.

NPO4/P1 also said events help foster relationships between staff of the organization and new and existing supporters of the organization. Events are also a way of connecting like minded people who are interested in the cause. NPO4 and NPO5 use events to try and target specific audiences that are supporting their programs. Each organization has a gala event with a focus on raising money but also a focus on connecting with their long-time supporters and major donors. The audience has a strong connection to the mission of the organization.

**Theme 6: Fund-raiser**

Although all of the participants said that the funds that special events raise do contribute to the organization's budget, they do not all value special events as a fund-raiser to the same degree. When setting financial goals of what the leaders expect a special event to net, all of the organizations use historical data and evaluate where they may have room to grow. Even with a defined goal NPO1/P3 still finds events are volatile, and there is no guarantee that a specific amount of money will be raised. NPO4/P1 also views special events as volatile when used as a fund-raiser and does not find them to be the most efficient or effective fundraising strategy because of the time, energy, and resources that are needed to put on an event. NPO5/P1 is also unsure that the use of special events contributes to the financial sustainability of the organization. Neither NPO4 nor NPO5 has canceled or moved away from holding specials events. However, participants from these organizations did talk about viewing special events more as a friend-raiser than a fund-raiser.

NPO1/P1 did place more value on special events as a fundraiser, saying, "a lot of our programs need additional funding, need to be subsidized, and so that is where special events come in." The special events help raise the additional funds needed to subsidize those programs and help balance the budget evenly. NPO3/P1 said they would never stop doing special events because it is a substantial amount of money raised for the organization. NPO3 receives target goals from the finance department of what they expect their events to make based on historical data. NPO2/P1 shared that the leadership team works together to outline the organizational budget and then identifies how much needs to come from fundraising. From there, they use historical data to identify target goals for what they would like to raise at each event, which combines to reach a general event revenue goal. NPO2/P1 finds the development team must work on a plan to reach the target goal to be sure it is attainable. NPO2/P1 said,

> we try to maintain what I would call a split of at least 70%, ideally closer to 80%, of the total money that we bring in, being for the agency, so no more than 20 to 25% of our budget, of everything that we bring in, being utilized for expenses [for the event to go on]

NPO3/P2 is also very conscious of the budget when planning special events because they do not want to spend more than they will net, defeating the purpose of having a revenue event.

**Theme 7: Mission Awareness**

When discussing the value of special events, one of the reasons NPO1/P1 mentioned was, "it gets the brand out to the community." NPO1/P2 felt using special

events to raise awareness of the mission of the organization is two-fold, being able to reach a different audience and being able to educate that audience on the services the organization provides and its initiatives in the community. He said, "being able to share that message with that audience is really, really good because it spreads out our messaging across." The staff of NPO1 will also go out into their communities wearing shirts that represent the special event, so that is another opportunity for other people to hear about the organization. NPO1/P3 found using special events created a fun way to talk about a serious subject, "I think the event gives us that entry to talk about it - and to broaden our brand and broaden everyone's horizons in a unique way." NPO2/P1 also said that using special events was a way to bring more people into the agency to learn about its mission and broaden its reach in the community.

NPO3/P2 provided an example about how the use of a free screening event raised awareness of one of their productions that was underway, and a gentleman who showed up at the event came back a couple of months later to give a $1,000 gift to support the production. NPO3/P2 finds many people drive by the organization but do not know what it is or what they do, so having events, whether free or revenue, helps raise awareness of their presence in the community. NPO4/P1 also discussed that people are unaware of all of the programs and services that are provided by the organization. The events that NPO4 plans help to increase awareness and provide funding for the specific programs. NPO5/P2 considered providing "an opportunity to allow people to come to better understand our mission." to be the primary goal of special events, particularly for their golf outing and their 5k. The events are also helpful for NPO5 to distinguish themselves from several

other NPOs in the area that share the same name. NPO5 has a unique mission, not just in the city, but nationally and P1 thinks it is vital to captivate their audience at events with their mission so that everyone, or a good portion at least, will leave knowing who they are and what their mission is.

