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Nonprofit and Voluntary Sector Quarterly published online 17 March 2010
DOI: 10.1177/0899764009354322

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Abstract

Light has documented a decline in the public confidence expressed in charitable organizations. Given the importance of individual donors to the sector, it is vital to understand how these organizations cultivate relationships with donors to survive sectorwide controversies. The organization–public relationship (OPR) framework allows the current study to assess the well-being of the nonprofit organization–donor relationship. Through 1,706 surveys administered to randomly sampled donors at three western United States nonprofit hospitals, the results indicate that the nonprofit–donor relationship is healthy in terms of the relationship evaluation; however, the impact of cultivation strategies suggested by communication theory varies significantly for major gift and annual giving donors. Structural equation modeling provides insights for fundraisers on how they can streamline their fundraising programs to maximize the impact of their cultivation efforts.

Keywords

fundraising, communication, evaluation, organization–public relationship

Introduction

In 2007, Americans donated US$306 billion to estimated 1.6 million charitable organizations in the United States (Giving USA Foundation, 2008). Fundraisers traditionally
have recognized the value that relationships play in securing major gifts and planned giving programs. However, organizations increasingly are realizing the importance of cultivation of annual giving donors, especially those who may have the potential to make significant donations to the organization over the course of a lifetime.

Marketing and public relations scholarship has focused on the importance of relationships between an organization and its stakeholders. Scholars have recognized the parallels between interpersonal relationships and the relationships organizations develop with their stakeholders. Adaptations of interpersonal communication theory have generated a significant understanding of how organizations cultivate and maintain relationships with key stakeholders. By subjecting dimensions of interpersonal communication theory to path analysis, this study aims not only to quantify the organization–public relationship (OPR) for nonprofit organizations and donors but it also strives to demonstrate how the application of theory can lead to increased efficiency and effectiveness of the fundraising process.

**Literature Review**

**The nonprofit–donor relationship.** Numerous practitioner books tout the value of relationships in fundraising (Ahern & Joyaux, 2007; Burnett, 2002). Rather than simply focus on the cultivation of major gift donors, practitioners have recognized these principles can also be applied to annual giving donors. Dedicating more time to donor relations and stewardship can strengthen a donor’s loyalty to the organization (Worth, 2002).

Organizations should be prepared to dedicate time and resource to developing relationships with donors to ensure their longevity (Rosso, 1991). The relationship management approach to fundraising can help result in significant gifts from donors. In the typical nonprofit–donor relationship, an individual first makes a small gift to an organization typically as a result of an initial interaction. Over time, fundraisers work to demonstrate the organization’s effectiveness and responsible management of donations to grow these relationships. As relationships grow, fundraisers pursue larger donations. They may use suggestions in direct mail pieces or verbal cues with telephone solicitations to suggest specific donation amounts to help the organization for annual giving donors whereas face-to-face meetings and solicitations are used for major gifts.

Drawing from interpersonal communication, Hon and Grunig (1999) proposed that relationships, such as the nonprofit organization–donor, can be measured by assessing the levels of trust, commitment, satisfaction, and power in the relationship.

**Trust.** Ledingham and Bruning (1998) operationalized trust as “doing what an organization say sit will do” (p. 98). High levels of trust can be used to predict future behavior with the organization (Mayer, Davis, & Schoorman, 1995). Trust is critical in cultivating relationships with donors. Organizations that demonstrate accountability have a greater likelihood of seeing repeat donations from individuals who believe the nonprofit is working efficiently toward achieving its goals.
Commitment. Dwyer, Schurr, and Oh (1987) insist that commitment is the highest stage of the relationship because it hints toward future behavior. Hon and Grunig (1999) defined commitment as “the extent to which one party believes and feels that the relationship is worth spending energy to maintain and promote” (p. 20). Donors have very diverse motivations for giving to nonprofits. Many become involved with organizations because of their own personal interests in nonprofit causes, and nonprofit organizations can benefit by tapping into this personal dimension once appropriate research has been done to understand its donors.

Satisfaction. The dimension of satisfaction serves to measure whether the parties involved have positive feelings about one another. Hon and Grunig (1999) note that “a satisfying relationship is one in which the benefits outweigh the costs” (p. 3). Relationship marketing scholars suggest that when parties are satisfied with the nature of the relationship, they are more likely to be committed to maintaining it (Dwyer et al., 1987). Therefore, organizations that invest in developing satisfying relationships with stakeholders are likely to produce beneficial long-term results for the organization, such as the evolution of annual gifts into major gifts.

Balance of power. Ferguson (1984) suggested that “other variables related to the relationship might be how much control both parties to the relationship believe they have [and] how power is distributed in the relationship” (p. 20). The balance of power is often misunderstood as weighing heavily in favor of the individual donors because they are the ones giving money to the organizations. However, the mixed-motive model of fundraising has shown that nonprofit organizations hold a substantial amount of power in the relationship (Kelly, 1998). Nonprofit organizations have the power to refuse donations that are inappropriate or are offered under unacceptable terms.

