


2018

# Nonprofit Fundraising Strategies to Provide Quality Sustainable Services

Karen Cobb Love  
*Walden University*

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# Walden University

College of Management and Technology

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Karen Love

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Walden University  
2018

Abstract

Nonprofit Fundraising Strategies to Provide Quality Sustainable Services

by

Karen Cobb Love

MBA, Lake Forest Graduate School of Management, 2001

BA, Northeastern Illinois University, 1993

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

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## Abstract

Nonprofit organizations are essential in providing goods and services to the under-resourced in the community. Nonprofits have experienced a growth rate of 47% in 2014 and yet 53% of nonprofits reported less than 3 months cash on hand needed to meet the demands of their clients. This explorative and descriptive study analyzed nonprofit fundraising strategies for providing sustainable quality services. The purpose of this study was to determine what strategies successful nonprofits used to increase funding as it relates to the delivery of quality sustainable service and what conditions influenced fundraising effectiveness. The methodology consisted of a qualitative, thematic research design. The sample consisted 19 participants who held executive level positions in their organizations. Data were collected through a series of recorded in-depth interviews and analyzed using a contrast-comparative qualitative thematic analysis of the recording and written transcription and the NVivo Software Data Management Program. The findings of the study revealed that leaders with transformative attributes and demonstrably connected to the mission drive the fundraising success of the organization by influencing donor relationships, strategies and performance. The implications of the study include sustainable delivery of service by development of effective leadership models for the internal stakeholders thus, positively influencing donor behavior and improved quality of life for the under-resourced over a sustained period. Future research using the mixed methods is recommended for examining how leadership styles may influence funding sustainability.

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## Dedication

This dissertation is dedicated to my husband, Dr. Michael J. Love, and my grandsons, Evan and Avery Clopton. To my husband, thank you for believing in me and encouraging me throughout this long journey. To my grandsons, Evan and Avery, you have both inspired and encouraged your grandmother to continue reaching for the stars.

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## Chapter 1: Introduction to the Study

### **Introduction**

Nonprofit organizations (NPOs) provide a myriad of services to those who lack adequate resources. According to the Nonprofit Finance Fund's (NFF) 2014 survey, nonprofits comprise 5.4% of the gross domestic product and 87% of nonprofit employment is in the fields of healthcare, education, and social services (Hopkins, Meyers, Shera, & Peters, 2014). With an 80% increase in demand for services and 56% of NPOs failing to meet the demand for services for the sixth straight year, additional funding is needed to meet the client needs (Hopkins et al., 2014). Organizations not only lack sufficiency to meet the needs of the external stakeholders they are intended to serve, but as it relates to the internal stakeholders, there is also a need for new talent, innovation, technology, and infrastructure (Hopkins et al., 2014). The social impact of the sustainable delivery of service will facilitate the development of effective leadership and improved support for the internal stakeholders as well as meet the demands of external stakeholders over an extended period (Hopkins et al., 2014).

Chapter 1 will include a presentation of the research literature and background to provide a conceptual framing for fundraising strategies. In it, I will introduce the research problem, provide the 5 years of empirical analysis, and address the gap in the current literature. Moreover, the nature of the study will be discussed, followed by an examination of the assumptions, the scope and delimitations, limitations, and the significance of the investigation. I will conclude Chapter 1 with a summary of the topics discussed and then introduce the literature review in Chapter 2.

## **Background of the Study**

Nonprofit sector fundraising is a critical tool for providing services to the local, regional, national, and global community. Nonprofits are facing increased demand for services, inadequate infrastructure, and financial cutbacks (Hopkins et al., 2014). Giving USA (2015) reported that donations within the United States for 2015 totaled \$373 billion dollars, and this accounted for a 4.1% increase since 2014. The NFF (2013), an organization that examines nonprofit trends in the United States, reported that 53% of NPOs had less than 3 months' cash on hand. The NFF also reported that requests for services have increased 76% and that 53% of nonprofits could not meet the demand for services. Overall funding has increased, yet organizations are finding it difficult to sustain adequate funding to meet service requirements.

The purpose of this study was to explore what fundraising strategies attracted and retained increased funding for the delivery of sustainable service in NPOs. Recent empirical studies provided the context for fundraising processes, leadership, and strategy, but did not provide a conceptual framework for fundraising and the sustainable delivery of services.

### **Economic Influence**

There was a myriad of reasons why sufficient fundraising has been difficult to sustain according to extant literature. Brand and Elam (2016) posited that NPOs are becoming increasingly dependent on private donations due to the economic crisis of 2008, which impacted financial resources globally. Joseph and Lee (2012) also postulated that due to the financial crisis, many NPOs were shutting down operations.



Grizzle and Sloan (2016) suggested that generous funding was being crowded out by government grants, which negatively impacted the donors' incentives to give; consequently, demand for funding services influenced both internal and external stakeholders. Despite the empirical studies of Brand and Elam, Joseph and Lee, and Grizzle and Sloan, who all made postulations blaming the condition of the economy, Curry, Rodin, and Carlson (2012) suggested that fundraising effectiveness was not negatively impacted by the aforementioned influences. Instead, Curry et al. found that transformative approaches juxtaposed with a compelling vision communicated effectively were the key predictors of fundraising effectiveness.

### **Leadership**

A NPO's lack of effective leadership directly impacts its fundraising capacity (Bell & Cornelius, 2013). According to Bell and Cornelius (2013), NPOs are facing leadership challenges such as high turnover rates from CEOs and development officers, performance, lack of competencies and skills for fund development, and strategic misalignment with organizational culture. Hopkins et al. (2014) postulated that the leadership deficit in NPOs negatively impact the organizations' capacity for future innovation and technological demands.

Moreover, leadership directly influences organizational culture and fundraising performance. According to Bell and Cornelius (2013), 12% of leadership and development directors lacked a philanthropic mindset, while 14% of development and 18% of executive directors thought soliciting money was repulsive. Ultimately, without

adequate leadership and fund development, organizations will not sustain the capacity to meet the internal and external stakeholders' needs.

### **Marketing Strategies**

In addition to the economic challenges and leadership deficits impacting the effectiveness of nonprofit fundraising, empirical studies within the last 5 years have also evaluated fundraising strategies within the context of marketing, communication, and decision-making strategies that impacted donor influence and behaviors (Aldamiz-Echevarria & Aquirre-Garcia, 2013; Khodakarami, Peterson, & Venkatesan, 2015). Aldamiz-Echevarria and Aquirre-Garcia (2013) postulated that an organization's environment and the internal operations of the NPO influenced donor participation. Khodakarami et al. (2015) developed a qualitative field study to explore the breadth and depth of donor giving and concluded that retention donors increased their giving in subsequent years. They also found that donors who spread their funding across multiple initiatives would substantially increase their giving.

Abreu, Laureano, Vinhas da Silva, and Dionisio (2015) conducted a quantitative study to determine what role religiosity played in determining donor behavior. Abreu et al. analyzed whether volunteerism and compassion predicted donor behavior and more specifically, whether compassion was an accurate predictor or prosocial behavior relative to donor behavior. The researchers found that donors that rank significantly high in volunteerism, compassion, and religiosity would have a higher probability making contributions or donations to the cause. In addition, the authors predicted that the donor's religiosity would increase the influence of donor volunteerism and donor

compassion. Data collected from their survey of 612 charities in Portugal revealed that religiosity plays a pivotal role and is a predictor of donor behavior (Abreu et al. 2015). Compassion was placed higher than volunteerism concerning religiosity; however, compassion does not necessarily realize monetary donations (Abreu et al., 2015) People who volunteer are more invested in the cause because they volunteer time and money to forward the cause into a positive direction (Abreu et al., 2015).

Starck (2015) explored marketing and fundraising strategies to encourage donors to invest in 10 Ph.D.-level students in the nursing profession. The focus of Starck's strategy was to encourage donors to invest in qualified candidates who reinvested in the education systems by teaching in the institution for 3 years. The author looked at the success of three factors: fundraising for reinvestment, motivation, and changing paradigms. The Board's challenge was to provide \$500,000 of seed money for the investment, but the Board would only provide the \$500,00 if this funding were matched elsewhere (Stark, 2015). When the Board asked other healthcare organizations to support the investment, many were concerned about their budgets and the impending changes in the healthcare payment systems (Stark, 2015). The program completion date was within 3 years, and other healthcare organizations were afraid of losing an employee for those 3 years (Stark, 2015). As many healthcare organizations were seeking equity in the trade, the donor committee negotiated a partnership with other healthcare organizations; the sponsoring hospital agreed to designate an in-house scholar with institutional research status upon graduation (Stark, 2015).

Shaker, Kienker, and Borden (2014) studied effective marketing campaigns and donor culture and how it influenced fundraising campaigns at Indiana University. The researchers used both quantitative and qualitative case study analysis to examine donor characteristics and determined that demand-side communications were not as conducive to attracting donors as supply-side communications were. Shaker et al. posited that demand-side giving was a technique used to impress the obligation to give upon the donors. Demand-side communication in the study included a call-to-action stimulating guilt, anger, and compliance for motivating a donor to give, while supply-side communication encouraged donors to give what they could and be a part of the greater good. Supply-side communication occurred when the fundraiser afforded the donor an opportunity to support and effect positive change (Shaker et al., 2014). Supply-side communication also recognized and acknowledged both the needs of the benefactors and the donors (Shaker et al., 2014). Shaker et al. suggested that supply-side communication was the most effective way to approach donors for support.

### **Performance Measures**

Current literature suggested that due to the limited resource capacity of donors, nonprofits must go beyond merely asking the donors for funding and establish relationships with trust, with transformative attributes, and with performance measures about events and cause-driven missions (Knox & Wang, 2016). According to Knox and Wang (2016), donors increasingly required accountability and transparency in the performance outcome; however, evaluating financial performance could be difficult due to the lack of resources and is a poor predictor of the health of the NPO. In their

study, Knox and Wang developed a capacity building model that measured the goals, objectives, customer satisfaction, internal processes, and the competitive nonprofit funding environments. Buteau, Chaffin, and Gopal (2014) examined whether the perspectives of nonprofits and foundations aligned concerning transparency, performance measures, and challenges. They surveyed 472 foundation CEOs operating charities with a 501c3 status that had annual expenses between 1 million and 100 million. Buteau et al. assessed the foundations' missions, action items, forward-thinking objectives, difficulties faced, and resource allocations. They also assessed nonprofits concerning expenses and determined that the differences in transparency and performance measures were not significant between foundation funder and nonprofit CEOs. Buteau et al. postulated that foundation CEOs found it difficult to assess the performance of NPOs. Nonprofit CEOs indicated that the diversity of standards created a barrier for foundation progress (Buteau et al., 2014). Buteau et al. posited that foundation and nonprofit CEOs acknowledged the challenges faced by their organizations and that they had not optimally taken advantage of the resources provided them.

In this study, I interviewed NPOs that had been sustainable since 2008. Each NPO described its strategies concerning leadership; marketing; and performance measures, outcomes, and operational needs that have been met. This study was needed to provide a contextual model for nonprofits that are struggling to meet the needs of their stakeholders and to equip them with tools that sustain their resources over time.

### **Problem Statement**

The purpose of this study was to identify strategies to attract increased funding for quality sustainable service by examining the fundraising strategies from nonprofits in the Midwestern region of the United States who had adequately met the demands of their stakeholders, internally and externally. Current literature within the last 5 years suggested that donor growth was sluggish and that the pressure to compete for funding had increased due to the minimal support from government agencies (Hopkins et al., 2014; Khodakarami et al., 2015). Due to limited funds and a limited pool of donors, NPOs must explore fundraising strategies that effectively provide funding for servicing their stakeholders (Joseph & Lee, 2012).

Empirical literature and studies published within the last 5 years on the topic of fundraising strategies are scarce. The general problem I addressed with this study was the sustainability of long-term funding for NPOs. The specific problem was that, due to inadequate long-term sustainable funding, NPOs were finding it difficult to provide appropriate quality services.

### **Purpose of the Study**

The purpose of this generic, qualitative, thematic study was to understand the fundraising strategies of NPOs from the Midwestern United States to assist the better delivery of services among all nonprofits. This study captures the experiences and perspectives of leaders in the nonprofit sector. This study did not contain variables because I sought to identify emerging patterns for fundraising that affected long-term sustainability.

## **Research Questions**

The NFF (2013), an organization that examines nonprofit trends, reported that 53% of NPOs had less than three months' cash on hand. The NFF also said that requests for services had increased 76%, but that 52% could not meet the demands. Overall funding had increased, yet, organizations were having difficulty sustaining adequate funding. There are existing empirical studies that discussed fundraising within the context of marketing and communication strategies (Park & Cho, 2015; Shehu, Becker, Langmaack, & Clement, 2016; Starck, 2015), but these researchers did not address the issue of fundraising and sustainability. In seeking to explore how fundraising strategies influenced the sustainable delivery of service, I developed the following research question:

RQ1: What strategies did successful nonprofits utilize to increase funding as it relates to the delivery of quality sustainable service?

Existing empirical quantitative studies suggested a direct correlation between increased fundraising and donor behavior, influences, and practices (Feiler, 2015; Khodakarami et al., 2015). In seeking to understand what conditions or situations influence and fundraising strategies, I developed the following research question:

RQ2: What conditions or situations have influenced fundraising effectiveness?

## **Conceptual Framework**

I sought to gain an understanding of the fundraising strategies used to sustain quality service to both the internal and external stakeholders. The conceptual framework for this study was based on the empirical research of Aldamiz-Echevarria

and Acquirre-Garcia (2013) and their case study analysis on predictors of donor behavior and its impact on donor participation; Bell and Cornelius's (2013) study on leadership, nonprofits, and executive directors' impact on fundraising performance; and the generic qualitative research model of Kostere, Percy, and Kostere (2015). The constructs I explored consisted of factors, which influenced effective and efficient fundraising performance. The factors included both external and internal predictors which impacted donor behavior (Aldamiz-Echevarria & Acquirre-Garcia, 2013); leadership influence on fundraising strategies and campaigns (Bell & Cornelius, 2013); marketing campaigns (Aldamiz-Echevarria & Acquirre-Garcia, 2013); relationship management; performance measures and transparency (Aldamiz-Echevarria & Acquirre-Garcia, 2013; Bell & Cornelius, 2013); and organizational characteristics (Bell & Cornelius, 2013).

In their case study, Aldamiz-Echevarria and Acquirre-Garcia (2013) evaluated the impact of donor participation from the lens of environmental influences, such as government, economic environment, social networks, education, and the organizational construct of the nongovernmental organizations (NGOs) and internal factors, which included personal characteristics, experiences, motivations, situations, and perceived risks. Based on the information gathered, Aldamiz-Echevarria and Acquirre-Garcia created a model for donor behavior which included NGO awareness of the needs of others, information, donor alternative choice analysis, donor level of satisfaction, and performance measures; all factors which may lead to a donor's decision to donate or commit.



My exploration of leadership and its influence on fundraising performance constructs in this study was also based on the conceptual framework of Bell and Cornelius's (2012) survey of 2,722 executive directors and development officers. Their study revealed that leadership negatively impacted donor behavior, innovation, skill development, and performance (Bell & Cornelius, 2013). In their quantitative research, Bell and Cornelius revealed that many nonprofits experience high turnover rates in leadership and development officers. They found that the high turnover rates, when coupled with inefficient leadership skills to run a nonprofit, negatively impacted funding capacity for the organization.

Smaller organizations cannot compete with larger organizations to attract the necessary talent to execute the vision of the organization (Bell & Cornelius, 2013). Bell and Cornelius' (2013) study revealed that many nonprofits lacked the essential strategic planning and fundraising systems to be efficient. They found that many were absent of fundraising plans in place or a database from which to work.

In this study, I aimed to understand the viewpoints, perceptions, and impressions of the participants as they pertained to fundraising strategies. To explore the constructs of fundraising strategies and sustainability, I used the thematic analysis approach model developed by Percy et al. (2013). The generic qualitative thematic analysis model conceptual framework was used because of my preexisting knowledge concerning the subject matter. Percy et al. asserted that when the researcher possesses preexisting knowledge concerning the topic, the researcher can provide detailed

information about the topic and can adequately describe the phenomenon from the perspective of the participants.

Leadership effectiveness (Bell & Cornelius, 2013); resource allocation of the funding as it pertained to both internal and external stakeholders (Aldamiz-Echevarria & Acquirre-Garcia, 2013); performance assessments and transparency (Bell & Cornelius, 2013); and donor behavior and the influence of culture (Aldamiz-Echevarria & Acquirre-Garcia, 2013; Bell & Cornelius, 2013) were the overarching factors which influenced fundraising effectiveness and sustainability. Specific connections of the conceptual framework to this research addressed the impact leadership had on individual fundraising strategies (Bell & Cornelius, 2013); prioritized donor relationship and marketing strategies (Aldamiz-Echevarria & Acquirre-Garcia, 2013); performance and transparency (Bell & Cornelius, 2013); and finally, how nonprofits utilized innovation (Bell & Cornelius, 2013).

In this study, various fundraising strategies are explored. Fundraising strategies are only effective if the outcome provides sustainability for the clients. Empirical studies suggested effective fundraising practices, but few empirical studies addressed what strategies should be implemented to ensure sustainability (Brand & Elam, 2013; Feng, 2014; Goldkind & Pardasani, 2012; Hong, 2014). The studies of Aldamiz-Echevarria and Acquirre-Garcia (2013), Bell and Cornelius (2013), and Kostere et al. (2013) provided the conceptual framework for understanding the complexity of what factors may positively or negatively influence fundraising strategies and sustainability.

I did not address the immediacy of funding; instead, I examined how fundraising strategies were used efficiently to sustain the delivery of service. The principle elements of this study included fundraising strategies and how the outcome of these strategies impacted the sustainability of the services provided to an NPO's internal and external stakeholders. The focus of recent empirical research studies was on what factors influenced donor behavior, marketing strategies, fundraising efficiencies, and the impact of leadership and fundraising effectiveness; however, the current literature on fundraising strategies and sustainability were limited (Brand & Elam, 2013; Feng, 2014; Goldkind & Pardasani, 2012; Hong, 2014). This study benefited from the three conceptual frameworks because it allowed me to examine factors influencing fundraising effectiveness and sustainability from the participants' perspective.

The generic, qualitative, thematic research was used to understand the human experience as contextual evidence in this investigation. My interview questions were aimed at obtaining the essence of the participants' experiences. In investigating fundraising strategies, key emerging themes were identified. Emerging themes facilitated the development of strategic fundraising and sustainability. In the literature review in Chapter 2, I will discuss the topic of fundraising from a broad spectrum of empirical studies. My search for extant literature revealed that the literature published within the last 5 years had not addressed the issue of sustainability in fundraising.

### **Nature of the Study**

The essence of this generic, qualitative, thematic research design was to explore what effective fundraising strategies had been used to deliver quality sustainable service to both the internal and external stakeholders in a NPO. In this study, I evaluated effective empirical research on fundraising strategies through the lens of external and internal factors that influenced the following:

- Donor behavior (Aldamiz-Echevarria & Acquirre-Garcia, 2013);
- Leadership influence on fundraising strategies (Bell & Cornelius, 2013);
- Fundraising campaigns (Bell & Cornelius, 2013);
- Marketing campaigns (Aldamiz-Echevarria & Acquirre-Garcia, 2013);
- Relationship management (Aldamiz-Echevarria & Acquirre-Garcia, 2013);
- Performance measures and transparency (Aldamiz-Echevarria & Acquirre-Garcia, 2013; Bell & Cornelius, 2013); and
- Organizational behavior (Bell & Cornelius, 2013).

Research methods in the current literature studies consisted of the quantitative, mixed-methods, or qualitative research designs. A generic, qualitative, thematic research design was my methodology of choice. Traditionally, there are four methods of data analysis in qualitative research: ethnography, phenomenology, grounded theory, and field research (Trochim, Donnelly, & Arora, 2016). According to Trochim et al. (2016), using an ethnography, a researcher studies the culture and geographical location of the participants, and this design allows the researcher to become the participant.

Additionally, in ethnographies the researcher is given authority to record the events, and there are no observational limits ascribed to the researcher/participant.

The fundraising sustainability phenomenon is examined in this study. The cornerstone of phenomenology is to capture the subjective, lived experiences and perceptions of the participants (Trochim et al., 2016). Phenomenologists seek to gain an understanding of the experience and its conceptual underpinnings (Trochim et al.). Through the qualitative research method of phenomenology, the participants articulate their experience in their voice thereby creating an original narrative (Trochim et al.) Trochim et al. posited that the purpose for using the grounded theory approach was to observe a phenomenon currently established in a theoretical framework and adding to or contributing to the existing knowledge of that phenomenon.

The examiner's role in field research is to observe the participant in their natural state for which they could act as participant and observer using this method (Trochim et al.). Live experiences are recorded and comprehensive data are analyzed (Trochim et al.) Because the examiner operates as both participant and examiner, this method is referred to as "participatory action research inferring that the examiners become the participants, and the participants become the examiners ultimately making the data relationships into data-action" (Trochim et al., 2016, p. 62).

Additional methods of research analysis include quantitative and mixed method designs. The quantitative research analysis measures the relationship between variables and enumerates an outcome such as statistical significance, regression analysis, and Pearson Correlation (Trochim et al., 2016). Another characteristic of the quantitative

research is that it can be used to determine whether the variables act in a harmonized fashion (Trochim et al.). Moreover, with this type of the study, the researcher assumes that the research study could be duplicated and generalized to the population (Trochim et al.). Mixed methods, on the other hand, use both the quantitative and qualitative approach. According to Trochim et al. the researcher can utilize mixed methods research by conducting two independent sub-studies, which parallel each other, and synthesizing the results of both studies at the end. Alternatively, the researcher can combine the studies and use comparative analysis to evaluate the convergence and divergence of the variables (Trochim et al.)

This study was contextual. The generic, qualitative, thematic research design allowed participants to share detailed perceptions and introspections of the fundraising strategies and events to gain a deeper understanding of the phenomenon. I recorded their perceptions and introspections, thereby identifying emerging themes and patterns. Conversely, a quantitative study would not have allowed me the flexibility needed for participants to share their perceptions and introspections of the events. A quantitative study provides distance and independence from what is being studied.

The participants in this study were CEOs, executive directors, development leaders, team captains, and event directors from nonprofits located in the Midwestern United States. The NPOs had been in existence more than 8 years. I chose 8 years as a baseline because these nonprofits had survived the negative financial impact due to the economic crisis of 2008 and continue to service their stakeholders efficiently. Each of the participants had a 501(c)(3) tax-exempt status from the Internal Revenue Service

and is required to file an annual report, which can be viewed by the public. Through semistructured interviews, the participants and I were allowed some degree of flexibility. Within this research design, I used interview questions as guidelines to navigate the discussion. A quantitative survey would not have allowed for any flexibility in questioning the participants. In addition, because I was using semistructured interviews, the participants could interpret, explain, and expand on the topic freely and without constraint.

In-depth interviews acted as the process and source through which I collected data. All interviews were recorded and transcribed. To provide an audit trail, participants were given transcripts of the interviews, which allowed for feedback and correction of any inaccuracies. A data analysis was then performed using the NVivo software program, which facilitated the coding, categorizing, and pattern-seeking process.

### **Definitions**

*501c(3)*: A section of the IRS code for nonprofit corporations allowing tax-exempt status for public charities, private foundations, and private operating foundations (What is a 501(c)(3)? (n.d.). The Foundation Group. Retrieved from <https://www.501c3.org/>).

*990 tax-exempt form*: Forms used by tax-exempt organizations to provide the Internal Revenue Service (IRS) with information required by Section 6063 of the IRS Code (About Form 990, Return of organizational exempt from income tax. (2017, September 7). Retrieved from <https://www.irs.gov/forms-pubs/about-form-990>)

*Altruism*: A donor's motive to give premised supporting the welfare of others (Paulin, Ferguson, Schattke, & Jost, 2015).

*Donor priority*: A ranking of donor benefits predicated on the contribution amount (Boenigk & Scherhag, 2013).

*E-fundraising*: A strategy used to seek and gather donations within an online context (Joseph & Lee, 2012).

*Financial capacity*: The ability of the organization to congregate needed resources to support and sustain organizational needs (Knox & Wang, 2016).

*Management capacity*: The ability of the organization to clearly and succinctly communicate, synthesize, and include their goal attainment and values within a performance management construct (Knox & Wang, 2016).

*Matching grant*: A large donation offered by a donor on the condition that the organization matches the donation amount (Gong & Grundy, 2014).

*Nonprofit organizations*: Tax-exempted organizations classified with a 501(c)(3) status (Joseph & Lee, 2012).

*Seed funding*: A large donation given to a nonprofit in the form of a lump sum (Gong & Grundy, 2014).

*Technical capacity*: The ability of the organization to utilize professional, external expertise in the areas of technology, resource allocation, relationship management, and branding (Knox & Wang, 2016).

*Warm glow*: A donor's motive to give premised on egoistical reasoning (Andreoni, 1994).



### **Assumptions**

Hopkins et al. (2014) asserted that there is a need for funding to sustain the life of the nonprofits. With an 80% increase in demand for human services and 56% failing to meet the needs for human services for the sixth straight year (Hopkins et al.) in this study I aimed to explore what fundraising strategies were used to sustain quality delivery of services.

According to Trochim et al. (2016), the criteria for judging qualitative research include credibility, transferability, dependability, and confirmability. In this section of the study, I will discuss credibility and dependability. Transferability and confirmability will be covered in the Scope and Delimitations section. Credibility indicates that the participants of a study consider its results to be believable (Trochim et al., 2016). Dependability refers to whether the results of the study can be replicated if done twice in a row (Trochim et al., 2016). To establish credibility and dependability, I made the following assumptions.

The first assumption was that each representative was thoroughly knowledgeable of the fundraising strategies and could articulate how these strategies aligned with the mission and vision of the organization. The second assumption was that all interview discussion questions were answered openly and honestly. Another assumption was that the interviewee would ask additional questions for clarification. I also assumed that use of the recording devices did not negatively influence the participant or negatively impact the time allotted for the interview. Participants were notified of any changes in the transcriptions (Trochim et al., 2016). Because the

participants could verify, review, edit, and confirm the content of their interviews, dependability was assumed.

The qualitative model exploring fundraising strategies will prove useful to nonprofits that are seeking to optimize their resources and fully align them to meet the needs of their stakeholders. These assumptions were critical to the success of this study because I sought to identify emerging themes and patterns to develop a model for improved fundraising strategies. Without these assumptions, the credibility and dependability were at risk, and the research invalidated.

### **Scope and Delimitations**

The purpose of this study was to explore what fundraising strategies worked to sustain an NPO's current and future capacity for delivery of services. In this study, I did not consider the fundraising strategies for for-profit organizations. The participants in this purposive sample study were from the Midwestern region of the United States and are representatives of NPOs. The participants included CEOs, executive directors, development officers, fundraising team captains, and event directors only. In this purposive sample, the participants were the experts in fundraising strategies.

In Chapter 2 of the literature review, fundraising strategies were examined, but empirical research published in the last 5 years was limited on the topic. I did not consider studies about the fundraising strategies of political campaigns. Political fundraising campaigns serve the candidate and not the people. This type of research was excluded due to the lack of relevant conceptual framework.

As it pertains to the criteria for judging a qualitative study, Trochim et al. (2016) defined the transferability of the study as conferring with the study's generalizability. Due to the qualitative nature of this study, I was concerned with data saturation as opposed to the generalizability of the study. According to Fusch and Ness (2015), data saturation is achieved when no new discoveries of information can be attained, and further coding is not necessary. The sample size consisted of 20 participants. One participant was excluded due to the lack of 501c3 status, leaving 19 participants in the study. Twelve to 15 nonprofits were justified in a qualitative study when interviewing a homogenous group (Latham, 2013). Homogenous groups are defined as persons who hold a particular status in a group or organization (Latham, 2013). Qualitative researchers use multiple methods of data collection to fully understand the phenomenon (Latham, 2013). To gain a greater understanding, I triangulated the documents and recorded interviews to identify and establish themes and patterns.

### **Limitations**

This generic, qualitative, thematic study consisted of interviewing CEOs, executive directors, development leaders, team captains, and presidents from NPOs in the Midwestern United States. Associates, employees, and volunteers of the organization were not interviewed. With the exception of the aforementioned participants, these individuals were also involved in the strategic process in various capacities. The associates, employees, and volunteers are often the front-line workers who executed the strategies; by not interviewing them, I may have missed opportunities

to learn varying perspectives on how the organizations' strategies impacted the outcome.

I determined fundraising outcomes and success by the NPO's ability to service its clients over a sustainable period. Within the generic, qualitative, thematic method, the experiences and strategies of the participants were recorded. The experiences were subjective and based on the perspectives of the individuals participating in the fundraising activities. Fundraising outcomes may have varied due to the subjectivity of determined success and outcome within the context of sustainability. The guided interview questions facilitated in framing the outcome or success of the fundraising project.

### **Significance of the Study**

According to the Social Impact Research Center, as reported by Terpstra and Rynell (2016), the poverty rate in 2015 for African-Americans in Illinois was 30.6%, while for Latinos it was 19.9%. In 2015, the unemployment rate for Illinois was 14.4% for African-Americans and 8.1% for Latinos (Terpstra & Rynell, 2016). Food insecurity for African-Americans is 26.1 %, while for Latinos it was 10.5% (Terpstra & Rynell, 2016, p. 28). The poverty rate, when coupled with high unemployment and food insecurity, can negatively impact society and its economy.

Three years ago, my family and I started a foundation in Illinois. We purchased a 50,000 square foot building right in the heart of a very impoverished community. Our mission for the foundation is to train leaders through education, job training, performing arts, community events, and worship services. The projected opening date

for the building was June 2017. For this foundation center to operate successfully over a sustainable period, we are currently establishing partnerships, orchestrating events, and communicating the vision to potential donors. NPOs need adequate funding to provide services, both externally and internally (Peet, 2016).

External stakeholders include those outside the organization who depend on nonprofits to provide a myriad of services, while internal stakeholders need adequate funding to serve training and development, support staff, innovation, and construction needs (Peet, 2016). Therefore, I sought to impact social change by providing NPOs with adequate tools to create sustainable resource allocation. Increased funding along with proper leadership and innovation may perhaps meet escalating societal demands.