## Summary

The purpose of this study was to explore how leaders of NPOs plan and develop special events that can contribute to the financial sustainability of the organization. The results demonstrate that leaders are faced with various challenges when planning special events, but they can implement various strategies to overcome those challenges. Special events can also be used for more than raising revenue; they can be used to develop relationships, to raise friends, and to raise mission awareness. Various special events can be used, and it is up to the leaders of an NPO to determine what type of event aligns with their goals.

In Chapter 5, I (a) discuss what these results suggest about how special events contribute to the financial sustainability of an NPO; (b) describe the limitations of this study; (c) provide recommendations for future research, and (d) discuss the implications of this research.

Chapter 5: Discussion, Conclusions, and Recommendations

**Introduction**

The purpose of this qualitative multiple case study was to explore how leaders of NPOs plan and develop special events that can contribute to the financial sustainability of the organization. To answer the research question—How does the use of special events contribute to the financial sustainability of an NPO?—seven themes were identified and discussed in Chapter 4: funding challenges, challenges with the use of special events, strategies for special events, relationships, friend-raiser, fund-raiser, and mission awareness.

Services provided by NPOs benefit many individuals, but without the ability to raise adequate funds, their ability to fulfill their mission is diminished. In order to raise funds from donors in a competitive environment, leaders of NPOs need to come up with creative strategies (Levine Daniel & Kim, 2018). Although special events can be used to create value for new and existing donors, Zabel and Hamilton (2015) found that if NPOs regularly target the same audience for all events, the expenses of the event could outweigh the revenue received.

Charles and Kim (2016) found that further qualitative research would be beneficial regarding how leaders of NPOs measure fundraising performance. Using this study, I looked at what factors contribute to a successful special event. I found that although the special events used by the NPOs in this study do raise needed funds to support their mission, there is no evidence to suggest that special events contribute to the financial sustainability of the organization beyond the 3–7% they contribute to the annual

revenue. Using a single case study, Inoue (2016) found that the level of event

satisfaction, perceived event contribution, and camaraderie that event attendees felt could

explain their donation intention. Leaders do value special events as a relationship builder

and friend-raiser. However, the degree to which those relationships and friends may be

converted to financial donations in the long-term is still to be determined.

**Interpretation of Findings**

The literature reviewed for this study indicated that fundraising strategies are vital

to raising the much needed revenue for NPOs to deliver services. With increasingly

competitive markets, it is becoming more challenging for NPOs to find sustainable

resources (Arik et al., 2016; Levine Daniel & Kim, 2018; Reilly, 2016). In exploring why

leaders of NPOs choose to use special events for their organization, the results indicated

that events are used as a friend-raiser, fund-raiser, to build relationships, and to raise

awareness of the mission of the organization. These themes are in alignment with and

confirm what Sargeant and Shang (2017) and Tysiac (2016) wrote about using special

events as a strategy to raise funds, promote donor engagement, and connect with current

donors. Each case in this study has at least one event that is intended to engage the

general public. These events have a low cost of entry and create an opportunity to educate

the public about the mission of the organization. Each case also has an event to engage

their donors who are already invested in the mission of the organization. Events can be

used for different purposes and to target different segments of the population.

For the cases in this study, special events contribute 3–7% to their annual

revenue, which is a small contribution to the short-term financial sustainability of the

organization. For an NPO, Bowman (2011) defined financial sustainability as having the resources to meet the needs of consumers in the short-term and long-term. Leaders of the NPOs in this study measure the value of their special events not only concerning funds-raised but also friends-raised, the development of relationships, and mission awareness. Friends that are being raised at special events may not regularly donate beyond the event ticket initially. However, if those relationships can be developed over time, it could lead to monthly or larger donations in the long-term. The development of relationships not only applies to individual donors and volunteers but also to sponsors and corporate partners. The degree to which special events contribute to the financial sustainability of an NPO could depend on the ability of the leaders of the NPO to build and develop lasting relationships with event participants.