Because fundraising literature maintains that organizations traditionally put more resources into relationship cultivation with major gift donors, the first hypothesis tests the difference in relationship evaluation between major gift and annual giving donors:

Hypothesis 1: Major gift donors will rate the OPR more positively on the four outcomes than annual giving donors (e.g., those who give less than US$10,000).

According to Rosso (1991), as a donor increases the number of gifts that he or she makes to a charitable nonprofit, the more likely an organization will be to dedicate resources to cultivating the relationship. Therefore, the second hypothesis is as follows:

Hypothesis 2: The number of donations contributed by the donor to the nonprofit will be positively correlated to the evaluation of the four relationship outcomes.

Although previous OPR studies improved our understanding of relationships by describing them in various contexts, they rarely examined the predictive powers of the four outcomes, which is necessary for theory testing and refinement. Because
previous research indicates that past charitable giving behavior is the best predictor of future giving (Metrick, 2005; Steinberg & Wilhelm, 2003), this study’s first research question explores the outcomes’ predictive power:

**Research Question 1:** Can participation in the most recent fundraising campaign be predicted based on the donor’s evaluation of the relationship?

**Relationship cultivation strategies.** Organizational research has indicated that an organization’s behavior, whether intentional or accidental, can damage the relationship with stakeholders (Hung, 2002). Therefore, nonprofit organizations cannot simply maintain relationships with their donors, but they should also work to restore relationships that may have been damaged based on past organizational behavior. Given that cultivation is an ongoing process, it is necessary to understand the 6 strategies adapted from interpersonal communication that Hon and Grunig (1999) adapted for public relations and the 4 elements of stewardship described by Kelly (2000). These 10 strategies outline how nonprofit can properly cultivate relationships with their donors.

**Access.** This strategy involves making individuals available to both sides of the relationship. Hon and Grunig (1999) contend that OPRs that use access as a strategy involve the willingness of both entities to go to the other party directly when they have complaints or questions about issues instead of taking it to a third party. By making individuals available to members of the other party, the organization and its stakeholders are able to engage one another.

**Positivity.** Positivity refers to the actions by either side of the OPR that make the other side feel more content in the relationship. Hon and Grunig (1999) discuss that this strategy can be helpful in conflict resolution and all aspects of public relations. Sargeant and Lee (2004) found that donors in the United Kingdom valued positive interactions with nonprofit organizations because they fostered growth of trust and commitment and that these exchanges had a positive impact on donor behavior.

**Openness.** Openness concerns the willingness of both sides of the OPR to engage actively and honestly in direct discussions about the nature of relationships. Hon and Grunig (1999) point out that for parties to be open, they should reveal both their thoughts and their feelings. Ragsdale (1995) says that open communication is necessary if an organization seeks to create a climate conducive to long-lasting relationships with donors.

**Assurances.** Looking at the relationship between organizations and stakeholders, assurances occur when “each party in the relationship attempts to assure the other that it and its concerns are legitimate and to demonstrate that it is committed to maintaining the relationship” (Grunig, Grunig, & Dozier, 2002). An organization can demonstrate how much it values its stakeholders by incorporating this strategy into its communication plan. Sargeant (2001) encourages nonprofit organizations to listen to their donors and reiterate the importance of the donors’ concerns to enhance their commitment to the nonprofit–donor relationship. Some donors question their decisions to give to charitable organizations, but answering questions and assuring donors that
their input is appreciated will help nonprofit organizations overcome reluctant donors (Hibbert & Home, 1996).

**Networking.** Hon and Grunig (1999) refer to networking as the opportunity for organizations to build coalitions with different stakeholders. Hung (2000) showed that networking serves as a catalyst in relationship building. Smith (2002) felt that networking was beneficial for charitable nonprofits far beyond working with other like-minded organizations. By demonstrating that an organization is open to new approaches to problems and willing to work with outside agencies, nonprofit organizations are able to show that they are using their financial resources wisely—a key component of demonstrating fiscal accountability to its donors. Indeed, others have expressed similar ideas over the years that networking and collaborations have direct financial benefits for charitable nonprofits—not only in terms of saving resources but also gaining new resources from their donors (Abzug & Webb, 1999; Austin, 2000).

**Sharing of tasks.** Hon and Grunig (1999) conceptualized sharing of tasks as “organizations’ and publics’ sharing in solving joint or separate problems” (p. 15). Kelly (1998) highlights several ways that fundraisers and donors work together to create giving vehicles that benefit both sides of the nonprofit–donor relationship. Nonprofit organizations also are increasingly seeing that some donors are not satisfied with simply offering a charitable gift to the organization. Instead, they want to be involved with the delivery of programs and services to address the concerns that matter the most to them.

