

FUNDRAISING IN THE NONPROFIT SECTOR:
AN ANALYTICAL LOOK AT DONOR PERCEPTIONS OF
HOW THEIR DONATIONS ARE USED TO ELICIT MORE DONATIONS

by

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A Dissertation Proposal Presented in Partial Fulfillment

Of the Requirements for the Degree

Doctor of Philosophy

Capella University

June 2005

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ABSTRACT

The purpose of this study was to better understand the feelings of donors about spending for fundraising in nonprofit entities. Respondents were asked for their opinion about spending for fundraising, based on a national average, in six different types of charities: Medical/health, animal-based, faith-based, environmental, human service, and international/human rights charities. The demographic variables in this study included age, gender, level of education, and the importance of faith/religion in one's life. Another question asked donors if they felt that most charities provided enough information about the management of the organization, and the third asked respondents if it is acceptable for charities to spend more in times of world crisis. The results of the study indicated that there is a relationship between some of the demographic variables and the different types of charities. Additionally, most donors feel they need more information about the management of non-profit entities. Finally, in times of world crisis, most donors feel it is acceptable for charities to spend more for fundraising.

Dedication

I want to first thank my mentor, Dr. James Mirabella for helping me reach this goal. Without his assistance, I know I would have never made this goal--at least not nearly this quickly. Dr. Mirabella made me believe when I started to doubt, and helped me to laugh when I often wanted to cry. Perhaps his biggest sacrifice was to honor my request to keep our conversations away from our vastly different politic beliefs, and we even laughed about that.

My committee members each brought valuable ideas and opinions to the table, and as a result, each of them helped me to produce a far better piece of research. Dr. Doug Bird and Dr. Gary Robinson graciously agreed to be part of my comprehensives committee, and Dr. Katherine Green and Dr. Toni Greif sat with me on my dissertation committee. Thanks to all for your patience and endurance throughout each phase.

To my parents, I want to say thank you for your unending support. You never questioned my desire to keep going, and you encouraged me each step of the way. Your love and faith in me are the finest gifts a daughter could ever want or desire.

Most importantly, I must thank Joe--my partner for life. Without his support, pride, and encouragement, I know I would never have made it. In three years, he never once complained or questioned my hours at the computer. His constant support made this task reachable, and his unconditional love is my best reward.

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CHAPTER 1. INTRODUCTION

Introduction to the Problem

Fundraising in the nonprofit sector is critical to the existence of most nonprofit agencies and charities, and until recently, most did not question spending decisions of charitable institutions. In today's tight economic times, with for-profit business scandal making daily headlines, the nonprofit sector finds itself increasingly under scrutiny. Of most interest to many who watch and analyze the industry is how nonprofit entities spend money to raise more money.

Background to the Study

By 2001, revenues for the nonprofit sector in the United States exceeded \$700 billion, and assets reached \$2 trillion. (Bradley, Jansen, & Silverman, 2003; Gallagher, 2004; *The new nonprofit almanac in brief*, 2001) As with any industry, either for-profit or not-for-profit, the stakeholders expect that the management of the organization will handle the finances of the organization carefully, and when this is not so, problems arise.

In the nonprofit sector, recent scandals and allegations about the practices of some charities have raised questions

about finances, and specifically about the decisions made regarding how the organizations spend donated funds. Although donors expect contributions will be spent to support the charitable cause, and there are some new watchdog agencies that monitor the charity industry, there is no governing body to enforce specific guidelines regarding nonprofit expenditures.

Statement of the Problem

This research paper studies the reactions of charitable donors to the use of donated monies supporting fundraising expenses. While it is a generally accepted principle in the for-profit sector that it takes money to make money, this is not necessarily true in the not-for-profit arena. In fact, in the past five years, the public (and press) have lambasted some very high-profile nonprofit entities for what they felt was the mishandling of donated funds. Some examples in recent years include allegations made against the Red Cross after 9/11, and spending practices at the United Way. (Jacobs, 2004; Sloane, 2002)

Unfortunately, there are no overarching industry standards that define an acceptable level of spending for fundraising in the nonprofit sector. There are a few charity watchdog agencies in existence, but even these are subject to debate over the ways

each analyzes charities. One of these, *The Better Business Bureau Wise Giving Alliance*, has set up recommended standards, however many nonprofit entities do not subscribe to them, nor do they report to the watchdog agency. (M. A. Hager, 2004a; Harvey & Snyder, 1987; Wolverton, 2005) Until some regulatory entity sets this standard, it is very difficult for any nonprofit entity to know what they can or should spend to raise money for their organization.

The Purpose of the Study

The purpose of this study was to begin to understand the feelings of the typical donor about spending for fundraising in nonprofit entities. In lieu of finite rules about these types of expenditures, it is almost impossible for a charitable entity to know when they are going to offend the people who support their work. The goal of this study was to offer guidelines to managers in the nonprofit sector that will predict public reaction to the use of donor dollars toward fundraising expenses.

As this study focused on larger nonprofit entities that report to the *BBB Wise Giving Alliance*, it is not intended to address all sizes of charities. Additionally, all watchdog agencies report charitable fundraising expenses in terms of a percentage of income, rather than in actual dollars. While this

is useful for larger agencies, it may not be as beneficial for smaller agencies.

Research Questions

This study was a quantitative one based on the following research questions, as mentioned above. There are three research questions and the associated hypotheses are included in the study.

The first research question is: How much (or) do donor demographics predict the perception of an acceptable amount to spend on fundraising costs for charities?

The next research question reads: Is there a relationship between a donors' education level and the amount of information that donor wants or requires before giving to charity?

The third research question asks: Is a donor's attitude toward charity advertising expenses independent of timely catastrophic events?

Nature of the Study

This was a quantitative study using a short survey. Initial questions addressed a list of different types of charitable entities, with a few basic demographic questions at the end of the survey to identify groups.

The study was conducted in two cities, one very large, and the other a mid-sized Midwestern community. In the year 2000, 89% of the households in the United States donated to charity. (*Giving & volunteering in the United States*, 2001) Since the population of this study is adults who donate to charity, as represented by that 89%, the pool of potential respondents is plentiful. The sample was a purposeful convenience one, looking for adult donors willing to share their thoughts and opinions about charities spending for fundraising purposes. The goal was to have 250 to 400 respondents, from different communities, education levels, ages, and of both genders.

Significance of the Study

Based on a successful study, its significance for nonprofit entities is that it will provide valuable information about the thoughts of donors regarding spending for fundraising. Segmentation, a common technique used in commercial marketing, is becoming much more prevalent in fundraising for the nonprofit sector, as it provides the nonprofit entity a large amount of information about their donor base. When a nonprofit entity understands the demographics of their donor base, they can market much more effectively to this group. If this study meets its objectives, charitable organizations will be able to:

Determine the appropriate/acceptable levels of spending on fundraising costs, as determined by their donor base;

Understand when the charitable entity must increase "transparency" in order to explain spending beyond the generally accepted levels for fundraising costs;

Better budget and plan for expenses in the future; and

Know their limits for spending for fundraising during times of catastrophic world events, which may be higher than the usual threshold.

Definition of Terms

There are approximately 1.2 million charities and nonprofit entities in the United States today. (*Giving & volunteering in the United States*, 2001) These include organizations focused on raising money for environmental protection, faith-based initiatives, human and animal rights, medical research, and many other causes. For the purposes of this study, the terms charity, nonprofit, and not-for-profit are synonymous. The entities using these terms all qualify as 501(c)(3) organizations under the Internal Revenue Service tax code, and they file a Form 990, the Return of Organization Exempt from Income Tax form.

For this quantitative study, it is necessary to define some terms that were a part of the research. Norusis wrote, "An

independent variable is a variable that is thought to influence another variable, the dependent variable" (2002, p. 143). Since this study offers three research questions, the following represents the independent and dependent variable for each:

One research question suggests there is a relationship between donor demographics and the perception of acceptable levels of spending for nonprofit fundraising costs. The independent variables are age, gender, education, and the importance of faith to oneself. For this question, the dependent variable is a donors' feelings about spending for fundraising.

The second research question suggests that those with higher levels of education want or require more information before they will donate to charity. The independent variable is level of education, and the dependent variable is the level of information these donors need.

The last research question suggests that donors may accept higher levels of spending for fundraising during times of world crisis. The independent variable is whether there is a crisis or not, and the dependent variable is the attitude of donors to that crisis in terms of spending for fundraising purposes. For the purposes of this study, the definition of a world crisis is somewhat arbitrary. On the survey itself, the examples provided are the hurricanes in Florida and the tsunami in South Asia in

2004, as well as the terrorist attacks on America in 2001. Some respondents may define other world events as crises, which will not influence the outcome of the survey. The only relevant part of the question is whether spending for fundraising should or should not increase during whatever donors perceive as a world crisis.

Finally, it is important to note that since some of the literature available in the nonprofit sector comes from countries other than the United States, there are times when spelling of certain terms may differ. For example, the term organization in Europe may appear in the literature as organisation.

Assumptions and Limitations

Assumptions

The first assumption is that the order of the questions did not influence the responses. Although they are set up in an arbitrary manner, some may have assumed there was method to the layout, which is not accurate.

Another assumption in this study is that the categories chosen to represent charitable entities are inclusive and thorough enough to cover where most people donate money. There are six different categories on the survey instrument: Animal-

based, environmental, faith-based, human services, international/ human rights, and medical/health charities. While this does cover most charitable entities, it is not exhaustive, which may have concerned some respondents.

It was also assumed that the fact that some employers match donations of their employees does not influence giving enough to effect this study.

One more assumption was about endowments. It is common to have endowments from almost every sector, from the government to corporate America, as well as from private donors before and after their death. Since this source of funding does come from many different areas, this research assumed it does not play an independent role from the main decisions of donors.

A final assumption was that people do care about the ways that charities spend their money. It was possible that many of the surveys would show choices of "don't know/not sure" option, which would have made it difficult to offer valuable insight.

Limitations

As the population for this study is all adults who donate to charity, it is clear that this is a vast and diverse group. Because of this issue, getting a true random sample would be very challenging, so the research came from a purposeful convenience sample. To alleviate questions about the

generalizability of this method, the research was conducted in four locations in two different cities, as well as online, providing a way to compare results and test the validity of the data.

CHAPTER 2. LITERATURE REVIEW

Background of Charity Industry

The nonprofit sector is an enormous industry. By 2001, nonprofit revenues in the United States exceeded \$700 billion, and assets reached \$2 trillion. (Bradley et al., 2003; Gallagher, 2004; *The new nonprofit almanac in brief*, 2001) During the 1990s, the number of nonprofit entities doubled, and today there are more than 10 million people working for nonprofit organizations. Additionally, as of 2001, there were more than 1.3 million such organizations in the United States alone, and each year this number increases by approximately 35,000 new nonprofit entities.

Another term used to describe the nonprofit industry is the "independent sector." One explanation of this segment reads, "The term 'independent sector' encompasses the charitable, social welfare, and faith-based portions of the nonprofit sector, specifically organizations under the 501(c)(3) and 501(c)(4) of the tax code and religious congregations" (*The new nonprofit almanac in brief*, 2001, p. 4). Little (2004) defined the term nonprofit this way: "The word 'nonprofit' does not imply a preference of deficit over surplus; it means that there are no owners, no dividends, and no one to profit financially

from the venture. It's only a distinction among organizations" (p. 12).

More simply, Tuckman & Chang (1998) explain the definition of a nonprofit entities in the United States this way: "We define a nonprofit as engaged in fundraising if it reports fundraising expenditures on its [IRS] Form 990..." (p. 212).

Philanthropic Giving

According to *Giving USA*, by 2003, there were approximately 1.3 million registered charities and religious organizations in America. (*Giving USA*) In support of nonprofit entities, in the United States, there is a unique attitude about charity that distinguishes it from many other countries. "Nearly all Americans believe it is their obligation to support charitable causes. This altruistic philosophy stands in marked contrast to that of many other countries where philanthropic giving is often exclusively a government responsibility" (Sargeant, Lee, & Jay, 2002, p. 11). Gardyn notes a similar belief in philanthropic behavior. "Regardless of income, age, education, race or ethnicity, most Americans give back to their communities" (Gardyn, 2002/2003, p. 47). Alexander et al. confirm the findings of these researchers and made a very powerful statement to support their research.

America is the richest, most generous nation on Earth. In no other country do individuals, communities, foundations, corporations, and other private philanthropists give so many billions to such a wide variety of worthy causes and organizations. Yet among all these commendable activities, helping the poor and people in need has always played a special role. (Alexander et al., 1997, p. 13)

Donors are Generous

In 2003, Americans gave more than \$240 billion to charitable organizations. (Alexander et al., 1997) This level of giving is estimated to be 2.2% of Gross Domestic Product in the U.S., and it remains above the 40-year average of 1.9%. (*Giving USA*)

Since 1998, charitable giving has been 2 percent or more of gross domestic product (GDP) following more than two decades below that mark. For 2003, total contributions are estimated to be 2.2 percent of GDP. The all-time high was 2.3 percent of GDP in 2000. (*AAFRC Trust press release, 2004, para. 3*)

Although many assume that the majority of donations in 2001 came as the result of the tragedies of September 11, actually, donors gave generously to other charitable causes. "Despite less than ideal economic times, individuals gave \$177 billion to charitable organizations in 2001. Less than 1% ...of that was Sept. 11-related.... In the eight recession years since 1971, there were only slight declines in charitable giving..." (Gardyn, 2002/2003, p. 47).

Ethical Issues in the Nonprofit Sector

Historically, marketing, or fundraising as it is commonly termed, was a discipline found primarily in the for-profit sector, where traditional competition between organizations required promotional activities to distinguish one from another. Today, marketing is no longer optional for nonprofit entities, for a variety of reasons. Shelly & Polonsky offer the following explanation regarding the growth of marketing in the nonprofit sector. "Effective marketing is especially important given that individuals supply 80% of most charities' funding, and on average giving levels are declining" (2002, p. 19).

In terms of ethics, according to Ferrell & Gresham, marketing is also the area where most organizations have the opportunity to deviate from organizational ethical boundaries. (1985, p. 88). Nevertheless, it appears that the acceptance of marketing in the nonprofit sector is on the rise.

Fortunately, the view that marketing is undesirable because it is unnecessary has faded away, in part because nonprofit managers and their supporters have learned the potential of marketing and in part because they have been starkly confronted with the need for it. (Andreasen & Kotler, 2003, p. 24)

Scandals in the Nonprofit Arena

Ethical behavior, or the lack of it, has caught the attention of the American public and the media. Unfortunately,

this issue is not confined to the for-profit world, but has infiltrated the not-for-profit sector as well. "Conversation and consternation about trust and ethical behavior reached critical mass last year as people lost faith in nearly every institution. From the Catholic Church to corporate America and beyond, news of fraud and dishonesty prevailed" (Schweitzer, 2003, p. 26). Gallagher reports similar concerns. "As Americans are increasingly skeptical about corporate America because of the scandals of recent years involving Enron, WorldCom, Tyco, ImClone and others, they are also increasingly skeptical about the nonprofit sector" (2004, para. 7). Confirming this fact, Tate writes,

For every Enron board story, there's a counterpart in nonprofit organization governance. Effective nonprofit governance requires that boards foster a climate that inspires trust and accountability. Integrity in the nonprofit financial reporting process has never been more important than it is today. Both corporations and nonprofits can learn from Enron's example. (2002, p. 86)

In another example of abuse in the nonprofit sector, Tuckman & Chang, as reported in the *Philanthropy Journal*, told of a situation where nearly \$50 million was raised for nonprofits in North Carolina, yet only \$16 million actually made it to the charities. The hired, professional fundraisers kept the balance for themselves to cover their fees and fundraising costs. (1998, p. 211)

This increase in unethical behavior that has scarred the minds and hearts of donors is damaging to both the image of nonprofit entities, as well as to their causes, and their budgets.

Held to a Higher Standard

In terms of ethical behavior, nonprofit entities are generally held to a higher standard than typical for-profit organizations. When a mistake is made in the for-profit world, it is uncommon for it to make the front page of the newspaper, unless it results in the loss of an enormous amount of money. When a charitable organization missteps, or a manager in the nonprofit world acts in an unethical manner, it is often national news, even when the actual loss is minimal.

One example of this situation happened to the Red Cross after the September 11, 2001 terrorist attacks. It is customary for the Red Cross to hold back a certain percentage of donations it receives in a "savings account" of sorts, so when the next disaster occurs it is not without funding for immediate response. Unfortunately, this is not common knowledge, and when the media found out that the Red Cross was not sending every

donated dollar to people in need in New York and Washington D.C., it became headline news. (Gotbaum, 2003)

Other issues about the higher standard of not-for-profit organizations relate to the general climate of the nonprofit entity. According to Malloy & Agarwal, "Three recent studies have been carried out exploring the nature of ethical climates in nonprofit organisations. The results seem to indicate that the nonprofit sector is unique" (2003, p. 225). Taylor explains this unique climate, which effectively puts charities on pedestals from which they cannot topple, with the following statement:

I am convinced that the giving public prizes the voluntary nature of charity and the variety and creativity that voluntarism fosters. I believe that what donors want to see is that charities are ready, voluntarily, to show their commitment to openness and ethical conduct and to demonstrate that their efforts are sharply focused on their missions. (2004, para. 37)

Benevolence and Trust

Another unique aspect of the nonprofit sector is the underlying goal of the mission is not capitalistic in nature, but one that is driven by compassion. "Benevolence forms the underlying dimension of trust in a relationship which implies that one partner is genuinely interested in the other partner's

welfare and motivated to seek joint gain rather than an egocentric motive" (Malloy & Agarwal, 2003, p. 228).

In the not-for-profit world, a higher ethical standard is both a blessing and a curse. When the charity is performing at its peak and there are no ethical issues in the public eye, it is much easier for them to raise money for their cause. On the other hand, when ethical issues rise to the surface in the nonprofit environment, the public becomes very suspicious. With an infinite number of needy charitable organizations from which to choose, donors will quickly become disloyal and send donations to what they perceive to be as a more trustworthy charity.

Ethical Expectations for Nonprofit Entities

One can study the philosophical background of ethics; however it is much more practical to consider ethics in day-to-day decision-making. Gallagher sums it up by writing, "Standards for accountability, when it all comes down to it, should be about three things--consistency, clarity, and transparency" (2004, para. 26). His summation addresses some of the biggest issues organizations have faced, both in the for-profit and in the nonprofit sectors. Ethical behavior means an organization must consistently act in a manner that would allow auditors, and

even to some extent the general public, to examine the details of an organization at any time without fear they will find any "questionable" behavior.

As Kidder writes, "In the 21st century, ethics is about survival. And it's relevant to every one of the major problems facing the world today" (2001, p. 31). As if to emphasize this point, Gallagher says, "So we need to raise the bar. It's not just about doing what's legal, or even about what's ethical. It's more than that--it's about inspiring trust and confidence in all of our stakeholders" (2004, para. 14).

The foundation for the ethical behavior in business organizations, large and small, for-profit and not-for-profit, lies in the management of these organizations. "The ethical profile is the ethical 'face' of the organization that it presents to all its relevant external publics. Ethical core values are constructed directly from this profile and are the internal guidelines for maintaining and supporting an ethical profile" (Robin & Reidenbach, 1987, p. 54). Based on this belief, it is essential to emphasize the role of ethics within the nonprofit organization.

Raising Money in the Nonprofit Sector

In recent years, the topic of fundraising in the nonprofit sector has attracted much attention. In addition to studying the donors themselves, it is important to understand the different categories of donors, the demographics, and donor motivations. For more than twenty years, charitable giving has been at least 2% of the Gross Domestic Product in the United States. *The American Association of Fundraising Counsel* (AAFRC) predicted in 2003 that this number would reach 2.2%, and there is no reason to believe that it will slip below that 2% mark in the future. (AAFRC Trust press release, 2004, para. 2)

The Donors

According to researchers at the *Centre for Voluntary Sector Management*, the primary source of charitable dollars in the United States is personal giving. (There is very little published data or research in the UK on giving, and most of nonprofits in the UK base their strategic plans on research developed in the United States. (Sargeant et al., 2002)) "Through willed and lifetime gifts, individuals have been responsible for 83.8% to 90.2% of giving over the past three decades" (Sargeant et al., 2002, p. 10). *The American Association of Fundraising Counsel* reports, "American

individuals, estates, foundations, and corporations gave an estimated \$240.72 billion to charitable causes in 2003, according to Giving USA 2004, a study released by Giving USA Foundation" (AAFRC Trust press release, 2004, para. 1).

The Source of Donations

There have been many studies and much written about donations to charitable and nonprofit organizations and most of them break down the sources of giving into similar categories. Generally, charitable donations come from individuals, bequests (gifts from individuals at death,) foundations, and corporations. (*Giving USA*) Although financial support from governmental agencies is not the subject of this paper, it is important to note that the federal government gives more than \$1 billion to nonprofit entities every year, and state and local municipalities contribute many more billions as well. (Alexander et al., 1997)

In the 1990s, as a result of a burgeoning economy and a stock market boom, private sector giving more than doubled, going from \$101.4 billion in 1990 to \$124 billion in 1995 and then accelerating to \$203.5 billion by 2000. Of that \$203.5 billion, individual donors contributed 83 percent, or \$168 billion; foundations contributed 12 percent, or \$24.5 billion, and the corporate community (including corporate foundations) donated the remaining 5.3 percent, or \$11 billion. Although corporate and individual giving

almost doubled between 1990 and 2000, foundation giving more than tripled, jumping from \$7.2 billion to \$24.5 billion. (Cobb, 2002, p. 126).

For the most part, researchers agree that at least 65% of households donate money to charitable causes, with some research claiming in more recent years that the number increased to 89% of households contributing to charity. (Alexander et al., 1997; *Giving & volunteering in the United States*, 2001; *Giving USA*, 2004; Mitchell, 1996) Household contributions are increasing every year, and today, based on research from the *Independent Sector*, individual giving is currently averaging \$1620 per household. (*Giving & volunteering in the United States*, 2001) Most recently in 2003, approximately 75% of donations come from individuals.

Corporate giving is another substantial component in the total figures for philanthropic charity. Wilhelm reported on corporate giving when he wrote, "The total amount donated in cash, products, and services rose from approximately \$3.13-billion in 2002 to \$3.88-billion in 2003--a 24 percent increase--for 134 U.S. companies and corporate foundations surveyed in both years" (2004, p. 12). This was considered a tremendous increase, because between 2001 and 2002, corporate giving only increased 4.2%. In 2003, total corporate giving contributed 5.6% to the total pool of donated dollars.

Donations from foundations and bequests make up the balance of the \$240 billion, contributing 10.9% and 9%, respectively. Chart 1 displays the breakdown of private and corporate donations for 2003.

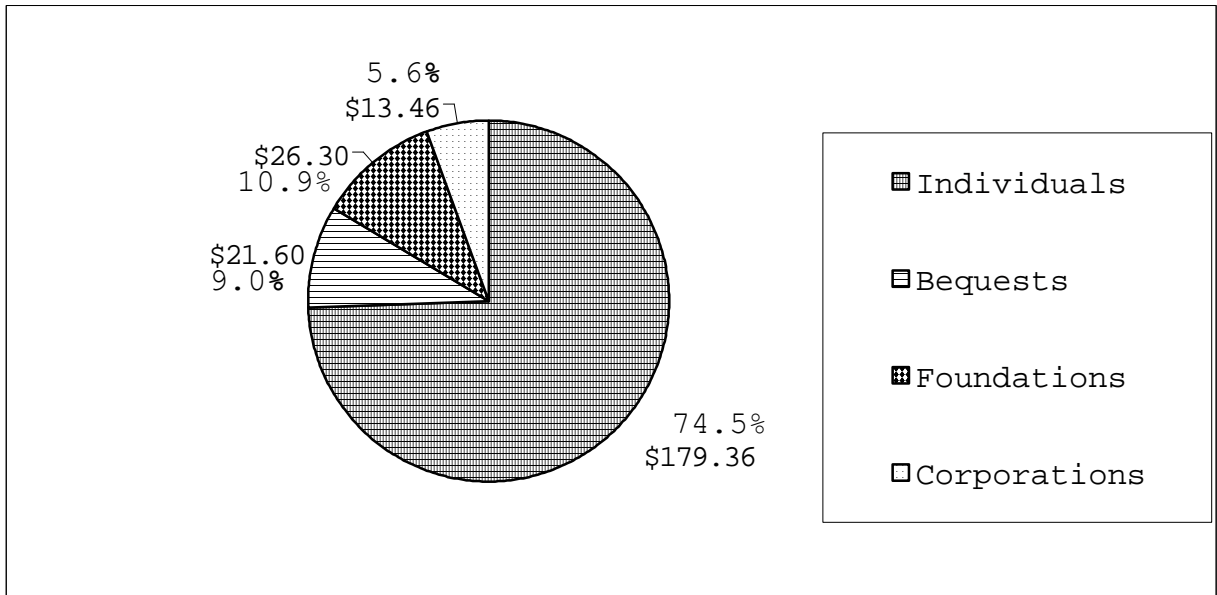


Figure 1: 2003 Donations (\$240.72 Billion, by Source). Note. From (*Giving USA*, 2004, p. 8)

Demography and Giving

With more than \$240 billion for the nonprofit sector raised for charities this year, it is not surprising that there is significant interest, not to mention competition, for a bigger share of pool of dollars. Cobb reminded of this when she wrote, "New demographics--particularly the growing disparity between rich and poor--coupled with government retrenchment led to

increased competition for private sector funds" (Cobb, 2002, p. 126).