All of the NPOs in this study have held at least one event for more than 15 years. In order to remain sustainable for that duration of time, changes have to be made regularly. Success may be defined in financial terms, but it may also be defined in terms of connecting with the community. By first determining what function the special event is intended to serve, such as raising funds, raising friends, increasing mission awareness, and connecting with existing stakeholders, leaders can create a plan to achieve their goals. While a special event can serve more than one purpose, if there are too many goals to focus on, there is a risk that no one goal will reach its full potential. By creating a strategic plan for a special event and allocating available resources appropriately, the event is more likely to remain sustainable and beneficial to the NPO.

When discussing the function of fundraising for NPOs, Čačija (2016) stated fundraising had reached a point where it needs to be considered an exchange of values, not just as a means for the organization to obtain necessary financial resources. Tysiac (2016) also discussed that leaders of NPOs need to do more than ask for funds. Blansett (2015) wrote about considering how to create value for donors when planning a special event. The findings of this study suggest that a successful event relies on having strategically placed people. Fundraising is relationship-centered, and that includes having a strong committee of people that are committed to supporting the growth of an event. Having a strong network of professionals involved in the events, such as sponsors, can also enable the growth of an event. The results of this study confirm the importance of building relationships with all of the stakeholders of an organization. In particular, donors should not feel that their only communication with the organization is about money. When planning special events, the goal is to raise funds and also to connect with donors so they can see the value their support adds to the mission of the organization.

It would be beneficial for leaders to work on building and strengthening their relationships with stakeholders and supporters of the organization. A certain degree of turn-over in donors can happen for reasons such as aging out, moving away, loss of interest, or lack of funds. By actively seeking out new relationships with donors, sponsors, corporate partners, volunteers, and other stakeholders, leaders of NPOs can fill in the gap of lost donors. Čačija (2016) discussed the relevance of building relationships with donors to create not just a financial exchange but also an exchange of values. Tysiac (2016) also discussed the importance of establishing more than a financial transaction

between organizations and donors. The findings of this study reflect the importance of

building greater interpersonal relationships with donors to drive the feeling of connection

to the organization and the staff. While special events must continue to raise funds, they

are also a strategy that can contribute to relationship building with the stakeholders of the

organization by providing an experiential opportunity to connect

## Limitations of the Study

Several limitations of trustworthiness were considered in this study, as described

in Chapter 1. Limitations included the data collection process, the influence of the

relationship between participants and the researcher, scheduling complications and

availability of participants, and the use of the multiple-case study design. Additional

limitations included the sample cases, participants, and location of this study.

Data was collected for this study from interviews with leaders of NPOs and

documents with information about special events. Participants answered the interview

questions with the information they were willing to share. The amount and type of

documentation received from participants varied based on what they had available and

what they were willing to share. Interviews were also limited to leaders of the NPOs who

had the available time and were interested in participating.

Limitations can occur with interviews when responses are distorted for reasons

listed by Patton (2002), such as researcher's bias, anger, anxiety, politics, and lack of

awareness. An interview protocol was used to mitigate this limitation. Additionally,

during the interviews, I would repeat back the participant's responses to questions when I

found it necessary to clarify my understanding of their answers to mitigate bias. Once the interviews were completed, I would reflect on my thoughts of what was shared.

Although different leaders were invited to participate in this study, such as executive directors, financial directors, development directors, event directors, marketing directors, and board members, 9 out of the 11 participants were leaders from the development department of the participating NPOs. Additionally, although NPOs from different sectors such as animals, environment, arts, culture, and humanities and human services were invited to participate in this study, only one was from the arts, culture, and humanities sector participated, with the remaining four from the human services sector.

## Recommendations

Based on the literature reviewed and the results of this study, the following recommendations on the use of special events by leaders of NPOs are presented.