**Stewardship.** Though practitioner literature frequently refers to stewardship, Kelly (1998) was the first to conceptualize its four underlying dimensions: reciprocity, responsibility, reporting, and relationship nurturing. These elements of stewardship are the second most important part of the fundraising process behind research (Kelly, 2000).

**Reciprocity.** Reciprocity simply means that organizations must demonstrate gratitude toward their stakeholders. Two underlying dimensions of reciprocity include the acknowledgement of the publics and a sincere expression of appreciation on behalf of the organization. For nonprofit organizations, fundraisers need to acknowledge and thank donors in a timely manner for their gifts by offering a receipt declaring the tax deductibility of the gift and a note of appreciation.

**Responsibility.** On a basic level, this component of stewardship is very similar to the keeping-promises strategy proposed by Hung (2002). Fundraisers have an obligation to make sure that funds donated to specific causes or programs are only used for those programs. Betraying that trust is a costly mistake that fundraisers cannot allow because it is much simpler to have a donor renew their gifts to an organization than for the same fundraiser to go out into the community and find new donors.

**Reporting.** Organizations need to keep its publics informed about developments on issues for which support was sought. For example, a nonprofit organization that solicited for donations to improve community parks has an obligation to let donors who supported that program know how the park was improved. Organizations can demonstrate their accountability by providing open, accurate information to their publics.
**Relationship nurturing.** Opportunities to nurture relationships with publics are numerous. For example, nonprofit organizations should make sure donors are receiving copies of newsletters and annual reports. Major gift donors and prospects should also be invited to special events and open houses. As the nonprofit–donor relationship strengthens, fundraisers may also send handwritten cards for special occasions, such as birthdays, anniversaries, or on learning of serious illnesses. The extra effort required to cultivate relationships with any public will benefit organizations in the future because this demonstrated concern will reduce the impact of potential crises.

The third hypothesis predicts differences between the donor groups based on fundraising literature’s tenets of devoting more time and resources to cultivating relationships with major gift donors. Given the multitude of strategies that nonprofit organizations can use to foster relationship growth with their donors, this study’s first research question was created to determine if all of the strategies were viewed positively:

**Hypothesis 3:** Major gift donors will rate the relationship-cultivation strategies more positively than annual gift donors (e.g., those who give less than US$10,000).

Because the symmetrical relationship-cultivation strategies proposed by Hon and Grunig (1999) and Kelly (2000) all represent a wide variety of behaviors that nonprofit organizations can use to build relationships with its donors, it is important to understand if any of them are more influential than others in determining how the relationship is evaluated. Given the distinction in the literature between annual giving and major gift donors, it is important to determine if these groups are impacted differently by the strategies. To determine the impact of the strategies on how the donor groups evaluate the overall relationship with the nonprofit organization, a second research question was created:

**Research Question 2:** Do the 10 cultivation strategies from communication impact the relationship evaluation differently for annual gift and major gift donors?

**Method**

Surveys and follow-up postcards were mailed to a random sample of donors to three nonprofit hospitals in the western United States. Of the 4,290 surveys that were mailed, 117 were returned to the organizations as undeliverable due to wrong addresses. Of the 4,173 surveys that did reach the donors of the three hospitals, 1,706 were returned completed, resulting in a response rate of 41%.

In addition to anonymously collected demographic information, this survey incorporated Hon and Grunig’s (1999) scales for measuring relationship outcomes (trust, satisfaction, commitment, and balance of power) as well as Ki and Hon’s (2009) scales that were created to measure the six strategies derived from interpersonal communication literature and four new measures for the stewardship strategies. The scales were measured using a 9-point scale ranging from strongly disagree (1) to strongly agree (9).
These indices for the relationship outcomes and seven relationship cultivation variables were found to be reliable with Cronbach’s alpha values ranging from .81 to .93. Although the alpha values for networking ($\alpha = .72$), assurances ($\alpha = .77$), and relationship nurturing ($\alpha = .73$) are less than ideal, Carmines and Zeller (1979) note that this is not uncommon with new scales, which often need multiple revisions to generate reliability.

To develop the stewardship scales, scholars and practitioners offered advice on an initial pool of statements developed by the research team. The recommended final scales were pretested with an audience similar to the one studied in this research project. The pretest was administered to a sample of 45 donors to a nonprofit organization. In addition, eight donors went through the survey with the research team so that any questions about items could be discussed. Revisions were made to the scales after the pretest before full survey implementation.

### Results

#### Demographics

Of the 1,706 participants in the study, the majority was women (53%). Whites were the largest group in the sample (45%); however, there were a significant number of participants who identified themselves as Asian/Pacific Islander (17%), Hispanic/Latino (12%), Middle Eastern (12%), and African American/Black (9%).