Unfortunately, the use of demographic data has not been the norm for fundraising professionals, and for some, it is still a tool beyond their reach. Grande & Vavra wrote, "Far too much fundraising is being conducted with little understanding of the market (givers) and by fundraisers lacking help from modern marketing research tools" (1999, p. 33). Scanlan suggested that for many years, the use of demographic data was unnecessary anyway, because many felt that the donors were easily identified. "Institutional philanthropy in this country has long been the domain of wealthy white families and individuals; they enjoyed access to higher education, owned the businesses, held leadership positions in government and the professions and inherited the wealth" (1999, p. 4).

However, with the right tools and understanding, demographic data about the donor base of an organization can be extremely valuable information. "Demographics are often fundraisers' primary tool for segmenting populations. [The most common data collected] include: gender; age; employment status; highest level of education completed; family income; and household assets" (Grande & Vavra, 1999, p. 35).

There are many opinions about which demographic characteristics are the most important to track for nonprofit entities, but for the most part, the researchers agree about the majority of the groupings. The categories of income/wealth and age are common, but recently the demographers have added some new categories.

The results [of Schlegelmilch's study] indicate a wide range of differences between donors and non-donors. The most important are in the following areas: attitudes towards giving, lifestyle, awareness of charities and their image, sex and age profile, readership of newspapers and geographical distribution. (B. B. Schlegelmilch, 1988, p. 33)

Bennett wrote, "Demographic factors found to influence both the inclination to donate and the level of the contribution offered have included, among other things, age, income, occupational status, number of children, social class and educational attainment" (2003, p. 12).

The *Chronicle of Philanthropy* listed four categories to track as well. They suggest that religious beliefs, marital status, employment--self-employed versus employees, and education level are also categories to research to better understand donors. (Anft & Lipman, 2003)

Interestingly, although there are few researchers who suggest that race plays a part in donor demographic analysis,

the research shows that increasingly, race is a factor to watch.

Mirenda wrote,

By 2050, half the U.S. population will be communities of color. By 2010, Latinos will make up 13.8% of the population with 41.1 million people. Home ownership by minorities increased 42% from 1994-1997. Latinos' buying power is rising faster than any other group, from \$223 billion in 1990 to \$490 billion in 2000. In 2002, minorities had 18.1% of the nation's disposable income. (2003, p. 7)

With these types of changes occurring in the makeup of the population, it will be critical to track the importance and impact of race in any demographic analysis--whether for the commercial or the nonprofit sector.

Breaking it Down--Who Are the Donors?

There are many suggestions about demographic profiles of people who donate and how much they donate, as well as why these people choose to make donations. However, the most common demographic categories discussed in the research are wealth and income, age, gender, level of education, and race. There are additional categorical breakdowns, however most of these are addressed within the major categories listed above.

Wealth and Income

Available research demonstrates that the wealthier the donor, the more money they typically give away. Alexander et al. wrote, "Though no one income group has a monopoly on generosity, the very wealthy--not surprisingly--tend to give more overall. Households with incomes above \$100,000--3.9% of all taxpayers--were responsible for 22.9% of all giving in 1992" (Alexander et al., 1997, p. 53). Mitchell agreed when she stated, "Not surprisingly, the higher the incomes, the more money households give to charity" (Mitchell, 1996, p. 18). Finally, Schervish & Havens explain that "...90 percent of households with net worth at or above \$5 million contribute to charity, and in a substantial amount" (2001a, pp. 86-87).

In an interesting twist, Gardyn claims that although the wealthy give more money, it is people with less who are more generous. She wrote,

Arguably, lower income earners are the more altruistic group, as they tend to give away a greater share of their income. People earning less than \$25,000 contribute an average of 4.2 percent of their household income to charitable groups, while those making \$100,000 or more shell out an average of 2.7 percent of earnings. (Gardyn, 2002/2003, p. 46)

However, Schervish & Havens refute the claim made by Gardyn. Their research suggests that the percentage donated also increases as wealth increases.

As the level of wealth increases, so do both the amount and the percentage of income contributed to charity. The amounts contributed range from a modest \$2,500 to \$5.5 million for households with net worth at or above \$100 million. The relation between charitable giving and income is also positive. (Schervish & Havens, 2001a, p. 89)

One area where the researchers do agree is that it is the high-income earners and/or the very wealthy who give the most money to charity. Cobb explained, "In 1998, the United States had more than 5 million millionaires and over 350,000 decamillionaires. The number of billionaires in the United States grew from 13 in 1982 to 170" (2002, p. 126). Mirenda claimed an increase to 6.5 million millionaires by 2003, and that "...85% of this country's wealth is privately held" (2003, p. 7). Schervish & Havens explain the impact of this high number of wealth holders.

The data confirm that a small fraction of high-income families make a disproportionately large share of the charitable contributions. The 4.3% of families with incomes in excess of \$125,000 made 46% of the total amount of charitable contributions in 1994. Moreover, 0.08% of families with the highest incomes in the nation (those with incomes in excess of \$1 million) contributed more than 20% of all charitable dollars in 1994. (Schervish & Havens, 2001b, p. 10)

As an example, "...the Chronicle of Philanthropy reported that 10 donors in 2003 announced paid or pledged gifts totaling \$4.15 billion, giving at least \$100 million each" (*Giving USA*, p. 58). From a survey of very high-income individuals, Schervish also report,

Nearly all (97%) respondents indicated that they contributed to charities, averaging \$1.2 million per family or 22% of family income.... 90% of every household with a net worth of \$5 million or more contributes to charity, and in a substantial way. (Schervish, 2000, p. 2, 10)

This information will influence fundraising in two ways. With the rate of growth in the number of very wealthy people in conjunction to increases in giving, there will be more donor dollars available for nonprofit entities, as well as more competition for these dollars. Miranda explained that although the millionaires in the U.S. represent about 2% of all households, most nonprofit entities have a higher % of these "top-wealth" households that contribute to their organization. (2003)

The Largest Transfer of Wealth Has Just Begun

For many years, marketers have discussed people based on their generation, relating to their year of birth. It is common to segment based on generation, and to clarify these terms, Sargeant et al. explained the age brackets. The researchers

defined the "G.I. Generation" as those born between 1901 and 1924, however most of them are very old or already gone. Next, they introduced the "Silent Generation," those born between 1925 and 1942, and the research suggests that this generation will leave their money to their grandchildren. The "Baby Boomers" are those born between 1942 and 1960, and "Generation Xers" (Xers) are those born between 1961 and 1980. Lastly, people born after the Xers are called "The Millenials" by the researchers. In terms of nonprofit solicitation, "Each of these generations has their own distinctive financial style, and each require very different communications from fundraisers if they are to be encouraged to give" (Sargeant et al., 2002, p. 22).

One significant generational factor that is beginning to affect fundraising for nonprofit groups, (as well as many commercial organizations,) is speculation about the enormous upcoming transfer of wealth from the Silent Generation and the Baby Boomers to their children, and to charity.

We are entering a watershed period in U.S. philanthropy, as members of the World War II [Silent] generation leave substantial sums to charity and even larger portions of their accumulated wealth to their sons and daughters--people now in their forties and fifties. During this period, the largest

intergenerational transfer of wealth will occur. (Alexander et al., 1997, p. 15)

In confirmation of this fact, Sargeant et al. wrote, It is predicted that a huge intergenerational transfer of wealth will occur in the US in the next fifty years. In October 1999, the Boston College Social Welfare Institute (SWRI) reported that the transfer of wealth in the US over the 55-year period from 1998 to 2051 will be at least \$41 trillion and could be as high as \$135 trillion. (Sargeant et al., 2002, p. 9)

Cobb agreed with this estimate when she wrote about the "creation of large new fortunes and the intergenerational transfer of old wealth [which] greatly increased the amount of charitable giving.... Scholars have been forecasting intergenerational transfers of wealth of anywhere between \$40 trillion to \$136 trillion over the next fifty years" (Cobb, 2002, p. 126).

Today, research suggests a strong correlation between giving and age, and attention to the generation and age of donors will be even more important in the future. Mitchell wrote, "The proportion of households that give to charity peaks among householders aged 35 to 64, with more than 80 percent of these households contributing to charity" (Mitchell, 1996, p. 18). Alexander stated,

The propensity to give tends to be related to age and income level. Both the size of contributions and the percentage of households making any contributions rise

through middle age, when people tend to be wealthiest, and then taper off among the elderly. The 45-54 age group features the highest percentage of givers while those in the 55-64 age group give the largest average amounts. (Alexander et al., 1997, pp. 26-27)

This data confirms the statements made earlier about wealth and giving. The Silent Generation gives the most in terms of actual dollars, as they currently hold the most wealth. The Baby Boomers give the highest percentage, as these people are in their peak earning years.

One other interesting factor about how money is passing from one generation to the next is explained by research done at the *Boston College Social Welfare Research Institute*. Their findings demonstrate that the greater the value of an estate, the more that is left to charity, with less of it going to heirs. "The estates of \$20m and more left an average of 49% of their value to charity and 21% to heirs, the rest going in taxes" (*Doing well and doing good*, 2004).

Gender Plays an Increasing Role in Philanthropy

Although most of the wealthy donors are men, it appears that women play a more significant role in the smaller, day-to-day donations, and many expect donations from women to grow. Sargeant et al. wrote,

The increasing importance of women in US philanthropy is a current topic of debate in US fundraising circles. In the realm of major gifts, many women are due to become the wives and daughters of wealthy men - or to have a huge income in their own right. According to the IRS, over 40% of top wealth holders are women. (Sargeant et al., 2002, p. 26)

Newman also believes that women will play a major role in philanthropic giving in the future.

Women have become increasingly important to the economics of philanthropy. They are advancing in the work place, attaining more higher education, working in greater numbers and increasing their earnings. Women also inherit wealth from parents and spouses. They are now participating actively on family and corporate foundation boards. (Newman, 2000, p. 28)

As women make more money and build their wealth, the research suggests that they will also increase their philanthropic behavior, becoming major contributors and donors.

However, it is not only the level of donation that differs between men and women, but also their choice of cause. Heubusch studied the role of gender in philanthropic behavior, and his research demonstrated that "...The largest donations from women are evenly distributed among social services, education, and culture. Men favor education and culture with their largest contributions far more frequently" (1996, p. 16). He also wrote, "Men are most likely to make their largest gift to education, at 75 percent, compared with 57 percent of women" (Heubusch, 1996,

p. 16). Understanding the preferences of the genders toward their favorite charities will improve the results for fundraisers and better satisfy the needs of the donors.

In terms of smaller and newer charities soliciting donations, Newman addressed the issue of risk in donations and differences between the genders. "It was also found that women are willing to take greater risks with a small, new philanthropic enterprise, whereas men are more interested in whether an organization is well run and is big and prestigious" (Newman, 2000, p. 28).

Lastly, Shelly & Polonsky observed a correlation between giving by women and older people in general. "...It does generally appear that women and older individuals do in fact give more frequently..." (Shelley & Polonsky, 2002, p. 26) .

In sum, gender plays a significant role in philanthropic decision-making, and as women earn more and build wealth, this role will increase. The wise fundraising manager will take the time to learn more about how each gender is likely to respond to their cause, and focus fundraising efforts toward their best candidates.

More Education Means More Donations

Education also plays a role in the amount of money one donates to charity, although it is not clear if it is a direct correlation. It may be that the better educated also make more money, which, based on research mentioned earlier, clearly does influence giving. However, level of education is still a significant factor, as demonstrated by the following research. "The role played by education in giving is profound. Higher levels of education are associated with a greater likelihood of making a gift and with higher levels of giving both to religion and nonreligious causes" (*Giving USA*, p. 62).

About the millionaires they studied, Schervish & Havens wrote, "In addition to being exceptionally wealthy, the respondents are well educated. Almost all graduated from a four-year college, and almost half hold a graduate or professional degree" (2001a, p. 79).

Additional factors beyond education arise from the following research. Alexander et al. wrote, "Giving also tends to be higher among the better educated, people who are married, people with children, homeowners, people who live in small cities (with less than 1 million people), and people whose parents gave regularly when they were young" (1997, p. 27).

Schervish addresses many of the same characteristics. With his own wealth and philanthropy study, he wrote,

The age distribution is wide, ranging from 30 to 84 years, with both the average and median age 59, or older than most American adults on average.... Nearly all those surveyed are married (88%). ...Those who answered the survey are all very well educated. Nearly all (93%) graduated from a four-year college, with nearly half holding graduate or professional degrees. (Schervish, 2000, pp. 3-4)

Although these researchers do address characteristics beyond education, it is clear that the well-educated are very important donors in the nonprofit world.

Race Makes a Difference

The racial makeup of the United States is changing. Between 1990 and 2000, the Hispanic population in the U.S. increased by 58%. (Diaz, Jalandoni, Hammill, & Koob, 2001) Interestingly, the U.S. Census Bureau does not classify Hispanic as a racial category anymore, as this term can signify a person of Spanish or Latin origins, from Mexico, Puerto Rico, Cuba, or other Central or South American countries. (Diaz et al., 2001) Although this change makes sense for the purposes of the census, even they recognize the challenges this route causes for demographers. The Census Bureau explains their reasons for deciding to gather racial data this way.

Traditional and current data collection and classification treat race and Hispanic origin as two separate and distinct concepts in accordance with guidelines from the Office of Management and Budget (OMB). In contrast, the practice of some organizations, researchers, and media is to show race and Hispanic origin together as one concept. The introduction of the option to report more than one race added more complexity to the presentation and comparison of these data. (*U.S. Census 2000*, 2004)

In spite of the growth of the Hispanic population, at the end of the twentieth century, the population makeup was predominantly Caucasian. The Census Bureau reports that approximately 75% of the population is white, 12.3% are Blacks or African-Americans, 3.6% are Asians, and .9% is American Indians or Alaskan Natives.

Most of the literature available suggests that giving in ethnic communities is not as different as once thought. For example, "Steinberg and Wilhelm [researchers at Indiana University-Purdue University Indianapolis] found (as have earlier studies) that any gap between African-American giving and giving by other ethnicities disappears when one adjusts for differences in family income, education, wealth, and other factors" (*Giving USA*, p. 61). Anft & Lipman support this theory. They wrote, "In counties and cities with above-average numbers of blacks who make \$50,000 or more, giving rates tend to be

higher than in those dominated by whites of similar income levels" (Anft & Lipman, 2003, para. 8).

Diaz et al. explained similar findings in Hispanic communities. Their study results suggested that "as Hispanic households improve their socioeconomic and educational status and integrate into society, their recorded levels of giving and volunteering would most likely increase and match the rest of the population" (Diaz et al., 2001, p. 2). They also wrote,

As with other ethnicities, giving and volunteering are correlated with educational attainment and income, and with indicators of integration into society. Hispanic giving and volunteering patterns are influenced by Latino cultural values and many foreign born Hispanics may still be unfamiliar with organized philanthropy as practiced in the United States. (Diaz et al., 2001, p. 6).

Millett & Orosz suggest that in the Asian-American community, the members are very generous, however most of the money they donate goes back to families "in the old country." With Asian-Americans, "Giving is usually done out of a sense of duty and obligation to one's family, and billions of dollars are sent abroad to support family, schools and projects to improve the living conditions in the country of origin" (2001, p. 27).

Interestingly, in the Asian-American community, Scanlan pointed out that income is not necessarily the issue. "In 1997, Asian household income averaged \$45,429 versus \$38,972 for

whites, \$26,628 for Latinos and \$25,050 for African Americans" (1999, p. 5). For Asian-Americans, the top priority is family, and in this area, they are very charitable.

For all of these ethnic groups, it is clear that they share many of the concerns of the general population in the U.S. for charity. What sets them apart from the mainstream are their choices of charities. "According to research by the W. K. Kellogg Foundation, minorities tend to support children, the elderly, and direct services rather than a general, institutional appeal" (Mirenda, 2003, p. 8). Knowing this, fundraisers can work much more effectively if they mirror these concerns, particularly when the charity is part of that ethnic community. In sum, Scanlan wrote, "These data describe a dynamic society that is filled with energetic, talented people from all ethnic and racial backgrounds and economic classes, who express their philanthropic impulses" (1999, p. 6).

Motivation of Donors

Much research has focused on understanding those who donate to charitable causes, and the results typically offer solid demographic information. However, even with all the statistically supported demographic information about these donors, little conclusive evidence has surfaced about the

motivation of these donors. Although many have questioned the reasons behind philanthropic giving, few really understand it. In a very direct, even blunt question, one might ask about donor motivation this way.

Why do people give money and time? On the face of it, the idea of working to earn money, only to give it away is an odd one. Economists, typically baffled by selflessness, have tended to hunt for hidden self-interest in apparent altruism. (*Doing well and doing good*, 2004, para. 14)

Bennett agreed that there is not nearly enough research to explain the reasons behind philanthropic giving. He wrote, "A review of relevant academic literature revealed that, although investigations into the determinants of overall levels of donations to charity were plentiful, research into why certain individuals choose to give to particular genres of charity has been sparse" (2003, p. 12).

Based on research by Wispe (1978), Guy & Patton concur.

The fact that individuals help one another (often at considerable cost to the helper and with no anticipation of direct reward) has long been recognized, but the question of why individuals engage in such altruism, either directly or through organizations, has puzzled philosophers and economists since antiquity. (1989, p. 20)

There is some research available that offers insight into the minds of donors, as well as some relatively new phenomena in philanthropic giving that bears examination as well.

In an effort to explain donor motivation, Galper rationalizes benevolence this way: "Giving to charity is in many ways a social phenomenon. Many people with low household incomes give money to charity because they believe it is the right thing to do" (1998, p. 25).

Bennett suggests that giving relates to personal values. About the decision to donate and where to donate, he wrote, "...Personal values and inclinations exerted powerful influences on selections. Moreover, the possession of certain personal values and inclinations correlated significantly with specific organisational values that the respondents most admired" (Bennett, 2003, abstract).

In their research, Guy & Patton also pursue a definition of the "giving personality," which is elusive, at best. They start by explaining giving in very simple terms. "...The strongest motivating force for giving to an altruistic cause organization is the very basic, deep-seated need to help others" (1989, p. 28).

Some researchers focus their attention on very wealthy donors, and others on mainstream donors. However, a significant number of researchers are now addressing new types of donors that surfaced late in the 20th century. "In the 1990s, as a result of a burgeoning economy and a stock market boom, private

sector giving more than doubled, going from \$101.4 billion in 1990 to \$124 billion in 1995 and then accelerating to \$203.5 billion by 2000" (Cobb, 2002, p. 126). This dramatic increase in giving has launched the "new donor," or as they are often called, "venture philanthropists." Cobb explained these donors this way: "Venture philanthropy grew out of the economic boom of the late twentieth century as venture capitalists and technology entrepreneurs converted some of their large fortunes into philanthropic capital" (2002, p. 129).

With this information, one can just begin to understand donor motivations. Alexander et al. summed up philanthropic giving this way: "No one can help but be impressed by the size, scope, and diversity of private efforts to help communities and individuals in need" (1997, p. 5). Nevertheless, beyond knowing the sheer size and contribution of giving to society, it is important to focus on the motivations behind that giving.

General Motivation Theory

There are many theories about why people get involved and why they give. Brown makes a simple suggestion that "...People get involved because they are invited (asked) to volunteer (recruited) or give (solicited)" (2004, p. 88). Others believe that the reason people get involved is in part relationship

driven. "...Charitable giving depends upon the relationship that the donor has to the intended recipient of the gift, as well as upon motive and norms" (Radley & Kennedy, 1995, p. 701).

Motives and norms are addressed by Kottasz, who referenced Falco, Fopma, Maxwell, Stoller, & Turrell. The researchers found that "...the majority of people attributed their philanthropic behaviour to their parents first, followed closely by religious teachings, thus reinforcing the belief that philanthropy is a learned behaviour" (Kottasz, 2004, p. 12). In support of the parent/child connection, *Giving USA* reported strong correlations for giving.

When all other factors are held constant, a child of donor parents is more likely to be a donor than is a child of nondonor parents. The increased likelihood of giving is very strong.... The amount that adult children give is also correlated to the amounts their parents give, although to a somewhat lesser extent than the likelihood of giving at all. (*Giving USA*, p. 63)

Alexander et al. also found a strong connection between parent/child giving norms, and suggests that children exposed to charitable giving are much more likely to give as adults. (1997)

Still, one must be cautious not to slide back toward the reliance of demographic data to address donor motivation. Hibbert & Horne even suggest that it is not necessarily helpful to search for motivation information, but instead one should

look for history on socialization. They believe that "...the decision to donate seems largely to be a response to a social learning and conditioning" (1996, p. 9).

Social conditioning, values, and motivation. Bennett (2003) deferred to organizational experts to explain values, and quoted Rokeach (1979), who defined personal values as "organised sets of preferential standards used in making selections of objects and actions, resolving conflicts, and defending choices made or proposed" (p. 15). Referring to Cherrington (1989), Bennett quoted,

[Personal values] describe the things that people find important, strive for, extol, embrace and celebrate in their everyday lives. As such, personal values serve (consciously or unconsciously) as criteria for guiding actions, arranging priorities and choosing among alternatives. While it is known that personal values do not usually follow demographics, it is equally well established that they exert strong influences on how people behave. (p. 15)

Bennett summarized his thoughts on personal values this way: "The results [of his study] show clearly that personal values have the potential to influence the specific genre of charity that an individual might choose to assist. Moreover, people holding particular values seem to favour certain organisational values within charities" (2003, p. 26).

Personal values are the focus of most of the available literature on giving when donor motivation is the central topic. Both Alexander et al. and Dawson present theories about donor motivation based on four possible motivations.

Dawson (1988) presented four likely motivations for giving in his research. He suggested that reciprocity, self-esteem, income or taxes, and career advancement are all strong motivators for giving. Dawson defined his motivating factors this way:

Reciprocity--Individuals may make donations to charities because they have benefited from the charities' activities in the past or anticipate the need for their services in the future.

Self-Esteem--Altruistic behaviors, such as giving money to a charity, may be due to motivations to improve one's self-image or social worth.

Income or Taxes--The motivation to take advantage of tax benefits is probably the most frequently used appeal to attract monetary donations for all types of charitable activities. Individuals in higher income brackets may give money to medical, art, or educational institutions in order to lower taxable income.

Career--The career motive, like the preceding ones, involves an exchange in which individuals give money and time in order to receive future anticipated returns such as promotion, business contacts, or goodwill.
(Dawson, 1988, pp. 32-33)

Based on Dawson's findings, reciprocity and income/tax rewards are very strong motivators for giving. Career motives

and self-esteem ranked a bit lower, however the research does suggest that when these four motivators are combined with some basic demographic variables, they become more valuable. "...The four motives nearly doubled the ability to predict donations when added to the more frequently used demographic variables [of education level, assets, and age]" (1988, p. 35).

Alexander et al. offer similar thoughts on donor motivation, however they are less specific about the details, and suggest that most of the economic world sees philanthropic behavior as irrational and unexplainable. Their research proposes the following four explanations for charitable giving.

The first is narrow economist-style self-interest, meaning that "I gave so that I will receive benefits of recognition and gratitude." The second is referred to as the "warm glow," which means that "I feel a sense of personal satisfaction from the act of giving even though I get few tangible benefits from doing so." The third is altruism, meaning "I give to improve the well-being of the recipient or of society." Fourth is "commitment," meaning that "I give because I feel an obligation to do so," an obligation often rooted in religious or moral beliefs.

(Alexander et al., 1997, p. 53)

Although the preceding researchers do overlap on some of their motivation theories--self-esteem and giving for personal

satisfaction, for instance--Dawson offers more concrete reasons, which are supported by other research.

Reciprocity. One of the most common themes in donor research is the connection, in some fashion, between a donor and the charities they choose. In many cases, the reason a person chooses a particular charity is that they, or someone close to them, suddenly need the services of that charity. "One reason regularly cited for giving to one charitable organization rather than to another was that the person had had experience of someone in need of special help or care" (Radley & Kennedy, 1995, p. 691).

