

Fundraising and Donor Engagement: Donor Retention

Annotated Bibliography

Caroline Schiavo

Nonprofit Studies 501U: Understanding the Nonprofit Sector

Dr. Andrew Schoeneman

University of Richmond

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Initial Problem Statement

Without money or donations, a nonprofit would struggle to survive. Fundraising incentivization is the key strategy to maintain and increase philanthropy. Various methods can be effective whether it be crowdsourcing, major corporate donors, local sponsorships, or individual donations. A lack of data and stewardship may lead to past and current donors feeling less welcomed. The culture and environment must be equitable and inclusive to maintain donor levels, with corresponding benefits. The plan to retain this level of trust and involvement is constant communication to invite contributors to events, send follow up reminders, and personalized thank you letters to ensure donors have an understanding that their contributions are a significant part of an organization's mission and vision and each and every donation makes a difference.

Problem Definition

Boenigk, S., & Helmig, B. (2013). Why Do Donors Donate?: Examining the Effects of

Organizational Identification and Identity Salience on the Relationships among Satisfaction, Loyalty, and Donation Behavior. *Journal of Service Research*, 16(4), 533–548. <https://doi.org/10.1177/1094670513486169>.

Jepson, T. (2016, April 2). Donor Engagement Cycle: Inspire. Learn. Engage. Ask. Thank.

Show. Impact. Retrieved from <https://www.causevox.com/blog/donor-engagement-cycle-inspire-learn-engage-ask-thank-show-impact/>.

Jepson elaborates on how the donor engagement cycle contributes to donor happiness and higher retention rates. This six-step cycle involves the concepts of recruitment and inspiration, learn, engage, ask, thank, and repeat which culminates into a presentation of the donation results primarily through annual reports, email updates, and social media blasts. This process allows for the collection of data for future usage. This informs a student to understand the needs for improvement in the cycle to assist with transitions in student leadership positions.

Herman, Robert D., & Associates. *The Jossey-Bass Handbook of Nonprofit Leadership and Management, 2nd Edition*. San Francisco, CA: Jossey-Bass, Inc., 2004.

Sargeant, A. (2008). Donor retention: What do we know and what can we do about it. *A Report for the Association of Fundraising Professionals, Washington DC*.

Sargeant highlights how the donor conversation still primarily revolves around acquisition and not retention. His conceptual review seeks to determine factors that result in switching donations to a different nonprofit cause or an overall lapse in donation behavior focusing on the “triggers... and key forms of utility” which encompass this donation retention ideology. Loyalty in terms of satisfaction, identification, commitment, and trust is argued in various situational, influential, and reactive settings. Concluding principles suggest the economics of loyalty and quality of service perceived must be changed. Furthermore, internal primary research and offering donors a sense of trust, self-identity, ongoing status of the organization’s effort is key to understand retention. This study has a combination of empirical

and conceptual data through the crafting of value determinants and the creation of a 5-point satisfaction scale.

Intervention Design

Ostrander, S. A. (2007). The Growth of Donor Control: Revisiting the Social Relations of Philanthropy. *Nonprofit and Voluntary Sector Quarterly*, 36(2), 356–372.
<https://doi.org/10.1177/0899764007300386>.

Ostrander's argument leads me to believe that the present-day donor-controlled philanthropy is not particularly good for the benefit of society. Donor exclusivity, donor intermediaries, and donor oversight dominate her literature review with an attempt to balance the two-way stream of the philanthropic relationship over the past twenty years. This increase and engagement of donor control seeks to evaluate the radical need for a mixture of corporate and individual donors, in a modern-day market where retention could be deemed uncertain.

Reddick, C. G. & Ponomariov, B. (2013). The effect of individuals organization affiliation on their internet donations. *Nonprofit and Voluntary Sector Quarterly*, 42(6), 1197-1223.

Waters, R. D. (2011). Increasing Fundraising Efficiency Through Evaluation: Applying Communication Theory to the Nonprofit Organization— Donor Relationship. *Nonprofit and Voluntary Sector Quarterly*, 40(3), 458–475.
<https://doi.org/10.1177/0899764009354322>.