According to Percy et al. (2015), qualitative studies capture the subjective perceptions of external events and happenings. However, the seminal and current research literature provided limited information germane to nonprofit fundraising strategies for sustainable services among organizations from many nonprofit entities. The participants shared their perceptions of the strategies, outcomes, and delivery of service for more than 8 years. In doing so, I hoped that they provided a contextual framework for emerging nonprofit fundraising themes that NPOs may use to sustain their current and future capacity for delivering services.

### **Summary and Transition**

In Chapter 1, I outlined the conceptual framework for fundraising strategies, which consisted of donor characteristics, marketing strategies, purpose-directed strategies, the importance of transparency, and performance. Each empirical study

discussed provided the conceptual framework for exploring effective fundraising strategies for nonprofits.

The scope and delimitation of this study included nonprofits from the Midwestern United States; the study excluded nonprofits from other geographical areas within and outside the United States. Additionally, the sample size of 19 participants was interviewed. Both the geographic location and the sample size may negatively impact the generalizability of the study.

In Chapter 2 of this study, I will describe the current research literature, which established the relevancy of the topic of fundraising and sustainability. Provided will be an expanded conceptual framework as well as how the concept was developed within a generic, qualitative, thematic design. Finally, I synthesized studies that used the qualitative, quantitative, and mixed methodology and discussed their strengths and weaknesses as well as outlined my rationale for the methodology used.

In Chapter 3, I discussed the role of the researcher, the methodology, and procedures for data collection, recruitment, and participants. In addition to the objectives aforementioned, the issues of trustworthiness with the research were discussed as well as the ethnical procedures used. Chapter 4 of my study discussed the results of the research, the settings, data collection, and summary. In Chapter 5, the conclusions are discussed as well as the interpretation of the findings. Limitations to the study are also provided in Chapter 5. Finally, Chapter 5 concluded with the implications to positive social change both personally and professionally.

## Chapter 2: Literature Review

### **Introduction**

The purpose of this study was to explore nonprofit fundraising strategies that can provide sustainable delivery of services. Current literature provided fundraising strategies using a variety of techniques but was limited to how these strategies were sustainable over time. In seeking to understand what strategies are sustainable over time, I developed the following research question:

RQ1: What strategies do successful nonprofits use to increase funding as it relates to the delivery of quality sustainable service?

Existing empirical quantitative studies suggested a direct correlation between increased fundraising and donor behavior, donor influences, and practices (Feiler, 2015; Khodakarami et al., 2015). In seeking to understand what factors influenced fundraising strategies, I developed the following question:

RQ2: What conditions or situations have impacted fundraising effectiveness?

In this chapter, I will discuss relevant empirical studies that provided the conceptual framing and contextual underpinnings for fundraising. I will address the literature search strategy and extant literature as well as synthesize the literature relative to this study. Finally, I will summarize major themes in current literature, identify the gaps, explain how the differences were connected to the concept, and then provide transitional information about the literature related to the methods.

### **Literature Search Strategy**

The scope of this dissertation consisted of examining fundraising strategies and sustainable delivery of service. My research strategy included accessing the databases available through the Walden University Library, including the Thoreau database, Google Scholar database, dissertations, journals, and course readings. Government documents were also researched and included the Internal Revenue Database, Charity Navigator, Census Population Survey, the Bureau of Labor Statistics, and Alliance Trends – Nonprofits. Key word search terms I used included *nonprofit challenges*, *nonprofit donor relationships and influences*, *fundraising strategies*, *nonprofits and leadership*, *nonprofit performance measures*, *organizational characteristics of nonprofits*, *fundraising and marketing strategies*, *fundraising efficacy*, *philanthropy*, and *e-fundraising*.

Due to the limited resources available for peer-reviewed fundraising strategies, I also examined conference proceedings and dissertations to determine whether there was information available from these sources for sustainable fundraising strategies. I decided that though there was a plethora of information on fundraising, current and seminal literature on sustainability was not accessible. Utilizing the Walden database for dissertations as well as ProQuest on fundraising strategies did not yield any dissertations on this particular topic.

### **Conceptual Framework**

In this study, I sought to gain an understanding of the fundraising strategies used to sustain quality service to both the internal and external stakeholders. The



conceptual framework for this study was based on the empirical research of Aldamiz-Echevarria and Acquirre-Garcia's (2013) case study analysis on predictors of donor behavior and its impact on donor participation; Bell and Cornelius's (2013) mixed methods study on the impact of leadership, nonprofits, and executive directors on fundraising performance; and the generic qualitative research model of Kostere et al. (2015). The constructs I used as the conceptual framework consisted of factors that influenced effective and efficient fundraising performance, including external and internal factors that influenced donor behavior, leadership influence on fundraising strategies, fundraising campaigns, marketing campaigns, relationship management, performance measures and transparency, and organizational characteristics.

In their case study, Aldamiz-Echevarria and Acquirre-Garcia (2013) evaluated the impact of donor participation from the lens of environmental influences, such as government, economic environment, social networks, education, and the organizational construct of the NGOs, and internal factors, which included personal characteristics, experiences, motivations, situations, and perceived risks. Based on the information gathered, Aldamiz-Echevarria and Acquirre-Garcia created a model for donor behavior that included NGO awareness of the needs of others, information, alternative analysis, donor level of satisfaction, and performance measures; all factors which may lead to the donor's decision to donate or commit.

Secondly, leadership perceptions are also investigated in this study as it relates to funding sustainability. Bell and Cornelius (2013) quantitative study provided the pre-text and conceptual framework on nonprofit leadership's impact on funding

sustainability. Finally, the experiences and perceptions of the leaders and their influence as it relates to donor behavior were captured through the generic, qualitative, and thematic research design developed by Percy, Kostere, and Kostere (2013). Percy's et al. model provided the conceptual framework for exploring the constructs of fundraising strategies and sustainability.

Recent literature in the field has mainly focused on what factors influence donor behavior, marketing strategies, fundraising efficiencies, and the impact of leadership and fundraising effectiveness, but current literature on fundraising strategies and sustainability does not exist. This study benefited from the use of three conceptual frameworks because it allowed me to examine factors influencing fundraising effectiveness and sustainability from the participants' perspectives.

### **Literature Review**

In researching fundraising strategies for this study, I reviewed literature available in the Walden Library Database for contemporary articles pertaining to the economic impact on donor recruitment and fundraising, fundraising campaigns and strategies, fundraising and leadership influence, fundraising and donor preference, fundraising and relationship marketing, performance, transparencies and fundraising effectiveness, and the organizational characteristics and fundraising. In this section, I will review literature based on the constructs of the study: fundraising campaigns and strategies, leadership, donor attributes comparable to relationship marketing, performance measures relative to fundraising effectiveness, and organizational characteristics and their influence on fundraising. The methodologies used in past

research on the discussed topics included the case study design and the quantitative, qualitative analysis, and mixed methods approaches.

### **Fundraising Strategies and Campaigns**

In this study, I sought to gain an understanding of what strategies successful nonprofits utilized to increase funding as it relates to the delivery of quality sustainable services. I examined what conditions or situations have influenced funding. In this section, I will explore current literature describing various strategies to raise funds. Grizzle and Sloan (2016) posited that the growth of nonprofits had created a competitive market for generating revenue, and creative financing had provided a funding environment conducive to innovative financial vehicles that resemble business based on financial modeling for nonprofits.

Nonprofits raise funding through individual donations, crowdfunding (Fitzgerald, 2015; Ksherti, 2013; Zhao, Chen, Wang, & Chen, 2016); employment fundraising (DeSawal & Maxwell, 2014); selling goods and services (Hoefler, 2012); and online giving (Hoefler, 2012). Moreover, many nonprofit raise funding through endowments (Grizzle & Sloan, 2013), government funding, matching grants, and seed money (Gong & Grundy, 2013), e-funding (Ly & Mason, 2012; Thackeray, 2013; Waddingham, 2013;), and bequests (James, 2015). Each topic provides the structure and composition of the types of fund raising and the level of success using these strategies has had on raising funds.

## **Crowdfunding**

Crowdfunding strategies include many financial vehicles to raise revenue for their causes. Crowdfunding is a novelty method used to increase awareness and generate funding in a nonprofit organization. According to Massolution (2015) crowdfunding industry reports released in 2015; crowdfunding was a \$1.2 billion investment industry with expectations to grow 75% to 100% in 2016 (CrowdExpert.com. 2016, February 29). Overall, the Massolution study (a crowdfunding study which tracks peer-to-peer financing), reported that crowdfunding would grow into a \$96 billion industry by 2020 (CrowdExpert.Com. 2016, February 29) CrowdExpert.com Investment Crowdfunding Industry Size Estimate: retrieved from <http://crowdexpert.com/crowdfunding-industry-statistics/>).

One study in particular that achieved crowdfunding success was the amyotrophic lateral sclerosis ALS Association's Ice Bucket Challenge. In 2014, the ALS Association's Ice Bucket Challenge generated \$220 million worldwide and became a social media success (Wittenberg, 2016). However, according to Zhao et al. (2016), crowdfunding resulted in a 50% success rate in generating revenue. They suggested that nonprofits must not only understand the needs of the funders but must develop strategies to understand effective recruitment and donor retention. Zhao et al. conducted a quantitative study using the social exchange theory as the theoretical framework examining the predictive determinants of effective fundraising. Social exchange theory purports that during social interactions, there is an exchange that takes place and that the exchange is considered a commodity (Zhao et al., 2016). If the social

exchange cost is higher than the contributor's salary, then the cost of the exchange is negative (Zhao et al., 2016.). Conversely, if the social exchange cost is lower than the contributor's salary, then the cost of the exchange is positive (Zhao et al, 2016). Their results revealed that commitment to the cause has a positive association with the funding retention.

When considering using crowdfunding as a fund-raising vehicle, nonprofits must consider which strategy benefits both the institution and the donor. Fitzgerald (2015) used crowdfunding to fund undergraduate research projects. Fitzgerald strategy proposed that using the all-or-nothing (AON) or keep-it-all (KIA) approach. Fitzgerald posited that the AON approach would refund the money back to the donor if the goal has not been reached. This method is risky, however, because there were ancillary expenses involved in the processing the transaction (bank fees, platform fees, etc.). The KIA was risky because the donors questioned how the money was used if the targeted goal was not reached. Fitzgerald posited that when considering crowdfunding, one should use the sites that attracted the largest number of donors such as Kickstarter, Indiegogo, GoFundMe, or RocketHub.

Institutional governance may play a critical role in the success of crowd based funding. Nonprofits, institutional governance, and fundraising success were variables considered in the Kshetri (2013) study. Kshetri conducted a quantitative study analyzing technology based crowd-based online funding and the impact of governance and funding. Kshetri qualitative study sought understanding how the impact of crowdfunding success from both formal and informal institutions and how identifying

the variation of crowdfunding sources relative to both institutional types. The dependent variable was identified as to what extent the use of crowdfunding achieved its targeted goal.

Kshetri (2013) hypothesized that the success of online crowd-based fundraising was highly correlated with strong governance of the organization, cordiality, organizational structure, and countries with a high degree of philanthropy. However, funding projects that are closely tied to the government were less likely to achieve their crowdfunding goal. Kshetri postulated that if the organization's brand was not trusted within the online environment, then the success of achieving the goal through crowdfunding was less likely.

Kshetri (2013) results revealed that projects that have a regulatory framework should consider the interest of both the entrepreneur and the investor impact on equity-based crowdfunding. For instance, when considering the Kshetri study revealed that online crowdfunding was negatively impacted when the country was under the authoritarian rule because this method of funding was a way of democratizing freedom and entrepreneurship and will, therefore, be presented as a threat to the authoritarian rule.

### **Matching Grants, Seed Money, and Endowments**

In addition to crowdfunding as a vehicle to attract funds, Saunders (2012) identified five funding structures to consider within the context of revenue generation through endowments, commercialism and, digitized communities. The five funding orientations included religious; product; marketing, consumer and for-profit structures

(Saunders, 2012). Religious fundraising was attached to the cultural beliefs and dogma of the respective world religions. The narrative told by those in the religious sect was that donor giving was part of their moral and faith obligation. Product fundraising was different from religious fundraising in that the contributors or philanthropists had controlling interest in the allocation of funds. Many philanthropists in this genre attach performance mechanisms to the mission to carefully monitor whether their resources are being used effectively and ethically.

The marketing orientation of fundraising has evolved over the last 60 years. Whereas philanthropists of private foundations benefited through telemarketing and advertising in previous times, philanthropists could now use digital media to recruit and retain donors from a more global and broader scale of contributors. The main purpose was to raise awareness and advocacy for the charity. A consumer-oriented funding structure implied that the consumer could partner with a for-profit corporation, actively advocate, and directly fund a particular charity. Corporations could leverage their branding to solicit funding for charities; they could pay license fees to use a charity's logo, or they could actively promote a charity according to Saunders, (2012). Corporations may also use celebrities to advocate the mission for fundraising as well. Saunders posited that nonprofit efforts to generate revenue were not successful by 2010 and recommended that fundraising should be outsourced to for-profit organizations that are experts in fund collection.

Brennan, Binney, and Brady (2012) conducted a qualitative study examining the sponsorship; its impact and decision-making processes as a possible financial backing

for nonprofits. Brennan et al. suggested that nonprofits must distinguish sponsorship as a separate entity from fundraising. According to Brennan, Binney, and Brady, there was a return on investment (ROI) when corporations sponsor nonprofits. In addition to the ROI, corporate sponsors expected mechanisms to measure performance. Corporate sponsors also expected benefits (for example, an exponential increase in sales). Finally, corporate sponsors expected a positive impact on their branding (Brennan et al., 2012). Brennan et al. that NPO's must have to ability to develop a long-term strategic plan for addressing the needs and concerns of the potential corporate sponsor.

Curry's et al. (2012) article on fundraising strategies and Christian organizations aligned with Sanders (2012) argument that religious organizations are attached to cultural beliefs and fund raising strategies. The sample study included college presidents, vice-presidents, provosts, and development officers. Curry et al. research study hypothesized the following; (a) there was a direct and positive correlation between transformative strategies and fundraising success, (b) donors acted more favorably to causes in proximity, (c) community economic stress negatively impacted donor responsiveness to the cause. Each organization was asked to provide information on their fundraising practices. Respondents were also asked to report any changes in strategy relative to fundraising contributions. Firstly, Curry et al. revealed that among Christian-based schools, cultural beliefs and transformative strategies were very effective relative to fundraising success. However, transformative strategies utilized on Christian college campuses and universities demonstrated no significance in the study. Secondly, according to Curry et al., donor proximity positively influenced fundraising



increases. Thirdly, the Curry et al. study revealed that the higher the housing value, the more likely funding would increase.

Michon and Tandon (2012) posited that private philanthropies are positioned to facilitate in generating revenue for nonprofits. Michon and Tandon quantitative analysis provided a criteria structure for a countries' ability to participate in providing funding premised on the countries' macroeconomic structure. Also included are principle indicators within a cross-cultural framework provided by the World Value Survey. Michon and Tandon theoretical framework was based on Hofstede's (2001) cross-cultural dimensions and Cavusgil (1997) fundamental indicators for market potential. The results revealed that private philanthropy contributors apportion belief systems (Michon & Tandon, 2012). Using Cavusgil World Survey, the results also showed that those capable and willing to give derived from Anglo-Saxon Nations; are family oriented, conservative, respects freedom; individualistic and were faith-based organizations despite their religious denomination.

As Sanders (2017) indicated in his study, revenues were being generated by use of e funding; others use matching grants or seed money, crowdfunding or individual fundraising solicitations to increase revenue. Gong and Grundy (2013) conducted a study evaluating whether matching grants or seed money raised the most money in the nonprofit organization. The primary focus of the study was the formulation of the design structure of fundraising from both the large donors and organization's perspective. Using the Nash Equilibrium Theory (1944), Gong and Grundy proposed the following:

- If the larger donation was seed money, the donations received by the non-profits were greatly increased.
- A donor match scheme would raise more money than seed money.
- The donor's leadership gift is maximized when using the matching scheme.
- The larger the matching gift, the larger the donor gift.
- Private donors maximized their utility when utilizing the matching gift scheme.
- When giving the donor a choice between matching gift and seed money, the donor would choose a matching gift.
- Small donors would determine their matching ratio based on the amount of risk involved in the transaction.

The results revealed that when donations were fixed through matching grants, donor revenue was increased. However, if the matching scheme was reflective of the culture and values of the smaller donor base, then donor revenues were increased (Gong & Grundy, 2013).

Hoefler (2012) posited that nonprofits should use affiliate marketing to capture online donations. As Saunders (2012) indicated, product marketing was another vehicle for nonprofit fundraising. Affiliate marketing could be used in grocery stores where people were given a card and were asked to scan the card in support of the nonprofit. Scanning the card would distribute a portion of their purchase sale to the nonprofit. The second technique suggested by Hoefler was to provide a portal for donors to give online. Companies, such as Network for Good reported raising \$300 million as reported by

50,000 organizations in 2008 (Hoefler, 2012). \$7 billion was reported in online contributions in 2008 as well (Hoefler, 2012). Hoefler warned that online contributors must be aware of the processing fee upfront before contributing.

Endowments and bequests giving was also a vehicle in which funding revenues could be generated. James (2015) conducted an experimental study investigating the impact of reminders to families to donate in the form of charitable bequest giving. James pointed out that the families' attitude was the most challenging barrier in requesting charitable bequest giving. James purported that effective messaging was critical in requesting a bequest. James also sort to determine whether a tribute donation was effective in reducing the family-charity reduction challenge. Subtexts to his research questions include whether the tribute bequest message was useful when adding to the common message; (b) was the messaging for bequests unique and effective only to certain groups, and (c) after categorizing friends, family, and associates, would the bequest message increase the effectiveness of the request.

The results of the survey indicated that tribute-giving messaging was an effective way in reducing family-charity bequests conflicts. Secondly, the results revealed that current messaging did little to negatively influence any variance in bequests intentions. Finally, family, friends and associated could be efficiently used in requesting charitable bequest giving.

### **Government Impact on Fundraising**

Public funding by the government is a vehicle in which nonprofits utilize in the United States. Whether through matching grants, Hughes, Luksetich, and Rooney

(2014) conducted an empirical analysis on how government funding impacted private donations. The data was collected from the annual reports of the League of American Orchestras financial reports from 2004 to 2007.

In this quantitative analysis, Hughes et al. (2014) used the least squared analysis to formulate tools to determine the fundraising totals premised on budget allocations, which lagged, and variables that influenced funding. Hughes et al. (2014) also used a donation equation to approximate the impact of support by the government. This tool was also used to determine the impact variable changes in fundraising had on private donations. The League of American Orchestras financial reports was subdivided into two categories depending on the scale of the organization. The subgroups were determined as large and small. The purpose of the division was to determine whether there was behavior differentiation between large and small groups.

Previous studies conducted by Luksetich and Lang (1995) had indicated that orchestral organizational size determined the organizational effectiveness of events and activities for fundraising. Hughes et al. (2014) concluded that government funding impacted support from private funding and stated that any reduction in support from the government had a direct negative report on the funding from the foundations.

Ford (2015) conducted an empirical, quantitative analysis investigating whether nonprofits that are religiously affiliated experience greater success in fundraising and academic proficiency than non-sectarian schools in the Milwaukee, Wisconsin area. Ford evaluated data on nonprofit school demographics from the 2010, 2011, and 2012

school years. Data analysis results revealed that nonprofit religiously affiliated school raised more funding than nonsectarian schools.

In addition, nonprofit affiliated students manifested a higher academic proficiency than non-sectarian schools. Ford (2015) purported those nonprofit sectarian institutions using a voucher program exceeded in raising funds versus nonsectarian nonprofit using the voucher program in Milwaukee, WI. According to Ford, nonsectarian schools had a broader network for raising funds such as Catholic Charities or Lutheran synod. To qualify for the Milwaukee Parental Choice Program, household income ranked at or below 300% of the federal poverty level. Ford study revealed that sectarian schools are more likely to fundraise than non-sectarian schools. Ford also reported that schools that have a larger population of students using the voucher system had a higher percentage of low-income students and that these schools were more likely to depend on government support than fundraising.

Moreover, Ford (2015) also expressed that schools that had a higher percentage of low-income students did not have access to the larger, broader network of funders. The Ford report revealed that students in Muslim, Jewish, and Lutheran sectarian schools scored higher in reading proficiency and Catholic, Lutheran, Muslim/Jewish sectarian scored higher in math proficiency. Finally, Ford reported that schools that engaged in fundraising had a higher correlation with achievement scores.

Preece (2015) developed a conceptual framework utilizing the Grand River Jazz Symphony case study in identifying key success predictors and skills sets relative to funding success. The participants were 52 start-up art organizations in the first 2 years

of their existence. The funding sources included government and foundations sources, individual donations, the private sector, and earned revenue (Preece, 2015). The first challenge in raising the necessary funds in starting up organizations was providing individual funds. Having, communicating and executing a vision for the start-up is the driving success predictor to support and justify the purpose of the organization. Start-ups must be able to share a story to get people excited about the cause. The core competency associated with the individual funding support was relational skills (Preece, 2015). Preece suggested that relational skills sets facilitated in engaging the potential donor into becoming involved in the project (2015).

The second challenge during the first two years was to raise funding from the private sector. Preece posited that the key predictor and success driver in raising funds in the private sector was action. Individual donors needed performance measures and proof of the return on investment. Management abilities are the necessary core competency driving the success. The organization's ability to provide measurable, tangible, actionable results would demonstrate to the private sector donor that the funds were used appropriately and would benefit the sponsorship. The third funding challenge was attracting funding from government and foundations (Preece, 2015). The start-up must have a mission driving the organization (Preece, 2015). If this is a newly formed nonprofit, the intended outcomes must be communicated with clarity and transparency. The core competencies needed in this category were bureaucratic skills that were managed with accuracy.

Although each of the studies provided a theoretical context for fundraising strategies, none of the authors examined a cross-section of fundraising strategies to generate revenue (Joseph & Lee, 2012). Saunders (2012) provided the pre-text for fundraising strategies but then recommended that nonprofits should use experts from the for-profit industry to effectively execute the strategies.

Ford (2015) purported that sectarian schools are more successful in fundraising campaigns than nonsectarian schools. Ford did not focus on the Christian Schools only, but also schools that were Muslim, Jewish, Lutheran and Catholic experienced fundraising success as well. Brennan et al., (2012) determined that corporate sponsorship is a viable option, but NPO's must be knowledgeable of the needs of the corporate sponsor.

Curry et al., (2012) suggested that religious organizations premise their fundraising strategies on their cultural beliefs; however, the study did not conduct a comparison/contrast analysis to support the qualitative research or enhance the transferability of the study. Hofer's (2012) study posited the positive effects and output of using affiliate marketing as reported by 50,000 organizations and warns of the upfront processing fee, but he does not delineate as to what strategies successful organizations were using to generate this income.

### **Leadership and Fundraising Capacity**

An NPO's lack of effective leadership directly impacts its fundraising capacity (Bell & Cornelius, 2013). According to Bell and Cornelius (2013), NPOs are facing leadership challenges such as high turnover rates from CEOs and development officers.

Leadership challenges included performance, lack of competencies and skills for fund development, and strategic misalignment with organizational culture (Bell & Cornelius, 2013).

With an 80% increase in demand for services and 56% failing to meet the demand for services for the sixth straight year, additional funding is needed to meet the client needs (Hopkins et al, 2014). Organizations not only lack sufficiency to meet the needs of the external stakeholders they are intended to serve, but with respect to the internal stakeholders, there is also a need for new talent, innovation, technology, and infrastructure (Hopkins et al., 2014). The social impact of sustainable delivery of service will facilitate the development of effective leadership and improved support for the internal stakeholders as well as meet the demands of human capital (external stakeholders) over an extended period.

Hopkins et al., (2014) study concurred with Bell and Cornelius' (2013) assertion of the leadership deficits in the nonprofits, which may impact fundraising effectiveness. Hopkins et al. asserted that many nonprofit organizations needed qualified leaders to effectively run the organization. In addition to the leadership deficit, nonprofits lacked the proper technology and innovations to advance properly and sustain the organization's operation. Many nonprofits desired innovative leadership models that will facilitate in bridging the gap between internal and external stakeholders in the organization. Hopkins et al. suggested that lack of leadership coupled with innovation and technology was due to lack of funding.



Effective leadership is critical to the sustainability of the nonprofit organization. Strategy, decision-making, recruitment and retention, the organizational direction and accountability are key components in successful nonprofit governance (Chelliah et al., 2016; Qian & Niam, 2016; Manley et al., 2016). These key components may be fully implemented across interdisciplinary institutions.

In the following section, Nehls' (2012) study examined the impact college presidents who are transitioning out of office may have on fundraising success. Harrison and Murray's (2012) study revealed what leadership style positively influenced the organizational construct, which ultimately influenced fundraising success. Mitchell (2013) analyzed organizational and leadership attributes between NGOs in the United States. Johnson (2014) examined the relationship between investors and nonprofits. Schidlow and Frithsen (2016) evaluated what leadership attributes were effective in physicians that are critical to the success of fundraising. Finally, Chelliah, et al., (2016), under the theoretical construct of contingency theory evaluated the underpinnings of leadership and governance.

Nehls (2012) conducted an empirical analysis of the impact of leadership transition during capital campaigns. Nehls' study posited that there was a deficit in training in fundraising for provosts and college presidents. Nehls' study comprised of interviewing 10 colleges and university formal and informal leaders who directed the capital campaigns. Formal leaders included college and university presidents and the informal leaders comprised of the leaders and staff that emerged during the absence of the formal leader during the capital campaign. Nehls' qualitative semistructured

interview revealed that presidential transitions during capital campaigns impacted campus morale, influenced the timing of the campaign, engendered adverse branding from the public and affected the motivation of the constituents.

Harrison and Murray (2012) conducted a mix methods study investigating how boards of directors of nonprofits were perceived. This two-phase study was conducted within a two-year period. The first phase was a qualitative study, which consisted of 11 CEOs serving as CEOs within a 5-year period. Participants served on the board for a minimum of 5 years. The CEOs were asked to establish an identification and character traits for the most effective and least effective chairpersons. The result findings in the qualitative study revealed that for the most effective behavior, CEOs considered chairpersons of boards possessed transformational leadership traits, competency, team meeting efficiency, low turn-over, provided direction for change and effective strategies for funding.

Mitchell (2013) conducted a mix study examining the characteristics of transnational NGO's in the United States along with the values of leadership of those perceived with greater notoriety for their organizational effectiveness. The participants consisted of 152 NGO leaders. The survey revealed from the qualitative analysis that leaders chose strategy, fundamental petition, the scale of the organization, partnership, singularity of purpose, crusade competencies, generating revenue, global reach and highly skilled resources are attributes of organizational effectiveness.

Carey (2014) conducted a qualitative study investigating educational institutions that turned their financials around. Carey's participants included presidents, directors,

board members, faculty, and administrators from two college campuses. One of the participants experienced financial hardship due to the layoff of thousands of employees in the town. This company provided funding for tuition. The financial impact was immediate. Out of the 800 that previously attended the school, 400 left the program. A new president was hired to deal with the enrollment challenges and financial debt accumulated by the school.

In addition to enrollment challenges and accumulated financial debt, the capital fundraising campaign failed to meet its goal. Consequently, the school was scheduled to close down within 12 months upon the day of the new president's arrival. The second college participant was also challenged with enrollment decline. Due to the enrollment decline from 1200 to 800, cuts were drastically made in the budget.

Findings revealed eight strategically and fundamentally successful principles common to both school presidents:

1. The board must recruit a president who operates as a change agent.
2. The president must design, communicate, and implement a compelling strategy.
3. The president prioritizes and addresses problems immediately.
4. The president must identify key constituents who would support his vision and plan.
5. The president must mature his team and terminate team members who do not support his strategy.
6. The president must bring about awareness and increase donor contributions.

7. The president's messaging must provide a clear strategy for future operations.
8. The institution must strengthen its branding and increase student enrollment.

Johnson's (2014) article discussed whether the dichotomous relationship between investors and nonprofits should be similar to that of corporations and investors. Johnson suggested that investors of corporations expect a return on their investment. The return on investment was a key predictor of the success of the product or service. In the nonprofit sector, Johnson proposed that Board Leadership should consider donors as investors.

Schidlow and Frithsen (2016) discussed the importance of how critical physician leaders are in raising funds in the area of education, healthcare, and nonprofits. Schidlow and Frithsen asserted that any aspiring leaders that seek a senior level role must possess developmental capabilities to attain that office. Schidlow and Frithsen stressed that fundraising in these institutions were established, well structured and expected to demonstrate return on their investments in their organization. They further commented that physician leaders in the senior role must understand that fundraising was a critical component for the advancement of the institution, not just a performance outcome.

Chelliah et al., (2016) conducted an empirical analysis in support of using a contingency approach when governing nonprofit organizations in Australia. In seeking to explore the challenges of nonprofit governance determine the theoretical and functional underpinning of the findings. This mixed method of inquiry-included data

collected by using an online survey and qualitatively by use of semi-structured interviews of 12 nonprofit leaders. The twelve leaders stipulated how vital it was for the boards of directors to understand strategy (Chelliah et al, 2016). Strategy was critical in decision-making, recruitment, retention of sponsors, the direction of the organization, and accountability. However, the strategy from the board of directors wasn't always clear. The majority of the nonprofits in Australia rely on government supported the nonprofit efforts. The stakeholders were donors, the government, and the public. The study revealed that nonprofits vary in governance, organizational structure, strategy, and attracting funding for the cause. Chelliah et al. posited that this study provided empirical evidence for the use of contingency theory. Contingency theory included combining agency theory, stewardship theory, and resource-dependence stakeholder theory. The findings revealed that recruitment of qualified development directors was a challenge to nonprofit organizations.