Donors give to the causes to which they are physically or emotionally attached.... The identification model of charitable giving ...suggests that it is engagement rather than absence of self that generates greater charitable giving. The more closely donors are associated with charitable causes and the more intensely donors feel the beneficiaries of their giving share a fate with them, the greater is the amount of charitable giving. (Schervish & Havens, 2001a, p. 91)

Also addressing the need for some type of a connection, Demo wrote, "As a rule, wealthy and middle-class donors don't support an organization unless they feel a personal connection" (Demo, 1996, para. 3).

Dawson's choice of term--reciprocity--may not sit well with some donors, but the basic motivation is strong. The evidence presented by many researchers supports the theory that donations to particular charities increase when donors become aware of its existence due to personal connectedness. Whether it is a medical problem, or an environmental disaster, people donate when they identify a connection to a charity.

When talking about their own charitable giving, respondents in studies done by Schervish & Havens did not discuss their philanthropic behavior in terms of how altruistic they were, or even in terms of reciprocity. Instead, more often the respondents "could recall a specific moment in time when the identification with another was a life-changing event, motivating a caring response, and leading to a longer term commitment to philanthropy" (2002, p. 49).

Finally, Radley & Kennedy remind that one does not need to face disaster themselves to donate to a charity.

...This does not mean that only people who have had direct experience of distress or need are likely to give. It does mean that having such experiences are important for people who would otherwise not appreciate such need, or grasp its wider significance. (1995, p. 693)

Altruism. The concept of true altruism is one that confuses economists and delights psychologists. It is a notion that many

question, often looking for the hidden benefit to the donor, which may in fact be present. *Webster* defines altruism this way: "unselfish regard for or devotion to the welfare of others" (1981, p. 34). Is it possible to act in a purely altruistic manner? In answer to this question, when the benefit of philanthropic behavior is a good feeling, one must decide if that feeling is unselfish, or if it even matters.

From their research, Guy & Patton found that "some motivators may be stronger than others, and it appears that by far the strongest motive is the basic, deep-seated need to help others without the expectation of reward other than the joy or pleasure of helping" (1989, p. 21).

Of altruism, Brown wrote, "Altruists believe that giving is a moral imperative..." (2004, p. 89). This moral imperative is common in faith-based giving, and it contributes the largest portion of all donations.

As for religion, it is a powerful force for generosity. Most religions encourage giving, often setting a benchmark (10% is the goal of Christians, Jews and Sikhs alike). For Muslims, the Zakat or charity tax is the fourth pillar of Islam, as important as prayer, fasting or pilgrimage. In America, religion accounts for a staggering (to non-Americans) share of donations: 62%, according to Indiana University's Centre on Philanthropy Panel Study.... (*Doing well and doing good*, 2004, para. 10-11)

Although faith-based giving is substantial, those who donate to religious causes are also generous in the secular world. "While people with specific religious affiliations extended even more care than those without--principally in the form of contributions of money through their church, temple, or mosque--this extension did not diminish their care-giving through nonreligious organizations" (Schervish & Havens, 2002, p. 64).

Altruism is a part of the human makeup, and it is a powerful force behind philanthropy. Guy & Patton wrote, "...It appears that humans do have an inner drive to help others, and this drive is separate and apart from the drive suggested by the rationale of 'economic man.' This would suggest that people may help one another simply because they receive an internal self-reward from having done so" (1989, p. 21).

Income tax benefits. In the United States, donors to charitable causes receive tax benefits for their donations. Naturally, this is the favorite explanation of economists about why someone would choose to give away hard-earned money. However, research indicates that these tax benefits may not be as strong a motivator as many believe. "Tax incentives probably do not cause people to give in the first place, but they may

well encourage them to give more generously. They may also have a bigger impact on the wealthy, who are particularly tax-sensitive...." (*Doing well and doing good*, 2004, para. 21)

Those who itemize their taxes each year reap the tax benefits derived from charitable giving. Not surprisingly, in the United States, people who itemize are the ones who give most generously to charities. (Kottasz, 2004)

In 2003, giving increased even though the tax rate decreased, which typically has a negative effect on giving.

If price-of-giving is an important determinant in the decision to give, since that price is determined by marginal tax rates, it would stand to reason that, when tax rates are changed, giving would change as well. If marginal tax rates fall, for example, then the price of a gift rises, making giving "more expensive." This analysis suggests that giving would be expected to be less after the change than it would have been without the change. A higher tax rate might similarly be expected to boost giving. (Alexander et al., 1997, p. 55)

The theory presented seems logical, however it has not played out this way. In fact, based on tax rate decreases in 1981 and 1986, as well as in 2003, giving should have fallen off, but it did not. Giving increased in all these years, demonstrating that the purely economic motives suggested by some are not quite accurate. The researchers summarized it this way: "Put simply, people don't have a precise idea of how much they benefit economically by giving. As long as they know they are

getting some benefit, they may give anyway" (Alexander et al., 1997, p. 55).

Social capital and career advancement. The last motivating factor presented by Dawson suggests that people donate in order to benefit socially or professionally. Many researchers use the term "social capital" to explain this area of motivation. "Social capital is the cohesion of a community. It defines generosity, improves economic growth, lowers the crime rate, and keeps families together" (Galper, 1998, p. 24). Weissman explained social capital this way:

Social capital can be banked in churches, in volunteer organizations such as the PTA, in neighborhood groups, and in less formal social structures, such as friendship. "People embedded in a strong social network are more likely to act for the common good," says [Columbia University sociologist] Polletta. And acting for the common good can translate into charitable giving. (1998, p. 46)

In terms of career advancement, some donors feel, right or wrong, that the pressure to give "at the office" is one that can make or break one's career path.

To give to charity ...is to do the normative thing, to fall in line with what is expected of any person with a social conscience. It is the failure to give that carries the significance of distinction, of not having maintained the minimum obligation that people expect of each other. (Radley & Kennedy, 1995, p. 689)

Social capital and career advancement is the final motivation offered by Dawson (1988) for donating to charitable causes. These four factors are helpful to explain the "typical donor," however some researchers believe that wealthy donors, those who are most generous in their philanthropy, are somehow different.

The Wealthy Donor

Andrew Carnegie was a major philanthropist in American history during the 19th century, and into the early years of the 20th century. One of the things he is famous for, in addition to his tremendous generosity, is the fact that he relentlessly and publicly attempted to make other wealth holders more accountable for their own charitable behavior, or lack thereof. He published *The Gospel of Wealth* in 1889, and the following excerpt exemplifies his beliefs about charitable giving.

This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial result for the community—the man of wealth thus becoming the sole agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to

administer-doing for them better than they would or could do for themselves. (Carnegie, 1889)

Fortunately, many wealthy people have followed the wisdom of Carnegie's ways, and the giving numbers support their benevolence. "As income rises, there is a steady rise in the percentage of households making charitable contributions and in the average amount of contributions.... The 3.5% of the households with the highest income contribute between 30 and 40% of all charitable dollars" (Schervish & Havens, 1998, p. 429).

One of the more common ways in which the wealthy give is through private foundations. Former president Jimmy Carter, now known more for his philanthropic behavior than for his time as the President of the United States, is a fine example of how the wealthy give back. Sometimes the wealthy accomplish this alone, and often they encourage others to join in their philanthropic goals.

After Ronald Reagan trounced his bid for a second presidential term, Carter and his wife, Rosalynn, returned to Georgia, where they founded, in partnership with Emory University, The Carter Center. This Atlanta-based non-profit organisation celebrated its 20th anniversary last year. It works for peace, democracy, and health and human rights in 65 countries around the world, 35 of which are in Africa. The Center now has a staff of 150 and a yearly budget of \$35 million. It works in partnership with or receives donations from various public and private organisations and individuals. (McLellan, 2003, p. 1108)

Although many wealthy people give generously, some question the motivations of these donors. Some see the benevolence of the wealthy not as acts of altruism, but instead as social climbing, not unlike Dawson's theory of self-esteem. Demo, referencing a study done by Ostrower, suggests that giving by the wealthy is just that--social climbing.

Ostrower, a Harvard sociologist, interviewed 99 wealthy donors in New York City for her new book, *Why the Wealthy Give*. The donors see philanthropy as "an obligation that is part of their privileged position," she writes. Some of the donors express a desire to give back to society; others prefer to support worthy causes. But the main reason for giving among the upper classes is to reinforce social status. "Attending a museum benefit could be important to a donor for its social value, or because a friend is being honored, or because there is peer pressure to go," she says. (Demo, 1996, para. 2)

In a statement about giving by the wealthy in Europe, Radley & Kennedy suggest that those who are of that class see the social benefits of altruism as more acceptable.

Sponsorship events have given rise to various forms of what might be termed collective giving. This often involves people getting together to raise money for named charities, for equipment for local hospitals, or for travel funds for a local child who needs special treatment in another country.... It was the individuals who were less socioeconomically advantaged who saw this kind of event in a positive light....

The essence of this form of giving is that it transcends the personal act of donating to make it a gesture that serves a double communal purpose....(Radley & Kennedy, 1995, pp. 693-694)

However, this notion of social climbing using philanthropy as the ladder is not one that many challenge. Perhaps it is because they risk the wrath of their benefactors, or it may be that they really do not care, as long as the money continues to flow. In truth, most researchers believe that the motivations of major donors is not that much different from those of "ordinary" people.

Schervish & Havens have done much research in the area of wealthy donors, and they offer several insights into the minds of these generous donors. For those who are wealthy and have children, one of the most important lessons they attempt to teach to their offspring is the importance of philanthropy. The subjects of humility, responsibility, and generosity are all topics that the wealthy parents in the research studies have emphasized to their children. Being good stewards of the family fortune is of concern, as many of these donors are self-made (as opposed to inherited wealth holders,) and they wish to continue their legacy of philanthropy. (Schervish, 2000; Schervish & Havens, 2001a; Schervish, O'Herlihy, & Havens, 2001) The researchers summed up the concerns of the wealthy this way:

Like everyone else, wealth holders exhibit a pattern of care that radiates from self and family to community and society. Within their own family, virtually all respondents report that they were active in teaching their values to their children; 60 percent report taking steps to educate

their children specifically about their relative affluence. Such education focused especially on exposing the children to philanthropy, communicating the responsibilities and stewardship of wealth, and teaching about the power and privilege of wealth. (Schervish & Havens, 2001a, p. 102)

Wealthy donors in America are extremely generous, and their contributions to philanthropic activities are vast. As 80% of donations come from individuals, and most of that is from a small portion of very wealthy individuals, their contributions must be applauded. (*Giving USA*)

Although the "traditional" wealthy donor is generous, if one wants to understand the entire field of philanthropic giving today, there is also a new type of donor that must be explored.

Venture Philanthropists

There is an ever-increasing body of philanthropic literature addressing the "new" donor. Letts, Ryan, & Grossman first used this term in a 1997 seminal article entitled *Virtuous Capital: What Foundations Can Learn from Venture Capitalists*. In the article, Letts et al. challenge many of the scared cows of charitable foundations. They wrote, "The venture capital model can act as a starting point for foundations that want to help nonprofits develop the organizational capacity to sustain and expand successful programs" (Letts, Ryan, & Grossman, 1997, p. 44). The researchers suggest that that "much can be learned by

foundations from the world of venture capital about risk, performance measures, financial investment, capacity building and exit strategies that could make their assistance of nonprofits more effective in helping nonprofits realize their goals" (Schervish et al., 2001, p. 12). Their primary criticism is that foundations spend too much time and money on maintaining their existence through donations, rather than on building capacity to enable it to continue on its own.

Who is the "new" donor? Although there is considerable focus on the "new" donor, there is not a single, specific way to explain this donor. However, as much as the definitions may vary, there is some consensus on many of the characteristics of the new donor. Wagner offered the most simple explanation when she wrote, "Clearly, at the heart of defining the new donor is entrepreneurship" (2002, p. 344). Byrne et al. present the brief history of this donor.

The spectacular late-1990s runup in the stock market created a generation of newly super-rich executives and entrepreneurs worth hundreds of millions, if not billions, of dollars. Even after the sharp decline in the market, the ranks of the very wealthy have never been stronger--and many are now working almost as hard at giving their fortunes away as they did at amassing them. (Byrne, Cosgrove, Hindo, & Dayan, 2002, para. 1)

Schervish et al. offer a definition that explains why these donors are different from the "typical" wealthy donor--it is all about timing.

The biographies of the new wealthy replicate the American Dream at its best: hard work, intellectual capital, opportunity and luck combine to allow a person of modest upbringing to change the world and become a household name: only the short time-span is a new element in the narrative. (Schervish et al., 2001, p. 10)

Briscoe & Martin (2001) are more specific about the new donor. They explain that these people are newly wealthy, having earned their riches within the last decade. They are typically very young--under the age of fifty--and they are looking for ways to use their newfound fortunes to make a difference in the world.

The new charitable investors ...earned their wealth in three interrelated methods. They are venture capitalists (VCs), entrepreneurs, and stock option millionaires; all acquired their wealth from the new businesses spawned mainly by technology and the Internet. We call them investors because they think of philanthropy not as giving but rather as investing. (Briscoe & Marion, 2001, p. 26)

Continuing on the theme presented by Briscoe & Marion, Wagner explains some of the terminology used to define the activities of new donor. "Besides venture philanthropy, other designations declared the 'new donor' as the high-tech donor,

the social entrepreneur, engaged grantmaker, or investor" (2002, p. 344).

Why they donate. For the new donor, the goal of philanthropy is to change the world. These donors do not accept the old way of doing things, and they believe that they can take the lessons learned in their business lives and transfer that knowledge into the nonprofit sector. Byrne et al. wrote,

In each case, these big-money philanthropists are placing bets on key ideas and becoming hands-on in their design and implementation. They have heeded Carnegie's celebrated call to employ in the service of their communities the same smarts and diligence that made them rich. (2002, para. 23)

Schervish et al. agreed and proposed that these donors want to use their money and their knowledge for good. "...The common trait of high-tech donors is not simply a desire to be effective in philanthropy, but a common trait of applying what they have learned in business about how to be effective" (2001, p. 48). Finally, Wagner suggested, also in the spirit of Carnegie, that these patrons want to involve as many other new donors to this endeavor as they can. "The aim of venture philanthropy proponents is to catalyse a new generation of donors and encourage them to build the capabilities of nonprofit organisations" (2002, p. 346).

How venture philanthropy works. The key ingredient in the venture philanthropy model is involvement by the donor. In contrast to most wealthy donors who write a check and walk away, these donors get involved. Wagner explained, "New philanthropists have created a new model. They think big and expect the nonprofit organisation to do likewise. They demand accountability. They move at cyberspeed in making funding decisions" (Wagner, 2002, p. 348).

Schervish et al. (2001) remind that these donors bring not only money, but also entrepreneurial, managerial, and venture capital expertise to the organization. Even the lingo changes when new donors are involved in charities. In the world of venture philanthropy, "...Grants are called investments; grantees are investees; and a program officer may be called a managing director or partner" (Cobb, 2002, p. 129).

Letts et al. offers the most comprehensive look at the model of venture philanthropy. They explain,

The venture capital model emerged from years of practice and competition. It is now a comprehensive investment approach that sets clear performance objectives, manages risk through close monitoring and frequent assistance, and plans the next stage of funding well in advance. Foundations, although they excel in supporting R&D, have yet to find ways to support their grantees in longer-term, sustainable ways. (Letts et al., 1997, p. 44).

Finally, one item that many are incorporating into the venture philanthropy model is an exit strategy. Recall that part of the goal of venture philanthropy is to develop the charitable organization into a self-sustaining entity. Self-sustaining may or may not mean the reliance on charitable donations, but in the world of venture philanthropy, it does mean that the organization runs itself in an efficient, business-like manner. On venture philanthropy and its goals, researchers wrote about "the idea that Silicon Valley's entrepreneurs would transfer their creative skills to the foundations they were setting up. [Part of that plan was that] they built partnerships and insisted on exit strategies" (*Doing well and doing good*, 2004, para. 30).

Venture philanthropy is a growing field with an infinite number of possibilities made available because of enormous wealth, new skills, and big dreams. Some believe that because of the downturn in the technology industry, that this era may die an early death. However, Cobb believes otherwise.

The boom years that spawned the new philanthropy have come to an end, but the impulse to harness the power of private enterprise for public good that lies at the heart of much of the new philanthropy has not waned. Indeed, it seems likely that efforts of this sort will proliferate. (2002, p. 139)

Donor Similarities & Differences

Earlier, it was presented that the motivations of donors are not all the same, and that there are many theories about these motivations. Most agree that personal involvement in a cause will increase the likelihood of all people to donate to that cause. Some called this identity theory, others talk about making a connection, and still others simply suggest that when a potential donor gets a "wakeup call," often they respond generously. (Demo, 1996; Radley & Kennedy, 1995; Schervish & Havens, 2001a)

Some research indicates that lower-income donors may approach charities with more altruistic motives, while wealthy donors donate to facilitate change. Referencing Silver (1980), Kottasz wrote,

Silver concluded that lower socio-economic groups donated to charities because they were better able to empathise with the predicaments of those in need, whereas higher socio-economic groups gave not only to assist the reduction of suffering, but also to initiate longer-term social change. Also, the wealthy have been found to be more willing to donate to environmental, ecological, educational and cultural causes and to be least likely to support homelessness and children's charities. (2004, p. 11)

If it is true that the wealthy give to environmental, educational, and cultural causes, then they must have some level of connection to these causes. Schervish reminds that even the

very wealthy give to causes to which they are "physically or emotionally attached" (Schervish, 2000, p. 2).

In terms of percentages, Guy & Patton suggest that it is not just the wealthy who give generously. "Wealthier people give more, but it is interesting that the poor and the wealthy appear to be willing to give higher proportions of income to altruistic causes than do those in middle-income brackets" (1989, p. 23).

In contrast to Kottasz' research, Schlegelmilch and Tynan reported on a study they did to determine if there were certain factors that affected which charities a donor chose. They analyzed expressed preferences of donors first based on demographic variables, then on lifestyle/activity variables, and finally on psychographic variables. Interestingly, none of the three segmentation variables proved to have any statistical significance, leading the researchers to conclude that

...Preferences for particular kinds of charities are not associated with particular market segments. Thus, while donors differ from non-donors and heavy donors differ from light ones, people who donate to one type of charity do not differ from those who donate to another. (B B Schlegelmilch & Tynan, 1989, p. 133)

Brown suggests this may be an oversimplified look at donors, particularly as it relates to wealthy donors. He wrote, "Donors with great wealth operate differently from other people. They have the power to achieve results independently of others"

(Brown, 2004, p. 93). Perhaps, then, motivations are generally the same, but the wealthier the donor, the more magnified their motivation to donate because they can make a greater impact.

Fundraising Research

Just as in the for-profit sector, the nonprofit sector faces challenges with research. Unfortunately, there is very little formal research to explain charitable fundraising, and as a result, donors are often left to decide how to give with little background information. Increasingly, potential donors are searching for proof of proper stewardship in the spending habits of nonprofit entities. However, Hager (2004) explains one of the fundamental problems with research about fundraising practices. "...Because of the lack of research on how fundraising gets done, the field has little information on how nonprofit organizations actually bring in these dollars" (p. 1).

Without the ability to evaluate the fundraising process, it is, at a minimum, a great challenge for donors to make their philanthropic giving decisions. However, it is *the perception* of efficiency that has become one of the most prevalent ways for potential donors to evaluate nonprofit entities.

Sargeant & Kahler wrote,

Although reasons for giving are manifold, it seems clear that the perceived efficiency of nonprofit organizations is increasingly becoming an issue. In [this research], the importance of fundraising efficiency [is] established, as [is] the difficulties inherent in trying to decide exactly what constitutes efficient performance. (1999)

Lee (2003b) suggests that although there is a great deal of interest by the public to understand the cost-effectiveness of the fundraising process, it is very confusing, which can lead to ambivalence. Of course, in most cases, the bottom line is that donors want to know that their gifts to charitable organizations are managed properly. Taylor (2004) wrote, "Donors and potential donors want ready access to information that will help them learn which of the vast number of charities that solicit them are responsible, accountable, and well-governed" (para. 21).

In addition to the "typical" research hurdles, in the nonprofit sector, the list grows longer. Kennedy & Vargus wrote, "Survey research is currently experiencing significant challenges that have important implications for both the method and its use in the study of philanthropic issues. Survey participation is declining, and this trend is likely to continue" (2001, p. 483). Additionally, there are some philanthropic researchers who feel the current trends in research for the nonprofit sector are too limited.

At the risk of repeating lessons from Research Methods 101, it seems important to emphasize that there are different ways to study charitable behavior, each approach has strengths and weaknesses, and the different approaches should be seen as complementary and, as much as possible, interactive. No single methodology is likely to reveal everything that should be known about giving and volunteering. (O'Neill, 2001, p. 510)

One of the most prominent organizations for philanthropic research is the Independent Sector (IS). The Independent Sector is "a coalition on leading nonprofits, foundations, and corporations strengthening not-for-profit initiative, philanthropy, and citizen action" (www.independentsector.org). O'Neill (2001) suggests that too many people accept the current literature and research findings in philanthropic activity too easily, as there have been several studies by distinguished researchers who contradict the findings of some IS studies.

Hall is another who believes that philanthropic research is lacking. "Surveys are frequently used to collect data about giving and volunteering; however, the quality of the data is seldom known, and the measurement challenges inherent in such surveys are not well recognized" (Hall, 2001, p. 515). Based on this charge, it is evident that the explanations about limitations, sampling, validity, and other potential compromises are just as important to the overall success of a study as the findings themselves.

These challenges in the field of philanthropic research remind future researchers that the best way to gain acceptance of marketing research studies is to ensure that the beginning of the process is thorough and well planned.

Significant Nonprofit Sector Studies

In the field of philanthropic research, several significant projects have made long term impacts on not-for-profit research. Some of these studies have covered extended periods of time and have recorded tremendous detail, some have gained access to very difficult to reach respondents, and others have done parallel studies to test the research instruments. These pioneering studies are the ones that make noteworthy additions to the field of research, as they provide insight into new areas of study.

The Boston Area Diary Study

The *Boston Area Diary Study* (BADs), which was carried out over the course of one year, was the first long-term study focused on giving and volunteering. Havens & Schervish carried out this study in 1995 and 1996 with support from the W.K. Kellogg Foundation and the T.B. Murphy Foundation. (2001) The primary benefit of a diary study is that respondents are able to

report on an ongoing basis, as opposed to relying on their memory to recall details that may have occurred in the past. During the calendar year of 1995, the researchers interviewed 44 randomly chosen respondents, normally weekly, which garnered more than 1800 interviews.

The *Boston Area Diary* study began with 49 participants, and as one might expect, over the course of one year, there was some falloff. However, the respondents were offered \$120 in compensation if they finished the study, and throughout the year there were some smaller incentives sent to the participants in order to keep them enthusiastic and involved in their record keeping. In order to make the sample more representative in relation to the population, the researchers did oversample in some ethnic areas, which helped to make the sample more generalizable. (Havens & Schervish, 2001)

The results of the study are still considered significant today, but perhaps the most valuable results relate to the methodology recommendations. Havens & Schervish offer five key pieces of information that not only apply to diary studies, but to all research in the area of philanthropy.

1. Unless allowed to seek out the information (from other people and/or records), respondents report information about themselves more accurately than about their families. Respondents do not know or do not remember the charitable contributions and, to a lesser extent,

the incomes of their spouses, partners, or other adults living with them.

2. Regular activities such as religious contributions are more accurately reported (even for families) than activities that do not follow regular weekly or monthly patterns.
3. Small amounts of money contributed, time volunteered, and income earned in the prior year are usually forgotten and not reported.
4. Interviewers must be provided with a field guide or interviewer manual and must be trained about the goal of the interview, the purpose of each question, and the meaning of every term and category in the interview. Without those aids, interviewers are not able to respond accurately to queries by respondents, for example, concerning the definitions of terms and the boundaries of categories.
5. It is essential to ensure that interviewers record data accurately and that data entry does not introduce errors into the data set. If feasible, participants should be re-contacted to clarify ambiguous, inconsistent, or extreme responses. (Havens & Schervish, 2001, p. 539)

The Wealth 2000 Study

Between the years 1998 and 2000, Schervish & Havens, on behalf of Bankers Trust Private Banking and Deutsche Bank Private Banking, conducted a study of exceptionally high wealth donors. This study included household with wealth above \$5 million, and average wealth at \$38 million. This group, partly due to inaccessibility by their own design, is typically underrepresented in most studies, even though they are

responsible for a vast majority of all monetary donations. "On average, the highest income families with an income in excess of \$1 million contribute 6% of their incomes to charitable causes and, as less than 1% of the population, contribute approximately 10% of all charitable dollars" (Schervish & Havens, 2001b, p. 6). The purpose of the *Wealth 2000* study was, "to discover how wealth holders think about and act on the capacity of their wealth to fashion their own lives, to shape the character of their heirs, and to improve the lives of others" (Schervish & Havens, 2001a, pp. 76-77).