### Recommendation 1

Marketing strategies can have a vital role in how NPOs appeal to a new donor base. Participants all expressed that they were trying to engage millennials and cultivate relationships with them so they may become donors to the organization at some point. Special events have changed to not only continue to hold appeal with regular attendees but also to try and capture the interest of a younger generation. Future research could evaluate what specific marketing strategies are being used by leaders of NPOs to promote their events and what percentage of millennials they have reached.

**Recommendation 2**

This research study was limited to NPOs in the human services and arts, culture, and humanities sector that held special events for at least five consecutive years. Future research could explore the use of special events by organizations in different sectors to see if those leaders encounter any different challenges or use any different strategies with their events. Additionally, the NPOs in this study were mid-sized with net assets under $15M, providing services within the Cincinnati, OH region. Future research could explore the use of special events in NPOs of different sizes providing national or international services. Special events for the cases in this study contributed 3 -7 % to the annual revenue. Researching organizations with special events that contribute 35% or more to the annual revenue could provide greater insight into the use of special events as a fundraising strategy.

**Recommendation 3**

Special events are valued for developing relationships, raising friends, creating mission awareness, and raising funds. Leaders of NPOs measure their financial performance by tracking their expenses and revenue; however, there are no defined measures for how successful the events have been in attracting and retaining donors. Future quantitative research could be done to measure donor participation per event, donor recruitment, donor retention, and dollar contributions per event.

## Implications

Positive social change, theoretical implications, and empirical implications were considered for this study.

**Background**

The use of fundraising by leaders of NPOs has been researched from a broad

perspective to measure efficiency ratios and general practices. However, there is limited

research on the use of specific fundraising strategies, such as special events. The results

of this study can help leaders of NPOs understand how to strategize and plan for

challenges that come with the use of special events to increase the likelihood that their

event will be successful. Understanding the choices leaders of NPOs make when using

special events will also enable other leaders of NPOs to make informed decisions about

whether or not special events will be a beneficial fundraising strategy for their

organization.

**Positive Social Change**

In chapter four, seven themes were discussed: funding challenges, challenges with

the use of special events, strategies for special events, relationships, friend-raiser, fund-

raiser, and mission awareness. The results of this study can inform leaders of NPOs what

factors to consider when starting a special event or when making changes to an event.

While the participating leaders in this study expect their events to raise a predetermined

amount of funds for the organization, the financial success of the special event is not the

only factor that they consider when measuring the success of the event. Additional factors

considered are the number of returning and new participants that attended an event, how

engaged attendees were at the event, and how well leaders communicated the mission of

the organization. It is not only important to demonstrate the financial impact donors have

on aiding the mission of the organization, but also to demonstrate the impact the

organization has on the community. It is valuable for donors and stakeholders to feel connected to the organization beyond their financial contribution.

The results of this study do show that NPOs are subject to various challenges when using special events. By having a strategic plan in place, leaders of NPOs can often overcome these challenges and have a successful event year after year. The results of this research could help leaders of NPOs identify strategies to use when developing their special events to enhance the likelihood of a successful event. By reviewing the challenges and strategies that apply to special events and the different functions, special events can serve, leaders of NPOs will be able to make more informed decisions when considering and planning special events. Having successful events will allow NPOs to develop relationships with stakeholders and raise funds, friends, and mission awareness. Increased support leads to a growing capability to provide services to those in need and better support the community.

**Theoretical Implications**

Two theories were used to guide this research study: strategic choice theory (Child, 1972) and resource dependence theory (Pfeiffer & Salancik, 1978). Strategic choice theory was chosen because it is used to consider how the interactions between an organization and its environments influence adaptation and change (Lewin & Volbera, 1999; Schul et al., 1995). Resource dependence theory was chosen because it considers how environmental factors can affect an organization's ability to access resources (Pfeffer & Salancik, 1978). When planning special events, leaders of NPOs have to consider their internal and external environments and how they may influence the success

of the event. Environmental factors can also impact their ability to access the necessary resources to put on an event.