Effective leadership is critical to the sustainability of the nonprofit organization. Strategy, decision-making, recruitment and retention, the organizational direction and accountability are key components in successful nonprofit governance (Chelliah et al., 2016). These key components may be fully implemented across interdisciplinary institutions. In the following section, Nehls' (2012) study examined the impact college presidents who are transitioning out of office may have on fundraising success. Harrison and Murray's (2012) investigation revealed what leadership style positively influences the organizational construct, which ultimately affected fundraising success. Mitchell (2013) analyzed organizational, and leadership attributes between NGOs in the

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In each of the investigations conducted by Chelliah et al., (2016), Harrison and Murray (2012), Schidlow and Frithsen (2016), leadership attributes positively influenced fundraising success. However, according to Nehls' (2012) research concerning college president's influence on their capital campaign when transitioning reported that even during the transitional phase fundraising goals were met. Schidlow and Frithsen provided a different perspective by posturing that physicians in senior roles must possess fundraising competencies. In addition, Johnson (2014) reported that leadership should consider donors as investors who expect a return on their investment.

The common thread sewn throughout the studies was the importance of leaders understanding strategy to effect fundraising success. Whether the strategy was organizational effectiveness, increased in human capital, technology, relationship management, and global reach, the leader must possess qualities that should move the organization forward. However, without the necessary funds coupled with the leadership abilities, fundraising success may not be achieved.

### **Donor Attributes, Relationship Management, and Marketing Strategies**

Current research literature provided various theoretical frameworks in order to explore donor attributes, motivations, and how to effectively use marketing

communication and nonprofit networks to sustain donor relationships (Einolf, 2012). Donors are individuals who experience cognitive and affective empathy towards others (Einolf, 2012; Kim & Kou, 2014; Paulin, Ferguson, Schattke & Jost, 2015). Donors are individuals who desire identity, membership, recognition, and outcome (Bennett, 2012). Donors are individuals who supported celebrities who market causes (Hawkins, 2012).

To sustain funding, nonprofits must cultivate donor relationships (Sargeant & Zhang (2015). In seeking to understand how the organization cultivates donor relationships, I first explored what constituted donor attributes and why donors are critical to nonprofit sustainability. Understanding the needs and motives of the donors facilitates in developing donor relationships (Bennett, 2012; Hanson, 2013). Donor needs may also drive the strategy and decision-making of the nonprofits (Aldamiz-Echevarria & Aguirre-Garcia, 2013)

### **Donor Attributions, Influences, and Motivations**

Sustaining donor relationships may provide sustainable funding for nonprofits. Before a donor relationship can be cultivated, however, nonprofits must understand the donor's preferences, motivations, influences, and decision-making. Donor preferences and motivations are explored in this section through the examination of donor benefits (Sieg & Zhang, 2012); trait predictors (Einolf, 2012); motivational factors that influenced donors (Hendriks & Peelen, 2012); and the attributes of committed donors (Hassell & Monson, 2013; Kim & Kou, 2014).

Sieg and Zhang (2012) viewed at the dichotomous relationship between benefits functionality and donor contributions; specifically, why warm glow drives donor behavior. Sieg and Zhang examined private interests and discussed donor behavior relative to private benefits. The study was established in the differentiated products (product bundles) model developed by Lancaster (1966) and Gorman (1980), (Sieg & Zhang, 2012). Sieg and Zhang evaluated donor contribution relative to the product bundles received from the charity. In addition, Sieg and Zhang measured donor contribution relative to product bundles received from the charity.

The results indicated that households that support the United Way (1 of 10 listed), which has minimal private benefits; donated out of public welfare concern and not motivated by private benefits or warm glow (Sieg & Zhang, 2012). Sieg and Zhang (2012) reported that the more affluent the household, the more likely to donate. Households that supported a political party, particularly Democratic would also support cultural organizations as well. The households that have a longer tenure in a community provided more support (Sieg & Zhang, 2012).

Einolf (2012) article discussed the trait predictors of those who are most likely to support victims of natural disasters and whether fundraisers should appeal to the donor's affective empathy versus cognitive empathy. The article was based on the study conducted by Jarjanovic, Struthers, and Greenglass, (2011) research concerning the probability of who is most likely to aid those facing natural disasters. The study concluded that the relationships between cognitive empathy and donors are insignificant and weakly correlated. In the matter concerning social responsibility



globally (Jarjanovic et al. discovered that cognitive empathy does positively correlated with helping individuals. Einolf also reported that in addition to cognitive empathy, affective empathy correlated positively with aiding victims in natural disasters. Einolf suggested that a more effective strategy for fundraisers was to appeal to the cognitive empathy trait.

Hendriks and Peelen (2012) conducted a study analyzing what the motivating drivers were that encouraged people to participate in a charity sport's event. Hendriks and Peelen used a *persona* that was defined as a character or someone who plays a social role. In this study, Hendriks and Peelen used both qualitative and quantitative data to develop *personas*. Hendriks and Peelen reported that six factors were extrapolated. The six factors were; *well being, humanity, social, cause, empowerment and personal* (Hendriks & Peelen, 2012). Based on the six factors, a cluster analysis was conducted. The results revealed that 25 in the first cluster (health junkie) were motivated by supporting the mission. Sports in this cluster were identified as a means of living healthy, the dynamism of the event and outdoors nature. The second cluster (promoter) revealed that 36 were motivated by influence and a call to action. The third cluster (legend) revealed that 37 participated in the charity event because they have been personally affected by the cause. These people also participated in the sport for improved quality of life. The fourth cluster (caretakers) revealed that 27 were driven by empathy and the high probability that participating will encourage others (Hendriks & Peelen, 2012).

Aldamiz-Echevarria and Aguirre-Garcia (2013) investigated the impact the decision-making process has on donor behavior and influence. The theoretical models were developed from the author's combined experience of 25 years in managing more than 15 NGOs coupled with empirical research directed the Salvetti and Llombart study consisting of 1,437 online interviews with potential donors (Aldamiz-Echevarria & Aguirre-Garcia, 2013). Aldamiz-Echevarria and Aguirre-Garcia result revealed that the factors influencing the donor's decision-making process were governmental policies, economic environment, the donor's demographics and experience, motivation factors, circumstances, risk perceptions, geographical perceptions and sustainable commitment to the cause.

Hassell and Monson (2013) explored the motivational factors of frequent donors. Hassell and Monson evaluated the Survey of registered voters who participated in the Communication Campaign in 2004. The campaign targeting took place within the last three weeks of the campaign. Hassell and Monson identified three motivational appeals for contributing. The appeals identified by Hassell and Monson included material appeals, ideological appeal, and solidarity. Hassell and Monson determined that when donors contributed based on their partisan beliefs; they are more likely to donate with greater frequency. When donors contribute based on their ideological beliefs, fundraisers tend not to contact the donors. When individuals donate because they want to gain greater access, they experienced positive intrinsic needs when contributing. When individuals donated based on solidary, they were often associated

with great wealth. The research revealed that donors were motivated to frequently if targeted messaging appealed to the donor's intrinsic values.

The purpose of this quantitative study was to examine prosocial behavior and its impact on charitable giving. According to Kim and Kou (2014), prosocial behavior was providing an act of intentional kindness for the benefit of others and could be influenced by altruistic or warm glow motives. The prosocial behavior included *empathic concern*, *perspective taking*, and *personal distress* as defined by Kim and Kou. According to Kim and Kou *empathetic concern* was that emotion experienced with helping someone in a negative situation. *Perspective Taking* was defined as the ability to reflect and process the event from other's perspectives according to Kim and Kou. *Personal distress* was defined as the anxiety-ridden cognition experienced when considering others in trouble. Kim and Kou named all three components as *dispositional empathy*. They proposed that empathetic concern, perspective taking, and personal distress were all positively correlated with the donor's willingness to give and the amount the donor contributes (Kim & Kou, 2014). Kim and Kou reported their hypothesis and previous literature concerning dispositional empathy and charitable giving were supported. The results revealed that altruism was the most influential predictor of charitable giving for increased giving and new contributors. They warned, however, that fundraisers must be careful to communicate caring as a moral principle because it increased charitable giving as opposed to communicating the basic needs reasoning which decreased fundraising capabilities.

Sargeant and Shang (2015) conducted a study examining how the perceived social norm of other donors positively correlated with the individual's donor membership esteem. The perceived social norm of other donors was defined as the collective behavior of the donor group, which was known as donor identity. Donor membership esteem was defined as the positive feeling one felt about their donor identity (Sargeant & Shang, 2015). Sargeant and Shang revealed that there is a positive correlation with the donor's contribution and identity but negative correlation with the perceived social norms.

Tysiac (2016) peer-reviewed article intimated that nonprofits must create value for their donors. Value creation was suggested in the form of events, benefits, partnerships, innovation, resource optimization, and technology (Tysiac, 2016). Tysiac suggested that donors were investors that seek a performance-driven mindset. Donors seek favorable returns on investment. Donors were more restrained by whom they support (Tysiac, 2016). Donors seek to understand the mission and the operations of the organization. Tysiac conveyed that to avoid risks, nonprofits must be aware of the reputation of the perspective partnership with a for-profit organization. Tysiac also posited the success of the ALS campaign using social media to raise funds. The 2013-2014 ALS campaign raised \$24 million while the 2014-2015 social media campaign raised \$138 million. Tysiac proposed nonprofits must also utilize other revenue tools for funding such as crowdfunding to attract donors. Another opportunity for nonprofits to use to generate revenue was corporations and organizations, which allowed consumers to contribute to a favorite charity of their choice. Listing your nonprofit with

corporations such as Amazon Smile could strengthen the branding and reputation of the organization. Finally, Tysiac indicated that nonprofits must attract young donors who may not be resource rich today, but will be able to provide funding in the future.

### **Donor Marketing and Relationship Management**

Donor relationship is a critical predictor in achieving fundraising success. Due to the growing number of nonprofit organizations in the United States, nonprofits are exploring innovative ways to attract donors (Tysiac, 2016). According to Holloway (2013), donor attrition increased by 40% since 2011. Conversely, Feng (2014) argued that it cost three to five times as much to attract a new donor then it did to lure an existing one. This section discussed research literature that provided insight into various strategies on how to develop and maintain donor relationships through marketing and relationship management.

Bennett (2012) study investigated the possible correlations in setting up major gift fundraising (MGF) teams in the United Kingdom. Bennett criteria for team membership included a commitment to the MGF; the individual's ability to develop and cultivate relationships; the individual's personal and professional status with the organization; how well the individual communicates with others; and the individual's MGF experience. Bennett model for team composition included MGF members with diverse skill sets, the size of the organization, and whether the individual has some affiliation with prospective donors. Bennett study revealed that the fiscal strength of the potential donor, relationship cultivation, active communication skills, cultural values,

and perspectives were the critical values to the composition of the primary gift fundraising team as opposed to the size of the group at large.

Bog, Harmgart, Huck and, Jeffers (2012) conducted a study examining fundraising and the use of the Internet relative to donor contributions, frequency, and feedback. Bog et al. collected data from 350 campaigns launched in June 2005 from the UK website justgiving.com. Bog, et al. queried the website campaigns that were raising funds for cancer. Each funding campaign website stated the cause, targeted amount and possible rewards being offered. Also, each campaign website provided feedback about previous donations. Bog, et al. determined that the higher the donation was set at the beginning of the campaign, the greater probability of influence with other donors to contribute or increase contributions as well. Bog et al. research also revealed that if the donation amount changes over time, the higher the probability funding will decrease over time. Bog, et al. does warn that setting a higher precedence early in the campaign may, however, crowd out other fundraisers.

Breeze and Dean (2012) conducted a qualitative study on the use of marketing for raising funds for the homeless in England. Data in the study was collected from five focus groups that lived in a homeless hostel in England. The five focus groups consisted of 38 people. Participants were asked to view images used to portray homelessness for fundraising efforts.

The interview results revealed that maximizing funding is the top priority rather than gaining insights about the phenomenon. Participants also felt that they cannot afford to be judgmental. If the messaging worked, then the campaign was successful.

Participants did not perceive the messaging problematic, if the drive was successful.

Participants did suggest that the pictures were too simplistic to grasp the complexity of the issue. They also reported that the images did not present the realistic dynamism that was part of their journey. Participants revealed that it was more beneficial to understand where the individuals came from and to understand their circumstances.

Providing a narrative, which depicted the totality of the persons, the funding supports personally connected the recipient with the funder. Participants revealed that contrary imaging desensitized people in the end. Participants also said that negative imaging may elicit a positive response in the short term, but it does not address the issues causing the problems. Finally, people should not be manipulated to give, but to give because they want to (Breeze & Dean, 2012).

Hawkins (2012) conducted a content analysis study examining the use of cause related marketing campaigns (CRM) from North America to support International causes. In analyzing the content of the CRM model, Hawkins focused on three areas; “developmental consumption, developmental discourse and marketization of the NPO sector” (pg. 2). According to Hawkins, CRMs were characterized by the multiple transaction exchanges, which took place between the corporate sponsor and the NPO.

The descriptives of the CRM model were usually females seeking products that provided pleasure, looking for low-cost items, and contributing lower donation amounts. The benefits of using the CRM model were increase sales volume, brand equity, and strengthen awareness of the product and customer loyalty. The risks in using the CRM model was a possible negative return on investment in which customers

were not purchasing products supporting the cause; a negative corporate branding; and diminishing sales. Corporate initiatives were initially analyzed using the data content analysis. Participants revealed that although CRM was beneficial to NPOs for sustainable funding, branding and establishing a solution to a developmental issue may be contradictory in whom, and what was sponsoring the NPO. For instance, it was contradictory for a fast food restaurant such as McDonalds to host a health and nutrition nonprofit (Hawkins, 2012).

Hawkins (2012) also reported that marketing slogans might oversimplify the complex issues and needs of the NPO. This type of negative marketing may consequently produce minimal to no sales from the consumer. Hawkins suggested that although there were many negatives presented concerning CRMs, the demand for the model continued to grow. These negatives were due to the competition for funding from those in the nonprofit sector.

Waddingham (2013) proposed using Facebook fundraising to increase revenues by sharing their donor contribution to the Facebook community. Waddingham focused on JustGiving, located in the United Kingdom and Facebook. Waddingham used JustGiving because it was considered the most significant fundraising portal in the United Kingdom. To make the case for Facebook, Waddingham reported that Facebook attracted more than 1 million contributors for which the 1 million donated 22 million pounds in 2011. Waddingham suggested that nonprofits should develop Facebook pages to attract, recruit, and maintain relationships. Waddingham also indicated that Facebook users should create a 'conversation calendar' to post conversations. Users



would have an opportunity to share the Facebook conversations that may result in increasing the donor database. The content developed was shared in the newsfeed thereby establishing value to the donor and increase branding awareness for the organization. Each of these techniques may drive donors and potential contributors to the website.

Cause-related marketing to luxury clients provided an opportunity for corporations to partner with charities in supporting and selling the goods or services provided by the entity. Charities such as *Rewrite the Future* or *Save the Children* have partnered with corporations to build the brand of the corporation. Boenigk and Schuchardt (2013) conducted a cause-related experimental study of 281 high-end luxury customers to determine whether such campaigns were beneficial or detrimental to charities in the end. This caused-related marketing scheme was a fictitious charitable campaign hosted by a luxury hotel in Berlin, Germany. The charitable organization was name *Plan International Charity*. Boenigk and Schuchardt study revealed that when the price offering of the product was low to moderate, charitable donations are increased. If the charitable organization was unknown, luxury consumers were positively supported of the organization (Boenigk & Schuchardt, 2013). If the product price offering and the expected charitable donations were perceived as too high, then the luxury consumers were less likely to donate. Boenigk and Schuchardt suggested that this study was conducted with a single sector and should be tested with a cross-section of nonprofit organizations to increase the generalizability of the study.

Bennett (2014) article on marketing images to encourage potential donors to contribute to an organization evoked mixed emotions. Mixed emotions were a strong predictor of the donor's attitude toward the cause and intention to give (Bennett, 2014). Bennett suggested that nonprofits must be careful in their wording and crafting of their call to action advertisements. The study provided insight into which donors easily aroused emotions. Nonprofits must advertise in a manner to encourage potential donors to contribute and be very careful in avoiding those advertisements, which might evoke negative images. This study was limited in its generalizability such that the location of the study was in a single geographical area. Future studies in varying sites are needed to strengthen the generalizability and transferability of the study.

Bentley (2014) conducted a qualitative study of professionals working in the radio industry in the United States to examine the techniques used to appeal to the listening audience in radio. Three dimensions were investigated. The donor motivation construct consisted of altruism versus self-interest; reason vs. emotion and reinforcement versus triggers. Nonprofit radio programs provided documentaries, music, and programs not available on commercial radio. Bentley posited that 40% of the nonprofit radio revenues was contributed by individual donors. Nonprofit public radio did not rely on revenues generated by advertising, but individual contributions and minimal government grants. The public radio industry represented two genres: national public radio, which consisted of 900 stations and religious broadcasting and 2,700 stations nationwide. Bentley suggested that little was known about fundraising and the nonprofit radio industry. Based on the literature review, Bentley discussed

contributor's motivations for donor involvement into an organization: donor motivation and relationship management. Bentley seeks to answer two questions during the interview process: (a) How were donors solicited, and (b) what methods were in place to manage donor relationships, existing and potential?

Bentley (2014) conducted twelve interviews from radio professionals; six from national broadcast and six from Christian broadcast radio stations. The interviews were conducted using Skype. Bentley study revealed that many pledge drives were conducted semi-annually, however, one manager stated that his pledge drive was conducted quarterly. Several stations changed the name from pledge drive to membership drive or share-a-thon to appear to be more consumer-friendly. Bentley reported that most stations appealed to both the altruistic and self-interested dimensions of the donors. Stations managers asked the consumers to reflect on what the station meant to them and the benefits received by individuals who would not have access if funding were depleted (Bentley, 2014). Station managers also reported that it was important to appeal to both the rational and emotional dimension of the consumer for soliciting donations.

In appealing to the rational side, the station manager discussed the actual costs for running the operation. From their emotional perspective, the station manager appealed to the consumers by sharing a narrative about the results of their contributions. Bentley (2014) also reported that station managers used both reinforcements and triggers to motivate the donors to contribute to the station. Station managers try appealing to the donors by speaking to the donor's intrinsic motivations for donating such as feeling good about the cause if they offer incentives to donors for

contributing (Bentley, 2012). Many station managers appealed to the listeners by sponsoring a variety of events outside the funding pledge such as public tours and activities.

Auger (2014) conducted a content analysis examining the impact of communication using the 140 character tweets on Twitter. Auger sought to understand whether there was a relationship of significance between the rhetoric and functionality of the message. Auger also wanted to know how the tone of the message was relative to Information, Action, and Community.

Furthermore, Auger (2014) wanted to gain insight into the impact of integrating ethos, pathos, and logos in the messaging. Ethos was defined as one with celebrity, political status, or an individual who was experiencing the phenomenon. Pathos was defined as messaging which speaks to the intrinsic need such as a sense of tradition, community, or heritage. Logos was attributed to facts, statistical information, and surveys.

Additionally, Auger (2014) wanted to determine if there were differences in the rhetorical message construct in those nonprofits that were successful, versus the messaging of those that were not successful. Data were collected from eight nonprofits that had a 501c3 tax status and listed on “The Philanthropy 400” aggregated by *The Chronicle of Philanthropy* (Auger, 2014). The first four had the highest ranking on the list and the second four had the lowest ranking on the list. Three hundred forty three tweets were collected in total. Auger revealed that Twitter was used more as both one-way and two-way communication device; however, the one-way messaging was used

more frequently. In deference to the rhetorical principles of pathos, ethos, and logos, pathos was used with greater frequency. Moreover, within the context of messaging within the functional areas of Information, Action, and Community, the findings revealed that the highest percentage related to the community (75%) and the lowest related to information (39%).

Relative to the use of the rhetorical principles and whether affixing the principles to the message had any impact, ethos was incorporated more, followed by pathos than logos. The distinction of usage of the ethos, pathos, and logos was made by successful nonprofits versus those who were less successful. Pathos was used with greater repetition. Pathos was used with greater repetition and frequency in deference to the use of rhetorical principles and goal attainment.

Boenigk and Scherhag (2014) conducted an empirical quantitative analysis examining how the donor's intrinsic motivations impacted donor satisfaction and donor loyalty. Boenigk and Scherhag categorized donors as patrons or members. According to Boenigk and Scherhag, patrons were considered donors who benefitted from higher priority status whereas member donors were considered lower priority status. The sample size was 804 donor participants who belonged to the German culture. Boenigk and Scherhag construct consisted of five categories, which measured the donor's perceptions of benefits based on their priority status, donor satisfaction and loyalty and variance in donation level. The results concluded that there was no significance in donor satisfaction and the perception of benefits both from the higher priority and lower priority donors. There was no significant difference in loyalty between the two priority

donors. Donor loyalty with the intention to downgrade to a lower status was negatively correlated. However, donor loyalty with the intention to upgrade to a higher status was positively correlated. Finally, donor loyalty and volunteer behavior did not significantly correlate.

Feng (2014) suggested that this study provided insight into the frequency of communications with the purpose of reactivating donors. According to Feng, it costs a nonprofit three to five times as much to attract a new donor as it does to revive an existing one. Feng conducted an empirical analysis to examine whether additional marketing communications encourage previous donors to reactivate; when and whether the marketing communications should stop and what marketing instruments are more efficient. Feng argued that efforts to reactivate the previous donor has significant benefits in that the nonprofit already had earlier demographics concerning donor behavior, contributions, and personal contact information. This study specifically focused on whether there were distinct differences in communication (Feng, 2014). The results of the study revealed that donors preferred communications from nonprofits, but overuse of communication appeals can negatively impact reactivating lapsed donors.

Kelly, Morgan, and Coule (2014) conducted a study investigating the relationship between celebrity volunteers and charities. Kelly et al. postulated that there was minimal research on the motivations and experiences of celebrity volunteers and their impact on nonprofit organizations. According to Kelly et al. celebrity volunteers preferred activities that were fun and straightforward versus the extravagant social galas. The study also revealed that emotions supporting the charities ranged from

altruistic reasoning to egotistic motivations. The study aided in understanding why celebrities give up their time and efforts to help a cause. Finally, the research revealed that trust and security in the nonprofit were key drivers in supporting the organization and participating in the events (Kelly et al., 2014).

Shehu, Becker, Langmaack, and Clement (2014) conducted a study evaluating the influence fiscal incentives and celebrity have on the organization's branding and whether fiscal incentives and celebrity impacted the level of trust with the donors. Using the social exchange theory as their theoretical framework, two hypotheses were formulated. The first hypothesis postulated monetary incentives influenced the donor's trust in the organization. The second hypothesis postulated fiscal incentives influenced the empathy of the organization.

The social exchange theory consisted of four dimensions; *integrity, ruggedness, nurturance, and sophistication* (Venable et al., 2005). Participants were asked to envisage an opportunity to donate blood to an organization or hospital. *Intention to donate* (Lemmens et al., 2009) was the dependent variable and the four constructs *integrity, nurturance, ruggedness, and sophistication* were the independent variables based on the constructs of Venerable et al. (2005) social exchange theory.

The results concluded that the donor's intention to give was significantly influenced by the organization's brand and monetary incentives change the dimension of giving. A noted limitation was that the Shehu et al. (2016) focused on blood donations and monetary incentives rather those monetary contributions to the

organizations. The theoretical framework should be conducted across many nonprofit settings to gain deeper insight into the motives for supporting a nonprofit organization.

Khodakarami et al. (2015) proffered a technique to facilitate in sustainable donor relationships. Khodakarami et al. conducted two studies. The first study, quantitative in nature, examined the intrinsic and extrinsic factors which motivate the donors to support a nonprofit. The findings in the first study suggested that donor diversity was positively correlated with donor contributions. Also, the macroeconomic conditions faced by the donor negatively influenced donor behavior. Moreover, the study found that use of the donor diversity model facilitated in selecting the donors who would most likely make the substantial contributions.

The second study was a field test study investigating whether the university's application of strategy and marketing should direct their efforts toward donors supporting a conglomerate of resources. Khodakarami et al. (2015) study revealed that targeting donors to back multiple initiatives would positively influence the number of donors and the donor's contributions to the efforts. Khodakarami et al. (2015) suggested, however, that additional studies were needed to explore how supporting multiple initiatives may impact the donor's financial status over time.

Limm and Moufahim (2015) investigated the phenomenon of celebrity charity fundraisers in the United Kingdom; specifically, the 'Sport Relief' and the 'Red Nose Day' charities and whether celebrity marketing using extreme physical challenges diminishes the impact of the cause-related advocacy. The data collection was taken from newspaper articles, magazines d-digitized media such as the BBC network and



any material related to the marketing of the charity fundraising in the United Kingdom. Limm and Moufahim analyzed the content to gain insights on what the event was about; how the event was marketed, what was the outcome of the event; if there was a compelling narrative, and how the message was communicated. Limm and Moufahim noted that the charity marketing that noted extreme pain, blood and suffering were the most successful events in that these types of events displayed human sacrifice in a cause they believe in. Limm and Moufahim also warned that media focused on celebrity and not the cause of the event. The cause was lost in the celebrity suffering communication. Finally, the public aspires to join the celebrity in suffering for the cause according to Limm and Moufahim (2015).

Park and Cho (2015) conducted a quantitative analysis investigating whether there were significant correlations between celebrity attributes, a donor's attribute toward celebrities, and the influence celebrity may have on nonprofit organizations. Park and Cho based their study on the theoretical framework of the attribution theory developed by Heider, (1958). The attribution theory posited that donors inferred antecedents for the deduction based on intrinsic and extrinsic factors. Expanding the theoretical definition of the attribution theory, Park and Cho posited that the attribution theory provided a theoretical framework on how individuals perceive and anticipate nonprofit activities.

The results indicated that based on the attribution theory framework, celebrities who are actively involved in the charity were effective endorsers of the cause. In addition, the results of the study revealed that a donor's mistrust of the celebrity's

endorsement would negatively impact the causal-congruence. The results of the 3-way interaction between celebrity, casual-congruence, and individuals revealed no significance between the three variables. Although results demonstrated that the perception of celebrity's credibility was significantly influenced by causal-inference and celebrity endorsement, the study was limited based on a single charity and a convenience sample used for investigation.

Paulin, Ferguson, Schattke, and Jost (2015) conducted a quantitative study investigating the relationship between gender diversity and emotional appeals to Millennials using social media and offline communication. The two causes focused on this study is breast cancer and youth homelessness. Paulin et al. theoretical framework consisted of the prosocial behaviors of *altruistic motivation*, *empathetic identification*, and *moral identity*. Paulin et al. proposed that millennial females were more likely to support to the cause after being exposed to how the cause would benefit others. Paulin et al. proposed that after being exposed to what benefits the individuals, millennial males were more likely to support the cause. Empathetic identification was when one emotionally identified with the cause (Paulin et al., 2015).

The results revealed that millennial females have a greater significance toward empathy identification, moral identity, and altruism when considering the benefit of others. However, millennial women scored higher in the breast cancer campaign and self-identification. The results also revealed that men are likely to support the cause with respect to self-benefits. Millennial women, on the other hand are more prone to support benefits for others.

Theoron and Tonder (2015) conducted a quantitative analysis examining relationship marketing in the church. Since churches were considered NPO's, Theron and Tonder suggested that NPO's should consider their relationship marketing, specifically commitment management to younger generations. Theoron and Tonder focused their study on the perspectives of Generation Y since Generation Y has an influential propensity toward supporting social causes. The results of the study concluded that trust, relationship benefits, and effective community have to be realigned with dependency and succession (Theoron & Tonder, 2015).

Hart (2016) empirical analysis explored the concepts of ethnocentrism, national identity, and charitable giving. Hart discussed the impact of charitable giving in the United Kingdom during hard economic times. Hart reported that the UK took austerity measures to control the outflow of monies donating outside its borders. Another challenge to charity funding is that families who were financially strapped times, supported local causes during times of austerity (Hart, 2016). Hart purported that an individual's position concerning austerity will impact their attitude toward nationalism, internationalism and toward the Office of Development Assistance (ODA), which oversees the international funding for charities. The results revealed that ethnocentrism might not be an appropriate construct for donor decision-making and charitable giving (Hart, 2016).

Wyllie, Lucas, Carlson, Kitchens, Kozary, and Zaki (2016) analyzed network from 579 social media to examine the method in which each of the networks manage their customer relationships from the United States, United Kingdom and the country of

Australia. Wylie et al. aims to determine whether using the network analysis is beneficial in developing customer management in mental healthcare services. Wylie et al. also seek to understand the feasibility of utilizing the tools for customer relationship management on an ongoing basis.

The results of the study indicated that use of the stakeholder networks is beneficial in identifying and managing customer relationships in an environment that operates with minimal resources. The study also revealed that intentionally marketing to targeted donors could enhance marketing effectiveness (Wylie et al., 2016). Finally, the study also revealed that optimization of resources and charity events to targeted stakeholders should be utilized.

In this section, I covered the literature research on donor behavior, attributes, motivations, relationships management, and marketing strategies. Park and Cho (2015) posited that celebrities who are actively involved in the charities were effective endorsers that would positively affect fundraising. Limm and Moufahim, (2015) study extended celebrity participation even further by suggesting that when celebrities participated in extreme physical challenges, the public was inspired to join the cause. Limm and Moufahim warned that nonprofits should not focus on the celebrity but the cause the celebrity represents. Limm and Moufahim and Park and Cho extended to the body of knowledge concerning celebrity's influence on nonprofit causes, however, each study focused on one charity, which may impact the transferability of the studies.

Holloway (2013) reported donor attribution increased 40%, but making a 3-minute personal call to a donor increased donor attribution by 10%, Tysiac (2016)

suggested that nonprofits must create value for their donors. Value could be created by understanding the donor's intrinsic needs (Aldamiz-Echevarria & Aguirre-Garcia, 2013); by understanding how marketing appeals impacted the donor's moral principles (Kim & Kou, 2014); and understanding what the donor's perceived as benefits were for supporting a particular cause (Sieg & Zhang, 2012). Extending Sieg and Zhang's (2012) analysis of private benefits included the benefits of social networks (Wylie, 2016); segmenting donor teams such as major gift funding teams (Bennett, 2012), team memberships, which designate contributor's donations as Upgrade and Downgrade Categories (Sargeant, 2012), and middle donors (Armson, 2013). Khodakarami (2015) and Tysiac (2016) reported that donors are more likely to support multiple initiatives.