From the *Wealth 2000* study, the researchers provided a profile of the "typical" philanthropist at this wealth level. Although the primary goal of the study was to provide data to the banking industry about the wealth management needs of the extremely affluent client, the information also provided tremendous insight about the ways in which these donors make decisions about the charities they support. In the conclusion of the report, the authors wrote,

Its purpose was to elucidate how the very wealthy understand and carry out their biography of wealth with responsibility, in regard to themselves, their families, and the world around them. The quantitative analysis of the survey results begins to sketch out some aspects of the values and behavior of the very wealthy, who exhibit a pattern of care for community and society, demonstrated in part through their contributions of money and expertise to philanthropic causes. (Schervish & Havens, 2001a, p. 100)

One of the most valuable details from the study was to learn that the ultra-wealthy, just as the middle class donor, typically chooses causes that have some personal meaning to them. Whether it is due to a family tragedy, or a love of animals, the wealthiest benefactors make donations with the same intentions as the small cash value donors. Lastly, the study provides demographic information that creates a detailed profile of the "typical" ultra-wealthy donor, which is very valuable to fundraisers and nonprofit organizations.

Charity Reputation Versus Image Survey

Although this study may not have nearly the significance of the diary study or the wealth study, it does address an important factor for nonprofit entities. In 2003, Bennett & Gabriel wrote about their research on the issue of a charity's image and reputation in terms of how these criteria should affect the marketing of the organization. They proposed three hypotheses and developed a short questionnaire to implement in a prominent place in London. Using "lists of words and phrases potentially relevant to charity image and reputation," the researchers developed their survey to analyze public opinion about these issues, and found that, for the most part, image and reputation are very separate and distinct constructs. (Bennett &

Gabriel, 2003, p. 280) Their research suggest that the marketing of a charitable organization should focus on its image, or, if appropriate, its desired image.

Planned Giving Survey

The United Way is the largest charitable organization in the United States, and it acts as a central clearinghouse for hundreds of smaller charities. It is very common for nonprofit entities to raise funds through payroll donations, and a study by Agle & Kennedy (2001) addressed the experiences that some donors have had with this program.

Using a mixed methodology, Agle & Kelly surveyed employees of major corporations about the United Way payroll deduction system. The seven point Likert scale allowed for basic statistical analysis with means and standard deviations, and the results demonstrated that the mean alone was not a good indicator of the true condition. The researchers explained that since the standard deviation was fairly high, it actually indicated that there were extremes that otherwise might not have been noticed. Some of the respondents had very good experiences to report with the United Way program, but other employees had very bad experiences, which was noted through the coercion factor. Other data analysis techniques used in the study by Agle & Kelley included factor analysis, correlational analysis, as

well as qualitative techniques to analyze some of the open-ended questions included on the questionnaire. (Agle & Kelley, 2001)

Parallel Studies

For many years, the Gallup organization did in-home surveying for the Independent Sector. In 1999, Gallup informed IS that after the next year, they could no longer provide their services to IS. Apparently, their response rate with in-home interviewing had dropped so low that the organization was concerned about the reliability of the results. (Kirsch, McCormack, & Saxon-Harrold, 2001, p. 495)

In response to this problem, IS contracted with another vendor, Westat, to run a parallel survey for the last year with Gallup. The goals of the parallel survey were to test the accuracy of both, and to determine if the telephone interview technique proposed by Westat would yield greater participation.

The results of the parallel studies showed that IS had chosen well with Westat. "The overall response rate for Gallup's in-home interviewing was 19.2%, whereas the overall response rate for Westat's telephone survey was 45.4%" (Kirsch et al., 2001, p. 495-496). IS compared the sampling technique of each organization, and found the following:

As expected, we found that the overall weighted results were indeed quite similar ($p > .05$) for age, gender, ethnicity, race, and household income. In addition, many attitudinal and other predictors of either giving or volunteering were also found to be not different for the two modes of data collection. Some variables were statistically different at the 95% level ($p < .05$) but not at the 99% level ($p > .01$), and, most importantly, some were significant at the 99% level ($p < .01$), including total dollars contributed by household and total time volunteered by the respondent. (Kirsch et al., 2001, p. 496)

Other factors that came from the comparison included a need to shorten the survey, have a small cash incentive, and to be very clear in the definition of terms such as volunteer time and donations. The study also confirmed that the telephone is a better instrument for the volume of information that IS seeks, and the response rate is much more acceptable.

UK Research about Charity Appeals

In the area of charity methods, Schlegelmilch, Love, and Diamantopoulos (1997) offered insight into what works best for fundraising approaches. Perhaps the most useful aspect of the team's study was the choice of independent variables, and the descriptions offered on the use of these variables. The researchers chose several categories, including demographic characteristics, geographic characteristics, socio-economic characteristics, perceptions of self, perceptions of charity

efficiency, situational variables, and attitudes toward charities. The researchers wrote, "The independent variables used in the analysis were those indicated by previous studies as having an effect on whether or not individuals donate and/or the amount they donate" (B. B. Schlegelmilch, Love, & Diamantopoulos, 1997, p. 551).

Americans Respond to Crises

At the start of the Center of Philanthropy America Gives study, the intent was to research individual and household giving. (Steinberg & Rooney, 2005) This study was in process on September 11, 2001, and its goal changed dramatically after that day. The unfortunate events of this day offered insight into giving from a new perspective--it enabled the researchers to study giving before and after a major catastrophic event. Although the researchers considered stopping the study after the terrorist attacks, instead they decided to compare giving levels and opinions after the attacks to those gathered before that fateful day.

Some of the most significant aspects of the America Gives study were the hypotheses offered by Steinberg & Rooney that addressed the impact of disastrous events on giving levels. The researchers expected "...income, education, and religiosity

might be significant determinants of charitable giving related to the tragedy" (Steinberg & Rooney, 2005, p. 117). Their conclusion, however, was that the only significant variable in terms of the level of giving was, and still is, income. On the other hand, the research showed that all groups increased giving after 9/11, and not just those in higher income categories. Unfortunately, the researchers also felt that some of the respondents may have exaggerated regarding how much they gave in an effort to appear more patriotic.

Working with the Only Source Available - Form 990

In the United States, one of the most common ways to analyze a nonprofit organization is with the IRS form 990-- Return of Organization Exempt from Income Tax. This tax form is the primary document used to compare organizations against one another, and against industry standards. In many cases, this six-page form is the only financial statement used to analyze nonprofit organizations.

One of the most interesting issues in the area of fundraising research is about the number of nonprofit organizations that file the IRS Form 990 for charitable entities. "Over 900,000 organizations [in the US] have received

charitable tax-exempt status; about 250,000 of them file either the IRS Form 990 or 990-EZ" (Taylor, 2004, p. 21). The remaining 650,000 nonprofits that do not file Form 990 receive an exemption from IRS reporting for a variety of reasons.

"Organizations with few assets or limited revenue are not required to file, nor are churches and related organizations that need not register to document their tax-exempt status" (*What is Form 990? How is it Used?*, 2003).

When one considers that more than 70% of the nonprofit organizations in the US do not file tax forms, and when research clearly states that the IRS Form 990 is the best way to analyze the fundraising industry, it is apparent that any research is subject to questions of credibility. For example, as was stated earlier, Tuckman & Chang define a nonprofit entity based on whether it reports fundraising expenditures on a Form 990.

(1998, p. 212) This implies that their research is actually excluding approximately 650,000 nonprofit entities! As Hager et al. explained, "The understanding of the formal organisation of fundraising has been hampered by lack of readily available and historically consistent information on fundraising efforts and their costs" (2002, p. 312).

No-Cost Fundraising

In addition to the recognition that the data available from Form 990 is incomplete, another significant issue shows up on this form. "Nonprofit organisations have some latitude in defining whether certain expenses count as programme, administrative, or fundraising expenses, and some nonprofits take more latitude than is suggested by IRS guidelines and generally accepted accounting principles" (M. Hager et al., 2002, p. 312). Lee (2003a) wrote, "...What may be classified as fundraising expenditure for one organisation may be classified as charitable expenditure by another" (pp. 4-5).

When a nonprofit organization can make decisions about how they report their expenses with the very loose guidelines provided by the IRS, any number of things can happen. If, for example, a charity decides to report its expenses for fundraising under a category such as general expenses, they may be looked upon more favorably by "watchdog agencies" that report this information to the public. In fact, this is the way that many nonprofit entities report such expenses. In a 1998 report, Tuckman & Chang claimed that 72% of charities report no direct fundraising expenditures. Hager et al. wrote, "Research based on 1998 returns of Form 990 indicates that 59 percent of nonprofits receiving direct public contributions did not report any

fundraising expenses, including nearly a quarter of those receiving more than \$5m in contributions" (2002, p. 312). A few years later, Wing & Hager (2004) reported that approximately half of the Form 990s received by the IRS report no fundraising expenses. (p. 2)

Pollack presents more interesting statistics regarding the information reported on Form 990 for the year 2000.

37 percent of nonprofit organizations with private contributions of \$50,000 or more reported no fundraising or special event costs on their 2000 Internal Revenue Service (IRS) Form 990.... Nearly 13 percent of operating public charities reported spending nothing for management and general expenses, implying that they spent all of their funds on program or fundraising activities. Finally, for those organizations reporting fundraising or special-event costs on their 990, more than one-quarter received more than \$15 for every dollar spent on fundraising while another quarter of the organizations obtained less than \$2 for each fundraising dollar. (Pollack, 2004, p. 1)

Obviously, the information available for fundraising research is limited. Recall that at least half of the nonprofit entities using Form 990 report that they spend zero dollars on fundraising. After including the non-response rates and those nonprofit entities that claim no fundraising expenses, there are only about 125,000 of the 900,000 nonprofit entities in the United States providing information about fundraising activities--less than 14% of all charitable organizations. How useful is this information? The reality is that for fundraising

research, the 14% is all that is available, so it is used. However, as Hager et al. stated, "While 'zero-cost fundraising' frequently has legitimate explanations, the large number of nonprofits reporting no fundraising expenses limits Form 990 as a tool for understanding how US nonprofits do their fundraising" (2002, p. 312).

Issues in Nonprofit Research

As mentioned earlier, although some of the most significant studies in the area of philanthropy and volunteerism have come from notable organizations such as The Independent Sector (IS) as well as from the American Association of Fundraising Counsel (AAFRC), there has been some valuable criticism of their research studies from equally prominent researchers. Methodology is the biggest point of contention, as there have been significant differences in results when other organizations use longer, more detailed surveys and more time is spent with respondents. In fact, one of the most interesting issues that Rooney, Steinberg, & Schervish (2001) point out in their research is what they call a "Lake Wobegon" effect--the fictitious town where all the children are above average.

The need for further work on the proper research techniques for studying giving and volunteering is reinforced by the

fact that, to our knowledge, all the local and regional studies produce results indicating that the rates of giving in their respective regions are above the national averages cited by IS and in Giving USA [from AAFRC]. (2001, p. 552)

Rooney et al. suggests that this trend where everyone gives above the national average might be explained by, "the differences in methodology, and these consistently higher giving estimates make one more skeptical of whether the differences are real or attributable to methodological differences" (2001, p. 552).

In agreement with Rooney et al., O'Neill wrote, "Instrument design is of critical importance to charitable behavior research. ...It is possible if not probable that instrument differences are producing widely different findings, some of which may be quite misleading" (2001, p. 512). Although it is not uncommon for different researchers to arrive at different conclusions, it is unacceptable when those differing conclusions are the result of the research instruments.

Scandura & Williams, referencing Sackett & Larson, make a very strong statement about the importance of research methodology decision-making. They wrote, "The impact of management studies depends upon the appropriateness and rigor of the research methods chosen. Design choices about instrumentation, data analysis, and construct validation, and

more may affect the types of conclusions that are drawn" (2001, p. 1248). The researchers also recognize that in many situations, the decision to use a particular methodology by a researcher may be more a reflection of their own knowledge and skills than the best research solution for the problem. However, Scandura & Williams also suggest that if a researcher is interested in being published in a top tier journal, it may behoove them to know what these journals look for most in research methodology.

Rooney et al. sum up their concern about research integrity in the field of philanthropy by stressing that it is not simply a matter of pride--but also a professional responsibility that cannot be ignored.

Although charity officials and the public are interested in knowing the level and trends of philanthropic behavior, the research community rightly remains vigilant about the validity of the findings generated by survey research and about how to improve this research. Because estimates of the amount of philanthropic behavior appear to rely in such large part on the methods and measures of each survey, this has been a topic of enduring debate within the academic and practitioner communities. (Rooney et al., 2001, p. 552)

The biggest challenge to the domain of philanthropic research is that there are two "giants" in the arena that dominate the field. When IS or AAFRC publish new research, most organizations accept it without question. Even those who

criticize the two organizations agree that much of the information they provide is of great value, but they also recognize the shortcomings. For example, O'Neill comments that the IS research is typically bivariate, when he believes it should be multivariate, and that they rarely include tests of significance. (2001, pp. 509-512) In sum, the best research available is not always the most well known, or even from the biggest organizations. Regardless of the source, it is critical to evaluate the results based on the facts, and not on faith.

The Survey Tool

In philanthropic research, two consistent problem areas mentioned in summaries of studies are the reliance on the memory of the respondents to questions on the survey and the terminology used in the administration of the survey.

Memory issues. Researchers using surveys that rely on the memory of the respondents find it a challenge to get accurate information from interviews. This is a common theme in all research fields, and the message is virtually identical regardless of the approach. "One of the great challenges in research on charitable behavior is helping people remember as fully and accurately as possible what they did, especially if

the questions refer to a long period ... such as a month or a year" (O'Neill, 2001, p. 508).

Hall (2001) wrote about survey issues as they related to the National Survey of Giving, Volunteering, and Participating (NSGVP). He provides compelling arguments for the questions of validity and reliability on this survey, focused mainly of the challenges of recall by respondents, and the likelihood of a respondent giving answers that make them look more philanthropically motivated than are actually accurate. (Hall, 2001)

Havens & Schervish wrote, "Both survey and interview case study research face numerous problems of measurement revolving around [problems such as] ... overcoming obstacles to accurate recall" (2001, p. 548).

In response to this recall issue, several researchers offer suggestions about ways to assist respondents. In general, it seems that the greater the detail of the survey, the better the respondent recalls related activity. Additionally, Rooney et al. (2001) suggest that IRS tax returns are often the best tool to assist with charitable giving details, as tax returns require meticulous records. Hall wrote, "Of the many challenges [of survey research], those created by the problem of recall are probably the greatest. ... The challenge, therefore, is to

design a questionnaire that stimulates or assists respondent recall”(Hall, 2001, pp. 519-520).

In the parallel study done for the Independent Sector by Gallup and Westat, they found that respondent recall was far better with Westat because of the design of their survey tool.

One factor that could help explain the differences in the levels of both the volunteering and giving results was the difference in reading the paragraphs defining the subsectors. When it came time to probe respondents for levels of giving and volunteering by subsector, Gallup’s interviewers gave respondents hand cards and asked them to identify the areas in which they had either made contributions or volunteered. For each of the subsectors, lengthy definitions and examples were printed for respondents to read if they so chose. Westat’s interviewers, on the other hand, read the entire paragraph definition and examples aloud, unless stopped by the respondent. (Kirsch et al., 2001, p. 500)

The terminology matters. The most significant challenges that Havens & Schervish faced in the BADS were similar to those facing others who have done research in this area--the definitions of volunteering and charitable donations are not clear, precise, and well defined. Havens & Schervish chose to define donations based on the IRS definition; however they recognize that not all charitable donations are tax deductible. In addition, the researchers found that there are many definitions of volunteer work, and this creates a limitation

that the researchers recognize in their work. (Havens & Schervish, 2001)

Hall agreed when he wrote, "A major problem in designing measures of giving and volunteering is the lack of commonly understood terms to describe the behaviors of interest" (2001, p. 518). Apparently, this is such a significant obstacle in survey research that in addition to the use of specific terms on the survey, even the order of the questions may make a difference during the interview.

It is clear that respondents do find different meanings caused by both the manner and form of questions, how respondents are contacted, and the flow or order of questions. For example, those asked first about volunteering appear more willing to answer about amounts of money or values of goods and services donated than those asked first about giving.... The challenge of improving question design is especially relevant to philanthropic studies, in which some disagreement exists about many terms. For example, when is a donation a donation? When is volunteering different from a donation? In examining existing instruments that measure philanthropic behaviors, there appears to be little consistency in the types of questions used to measure the varieties of philanthropic behavior. (Kennedy & Vargus, 2001, p. 490)

Rooney et al. believe that the more detailed the questions and the possible answers, the better the quality of the response. The study actually demonstrated that the longer the survey, the more likely the respondent's were to make a charitable contribution, and the research team attributes this

fact to the level of detail to aid in recall. (Rooney et al., 2001)

Evaluating Charitable Entities

There are a handful of ways that individuals and organizations can monitor and evaluate charities. Some of these methods use simple to complex mathematical formulas, and others evaluate the entities using a variety of criterion.

Additionally, there are a handful of "watchdog agencies," whose goals are to provide the public with data about charitable entities, and to help them make more informed giving decisions. Regardless of the method chosen, all require the nonprofit entity to provide detailed information, and to make this information readily accessible.

The Ratios

One of the most commonly used tools to evaluate the effectiveness of a nonprofit organization is to use a series of ratios developed to compare one organization against another. In his testimony to Congress, Taylor (2004) outlined two formulae used to assist with nonprofit organization accountability. His organization, the *Better Business Bureau Wise Giving Alliance*,

wrote the *Standards of Charity Accountability*, which includes the following:

This section of the standards seeks to ensure that the charity spends its funds honestly, prudently and in accordance with statements made in fund raising appeals. To meet these standards, the charitable organization shall: *Please note that standards 8 and 9 have different denominators.*

8. Spend at least 65% of its total expenses on program activities.

$$\left(\frac{\text{Total Program Service Expenses}}{\text{Total Expenses}} \right) \text{ should be at least 65\%}$$

9. Spend no more than 35% of related contributions on fund raising. Related contributions include donations, legacies and other gifts received as a result of fund raising efforts.

$$\left(\frac{\text{Total Fund Raising Expenses}}{\text{Total Related Contributions}} \right) \text{ should be no more than 35\%}$$

(Taylor, 2004, appendix)

Bennett & Savani (2003) agree with the first ratio presented by Taylor, but have a slightly different take on the second ratio based on research by Hyndman. They wrote, "The two key ratios, ... are administration costs as a percentage of total expenditure (ACE) and fundraising costs as a percentage of total expenditure, as these are (allegedly) the most important pieces of information demanded by donors" (Bennett & Savani,

2003, p. 328). The *National Center for Charitable Statistics* (NCCS) suggests using data on Form 990 to calculate a ratio for comparison, and concur with the first ratio presented by the *Standards of Charity Accountability*. "One easily calculated measure of a nonprofit's efficiency in fundraising is the ratio of fundraising expenses (Form 990, line 15) divided by public support (Form 990, line 1a)" (*NCCS frequently asked questions*, 2004). However, immediately after offering the formula to calculate this ratio, the NCCS reminds its readers that they do not provide suggestions on what that ratio should be.

Yet another set of ratios offered by Brooks addresses other areas in the fundraising process. This approach addresses long-term sustainability of the nonprofit institution as well as marketing effectiveness.

Imagine we are interested in judging the fundraising effectiveness of a social welfare nonprofit. We want to know the level of unearned income D_i and fundraising expenses F_i for an organization i . However, these numbers are not really useful unless they are known in comparison to one another, relative to other organizations, and/or given the organization's total budget. Thus, we might start by constructing two measures:

1. $1 - F_i/TC_i$, where F_i is i 's annual fundraising expenditures, and TC_i is i 's total expenses. This represents the proportion of total costs that go to core services instead of to fundraising.

2. D_i/F_i . This ratio represents the amount of unearned revenues generated by each fundraising dollar, on average.

The first might be thought of as measuring the resources an organization has left over after fundraising, which has implications for its sustainability and fundraising efficiency. The second measure can be thought of as measuring an organization's effectiveness in targeting and retaining donors. (Brooks, 2004, p. 365)

It is evident from the variety of opinions and ideas offered on how to use ratios to compare the efficiencies of nonprofit organizations, that most want to make this comparison as easy as possible with only one to two calculations. In contrast to the simplified methodologies presented by most researchers, Ritchie and Kolodinsky (2003) present sixteen different calculations for nonprofit entities as performance measurement ratios. The four subcategories of performance measurements including fiscal performance, fundraising efficiency, public support, and investment performance and concentration. (p. 371) Unfortunately, all sixteen computations still use IRS Form 990 information, so they too are limited to a relatively small percentage of nonprofit organizations, but Ritchie and Kolodinsky do present a more in-depth set of tools to analyze nonprofit performance.

It is clear that there are more than a few sets of ratios available to evaluate the effectiveness of a charity, however none of them are considered "standard" in the industry. In fact, there are almost as many who would question the use of ratios as

there are who present them. The detractors see the use of arbitrary ratios as controversial.

Lee suggests that the blanket use of such ratios is not necessarily a valid way to make these comparisons. "...It is not entirely legitimate to use ratios to draw direct comparisons between one organisation and another. Variations in accounting practices, funding structures and sizeable one-[time] donations or grants can all have a considerable impact on the figures each charity might produce" (Lee, 2003, p. 5).

Still, many accept the use of ratios grudgingly, mainly because there seems to be no better way to make comparisons between nonprofit entity efficiencies. Brooks wrote, "In sum, financial ratios--especially involving fundraising expenditures--are problematic. Whether we like them or dislike them, however, they are very commonly used, and their strengths and weakness need to be understood" (2004, p. 365). Even Ritchie and Kolodinsky, after presenting sixteen ratios in their own research, recognize that there are no set standards for nonprofit organization comparisons. "A review of the NPO [nonprofit organization] and strategic management literatures fails to reveal a collection of common, distinct financial ratio categories that are useful for determining firm-level outcomes relative to other similar organizations" (2003, pp. 368-369).

However, Hager points out why the use of ratios persists.

Nonetheless, the market demands some kind of common measure. Inexplicably, we seem to have found them in the apparent sameness of financial reporting across otherwise wildly different nonprofit organizations. The only public document required of public charities in the United States is Form 990, the form that charities use to report their finances and activities to the IRS each year. The revenues, expenses, assets, and liabilities reported in this Form have become a substitute for evaluating the effectiveness of charities. (M. A. Hager, 2004a, p. 9)

In sum, even those that question accept the use of ratios grudgingly, mainly because there seems to be no better way to make comparisons between nonprofit entity efficiencies.

Call it a Percentage

Many organizations, including several charity watch groups and watchdog agencies, offer blanket percentages to compare and analyze nonprofit performance. While a percentage is simply another form of a ratio, it seems in many cases to be more acceptable in the form of a percentage. In most situations, the percentages focus on the amount of money a nonprofit organization spends of its contributions on fundraising, and there are plenty of theories on what that percentage should be.

On their web site, the National Center for Charitable Statistics reports

The BBB Wise Giving Alliance recommends that nonprofits spend at least 50% of its annual revenues on program activity, while the American Institute of Philanthropy sets its minimum standard at 60% of expenses. The United Way of the National Capital Area, on the other hand, sets its minimum requirement for agencies that receive funds at 80% of total expenses spent on programs. (*NCCS frequently asked questions*, 2004)

Sargeant & Kahler report other recommendations of non-cause-related expenditures for nonprofit entities.

Two U.S. watchdog groups, the Philanthropic Advisory Service and the Council of the Better Business Bureau, specify a 40 percent and 35 percent limit on fundraising cost respectively. In the United Kingdom, Hind (1995) recommends that such ratios should lie somewhere in the range of 10 to 30 percent. No direct justification for the numerical value of these limits has been offered. (Sargeant & Kahler, 1999, p. 7)

What is most interesting is the statement made in the last sentence by the researchers. They remind the reader that although there are many recommendations, no one has ever provided justification for those recommendations.

Tuckman & Chang also address the somewhat arbitrary nature of the percentages offered by many agencies and organizations.