Environmental resources an organization depends on are not limited to a financial capacity; resources can also include information, materials, access to markets, etc. (Pfeffer, 1992). An organization can also have a dependence on the actions of other people to achieve the desired outcome (Pfeffer, 1992). The results of this study show that the leaders of the NPOs are relying on internal and external stakeholders to plan and market their special events with the intent of raising the desired amount of funding and increasing donor relationships. Leaders of NPOs rely largely on sponsorship dollars to make their events possible. The size and success of a special event are subject to external environmental conditions. With COVID-19, leaders of the NPOs in this study have had to consider alternative methods to execute their events.

Strategic choice theory explores the importance of both internal and external relationships and factors on organizational performance. Houghton et al., (2009) stated that diverse knowledge about potential opportunities could be obtained through external network ties. The leaders of the NPOs in this study use special events to not only raise the funds they need but also to raise friends, develop relationships, and raise mission awareness. Within the organizations, special events can help promote camaraderie amongst team members and demonstrate the impact team members make in the community. Raising new friends and developing relationships provides these organizations with more people who will share their experience within their networks, helping expand the reach of the organization.

**Empirical Implications**

For this study, data were collected through face-to-face and phone interviews with leaders of NPOs who have experience planning and developing special events for their organization and by analyzing documents with information about special events provided by the participants. The findings of this study suggest that leaders of NPOs value the use of special events as a fundraising strategy even though they contribute a small percentage to the overall financial sustainability of the organization. Fundraising is vital for raising the additional funds an organization needs to provide services, but it is also important to develop relationships with donors that extend beyond the financial transaction.

## Conclusion

The results of this research demonstrate that special events raise the required money for the programs of an NPO, but those funds contribute to the financial sustainability of an NPO on a minimal scale. However, a great value is placed on using special events to promote connection and engagement with current stakeholders and to provide the opportunity to develop relationships with individuals who are new to the organization. Special events can be used as a strategy to attract potential donors and then educate them about the mission of the organization while raising funds. With special events, leaders of NPOs can develop new and existing relationships with current and potential donors. As more relationships are established, there is potential for more resources to become available to support the mission of the organization.

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Appendix A: Request for Participation

Anora Snyder, MS
anora.snyder@waldenu.edu
Date

Potential Participating Executive Director
Participating nonprofit organization

Dear Executive Director:
By way of introduction, my name is Anora Snyder – I am a doctoral candidate at Walden University. The purpose of this correspondence is to invite you and your organization to participate in a study about how NPOs plan and develop special events that can contribute to the financial sustainability of the organization.

This study's goal is to answer the following research question:
1. *How does the use of special events contribute to the financial sustainability of an NPO?*

In order to answer these questions, I would like to conduct a face-to-face interview with you that will last approximately 45-60 minutes. I would also like to conduct individual interviews with other leaders in your organization who have experience planning and evaluating the organization's special events, for example, Development Directors, Event Directors, Financial Leaders, and Board Members. In addition, I would also like to review organization documents such as budget documents, financial records, meeting minutes, annual reports, and internal documents with information about your special events in order to gain insight into your planning process.

In consideration of convenience, one-on-one interviews with executive staff will be conducted at the offices of the organization. Documents that are requested for analysis will be photocopied at the offices of the organization and analyzed off-site.

Supervision of this research project will be provided by Walden University faculty members Dr. Scott Hershberger, Committee Chair, Dr. Jeff Harlow, Committee member, and Dr. Avon Hart-Johnson, University Research Reviewer.

Your cooperation will be greatly appreciated. The information collected during this study will contribute to improving how nonprofit organizations use special events. This improvement will ultimately lead to nonprofit organizations being better equipped to meet the needs of the individuals and communities they serve.