Nonprofits must be aware of the impact social media communication has on the intergenerational milieu. For example, trust and relationship must be established before supporting a cause in the Y Generation (Theron & Tonder 2015). To recruit and retain donors, marketing must be targeted to be effective (Bog, 2012 and Paulin, 2014). Kim and Kou (2014) and Feng (2013) does warn that marketing appeals could be overused and nonprofits must be sensitive to the number of appeals sent to the donors.

### **Performance Measures**

Nonprofits must maintain a continual revenue stream to sustain their services to both internal and external clients. However, the revenue stream is generated by successful fundraising campaigns. Existing literature examined fundraising strategies within the context of donor behavior, marketing strategies, innovation, technology, and leadership and performance outcomes (Charles & Kim, 2016).

According to Charles and Kim (2016), many of the said variables have been researched, but little information was available as to how to measure the effectiveness of performance relative to fundraising. I am aiming to understand what mechanisms does the nonprofit utilize for sustainable delivery of services. With the burgeoning growth of nonprofits in the United States, many websites have developed performance measures to record and evaluate the performance efficiency of nonprofits. Conversely, according to Alfirevic et al. (2014) and Buteau et al. (2014) performance measures were difficult to measure and standardized. Fundraising effectiveness and performance had been investigated within many different variations of efficiency. Within the performance measures section, I will discuss the various studies researching performance mechanisms and efficiency, governance, and strategy.

### **Performance Measures and Efficiency**

In 2010, nonprofits organizations began to examine the critical importance to measuring the benefits and costs relative to fundraising efficiency. Berber, Brockett, Cooper, Golden, and Parker (2010) empirical study investigated the efficiency in management in nonprofit organizations. The study noted that nonprofit organizations were known as social enterprises in that these enterprises were investing in humanitarian social welfare. Berber et al. suggested that the stakeholders consisted of community members impacted by the social enterprise. Berber et al. (2010) study used a two-stage model called the data envelopment analysis (DEA) model that measures charity efficiencies. The DEA was designed to formulate the complex input/output ratios (Berber et al., 2010). According to Berber et al, the DEA examined inputs on

multiple levels; identify the inefficiencies and converts the inputs to transforming outputs for effective decision-making processes. The DEA study was conducted in two stages. The first stage examined inputs such as fundraising and various expenses. Inputs from the first stages lead to the second stage of developing several models on how the inputs should and could be quantified relative to organization's mission and cause. Converting inputs into outputs is called the DEA process for which the mathematical formulation is determined. In combining the two stages, Berber's et al. study revealed that social profit enterprises may appear effective and efficient using the definition of program services as output defined by the IRS. However, this definition of program services proved inefficient by the DEA model. The study suggested that there is a multitude of hidden costs in generating revenue for the cause (Berber et al., 2010).

The hidden cost generated to support a cause impacted to the performance of the organization and its effectiveness. Performance measures instituted to measure fundraising success in an organization were critical in determining the effectiveness of the resources allocated to generate revenue to support a cause. In 2011, Levis and Williams (2011) and Toyasaki and Wakolbinger (2011) conducted empirical studies measuring the efficiency and effectiveness of fundraising and developed mechanisms to determine which predictive factors influenced fundraising success.

Levis and Williams (2011) purported that use of developing performance measures increased the fundraising effectiveness of the organization. Using performance-measuring tools could facilitate the leaderships' decision-making fundraising strategies and budgets. The Growth in Giving (GiG) report provided gain

and losses not just for that particular organization, but other organizations as well. The Growth in Giving report also allowed the organization to create *what-if* scenarios that would facilitate in increasing growth strategies and minimize loss (Levis & Williams, 2011).

Levis and Williams (2011) suggested that nonprofit organizations must shift perspectives and focus more on fundraising optimization (effectiveness) versus cost reduction (efficiency). Levis and Williams further added that for decades, nonprofits feared the possibility of reporting negative financial information concerning costs about their organization for fear of stakeholder and donor impact.

Toyasaki and Wakolbinger (2011) conducted a quantitative analysis examining whether donor aid allocated to specific causes benefits the agency and reduces the costs or whether earmarking aid harms the organization's ability to raise funds and increases fundraising cost. Toyasaki and Wakolbinger demonstrated that there were different fundraising choices between donors, aid agencies, and decision makers.

Toyasaki and Wakolbinger (2011) revealed that there were distinct fundraising preferences between donors, aid agencies, and policymakers. Fundraising goals, fundraising costs, and donor preferences were dependent parameters for donor preferences and aid agencies. Toyasaki and Wakolbinger posited that agencies that allowed for earmarking could be beneficial if the donor was not expressly interested in the organization itself, but warned this was not the most optimal policy.

Aid agency policies should carefully be assessed for both the benefits and risks associated with earmarking donations. Toyasaki and Wakolbinger (2011) results



revealed that aid agencies lack of earmarking might be the most optimal policy even though the agencies' branding was robust and medical coverage was high. Conversely, the tradeoffs and ultimately, the results of not earmarking would be reduced contributions from donors despite substantial media coverage (Toyasaki & Wakolbinger, 2011). Toyasaki and Wakolbinger suggested that as a function of fundraising cost, earmarking was an inefficient way to raise funds for smaller charities that are inefficient in operating their charity, but the authors also suggested that larger organizations that are efficient in controlling operating cost should earmark their funds.

Moon and Azizi (2013) quantitative study used the Spatial Tobit Type 2 model for investigating and predicting prospective donors and what financial commitments should be allocated toward marketing expenses. Moon and Azizi focused on how business relationships can turn into funding revenues for nonprofits. The results revealed that nonprofits should utilize extensive business databases from the nonprofit and for-profit sectors to develop relationships and increase fundraising efficiency. The database would contain consumer preferences along with donor activity. Moon and Azizi also concluded that donor performance was relative to macroeconomic conditions. Moon and Azizi did note that use of the Spatial Tobit Type 2 model would be difficult for nonprofits to use.

Donors are the financial support for organizational survival. To attract donors, must develop effective marketing strategies. Cacija (2013) conducted an empirical study examining whether fundraising success was predicated on events constructed within the traditional marketing context. Cacija examined fundraising

success through the lens of strategic marketing and donor preference. Caciya argued that many nonprofits focus more on fundraising outcome rather than strategic marketing. Caciya suggested that effective marketing models for fundraising are scarce. He further argued that performance measures should be divided up into monetary and non-monetary goals and must be tied into marketing and financial goals.

Waters (2013) evaluated the impact of coverage provided by the media on nonprofit organizations from the United States. Waters focused on the Tsunami in Asia in 2004, Hurricane Katrina, and the Haiti Earthquake in 2010. Waters posited that television coverage was not necessarily the medium to attract and increase donations for nonprofits despite the severity of the tragedy. The results revealed that minimum support was provided when the tragedy was carried by television coverage. However, the donor's felt connected when the spokesperson or newsperson personally donates to the cause, ultimately motivating others to donate as well.

Schulman and Sargeant (2013) research discussed the inefficiencies in using the *Net Promoter Score (NPS)* when measuring donor loyalty. Schulman and Sargeant suggested that donor loyalty was considered *attitudinal loyalty* and that the conceptual framework for measuring attitudinal loyalty are the outcome predictors and the ability to identify predictive factors of the donor's critical values and donor loyalty. Schulman and Sargeant reported that the NPS measured donor loyalty by surveying whether the donor is likely to recommend the charity to a friend. The participants were asked to answer the question on a scale of 1 to 10. Rating six or below meant that the donor was a detractor and would less likely recommend the charity. Ratings between seven

and eight indicated that the participant was neutral and the ratings from nine and ten indicated the donor was a promoter.

Schulman and Sargeant (2013) suggested that the approach was simple and linear but was not an accurate depiction of donor loyalty. The depiction was inaccurate because they surmised that donor loyalty should be constructed as a non-linear construct. Schulman and Sargeant also indicated that NPS discards information that should be critical to the assessment. For instance, collapsing ranges 0-6 does not allow for intricate details as to why these donors are detractors. Schulman and Sargeant suggested that the range was far too large to lump into one category. In addition, Schulman and Sargeant also indicated that extant literature had discussed a multitude of factors influencing donor loyalty so to use just one question, as an indicator of donor loyalty was a flawed process.

Schulman and Sargeant (2013) posited that NPS suggested using their model as a dependent variable and testing what organizational activities drove donor loyalty. However, the above study would not answer questions such as accurately defining donor loyalty or what influences would be a predictor of funding increases. Schulman and Sargeant concluded that donor loyalty must be examined in a more complex way not simply through the lens of one question; would you recommend this charity to a friend.

Charity Navigator rates accountability and transparency of the organization. The IRS 990 was another vehicle for which nonprofits posted their financials onto the website for public viewing. Despite the fact, general information concerning the

organization can be numerated, Alfirevic, Pavicic, and Cacija (2014) stated that performance measures were difficult to standardized due to the diversity of organizational missions, the complex network of clientele and the varying interpretations of success. Alfirevic et al. also posited that sources of funding might impact what was rendered fundraising success. In evaluating fundraising success, Alfirevic et al. conducted an empirical study and hypothesized whether funding sources private or public influence performance nonprofit outcomes and efficiencies. Alfirevic et al. designed a questionnaire used to interview nonprofits addressing performance outcomes and organizational structure. After interviewing the nonprofits, the questionnaire was finely tuned. Alfirevic et al. then conducted a second interview for which many of the participants were not available. After using the referral chain, 68 agencies were chosen. The results concluded that organizations funded by private funding were more efficient that those funded by the public sector.

Kilbey and Smit (2014) explored fundraising effectiveness within the construct of nonprofits in South Africa NGOs. This quantitative study collected data from the social services national database. Kilbey and Smit conducted a secondary analysis of financial data statements. Kilbey and Smit indicated that use of the financial data was pointless due to the inaccuracies of the reporting. Therefore, using this data as financial predictors to determine fundraising effectiveness was invalid. Kilbey and Smit's study revealed that lack of leadership, performance management and transparency were character attributes of the NGOs in South Africa and that improved leadership facilitated in minimizing the NGO's dependence on state funding.

Blansett (2016) posited six questions nonprofit organizations should consider in measuring the effectiveness of their fundraising efforts. In this peer-reviewed article, fundraisers were considered economic development officers (EDO). Blansett suggested that organizations must inquire about the number of new investors acquired recently and the impact of the message. Organizations must examine the return rate on investors; what are the sustainable objectives and how are the deliverables measured; was the organization's narrative impactful; does the organization have adequate leadership resources with the proper tasks assigned; and finally, what were the organizations financial goals and how were the goals attained?

Blansett (2016) suggested that money was not the ultimate goal in fundraising. Fundraising encompasses leadership, vision, passion, loyalty, legacy, and express desire for change. She also posited that the impact of the mission must be demonstrated and that through that demonstration, revenue generation is increased. Blansett additionally implied that nonprofit organizations must define their success in measurable terms that are easily communicated to the internal and external stakeholders.

Building a solid investor relationship was also key to generating revenue for the organization. The EDO must communicate to the investor how integral his or her support was to the organization. The leader's competencies must be fully aligned with the task assigned. Finally, the leader must extend his narrative to young leaders from diverse cultures and talents to communicate the cause.

Levis, Miller, and Williams (2016) conducted a study based on the data collection of 9,992 participants who reported annually the fundraising outcomes of their organization from 2007 through 2008 to determine the efficiency and effectiveness of the organization. Fundraising effectiveness was defined and operationized by the following categories; donor retention, expenses relative to donor recruitment and retention, nonprofit budget, growth strategies, and donor gains and losses. Fundraising efficiency was based on the losses incurred to generate revenue for the organization. The information was anonymous.

Data collected was analyzed by donor software designed and provided by the Association of Fundraising Effectiveness Project, which was supported by the Urban Institute (Levis et al., 2016). The donor fundraising effectiveness project was created to facilitate in the optimization of fundraising with expediency (Levis et al., 2016). The fundraising report analyzed data from year to year. Performance reports included Fundraising Fitness, which provided performance on donor transaction data, the increase or loss in donor retention, the growth in giving as it pertains to the donor recruitment and donor loss. Levis et al. (2016) also included growth in gains report, which calculated the net gains over net losses from one year to the next.

According to Levis et al. (2016) gains in this survey included the number of donors participating, the number of donors who contributed the current year over the previous year and the increased amounts in contributions. Losses included the number of donors not participating, the loss of financial backing, and the number of donors who did not contribute in the current year.

Levis et al. (2016) suggested that nonprofits must be strategic in retaining their donors because according to the performance reported, it is less costly to retain existing donors as oppose to attracting new donors. Levis et al. also reported that nonprofits must be strategic in minimizing losses, risk, and maximizing donor growth and increased funding.

### **Performance Measures and Governance**

Betzler and Gmur (2012) conducted an empirical analysis examining performance and governance of fundraising. Betzler and Gmur investigated five fundraising management characteristics, which were the events of the boards of the directors, the strategy, and the board member as contributor, management, and methodology. The composition of the participants consisted of museums of various sizes, legal and financial structures, and multidisciplinary fields. The annual budget size in the museums ranged from \$163,000 to 30.52 million. The Swiss museum's financial support consisted of about half for public government funding as opposed to the United States for which 40 percent of their annual donation was from private donations. The fundraising activities studied were relationship management; endowments, events and volunteer recruitment. Betzler and Gmur discovered that 60% of the Swiss museums did not actively fundraise, however, 40% did actively fundraise. An explorative and cluster factor analysis was conducted on board governance and fundraising techniques. Museums that did not actively raise funds were classified as 'zero.'

Of the 98 museums (60%) which actively fundraise, three clusters were formulated; cluster one which indicated board governance was scant, cluster two which

indicated that governance ranked at mid-level and cluster three for which board governance was aggressive (Betzler & Gmur, 2012). Betzler and Gmur (2012) indicated that if fund-raising was set low than governance was proportionate to fund-raising. Fundraising was significantly correlated to governance in the study. Betzler and Gmur posited that fund-raising techniques were not fully developed in the Swiss Museum Industry and that Boards of Directors should take an active role in fundraising strategies and performance since they played such a critical role in the governance of the organization.

Hong (2014) assessed the management effectiveness of youth orchestras who participated in the League of American Orchestras 2009-2010 by conducting a quantitative analysis using the data envelop analysis to examine program service efficiency and fundraising effectiveness. The youth orchestra was formulated to advance creativity in a shared musical environment. According to Hong, youth orchestral budgets could range from 12 thousand to 90 million annually. The DEA allowed the examiner to assess performance measures from the data collected from 439 youth orchestras nationwide. Hong pointed out that fundraising was critical to the operation of the organization, but if the resources were not managed properly, the services provided would not be sustainable in the end.

Funding sustainability was critical to the operation due to the enormous pressures donors were placing on the organization. Donors were expecting excellence in performance, resource management, and program service costs (Hong, 2014). The DEA model was “an efficient measurement to incorporate complex problems that



involve various stakeholders” (Hong, 2014, p. 5). The number of deliverables determined the efficiency ratio over the number of inputs needed for goal attainment.

The results revealed that some orchestras were more effective in fundraising while others were more effective in performance delivery. Hong (2014) posited that in the future, each of the orchestras should benchmark the best practices of their operation to improve efficient and effective fundraising for the youth organization.

### **Performance Measures and the Organizational Construct**

Buteau, Chaffin, and Gopal (2014) examined how the foundation Chief Executive Officer’s perspective of organizational objectives and mission does not properly align with the actual performance of the organization. The survey requested the backgrounds of the Chief Executive Officer and the foundation’s objectives and achievements. Buteau et al. examined four aspects of the foundation; transparency, performance, the challenges nonprofits face and whether resources were adequately aligned with the challenges of the nonprofits. A nine-item questionnaire was firstly administered to the panel assessing the nonprofits performance. Secondly, a seven-item questionnaire was administered to assess the importance of nonprofit transparency. Thirdly, a six-item questionnaire was administered concerning the challenges of nonprofits as well as which challenge should the foundation prioritize for support.

The results in this quantitative analysis revealed the following: Nonprofits demonstrated a higher level of significance in whether foundation transparency was valuable to nonprofits. Moreover, the study revealed that nonprofits were more likely to reveal what had not been achieved as opposed to the foundation CEOs. Additionally,

there was a high significance in the foundation's CEOs belief that they were providing adequate support for the nonprofits. CEOs of foundations also revealed that performance, transparency, and success were difficult to measure within a nonprofit context. CEOs of foundations believed they were aware of the challenges of the nonprofits and believed they provided adequate resources to address the challenges. Finally, nonprofit CEOs reported that foundations do not adequately use the resources to address the challenges in the organization (Buteau et al., 2014).

Marudas, Petherbridge, and Ciokiewicz (2016) conducted a study evaluating the *stickiness* of expenses associated with fundraising and administrative operations. The data collected from this quantitative study was taken from 100 of the largest nonprofits located in the United States. Marudas et al. asserted that *stickiness* was defined as the level of responsiveness when a one percent decrease in a particular expense was relative to the change in total revenue within a fiscal year.

Marudas et al. (2016) results revealed there was not a significant change in total revenue from one year to the next. Marudas et al. suggested that this might be because nonprofits do not spend marginal revenue and therefore the impact on total revenues against expenses was not significant. Marudas et al. also posited that when the independent variables were both the fundraising and administrative expenses, then the stickiness of total expenses was significant demonstrating that if the total expenses from the prior year was decreased by one percent, then total expenses relative to the prior year was an increase of thirty-one percent. Conversely, if there were a decrease of

one percent in total expenses, then it would yield only a three percent decrease in combined expenses (Marudas et al., 2016).

When administrative expenses were tested as the dependent variable alone, the results showed that administrative expenses were sticky but not to the degree combining both administrative and fundraising expenses demonstrate. Marudas et al. posited that fundraising expenses reported the ultimate level of stickiness due to the fact; nonprofits continue to increase expenses to generate revenue. Marudas et al. stated that nonprofit organizations were reluctant to cut expenses relative to fundraising expenses for fear of losing future revenues even if the lost in revenue was reported on as a 2-year decline.

### **Performance Measures and Strategy**

Marlin, Geiger and Ritchie (2013) conducted a quantitative study examining hospital foundation strategies and their correlative significance to performance measures. Marlin et al. sample size included 258 active hospital foundations active in 2007 that had 501c3 status. The strategy measures consisted of donations, expenses for fundraising and program services, investments, and dividends/interest (Marlin et al., 2013). The performance measures included assets, contributions, expenses, revenues, and margin (Marlin et al., 2013).

Marlin et al. (2013) reported that there were profound differences in the strategic configurations among hospital foundations. The strategic configurations consisted of *Generalists*, *Investors*, *Fundraisers*, *Stewards/Investors*, *Administrators*, *Harvesters*, and *Harvesters/Administrators* according to Marlin et al., Distinctions in

each of the categories included ranking in foundation age, size, competencies, internal relations, personal characteristics, and values. Internal relations were the only predictor, which did not positively correlate with performance achievement (Marlin et al., 2013). Conversely, Marlin et al. did report that team functions were a significant predictor to enhance individual contributions.

Carnochan, Samples, Myers, and Austin (2014) investigated performance measures systems from nonprofit organizations representing the human service industry. Participants were asked to evaluate their performance management processes by first identifying organizational obstacles and identifying organizational outcomes. Carnochan et al. survey revealed that the systems were under-utilized; the necessary trained experts on data systems were lacking; conflicts between funder goals and staff ideology provided the biggest challenges in utilizing the performance measure processes.

The benefits for using a performance measures system was gaining access and incorporating user perspectives. Although this study was a multi-year study, it focused only on seven agencies. Evaluating performance measures across sectors would be more beneficial to this study.

Besana and Esposito (2014) conducted a quantitative analysis focusing on revenue maximization as it relates to marketing strategies, fundraising strategies and investing strategies. According to Besana and Esposito University, nonprofits were challenged with donor contributions due to the global economic crisis. Besana and

Esposito reported that there was a competition for donors due to the highly targeted marketing efforts of other charities for the same resources.

Universities are also challenged with declining enrollment and loss of government funding. Cultural entrepreneurs (nonprofit CEOs) were challenged with using effective marketing tools to increased donor base, market their cause effectively, retain customers and audiences and exploit the purchasing power of the consumer (Besana & Esposito, 2014). Besana and Esposito (2014) suggested that there was a trade off between marketing efforts and operating activities that remained regardless of how the, allocations of resources were used.

Besana and Esposito (2014) reported that traditional marketing did not reach the broader audience needed for marketing. Therefore, many Universities were now utilizing the Internet for marketing, marketing aids for content, digital marketing including e-mails and used social medial to optimize advertising channels, increase targets, and personalize messaging.

The data collections were the revenues and expenses posted from 100 Universities in the United States. Besana and Esposito (2014) conducted a cluster analysis and segmented their findings in the following categories. Cluster 1, which consisted of 4 universities, was profiled as '*The Investor.*' *The Investor* ranked the highest in Investment Income. According to Besana and Esposito, this ranking was the most profitable ranking in the study. Cluster 2, was profiled as '*The Marketing Expert.*' *The Marketing Expert*, which was profiled as the most efficient allocation of resources, spent 87 percent on Program Services and had the second highest net gain in revenues

(Besana & Esposito, 2014). Cluster 3 was profiled as *The Fundraiser and Revenue Diversifier* (Besana & Esposito, 2014). This cluster scored highest in contributions and other revenues according to Besana and Esposito. This profile focuses on fundraising (Besana & Esposito, 2014). Cluster 4 was considered the *Least Profitable* because this category had the *least in contributions, investment income and revenue, net gains and assets* (Besana & Esposito, 2014). Besana and Esposito posited that universities that utilize their resources efficiency were the most effective in generative revenue for the universities.

This study provided evidence that revenue diversity coupled with resource efficiency would sustain the university funding. Moreover, universities ranked lowest in contributions, investment income, revenue, net gains, and net losses would not sustain the funding challenges over time.

Knox and Wang (2016) empirical action research study investigated what procedures and strategies were effective in executing performance measures in small to mid-size nonprofits. According to Knox and Wang, nonprofits reported a discontinuity in performance input and outcome. Knox and Wang also reported that the data was so overwhelming that connecting strategy, with input and outcome, was also impossible.

Knox and Wang (2016) suggested that lack of financial resources hindered small to midsize nonprofits from implementation. In addition, Knox and Wang noted that due to limited funding, small to mid-size nonprofits could not afford full time staff needed to implement the program. Knox and Wang noted that small to midsize

nonprofits were also lacking the proper leadership due to the high turnover rate thereby negatively impacted the implementation of performance measures.

Knox and Wang (2016) framed this study based on the CNCS Nonprofit Capacity Building Program, which was authored by Edward Kennedy in 2009. The CNCS program disbursed grant funding for the nonprofits that utilized the performance measure systems (Knox & Wang, 2016). Knox and Wang invited nine small to midsize profits to participate in this program. The staff from the University of Central Florida trained the post- graduate students on the performance measure system along with the data collection methodology.

The Urban Institute's Nonprofit Common Outcome Framework developed 27 performance measures. The performance measure program evaluated key performance indicators of nine small and midsize nonprofits within a two-stage process. The second stage comprised of key indicators, which connected the nonprofit mission relative to funding and performance outcome. Knox and Wang (2016) results finding revealed that implementation was dependent on effective leadership. Knox and Wang research also revealed that training programs were critical for capacity building in performance measures systems. Prior to the PM training, capacity building was measured at 43%, but after training, capacity building increased to 57%. A third revelation revealed that nonprofits needed sustainable funding in order for the nonprofits to fully utilize performance measures. The study also revealed that consideration of staff commitment was critical to utilizing performance measures.

Finally, the study revealed that utilization of performance measurement systems depended on sustainable and long-term values of the organization.

Charles and Kim (2016) conducted an empirical analysis to understand whether the donor values provided comprehensive information about the mission. In this quantitative analysis, Charles and Kim tested whether better performance outcomes received increased contributions or whether fundraising efficiency receive increased contributions from the donor. The results of the study revealed that organizations, which contained comprehensive information and had increased in audiences, appeared more successful and self-sufficient did not attract more donors.

Current literature provided performance structures to measure fundraising effectiveness and optimization (Levis et al. 2016). Levis et al. provided a framework for measuring fundraising success relative to donor retention, recruitment, and loss. A future research opportunity included conducting a longitudinal study to investigate the sustainability of the fundraising strategies and how the strategies attract, recruited, and retained donors beyond one year (Levis et al., 2016). One factor I would consider included in the study was the rate of return for messaging to attract, recruit, and retain donors.

Blansett (2016) argument concerning fundraising effectiveness and nonprofits was what measuring how well the nonprofit was communicating to the donor. Levis et al. (2016) sample size was sufficient to be generalized to the public. What is not indicated in the study was the diversity of the organizations.



Measuring performance by including a diverse group of participants representing a cross-sector of nonprofit organizations must be included in the strategic messaging to gain understanding on how the prospective donors perceived the objectives and mission of the organization (Blansett, 2016). Kilbey and Smith (2014) argued that financial reporting was useless due to the nonprofits inaccuracies in reporting. Knox and Wang (2016) contended that financial performance may be an unlikely predictor of how well the organization was performing due to the lack of resources.

Besana and Esposito (2014) suggested that there was a tradeoff between operating activities and marketing efforts, which consequently would have a negative impact on funding sustainability over time. Marudas et al. (2016) and Charles and Kim (2016) research investigations aligned with Kilbey and Smit's (2014) postulation that nonprofits continued to increase their expenses notwithstanding the lower contributions by donors. Toyasaki and Wakolbinger (2011) further asserted that there are hidden costs associated with raising funds.

Nonprofits have the ability to raise money through individual donations, charitable events, government support, or leveraging the capital markets (Grizzle & Sloan, 2016). Grizzle and Sloan maintained that through the capital markets, nonprofits have the capacity to increase performance and demonstrate accountability. Grizzle and Sloan noted that though nonprofits have accessibility to the capital markets, they must be warned not to depend on the capital markets excessively, because in doing so, nonprofits may eventually lose their mission focus.

Berber et al. (2010) examined the efficiency of management in organizations by quantitative methods but failed to examine the effectiveness of the service provided. Charles and Kim (2016) analysis of nonprofit organizations did not include the effectiveness of the service provided in their quantitative study as well. Berber et al. Charles, and Kim posited that when measuring performance, it was important to evaluate the qualitative experiences to enhance the generalizability of the study.

Finally, Marlin (2013) study on hospital nonprofits and foundations revealed that the differences in strategies and performance measures were profound. Buteau et al. (2014) study measured whether performance of the nonprofit aligned with the foundation's objectives. The study revealed the misalignment between the nonprofit and the organization. The empirical analysis in the above studies provided a metric for performance measures. However, how researchers measure performance and fundraising effectiveness varies with each study.

### **Organizational Characteristics**

Nonprofits organizations are currently seeking innovative ways to attract and retain financial support and ensure the missions and objectives are sustainable. Due to the evolving regulatory challenges facing hospitals today, Dillingham, Weiss, and Lawson (2012) suggested that hospitals create a stand-alone foundation as an alternative revenue generator. Dillingham et al. purported stand-alone foundations created many opportunities for hospitals to operate. To justify their assertion, Dillingham et al. reported that out of the 57 health-related organizations in the northeast corridor of the United States, 40 of the organizations have stand-alone foundations.

With respect to fundraising, in 2010 healthcare nonprofits raised \$22.8 billion for research and treatments in disease and health-related systems. A separate report submitted findings of healthcare organization donations of \$8.3 billion in 2010. The majority of the gifts received were from individual donors according to Dillingham et al. (2012).

Dillingham et al. reported that there were eight strategic reasons why hospitals should create a stand-alone foundation. Reason number one stated that there were increased opportunities for trustees to join the board thereby increasing the donation opportunities. Reason number two stated that a stand-alone foundation would stay separate from the operation of the hospital. Reason number three stated that foundations could strengthen the branding by using separate websites for upcoming events. Reason number four included using this structure to manage funds separately. Reason number five included the opportunity for limited liability. Reason number six included using the collection of funds as collateral for future loans. Reason number seven stated that donors preferred donating to a foundation versus any government controlled entity. Reason number eight was that foreign-based organizations preferred to donate to U.S. based organizations.

Dillingham et al. suggested that before a hospital considered formulating a foundation, they must

- conduct a cost/benefit analysis;
- perform a feasibility study;

- work with the legal, investment advisory team of experts who could formulate a strategy and implement steps in forming a foundation; and
- re-examine all the necessary requirements and e) develop an investment policy.

Goldkind and Pardasani (2012) also suggested that during hard financial times, nonprofits were encouraged to pool their resources, consolidate their services, and merge with other agencies offering similar services. Merging nonprofits deepened influence among constituents and strengthened the brand. However, the opposite may also be true. Nonprofit mergers may confuse brand identities, cause anxiety among the employees, and engender turf wars (Goldkind & Pardasani, 2012). Goldkind and Pardasani posited that nonprofits might formulate a foundation, which was more beneficial to the agencies. The agency may produce collaboration, efficiency, and increase overall funding. Goldkind and Pardasani examined the benefits of forming a foundation between three child welfare agencies in New York City.

Goldkind and Pardasani (2012) documented the process for which the foundation was launched and the steps for which a sustainable model in launching the program. The purpose of launching this agency was two-fold; funding and efficiency. In regard to funding, Goldkind and Pardasani introduced a concept called planned giving. When a donor plans their giving, the contribution is realized in assets rather than cash. The contributions would either be deferred allocation or on a preferred time schedule.

According to Goldkind and Pardasani (2012), planned giving takes a great deal of time, resources, effort, and nonprofit expense because it was a very specialized strategy. Goldkind and Pardasani submitted that the design of this study was conducted in a qualitative fashion. Semi-structured interviews took place from May to September of 2009. Goldkind and Pardasani interviewed the foundation's board of directors, development officers, and executive directors from the three agencies. Goldkind & Pardasani reported that the organization had developed strong partnerships among the inter-agencies. To better educate the public, potential contributors and additional agencies, they conducted workshops and seminars. They also become very astute on the creative and diverse funding possibilities.

Goldkind and Pardasani (2012) also reported that the greatest benefits to the formulation of the foundation were to both the agency and the supporter. They suggested that agencies could support greater initiatives within the organization. In addition, the funder on the other hand would be inspired to support the broader initiatives going forward. The collaboration of professional resources was also a benefit to formulating this model (Goldkind & Pardasani, 2012).