National norms for fundraising expenditures have not been established, making it difficult for nonprofits to compare their performance with that of their contemporaries. However, the Council of Better Business Bureaus (1982) has published standards to promote positive ethical practices by nonprofits. One of these standards suggests that fundraising costs should not exceed 35 percent of public contributions, and another calls for total fundraising and administrative costs to be less than 50 percent. Although

these percentages are somewhat arbitrary, they provide a reasonable boundary for evaluation. (Tuckman & Chang, 1998, p. 216)

One of the most interesting aspects of the "percentage arguments" is that none of them really addresses the issue of effectiveness.

Misconceptions about Charities Abound

An interesting fact about fundraising efficiencies is that in many cases, perception is not reality. "Misconceptions concerning how much of their incomes charities spend on administration and marketing are seemingly commonplace" (Bennett & Savani, 2003, p. 327). Bennett and Savani based their statements on two surveys--one in the UK and one in the US. Both the 1986 UK Charities Aid Foundation survey and the 1994 Warwick study in the US showed that while most donors believe that the ratio of administration/fundraising costs to charitable expenditure should be about 20:80, most thought it was actually closer to 50:50.

Perception is Everything

The old saying that "perception is reality" may be more accurate in the nonprofit sector than many want to believe.

Although the discussions about using ratios to evaluate one charity versus another suggest that this is too simplistic, it is still the way many donors make their philanthropic decisions. Additionally, until donors make their giving decisions based on the type of research provided by watchdog agencies, many will continue to believe every rumor they hear about how charities spend. As a result, the research in the literature encourages charities to take an offensive position, and to publish as much as possible on the ways the charity is making and spending its money. Bennett & Savani wrote,

A person's general knowledge about and familiarity with charities was a highly significant determinant of how favourably the individual felt about charities and how accurately he or she rated their performance attributes. This reinforces the proposition that charities should publicise their work and operational details as widely as possible. Indeed, it arguably justifies charities incurring substantial spending on public relations, image building and reputation management in order to create accurate perceptions of their activities. (2003, pp. 339-340)

To advocate that a charity should spend money on public relations is obviously controversial, but the research presented suggests that donors want to know how their money is spent, and that it is spent wisely. Williams agrees with Bennett & Savani about the importance of communication and trust.

If there is an overriding theme in [the literature,]...it is that building relationships of trust is a vitally important aspect of fundraising. Nonprofit organisations

differ widely in the causes they represent, the resources available to them and the methods they use to raise funds. But in organisations where there is trust, shared commitment and good communication, donors and fundraisers can successfully work together to accomplish great things. (2002, p. 310)

The efficiency (or in efficiency) of a nonprofit organization plays an enormous part in the decision-making process of donors. Both Bennett & Savani, as well as Williams advise that donors want more knowledge about the process, and that includes knowing that the charity is working as efficiently as it can with the monies donated to its cause. Information is good, and the more transparent a nonprofit entity is about its activities, the better donors will feel about supporting that cause. Wing & Hager explain it this way:

Financial information has become a popular ingredient in assessing the performance of charities. Donors, funders, and watchdog agencies make extensive use of audited financial statements and publicly available IRS Forms 990 as part of their assessments. Many users pay particular attention to the proportion of total expenditures used for administration and fundraising. (2004, p. 1)

Transparency

One of the most obvious ways to address this issue of public misperception of nonprofit expenditures is to make the "real" data more public. Although the minimum standard for many charities is the IRS Form 990, a large percentage of

organizations do not even file this form. Making the organization's financial statements available to the public is crucial to the fundraising efforts of the nonprofit entity. Gallagher sums it up this way: "Clarity is also key. ...It needs to be very clear to anyone reading your financial statements where the money is going" (2004, para. 29).

There is clear evidence to support the idea that this clarity will affect the bottom line of a nonprofit organization. "Numerous empirical studies of donor behaviour have concluded that public perceptions of a charity being 'inefficient' and/or spending too much of its income on marketing and advertising exert significantly negative influences on its ability to raise funds" (Bennett & Savani, 2003, p. 326). In a recent report about the optimistic future of philanthropy, the argument was made that more and more people who are interested in donating money to a charitable cause are working to ensure their donations are well spent.

The result both in America and in parts of Europe is a more directed and more engaged approach to philanthropy. The new wealthy want to make sure their money is properly used, and so want to be involved in its expenditure. Bill Gates argues that you have to work just as hard at giving away your money as you do at making it. (*Doing well and doing good*, 2004, para. 29)

Bennett & Savani suggest that "even a limited amount of information about a charity's efficiency can exert powerful influences on donors' beliefs about a variety of the organisation's attributes" (2003, p. 339). They also found through a study undertaken by Harvey & McCrohan that "...charities which spent more than 60 per cent of their donor incomes on concrete charitable programmes ... and which vigorously publicised this fact, achieved significantly higher levels of donations" (2003, p. 328). The result of this research confirms that public information can make all the difference for a nonprofit entity.

Watchdog Agencies

The organizations that monitor the nonprofit sector are called watchdog agencies, and they perform a valuable service to donors. Unfortunately, the decision for a nonprofit to report to the watchdog agencies is voluntary, so there is still a tremendous area unmonitored in the sector. A key factor in the watchdog agency reports is that none of them will endorse or condemn any nonprofit entities--they simply report the facts as they get them. Either the nonprofit meets the agency's minimum criteria, or it does not. If the nonprofit does not meet the

standards, then the watchdog agency will report why they did not meet the standards.

For many years, the *Better Business Bureau* had a separate arm of their organization that handled charity reporting, but it was not until the more formal *Wise Giving Alliance* was formed in 2001 that the monitoring firm began its work on a national basis. Their web site offers the following explanation:

The BBB Wise Giving Alliance was formed in 2001 with the merger of the National Charities Information Bureau and the Council of Better Business Bureaus Foundation and its Philanthropic Advisory Service. ...The BBB Wise Giving Alliance collects and distributes information on hundreds of nonprofit organizations that solicit nationally or have national or international program services. It routinely asks such organizations for information about their programs, governance, fund raising practices, and finances when the charities have been the subject of inquiries. (*Give.org report*, 2004, <http://www.give.org>)

The *Wise Giving Alliance* is a free service available to anyone with Internet access, offering detailed information on hundreds of nonprofit organizations. As is true with all watchdog agencies, the reporting aspect is voluntary, and many charities do not provide the data necessary to earn the Wise Giving Seal of Approval.

Another important watchdog agency is *GuideStar*. This group is affiliated with *Philanthropic Research, Inc.*, and their motto is, "Revolutionizing philanthropy and nonprofit practice with

information" (*GuideStar*, 2004, <http://www.guidestar.org>). On this *GuideStar* website, the agency writes,

Since 1994, we've focused on facilitating access to information about the operations and finances of nonprofit organizations. Our vision is to create an interactive "marketplace of information" that connects nonprofit organizations, donors, foundations, and businesses. This connection will serve as the backbone of a more effective, efficient, and well-informed nonprofit sector. (*GuideStar*, 2004, <http://www.guidestar.org>)

Although *GuideStar* offers a free membership, they are themselves a nonprofit entity, and they request donations to support their research.

A third, well-known watchdog agency that many use to assist them with their philanthropic decision making is *Charity Watch*. This organization is an extension of the *American Institute of Philanthropy*, and they also offer information to donors about how nonprofit entities are performing. This agency charges a membership fee of \$35 per year.

The American Institute of Philanthropy (AIP) is a nationally prominent charity watchdog service whose purpose is to help donors make informed giving decisions.... This web site will provide you with information about our organization, the charities we rate, and our method of grading charities. Special features will focus on top salaries, top-rated groups, and hot topics. (*Charity Watch*, 2004, <http://www.charitywatch.org>)

Another charity watchdog agency that is relatively new to the arena is *Charity Navigator*. This organization offers their

nonprofit sector research to the public for free, and compares their organization to *Consumer Reports*. They suggest that the other watchdog agencies are either charging for information that should be free to donors, or that the other agencies are promoting subjective opinions. Additionally, *Charity Navigator* suggests more aggressive fundraising goals--only those charities that keep fundraising costs at or below 10% earn the top ratings. The mission statement for *Charity Navigator* reads:

Charity Navigator works to guide intelligent giving. We help charitable givers make intelligent giving decisions by providing information on over thirty-seven hundred charities and by evaluating the financial health of each of these charities. We ensure our evaluations are widely used by making them easy to understand and freely available to the public. By guiding intelligent giving, we aim to advance a more efficient and responsive philanthropic marketplace, in which givers and the charities they support work in tandem to overcome our nation's most persistent challenges. (Charity Navigator, 2005, <http://www.charitynavigator.org>)

One of the best reasons to use a watchdog agency to evaluate nonprofit entities is to learn as much about how a charity manages itself, and how they spend donated funds. However, until it becomes mandatory to report to this type of an agency, the information is only as good as the nonprofit entities report. The trend seems to be that increasingly nonprofit entities are offering this information, probably due to increased pressure from donors.

One of the most recent challenges to the nonprofit sector came from the federal government, with a national panel of nonprofit experts recommending ways to improve accountability and governance in the sector. (Wolverton, 2005) At the urging of Congress, this group has begun the difficult task of making new and stronger recommendations to ensure the nonprofit sector remains the trusted beacon of decades past.

The Reality: Nonprofit Spending on Fundraising

Bradley et al. (2003) were very vocal in their criticism of nonprofit entities, and the supposed inefficiencies of these organizations. The researchers charged that most charities waste far too much money on fundraising and other overhead expenses, and they suggested that (literally) \$100 billion is lost each year due to inefficiencies in most nonprofit organizations.

One of their strongest charges is based on a ratio presented earlier. They wrote, "Our analysis suggests that in 1999, the nonprofit sector actually spent \$36 billion to raise and deliver \$195 billion; that's a fundraising cost of approximately 18%, or about one dollar for every five dollars raised" (Bradley et al., 2003, p. 96). This implication includes concern that the statistics offered by many nonprofit entities

that suggests they have little to no fundraising expenses is misleading.

Even if the charge made by the researchers is accurate, and even if they have a solid, representative sample (including more than the 15% that choose to report on IRS Form 990,) then the argument offered by Bradley et al. is not compelling enough to prove that the nonprofit industry is underperforming. Recall that even the most conservative numbers for fundraising guidelines, offered by potential donors in research presented by Bennett & Savani said that 20% for overhead and fundraising costs was a solid, satisfactory goal. Bradley et al. are suggesting that 18% is an unacceptable number when the general public would be happy with 20% or less!

To confirm this finding, Tuckman & Chang present their research. In their research, they found that

...The median nonprofit spends about 9.6 percent of total raised funds for fundraising. In each ...category the median nonprofit spends far less to raise funds than it receives. The range is from the 2.9 percent median in science and technology research to 17.3 percent in animal related activities. These percentages are much lower than those suggested by the Better Business Bureau standards. (Tuckman & Chang, 1998, p. 217)

Although the charge by Bradley et al. fails to support the implication that most charities run very inefficiently, there

may still be ways that many nonprofit entities could reduce costs.

Tables 1 through 6 show the amounts that a range of charitable entities reported to the BBB Wise Giving Alliance. The figures represent both how much of the money they received went to programming, as well as how much went to fundraising activities. The ranges are wide, however the median for all six charity categories is well within the recommended guidelines provided by the Wise Giving Alliance. Inclusion on their site, and consequently in this report, do not indicate that the nonprofit entities received the Wise Giving Alliance Seal of Approval. Their inclusion in the reporting is only an indication that the charity provided enough information to do an evaluation.

Table 1: Medical/Health Charities

| Medical/Health Charities | % to Programs | % on Fundraising |
|--|---------------|------------------|
| Lymphoma Research Foundation | 89.0% | 7.0% |
| American Liver Foundation | 84.0% | 9.0% |
| ALSAC / St. Jude Children's Research Hospital | 83.0% | 10.0% |
| First Candle/SIDS Alliance | 81.0% | 10.0% |
| Parkinson's Disease Foundation | 77.0% | 10.0% |
| American Lung Association | 69.0% | 11.0% |
| Prevent Blindness America | 78.0% | 11.0% |
| American Foundation for AIDS Research | 77.0% | 16.0% |
| Muscular Dystrophy Association | 77.0% | 16.0% |
| Susan B. Komen Breast Cancer Foundation | 74.0% | 16.0% |
| American Action Fund for Blind Children and Adults | 75.0% | 19.0% |
| National Children's Cancer Society | 77.8% | 19.2% |
| American Heart Association | 73.0% | 20.0% |
| Alzheimer's Association | 77.0% | 22.0% |
| American Institute for Cancer Research | 66.0% | 24.0% |

Source: (<http://www.give.org>, retrieved March 10, 2005)

Table 2: Animal-Based Charities

| Animal-Based Charities | % to Programs | % on Fundraising |
|---|---------------|------------------|
| Assistance Dog Institute | 95.0% | 3.0% |
| Friends of Animals | 88.0% | 5.0% |
| Guide Dog Foundation for the Blind | 85.0% | 8.0% |
| Animal Sanctuary of the United States | 85.0% | 9.0% |
| American Humane Association | 81.0% | 12.0% |
| Fund for Animals | 78.0% | 12.0% |
| Ducks Unlimited | 84.0% | 13.0% |
| Morris Animal Foundation | 72.0% | 13.0% |
| United Animal Nations | 75.0% | 13.0% |
| Canine Companions for Independence | 81.0% | 15.0% |
| International Fund for Animal Welfare | 74.0% | 17.0% |
| American Society for the Prevention of Cruelty to Animals | 78.0% | 21.0% |
| Primarily Primates | 65.0% | 27.0% |
| Humane Society of the United States | 63.0% | 29.0% |
| Dogs Against Drugs/Dogs Against Crime | 14.0% | 84.0% |

Source: (<http://www.give.org>, retrieved March 10, 2005)

Table 3: Faith-Based Charities

| Faith-Based Charities | % to Programs | % on Fundraising |
|---|---------------|------------------|
| Adventist Development and Relief Agency/ADRA | 93.0% | 1.0% |
| United Methodist Committee on Relief | 95.0% | 1.0% |
| Catholic Medical Mission Board | 95.0% | 3.0% |
| Christian Foundation for Children and Aging | 92.0% | 4.0% |
| MAZON: A Jewish Response to Hunger | 81.0% | 9.0% |
| Christian Reformed World Relief Committee | 81.0% | 10.0% |
| Jewish National Fund | 69.0% | 10.0% |
| Christian Children's Fund | 80.0% | 12.0% |
| Jewish Braille Institute of America | 77.0% | 12.0% |
| Christian Relief Services Charities | 84.0% | 13.0% |
| International Fellowship of Christians and Jews | 82.0% | 13.0% |
| Catholic Church Extension Society | 46.0% | 16.0% |
| LIFE Outreach International Association of Churches | 72.0% | 20.0% |
| Mercy Home for Boys and Girls | 63.0% | 31.0% |

Source: (<http://www.give.org>, retrieved March 10, 2005)

Table 4: Environmental Charities

| Environmental Charities | % to Programs | % on Fundraising |
|-----------------------------------|---------------|------------------|
| Center for Watershed Protection | 83.0% | 0.0% |
| Save the Redwoods League | 95.0% | 3.0% |
| Conservation International | 83.0% | 6.0% |
| Sierra Club Foundation | 90.0% | 7.0% |
| Nature Conservancy | 80.0% | 9.0% |
| River Network | 79.0% | 11.0% |
| American Rivers | 84.0% | 12.0% |
| Friends of the Earth | 77.0% | 12.0% |
| Natural Resources Defense Council | 81.0% | 12.0% |
| Rainforest Alliance | 87.0% | 12.0% |
| World Wildlife Fund | 80.0% | 12.0% |
| Environmental Defense | 80.0% | 15.0% |
| American Farmland Trust | 80.0% | 17.0% |
| Rainforest Action Network | 75.0% | 18.0% |
| Ocean Conservancy | 74.0% | 24.0% |
| Wilderness Society | 71.0% | 24.0% |
| Rails-to-Trails Conservancy | 63.0% | 30.0% |

Source: (<http://www.give.org>, retrieved March 10, 2005)

Table 5: Human Services Charities

| Human Services Charities | % to Programs | % on Fundraising |
|---|---------------|------------------|
| United Way of America | 95.0% | 0.5% |
| AmeriCares Foundation | 98.0% | 1.0% |
| Girl Scouts of the United States of America | 90.0% | 1.0% |
| Helen Keller International | 88.0% | 1.0% |
| American Red Cross | 82.0% | 4.0% |
| AARP Foundation | 85.0% | 6.0% |
| Save the Children Federation | 90.0% | 6.0% |
| Children International | 82.0% | 10.0% |
| Freedom from Hunger | 73.0% | 12.0% |
| Mothers Against Drunk Driving | 80.0% | 13.0% |
| Make-A-Wish Foundation of America | 77.0% | 14.0% |
| Dream Factory | 73.0% | 15.0% |
| Covenant House | 74.0% | 16.0% |
| Easter Seals | 80.0% | 17.0% |
| Oxfam America | 76.0% | 18.0% |
| Habitat for Humanity International | 72.0% | 25.0% |

Source: (<http://www.give.org>, retrieved March 10, 2005)

Table 6: International/Human Rights Charities

| International/Human Rights Charities | % to Programs | % on Fundraising |
|---|---------------|------------------|
| Direct Relief International | 99.0% | 0.5% |
| Children's Network International | 99.0% | 1.0% |
| MAP International | 99.0% | 1.0% |
| American Refugee Committee | 91.0% | 2.0% |
| Foundation for International Community Assistance | 83.0% | 2.0% |
| Goodwill Industries International | 70.0% | 2.0% |
| Mercy Corps | 91.0% | 3.0% |
| International Rescue Committee | 90.0% | 3.4% |
| CARE USA | 91.0% | 4.0% |
| Refugees International | 85.0% | 5.0% |
| ProLiteracy Worldwide | 85.0% | 6.0% |
| United States Committee for UN Population Fund | 89.0% | 6.0% |
| Women for Women International | 74.0% | 7.0% |
| United States Fund for UNICEF | 88.0% | 9.0% |
| World Neighbors | 77.0% | 10.0% |
| Human Rights Watch | 76.0% | 19.0% |
| Central Asia Institute | 71.0% | 21.0% |

Source: (<http://www.give.org>, retrieved March 10, 2005)

CHAPTER 3. METHODOLOGY

The purpose of this quantitative study was to determine how donors feel about monies they contribute to nonprofit entities being used for fundraising. Of interest in this research is how demographics relate to the perspectives of donors.

One theory offered in this paper is that the more formal education a person has, the more they understand that even charitable entities must market for their cause. Therefore, spending on fundraising (or marketing) is probably more acceptable to those with more education. The survey presented in this section addresses this assumption, as well as looking for other explanations for differing opinions on fundraising expenses.

Research Questions

There are three primary research questions addressed in the paper. The first research question is: How much (or) do donor demographics predict the perception of an acceptable amount to spend on fundraising costs for charities? The answer to this question will provide valuable information about targeting for fundraisers, as well as assist with the development of fundraising materials.

The next research question reads: Is there a relationship between a donors' education level and the amount of information that donor wants or requires before giving to charity? The solution to this question will piggyback on the previous, and provide fundraisers more detail about the informational needs of donors.

Finally, the third research question asks: Will the majority of donors accept increased spending for fundraising during times of world crisis? Knowing this may assist fundraisers to identify when, if ever, charities can justify higher expenditures for fundraising. If the answer to this research question is that attitude remains the same about "acceptable" spending levels, regardless of world events, then it is independent of the existence of catastrophic events requiring more donations. If, on the other hand, the answer is that attitudes change due to world events and people think more can or should be spent for the purposes of fundraising, then donor attitude is dependent on catastrophic events.

The Variables - Independent & Dependent

In order to study the research questions presented below, there some variables to identify and explain.

Characteristically, the behaviors that are monitored for change

are the dependent variables, and those that influence the changes are the independent variables.

The Dependent Variables

The first dependent variable in this study, addressed in the initial research question, is the feelings of donors about donated monies spent for the purposes of fundraising. The questions posed are if any or all of the independent variables discussed below have an impact on the feelings of donors, and the resulting research made that determination.

On the survey, the research question asked of six separate charitable categories was: In my opinion, compared to the average, this group should spend.... Accordingly, the Likert scale for the first dependent variable provided the following choices: Below average, approximately average, above average, and don't know/not sure.

The next dependent variable, addressed in the second research question, focused on the issue of transparency. Transparency is resolved by providing more detailed information about charitable finances to donors. The corresponding research question deals with the amounts of information donors want or require before they agree to donate, and whether this differs based on education level. This question suggests that better

educated donors would be more likely to donate money when they have additional information about how that money will be spent by a charity, and that those with less education do not have that same requirement.

On the survey instrument, the question asked of respondents was about their opinion of how much information they need to feel comfortable donating money. The question read: For me, charities provide.... The Likert scale choices were: Not enough information, just the right amount of information, too much information, and don't know/not sure.

The final dependent variable focused on whether people's attitudes about fundraising change after tragic world events, which addresses the third research question. The survey instrument asked respondents if they believe charities can justify spending more to raise money if the urgency of the cause is greater, based on major catastrophes such as the terrorist attacks on September 11, 2001, or the tsunami in South Asia in 2004.

The question on the survey instrument that addresses this variable read: In times of world crisis, it is acceptable for charities to spend more for fundraising. It too was a 5-point Likert scale: I strongly disagree, I disagree, I neither disagree nor agree, I agree, and I strongly agree.

These dependent variables all play a role in understanding how donors feel about money for fundraising coming from donated sources.

The Independent Variables

Keeping in mind that Bennett (2003) suggested there are certain demographic factors that seem to influence giving, this study addresses at least some of them in the survey. From Bennett's primary categories, this study addressed age and education level. The work of Schlegelmilch et al. suggested the categories of gender and the importance of faith or religion. (B. B. Schlegelmilch et al., 1997)

For the first research question, the independent variables were gender, age, education level, and the importance of religion/faith in the lives of donors.

Age was captured as a category, based on one's age at their last birthday. All respondents needed to be at least 21 years old. The four age categories were: 21 - 24, 25 - 44, 45 - 62, and 62 or older. These bands were chosen to match up with the generational definitions offered by Sargeant et al. mentioned in the literature review. (2002, p. 22)

Gender was a choice of either male or female, with a male coded as a 1, and female as a 2.

Education level was defined by category. The categories for education were: 12th grade or less, high school graduate or equivalent, some college but no degree, associate's or bachelor's, graduate or professional degree.

Religion and faith play an important role in giving. Based on research from Indiana University's Center on Philanthropy, in America, more than 60% of all giving is faith-based. (*Doing well and doing good*, 2004) The survey question for this study read: Faith/religion is an important part of my life. The scale was a five-point Likert rating: I strongly disagree, I disagree, I neither disagree nor agree, I agree, and I strongly agree.

For the second research question, regarding informational needs of donors, the independent variable was level of education. This question used the data captured for the education portion of the first research question.

The final research question is about giving in times of catastrophic world events, and the independent variable is the existence of a current world crisis that needs charitable donations.

Research Hypotheses

The hypotheses for this study address three different research questions. Recall that the first research question is:

How much (or) do donor demographics predict the perception of an acceptable amount to spend on fundraising costs for charities? Rather than addressing this from a very broad perspective, in this paper, the goal is to be more specific to different types of charities. As such, in this paper, each of the four independent variables--age, gender, education level, and the importance of faith/religion in one's life--will be cross tabulated with each of the six charity types. This means that the results of the hypotheses will actually require 24 different statistical analyses, just for the first research question. The result will be much more valuable to those who manage specific types of charities, as they can focus in on what donors to their type of charity said about spending for fundraising.

The second and third hypotheses will each have one statistical test for their analysis.

Hypothesis H₀1 (null): There is no relationship between age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis H_A1 (alternative): There is a relationship between the age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis H₀2 (null): There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis HA2 (alternative): There is a relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis Hø3 (null): There is no relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis HA3 (alternative): There is a relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis Hø4 (null): There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis HA4 (alternative): There is a relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs.

Hypothesis Hø5 (null): There is no relationship between education level and the amounts of information donors want or require before they will give to charity.

Hypothesis HA5 (alternative): There is a relationship between education level and the amounts of information donors want or require before they will give to charity.

Hypothesis Hø6 (null): During times of world crisis, the majority of donors do not believe it is acceptable to spend more than the norm for fundraising.

Hypothesis HA6 (alternative): During times of world crisis, the majority of donors believe it is acceptable to spend more than the norm for fundraising.

Sample Design

The research for this study was conducted in two cities, at two separate locations in each city. Additionally, an online survey provided access to another group in one of the cities.