Please review the attached informed consent form for detailed information about participating in this study.

Appendix B: Interview Protocol

1. The interview protocol begins.

2. Before the interview, the participant will have reviewed the consent form and have provided consent to participated in this research via e-mail.

3. Introduce myself to the participant.

4. Present the consent form, go over contents, answer any questions, and address any concerns of the participant.

5. Provide the participant with a copy of the consent form.

6. Discuss the member checking process that will occur after the interview. The audio-recording will be transcribed and sent to the participant via e-mail for review.

7. Turn on the recording device. A second recording device will be used as a backup. Pen/Pencil will also be available to take notes

8. Follow procedure to introduce the participant with a pseudonym/coded identification; note the date and time.

9. Start the interview beginning with question #1 through the last question.

10. End the interview and schedule follow-up member checking with the participant.

11. Turn off all recording devices.

12. Thank the participant for his/her time.

13. End protocol.

Appendix C: Interview Questions

Questions for CEOs/Executive Directors

1. What are the challenges to ensure financial sustainability for your organization?

2. What is your definition of a successful special event?

3. What do you perceive to be the value of the use of special events for the organization?

4. How does the use of special events help to secure sustainable funding from donors?

5. What challenges do you encounter when using special events to raise funds?

6. What strategies and resources do you use to overcome challenges and create a successful special event?

7. How do you perceive your relationships with stakeholders influence the success of special events?

8. What processes, knowledge, and skills do you use to promote special events for your organization?

9. What mechanisms do you have in place to measure the effectiveness and efficiency of your special event(s)?

10. What additional information would you like to share about special events?

Questions for Development and Event Directors

1. What is your definition of a successful special event?

2. What do you perceive to be the value of the use of special events for the organization?

3. How does the use of special events help to secure sustainable funding from donors?

4. How do you determine your fundraising goals for special events?

5. How do you determine what type of event(s) to use?

6. How do you determine which donors to engage in your special events?

7. What challenges do you encounter when using special events?

8. What strategies and resources do you use to overcome challenges and create a successful special event?

9. How do you perceive your relationships with stakeholders influence the success of special events?

10. What processes, knowledge, and skills do you use to promote special events for your organization?

11. What mechanisms do you have in place to measure the effectiveness and efficiency of your special event(s)?

12. What additional information would you like to share about special events?

Questions for Marketing Directors

1. What is your definition of a successful special event?

2. What do you perceive to be the value of the use of special events for the organization?

3. What challenges do you encounter when marketing for special events?

4. What marketing strategies and resources do you use to contribute to a successful special event?

5. How do you determine which donors to engage in your special events?

6. What factors influence your marketing strategies?

7. How do you perceive your relationships with stakeholders influence the success of special events?

8. What processes, knowledge, and skills do you use to promote special events for your organization?

9. What additional information would you like to share about special events?

Questions for Financial Directors

1. What are the challenges to ensure financial sustainability for your organization?

2. What is your definition of a successful special event?

3. What do you perceive to be the value of the use of special events for the organization?

4. How does the revenue from special events aid the mission of your organization?

5. What financial challenges do you encounter with the use of special events?

6. What financial strategies and resources do you use to overcome challenges and contribute to a successful special event?

7. How do you perceive your relationships with stakeholders influence the success of special events?

8. What mechanisms do you have in place to measure the financial effectiveness and efficiency of your special event(s)?

9. What additional information would you like to share about special events?

Questions for Board Members

1. What is your definition of a successful special event?

2. What do you perceive to be the value of the use of special events for the organization?

3. What challenges do you encounter when using special events for the organization?

4. What strategies and resources do you use to overcome challenges and contribute to a successful special event?

5. How do you perceive your relationships with stakeholders influence the success of special events?

6. What processes, knowledge, and skills do you use to promote special events for your organization?

7. What mechanisms do you use to measure the effectiveness and efficiency of your special event(s)?

8. What additional information would you like to share about special events?