The challenges of this model included the use of planned giving. Starting a foundation using such a complex financial model may not be conducive to attractive funders initially. Goldkind and Pardasani (2012) also reported that the success of the organization is solely dependent on the leadership of the interagency. Additionally, they point out that diverse positions were needed as well; such as administrative,

development officers, boards of directors who are all willing to commit their time, skills and efforts to the foundation.

Goldkind, Pardasani, and Marmo (2013) conducted a qualitative study exploring the success and sustainability of fundraising between three child welfare governmental agencies that formulated a foundation. This study was a follow-up from Goldkind et al., which reported on the collaborative partnership by three child welfare agencies inter-agencies for creating a foundation. The purpose of formulating a foundation was to leverage both resources and technical expertise to strength both fundraising capacity and sustainability. Participants included Boards of Directors, the development officers, staff, and one board member who left the organization. The questionnaire addressed organizational sustainability, the partnership, and plans for the future. The follow-up study discovered several issues in formulating this interagency fundraising model.

Goldkind et al. (2013) reported that within the past two years they lost some of the agency partners due to lack of commitment to the cause. Many agencies could not commit to the time or resources, which were needed to build a successful foundation (Goldkind et al., 2013). Secondly, due to the newness of the organization, many question whether the foundation was capable of raising funds for the organization. Furthermore, some of the agencies were not financially stable and were suffering with financial challenges within their organization.

As it relates to sustainability of the foundation, losing a founding partner critically damaged the credibility of the organization (Goldkind et al., 2013). In addition to losing a founding partner, the fundraising was minimal. Board members as

oppose to outside donors contributed funds. However, the foundation considered funding success regardless of where the money came from. The participants shared their best model and best practices with other agencies but warned that it was difficult to attract new members to the foundation if the proof of success was not documented (Goldkind et al., 2013). In addition, the participants in the survey reported that the foundation was in dire need of organizational structure. Finally, the participants expressed great interest in developing stronger relationships with other agencies. They expressed the fact that building stronger partnerships, strengthening collaborative efforts in fundraising efforts, sharing resources will provide congruency among the group (Goldkind et al., 2013).

Brand and Elam (2013) conducted a mixed-methods case study examining fund raising strategies using Thatchenkery (2005) appreciative inquiry (AI) model. AI was defined as a model, which evaluated nonprofit funding challenges, strategies and funding sustainability. The participants were the Pikes Peak Region of Charitable Organizations (PPRCO) member networks. The PPRCO structure was comprised on board members, corporate partnerships, community leaders, and volunteers. PPRCO has 1,300 nonprofits within its national network. The focus of the network was to establish collaborative partnerships within the network, community development, a local and regional resource portal, sustainability and funding.

According to Brands and Elam, (2013) AI had been used to flush out nonprofits under utilization of resources. AI had also been used to identify the organizations competencies (Brands & Elam, 2013). The purpose of this action research case study

was to use AI to identify fundraising facilitator. Brands and Elam conducted a two-phase one on one interview phase. The results revealed that fundraising facilitators were supported by the strength of the organizational culture, which consisted of team development, talent recruitment, diversity of teams, and values.

Current empirical studies positively correlate organizational size with innovation in nonprofit organizations. However, large organizations can be bureaucratic and more de-centralized in their decision-making process. According to Jaskyte (2013) when determining the relationship between organizational size and innovation, it is critical to determine which factors influence the two variables. Jaskyte suggested that formulation; centralization, specialization, and leadership are critical variables, which should be factored in in determining the relationship. Jaskyte reported current literature was not conclusive on how the organizational size influences innovation. Moreover, Jaskyte found that the relationship between the variables were inconsistent as it pertains to centralization. Smaller organizations may show more flexibility in the decision-making process.

Leadership plays a more influential role when they are highly visible in smaller organizations (Jaskyte, 2013). Due to the inconsistency in establishing a relationship between organizational size and innovation, Jaskyte (2013) aimed to seek alternative reasons as to if or why organizational size influences innovation. The findings concluded that the organizational size of the budget was positively correlated with innovation (Jaskyte, 2013). In addition, the size of the organization was not



significantly correlated to innovation, but the number of personnel in the organization had a significant impact.

Jaskyte (2013) suggested it was partly due to the increased number of individual's skills and intellect that may lead to greater innovative techniques. Jaskyte also reported the size of the organization and the age of the board members were significantly correlated to innovation. Younger board members with larger access tended to be more creative in thinking and decision-making. In addition, younger board members with greater access to business, financial and community networks may enhance the fundraising efforts of the organization.

Owens and Landry (2015) conducted a quantitative analysis examining whether the organizational attributes of nonprofit hospitals serving acute care patients influenced fundraising performance. Organizational performance measures consisted of two key indicators; funding efficiency and public support (Owens & Landry, 2015). The dependent variable was public support, which was considered an attribute of fundraising performance (Owens & Landry, 2015). The independent variables were attributes of funding efficiency, which were funding location, whether the organization was a foundation; funding expense and employee status.

Other funding characteristics relative to the organization included the status of the endowment, the communities in which they served, and value of the endowment and the physical location of the hospital. The results revealed that the physical presence of the hospital was not significantly correlated to the level of public support. Secondly, the results indicated that relative to foundation or public support, fundraising

performance was not significantly correlated. Thirdly, Owens and Landry study revealed that acute care hospitals might not effectively manage without foundation support. Finally, the results revealed that a hospital's endowment was positively correlated to public support (Owens & Landry, 2015).

Willems, Jegers, and Faulk (2015) investigated the influence organizational effectiveness had on the stakeholder's trust and satisfaction, which in turn influenced output confusion and stakeholder engagement. Based on the results of the study, Willems et al. assessment of organizational effectiveness using the structural equation model (SEM) was supported. Trust, satisfaction, and effective communication were three components in which organizational effectiveness had been analyzed.

According to Willems et al., effectiveness reputation was rooted in game theory analysis, which centered on altruistic trust, which could be leveraged between organizations and stakeholders. Willems et al. asserted that trust was a key indicator the organization's effectiveness reputation that there was a positive, direct, and significant correlation between trust and organizational effectiveness. A stakeholder's perception of the quality of the organization's communication and the efficiency in which stakeholder's needs are met persistently are key factors in determining the client's satisfaction with the organization. Willems et al. purported that there was greater probability that as the organization effectively represented the concerns of the stakeholders, the more satisfied the stakeholder.

Results in this analysis concluded that organization effectiveness was influenced by the trust and satisfaction of the stakeholder. Moreover, Willems et al. posited that

stakeholder engagement was positively influenced by the stakeholder's trust and satisfaction with communication. Also, stakeholder engagement was significantly correlated with communication and stakeholder engagement. There were no significant correlations with satisfaction and organization's reputation effectiveness germane to output ambiguity. However, Willems et al. study revealed that organizational effectiveness was negatively influenced by output ambiguity.

In this section, organizational characteristics and attributes relative to fundraising effectiveness. Dillingham et al. (2012) purported that stand-alone foundations should be considered as an innovative structure to diversity resources to maximize their financial base within the healthcare industry. Dillingham et al. posited that hospitals used these foundations not only for fundraising, but long-term investment instruments to increase their portfolio.

Conversely, Owens and Landry (2015) argued that hospital fundraising performance was not significantly differentiated in comparison with the foundation's success mechanisms. Owens et al. further postulated that their study did not support the assertion that strengthening financial performance was the driving motivator behind the creation of hospital foundations.

Goldkind and Pardasani (2012) explored the creation of foundations in the social service sector to efficiently respond to the challenges of public funding. Goldkind, Pardasani, and Marmo (2013) purported that the creation of a foundation in the social services was to enhance the financial structure of the organization. As the foundation developed, Goldkind et al. reported that additional concerns such as

duplication of tasks, weak strategies embedded with undeveloped criteria, noncommittal board members lack of mission-focused began to impede any progress toward financial stability. Lack of organizational structure, which was lacking in Goldkind et al. study, impacts the ability to fundraise.

Brand and Elam (2013) study revealed that fundraising success was supported by the organizational culture. Jaskyte (2013) extended the importance of organizational structure and informational technology by addressing the need for nonprofits to connect their performance to their mission and beliefs.

Willems, Jergers and Faulk (2015), examined the organizational effectiveness reputation taking into account performance, branding, communication, representation and output. For example, an ambiguous mission statement may lead the donor to question the insincerity of the organization (Willems et al., 2015). Trust and satisfaction were the leading drivers of organizational effectiveness according to Willems et al. Each of the studies explored the innovative and complex arrangements of nonprofits organizations and examined what the most optimal structure in organizational effectiveness as it pertains to strengthening the financial portfolio for sustainability.

### **Summary and Conclusions**

Whereas in Chapter 1 I introduced the scope of the research, in Chapter 2 the foundational backdrop was provided for which to develop this my aim at understanding fundraising strategies as it relates to the delivery of sustainable quality service. Various fundraising campaigns and the innovative methods by which nonprofits are generating revenue are also introduced in Chapter 2. What is known in Chapter 2 is that leadership,

marketing strategies; performance measures and organizational characteristics may positively or negatively influence donor behavior. What is not known in this section is how fundraising strategies may impact quality delivery of service.

This research extends the body of knowledge in fundraising due to the breadth and depth of qualitative interviews taken from nonprofits that have sustained their service over a 5-year period. In this research study, the researcher interviewed participants who provided a cross-section of services over an extended period to their constituents. In Chapter 3, I discussed the role of the researcher, the methodology, and procedures for data collection, recruitment, and participants. In addition to the objectives aforementioned, the issues of trustworthiness with the research were discussed as well as the ethical procedures used. Chapter 4 of my study discussed the results of the research, the settings, data collection, and summary. In Chapter 5, the conclusions are discussed as well as the interpretation of the findings. Limitations to the study are also provided in Chapter 5. Finally, Chapter 5 concluded with the implications to positive social change both personally and professionally.

## Chapter 3: Research Method

### **Introduction**

The purpose of this qualitative, thematic study was to understand the fundraising strategies used by NPOs from the Midwestern region of the United States to assist in bettering the delivery of services of all nonprofits. In Chapter 3, I will present the research design and rationale for this study. In this section, I will describe my role as the researcher and my relationship with the participants. In addition, I will explain issues of potential bias and discuss ethical concerns, such as power differentials. The population, sample, rationale, procedures, and sample size maturation will also be introduced. Chapter 3 will also include the researcher-developed instruments, issues of validity and data sufficiency, and procedures for recruitment and the data analysis plan. In Chapter 3, I will also explore matters of credibility, transferability, dependability, confirmability, as well as ethical methods. Finally, a summation of the chapter will be presented, leading to a transition to Chapter 4, the data analysis.

### **Research Design and Rationale**

The purpose of this study was to identify strategies to attract increased funding for quality sustainable service by examining the fundraising strategies from nonprofits in the Midwestern region of the United States who have adequately met the demands of their stakeholders, internally and externally. Therefore, I developed the following research questions:

RQ1. What strategies do nonprofits use to increase funding with respect to the delivery of quality sustainable service?

RQ2. What conditions have influenced fundraising effectiveness?

In this study, I used a generic, qualitative, thematic research design and investigated the concept of fundraising strategies. I examined the means by which nonprofits attracted funding and the internal factors that influenced fundraising effectiveness, including leadership, relationship management, donor preferences, motivations and behavior, marketing strategies, funding campaigns, organizational infrastructure, and performance measures. I also investigated the external factors, including the government, the economy, social networks, education, and organizational constructs, which could negatively impact the nonprofits' ability to attract funding. In conducting my literature research review, I examined the quantitative, mixed-methods, and qualitative research approaches concerning nonprofits and fundraising. Quantitative measures are used to test the stated hypotheses, to identify and describe the statistical relationship between variables, and to generalize the sample to the population (Britten, 1995).

The quantitative instruments use closed questions to authenticate the construct, rather than the open-ended questions used in a qualitative study (Britten, 1995). Researchers adopting the quantitative method do not seek to determine patterns or trends as those adopting the qualitative methodology do; instead, they test the hypothesis to confirm its accuracy and identify the variables that may have influenced the outcome of the research (Britten, 1995).

The mixed methods approach includes both quantitative and qualitative research. According to the Agency for Healthcare Research and Quality (AHRQ;

2015), the mixed methods model allows for the complete integration of data, as opposed to separate quantitative and qualitative studies. The mixed methods model allows both open and closed questions to be evaluated, thereby providing greater rigor and validity to the study (AHRQ, 2015). The AHRQ (2015) also posited that mixed methods provide a foundational premise for personal experiences.

A qualitative analysis allows researchers to explore a concept or phenomenon with respect to the experiences, narratives, beliefs, reflections, and perspectives outside the statistical and structured construct of a quantitative analysis (Percy et al., 2015). The research design I used in this study was a generic, qualitative, thematic design intended to explore strategies used by nonprofits that have provided sustainable quality service to both internal and external stakeholders. CEOs, executive directors, regional directors, development officers, presidents, and team captains provided the narratives in this study. I offered the interview questions in a semistructured format.

The qualitative construct results in a contextual data collection (Percy et al., 2015). In contrast, a quantitative data collection is comprised of variables that are measured). Furthermore, a qualitative analysis provides a construct whereby subjects share their narratives of events and real concerns, issues, and challenges they faced throughout their tenure (Percy et al., 2015). The qualitative research design of this study contained a thematic analysis, which was flexible and allowed me to examine the concept from varying perspectives and to identify emerging themes and patterns. Whereas, the quantitative research design seeks correlations and significance (“Qualitative and



quantitative research,” 2016), the qualitative study I used provided a narrative from the participant’s perspective.

Hopkins et al. (2014) concluded that leadership deficits and a lack of innovation and technology, talent, and infrastructure are factors impacting effective fundraising strategies. The subset of influencing factors in this study included donor behavior, marketing, the economy, performance, and transparency, relationship-building, and organizational characteristics. In Chapter 2 of this study, I provided the pretext for gaining insight into the factors influencing fundraising strategies from both a quantitative and mixed methodological perspectives. The qualitative analysis concentrates on participants’ lived experiences and explores whether thematic themes emerged from within the organizations (Percy, et al.).

In conducting my literature review, I found previous researchers had suggested future research opportunities for examining factors influencing marketing strategies (Shehu et al., 2016); donor characteristics and behavior (Boenigk & Scherhag, 2014; Shaker et al., 2014); fundraising transparency; and performance and outcome (Charles & Kim, 2016). Cacija (2013) also suggested that extant research only examined components of a generic theoretical frame connecting marketing to fundraising performance and strategy.

In qualitative research, generalizability is referred to as transferability. Generalizability requirements were reported as not being met due to the single homogeneity of the participants (single nonprofit sector or single organization; Bell & Cornelius, 2013; Boenigk & Scherhag, 2014; Charles & Kim, 2016; Khodakarami,

2015; Park & Cho, 2015). With this study, I aimed to identify strategies to attract increased funding.

Within the construct of fundraising strategies, I interviewed the participants with questions that may have influenced fundraising strategies such as leadership, fundraising campaigns, marketing and relationship management, donor behavior, performance measures, and strategy. I hoped that the results of this study would add to the body of knowledge in fundraising strategies by interviewing a diverse group of participants from various organizations within the nonprofit sector. The body of knowledge and emerging themes that I gathered from this diverse group of organizations may provide an NPO fundraising model, which could be used to facilitate in increasing capacity for delivering services.

### **Role of the Researcher**

Knowledge development concerning fundraising strategies is of personal interest to me. My role as researcher was to gather information about fundraising strategies to gain insight into what strategies nonprofits utilize to deliver quality, sustainable service to both internal and external stakeholders. My protocol consisted of the following steps:

1. I sent out an e-mail inviting the nonprofit CEOs, executive directors, development officers, regional directors, fundraising team captains, and presidents to participate in the study.
2. Upon consent of the participants, I explained the study and my role in the study.

3. I shared with the participant that the interview would be recorded, and I described the device that would be used.
4. I interviewed the participants by asking semistructured questions.
5. I then asked probing questions to gain a more thorough understanding of the phenomenon (see Yin, 2011).
6. I sequenced and customized the questions to the participant's needs to create an environment conducive to a natural conversation (see Yin, 2011).
7. I was an attentive listener and allowed the participant to do most of the talking to create and develop the narrative without coercion or undue pressure from the researcher. According to Yin (2011), good listening allows the researcher to observe the "sub-textual meanings" behind the conversations (p. 151).

I had no direct relationship with the participants interviewed pertaining to power relationships and their impact on this study. The participants in this group served to provide information to me, and as such, there were no apparent ethical issues in the relationship between the participants and me.

### **Methodology**

The population I chose for this study consisted of NPOs in the Midwestern United States that had, since 2008, provided sustainable services to the underresourced. I used a nonrandom purposeful and convenient sample of 20 to 30 participants. The sample chosen represented a diverse group of nonprofits that serve the underresourced in a variety of services. The sample was stratified based on the title in the organization,

number of years in fundraising development, the number of years of nonprofit organizational existence, and services provided. There were 19 participants in this study, which consisted of four chairman's of the board of directors, three CEOs, four development directors, three executive directors, three presidents, and two team captains. All participants were directly involved in fundraising for the organization.

The sample size of 20 to 30 participants was acceptable due to the homogeneity of the participants and their expert knowledge. In other words, the sample size was feasible in a qualitative study, when the group being interviewed is homogenous (Latham, 2013). Homogenous groups are defined as being comprised of persons who hold a particular status in a group or organization (Latham, 2013). The homogeneity of this study included CEOs, presidents, chairman of the Boards, executive directors, and team captains who were currently employed or actively volunteering in leadership positions and who could articulate the fundraising strategies and contextual influences that may impact fundraising effectiveness. Each interview was considered an individual case study.

Researchers continue to debate upon the appropriate sampling size for a qualitative study (Trotter, 2012). Marshall et al. (2013) suggested that a significant relationship exists between sample size and data saturation. Trotter (2012) stated that the ideal sample size is determined by interviewing the participants to redundancy and replication. Albert and O'Connor (2012) stated that the greatest concern in qualitative research was sampling, which represented a holistic visual representation of the phenomenon. Dworkin (2012) suggested that the sample size reflected the issue's hows

and whys and demonstrated heterogeneity with respect to the circumstance, micro-culture, behaviors, and effect. The sample size of 19 participants met the requirements of this qualitative study.

According to Cohen and Crabtree (2008), semistructured interview questions provide clarity in instruction and consist data. Semistructured questions that are open-ended also provide the opportunity for new ideas, perspectives, and innovative considerations to emerge with respect to the phenomenon (Cohen & Crabtree, 2008). Thus, the interview protocol aligned with Cohen and Crabtree's positization of the benefits of semistructured questions and provides a foundational context for answering the research questions concerning fundraising strategies.

### **Procedures for Recruitment, Participation, and Data Collection**

The study met the Internal Review Board's approval (#001-612-312-1210), subjects were invited by email (Appendix F) to participate in the study. The form received included an explanation of the study, an invitation to participate, a description of the risks and benefits, and the voluntary nature of the study. The form also provided information about the means by which the data was collected, including the type of audio or visual device that was used for transcription.

In addition, the email provided the participants with the option to refrain from participating or to withdraw from the study at any time during the interview process. After signing the consent form to participate, I established a place and time to interview the participants. Upon conducting the interview, I used a recording device to transcribe

the conversations. I also conducted a member check at the end of the interview to verify the transcription.

NVivo was used for data transcription and analysis. Each participant was assigned a code and number. The code identified the organization, and the number identified each of the participants. Any information concerning the participant's personal information was not disclosed. The code and number are intended to provide the confidentiality of the participant. I provided each participant with a set of interview questions prior to the interview. The interview took place by phone. The duration of the interview was between 30 minutes and 1 hour. The interview was digitally recorded and transcribed. I exited the interview by first thanking the participant for their valued time and information. I then explained to them that I would transcribe the information and email the transcript to them for verification. The participant was then asked to provide feedback within 48 hours. If the interview aligned with the conversation, then the participant sent an email response confirming the interview. If there were edits in the transcription documents, I corrected the document, then sent it back over to the participant. The process took place until I received a confirmation that the information was correct.

A lack of participants may impact data saturation. If too few people participated, I left the study open until data saturation was met. Data saturation occurs when the interviews reveal no additional emerging themes or categories; at which point, coding is no longer necessary, and the data have reached both redundancy and replication (Fusch & Ness, 2015; Morse, 2015). Moreover, Nastasi (2004) suggested

that data saturation or redundancy is met when themes, concepts, and patterns are consistent and there is nothing more to learn about the phenomenon. Due to the critical nature of data saturation and sampling size, 20 to 30 interviews are appropriate for this study (Dworski, 2012; Leung, 2015; Marshall et al., 2015; Mason, 2015; Morse, 2015).

In this study, 20 invitations were accepted, however, one was excluded due to the lack of 501c3 status. After the individual interviews were completed, I thanked the participants and sent a copy of the transcript to each of them. In case they had any questions or concerns, the participants were provided with contact information, including the school's email address and telephone number. To protect the confidentiality of the participants, the transcripts and participant information were kept on a separate flash drive and was password protected. The dissertation chair and I were the only persons with access to the records. Again, since this study was conducted on a volunteer basis, the participants could refuse to participate in the interview for any reason. They were also informed that the information would be kept on file by the university for no longer than 5 years.

### **Data Analysis Plan**

A qualitative thematic research design was used to explore the phenomena of fundraising strategies, effectiveness, and sustainability. The raw data collection consisted of interviews. Trochim and Donnelly (2007) refer to this process as data reduction, whereby the raw data are analyzed and coded. The coding in this process was open-coded, as it was intended for the exploration, discovery, and identification of key composites in the study. For instance, the transcripts may reveal that leadership and

donor behavior influence fundraising effectiveness. In this instance, I coded the participant's response in each of the designated categories. Other factors included donor recruitment, such as branding and the economy. Through this open-coding data reduction process, I coded the two factors separately, but placed them under the same research question.

I sought emerging themes and patterns until redundancy and replication has been reached. According to Percy et al. (2015), data are analyzed individually; from the individual analysis, themes and patterns emerged. From the emerging themes, I synthesized the composite of themes provided by the participants. To analyze the recording, then categorize and code the themes I used NVivo for my data analysis. NVivo software was used to facilitate the organization, categorization, coding, and identification of emerging patterns.

To further explore thematic patterns and trends, I conducted a comparative analysis to cluster the patterns or trends. Percy et al. (2015) suggested that, when conducting a thematic analysis with constant comparison, a researcher familiarize themselves with the data collected in order to identify key words and phrases that fit within the construct of the research study. They also suggested that researchers highlight the data that are relative to the research questions. They further recommended that researchers eliminate any data not relative to the questions. After following these suggestions, I coded the data, clustered the set, and began to develop the patterns (Percy et al., 2015). After the data for each participant are collected, I began the constant comparison process by comparing his or her data to that of each of the previous



participants. Trochim and Donnelly (2007) asserted that the constant comparison process would lead to “higher-order” concepts (p. 285). Finally, I analyzed the themes and the patterns that supported them and wrote a detailed analysis of the phenomenon (Percy et al., 2015). Through this process, I was able to identify the higher-order concepts suggested by Trochim and Donnelly (2017).

### **Issues of Trustworthiness**

In qualitative research, “validity is defined as the *appropriateness* of the tools, processes, and data” (Leung, 2015, para. 5). The issues of trustworthiness in qualitative research include the credibility, transferability, dependability, and confirmability of the study. In qualitative research, the external validity of a study is called *transferability*. Transferability refers to whether the study can be generalized to additional contexts or settings. *Internal validity* in qualitative research refers to the credibility of the study. *Reliability* in qualitative research pertains to the dependability of the study. Moreover, *objectivity* of the study refers to the confirmability of the research study.

### **Credibility and Dependability**

I established credibility and dependability by integrating four steps to strengthen the correctness, appropriateness, rigor, and interpretation of the phenomenon. The first step involved conducting field tests to provide feedback concerning the appropriateness of the questions and to determine whether additional questions are needed. Field tests should be conducted to assess the validity of the research instruments (Roberts, 2004; Jacob & Ferguson, 2012). Roberts (2004) asserted that researchers should survey experts to provide feedback on the following:

- Comprehension of instructions
- Conciseness of words
- Adequate information
- Nonessential questions
- Length of interview questions
- Additional questions
- Rephrasing of questions
- Question elimination

Based on Robert's (2004), and Jacob and Ferguson's (2012) framework for field experts, I submitted the following questions and request to the field experts:

1. Are the questions appropriately aligned with the study?
2. Are the questions articulated clearly and without ambiguity?
3. Are the questions sequenced appropriately?
4. Are their questions I should consider eliminating?
5. Are their additional questions, I should consider adding to the interview?
6. Please provide any additional comments needed to strengthen the alignment of this study.

In a qualitative field test analysis, data concerning a phenomenon are not collected from the participants; therefore, the researcher does not have to receive Internal Review Board (IRB) approval before the field test. The experts for the current study consisted of seven professionals who own a nonprofit; have worked in a nonprofit setting as a CEOs executive directors, regional directors, development officers,

fundraising team captains and event directors or has academic credentials in the field of nonprofit organizations, leadership, business issues, team building, and technology. I sent invitations to the experts by emails (see Appendix A), describing the study and requesting their participation to field-test the questions. Upon the experts' agreement to participate, I submitted the questions to them and requested their feedback (Appendix B). I have included the qualifications of the expert panel members in Appendix C. Additionally, I have included the revised interview questions as suggested by the expert panel members in Appendix D.

The second step involves triangulating the data received from the participants. Triangulation refers to the use of multiple sources to validate qualitative research (Carter et al., 2015). According to Yin (2015), ideally, triangulation should come from three different sources (i.e., interviews, documentation, and observation). Triangulation of the data collection includes conducting semi-structured interviews with executive directors, regional directors, development officers and fundraising team captains from nonprofits on topics that may influence fundraising strategies, such as leadership, donor behavior, relationship management, organizational characteristics, performance measures, and marketing. To do so, I used field notes and recordings to report the experiences, events, and activities to triangulate the data collection.

To establish credibility and dependability, the third step occurred through member checking. Member checking provided the participants an opportunity to provide feedback. To conduct an audit trail for member checking, I provided a transcript to each of the participants. They were given the opportunity to review the

transcript, edit, ask additional questions for clarity, and provide additional remarks. I continued to edit the transcript until the participants were satisfied. They responded by stating “confirmed” in the email reply. Member checking was fully integrated to diminish any opportunity for miscommunication or misinterpretation of the data.

The fourth step pertains to data saturation, which was reached when emerging themes, categories, or coding was no longer necessary, because the data have reached redundancy and replication (Fusch & Ness, 2015; Morse, 2015). Multiple interviews were conducted. The initial interview was conducted through semi-structured questions and data collection. The second interview pertained to member checking, in order to achieve data saturation of this phenomenon. After the participants approved the transcripts, I analyzed the data for emerging themes and patterns until the data had reached redundancy and replication.

### **Transferability**

Transferability refers to the degree to which the study can be transferred to a different context in the study (Trochim, 2006). In order to establish transferability of the study, I applied appropriate strategies to capture the richness of the data. In addition to interviewing the participants, I documented field notes. The field notes were used to describe the phenomenon. I reported any events, experiences, and activities supporting this phenomenon. Finally, I documented all procedures and explained the context of the study thoroughly with adequate details; so future researchers could determine whether the study was transferable to their investigation of the social phenomenon.

**Confirmability**

Confirmability of a study is established when it can be duplicated and corroborated. Confirmability of the study was reached by verifying the data multiple times. This took place through triangulation and member checking. In addition to establishing the veracity of the data, social research methods.org suggested that, if the data appeared contradictory to the created views of the participants during observations and interviews, the research should be reported as well (Trochim, 2006). I reported any instances or events that were contradictory to the interviews and observations to strengthen the confirmability of the study. Finally, Trochim (2006) suggested that the data be rechecked after being collected to eliminate any potential bias that may have taken place during the investigation. I rechecked the transcripts and recordings to verify the information provided by the participants to reduce any potential bias.

**Ethical Procedures**

The purpose of this study was to explore fundraising strategies that could provide a sustainable delivery of service to both internal and external stakeholders. The participants were CEOs, presidents, executive directors, development officers, regional directors, and fundraising team captains who lead their organization in fundraising efforts and were knowledgeable of the factors that influenced fundraising. As previously indicated (see Procedures), before the study was conducted, the Institutional Review Board (IRB) (#001-612-312-1210) of Walden University approved the research. The IRB is responsible for ensuring that this research meets the United States federal guidelines. IRB approval guaranteed that my procedures minimized the risks to

participants and maximized the benefits for them. In addition, IRB approval suggests that the parties participating represent an equitable selection and that all parties were knowledgeable of the purpose of the research, its setting, and its environment. Approval of the research also suggested that all vulnerable parties have protections that must be adhered to. Furthermore, IRB approval suggested that all consent forms have been reviewed and have been structured properly by the researcher and that the participants have authentically signed the signed consent forms. IRB approval also suggests that all procedures are in place to protect the confidentiality of the data and privacy of the participants. The IRB documents were submitted for approval of this research. Participants were sent an invitation to partake in this study. Although they were encouraged to partake in this research, the informed consent form stated that they have the right to withdraw from the study at any time. As they pertain to the confidentiality of the records, recordings, and transcripts, all participant records were coded for organizational identification and numbered per participant to protect their anonymity. Because confidentiality was crucial, the data collected was kept on a separate drive. The data was password protected, and access was given only to the dissertation committee and me. In addition, per university standards, data will be kept for five years and then destroyed.

### **Summary**

The purpose of this study was to explore the phenomenon of fundraising strategies and its ability to provide sustainable resources to internal and external stakeholders. Meeting the requirements and providing the protocols for this study were

critical to future research studies in the areas of nonprofits, fundraising, and sustainability. In Chapter 3, I provided the framework for the research design, methodology, sampling frame, ethical issues, procedures for recruitment, data collection, and data analysis. In Chapter 3, my role as the researcher and primary instrument in this qualitative, thematic research design was discussed. I also provided the criteria and justification for both the population and sampling size. The procedures for recruitment and data collection were delineated in this section, as well. In addition, the issue of trustworthiness was thoroughly discussed, as the reliability and validity of this research were critical to the research design. Also addressed in Chapter 3 were the protections in place for the participants and my obligations to the participants.