According to various researchers, most Americans donate either their time or their money, or both. (Alexander et al., 1997; Gardyn, 2002/2003; Sargeant et al., 2002) Therefore, the population to study is adult Americans that donate to non-profit entities. In most research, donation income is broken down into four categories--individuals, bequests, foundation giving, and corporate giving. Approximately 75% of total giving comes from individuals, so it made sense to focus on this category for the study sample. (*Giving USA*)

The city of Chicago is the third largest in the United States, and is home to more than 9 million people. (US Census Bureau, <http://www.census.gov>) Based on information from the Census Bureau, the general makeup of the city of Chicago is representative of the nation. Approximately 49.1% of the population are males, the median age is 35.3 years of age, and 74.3% of the population are 18 years or older. Of those over the age of 25, 28.2% have no high school degree, 23% have a high school degree (or equivalent,) 18.7% have some college but no degree, 4.6% have an associate's degree, 15.5% have a bachelor's

degree, and the remaining 10% have a graduate or professional degree. (US Census Bureau, 2000, <http://factfinder.census.gov>)

In terms of household income, 33% of those who live in Chicago make less than \$25,000, 28.7% make between \$25,000 and \$49,999, 33.9% make \$50,00 to \$149,999, and 4.6% make above \$150,000. All of these numbers are very close to the national averages, and make Chicago a good representative sample of the larger population in the United States. (US Census Bureau, 2000)

Davenport, Iowa is a mid-sized city, bordered on the east by the Mississippi River. It is a bi-state community; with two cities on each side of the river creating a metropolitan statistical area (MSA) called the Quad Cities. The population in the Quad Cities is approximately 350,000, and it ranks 121st in the MSA listing in the 2000 Census. (*U.S. Census 2000*, 2004)

Cooper & Schindler suggest that certain relevant characteristics, such as age, gender, and education in this study, are central to the research, so if these variable are well-represented in a convenience sample, then "it is likely to representative of the population regarding other variables over which we have no control" (2003, p. 201).

Data Collection

On a late-spring day in the city of Chicago, one can count on a busy street filled with pedestrians seven days a week. During the weekday, many of the people on the street are business people and city employees.

The research in Chicago was gathered in two public areas-- one in the main shopping area and the other at a downtown farmers' market. One location was at the Old Chicago Water Tower, at 800 North Michigan Avenue. This building is most famous for surviving the great Chicago fire of 1871, but today, the building has a small urban park surrounding it to the west, where there are benches and gardens. In this area, it is both safe and full of activity, and it proved a good place to solicit respondents. As neither money nor food changed hands, the city did not require any special permits. This park is always busy, often with people sitting on benches enjoying the view, or resting after a busy day shopping along Michigan Avenue.

Three people gathered the research, using clipboards and binders to allow two people to take the survey at one time. Potential respondents were be asked if they donate to charity, and if so, would they be willing to take a few minutes to complete a written survey. If they agreed, the clipboards or binders were handed to the respondent for them to complete. As

they completed the surveys, the respondents were thanked for their participation, and their survey will be placed in a bag for data entry later.

In all locations, some respondents asked for clarification of the meaning of the questions. In these cases, the researcher carefully explained the opening paragraph, and most often the respondent continued on without further questions. Some of the elderly respondents asked that the researcher read the survey to them.

The next location for data gathering was at a weekly farmers' market in downtown Chicago in Daley Plaza. (<http://egov.cityofchicago.org/>) The market is very busy in the mornings and at lunchtime with city workers and visitors passing through the plaza. As this is also city property, no special permissions were required. The researchers approached patrons who were sitting on benches or milling about the market. Respondents were sought using the same technique used on Michigan Avenue.

Research in farmers' markets seeks to understand who shops at these markets, and why they choose a farmers' market over a more convenient grocery store. In order to understand these patrons, Govindasamy, Italia, & Adelaja studied 21 different farmers' markets to learn about these customers.

The majority of respondents were at least 51 years old. The 51-65 age group was the second largest, followed by those who were 65 years or older. Approximately 83% of the participants were female. The average household size of those responding was 2.72 individuals. The average respondent had at least graduated from college (62%)....

The annual household income of 5% of the farmers' market survey participants was less than \$20,000; 16% had an income of \$20,000-\$39,999; 24% had an income of \$40,000-\$59,999; and 19% had an income of \$60,000-\$79,999. While 9% had a household income of \$80,000-\$99,999, 27% made \$100,000 or more. The type of neighborhood in which the participants lived was considered suburban by 83% of the respondents, urban by 14%, and rural by only 3% of the respondents. (Govindasamy, Italia, & Adelaja, 2002, para. 21-22)

The research to from the Quad Cities came from three sources. The first set of data was collected through an online survey of the members of a professional women's organization called The Women's Connection (TWC). Executive Director Wallace explained that this group consists of approximately 400 women who join this organization to "gather, network, and learn." Of the 400 members, 3.6% of the members have a high school education, 11.9% have some college, 57.1% have a college degree, and 27.4% of the members have earned a graduate degree. (*TWC annual survey results 2004-2005*, 2005) The average age of the members is 47, and 70% of TWC members are business owners, CEOs upper management, or professionals. K.S. Wallace (personal communication, June 2, 2005)

The second location in the Quad Cities was at the Davenport Farmers' Market, which occurs each Wednesday and Saturday morning from May 1 through October 1. Although most who attend never know it, the community market is not one, but two different markets that sit side-by-side. The River City Market Association sells produce that comes from anywhere in the world, and the Mississippi Valley Grower's Association is strictly homegrown produce. The President of the Board for the River City Market explained that the farmers' market in Davenport has been serving the community for 30 years. L.A. Cedillo (personal communication, May 19, 2005)

On the homegrown side, the market association has earned several honors. "Our Davenport market has consistently placed in the Iowa Farmers' Market Improvement Competition ... which was sponsored by the Iowa Department of Agriculture and Land Stewardship, Iowa Farm Bureau Federation, and the Iowa Farmers' Market Association" (*Davenport Farmers' Market - Mississippi Valley Growers' Association*, 2005).

Although there is no specific research available for the farmers' market in the Quad Cities, the President of the Board of the River City Farmers felt that the patrons of the local market are probably quite similar to those presented by

Govindasamy et al. L.A. Cedillo (personal communication, May 19, 2005)

The last location where data was gathered in the Quad Cities was through an organization called the Center for Active Seniors, Inc. Their website reads:

The Center for Active Seniors, Inc. (CASI) is the premiere resource center for persons over the age of 60. We are a non profit agency established in 1973 and have been designated by the State of Iowa to be the focal point of services for the elderly in Scott County. (*The center for active seniors [CASI]*, 2005)

Each year, CASI has a free picnic for their members to honor Flag Day. At the 2004 event, they had more than 300 people attend, and in 2005, they expected that number to grow. The director of CASI granted permission for research to be conducted (on a voluntary basis for participants) at this picnic, and the goal was to reach at least 50 respondents at this picnic.

In sum, the four live locations and the one online survey will provided a wide variety of demographics among the respondents, as well as providing a significant number of survey respondents to validate a representative sample.

Validity and Reliability

"The aspiration at the heart of every survey researcher's work is to produce the best data possible for the public,

practitioners, and researchers who depend on it and to make those who use the data aware of its limitations" (Havens & Schervish, 2001, p. 548). This statement by Havens & Schervish is central to the field of research, whether in the for-profit or the not-for-profit world.

In research, validity, generalizability, and quality are the central elements that make it worthwhile. While it sounds as though it should be simple to ensure these traits in survey research, it is not. Unfortunately, the nature of research is that it is very rare to find a "perfect" research scenario, and researchers must make compromises in order to get results.

Validity

Validity checks are the ways that researchers can be sure they have done everything possible to deliver quality research. The true benefits of validity checks are that when each type is reviewed in relation to the research, it is as though there is a checklist of questions to assist the researcher to cover all the bases.

Internal validity refers to causality. Before a causality relationship can be established, the research must demonstrate that A causes B, and movement in A must cause movement or change in B every time. Additionally, when there is internal validity,

it must be because A changes that B changes, and no other influences can cause B to change. When there is true covariation between the variables, the conditions of internal validity have been met.

In this study, the hypotheses are written so that each of the independent variables are tested against the dependent variable, one at a time. By breaking it down to this level, the research provides greater internal validity.

External validity refers to the ability to generalize the research findings from the study to the population. In addition, external validity addresses whether there is consistency between what people say they will do and what they actually do.

One of the main checks for external validity in this study is the use of four different locations, in two very different communities, as well as including an online component. The data from the study was compared based on the different locations, and an analysis of the results by location resulted in no significant statistical difference in respondent scores by location. This result supports the validity of merging the data from all locations into a single file. In terms of the other role of external validity, the question of whether people do as they say, cannot be verified in this study.

Construct validity addresses the question of appropriateness of fit. Robson explained it very simply when he wrote, "The issue then becomes: does it measure what you think it measures?" (2002, p. 102) The fit that Robson speaks about is the fit between the theory in question, the measurement tools chosen, and the results.

Well-written questions in a quantitative survey make it easier to ensure that they are measuring what the researcher thinks they are measuring. In this study, the questions are almost identical to the hypotheses, which helps to alleviate questions of construct validity.

Reliability

Reliability is a term that can stand alone, however, if the issues of validity and generalizability are addressed, and if triangulation is a part of the research study, the work toward a reliable study has begun. Cooper & Schindler proposed,

A measure is reliable to the degree that it supplies consistent results. Reliability is a necessary contributor to validity, but is not a sufficient condition for validity.... Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error. (2003, p. 236)

In this study, one of the tests of reliability will be a test of the survey instrument. Upon approval, the survey was

tested for reliability and validity. A small pilot study of the survey offered a pretest of the instrument, as well as a test of the data analysis. Other than a format change, no revisions were necessary.

Whether one is doing qualitative or quantitative research, the issues of validity, generalizability, and reliability are all critical tests for the research. Agle & Kelly summed up the importance of these topics. "The two major issues in assessing the appropriateness of measures of theoretical constructs are reliability and validity. Validity is the more complex of these issues, but is dependent on reliability. In other words, measures can only be as valid as they are reliable" (2001, p. 279).

Assumptions & Limitations

In survey research, assumptions and limitations are part of all studies. Without the controls provided in a laboratory setting, and particularly when the subjects of a study relate to human emotions and perceptions, certain assumptions must be stated and explained.

Assumptions

One of the first assumptions with this study was that the order of the questions on the survey did not affect the answers provided by respondents. While there are no specifics regarding actual amounts spent for fundraising for any of the charity groups, there still may be some who felt one the order was significant, or who may have found the order influenced their responses.

The survey for this research includes six different categories of charities. These categories represented the most common areas where people give, but the category types were not exhaustive, and did not include educational nonprofits nor the arts. In addition, not every person gives to charities in every category. In fact, if someone chooses to direct most (or all) of their donations to faith-based charities, then they may not have any knowledge, nor any opinions, about spending in the other categories. Therefore, another assumption of this research study is that people who donate to any type of charity have an opinion about the six on this survey.

While some employers may offer matching funds to their employees who give, it is assumed that this match does not influence giving. In this study, it did not really matter why

people give. It only mattered that they do give, and had an opinion about how their money is spent for further fundraising.

Another assumption is that although endowments come from corporations, individuals, bequests, and foundations, it was not necessary to treat this as an independent factor in this research.

As mentioned earlier, the numbers reported by non-profit entities regarding the amounts they spend for fundraising are not computed the same way by all charities. Therefore, it is possible that the average presented by the researcher on the survey instrument may not be an accurate representation of fundraising expenses. Consequently, it must be assumed that the spending information provided by the researcher to the respondents was as accurate as possible, based on the self-reported information of the charities to the *BBB Wise Giving Alliance*.

One of the inherent challenges with face-to-face surveys is the potential of the researcher to influence or bias the respondent. One of the ways that this issue was alleviated was to present a paper survey for the respondent to complete themselves. Additionally, when someone asked for the opinion of the researcher, the reply was that the only opinion that mattered was that of the respondent. The team of people who

gathered the data, led by the researcher, was instructed to keep personal opinions to themselves. Therefore, the assumption is that the researchers did not influence respondents.

One final assumption of this research study was that people cared about how charities spend donated money. This proved not to be a problem at all. In fact, many respondents struggled with the questions because they felt an obligation to make responsible choices on the survey.

Limitations

One of the biggest limitations of this study is that there was no easy way to get a random sample of the population. As such, even the choice of four locations in two different cities, as well as the online contributors, might be a limiting factor to the generalizability of the research.

Whenever one studies opinions, there is always the risk that the results may not be replicable. Even if the researcher could go back to the exact same set of respondents and give them the exact same survey, chances are that the results would be different. If this survey went to a different set of respondents, it is difficult to know whether the results would be the same. Therefore, the research is may be limited in its ability to help charitable entities that want to better

understand their donors. Nevertheless, at least it creates a reasonable starting point for their research.

Another limitation of this study was the lack of ethnic diversity. Because the researcher was involved in the data gathering process, it became apparent that the group of respondents was of a limited scope of race and ethnic diversity. As such, the resulting conclusions may not apply as well to a more multi-cultural population.

Data Analysis

Each of the hypotheses was tested using a Chi Square Test of Independence in SPSS version 11.0, except the final hypothesis which was analyzed using a Microsoft Excel statistical analysis tool called a One Sample Hypothesis Test for the Proportion.

CHAPTER 4. DATA COLLECTION AND ANALYSIS

This chapter presents the finding of the study whose purpose was to determine the tolerance level of donors regarding the use of part of their donations for more fundraising. Additional questions include inquiries about fundraising in times of world crisis, as well as whether donors feel they have enough information about charities.

The Respondents

The sample for this research was chosen from four locations in two cities, as well as one online group. The total number of respondents was 382, which provided a widely diverse group.

In Chicago, Illinois, there were two locations. The first location was the farmers' market on Daley Plaza, which occurs every Thursday during the non-winter months. The particular day that the research was gathered was in early June, and the weather was beautiful. Although Chicago summers can sometimes get very warm and muggy, this particular day was very comfortable, making for an excellent data gathering day. The researchers gathered 105 usable surveys in the course of a few hours.

Later that day, the researchers moved up Michigan Avenue to a small city park behind the Old Chicago Water Tower. The weather was still very pleasant, however there were not as many people in the park as on Daley Plaza. Regardless, there were a number of people willing to take the survey, and 37 surveys were added to the collection. In sum, the total number of responses from the Chicago area was 142.

In Davenport, Iowa, there were also two different locations for data gathering. The first was a local farmers' market that runs every Wednesday and Saturday mornings, from May through October. On the day that researchers were canvassing this market, it was quite warm and the market was very busy. The final count of usable surveys from this location came to 109.

The second location in the Quad Cities was at a picnic for the Center for Active Seniors, Inc. (CASI). Although the weather on the day of the picnic was cool and windy, there were more than 300 people in attendance. In addition to seniors attending as guests, there were some younger people helping with the picnic, as well as visitors from sponsoring businesses who also completed surveys. The total number of usable surveys from this group came to 50, which made the total from the live interviews in the Quad Cities 159.

Finally, an online version of the survey made it possible to reach a group of professional women through The Women's Connection. From this group, 82 surveys were added to the collection.

The Hypotheses

As mentioned earlier, although there are six main hypotheses, four of them were tested across each of six charitable categories, thus resulting in a total of 26 hypotheses. In order to make it more manageable, the main hypotheses will correspond to the charity type--medical/health, animal-based, faith-based, environmental, human services, and international/human rights charities--and each of the four independent variables are reviewed below.

Because of the specific sample employed, a few adjustments needed to be made after the data was gathered. Although the goal was to have four separate age categories that aligned with the definitions offered by Sargeant et al. (2002, p. 22), the youngest category only ranged from 21-24. Due to the narrow spread of this band and the makeup of the sample, there were not enough respondents to properly address this age group. The solution was to combine the 21-24 year olds into the next age

band. Therefore, the age bands for final analysis are: 21-44, 45-62, and 63 or older.

For a similar reason, the education level categories also needed to be adjusted. The number of respondents in the 12th grade or less category was very low, so it made more sense to combine this category with the high school graduate/GED group, which is now titled "No College."

The data was gathered in several locations, and one question that needed to be addressed was whether it was appropriate to merge all the locations together into one data set. In order to test whether there were any significant differences between the locations, a one way Analysis of Variance was used to test the data. The results, as displayed in Table 7, show that there is no reason to believe there were any significant differences between the groups surveyed at the different locations.

Finally, since there were not a significant number of don't know/not sure responses, these were treated as missing data in the Chi Square Analysis.

Table 7: One way ANOVA to Address Combining Groups

| | | Sum of Squares | df | Mean Square | F | Sig. |
|--------------------|----------------|----------------|-----|-------------|-------|------|
| Medical/ Health | Between Groups | 1.210 | 4 | .303 | .633 | .639 |
| | Within Groups | 10.266 | 377 | .478 | | |
| | Total | 181.476 | 381 | | | |
| Animal | Between Groups | 4.418 | 4 | 1.104 | 1.475 | .209 |
| | Within Groups | 282.370 | 377 | .749 | | |
| | Total | 286.788 | 381 | | | |
| Faith | Between Groups | 5.927 | 4 | 1.482 | 1.962 | .100 |
| | Within Groups | 283.916 | 376 | .755 | | |
| | Total | 289.843 | 380 | | | |
| Environmental | Between Groups | 5.060 | 4 | 1.265 | 2.015 | .092 |
| | Within Groups | 236.095 | 376 | .628 | | |
| | Total | 241.155 | 380 | | | |
| Human Services | Between Groups | 2.493 | 4 | .623 | 1.187 | .16 |
| | Within Groups | 197.496 | 376 | .525 | | |
| | Total | 199.990 | 380 | | | |
| International | Between Groups | 5.680 | 4 | 1.420 | 2.357 | .053 |
| | Within Groups | 226.530 | 376 | .602 | | |
| | Total | 232.210 | 380 | | | |
| Enough Info | Between Groups | 3.818 | 4 | .954 | 1.215 | .304 |
| | Within Groups | 295.337 | 376 | .785 | | |
| | Total | 299.155 | 380 | | | |
| World Crisis | Between Groups | 6.424 | 4 | 1.606 | 1.226 | .299 |
| | Within Groups | 494.008 | 377 | 1.310 | | |
| | Total | 500.432 | 381 | | | |

Medical/Health Related Charities

The first null hypothesis, addressing the issue of age and spending in medical/health related charities, reads: Hypothesis H01-MH: There is no relationship between age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs in medical/health charities.

Table 8: Crosstabulation of H01-MH

| | | Medical/Health | | | Total | |
|-------|-------------|----------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | | |
| Age | 21-44 | Count | 6 | 67 | 98 | 171 |
| | | % within Age | 3.5% | 39.2% | 57.3% | 100.0% |
| | 45-62 | Count | 9 | 64 | 57 | 130 |
| | | % within Age | 6.9% | 49.2% | 43.8% | 100.0% |
| | 63 or older | Count | 11 | 28 | 25 | 64 |
| | | % within Age | 17.2% | 43.8% | 39.1% | 100.0% |
| Total | | Count | 26 | 159 | 180 | 365 |
| | | % within Age | 7.1% | 43.6% | 49.3% | 100.0% |

Table 9: Chi Square Tests for H01-MH

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|--------------------------|
| Pearson Chi-square | 18.326 ^a | 4 | .001 |
| N of Valid Cases | 365 | | |

a. 1 cell (11.1%) has an expected count less than 5. The minimum expected count is 4.46.

Although there is one cell with a low expected count, it is 4.56, which is very close to the minimum expected value. Without diluting the categories further, it is not possible to eliminate that low count. Since the p-value is .001, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's age and the perception of the acceptable level of spending on fundraising by medical/health related charities. The younger respondents were more inclined to believe more should be spent

on fundraising by medical/health charities, while older respondents were more inclined to believe that less should be spent.

Hypothesis H02-MH (null) stated: There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs in medical/health charities.

Table 10: Crosstabulation of H02-MH

| | | Medical/Health | | | Total | |
|--------|--------|-----------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | | |
| Gender | male | Count | 11 | 55 | 54 | 120 |
| | | % within Gender | 9.2% | 45.8% | 45.0% | 100.0% |
| | female | Count | 13 | 99 | 122 | 234 |
| | | % within Gender | 5.6% | 42.3% | 52.1% | 100.0% |
| Total | | Count | 24 | 154 | 176 | 354 |
| | | % within Gender | 6.8% | 43.5% | 49.7% | 100.0% |

Table 11: Chi Square Tests for H02-MH

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 2.565 ^a | 2 | .277 |
| N of Valid Cases | 354 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.14.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. There is insufficient evidence to conclude that a relationship exists between one's gender and the

perception of the acceptable level of spending on fundraising by medical/health charities.

Hypothesis H03-MH (null) read: There is no relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs in medical/health charities.

Table 12: Crosstabulation of H03-MH

| | | Medical/Health | | | | |
|-----------|--------------------------------|--------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Education | No college | Count | 4 | 21 | 23 | 48 |
| | | % within Education | 8.3% | 43.8% | 47.9% | 100.0% |
| | Some college - no degree | Count | 7 | 31 | 32 | 70 |
| | | % within Education | 10.0% | 44.3% | 45.7% | 100.0% |
| | Associate or Bachelor's degree | Count | 9 | 63 | 86 | 158 |
| | | % within Education | 5.7% | 39.9% | 54.4% | 100.0% |
| | Graduate or Prof. Degree | Count | 6 | 43 | 38 | 87 |
| | | % within Education | 6.9% | 49.4% | 43.7% | 100.0% |
| Total | | Count | 26 | 158 | 179 | 363 |
| | | % within Education | 7.2% | 43.5% | 49.3% | 100.0% |

Table 13: Chi Square Tests for Hø3-MH

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|--------------------------|
| Pearson Chi-square | 4.153 ^a | 6 | .656 |
| N of Valid Cases | 363 | | |

a. 1 cell (8.3%%) has an expected count less than 5. The minimum expected count is 3.44.

Although there is one cell with a low expected count, it is 3.44, which is close to the minimum expected value. Without diluting the categories further, it is not possible to eliminate that low count. Further, since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected, and the low expected value will not matter. There is insufficient evidence to conclude that a relationship exists between one's level of education and the perception of the acceptable level of spending on fundraising by medical/health charities.

Hypothesis Hø4-MH (null) read: There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in medical/health charities.

Table 14: Crosstabulation of Hø4-MH

| | | Medical/Health | | | | |
|----------|----------|-------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Faith2Me | Disagree | Count | 6 | 25 | 24 | 55 |
| | | % within Faith2Me | 10.9% | 45.5% | 43.6% | 100.0% |
| | Neutral | Count | 8 | 34 | 23 | 65 |
| | | % within Faith2Me | 12.3% | 52.3% | 35.4% | 100.0% |
| | Agree | Count | 12 | 99 | 132 | 243 |
| | | % within Faith2Me | 4.9% | 40.7% | 54.3% | 100.0% |
| Total | | Count | 26 | 158 | 179 | 363 |
| | | % within Faith2Me | 7.2% | 43.5% | 49.3% | 100.0% |

Table 15: Chi Square Tests for Hø4-MH

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|-----------------------|
| Pearson Chi-square | 10.943 ^a | 4 | .027 |
| N of Valid Cases | 363 | | |

a. 2 cells (22.2%%) have expected count less than 5. The minimum expected count is 3.94.

Although there are two cells with a low expected count, its lowest is 3.94, which is very close to the minimum expected value. Without diluting the categories further, it is not possible to eliminate that low count. Since the p-value is .027, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between the importance of faith/religion in one's

life and the perception of the acceptable level of spending on fundraising by medical/health related charities. Those who agreed that faith/religion was an important part of their life were more inclined to support spending on fundraising by medical/health charities than those who disagreed with that statement.

Animal-Based Research Hypotheses

Hypothesis Hø1-AB read: There is no relationship between age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs in animal-based charities.

Table 16: Crosstabulation of Hø1-AB

| | | Animal-Based | | | Total | |
|-------|-------------|---------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | | |
| Age | 21-44 | Count | 40 | 90 | 35 | 165 |
| | | % within Age | 24.2% | 54.5% | 21.2% | 100.0% |
| | 45-62 | Count | 39 | 74 | 10 | 123 |
| | | % within Age | 31.7% | 60.2% | 8.1% | 100.0% |
| | 63 or older | Count | 26 | 33 | 1 | 60 |
| | | % within Age | 43.3% | 55.0% | 1.7% | 100.0% |
| Total | | Count | 105 | 197 | 46 | 348 |
| | | % within Age | 30.2% | 56.6% | 13.2% | 100.0% |

Table 17: Chi Square Tests for Hø1-AB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|--------------------------|
| Pearson Chi-square | 22.332 ^a | 4 | .000 |
| N of Valid Cases | 365 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.93.

Since the p-value is .000, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's age and the perception of the acceptable level of spending on fundraising by animal-based charities. The older respondents were less inclined to believe that more should be spent on fundraising by animal-based charities.