Donor relations are important evaluation tools for fundraising. Waters presents data of this relationship through over 1,700 surveys to understand communication and cultivation efforts. This can be assessed through trust, commitment, satisfaction, and balance of power. He demonstrates various models on cultivation versus the organization-public relationship framework. While surveys showed relations are positive, more theory and development of the concept will assist in the overall effectiveness of fundraising and framework of accountability. The concept of evaluation has been important to the student's internship and on-campus leadership experiences because data collection is a vital measure of success for any nonprofit organization in the growth stage of the nonprofit lifecycle.

Measuring Effectiveness

Froelich, K. A. (1999). Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations. *Nonprofit and Voluntary Sector Quarterly*, 28(3), 246–268.
<https://doi.org/10.1177/0899764099283002>.

Resource allocation of the nonprofit industry results in the revenue stream separation of commercial entities, government funding, and private donations. Froelich's article on diversification of these entities examines resource dependence theory and how it changes depending on the mixed economy and an increase in external contributions. It is fascinating to see that while "the hottest area of nonprofit funding" (258) is commercial, this avenue has not been discussed in research probably because of its flexibility and unrestricted funding towards nonprofit autonomy. From my perspective, Froelich's conclusion that diversifying funding streams indeed does lead to a greater variety of donations, but also alienates certain donors

because of updated funding criteria guidelines and other red tape that is unexpected. Particularly, her position on mission vagueness strives to redirect nonprofits in order to retain donors who associate with their goal on a personal, social, and professional level.

Naskrent, J., & Siebelt, P. (2011). The Influence of Commitment, Trust, Satisfaction, and Involvement on Donor Retention. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 22(4), 757-778. Retrieved from <http://www.jstor.org/stable/41307837>.

Utilizing analysis from four German-based nonprofits, Naskrent and Siebelt examine retention from the donor perspective. The authors start with a brief synopsis of the European nonprofit donation market. Through statistics such as 50% of donors are one-timers and 30% of repeat donors are lost yearly, there is an obvious need. Empirical data is used to explain the phrases of retention, commitment, trust, satisfaction, and involvement aid in the development of hypotheses, leading to a survey representing reliability and validity measures. It is intriguing to see the comparison made between the customer and donor retention defined as “an individual person voluntarily and repeatedly acted in favor of an organization and intends to continue to do so in the future” (760). Overall, the article presents a well-balanced argument of the limitations and strengths of donor behavior in the international context.

Okten, C., & Weisbrod, B. A. (2000). Determinants of donations in private nonprofit markets. *Journal of Public Economics*, 75(2), 255-272. <http://www.sciencedirect.com/science/article/pii/S0047272799000663>.

Sargeant, Adrian, John B Ford, & Douglas C West. (2006). Perceptual Determinants of Nonprofit Giving Behavior. *Journal of Business Research* 59(2): 155–65.
<http://www.sciencedirect.com/science/article/pii/S0148296305000597>.

Wymer, W., & Rundle-Thiele, S. (2016). Supporter Loyalty: Conceptualization, Measurement, and Outcomes. *Nonprofit and Voluntary Sector Quarterly*, 45(1), 172–191.
<https://doi.org/10.1177/0899764014564579>.

Revised Problem Statement

During the analysis of these sources, it became obvious that trust, commitment, and loyalty are non-negotiable factors. Incentivization is a key strategy to acquire new donors and increase funding from existing donors. Constant engagement, partnership, and relationship management are critical. Communicating with donors through personalized mailings, thank you letters, and updates on the nonprofit's impact generates happiness. Cultivating donors is critical as their passion is often aligned with the nonprofit's mission. They want to voice their opinion and often professional knowledge, especially in the case of corporations that may have a vested interest in the sector(s) of a nonprofit, while exercising their social responsibility. Listening to donors makes them feel valued. If loyalty is rewarded with incentivization than the retention rate will increase, and the one-time donor will convert to a repeat donor. Donor leveling is supported with data validity and evaluation, refining data to rewarding donor behavior with different benefits based on contributions. Perhaps benefits could vary by level, akin to access to key speakers, celebrities with similar interests, invitations to on-site locations to observe the direct

impact, and other enticements. In addition, donor balance and diversity are important to maintain transparency in the donor/nonprofit relationship and should not be restricted or controlled by donors, as past practice.

I pledge that I have neither received nor given unauthorized assistance during the completion of this work. Caroline Schiavo