In the next chapter, Chapter 4, the data, and report on the qualitative outcomes are discussed. I also provided explanation for any discrepancies with the data collection or sample. Also reported were any events that occurred during the interview process that was not predicted or foreseen in Chapter 3. Following the data analysis in Chapter 4, I provided the interpretations of the findings, limitations of the study and recommendations for future research in Chapter 5.

## Chapter 4: Results

### Introduction

NPOs provide a myriad of services in the United States; however, the NFF (DATE) reported that 53% have less than 3 months' cash on hand. The lack of sustainability in funding impacts the nonprofit's ability to provide adequate staffing and infrastructure. The purpose of this qualitative thematic study was to explore the fundraising strategies of nonprofits to determine how these organizations could provide quality sustainable services. The research questions that guide this study were as follows:

RQ1: What strategies do nonprofits use to increase funding with respect to the delivery of quality sustainable services?

RQ2: What conditions influence fundraising effectiveness?

In this section, I will discuss the research setting, the demographics, the data collection procedures, the data analysis processes, the evidence of trustworthiness, and the research results. In the research setting section, I will describe the organizational conditions that may have influenced the participants' responses to the interview. The demographic section will include a profile of the participants. The data collection section will contain the methodology used to gather information for the study. In the data analysis section, I will also convey the data collection process. The evidence of trustworthiness section will include the strategies used concerning credibility, transferability, dependability, and confirmability, and in the study results section, I will discuss the results and emerging themes as well as the relevant tables and graphical



illustrations of the results. In the closing section, I will provide a summary of the findings relative to the research questions and a transition to the discussion, conclusion, and recommendations in Chapter 5.

### **Research Setting**

In this study, I invited the research subjects to participate by way of e-mail. After reading the invitation, those who agreed to participate replied to the e-mail with the statement, "I consent." I sent out a second round of e-mails to only those who accepted the study, thanking them for their consent to participate and attaching a copy of the interview questions for their review.

Following this step, I sent an email to participants requesting information about when they would be available for the interview. In this e-mail, I shared the conference call number with dial-in instructions. Four subjects were concerned that the interview might extend up to or beyond the length of an hour, because I had indicated that it might on the consent form. An additional item of concern was whether the study would reveal the identity of the NPOs that the participants represented. Three of the participants needed to schedule their interviews during the late evening. For those subjects concerned about the duration of the interview, I asked them to provide alternative time slots that would allow for a longer interview time, and I accommodated these alternatives. To alleviate anxiety concerning confidentiality, I reviewed the information on the invitation/consent form with all the participants and reminded them several times that they had to right to withdraw from the study, even after the interview was concluded.

The interviews were conducted via phone. The participants chose their preferred location. Two of the participants forgot their appointments, and I sent each an e-mail to remind them. Both rescheduled their interviews.

None of the participants expressed any concerns germane to the audio recording of the interview. After each interview, the participant received a transcript of the interview and was asked to edit, make comments, or ask questions for clarification. All were asked to send an e-mail reply that provided the statement, “confirmed,” when they were satisfied with the document reflecting the interview. During the interview process, the participants expressed no personal circumstances, organizational constraints, or budgetary restrictions that would obviate any narrative crafted by the interviewee.

### **Demographics**

The participant demographics are representatives of nonprofits in the Midwestern United States. There were 19 participants in this study, which included four who served on the board of directors, three CEOs, four development directors, three executive directors, three presidents, and two team captains. The 19 participants averaged 9 years of leadership experience and their respective nonprofits represented 180 years of organizational existence.

In this study, I sought sustainable strategies for nonprofits. I also explored what circumstances or conditions influence fundraising effectiveness. The sample used in this study was a purposeful, convenient sample. The sample members were selected due to their homogeneity: All participants are active in and hold leadership positions that impact fundraising processes and strategies development. The participants also

provided insight into the factors that influence fundraising strategies. Participating nonprofits had existed since the 2008 recession and had provided sustainable services to their internal and external stakeholders. All but one changed their mission focus at one point, and all but one discussed the challenges attached to the new direction. Although each interviewee was provided with semistructured questions, their tenure within their organizations allowed them to provide mature insight, perceptions, and experiences to the phenomenological study.

### **Data Collection**

This study included participants from 19 NPOs. The tool I used for data collection was a 13-question, semistructured questionnaire, in addition to two questions that were subtexual to the code. The 15 questions were based on the research questions and central themes extrapolated from the literature review. In previous studies, factors, such as leadership, fundraising campaigns, marketing, relationship management, donor behavior, performance measures, and planning, were found to influence fundraising effectiveness (Aldamiz-Echevarria & Acquirre-Garcia, 2013).

I conducted the interviews by phone. I did not stipulate a location for questioning, so the interviewees could participate from the locations of their choice. The interviews were conducted over a period of 2 weeks, which provided an ample amount of time to accommodate the necessary number of participants to meet data saturation. I used the website [freeconferencecall.com](http://freeconferencecall.com) to facilitate the interviews. I sent participants a conference call number and an access code to dial in. Prior to conducting each interview, I thanked the interviewee for participating, reviewed the information on

the consent form, reiterated to the interviewee that they had to right to withdraw, and then began the process. The recorded audio from each interview was saved in my freeconferencecall.com account in an mp3 file format. After the interview, I thanked the participant again and communicated that I would send the transcript of the interview for them to check.

The transcription process consisted of typing each interview, word for word. The process of transcribing each recording consisted of listening to the recording in its totality, typing out each sentence, and rewinding the audio file as needed to verify the transcription. I also included ellipsis to signify pauses and silent reflection time. After the transcription was complete, I listened to the mp3 file in its totality to ensure the transcription's accuracy. The mp3 files, on average, were very clear. There was some distortion in two of the files, however.

I then submitted the transcription to the participant by e-mail and asked them to make any necessary corrections and resubmit the transcript back to me within 48 hours. The transcriptions that were sent near the beginning of the weekend were returned between Monday and Wednesday of the following week.

### **Data Analysis**

The purpose of this study was to explore fundraising strategies to support the sustainable delivery of quality services among NPOs. Using NVivo software, I imported the collected documents into one file. I then ran a word frequency search to examine what prevailing themes surfaced from the participants' narratives. The word frequency search facilitated in the identification of themes that I did not identify during

the manual inspection of the documents. I then conducted a word frequency search. The words generated by the frequency search were grouped with other word stems. The next step consisted of reviewing the interview questions and determining what categories correlated with the themes within the dissertation.

I placed the data collected in nodes using both the results of the word frequency query and the topics researched in the dissertation. The purpose of nodes in NVivo software was to provide a portal to gather all information from multiple participants in one place. Nodes are the containers from which themes are gathered (Lima & Manini, 2016). The nodes established in this process included the following: the mission, the participant's role, leadership, economy, fundraising marketing strategies, donor preferences and cultivation, performance measures, contingency plans, and organizational characteristics.

The purpose of coding was to extrapolate all data pertaining to the designated node. The node in NVivo software captured all the themes from the interviews. I then categorized the themes from each node. For instance, Figure 1 demonstrates the steps I used to develop the categories. The node in this example was the one labeled, mission. The purpose for using this particular node was to explore the diverse missions of the organizations—that is, the reasons why they exist. I created one node and from that node generated several categories and themes to determine the similarities and differences that emerged which are relevant to the services provided.

Figure 1. Sample Illustration of Inductive Process.

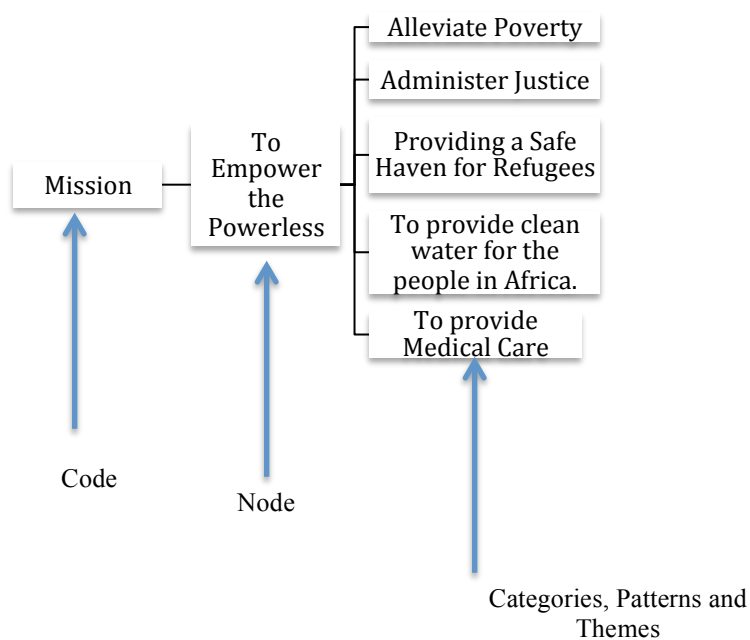


Figure 2 lists all the mission statements provided by the participants. These mission statements demonstrated the heterogeneity of services that improved the quality of life for underresourced individuals. After listing the categories for each of the nodes, I populated a list of quotes from the interviews to substantiate the themes in Figure 2.

Figure 2. Mission Statements

|  |  |   |   |
|--|--|---|---|
| Clothing, education, community and housing to at-risked teen girls       | Holistic and alternative services to community families                                  | Medical care to the under-resourced as well as medical care to those in hospice and palliative care | Affordable housing for the under-resourced  |
| Counseling and leadership development for Tribal Communities             | Legal Services for the under-resourced   | Clean water for the children in Africa  | Addiction and Rehabilitation Counseling   |
| Educational Scholarships for teens who are products of human trafficking | A learning environment to encourage technology and innovation in under-resourced schools | To provide television media from a Christian perspective  | To assist and influence the change and lives of people who have been or is incarcerated |

Based on the responses to the semistructured questions, the constant comparison analyses, and the NVivo inductive reasoning process of observing and analyzing, I constructed 11 nodes to examine. The codes, nodes and themes are listed as followed: mission, role in the organization, leadership influence, economic influence, donor preferences, donor cultivation, recruitment strategies, fundraising effectiveness, performance measures, marketing strategies, strategic evolutions, contingency plans, and funding tools (see Appendix G).

## **Evidence of Trustworthiness**

### **Credibility**

To establish credibility, I conducted field tests prior to the study with experts in the nonprofit industry. Seven nonprofit professionals were invited to participate on the expert panel. The expert panel consisted of CEOs of NPOs, executive or regional directors, and development officers, as well as those who have academic credentials in the areas of leadership, business management, and technology. The invitations were sent out and all were accepted. The members of the expert panel resubmitted questions to me for clarification, for justification, or with suggestions. I revised the interview questions and resubmitted them to the expert panel. I did not finalize the questions for use in the study until I received approval from all of the panelists.

### **Transferability**

Transferability is defined as the appropriateness of the tools, processes, and data, and whether the study can be generalized to additional settings (Leung, 2015, para. 5).

The following strategies were utilized to establish transferability in this study:

- Field notes and digitized recordings were used to capture the richness of the data. These I used to report events, experiences, and activities that were in support of or opposed to the contextual framework of the phenomenon concerning fundraising strategies and sustainability.
- Data was extrapolated from nonprofits that provide services to clients from various socio-economic backgrounds.



- Narratives were provided by individuals who hold leadership positions in the nonprofits, but in varying levels of responsibility.
- Nonprofits participating in the study represented a cross section of services provided.

### **Dependability**

The dependability of the study refers to its reliability. Dependability is established by integrating steps to strengthen the rigor and interpretation of the phenomenon. Dependability was established in this study by allowing the participants an opportunity to verify the transcription of their interview. The participants were encouraged to edit the transcription, ask questions about it, clarify points, and provide additional comments to the transcription. This eliminated any misunderstandings or miscommunications between the researcher and participants.

### **Confirmability**

A study's confirmability is established if the study can be duplicated and corroborated. In order to corroborate the data and eliminate potential bias, I recorded the interview, confirmed the data with the participants, and established an audit trail for duplication. An audit trail consisted of transcriptions and audio mp3 files that verified the veracity of the data, which includes all narratives regardless of whether they supported or contradicted the phenomenon examined.

## **Study Results**

The conceptual framework was based on Aldamiz-Echevarria and Acquirre-Garcia's (2013) work on the decision-making process of donors. Aldamiz-Echevarria

and Acquirre-Garcia postulated that external environmental factors such as the government, social networks, and the economic environment are predictors of donor participation. Internal factors that impact donor participation include experiences, motivations, and perceived risks. Based on these predictors, Aldamiz-Echevarria and Acquirre-Garcia designed a model to increase awareness among NGOs of donors' needs and what factors impact a donor's decision to contribute.

The purpose of this research was to explore two questions: (a) What strategies do nonprofits utilize to increase funding with respect to the delivery of quality sustainable services; and (b) What conditions influence fundraising effectiveness? The 19 averaged 9 years of leadership experience and their respective nonprofits represented 180 years of organizational existence. The participants addressed various elements that influenced their fundraising strategies and effectiveness. In the remainder of this section, I addressed the research questions, provided the contextual framework, and discussed the categories, themes, and patterns that resulted from the data analysis.

The main research question was as follows: What strategies do nonprofits use to increase funding with respect to the delivery of quality sustainable services?

Each participant responded to this question by providing a narrative, which included factors that have positively or negatively influenced the performance of the organization. The data collection and analysis revealed 11 themes.

### **Theme 1: Leadership**

The interview question pertaining to leadership was as follows: How has leadership influenced fundraising strategies? (Table 1 and Table 2). According to Bell

and Cornelius (2013), nonprofits face challenges including high turnover rates of CEOs and development officers. Bell and Cornelius also postulated that NPOs face challenges in performance, lack of competencies and skills for fund development, and strategic misalignment with organizational culture. Based on the literature review postulations, I asked the participants how the leadership influenced their organization's fundraising strategies. Of the 19 participants, 16 responded that leadership positively affects fundraising strategies (RP1, RP2, RP3, RP6, RP7, RP8, RP9, RP10, RP11, RP13, RP14, RP15, RP16, RP17, RP18, and RP19 (see Table 1).

Table 1

*Leadership (A)*

| Topic – Leadership                    | Participant | Position                     | Organization's Tenure | Response  |
|---------------------------------------|-------------|------------------------------|-----------------------|---|
| Leadership Roles and Responsibilities | RP1         | Executive Director & Founder | 20 years              | The Board meets monthly and we talk about marketing and fundraising strategies. I participate in the development of annual financial goals and objectives.  |
|                                       | RP2         | Executive Director           | 40 years              | I maintain personal contacts with the agency donors. I supervise development staff members and assist them in the planning and execution of special events.   |
|                                       | RP3         | Executive Director           | 20 years              | We now have a centralized office for which the information flows.   |
|                                       | RP6         | Director of Donor Engagement | 21 years              | Our Executive Director began the clinic 21 years ago and she remains here in the same role. Her priority is fundraising. She finds that to be very crucial to the clinic sustaining itself and its future availability to those who are under served. |
|                                       | RP7         | Development Director         | 42 years              | Our Executive Director is about to go on leave on an 8 month sabbatical, but she has been with the organization for about 16 years. I have been here for 13 years.  |

*Table Continues*

|      |   |   |  |
|------|---|---|--|
| RP8  | Co-Founder, Developer, and now President Emeritus | RP4 and RP8 work for the same organization; therefore, the number of years of organizational tenure is not factored in this cell. | It is absolutely crucial to have a leader, direction; motivation; a compassionate leader. Very few people dive out of the bed and say, "I get to go fundraising today." But it is a necessity and takes tremendous motivation to model and encourage the team and whatever volunteers, staff, and consultants that you are working with to keep focus on doing the various levels of fundraising. So, leadership is crucial. |
| RP9  | Founder, CEO, Chairman of the Board               | 26years   | I am involved with identifying targeted audiences, development, and distribution of marketing material media tools, and personal involvement in contacting individuals and corporate donors/sponsors.  |
| RP10 | Team Captain                                      | 67 years  | I am raising more money than I ever thought I could because I believe that God is working and I am making "the ask."   |
| RP11 | President   | 25 years  | Part of my job is to educate and train the CEOs and other C-Suite people about philanthropies. My joy also entails strategic oversight to the Board of Directors both of the agency and the foundation.  |
| RP13 | Vice-President & Board of Directors               | 45 years  | Leadership supplies mentors. They look at past success. They provide a supportive role. They summit once a year, but we have conference calls quarterly. They are working with the ERG to ensure that anything that is changing or pivoting from the previous year or spiraling out, the mentor works with you and looks at all the data to see what we could have done wrong or what we could do better.                    |
| RP14 | Executive Director                                | 17 years  | In terms of leadership influencing fundraising, I certainly draw on each member of the board to help me engage with their spheres of influence in terms of strategies.   |
| RP15 | Director  | 90 years  | The strategy comes from the Executive Director   |

*Table Continues*

|      |  |  |  |
|------|--|--|--|
| RP16 | Director of Donor Engagement             | 30 years   | We have a very engaged board and already have. I think that the Board itself and organizationally, one of our core values is relationship, so I think we have a top down relationship heavy model that ...hopefully values people. We really, have an individualized model so that anyone can get involved; including how we do that in fundraising. |
| RP17 | Board of Director/Financial Secretary    | 50 years   | We have the former CEO from... on the committee that is solely dedicated to implementing the recommendations   |
| RP18 | Chairman of the Board/Advisor/Consultant | 41 years   | Leadership is the strategy people. The vision is obviously set by the President/CEO and then a management team around the CEO works to implement the strategy.   |
| RP19 | Team Captain                             | RP10 and RP19 works for the same organization, therefore the number of years of organizational tenure is not factored in this cell | I think what is important about leadership is to connect people to the cause.  |

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*Note.* Leadership Influence is segmented into two parts (A & B) to demonstrate divergent perspectives among the nonprofits.

Conversely, three of the participants (RP4, RP5, and RP12) expressed that the direction of their organization's leadership was not sustainable (see Table 2) because the board set unrealistic expectations. Cultural conflict and lack of competencies negatively impact fundraising strategies (Bell & Cornelius, 2013). Cultural conflict was an unexpected theme. Although non-members provided financial support, they were not empowered to affect strategy or chart a course for fundraising success. Although their organizations have all existed for longer than 20 years, each, RP4, RP5, and RP12

stated that there were opportunities for strategy, growth, and development in donor behavior and organizational infrastructure.

Table 2

*Leadership Influence (B)*

| Topic – Leadership | Participant | Position           | Organization’s Tenure | Response   |
|--------------------|-------------|--------------------|-----------------------|--|
|                    | RP4         | Executive Director | 40 years              | First of all, I think that fundraising is a very hard job, and I think that often it is hard to see the rewards in it; especially in a NP context. And, I think a lot of time, the Boards have unrealistic expectations of fundraises so you tend to see fundraisers come into the organization, its fairly easy to make a splash when you first come in; you do something new; you connect with a few people and you can be successful. The challenge is “can you sustain it?” And, I think it’s hard to sustain. I think that a lot of boards have unrealistic expectations for what fundraisers can sustain. It’s a challenging environment to work in. |
|                    | RP5         | Executive Director | 30 years              | In leadership, there is almost like a tribal mentality so you almost had to be in the inner circle.  |
|                    | RP12        | Board of Directors | 24 years              | On average, (leaders) are relieved leaders and development officers every two years due to lack of production.   |

*Note.* Leadership Influence is segmented into two parts (A & B) to demonstrate divergent perspectives among the nonprofits

**Theme 2: The Economic Influence**

The interview question pertaining to the economy was as follows: How has the economy influenced your ability to raise funds? (see Appendix H). Extant literature suggests that NPOs shut down due the financial crisis of 2008 (Joseph & Lee, 2012). The participants in each of the organizations utilized different strategies to sustain the economic challenges posed by the 2008 financial crisis. RP7 suggested that their organization used funds differently. In other words, there was a reallocation of fund strategy to maximize continuity and sustainability of services over time. RP9 suggested that their organization's strategy was to target more donors that had a high potential for giving. RP11 posited that their organization broadened its knowledge on what financial instruments were available during the crisis and decided to optimize the use of these instruments during the recovery period and for the future, as well.

RP5's NPO received funding from Christian banking investors. Although the nonprofit offered a myriad of services, such as housing, education, counseling, and leadership development, counseling was the revenue generator, which supported the additional services provided. When the counseling service could no longer support the other services, the organization could not sustain itself. The organization's changed strategy, however, attracted volunteers to continue the work for which the organization could no longer afford salaried employees.

RP12 depended on state funding, which would have been the optimal choice if the state were financially sound, but the state ran a deficit for a year. Expenses were piling up and late payment fees were compounding daily. RP12 changed strategy by

attracting funds from a foundation. RP8's strategy was to become more invested in the donors. RP4 stated that, during the economic recession, their nonprofit used an enormous amount of time and energy to retain its donors.

Economic challenges did not impact participants for RP1, RP3, RP10, RP13, RP15, RP19, and RP20. These participants' nonprofits relied solely on individual donations through the recession. According to RP3, "It's been the complete opposite for them. We have found that we have a surplus... It seems like when times get tough, ...the people lean more toward effective ministry." RP15 stated the following:

It forced us to change some strategies and become fiscally conservative. In fact, we even put up a \$10 million building and it was during the last 10 years, when the economy was really struggling.

According to these participants, economic conditions provided opportunities to change strategies, but did not force the organizations to shut down their operations as Joseph and Lee (2012) assumed. Grizzle and Sloan's (2016) postulation that government grants negatively impact a donor's incentive to give, furthermore, did not align with the participants' experience. Their nonprofits were able to sustain operations because they relied primarily on private donations and believe that, when donors are tied to a mission, they will provide the resource for sustainability.

### **Theme 3: Donor Preferences**

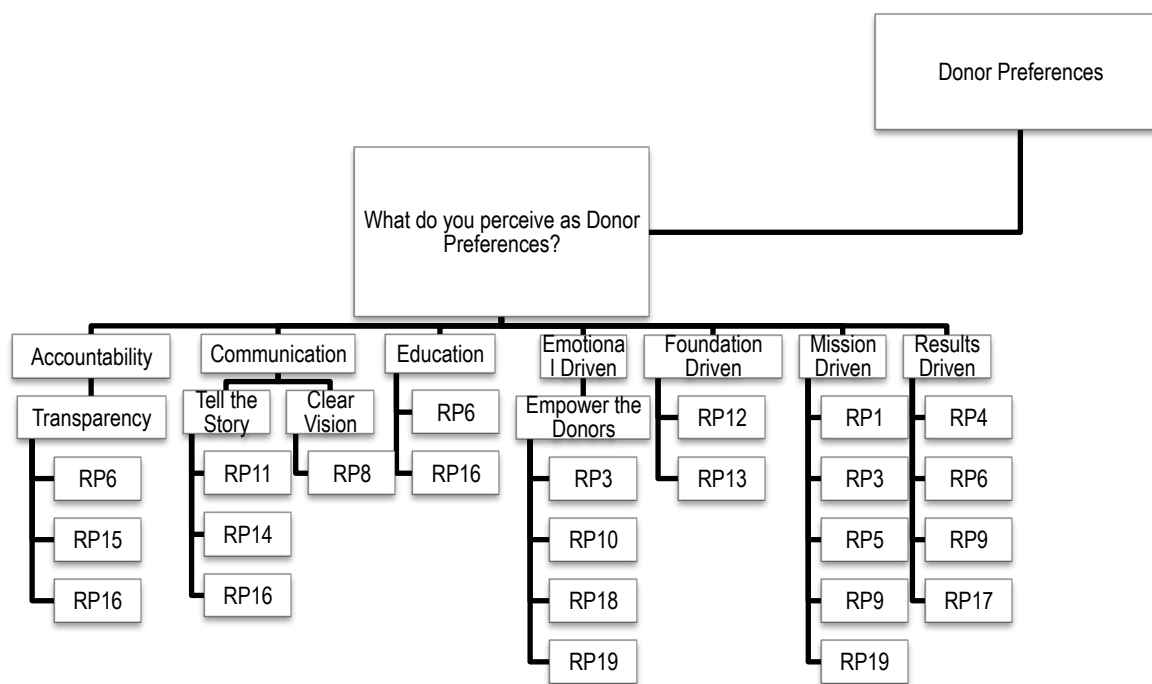
The interview question pertaining to donor preferences was as follows: What do you perceive as donor preferences (see Figure 3)? Aldamiz-Echevarria and Aguirre-Garcia (2013) identified the factors influencing donor decision-making processes to



include government policies, the economy, demographics, motivations, experiences, circumstances, risk perceptions, geographical perceptions, and sustainable commitment to the cause. The narratives presented in this study provided the conceptual framework for what drives donors to support organizational causes from well-established nonprofits who provide a myriad of services across industries. The majority of the participants reported that donors are results driven, mission driven, communication driven, accountability driven, foundation driven, and board driven (see Figure 3).

Aldamiz-Echevarria and Aguirre-Garcia's (2013) conception of factors affecting donors did not completely align with the narratives provided by the participants in this study. Government policies, demographics, circumstances, and geographic perceptions did not factor in the narratives provided by participants. Donors are more likely to closely examine why nonprofits exist and whether the organization's performance aligned with its mission. Therefore, donors required an organization that demonstrated transparency and accountability. These factors are critical to ensuring a sustainable amount of donor support; the mechanisms must be in place to demonstrate performance, transparency, and accountability. Although Aldamiz-Echevarria and Acquirre-Garcia's decision-making model accounted for donor motivations, the model did not include the influence of foundations and boards of directors on strategy for funding.

Figure 3. Donor Preferences



#### Theme 4: Donor Cultivation

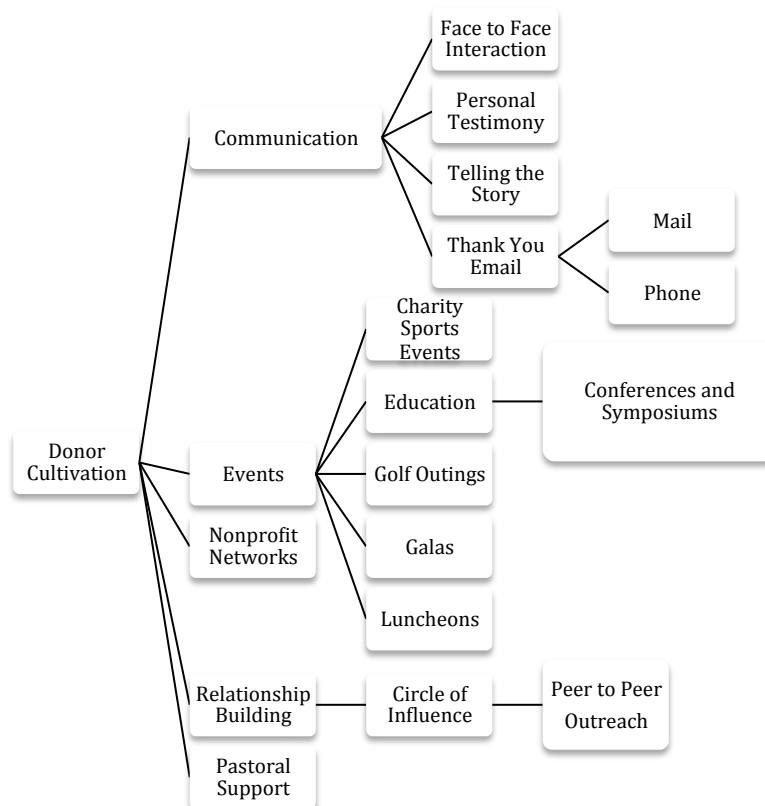
The interview question for the theme of donor cultivation was as follows: How does your organization cultivate donor relationships? (see Figure 4). Extant research suggests that nonprofits must cultivate donor relationships to sustain funding (Sargeant & Zhang, 2015). Tysiac (2016) suggested that nonprofits must create value to donors in the form of events, benefits, partnerships, innovations, resource optimization, and technology. Figure 8 provides a graphical depiction of how donors are cultivated in the

nonprofit sector, as described by the 19 participants in the study. The narratives provided by the participants provided five subcategories for donor cultivation.

These sub categories include the following: communication, events, outreach and support, relationships, and social networks. Communication is disseminated by phone calls, e-mails, face-to-face interactions, direct emails, and personal thank you notes (RP1, RP2, RP4, RP6, RP8, RP15, and RP16), as well as educating the public by way of experiential events, conferences, symposiums, and speaking engagements (RP7 and RP11). Events are fundraisers, but each event is measured by its outcomes: how many attended, how well the participants contributed or supported the cause year to year, and what expenses were incurred to raise a dollar (RP1, RP2, RP3, RP4, RP6, RP8, RP8, RP10, RP11, RP12, RP13, RP14, RP15, RP16, RP17, RP18, and RP19).

Strategies supporting other nonprofits in the community and establishing ways to compliment the services were plans for which 3 of the nonprofits suggested as a viable option to increase the revenue steam, provide positive outcomes, and establish relationships (RP9, RP11, and RP14). Continued relationship building was also vital, according to the participants (RP6, RP8, RP9, RP10, RP16, and RP19). Finally, participants noted the importance of leveraging the social network platform to facilitate the creation of value to the donors, as it provides immediacy of access to the organization. These five components are supported by the findings of Sargeant and Zhang (2015), who postulated that nonprofits must cultivate donor relationships to sustain funding.

Figure 4. Donor Cultivation



### Theme 5: Recruitment Strategy

The interview question pertaining to recruitment strategy was as follows: What is your recruitment strategy? (see Figure 5). Aldamiz-Echevarria and Acquirre-Garcia (2013) postulated that the environment and the internal operations of a nonprofit organization influence donor participation. Internal operations include strategic marketing, which may impact sustainability. The narratives of the 19 participants

provided insight into the strategies utilized by nonprofits for recruitment that has positively impacted funding sustainability over time.

Figure 5 provides a list of strategies used by these organizations. Utilizing the Circle of Influence (RP4, RP6, RP9, RP10, RP14, RP16, RP19) by building relationships and peer to peer recruiting are methods that have proven effective in recruiting. The participants' use of social media (RP6, RP10, RP12, RP14, RP16, RP17, RP19) provided a platform and access to broader audience. Utilizing a donor database (RP7, RP13, RP12, RP17) facilitated access to donors in more specialized arenas.