Hypothesis Hø2-AB (null) read: There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs in animal-based charities.

Table 18: Crosstabulation of H02-AB

| | | Animal-Based | | | | |
|--------|--------|-----------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Gender | male | Count | 32 | 67 | 20 | 119 |
| | | % within Gender | 26.9% | 56.3% | 16.8% | 100.0% |
| | female | Count | 66 | 126 | 26 | 218 |
| | | % within Gender | 30.3% | 57.8% | 11.9% | 100.0% |
| Total | | Count | 98 | 193 | 46 | 337 |
| | | % within Gender | 29.1% | 57.3% | 13.6% | 100.0% |

Table 19: Chi Square Tests for H02-AB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 1.676 ^a | 2 | .432 |
| N of Valid Cases | 337 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 16.24.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's gender and the perception of the acceptable level of spending on fundraising by animal-based charities.

Hypothesis H03-AB (null) stated: There is no relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs in animal-based charities.

Table 20: Crosstabulation of Hø3-AB

| | | Animal-Based | | | | |
|-----------|---|-----------------------|------------------|--------------------|------------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Education | No college | Count | 15 | 29 | 2 | 46 |
| | | % within Education | 32.6% | 63.0% | 4.3% | 100.0% |
| | Some college - no degree | Count | 23 | 33 | 9 | 70 |
| | | % within Education | 35.4% | 50.8% | 13.8% | 100.0% |
| | Associate or Bachelor's degree | Count | 40 | 94 | 19 | 153 |
| | | % within Education | 26.1% | 61.4% | 12.4% | 100.0% |
| | Graduate or Prof. Degree | Count | 27 | 40 | 15 | 82 |
| | | % within Education | 32.9% | 48.8% | 18.3% | 100.0% |
| Total | | Count | 105 | 196 | 45 | 346 |
| | | % within Education | 30.3% | 56.6% | 13.0% | 100.0% |

Table 21: Chi Square Tests for Hø3-AB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|--------------------------|
| Pearson Chi-square | 8.425 ^a | 6 | .209 |
| N of Valid Cases | 346 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.98.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's level of education and the perception of the acceptable level of spending on fundraising by animal-based charities.

Hypothesis Hø4-AB (null) read: There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in animal-based charities.

Table 22: Crosstabulation of Hø4-AB

| | | Animal-Based | | | | |
|----------|----------|-------------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | Total | |
| Faith2Me | Disagree | Count | 19 | 29 | 5 | 53 |
| | | % within Faith2Me | 35.8% | 54.7% | 9.4% | 100.0% |
| | Neutral | Count | 21 | 32 | 10 | 63 |
| | | % within Faith2Me | 33.3% | 50.8% | 15.9% | 100.0% |
| | Agree | Count | 64 | 135 | 31 | 230 |
| | | % within Faith2Me | 27.8% | 58.7% | 13.5% | 100.0% |
| Total | | Count | 104 | 196 | 46 | 346 |
| | | % within Faith2Me | 30.1% | 56.6% | 13.3% | 100.0% |

Table 23: Chi Square Tests for Hø4-AB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 2.699 ^a | 4 | .609 |
| N of Valid Cases | 346 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.05.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient

evidence to conclude that a relationship exists between the importance of faith/religion in one's life and the perception of the acceptable level of spending on fundraising by animal-based charities.

Faith-Based Research Hypotheses

Hypothesis H01-FB (null) read: There is no relationship between age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs in faith-based charities.

Table 24: Crosstabulation of H01-FB

| | | Faith-Based | | | Total | |
|-------|-------------|---------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | | |
| Age | 21-44 | Count | 55 | 84 | 23 | 162 |
| | | % within Age | 34.0% | 51.9% | 14.2% | 100.0% |
| | 45-62 | Count | 35 | 70 | 23 | 128 |
| | | % within Age | 27.3% | 54.7% | 18.0% | 100.0% |
| | 63 or older | Count | 15 | 26 | 20 | 61 |
| | | % within Age | 24.6% | 42.6% | 32.8% | 100.0% |
| Total | | Count | 105 | 180 | 66 | 351 |
| | | % within Age | 29.9% | 51.3% | 18.8% | 100.0% |

Table 25: Chi Square Tests for Hø1-FB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|--------------------------|
| Pearson Chi-square | 11.153 ^a | 4 | .025 |
| N of Valid Cases | 351 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.47.

Since the p-value is .025, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's age and the perception of the acceptable level of spending on fundraising by faith-based charities. Those respondents in the 21-44 and 45-62 age ranges were inclined to believe that faith-based charities should spend about average on fundraising. Interestingly, the older respondents were almost twice as likely to allow spending on fundraising to be above the industry average.

Hypothesis Hø2-FB (null) stated: There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs in faith-based charities.

Table 26: Crosstabulation of H02-FB

| | | Faith-Based | | | Total | |
|--------|--------|-----------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | | |
| Gender | male | Count | 50 | 50 | 21 | 121 |
| | | % within Gender | 41.3% | 41.3% | 17.4% | 100.0% |
| | female | Count | 51 | 127 | 42 | 220 |
| | | % within Gender | 23.2% | 57.7% | 19.1% | 100.0% |
| Total | | Count | 101 | 177 | 63 | 341 |
| | | % within Gender | 29.6% | 51.9% | 18.5% | 100.0% |

Table 27: Chi Square Tests for H02-FB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|-----------------------|
| Pearson Chi-square | 12.848 ^a | 2 | .002 |
| N of Valid Cases | 341 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 22.35.

Since the p-value is .002, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's gender and the perception of the acceptable level of spending on fundraising by faith-based charities. Approximately twice as many men were likely to suggest that faith-based fundraising should be below the average.

Hypothesis H03-FB (null): There is no relationship between level of education and the perception of acceptable levels of

spending for nonprofit fundraising costs in faith-based charities.

Table 28: Crosstabulation of Hø3-FB

| | | Faith-Based | | | | |
|-----------|--------------------------------|--------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Education | No college | Count | 11 | 22 | 11 | 44 |
| | | % within Education | 25.0% | 50.0% | 25.0% | 100.0% |
| | Some college - no degree | Count | 23 | 30 | 14 | 67 |
| | | % within Education | 34.3% | 44.8% | 20.9% | 100.0% |
| | Associate or Bachelor's degree | Count | 48 | 80 | 28 | 156 |
| | | % within Education | 30.8% | 51.3% | 17.9% | 100.0% |
| | Graduate or Prof. Degree | Count | 22 | 48 | 12 | 82 |
| | | % within Education | 26.8% | 58.5% | 14.6% | 100.0% |
| Total | | Count | 104 | 180 | 65 | 349 |
| | | % within Education | 29.8% | 51.6% | 18.6% | 100.0% |

Table 29: Chi Square Tests for Hø3-FB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 4.373 ^a | 6 | .626 |
| N of Valid Cases | 349 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.19.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's

level of education and the perception of the acceptable level of spending on fundraising by faith-based charities.

Hypothesis Hø4-FB (null) read: There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in faith-based charities.

Table 30: Crosstabulation of Hø4-FB

| | | Faith-Based | | | | |
|----------|----------|-------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Faith2Me | Disagree | Count | 27 | 18 | 7 | 52 |
| | | % within Faith2Me | 51.9% | 34.6% | 13.5% | 100.0% |
| | Neutral | Count | 24 | 34 | 3 | 61 |
| | | % within Faith2Me | 39.3% | 55.7% | 4.9% | 100.0% |
| | Agree | Count | 53 | 128 | 56 | 237 |
| | | % within Faith2Me | 22.4% | 54.0% | 23.6% | 100.0% |
| Total | | Count | 104 | 180 | 66 | 350 |
| | | % within Faith2Me | 29.7% | 51.4% | 18.9% | 100.0% |

Table 31: Chi Square Tests for Hø4-FB

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|-----------------------|
| Pearson Chi-square | 28.181 ^a | 4 | .000 |
| N of Valid Cases | 350 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.81.

Since the p-value is .000, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between the importance of faith/religion in one's life and the perception of the acceptable level of spending on fundraising by faith-based charities. The results suggest that those who feel faith/religion is an important part of their lives are much more likely to allow faith-based charities to spend more for the purposes of fundraising.

Environmental Needs Research Hypotheses

Hypothesis Hø1-E (null) stated: There is no relationship between age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs in environmental charities.

Table 32: Crosstabulation of Hø1-E

| | | Environmental | | | | |
|-------|-------------|---------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | Total | |
| Age | 21-44 | Count | 14 | 92 | 63 | 169 |
| | | % within Age | 8.3% | 54.4% | 37.3% | 100.0% |
| | 45-62 | Count | 23 | 71 | 31 | 125 |
| | | % within Age | 18.4% | 56.8% | 24.8% | 100.0% |
| | 63 or older | Count | 20 | 27 | 14 | 61 |
| | | % within Age | 32.8% | 44.3% | 23.0% | 100.0% |
| Total | | Count | 57 | 190 | 108 | 355 |
| | | % within Age | 16.1% | 53.5% | 30.4% | 100.0% |

Table 33: Chi Square Tests for H01-E

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|--------------------------|
| Pearson Chi-square | 23.704 ^a | 4 | .000 |
| N of Valid Cases | 355 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.79.

Since the p-value is .000, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's age and the perception of the acceptable level of spending on fundraising by environmental charities. The younger respondents were more inclined to believe more should be spent on fundraising by environmental charities, while older respondents were more inclined to believe that less should be spent.

Hypothesis H02-E (null) read: There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs in environmental charities.

Table 34: Crosstabulation of H02-E

| | | | Environmental | | | |
|--------|--------|-----------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Gender | male | Count | 24 | 52 | 46 | 122 |
| | | % within Gender | 19.7% | 42.6% | 37.7% | 100.0% |
| | female | Count | 28 | 134 | 62 | 224 |
| | | % within Gender | 12.5% | 59.8% | 27.7% | 100.0% |
| Total | | Count | 52 | 186 | 108 | 346 |
| | | % within Gender | 15.0% | 53.8% | 31.2% | 100.0% |

Table 35: Chi Square Tests for H02-E

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 9.593 ^a | 2 | .008 |
| N of Valid Cases | 346 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18.34.

Since the p-value is .008, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's gender and the perception of the acceptable level of spending on fundraising by environmental charities. In this category, males were more likely than females to perceive the amount they should be spent on fundraising as either above or below the average. Females were more likely to perceive that this amount should be closer to the industry average.

Hypothesis Hø3-E (null): There is no relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs in environmental charities.

Table 36: Crosstabulation of Hø3-E

| | | Environmental | | | | |
|-----------|--------------------------------|--------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Education | No college | Count | 12 | 23 | 12 | 47 |
| | | % within Education | 25.5% | 48.9% | 25.5% | 100.0% |
| | Some college - no degree | Count | 16 | 33 | 14 | 63 |
| | | % within Education | 25.4% | 52.4% | 22.2% | 100.0% |
| | Associate or Bachelor's degree | Count | 20 | 84 | 54 | 158 |
| | | % within Education | 12.7% | 53.2% | 34.2% | 100.0% |
| | Graduate or Prof. Degree | Count | 8 | 50 | 27 | 85 |
| | | % within Education | 9.4% | 58.8% | 31.8% | 100.0% |
| Total | | Count | 56 | 190 | 107 | 353 |
| | | % within Education | 15.9% | 53.8% | 30.3% | 100.0% |

Table 37: Chi Square Tests for Hø3-E

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|-----------------------|
| Pearson Chi-square | 12.825 ^a | 6 | .046 |
| N of Valid Cases | 353 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.46.

Since the p-value is .046, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between one's level of education and the perception of the acceptable level of spending on fundraising by environmental charities. The less educated respondents were more inclined to suggest less should be spent on environmental charity fundraising, and as the education level increased, more believed that at least average amounts should be spent for fundraising in environmental charities.

Hypothesis Hø4-E (null): There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in environmental charities.

Table 38: Crosstabulation of Hø4-E

| | | Environmental | | | | |
|----------|----------|-------------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | Total | |
| Faith2Me | Disagree | Count | 30 | 30 | 14 | 57 |
| | | % within Faith2Me | 22.8% | 52.6% | 24.6% | 100.0% |
| | Neutral | Count | 15 | 25 | 21 | 61 |
| | | % within Faith2Me | 24.6% | 41.0% | 34.4% | 100.0% |
| | Agree | Count | 27 | 135 | 73 | 235 |
| | | % within Faith2Me | 11.5% | 57.4% | 31.1% | 100.0% |
| Total | | Count | 55 | 190 | 108 | 353 |
| | | % within Faith2Me | 15.6% | 53.8% | 30.6% | 100.0% |

Table 39: Chi Square Tests for Hø4-E

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|--------------------------|
| Pearson Chi-square | 11.057 ^a | 4 | .026 |
| N of Valid Cases | 353 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.88.

Since the p-value is .026, which is less than 0.05, the null hypothesis was rejected. As a result, it can be concluded that there is a significant relationship between the importance of faith/religion in one's life and the perception of the acceptable level of spending on fundraising by environmental charities. Those respondents who disagree or are neutral about faith/religion as an important part of their lives were more inclined to say that environmental charities should spend less for fundraising. Alternately, those who agree that faith/religion is important in their lives are more likely to suggest these charities should spend at or above the average.

Human Services Research Hypotheses

Hypothesis Hø1-HS (null): There is no relationship between age of donors and the perception of acceptable levels of

spending for nonprofit fundraising costs in human service charities.

Table 40: Crosstabulation of Hø1-HS

| | | Human Services | | | | |
|-------|-------------|----------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | Total | |
| Age | 21-44 | Count | 14 | 84 | 74 | 172 |
| | | % within Age | 8.1% | 48.8% | 43.0% | 100.0% |
| | 45-62 | Count | 19 | 64 | 46 | 129 |
| | | % within Age | 14.7% | 49.6% | 35.7% | 100.0% |
| | 63 or older | Count | 12 | 31 | 24 | 67 |
| | | % within Age | 17.9% | 46.3% | 35.8% | 100.0% |
| Total | | Count | 45 | 179 | 144 | 368 |
| | | % within Age | 12.2% | 48.6% | 39.1% | 100.0% |

Table 41: Chi Square Tests for Hø1-HS

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 6.135 ^a | 4 | .189 |
| N of Valid Cases | 368 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.19.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's age and the perception of the acceptable level of spending on fundraising by human service charities.

Hypothesis Hø2-HS (null): There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs in human service charities.

Table 42: Crosstabulation of Hø2-HS

| | | Human Services | | | | |
|--------|--------|-----------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Gender | male | Count | 18 | 57 | 49 | 124 |
| | | % within Gender | 14.5% | 46.0% | 39.5% | 100.0% |
| | female | Count | 24 | 117 | 92 | 233 |
| | | % within Gender | 10.3% | 50.2% | 39.5% | 100.0% |
| Total | | Count | 42 | 174 | 141 | 357 |
| | | % within Gender | 11.8% | 48.7% | 39.5% | 100.0% |

Table 43: Chi Square Tests for Hø2-HS

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|--------------------------|
| Pearson Chi-square | 1.522 ^a | 2 | .467 |
| N of Valid Cases | 357 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.59.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's gender and the perception of the acceptable level of spending on fundraising by human service charities.

Hypothesis Hø3-HS (null): There is no relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs in human service charities.

Table 44: Crosstabulation of Hø3-HS

| | | Human Services | | | | |
|-----------|--------------------------------|--------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Education | No college | Count | 11 | 20 | 20 | 51 |
| | | % within Education | 21.6% | 39.2% | 39.2% | 100.0% |
| | Some college - no degree | Count | 8 | 36 | 27 | 71 |
| | | % within Education | 11.3% | 50.7% | 38.0% | 100.0% |
| | Associate or Bachelor's degree | Count | 15 | 78 | 64 | 157 |
| | | % within Education | 9.6% | 49.7% | 40.8% | 100.0% |
| | Graduate or Prof. Degree | Count | 10 | 45 | 32 | 87 |
| | | % within Education | 11.5% | 51.7% | 36.8% | 100.0% |
| Total | | Count | 44 | 179 | 143 | 366 |
| | | % within Education | 12.0% | 48.9% | 39.1% | 100.0% |

Table 45: Chi Square Tests for Hø3-HS

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 6.154 ^a | 6 | .406 |
| N of Valid Cases | 366 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.13.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's level of education and the perception of the acceptable level of spending on fundraising by human service charities.

Hypothesis H04-HS (null): There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in human service charities.

Table 46: Crosstabulation of H04-HS

| | | Human Services | | | | |
|----------|----------|-------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Faith2Me | Disagree | Count | 6 | 33 | 19 | 58 |
| | | % within Faith2Me | 10.3% | 56.9% | 32.8% | 100.0% |
| | Neutral | Count | 11 | 32 | 21 | 64 |
| | | % within Faith2Me | 17.2% | 50.0% | 32.8% | 100.0% |
| | Agree | Count | 26 | 114 | 104 | 244 |
| | | % within Faith2Me | 10.7% | 46.7% | 42.6% | 100.0% |
| Total | | Count | 43 | 179 | 144 | 366 |
| | | % within Faith2Me | 11.7% | 48.9% | 39.3% | 100.0% |

Table 47: Chi Square Tests for Hø4-HS

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|--------------------------|
| Pearson Chi-square | 4.968 ^a | 4 | .291 |
| N of Valid Cases | 366 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.81.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between the importance of faith/religion in one's life and the perception of the acceptable level of spending on fundraising by human service charities.

International/Human Rights Research Hypotheses

Hypothesis Hø1-IHR (null): There is no relationship between age of donors and the perception of acceptable levels of spending for nonprofit fundraising costs in international/human rights charities.

Table 48: Crosstabulation of Hø1-IHR

| | | International | | | | |
|-------|-------------|---------------|-----------------|---------------|-------|--------|
| | | Below Average | Approx. Average | Above Average | Total | |
| Age | 21-44 | Count | 22 | 85 | 60 | 167 |
| | | % within Age | 13.2% | 50.9% | 35.9% | 100.0% |
| | 45-62 | Count | 24 | 76 | 29 | 129 |
| | | % within Age | 18.6% | 58.9% | 22.5% | 100.0% |
| | 63 or older | Count | 15 | 30 | 19 | 64 |
| | | % within Age | 23.4% | 46.9% | 29.7% | 100.0% |
| Total | | Count | 61 | 191 | 108 | 360 |
| | | % within Age | 16.9% | 53.1% | 30.0% | 100.0% |

Table 49: Chi Square Tests for Hø1-IHR

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 9.035 ^a | 4 | .060 |
| N of Valid Cases | 360 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.84.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's age and the perception of the acceptable level of spending on fundraising by international/human rights charities.

Hypothesis Hø2-IHR (null): There is no relationship between gender and the perception of acceptable levels of spending for nonprofit fundraising costs in international/human rights charities.

Table 50: Crosstabulation of H02-IHR

| | | International | | | | |
|--------|--------|-----------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Gender | male | Count | 25 | 58 | 39 | 122 |
| | | % within Gender | 20.5% | 47.5% | 32.0% | 100.0% |
| | female | Count | 33 | 128 | 69 | 230 |
| | | % within Gender | 14.3% | 55.7% | 30.0% | 100.0% |
| Total | | Count | 58 | 186 | 108 | 352 |
| | | % within Gender | 16.5% | 52.8% | 30.7% | 100.0% |

Table 51: Chi Square Tests for H02-IHR

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|--------------------------|
| Pearson Chi-square | 2.919 ^a | 2 | .232 |
| N of Valid Cases | 352 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20.10.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's gender and the perception of the acceptable level of spending on fundraising by international/human rights charities.

Hypothesis H03-IHR (null): There is no relationship between level of education and the perception of acceptable levels of spending for nonprofit fundraising costs in international/human rights charities.

Table 52: Crosstabulation of Hø3-IHR

| | | International | | | Total | |
|-----------|--------------------------------|--------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | |
| Education | No college | Count | 15 | 18 | 14 | 47 |
| | | % within Education | 31.9% | 38.3% | 29.8% | 100.0% |
| | Some college - no degree | Count | 11 | 35 | 20 | 66 |
| | | % within Education | 16.7% | 53.0% | 30.3% | 100.0% |
| | Associate or Bachelor's degree | Count | 21 | 93 | 44 | 158 |
| | | % within Education | 13.3% | 58.9% | 27.8% | 100.0% |
| | Graduate or Prof. Degree | Count | 14 | 44 | 29 | 87 |
| | | % within Education | 16.1% | 50.6% | 33.3% | 100.0% |
| Total | | Count | 61 | 190 | 107 | 358 |
| | | % within Education | 17.0% | 53.1% | 29.9% | 100.0% |

Table 53: Chi Square Tests for Hø3-IHR

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|-----------------------|
| Pearson Chi-square | 11.060 ^a | 6 | .087 |
| N of Valid Cases | 358 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.01.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's level of education and the perception of the acceptable level of spending on fundraising by international/human rights charities.

Hypothesis H04-IHR (null): There is no relationship between the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in international/human rights charities.

Table 54: Crosstabulation of H04-IHR

| | | International | | | | |
|-------------------|-------------------|-------------------|---------------|-----------------|---------------|--------|
| | | | Below Average | Approx. Average | Above Average | Total |
| Faith2Me | Disagree | Count | 6 | 34 | 16 | 56 |
| | | % within Faith2Me | 10.7% | 60.75% | 28.6% | 100.0% |
| | Neutral | Count | 13 | 34 | 15 | 62 |
| % within Faith2Me | | 21.0% | 54.8% | 24.2% | 100.0% | |
| | Agree | Count | 42 | 122 | 77 | 241 |
| | | % within Faith2Me | 17.4% | 50.6% | 32.0% | 100.0% |
| Total | Count | 61 | 190 | 108 | 359 | |
| | % within Faith2Me | 17.0% | 52.9% | 30.1% | 100.0% | |

Table 55: Chi Square Tests for H04-IHR

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-square | 3.865 ^a | 4 | .425 |
| N of Valid Cases | 359 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.52.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between the

importance of faith/religion in one's life and the perception of the acceptable level of spending on fundraising by international/human rights charities.

Informational Needs of Donors Research Hypotheses

Hypothesis H05 (null) read: There is no relationship between education level and the amounts of information donors want or require before they will give to charity.

Table 56: Crosstabulation of H05

| | | Informational Needs | | | |
|-----------|--------------------------------|---------------------|-----------------------------------|-------|--------|
| | | Not enough info. | Just the right amount or too much | Total | |
| Education | No college | Count | 26 | 16 | 42 |
| | | Expected Count | 27.0 | 15.0 | 42.0 |
| | | % within Education | 61.9% | 38.1% | 100.0% |
| | | <hr/> | | | |
| | Some college - no degree | Count | 46 | 20 | 66 |
| | | Expected Count | 42.4 | 23.6 | 66.0 |
| | | % within Education | 69.7% | 30.3% | 100.0% |
| | | <hr/> | | | |
| | Associate or Bachelor's degree | Count | 97 | 56 | 153 |
| | | Expected Count | 98.3 | 54.7 | 153.0 |
| | | % within Education | 63.4% | 36.6% | 100.0% |
| | | <hr/> | | | |
| | Graduate or Prof. Degree | Count | 54 | 32 | 86 |
| | | Expected Count | 55.3 | 30.7 | 86.0 |
| | | % within Education | 62.8% | 37.2% | 100.0% |
| | | <hr/> | | | |
| Total | | Count | 223 | 124 | 347 |
| | | Expected Count | 223.0 | 124.0 | 347.0 |
| | | % within Education | 64.3% | 35.7% | 100.0% |
| | | <hr/> | | | |

Table 57: Chi Square Tests for Hø5

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|--------------------------|
| Pearson Chi-square | 1.081 ^a | 3 | .782 |
| N of Valid Cases | 347 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.01.

Since the p-value of this test is more than 0.05, the null hypothesis cannot be rejected. Therefore, there is insufficient evidence to conclude that a relationship exists between one's level of education and the informational needs of donors.

World Crisis Research Hypotheses

Hypothesis Hø6 (null) read: During times of world crisis, the majority of donors do not believe it is acceptable to spend more than the norm for fundraising.

This test is not performed by SPSS, so Microsoft Excel was used. It is a one-sample test of proportions, with a baseline proportion of 50%. The use of 50% represents a majority of donors. For this test, 231 of the total 382 in the sample rated either that they agreed or strongly agreed that it was acceptable to spend more than the norm for fundraising. Since the p-value was .0000, which is less than .05, the null hypothesis was rejected and it can be concluded that the

majority of donors believe it is acceptable to spend more than the norm for fundraising during times of world crisis.