Figure 5. Recruitment Strategy

|                               |   |  |   |
|-------------------------------|---|--|---|
| Building Relationships (RP14) | Circle of Influence (RP4, RP6, RP9, RP10, RP14, RP16, RP19) | Communications (RP1, RP2, RP4, RP14)             | Corporate Sponsorship (RP7, RP13, RP17)   |
| Donor Database (RP6)          | Experiential (RP7, RP10, RP19)                              | Grow the Pipeline (RP11)                         | Peer to Peer Recruiting (RP6, RP16, RP19) |
| Prospect Mailing (RP15)       | Rely on the Board (RP12)                                    | Social Media (RP6, RP10, RP12, RP14, RP16, RP17) | We don't recruit (RP3, RP17)              |

### Theme 6: Fundraising Effectiveness

The interview question pertaining to fundraising effectiveness was as follows:

What is your definition of fundraising effectiveness (see Table 3)? Fundraising

effectiveness is defined in a myriad of ways. According to Charles and Kim (2016), diverse factors have been examined within the context of fundraising strategies. Conversely, extant literature was scarce pertaining to fundraising strategies and sustainability. In order to establish what performance mechanisms are in place to measure fundraising success, I recorded and transcribed how success was defined by the participants and identified the emerging themes and patterns.

Table 3

*Fundraising Effectiveness*

| Participants  | Efficiency   | Effectiveness                                 |
|---|--|---|
| RP4, RP11, RP13, RP16, RP18<br>RP4                            | Did we meet our budget?<br>Did we maintain our current level of financial support from donors? |   |
| RP2, RP6, RP7, RP8, RP9, RP10,<br>RP11, RP14, RP18, RP19      | Did we increase our donor support?   |   |
| RP1, RP2, RP4, RP5, RP6, RP8,<br>RP13, RP14, RP16, RP17, RP19 |  | How many attended the events?                 |
| RP2, RP5, RP11  |  | How many new donors were recruited?           |
| RP11  | How many donors were retained year over year?  |   |
| RP6   |  | How many stories were told?                   |
| RP7   | How many houses were built?  |   |
| RP3, RP4, RP8, RP15   |  | How many lives were transformed?              |
| RP9   | Were the goals documented?   |   |
| RP11  |  | How much money did it cost to raise a dollar? |
| RP13  | Were the expenses covered?   |   |

**Theme 7: Performance Measures**

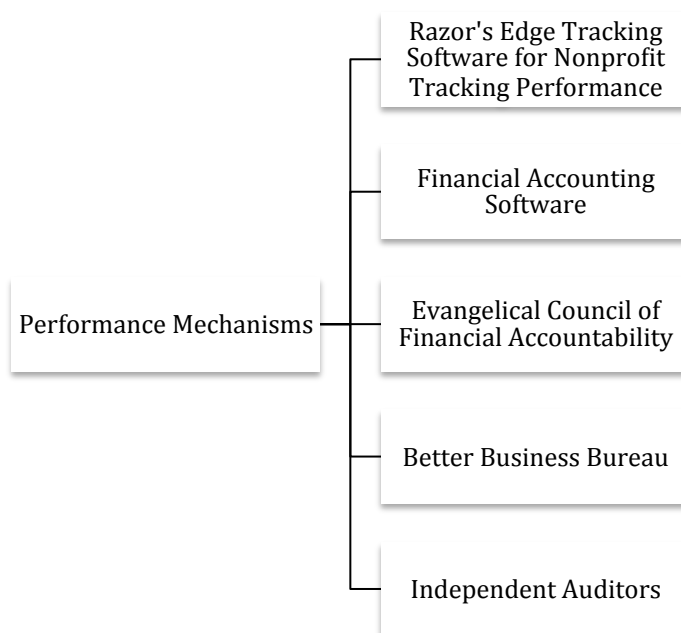
The interview question relating to the theme of performance measures was as follows: What mechanisms do you have in place to measure fundraising effectiveness, efficiency, and performance? (see Figure 6). According to Alfirevic et al. (2015) and

Buteau et al. (2014), performance measures are difficult to measure and standardize. Knox and Wang (2016) postulated that donors increasingly require accountability and transparency in performance among nonprofit organizations. As demonstrated in Figure 9, the provided a myriad of definitions for success. For instance, RP8's definition of success is as follows: Success = Relationship = The Heart of the Donor = Funds. To measure success in this capacity, I could measure the number of donors recruited or retained in a given year and establish some trending data or patterns. Nevertheless, how does one measure the heart of the donor? Performance measures presented from each of the narratives by the participants aligned with the critical emphasis placed on their success designations.

Each of the participants used accounting software such as Excel Spreadsheets or Razor's Edge Software. RP12, RP16, and RP17 use outside auditors, as well. RP2, RP4, and RP8 are members of the Evangelical Council for Financial Accountability. Each organization tracks what they define to be success indicators and design their programs to track each parameter. The performance variants provided by the nonprofits are not standardized to any industry. Seeking standardized software to accommodate the nonprofit industry would be difficult.

The study results fully align with Alfirevic et al. (2015), Buteau et al. (2014), and Knox and Wang's (2016) assessments of performance measures. The results are not fully aligned with Knox and Wang's assessment of organizational health.

Figure 6. Performance Measures



### Theme 8: Marketing Strategies

The interview question pertaining to the theme of marketing strategies was as follows: What factors influence your marketing strategies? (see Figure 7). Participant responses were varied concerning what factors influence marketing strategies. Factors that heavily influenced marketing strategies included the board of directors and use of social media. Factors such as donor participation were not reflected in the responses provided by the participants; however, when asked how they would define fundraising effectiveness, events and donor participation were heavily considered.

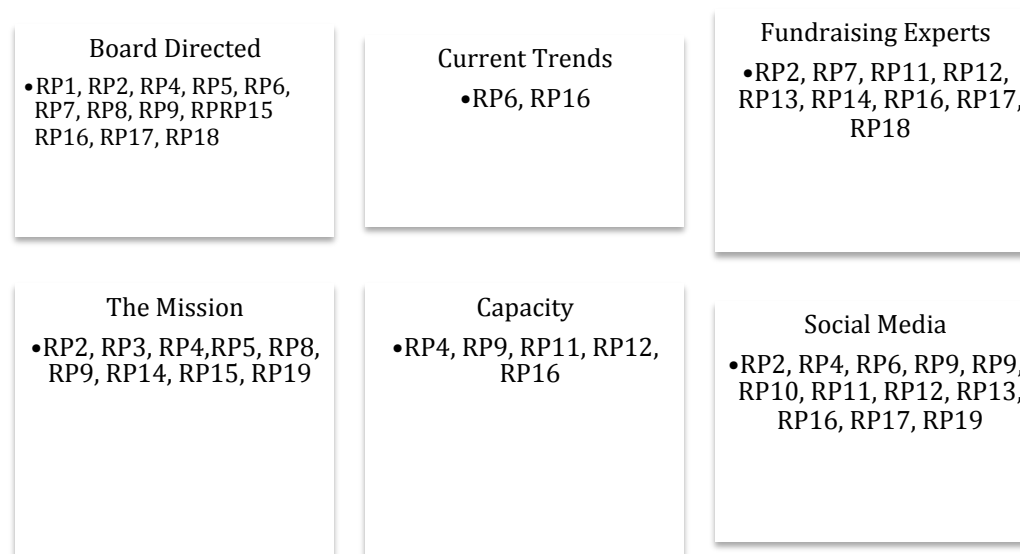
RP4, RP9, and RP16 discussed capacity in terms of time and resources.

Nonprofits must have the necessary time and resources available to affect marketing



strategies. RP16 discussed current trends as the driver for marketing strategy. RP16 stated, “We have to stay on top of the current trends (i.e. the day-to-day culture and how it impacts what we are doing).” RP2, RP7, RP11, RP12, RP13, RP14, RP16, RP17, and RP18 expressed the importance of using specialized staff that is solely focused on development and strategy. RP2, RP3, RP4, RP5, RP8, RP9, RP14, RP15, and RP19 shared how critical it is to connect strategies to the mission itself. RP1, RP3, and RP8 declared that God was the source and driver for their strategy. RP8 stated, “We have a prayer strategy. We seek His face for strategy and direction for 40 years [sic]. God has supplied our capital to build.” The strategies implemented by RP2, RP3, RP4, RP5, RP8, RP9, RP14, RP15, and RP19 align with Abreu, Laureano, Vinhas da Silva, and Dionisio’s (2015) study determining what roles religiosity plays in the behavior of donors. The study revealed that religiosity played a pivotal role and is a predictor of donor behavior (Abreu et al., 2015). Although the strategies may vary slightly, the marketing strategies of all nonprofits studied are focused on the donors, the branding, and the client’s needs, despite the amount of (or deficit in) resources.

Figure 7. Marketing Strategies



### Theme 9: Strategic Evolutions

The interview question pertaining to strategic evolutions was as follows: How have fundraising strategies evolved in the last five years? (see Figure 8). Shifting paradigms may reflect the evolution of fundraising strategies over the last five years. Nonprofits document processes and track performance to measure the effectiveness of the organization (RP9). RP2, RP12, and RP17 indicated that their nonprofits' change in strategy included hiring experts in the fundraising field. According to them, nonprofits acknowledged that having a presence on social media is advantageous, but may not be making full use of the platform. However, RP1, RP3, RP4, RP5, RP8, R14, and RP15 admitted to optimizing the social media platform. RP4 stated, "Strategies have not evolved as much as they should and their focus has been on existing donors." RP13's

nonprofit utilizes full optimization of technological devices, due to the complete access provided by the technology company. RP11 stated that organizational strategies evolved around the exploration of financial instruments in the philanthropic realm that could be leveraged for additional funding and relationship building.

Nonprofits are also asking what events presented the most experiential effect on the donor. Experiential events can include inviting volunteers to participate in building houses (RP7) or inviting prospective donors to run a marathon (RP19). These events extend beyond writing a check to support the cause. They allow the individual to participate in an organization in a way that promotes a transformation from within them.

The strategy of transformation aligned with Curry et al., (2012) postulation that transformative approaches, when juxtaposed with a compelling vision communicated effectively, are key predictors to fundraising success. For instance, RP7 builds homes for underresourced individuals. The homes are not given away, however. The recipients are invested in a mortgage for 30 years, and provide volunteer hours to build additional homes in the community. The recipients are also responsible for the care of the home.

Consequently, the community where these houses were built has improved, as housing values have increased. RP7 indicated that their organization has a number of programs to help people who cannot afford to maintain their homes. It also has programs that preserve affordable housing for people who do not have the physical capability to maintain their homes.

Traditionally, many nonprofits have depended on churches to fund their initiatives, but today they are faced with harsh competition to sustain church support. RP18 discussed this phenomenon in the context of the Christian Broadcasting industry. Churches are less likely to support a television station and more likely to provide funding to specific programs offered by the television network. Consequently, the television station is placed in direct competition with its programs. As RP18 stated, the television network is the engine that drives the train that provides the cars for programs to be seated.

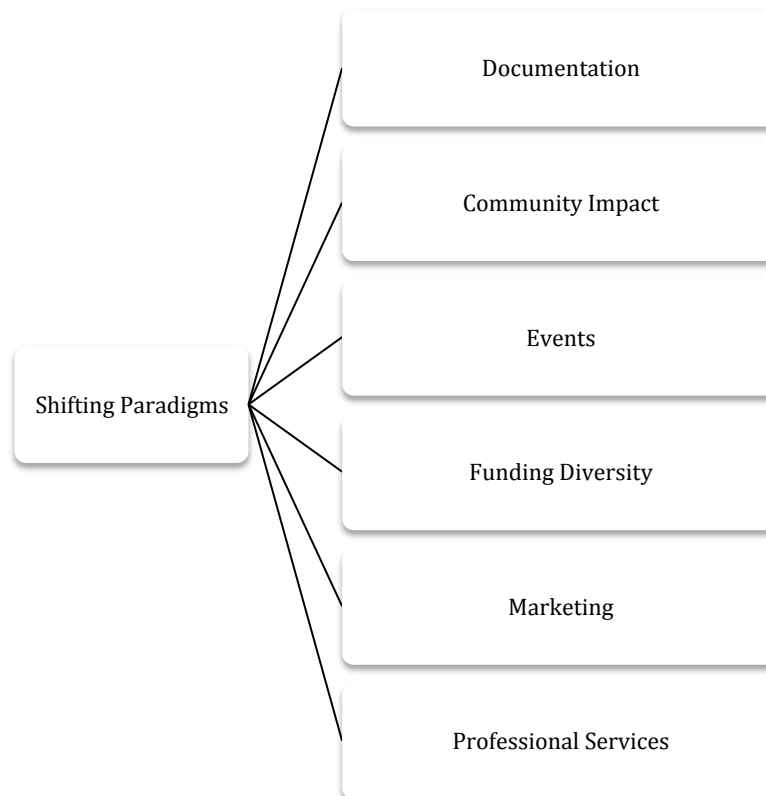
According to Khodakarami et al. (2015), donors who spread their funding across multiple initiatives substantially increase their funding as oppose to single focused mission support. However, RP18's assessment provided gainful insight into the challenges of those in the broadcasting industry who provides the platform for multiple initiatives provided by the programs aired on RP18's station. Fundraising on the Broadcast Network provides an opportunity for donors to support multiple initiatives without supporting the network itself. Therefore, supporting multiple initiatives resulted in a direct contradiction with Khodakarami's et al. assertion that funding is increased due to the support of multiple initiatives.

Another shifting paradigm is evolving as ministries move from a local to an international context. Traditionally, ministry counseling and the services provided steered stakeholders to seek counsel from local ministries, thereby establishing an ongoing relationship for sustainability. However, growth in the global context could diminish the relationship of donors with the local churches, and could ultimately

diminish funding support for the NPO. To combat these challenges, RP18's nonprofit changed its strategy from entertainment offerings to entertainment and product offerings to enhance its mission statement.

The bottom line for the nonprofits whose representatives participated in this study is as follows: How do we service our clients and maintain sustainability? Shifting strategies effectively can provide the sustainability needed to service clients internally and externally.

Figure 8. Strategic Evolutions



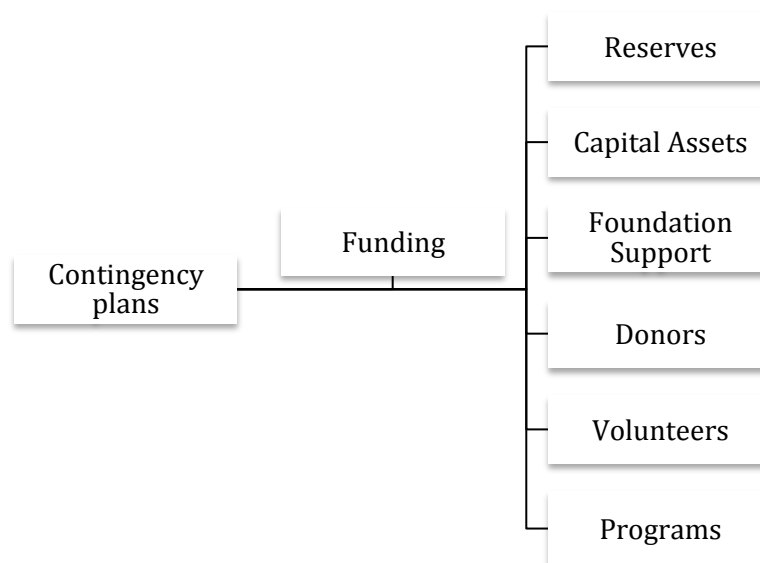
**Theme 10: Contingency Plans**

The interview question pertaining to the theme of contingency plans was as follows: Share with me your contingency plans if you do not reach your fundraising goals? (see Figure 9) When 56% of nonprofits have less than 3 months' cash on hand and service demand has increased 76%, sustainability of services for 56% of the nonprofits were challenged (NFF, 2013). I examined contingency plans as a determinant for nonprofit sustainability and discovered nonprofit organizations' use of reserves emerged as a major factor in facilitating sustainability.

RP2 stated, "We will access our financial reserves to maintain the current level of social service delivery in the current fiscal year." RP7 said, "We have found a few private funds that we've been able to tap into overtime." RP11 asserted, "One of the things that our organization has done is that we have about 20 million dollars in reserves." According to RP12, "We have enough reserve to fund us for at least a year." RP15 commented, "Yes, our Executive Director is fiscally conservative, and so he maintains and tries to add to the reserve fund." RP16 added, "We have some reserves," and RP17 stated, "We definitely got reserves [sic]." The participant narratives stress the importance of sustaining a reserve fund for the survival of the organization. Other measures mentioned included "rethinking the paradigms," as RP4 indicated. Rethinking the paradigms, according to the participants, could include a reduction in staff; a reduction in benefits, strategies to increase the donor base, and the implementation of stopgap-measures (RP3, RP7, RP8, RP11, RP14, RP15, RP10, RP16, RP18, and RP19).

Five of the organizations do not have contingency plans and yet sustained services to the stakeholders. According to RP6, “Since they have had a long history of successful fundraising campaigns, they rarely get into contingency.” Although five of the organizations did not have contingency plans, two (RP6 and RP16) of the nonprofits commented on the fact that contingency plans should be considered in the plans going forward.

Figure 9. Contingency Plans

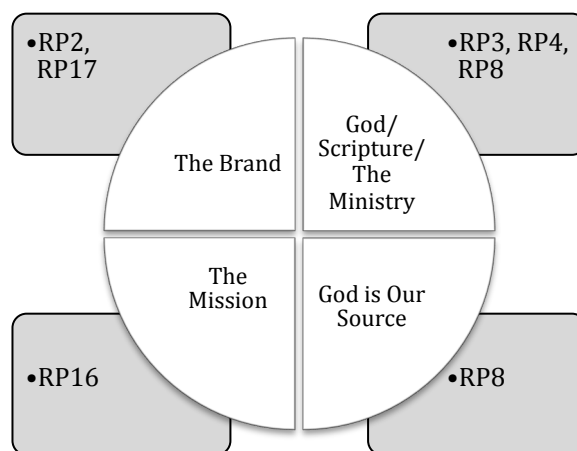


### Theme 11: Funding Tools

The interview question relating to funding tools was as follows: How does your organization select funding tools that compliment your brand? (Figure 10 and Figure 11) The existing literature suggested that NPOs must explore fundraising strategies that effectively provided funding to service their stakeholders (Joseph & Lee, 2012). Based on the data collected, the participants’ nonprofits used a diversity of financial sources

that proved to be both strategic and sustainable. Abreu et al. (2015) postulated that donor religiosity influences donor behavior. In fact, the majority of the participants in this study represent faith-based organizations.

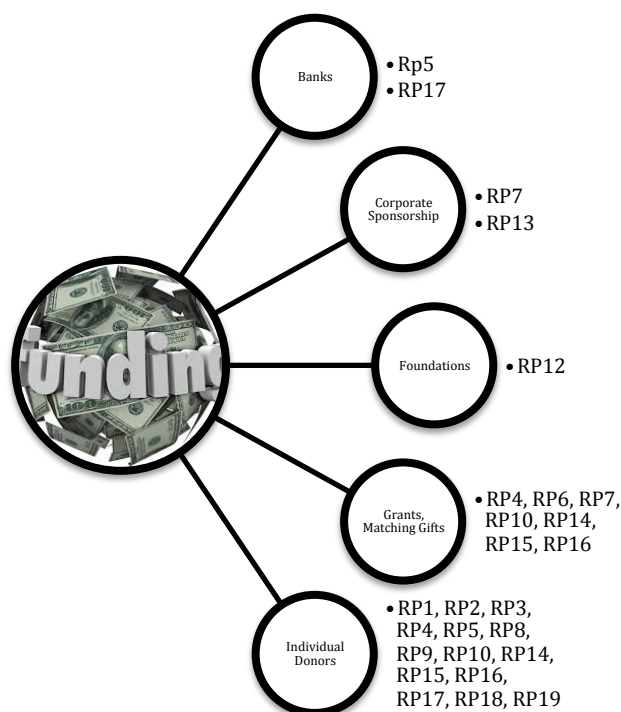
Figure 10. Motivations for Funding Selections



Faith-based organizations used events, communications, and diverse financial tools to meet their goals. One of the faith-based organizations (RP5) used investment funding from a group of Christian investors, but the model was not sustainable. When the funds dried up, the organization had to restructure its funding priorities and client base, as well as rethink how leadership influenced funding. From that experience, they began to use church donations.



Figure 11. Funding Instruments



The over-arching examination in the selection of financial tools, however, is to describe the financial resources, which complemented the organization's brand. The faith-based organizations utilized events, corporate sponsorships, estate planning, and matching grants. RP5 and RP17's organizations used Christian Investor banks to finance nonprofit projects. RP17's nonprofit's mission was to provide housing through re-gentrification. Neighborhood banks, in an effort to maximize customer relations, also provided funding for these housing projects.

Additional instruments included product offerings and employee giving. According to RP18, the faith-based organization at which they work provided ministry products that enhance the mission of the organization. RP13's organization provided

products that met its donors' needs. The donors for RP13's nonprofit were also its employees. This organization had an advantage over other non-profits because it was a technology company and had 175,000 prospect clients in its existing employees with which to pool resources. RP12's organization used state funding at first. Due to the chronic financial crisis since 2008, however, the organization came to rely on funding from foundations.

### **Summary**

In Chapter 4, I discussed the research setting, demographics, data collection, data analysis, evidence of trustworthiness, and data results of the study. The study was a qualitative, thematic analysis of fundraising strategies. The analysis of the data provided answers to the following research questions:

RQ1: What strategies do successful nonprofits use to increase funding, as relates to the delivery of quality sustainable service?

RQ2: What conditions or situations influence fundraising effectiveness?

Several patterns emerged from the data. Effective strategies impact fundraising sustainability. According to the findings, sustainable nonprofits are actively engaged in the development of donor strategy, fundraising strategy, and performance. Sustainable nonprofits effectively communicate their missions and are fiscally conservative. They establish and grow their reserves each year. Sustainable nonprofits understand that integrity, transparency, connectedness, and trust positively impact donor behavior. They understand that donors need to hear the outcomes of the organization's work.

Sustainable nonprofits know that sustainability cannot be attained if measures are not in place to track the effectiveness of their fundraising methods. They acknowledge that capacity drives marketing strategies and that lack of infrastructure may impact donor contributions. Sustainable nonprofits understand that board members play a pivotal role in the decision-making process.

The findings do not support Hopkin's et al. (2014) assertion that organizations lack sufficiency in meeting the needs of the external stakeholders. Moreover, the findings do support the assertion of Hopkins et al. that there is a need for new talent, innovation, technology, and infrastructure in the nonprofit sector. The data provided by the participants have provided a conceptual model for fundraising sustainability, as outlined in this chapter. The final chapter, Chapter 5, includes an interpretation of the findings. Also included is a description of the limitations to the study followed by recommendations and closing comments.

## Chapter 5: Discussion, Conclusions, and Recommendations

### **Introduction**

The purpose of this research study was to explore, understand, and gain insights into the perceptions, experiences, and processes of nonprofits to provide quality sustainable service to their stakeholders. In this study, I used a qualitative thematic research design constructed to explore fundraising strategies used by nonprofits. This study was based on Aldamiz-Echevarria and Acquirre-Garcia's (2013) study, where they examined the donor's decision-making process through the environmental lens of marketing, performance measures, and relationship management. In their study, Aldamiz-Echevarria and Acquirre-Garcia also considered various determinants, such as the government, risk perceptions, geographical locations, leadership, and marketing communication. Bell and Cornelius (2013) examined the NPOs and leadership, which provided the contextual framework for analyzing leadership.

I will discuss 11 themes in this chapter: leadership, the economy, donor needs and preferences, leadership influence, donor cultivation, recruitment strategy, fundraising effectiveness, performance mechanisms, strategic evolutions, contingency plans, and funding tools. I found that leadership, donor cultivation, and performance mechanisms are the key indicators that drive the success of the organization. Specifically, leadership impacts the mission, the culture, the infrastructure, donor relations, and the performance of the organization.

### **Interpretation of Findings**

As I stated in Chapter 1, due to the lack of funding, nonprofits lack the sufficient means to sustain the delivery of services to both internal (staff, volunteers, infrastructure, and technology) and external (clients for which they serve) stakeholders. The findings of this study provided a conceptual framework that highlights the strategies that deliver sustainable quality services. Nonprofits are also suffering from a high turnover of development officers, and those on the executive staff lack the necessary skills and competencies to raise the adequate funding to provide sustainable services (Bell & Cornelius, 2013). Many find asking for money repulsive (Bell & Cornelius, 2013).

The participants had served in leadership positions related to fundraising for an average of 9 years. Bell and Cornelius asserted that leadership negatively impacts donor behavior, innovation, skill development, and performance, along with the organization's fundraising capacity. The results of this study revealed that leadership profoundly influenced an organization's strategic direction and the recruitment and retention of staff, volunteers, new talent, and donors. In essence, leadership drives the mission. Of the 19 case studies in my research findings, RP4, RP5, and RP12 confirmed Bell and Cornelius's examination of leadership influence. In those cases, leadership drove the mission and impacted the funding capacity negatively. Conversely, due to the longevity of the leaders in the sample, Bell and Cornelius' findings were disconfirmed.

Joseph and Lee (2012) postulated that NPOs shut down due to the economic crisis of 2008. Cumulatively, the organizations involved in this study had tenure of 180 years. The sample participants in this study used their financial challenges to shift the paradigm, change the strategies, reallocate resources, and seek opportunities to leverage partnerships. Additional opportunities included placing more emphasis on educating the donors and the community at large. Moreover, participants found more financial instruments to sustain funding. The findings did not confirm the empirical research of Joseph and Lee's postulation of nonprofit closures.

Grizzle and Sloan (2016) postulated that government grants negatively impact a donor's incentive to give. Moreover, Brand and Elam (2016) posited that NPOs were increasingly dependent on private donations, due to the economic crisis of 2008. Many of the nonprofits relied on individual giving, as opposed to government funding, because the government can dictate policies. Curry et al.'s (2012) findings revealed that Christian-based schools, cultural beliefs, and transformative strategies were very productive relative to fundraising success. Because many of the organizations were faith-based and connected to the mission of the organization, outside influence would deter funding capacity. In fact, one of the participants initially received state funding, but due to the chronic budget crisis, this particular participant's organization now relies on funding through a foundation. The findings in this study confirmed Curry et al.'s research on faith-based organizations and fundraising success. The results of this study extend the body of knowledge concerning faith-based nonprofits that prefer to use nongovernmental funds to support their mission of funding sustainability.

Donors' preferences may drive the strategies and decision-making of nonprofits, according to Aldamiz-Echevarria and Aguirre-Garcia (2013). Donor needs and preferences, cultivation, and strategy are rooted in one word: Value. According to Aldamiz-Echevarria and Aguirre-Garcia, value is created when donor's preferences are understood. Donors are investors who seek a performance-driven mindset (Tysiac, 2016). Tysiac (2016) stated that value could be created in the form of events, partnerships, resource optimization, and technology. Donors seek satisfaction and loyalty (Boenigk & Scherhag, 2014). The participants in my research understood the donor's preferences and strategies. Cultivation of those preferences was threaded throughout the participants' activities. Donors are cultivated through communication, events, outreach, support, relationships, and social networks, according to the participants in the study. Indeed, donors expected communication from the nonprofits beyond the events. More specifically, they expected both direct and indirect communication, returns on their investments, accountability, and transparency. The results of the findings confirmed the empirical data concerning donor needs and preferences offered by Aldamiz-Echevarria & Aguirre-Garcia, Tysiac, and Boenigk and Scherhag (2014).

Established nonprofits understand how vital donor cultivation is for the sustainability of the organization. Marketing strategies, according to the participants, must be centered on the mission. The language must be tailored to capture the heart and strengthen the brand of the organization.

Marketing encompasses many forms. Whether someone is sending e-mail, making a phone call, visiting a home, or hosting an event, donors need assurance that each interaction or activity is designed to advance the mission. One area that can be explored further is recruiting millennials. Theron and Tonder (2015) posited that nonprofits should consider a relationship-marketing strategy for younger generations. Marketing to the younger generation may require more experiential events, such as those presented by RP7 and RP19. RP7 invited individuals to the sites to take part in the construction of homes. RP19 focused on marathon training, which is also considered experiential, as it requires full and total commitment. RP19's nonprofit built a community around the runners. Each Saturday, RP19's group met, prayed, and ran. Supplies were provided for them along the course. Fellowship opportunities were also provided, such as a movie night or dinner. The runners were even invited to go to Africa to see the results of their training and funding. They were also given an opportunity to establish a relationship with the families in Africa and to sponsor the children in different capacities. Weekly communications were sent out, providing updates on the progress of the project.

RP10 and RP19 have established reward systems for those who achieve different levels of funding. During the training season, both RP10 and RP19 strongly suggested that the runner wear the logo shirt for purposes of identification, marketing, and safety. Every facet of their marketing demonstrated community. Runners as young as 6 years old, runners who have limited physical abilities, and runners who were seniors were all invited to be a part of the cause. Nonprofit participants RP6, RP7,



RP10, RP14, RP16, and RP19 all used marketing strategies that were currently trending to broaden the reach of participants across generations.

Khodakarami et al. (2015) posited that donor diversity was positively correlated with donor contributions. To sustain the organization, marketing should transcend across generations (Theron & Tonder, 2015) and provide experiential events to attract donors (Khodakarami et al., 2015). The findings on my study confirmed the empirical results of Khodakarami et al. and Theron and Tonder.

In contrast, RP4, RP5, RP9, and RP12 did not actively use strategies intended to attract and retain young donors. Their organizations were currently operating and had sustained their level of services to the external stakeholders. They had experienced turnover and had reallocated resources at a diminished level. Although currently active and sustaining their level of service, the empirical findings of Khodakarami et al. (2015) and Theron and Tonder (2015) were disconfirmed.

Participants were asked to define fundraising effectiveness. Then, they were asked to describe the mechanisms in place for measuring performance effectiveness. Budgetary goals, the number of volunteers, the number of donors, the number of new donors recruited, the number of stories told, expense coverage were expressions provided by the participants in this study as definitions for fundraising effectiveness.