Table 58: One Sample Hypothesis Test for the Proportion

| | | | |
|-----------------------------|----------------------|----------------------|---------|
| Null Hypothesis | | | |
| $P =$ | | 0.5 | |
| Level of Significance | | 0.05 | |
| Number of Successes | | 231 | |
| Sample Size | | 382 | |
| Sample Proportion | | 0.60 | |
| Z Test Statistic (Computed) | | 4.09 | |
| Direction of Test | Lower Critical Value | Upper Critical Value | p-Value |
| Upper-Tail Test | n/a | 1.6449 | 0.0000 |
| H1: $P > 0.5$ | | | |

Source:http://www.drjimmirabella.com/resources/Hypothesis_Tests_One_Sample.xls

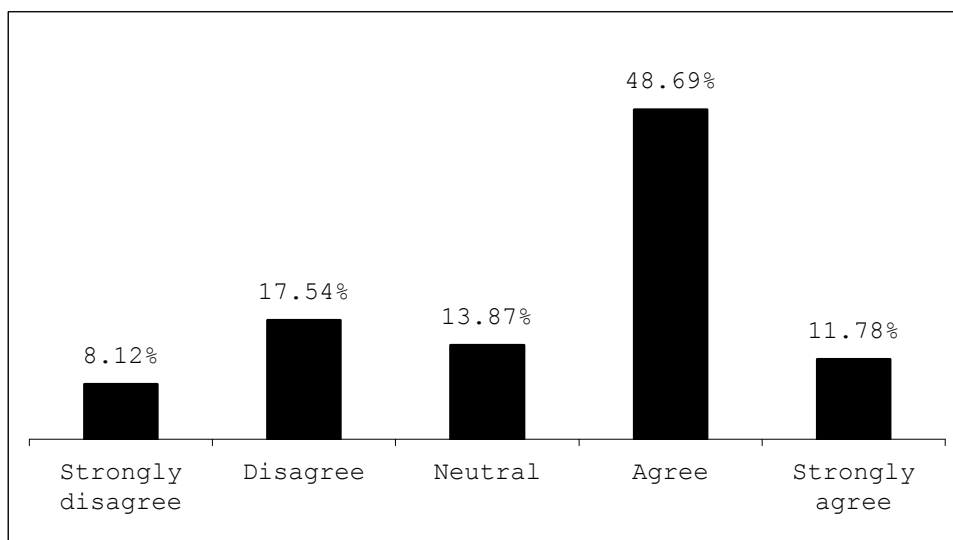


Figure 2: Frequency of responses for Hypothesis H06 (Spend more for fundraising in times of world crisis)

CHAPTER 5. RESULTS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter addresses the implications of a research study to determine the tolerance level of donors regarding the use of a part of their contributions for more fundraising. The results of this research suggest that many people have strong opinions about this subject, and donors do not lump all types of charities into one category. Furthermore, information, or the lack of it, is an area where donors make judgments about charities. Finally, in times of crisis, charities may have more flexibility to "get the word out" than when managing their everyday needs.

The Research Questions

This research addressed three questions regarding the ways in which charities use donated money to elicit more donations. The first research question was: How much (or) do donor demographics predict the perception of an acceptable amount to spend on fundraising costs for charities? The answer to this question is not a simple one, and charitable entities will need to delve into the minds of their donors to be sure they do not offend those who support them. Based on the responses gathered in this study, different types of charities are provided

different amounts of leeway. The division of the hypotheses into different charity types proved valuable, and as a result, each must be addressed separately.

The next research question read: Is there a relationship between a donors' education level and the amount of information that donor wants or requires before giving to charity? The solution to this question was simpler, although the hypotheses could not be rejected. Finally, the third research question asks: Will the majority of donors accept increased spending for fundraising during times of world crisis? The answer to this question is that most donors surveyed will accept that higher levels of fundraising may be needed in times of crisis. However, based on verbal comments made by respondents, there are many who felt that the media coverage that most crises receive is enough information to let the world know to when donations are needed.

Medical/Health Charities

For the purpose of more targeted analysis, each of the charity groups will be discussed separately with all pertinent research questions addressed. In regards to medical/health charities, one's age and the importance of faith/religion in one's life were found to be significant factors in predicting his/her perception of the acceptable level of spending on

fundraising. The examples provided on the survey instrument were the American Lung Association, the Susan B. Komen Breast Cancer Foundation, the National Children's Cancer Society, and the American Heart Association.

On the hypothesis concerning the relationship between age and spending for fundraising by medical/health charities, respondents gave surprising answers. The younger people were more likely to suggest that increased spending for fundraising was more acceptable than the older respondents. This is ironic, because in most cases, it will be the elderly who are in need of the services in question before their younger counterparts, but it is the younger that were more inclined to suggest spending more for fundraising in this sector.

Mitchell (1996) and Alexander (1997) both found that giving by household peaks before the age of 64, which ties in to the findings of this research. It is possible that if donors begin to scale back at the age of 64, they may start to think that the charities to which they donate should scale back as well.

The next hypothesis addressed the importance of faith in donors and the perception of acceptable levels of spending for nonprofit fundraising costs in medical/health charities. Those who agreed that faith/religion was an important part of their life were the most likely to support spending more than the

average for fundraising by medical/health charities, and the least likely to suggest spending less. Conversely, the people who responded that faith/religion was neither important nor unimportant were the most likely to suggest that this spending should stay around the average for the industry.

Kottasz (2004) found that charitable giving is deeply influenced by one's religious teachings. Alexander et al. (1997) also addressed the issue of religious and moral beliefs as a foundation for philanthropic behavior, and these researchers support the notion that many who give based on faith/religion as a part of their lives give generously. Although it cannot be assumed that just because a person is both faithful and generous, that they will allow a charity more spend more for fundraising. However, the research in this study does support that these high faith donors are more likely to allow the charities to spend at above average levels.

Animal-Based Charities

The charities presented in this section of the survey were the Assistance Dog Institute, Ducks Unlimited, United Animal Nations, the Humane Society of the US, and the American Humane Association. Age was the only factor found to be significant in

predicting one's perception of the acceptable level of spending on fundraising by animal-based charities.

The relationship between age and spending for fundraising animal-based charities produced another surprising outcome. The results showed that older Americans are the least likely to suggest spending more for fundraising in animal-based charities. In terms of actual survey results, only one person of the 60 who fell into the age group of 63 or older responded that it was acceptable to spend more than the average for fundraising in animal-based charities. Conversely, the younger respondents were the most likely to suggest spending more than the average on fundraising for animal-based charities. For those working at animal-based charities, this researcher suggests being very careful about fundraising expenses, particularly if the targeted donors are senior citizens.

Faith-Based Charities

Faith-based charities cross many boundaries, and even migrate into some of the other charity categories in this study. In the United States, for example, 62% of all donations (for many different types of charities) pass through religious institutions. (*Doing well and doing good*, 2004) The charities listed as examples on the survey were the United Methodist

Committee on Relief, the Catholic Medical Mission Board, the Jewish National Fund, and the Christian Relief Services Charities.

Age, gender, and the importance of faith/religion in one's life were all found to be significant factors in predicting one's perception of spending on fundraising by faith-based charities.

The younger respondents were the most likely to believe that faith-based charities should spend less than the average on fundraising. Those respondents in the middle age bracket, aged 45-62, felt that the spending for fundraising should be kept at the average, and the older respondents were the most likely to support above average spending for fundraising purposes.

For faith-based charities, this disparity will present a challenge for their fundraisers. If they do not know the age of their targeted donors, then faith-based charities risk offending the younger generation if they spend too much on fundraising expenses. On the other hand, if they are targeting older donors, the faith-based charities may be able to spend above average dollars, and they will probably not feel any negative repercussions.

In terms of gender, in an interesting twist, men are much more likely than women to suggest that faith-based fundraising

should be below the average. Women, on the other hand, were much more inclined to suggest that spending for the purposes of fundraising in faith-based organizations should be kept closer to the industry average, and slightly more likely to suggest that spending could be above the industry average.

The increasingly influential role of women in financial decision-making and philanthropy has attracted much attention in the non-profit sector. Sargeant et al. (2002) discussed how women are becoming bigger and bigger donors, and Newman (2000) presented research to show how the role of women in philanthropy is increasing through both their financial contributions as well as increased involvement non-profit boards. With this stronger connection to the day-to-day activity of faith-based organizations, the results from this study suggest that although women prefer that fundraising be kept at industry average levels, this may change.

For those donors who do not describe faith/religion as an important part of their lives, it is clear they believe that spending for the purposes of fundraising should be below the industry average. The donors who are neutral, neither agreeing nor disagreeing about the importance of faith/religion in their lives, believe that faith-based charities should keep their expenditures near the industry average. Not surprisingly, the

donors most likely to allow for higher fundraising expenses are those who see faith/religion as an important part of their lives. However, the majority of these donors still think that fundraising expenses should be close to the average.

When it comes to giving, researchers at Indiana University's Centre on Philanthropy found that faith and religion are very powerful forces. (*Doing well and doing good*, 2004) As such, it is crucial that non-profit managers understand the needs and requirements of donors in this area. Fundraisers for faith-based charities may want to believe they can spend more to reach the faithful, but in reality, this may be an erroneous assumption. Whether due to less trust in faith-based charities, a belief that over-the-top fundraising is not acceptable, or some other reason, faith-based donors are not comfortable with higher than average fundraising expenses.

Environmental Charities

The environmental charity section was the only one of the six charity groups evaluated where all four factors tested (i.e., age, gender, education and the importance of faith/religion in one's life) were found to be statistically significant in predicting one's perception of spending on fundraising. The examples on the survey instrument were the Save

the Redwoods League, the Sierra Club Foundation, the River Network, Friends of the Earth, and the Ocean Conservancy.

With environmental charities, the older the respondents, the more likely they were to suggest spending less on fundraising. Conversely, the younger respondents were more inclined to suggest that charities spend at least average, or above average amounts to raise money for environmental charities.

Although it cannot be proven by the tests presented here, it is possible that younger people are more concerned about the environment because they will, in most cases, outlive their elders. When targeting older donors, environmental charities should be more cautious about the level of spending. However, for the donors in the middle age range, those from 45-62, they expect more average levels of spending. The youngest group is the most supportive of spending more to raise awareness and increase donations to environmental charities.

Venture philanthropists, mentioned earlier, list environmental charities as one the favored areas for donations. Recall that these people donate because they want to change the world, and many are under the age of fifty. Kottasz (2004) suggested that these donors, although relatively young, bring much wealth to the non-profit sector, and are very business-

minded. Since the research from this study suggests that people in the middle age group are most likely to believe that expenses should be kept to industry averages, this business-like attitude may make much sense.

In terms of gender, the females were more likely to suggest that spending for fundraising purposes by environmental charities should be held to about the national average of 10-14%. The male respondents were more likely to suggest either above or below the average. Since, according to Heubusch (1996), neither men nor women put environmental charities at the top of their lists, it would be wise for fundraisers to learn more about how to attract these donors to their causes.

According to the research from this study, the better educated the respondent, the more likely they were to allow for at least average or above average expenditures for environmental charity fundraising. Those with less education were more likely to suggest spending below the average on fundraising.

Research from *Giving USA* (2004) suggests a parallel to this finding. Their report suggests that level of education plays a key role in giving, and this study shows that it plays a role in the spending for fundraising as well.

Knowing the target audience is an important part of all marketing, however this component may play a substantial role in

the success of large fundraising campaigns for non-profit entities. Environmental nonprofit managers may want to consider level of education one of their key criteria when choosing the vehicle for the larger promotions, placing advertising in the media most appropriate (suited or geared?) to well-educated readers and viewers.

The respondents who feel that faith/religion is an important part of their lives are more likely to suggest that environmental charities should spend at least the average, if not above average amounts on fundraising. Those who do not claim that faith/religion is important to their life are almost twice as likely to suggest that spending for fundraising be below the national average.

Schervish & Havens (2002, p. 64) pointed out from their research that those with "specific religious affiliations" give more than those without these affiliations, to both secular and non-secular causes. Although the amount that people donate is not the same as how much they want charities to spend for fundraising purposes, there may be a connection between the two.

Human Services Charities

The charities listed on the survey instrument for human services were the United Way of America, Girl Scouts of America,

the American Red Cross, Mothers Against Drunk Drivers, and Habitat for Humanity.

None of the four factors tested were found to be statistically significant in predicting one's perception of the acceptable level of spending on fundraising by human service charities. That does not mean that age, education, gender or the importance of faith/religion are not related, but there is insufficient evidence to draw a conclusion here.

The meaning for human services charities is unclear, however it is probably best for these charities to err on the conservative side and spend at or below the average on fundraising. One comment from a respondent suggested that they believed some of these charities make enormous sums of money on their fundraisers due to their high-profile, well known reputation. Continuing, this person said that they do not believe that it is necessary to spend so much for fundraising-- people will donate anyway.

Another comment made was that some of these organizations are such high profile entities that they get very well known, established executives "on loan" [United Way] to help guide their organization, and this is all at no cost to the charity. As such, this respondent felt that they should hold their fundraising costs to the low end of the spectrum, because they

get so many in-kind services rather than paying what other nonprofits must pay.

Although the gender hypothesis did not show a direct relationship, research from Heubusch (1996) did show that women are more likely to support human service causes. This study in no way contradicts the published results, but it also cannot corroborate them.

International/Human Rights Charities

In this category of charities, the example provided to respondents included Children's Network International, the American Refugee Committee, Goodwill Industries, CARE USA, and ProLiteracy Worldwide. None of the four factors tested were found to be statistically significant in predicting one's perception of the acceptable level of spending on fundraising by international/human rights charities.

Unfortunately, this leaves fundraisers with no additional information about how to best target their donors. Further research should be pursued in this area to provide more guidance for fundraisers in International and Human Rights organizations.

The Informational Needs of Donors

The fifth hypothesis addressed the question of how much information donors require and/or expect. Although there was insufficient evidence to conclude a significant relationship here, there is valuable information to be gained from its inclusion in the study.

Originally, the researcher expected to find that people with higher levels of education had greater needs, or even requirements for information about the charities to which they donate. Instead, what surfaced is that many people across all levels of education are in need of more information. In fact, almost 65% of the respondents in this study claimed that they do not get sufficient information about how charities manage their business and the donations they receive.

Indeed, one of the most prevalent verbal comments made by survey respondents to the researcher is that many believe that charities waste money. Additionally, many were surprised to learn that the national average of reported spending for fundraising is so low, and it is questionable if they believed that the number presented was accurate. Bennett & Savani (2003) made it clear that misconceptions about how charities spend money for fundraising are quite common. Williams (2002) stressed

that trust is the most essential element in the donor/charity relationship.

The message to charities is clear--donors want more information that is unambiguous and understandable. Some people who took the survey claimed that if they knew the charity spent their donation wisely, then they would send more. Others complained that they get many, many charity appeals, but the information they get is not what they are looking for before they will send money. Taylor (2004) suggests that the willingness of a charity to voluntarily open its books makes an enormous difference in developing higher levels of trust.

Clearly, in addition to the emotional pleas for assistance, donors want to know that a charity spends its donations wisely. Transparency is the key to spreading the message that a charity is doing its best to act prudently. According to Taylor (2004), Gallagher (2004), and Sargeant & Kahler (1999), all agree that including evidence of such care about the business side of the charity may enhance the fundraising campaign.

Spending for Fundraising in Times of Crisis

The third research question in this study read: Will the majority of donors accept increased spending for fundraising during times of world crisis? On the survey instrument itself,

the examples provided were the tsunami in South Asia and hurricanes in Florida in 2004, as well as the terrorist attack on America in 2001.

The test for this hypothesis did not come from SPSS, but instead from Excel. The question was to address if the majority of donors--more than 50%--support additional fundraising expenses in times of a crisis. The test results showed that the proportion in support of additional fundraising during a crisis was significantly larger than 50%, and so it can be concluded that most donors will accept additional spending under crisis conditions.

Steinberg & Rooney (2005) were in the process of studying giving in 2001 when the terrorists attacked America. They adjusted the study to address giving before and after a crisis, and the results of their study showed that although giving increased after September 11, it increased across the board, with all types of people giving more.

Based on the research of Steinberg & Rooney (2005), as well as comments made by those filling out the survey forms, it is probably prudent for charities to remain cautious about spending during times of crisis. Although many people supported the increased levels concept, others reminded that in today's highly connected world, the media heightens awareness of a crisis at no

cost to a charitable entity. The examples on the survey were cited as proof that the public knew about the crises without the need for charitable dollars to raise awareness.

Others pointed out that the media bias can be a problem, and some critical issues around the world are not getting the attention they need, so charities in need of donations may have to increase spending to make donors aware of their cause. Quite a few people mentioned the recent crisis in the Sudan, as well as the genocide in Rwanda, as examples of inattention of the media making it difficult for charities to communicate their needs.

Summary & Recommendations for Future Research

Questions regarding how charities spend donated money for fundraising are not simple to answer, and many of the respondents struggled when filling out the survey. Although some people found it easy to check the boxes quickly and move on, others felt a moral obligation to consider each category carefully before making a decision. When couples were asked to complete surveys individually, they often argued with one another for and against the different types, and frequently walked away after completing the survey in heated discussion.

Others tried to make the point with the researcher that certain types of charities needed more or less assistance, and they were encouraged to make a note that on the survey instrument. One respondent insisted, "People should make it their job to know when and where to donate." While this level of interest would be ideal, it is highly unrealistic in today's busy world.

Most respondents felt the back page of the survey, addressing the informational needs of donors, spending in times of a world crisis questions, as well as the demographic information, was much easier to answer. Often they were relieved that "the hard part was over."

One of the charges made by Bradley et al. (2003) is that charities are wasting enormous sums of money through inefficient fundraising. They say that most charities spend more than 18% of their income on overhead, including fundraising expenses, and the researchers suggest this is a terrible waste.

Based on the recommendations of the *Better Business Bureau Wise Giving Alliance*, the charity spending discussed by Bradley et al. is well below the guidelines set in place. Additionally, the averages presented to the respondents in this study of 10-14% (as reported on the website hosted by the *BBB Wise Giving Alliance*) seemed extremely reasonable to most who took the

survey. In many cases, the respondents felt that spending more than that average was acceptable if it helped to increase donations.

This study made it possible for fundraisers to begin to understand some of their donors' motivations for supporting the causes they value. While many of the hypotheses could not provide enough evidence to show relationships between the variables, some very valuable information evolved from those that did show significance.

One area that was not addressed in this study that may be of interest to some would be to include, change, or add some demographic information. Other variables for consideration include employment status, race, ethnicity, and asset level. Each of these components or dimensions were mentioned by other researchers who have studied philanthropy.

Another possibility for future research would be to study why people stop giving or switch charities. In the for-profit sector, brand loyalty has been studied, but in the non-profit sector this is still an unknown commodity. It is possible that substitution occurs because a donor is concerned about high fundraising costs. Unfortunately, there is no deficiency of legitimate, needy causes, so donors can still fulfill their needs to donate when they switch to a new charity.

Finally, the question of actual dollars spent by charities might be insightful to examine. Some of the respondents were suspicious when they read that a number of charities spend as little as 1% on fundraising, until they considered the scope. The issue of relativity is one that might bear scrutiny. To create an example using arbitrary numbers: Is it acceptable for a huge charity like the American Red Cross or Habitat for Humanity to spend 10% on fundraising, when this 10% could mean hundreds of millions of dollars, and a smaller charity spends 15%, when in actual dollars it is as little as \$10,000?

Whenever a researcher completes a study, they think back about what could have been done differently. As this is no different than most studies, there are a few items that could be addressed that might have enhanced the results.

At the time that the decision was made to define the age bracket bands to match those suggested by Sargeant et al., it should have been clear that the Millennials, ages 21-24, would be a very small group, and would require extra work to be well-represented in the study. In the end, these respondents were blended into the next age group, so if this group has different opinions, they were lost in this study.

Although the research was conducted in four locations and two cities, the value of the research might have been enhanced

if another geographic location had been included. As both communities are from the Midwest, there remains some question about whether an east coast or west coast group might have changed the outcome. Another possibility might have been to make the entire survey an online version, with an added category to address different areas of the country. This would increase the challenge to get respondents, but it might yield more generalizable results.

Although there are many questions yet unanswered, the study did provide answers to questions that may prove beneficial to non-profit entities. The researcher was impressed that the respondents who took their time to answer the questions with interest and concern alleviated one major concern of the researcher--people do care about charities and how they spend donated money. As Alexander (1997) reported, Americans are the most generous donors on the earth, and the non-profit sector plays a very important role in our society. In addition to taking care of those in need here and overseas, most Americans work very hard to try to make the world a better place each day.

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APPENDIX. THE SURVEY INSTRUMENT

The data for this survey was gathered in several places. The respondents were approached on the street in Chicago and in the Quad Cities, either at farmers' markets, a picnic, or as they relaxed for a few minutes in the city. There was also a completely anonymous online group, who were solicited through a professional women's group by way of a weekly e-mail.

For the live interviews, the researcher held a clipboard with the surveys, and wore a badge reading "student researcher." The researcher explained that the survey was for a student doing research about charities, and they respondents were asked if they would mind taking two to three minutes to complete the survey. At that time, it was also explained that there were no questions on the survey that asked about income, personal levels of giving, or any other questions that could identify an individual.

If the respondent agreed to complete the survey, they were asked to read the top portion, which explains the questions that follow, and the researcher asked the respondents if they had any other questions. After that, the respondent completed the survey and returned it to the researcher, and they were thanked for their time and consideration.

Most charities exist through the generosity of donors, and fundraising is the way these organizations make money. The fundraising may take the form of advertising, phone calls, mailers, special events, or any number of other methods, but all of these methods cost money. In the US, the average nonprofit charity spends between 10-14% of the money they receive on fundraising, with the balance going to programs and administration. Some spend as little as 1%, and others spend as much as 40% or more.

1. Compared to the average, how much do you believe that the following charities should spend?

1a. Medical/Health Charities

(Examples are the American Lung Association, Susan B. Komen Breast Cancer Foundation, National Children's Cancer Society, and the American Heart Association.)

Below Average Approximately Average Above Average Don't Know/Not Sure

In my opinion, compared to the average, this group should spend:

1b. Animal-Based Charities

(Examples are the Assistance Dog Institute, Ducks Unlimited, United Animal Nations, Humane Society of the US, and the American Humane Association.)

Below Average Approximately Average Above Average Don't Know/Not Sure

In my opinion, compared to the average, this group should spend:

1c. Faith-Based Charities

(Examples are United Methodist Committee on Relief, Catholic Medical Mission Board, the Jewish National Fund, and the Christian Relief Services Charities)

Below Average Approximately Average Above Average Don't Know/Not Sure

In my opinion, compared to the average, this group should spend:

1d. Environmental Charities

(Examples are Save the Redwoods League, Sierra Club Foundation, River Network, Friends of the Earth, and the Ocean Conservancy).

Below Average Approximately Average Above Average Don't Know/Not Sure

In my opinion, compared to the average, this group should spend:

1e. Human Services Charities

(Examples are United Way of America, Girls Scouts of America, the American Red Cross, Mothers Against Drunk Drivers, and Habitat for Humanity)

Below Average Approximately Average Above Average Don't Know/Not Sure

In my opinion, compared to the average, this group should spend:

1f. International / Human Rights Charities

(Examples are Children's Network International, American Refugee Committee, Goodwill Industries, CARE USA, and ProLiteracy Worldwide)

Below Average Approximately Average Above Average Don't Know/Not Sure

In my opinion, compared to the average, this group should spend:

2. Charities often provide information about the causes they support, and sometimes they give details about how the charity is run as an organization. In your opinion, do they give enough information to donors?

For me, charities provide: (Please check one)

- Not enough information
- Just the right amount of information
- Too much information
- Don't know/ not sure

3. In times of world crisis, it is acceptable for charities to spend more for fundraising. (Examples are the Tsunami in South Asia, Hurricanes in Florida in 2004, and the Terrorist Attacks on America in 2001.)

(Please check one)

- I Strongly Disagree
- I Disagree
- I Neither Disagree nor Agree
- I Agree
- I Strongly Agree

The following questions are for general informational purposes. Please tell us a little about yourself.

4. I am: (Please check one)

- Male
- Female

5. I was this age on my last birthday: (Please check one)

- 21 - 24 years old
- 25 - 44 years old
- 45 - 62 years old
- 63 or older

6. In school, the highest degree or level of school I completed was:

(Please check one)

If currently enrolled, mark the previous grade or highest degree received.

- 12th grade or less
- High school graduate or equivalent (GED)
- Some college but no degree
- Associate's or Bachelor's degree
- Graduate or professional degree

7. Faith/religion is an important part of my life: (Please check one)

- I Strongly Disagree
- I Disagree
- I Neither Disagree nor Agree
- I Agree
- I Strongly Agree