Alfirevic et al. (2015) and Buteau et al. (2014) stated that performance measures were difficult to measure and standardize. Participating nonprofits in this study were diligent in instituting checks and balances across the organizational spectrum. Many of the nonprofits used financial software and donor-tracking software. An organization

such as the Evangelical Council of Financial Accountability Firm (a Christian-based financial auditing company) is used tracking performance and demonstrating transparency. Razor's Edge Tracking Software was also mentioned as the gold standard in donor tracking. Independent auditors are utilized, as well. Knox and Wang (2016) postulated that donors required more accountability and transparency in performance. Financial software and donor-tracking software ease the process by ensuring donors that their contributions are being used wisely.

Nonprofits are utilizing available software to track performance. The findings revealed in the data collection may extend the knowledge of performance mechanisms for nonprofits that are being utilized to track performance and using this information to share with the donors to demonstrate transparency and integrity. To sustain services internally and externally, nonprofits have changed their strategies, thereby providing quality services to their stakeholders. Aldamiz-Echevarria and Aquirre-Garcia (2013) and Khodakarami et al. (2015) suggested that decision-making strategies may impact donor influence and behavior. The participants in this study described the evolution of their strategies over the last 5 years. They stated that process documentation has become more sophisticated. Nonprofits are seeking additional ways to share the benefits of their services with the community. Furthermore, although individual donors provide the majority of the funding, nonprofits are finding ways to explore financial instruments that will continue to reflect their brand.

Marketing to existing and prospective donors still involves direct mail, but it also encompasses a plethora of digitized methods. Overall, each of the organizations

has provided continuity of services to meet and sustain the needs of the donors. The findings from the data collection confirm the empirical results of Aldamiz-Echevarria and Aquirre-Garcia (2013) and Khodakarami et al. (2015).

The NFF (2013) reported that 53% of nonprofits have less than 3 months' cash on hand. To combat any shortfall, the participating nonprofits could utilize their reserves, although this option is not highly recommended. Stopgap measures regarding events and staff were also discussed in the data collection. Additional options included increasing marketing appeals to the donor base. Moreover, because the participants had an established history of reaching or exceeding their goals, they did not discuss establishing contingencies for unmet fundraising goals. Fifty-three percent of the nonprofits did not have cash on hand, according to the NFF report. The participating nonprofits, however, sustained the financial challenges during the 2008 recession.

I inquired about the funding tools the organizations used to complement their brand. My goal was, first, to understand the decision-making process, and then, to gain insights with respect to the types of tools that were selected. According to Abreu et al. (2015), the donor's religiosity plays a pivotal role and is a predictor of donor behavior. In the data collection, the decision-making-process comments included such elements as the brand itself, consistency with the ministry, God as the resource, a mission-focused determination, and ministry-focused tools. In essence, the heart of the mission drives the decision-making process and selection of the funding tools. Figure 15 lists the catalysts for funding-support decisions. Figure 16 displays the diversity of funding tools, with individual donations positioned as the most frequently used method. These

findings confirmed Abreu et al.'s determination that a donor's religiosity plays a pivotal role in donor behavior.

### **Limitations of the Study**

During the interview process, it was assumed that each participant was knowledgeable of the fundraising strategies. The questions were answered openly and honestly, with the interviewee asking additional questions; the recording device did not negatively influence the participants' responses. It was also assumed that the time allotted would be ample enough to discuss the phenomenon of fundraising strategies. The researcher affirmed these assumptions via the consent form signed by the participant.

Conversely, there were some limitations in the research design. The interviews were recorded, and although the quality of the recordings was good, a couple of interviewees did experience some distortion. This research design did not include face-to-face observations of the interviewees, which would have provided an opportunity for the researcher to engage with the participant on a more personal level while observing his or her nonverbal cues.

A second limitation included the number of participants. Twenty participants accepted the invitation; however, one participant was disqualified due to his lack of 501c3 status. Nineteen participants were interviewed which is below the 20 to 30 participants range to reach data saturation. Data saturation was demonstrated by the replication and redundancy of the themes.

A third limitation was that front-line staff and volunteers who are directly impacted by the nonprofit strategic direction and outcomes of the nonprofit strategies were not included in this study. Instead, the study was based solely on the leadership's perspectives; thus, the experiences were subjective. Front-line workers and staff would have provided additional insight into how the strategies were implemented and executed. Also, front-line workers could have provided valued comprehensive information concerning the experiences, work conditions, and management styles of the leaders. They also could have shared information concerning turnover in the lower ranks of the organization.

The fourth limitation was such that, the research design did not allow for a quantitative analysis of the interview. The quantitative analysis would have included hypothesis testing for measuring similarities and differences in strategy, the number of years served in the organization, funding tools, and performance mechanisms.

### **Recommendations**

Leadership impacts fundraising capacity, innovation, technology, performance, and sustainability of stakeholders. Future research is recommended in deference to leadership styles and the impact of style on nonprofit infrastructure and performance using a quantitative research design to survey both the leaders and volunteers. The purpose is to gain greater understanding of leadership styles as perceived by those they influence, both internally and externally. In addition to quantitative analysis, a qualitative study is suggested. The qualitative analysis would include of leaders, staff, and volunteers, to determine whether the leader's perception of his or her influence

aligned with that of the staff and volunteers. Further examination of the financials, organizational documents and observation of events are suggested in the qualitative study of leaders, directors, and staff to determine whether the events, financials, and documents align with the organization's mission.

Aldamiz-Echevarria and Acquirre-Garcia (2013) examined donor cultivation using a qualitative case study research design to analyze the internal and external determinants that influence donor decision-making. The results revealed that the donors needs and preferences drive the strategy and decision-making of the nonprofits (Aldamiz-Echevarria & Acquirre-Garcia, 2013). RP13 discussed the shift in strategy for funding allocation requested by the foundation. Their goal was to provide educational scholarships for teens that suffered from human trafficking. The findings of the data collection revealed that the mission drives the fundraising strategies. The narratives in this study also conveyed that nonprofits constantly examined the needs of the donors.

Future research is suggested in whether the mission of the organization drives the fundraising strategies or whether the donor's needs drive the fundraising strategies. A mixed method is suggested to capture both the qualitative experiences and perceptions and the quantitative method is suggested to test the hypothesis relative to the mission and fundraising strategies. Tysiac (2016) suggested that nonprofits must create value for donors in the form of events, benefits, partnerships, innovation, resource optimization, and technology.

For example, RP7 discussed the organization's strategy to attract individual donors. In doing so, they decided to interact more with the donors on an experiential level. RP7's organizations provided housing for low-income families. To host an experiential event, they invited individuals to take part in a building project. The purpose was to engender an atmosphere conducive to maximizing the experiences of those who desire to be a part of the mission. RP9 provided experiences by hosting medical missions to combat diabetes in an underdeveloped country. RP10 and RP19 provide experiential events by hosting running events that encouraged individuals to train their bodies and minds for the marathon. For instance, people ran with a 10-gallon jug of dirty water on their head to experience what it is like to wake up and walk 10 miles to get water before going to school. RP7 engaged the community by educating them about the benefits of their services and how these services increased the value of the community.

RP7, RP9, and RP10 provided examples of experiential events. These events were formulated to extend a greater understanding of the mission and operation as Tysiac (2016) suggested. Aldamiz-Echevarria and Acquirre-Garcia's (2013) used the qualitative case-study analysis methodology. Future research is suggested pertaining to experiential events that both attract and retained donor sustainability using the mixed methods analysis to capture both the breadth and depth of the phenomenon for qualitative purposes. The quantitative methodology in the mixed analysis is suggested to measure donor participation per event; donor recruitment, donor retention, and dollar contributions per event.

According to Charles and Kim (2016), little information was available concerning ways to measure the effectiveness of fundraising performance. Indeed, fundraising success was difficult to measure, according to Alfirevic et al. (2015) and Buteau et al. (2014). Blansett (2016) asserted that success must be defined in measurable terms that can be easily communicated to both internal and external stakeholders. The findings in this study described fundraising success in diverse terms, which may not be quantifiable. The current literature provided a plethora of fundraising performance tools.

The findings in my study revealed diverse terms for success or effectiveness, but did not divulge access to sophisticated fundraising tools that measure performance in a standardized form. The existing literature provided diverse software applications that allowed the nonprofit to first define the terms and then customize the parameters for which it would be measured. Charles and Kim (2016) posited that, when measuring performance, it was important to evaluate the qualitative experience to enhance the generalizability of the study. Through the mixed-methods research design, the qualitative experiences could determine whether these narratives create themes that may influence fundraising success and sustainability. Future research is recommended to further explore fundraising strategies using the mix-methods design.

## **Implications**

### **Positive Social Change – Personal Implications**

The results of this study provided both a conceptual and contextual framework for fundraising sustainability. From an individual perspective, as the cofounder of a



foundation that has been in existence for only 3 years, I can extrapolate strategies concerning leadership attributes, donor cultivation, marketing, funding tools, and performance from leaders who have been in the industry. These participating organizations have maintained sustainable service for both internal and external stakeholders. I understand the importance of being a mission-focused foundation and demonstrating to the stakeholders that the mission is woven throughout the strategies, relationships, events, and funding selections. I now have a comprehensive grasp of methods to sustain the delivery of services through challenging times: if a person believes in the mission, then he or she will creatively explore strategies to effectively and efficiently sustain the service. Whether this involves a reallocation of funds, restructuring of responsibilities, or another strategy, I now have the tools to effectively implement changes to positively impact sustainability.

Four years ago, I joined a team to train for a marathon to raise awareness and money for clean water in Africa. The training was grueling. Hot days, animals before or behind me, and sore muscles were all external factors that could have deterred me from training. However, I continued, because I believed in the mission. Three years ago, I decided to train again for the marathon. The only difference was that I did not have the opportunity to run. After a 20-mile training run, I started feeling pressure on my chest and soon passed out. I was diagnosed with hyperkalemia due to severe dehydration. My kidneys were injured. The electrical rhythms of my heart were in question; then I discovered that I had a left bundle branch block.

What was so interesting to me was the loss I felt when I could not continue training with my community of runners. It was as if I had lost my identity. Running was the vehicle that had attracted me to the team. It was experiential. However, the sense of belonging and community was even greater. I began to wonder about the intrinsic determinants that the leader established to meet my needs and the needs of 100 other runners. Why was my identity so closely associated with this organization?

I began to reflect on the leadership patterns, marketing, and consistency in communications with respect to events, running tips, life stories, and allocations of funds. I reflected on the accessibility of the leader and observed the leadership opportunities she provided to others on the team. She empowered the whole team to affect change.

According to Chelliah et al., (2016); Harrison and Murray (2012); and Schidlow and Frithsen (2016), leadership attributes positively influence fundraising success. The leadership style of the team captain was transformational. The communication style used was a supply-side communication technique that encouraged donors to give what they could and be a part of the greater good (Shaker et al., 2014). Her fundraising skills appeared fluid and seamless. She was tied to the mission and driven by the mission. Furthermore, she shared the mission so that others could be empowered to join. Every exchange with the leader and team created value.

Tysiac (2016) suggested that value could take the form of events, benefits, partnerships, innovation, resource optimization, or technology. Each event was experiential. Tysiac also suggested that donors are investors who seek a performance-

driven mindset. Each week, we were provided with detailed information concerning the fundraising and training goals and how these met goals would impact an impoverished country.

Aldamiz-Echevarria and Aquirre-Garcia (2013) postulated that the organization's environment and the internal operations of the NPO influenced donor participation. My decision to serve in a volunteer capacity was due to the empowered environment that was conducive to affecting change. Despite the physical and emotional challenges endured while training for a marathon, the organization's internal operations driven by this transformative leader heavily influenced my donor participation. Blansett (2016) suggested that money is not the ultimate goal in fundraising. Fundraising encompasses leadership, vision, passion, loyalty, and legacy, and it expresses a desire for change (Blansett, 2016). This team leader possessed all of these attributes to affect change through fundraising.

### **Positive Social Change – Implications for Practice**

The implication for social change includes increased comprehension of fundraising and sustainability in the delivery of services. Greater insight provides a template for developing tools that may influence fundraising success. To positively impact social change, I will conduct workshops and symposiums for leaders of nonprofits in the community for educational training, benchmarking practices, and sharing ideations on how to leverage expertise and services. Providing a forum for developing best practices through the symposiums and workshops will perhaps

facilitate in providing higher efficiency standards for nonprofits, which may ultimately lead to sustainability.

As with leaders and boards of directors, I will provide a nonprofit forum for development officers to discuss efficiency in performance tracking, hosting experiential events and donor cultivation. The development officers in this study were knowledgeable of the current trends, donor needs, and the movement of the culture, which ultimately impacted the sustainability of the organization. Formulating tools for the development officers will aid in building and evaluating experiential events, which result in positive returns on investment and donor sustainability. In addition, these tools will facilitate in supporting what areas of performance tracking are critical to increasing donor cultivation.

Positive social change is affected by providing adequate tools to create sustainable resource allocation. These tools will include leadership styles, fundraising strategies, donor cultivation, and performance mechanisms. Developing fundraising success tools for sustainability will help to identify organizational areas that may hinder fundraising success. The tools will also aid in serving as a guided template for formulating and evaluating experiential events. Providing adequate materials to nonprofits in the community will create value through events, benefits, innovation, and technology, as Tysiac (2016) stated.

### **Conclusions**

Leaders who possessed transformative attributes, believed in the mission, cultivated donors through continued communications, exercised discipline, and were

fiscally conservative maintained sustainable functionality in fundraising and donor cultivation. The majority of the boards have financial reserves to use in challenging financial times. Continued education concerning financial instruments is suggested to sustain funding.

Donor cultivation is a continuous stream of communication, positive interactions, support, and activity. Participants RP7, RP10, and RP19 discussed extensively the importance of donor cultivation through experiential events. Experiential events provide opportunities for participation that extends cross-generationally. Providing low-risk opportunities for participation may facilitate in encouraging young donors to participate in future events that may impact sustainability positively. Indeed, events that engage youths provide an opportunity to develop leadership skills as the aging donors exit out.

Throughout this study, I reflected on how my research would extend the body of knowledge about nonprofit management. Certain categories, such as nonprofit management, donor diversity, intergenerational cultivation, professional development, and organizational behavior, and the impact that each category may have on sustainability are opportunities for examination cloaked in various research designs. I have learned that, despite the circumstances, there is an abundance of resources, although some may be difficult to locate. Creating a knowledge repository for nonprofit sustainability may be the first step to building a successful organization. With the onset of nonprofits leveraging their services, developing partnerships, and strategizing to eliminate redundancy and optimize resources, there are many opportunities to learn

how to build to succeed. Providing this conceptual framework for sustainability is only the beginning.

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### Appendix B: Expert Panel Invitation to Participate Letter

I am writing you to invite you to serve as an expert panelist in my qualitative research study identifying fundraising strategies for sustainable delivery of services to internal and external stakeholders. An expert panelist provides feedback concerning the alignment of the interview questions with the problem statement, purpose of the study and research questions. This study will utilize a generic qualitative, thematic research design, which will investigate the concept of fundraising strategies. I will examine the means by which nonprofits attract funding and the internal factors that influence fundraising effectiveness, including leadership, relationship management, donor preferences, motivations and behavior, marketing strategies, funding campaigns, organizational infrastructure, and performance measures.



### Appendix C: Expert Panel Agreeing to Participate Letter

Thank you for agreeing to serve as expert panelist. The purpose of this study is to identify strategies to attract increased funding for quality sustainable service. The Nonprofit Finance Fund (NFF), an organization that examines nonprofit trends, reported that 53% of NPOs had less than three months' cash on hand (NFF, 2013). The NFF also reported requests for services have increased 76% but 53% could not meet the demands. Overall funding has increased; yet, organizations are having difficulties sustaining adequate funding. The general problem addressed is the sustainability of long-term funding. The specific problem is that, due to inadequate long-term sustainable funding, NPOs are finding it difficult to provide appropriate quality services. My research questions included are listed below:

RQ1: What strategies do successful nonprofits utilize to increase funding as relates to the delivery of quality sustainable service?

RQ2: What conditions or situations have influenced fundraising effectiveness?

This study will utilize a generic qualitative, thematic research design, which will investigate the concept of fundraising strategies. I will examine the means by which nonprofits attract funding and the internal factors that influence fundraising effectiveness, including leadership, relationship management, donor preferences, motivations and behavior, marketing strategies, funding campaigns, organizational infrastructure, and performance measures.

## Appendix D: Expert Member Qualifications

### **Expert Panel Member 1**

Expert Panel Member 1 has a Ph. D. in Higher Education Leadership. He is a Dean of Graduate Programs for the School of Business and Professional Studies. Expert Panel Member 1 served as Director of Training of Personnel and Public Affairs in the United States Army. He also served as Consultant for Deloitte Consulting. He has 30 years of Leadership both nationally and internationally (Europe and the Middle East). Expert Panel Member 1 has 20 years experience course development, organizational development instruction, human resource and training systems.

### **Expert Panel Member 2**

Expert Panel Member 2 had a Ph.D. in Organizational Leadership is an experienced business consultant with the ability to strategically lead organizational development initiatives. Expert Panel Member 2's previous professional career includes executive level positions in both corporate, non-profit organizations and government municipalities. Expert Panel Member 2 facilitated in designing programs in the process and organizational alignment within these positions. Her professional and academic experience also includes instructional design and development; human resources, change management, organizational design, and development, and project management. Expert Panel Member 2 serves as Department Chair of Business and Leadership Programs.

**Expert Panel Member 3**

Expert Panel Member 3 has been in corporate management for 25 years working in areas of: Strategic Planning, Information Technology, Project / Program Management, Marketing, Advanced Mobile Services (Wireless/Wire-line Networks), Corporate Training and Development - managing multi-million dollar accounts, end-to-end cross-functional teams from the largest multinational corporations to small businesses in Europe (EMEA), Asia Pacific (APAC) and throughout the North America Region (NAR). Expert Panel Member 3 is principal of a consulting firm focused on small businesses in the technology and defense sectors. He has a Doctorate Degree in Church Leadership and Development and teaches a variety of courses in leadership development, cultural competency, and business and life issues.

**Expert Panel Member 4**

Expert Panel Member 4 was the Department Chair and a tenured professor in the architecture program of the School of Architecture, Civil Engineering Technology, and Construction at Southern Polytechnic State University in Marietta, Georgia. He is now the Associate Vice President for Diversity and Spiritual Development at a four-year institution. He monitors course compliance with NAAB educational criteria. Currently, Expert Panel Member 4 teaches the professional practice class in the Graduate program. He has been teaching for over seventeen years. He also has taught first-year students at Morris Brown College in Atlanta, Georgia. Expert Panel Member 4's educational background includes a Master's degree in Architecture and a Ph.D. in

Environmental Design specializing in Cultural Anthropology and Multi-Cultural Studies, a Masters of Commissioner of Science Degree and Solar Design Certificate. Expert Panel Member 4's teaching and research Interest includes teaching in the area of beginning architectural design, environmental design, multi-cultural studies, cultural anthropology, architectural programming, applied research methodologies, African American and Native American cultures. Professional experience for Expert Panel Member 4 includes the position of Vice President of Mercurius Design Inc., an Atlanta-based firm specializing in graphic and residential design, and space planning. Finally, he was an officer and the Educational Chairman of the National Organization of Minority Architects; a recipient of the 2005 Appreciation of Service Award from Southern Polytechnic State University's Architecture Department Student Body, 2005 Leadership Award from the School of Architecture, Civil Engineering Technology and Construction, 2003, Mission Award, Atlanta, Chapter, NOMA, 2002 Certificate of Appreciation, Professional Peer for Design Excellence Program, US General Service Administration, Outstanding Faculty Award, Southern Polytechnic State University. Expert Panel Member 4's professional societies and affiliations includes the national Organization of Minority Architects, Civitan Organization, Georgia Trust for Historic Preservation, and the Georgia African American historic Preservation Network. Finally, Expert Panel Member 4's publications include 20 on 20/20 Vision, Perspectives on Diversity and Design, First Fruits of the fall, A Book of Poetry.

**Expert Panel Member 5**

Expert Panel Member 5 has a B. A. in Applied Psychology and Human Services and Master's in Human Service Administration and Clinical Mental Health Counseling. She also acquired a Ph. D. in Medical Humanities. She is currently Chair of Professional Studies at a four-year institution. Expert Panel Member 5 previous professional experience included managing an early Alzheimer's unit; Consultant in elderly care; and providing instruction in the Psychology of Aging, Death, Grief, and Caring. She has conducted research in the field of Gerontology. Expert Panel Member 5 developed a reading program for persons suffering dementia. Expert Panel Member 5 is a member of the American Society on Aging, the National Organization for Human Services, and the Northwest Suburban Alliance on Domestic Violence.

**Expert Panel Member 6**

Expert Panel Member 6 has a Ph.D. in Counseling Psychology. She is a faculty professor at a four-year institution. Expert Panel Member 6 is a consultant for fortune 500 companies both domestically and internationally. She conducts extensive research in China at SIAS International University and has participated in the Leadership Symposium in China for Women in 2014.

**Expert Panel Member 7**

Manager with 19 years of experience in the areas qualitative and quantitative methods for accelerating individual, group, and organizational performance through consulting, coaching, and change management. Expert Panel Member has a Master's Degree in Industrial/Organizational Psychology. She focuses on the areas of personnel

selection and decision-making in employment selection. Experience in design and evaluation of training programs, training methods and management development, performance appraisal, the work environment, human behavior at work; analyze and develop process improvement.

## Appendix E: Interview Questions

1. Describe your role in this organization.
2. How are you involved in raising funds for this organization?
3. How has leadership influenced fundraising strategies?
4. How has the economy influenced your abilities to raise funds?
5. What do you perceive as donor preferences?
6. How does your organization cultivate donor relationships?
7. What is your strategy for recruitment?
8. What is your definition of fundraising effectiveness?
9. What mechanisms do you have in place to measure fundraising effectiveness, performance, and efficiency?
10. Tell me what factors influence your marketing strategies.
11. How has your fundraising strategies evolved within the last five years?
12. Share with me your contingency plans, if you do not reach your fundraising goals?
13. How does your organization select funding tools that compliment your organization's brand?

## Appendix F: E-mail Sent to Participants for Member Checking

Dear Participant,

Thank you for participating in this study. Below is a transcript of the conversation, which took place \_\_\_\_\_, which commenced at \_\_\_\_\_. To ensure the accuracy of the data, I am asking each participant to affirm the veracity of the responses to each question. To confirm each response, please type in the word CONFIRM by the response. If there is any editing that needs to occur, please make revisions on the next line following the response.

Thank you again for your time and efforts to participate in this qualitative study to further research fundraising strategies and its impact on sustainability.

Karen Love  
Doctoral Student  
Walden University



## Appendix G: Codes, Nodes, Categories, and Themes

| Codes                                      | Description of the Codes   | Node                              | Categories/Themes  |
|--|--|-----------------------------------|--|
| Mission                                    | To examine why the organization exists.  | To Empower the Powerless          | <ul style="list-style-type: none"> <li>Alleviate Poverty</li> <li>Administer Justice</li> <li>Provide a safe haven for refugees.</li> <li>Provide clean water for the children in Africa</li> <li>To provide medical care to the under resourced.</li> <li>To provide affordable housing.</li> <li>To change the lives of the incarcerated.</li> </ul> |
| Role in the Organization                   | To collect varied perspectives from a diverse group of individuals positioned to influence fundraising strategies and policies and to examine how the participant specifically is connected to the decision-making process in fundraising. (Q. 1 & Q. 2) | Leadership Position               | <ul style="list-style-type: none"> <li>Board of Directors</li> <li>Chairman of the Board</li> <li>Chief Executive Officer</li> <li>Executive Director</li> <li>Founder</li> <li>President</li> <li>Team Captains</li> </ul>  |
| Leadership                                 | To examine how leadership may influence the organization's ability to fundraise. (Q. 3)  | Leadership Influence              | <ul style="list-style-type: none"> <li>Tenure</li> <li>Donor Recruitment</li> <li>Donor Marketing</li> <li>Infrastructure</li> </ul>   |
| Tenure                                     | To demonstrate expertise, and experience in the topic of fundraising sustainability.   | Number of years                   |  |
| The Economy                                | To establish how the condition of the economy may have influenced fund raising strategies. (Q. 4)  | Economic Conditions and Influence | <ul style="list-style-type: none"> <li>Human Capital</li> <li>Resources</li> <li>Donors</li> <li>Provision of Services</li> </ul>  |
| Factors that influence support from donors | To understand the perceptions, needs, and motivations of donors and how these factors may impact fundraising. (Q. 5 & Q. 6)  | Donor Preferences                 | <ul style="list-style-type: none"> <li>Transparency</li> <li>Return on Investment</li> <li>Integrity</li> <li>Connectedness</li> </ul>   |
| Recruitment and Retention                  | To understand which strategies are sustainable and effective and which strategies were ineffective. (Q. 7)   | Donor Strategy                    | <ul style="list-style-type: none"> <li>Events</li> <li>Telling the Story</li> <li>Experiential Adventures</li> <li>Education</li> </ul>  |

(Table Continues)

|   |   |                                  |  |
|---|---|----------------------------------|--|
| Fundraising Effectiveness                           | To understand the organizations definition of success in regards to effectiveness, efficiency and performance and how these factors are measured. (Q.8) | The Definition of Success        | <ul style="list-style-type: none"> <li>• Event attendance</li> <li>• Expenses covered</li> <li>• Growth in Volunteer Base</li> <li>• Growth in Reserves</li> <li>• Increase in Membership</li> <li>• Increase in Donations</li> <li>• Donor Growth</li> <li>• The number of lives changed per year.</li> <li>• Increase in services</li> </ul> |
| Performance Mechanisms                              | To understand which tools are utilized to track performance? (Q. 9)   | Performance Measuring Tools      | <ul style="list-style-type: none"> <li>• Tracking Software</li> <li>• Independent Audits</li> <li>• Better Business Bureau</li> <li>• Accounting Software</li> <li>• Accountability</li> </ul>   |
| Marketing Strategy and Decision-making Process      | What factors determine the decision-making process in determining how marketing strategies influence donor behavior? (Q. 10)                            | Factors that influence marketing | <ul style="list-style-type: none"> <li>• Funding Capacity</li> <li>• Donor Needs</li> <li>• Technology and Innovation</li> <li>• Human Resources</li> <li>• Strategies determined by the Board</li> </ul>  |
| Fundraising Evolution within the last five years    | To understand how fundraising strategies evolved within the last five years. (Q. 11)  | Shifting Paradigms               | <ul style="list-style-type: none"> <li>• Documentation</li> <li>• Community Impact</li> <li>• Events</li> <li>• Funding Diversity</li> <li>• Marketing</li> <li>• Professional Services</li> <li>• Stagnation</li> </ul>   |
| Contingency Plans if fundraising goals are not met? | What mechanisms are in place to sustain the delivery of services if the fundraising goals are not met? (Q. 12)  | Contingency Measures             | <ul style="list-style-type: none"> <li>• Stop gap measures</li> <li>• Capital Reserves</li> <li>• Foundation Reserves</li> <li>• Reallocation of Resources, jobs and services</li> <li>• Line of Credit</li> <li>• Increased Appeals to Donors</li> <li>• Never thought about it</li> </ul>  |
| Funding and Organization Mission                    | To understand how the organization selects funding tools that supports their mission and sustain the integrity of their brand? (Q. 13)                  | Funding Tools                    | <ul style="list-style-type: none"> <li>• Public Funding</li> <li>• Corporate Sponsorship</li> <li>• Matching Grants</li> <li>• Bequests</li> <li>• Individual Donations</li> <li>• Payroll Deductions</li> <li>• Donor Memberships</li> </ul>  |

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*Note:* A Data Analysis process illustrating the codes, nodes and emerging themes collected from the data provided by the participants.

## Appendix H: The Economic Influence

| Participants             | Economic Impact   |
|--------------------------|---|
| RP1                      | I haven't notice the economy  |
| RP2                      | When the economy is doing poorly, donors still support the agency financially but often on a reduced level in keeping with their financial accountability.  |
| RP3                      | Well, I think it's the complete opposite. What we have found is that the ministry has a surplus of cash and is not in need of anything at the moment.   |
| RP4                      | I am working twice as hard as I was two to three years ago, and I have half the income. It is nothing like it is before, but it is definitely moving toward the positive. It was definitely easier to connect with donors and they definitely had more discretionary income. I still feel like people are still conservative right now. |
| RP5                      | For the last 10-12 years, the largest source of funding was the contracts for the center. It got political... So, we had to start selling off assets and parts of the treatment and had to relocate the home office.  |
| RP6                      | We do notice some slight variation. When the economy is doing very well, we see a larger increase, at the time then when we see when the economy is going down. We do not see as much of a decrease as we see an increase.  |
| RP7                      | I don't know that it has so much influenced our ability to raise funds; it has influenced our use of funds. We are now looking at alternative way to generate funds.  |
| RP8                      | What happened to us is that generally it takes three to six months before we feel the impact of the decline of the economy. Since in 2008, we've had to be more invested into additional funding events; activities and staying in incredibly good contacts with our donors. We have a reserve fund.                                    |
| RP9                      | The previous downturn in the economy has decreased the potential number of donors and the amount donated, resulting in the need to better identify donors ... to support our mission.   |
| RP10                     | It has not affected it a whole lot.   |
| RP11                     | The economy 2008 – 2012 allowed me as an Executive to look at how people were giving in different giving vehicles. Now that the economy has stabilize, I have taken the practices, products and some of the strategies that was implemented during the recession and really optimize them in an environment of growth.                  |
| <i>(Table Continues)</i> |   |
| RP12                     | Severely. When I joined the Board in 2010, a substantial amount of funding was provided by the State of Illinois and they had a budget  |

crisis; pretty much the whole time. I would say that for the most part, we were paid eventually but a lot of times, we had expenses and instructors we had to pay; we were essentially running city services for the most part. Now, most of the funding comes from institutional organizations and foundations.

- RP13                    Amazing, it has not. Our events were more successful this year than ever before. We have been consistent, and I guess it's been consistent because of our followers.
- RP14                    We've seen more competition in and more demand placed on both our individual donor base...businesses and foundations.
- RP17                    We do have a variety of donors; member and resident donors and we historically have gotten grants from banks and corporation that do business with us, but mostly.
- RP18                    The economy has had a significant impact.
- RP19                    The economy has not necessarily impacted the realm that I have been serving in and working in the past nine years.
-