Not surprisingly, the vast majority of the respondents were annual gift donors to the three hospitals. Of the 1,706 donors, 1,348 or 79% of the sample were annual giving donors compared to the 358 (21%) major gift contributors. The mean age of the donors was 44.8 years of age ($SD = 13.91$). Major gift donors were slightly older ($M = 52.15$, $SD = 12.61$) than the annual giving donors ($M = 42.95$, $SD = 13.6$).

#### Hypothesis 1

Table 1 presents the means and standard deviations for the two groups along those four outcome indices as well as the results of the one-way ANOVA, which shows that major gift donors evaluated the relationship more strongly than annual giving donors did for all four relationship dimensions. The largest differences were found for the trust and power balance variables; however, all evaluations were significant at the $p < .001$, providing support for this hypothesis.

<table>
<thead>
<tr>
<th>Source of variation</th>
<th>Annual giving $M (SD); (n = 1,348)$</th>
<th>Major Gift $M (SD); (n = 358)$</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>$F$ score</th>
<th>$p$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>6.31 (1.18)</td>
<td>7.02 (1.01)</td>
<td>141.25</td>
<td>1,1704</td>
<td>141.25</td>
<td>107.45</td>
<td>.000</td>
</tr>
<tr>
<td>Commitment</td>
<td>6.54 (1.23)</td>
<td>7.14 (0.95)</td>
<td>102.49</td>
<td>1,1704</td>
<td>102.49</td>
<td>73.84</td>
<td>.000</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>6.32 (1.14)</td>
<td>6.82 (1.19)</td>
<td>69.52</td>
<td>1,1704</td>
<td>69.52</td>
<td>57.86</td>
<td>.000</td>
</tr>
<tr>
<td>Balance of power</td>
<td>6.17 (1.20)</td>
<td>6.80 (1.25)</td>
<td>112.71</td>
<td>1,1704</td>
<td>112.71</td>
<td>86.83</td>
<td>.000</td>
</tr>
</tbody>
</table>

Note: MS = Mean Square; SS = Sum of Squares.
Hypothesis 2. Multiple regression was used to determine whether a linear correlation existed between the number of donations made by donors and their evaluations of the nonprofit organization–donor relationship. Table 2 presents the unstandardized and standardized coefficients, $t$ value, and $p$ values for the Likert-type scale items for the multiple regression test of the nonprofit–donor relationship.

The correlation coefficient resulting from the analysis shows that there is a relatively strong correlation ($R = .79$) between the four relationship dimensions and giving history. The coefficient of determination is relatively strong ($r^2 = .62$) and shows moderate strength in predicting past giving. Thus, 62% of the variance in the number of years the participants have donated to the organization is explained by the four relationship dimensions. The regression line is as follows:

\[
\text{Overall relationship score} = -10.04 + .31(\text{trust}) + .1(\text{satisfaction}) + .32(\text{commitment}) + .25(\text{balance of power}).
\]

This line is statistically significant as $F(4, 1701) = 693.19$ ($p = .000$, $n = 1,705$).

Research Question 1. To test the predictability of the four relationship dimensions, a discriminant analysis was conducted to determine whether participation in the most recent fundraising campaign can be predicted based on the donor’s evaluation of the relationship. Table 3 presents the results of this statistical test.

Trust and satisfaction were the best variables to help discriminate between the two groups based on the value of the standardized coefficients. The canonical correlation of the discriminant function, $R = .64$, means that there is a moderate correlation between all of the independent variables and the discriminant function score. The function’s Wilks’ $\lambda$ value (.59) means that 59% of the variance in the discriminant function score is not explained by the group differences. Based on the chi-square test, the Wilks’ $\lambda$ of the function is statistically significant ($\chi^2 = 909.12$, $df = 2$, $p < .001$). The model to determine the discriminant function score is as follows:

\[
\text{Discriminant function score} = -8.78 + .79(\text{trust}) + .54(\text{satisfaction}) - .01(\text{commitment}) + .06(\text{balance of power}).
\]
Given the statistical significance of the function, the model can be tested to see if it can predict whether donors donated during the last fundraising campaign. Table 4 demonstrates that 1,348 of the 1,706 cases were correctly predicted. Overall, the success rate of this model at predicting the group membership was 79.1%. This hit rate was found to be significant ($t = 18.59$, $df = 1,703$, $p < .001$). Therefore, the first research question determined that participation in the most recent fundraising campaign can be predicted by the evaluation of the relationship.

**Hypothesis 3.** A one-way ANOVA was conducted comparing the views of the two donor groups toward the cultivation variables. Table 5 shows that major gift donors evaluated all of the relationship strategies more strongly than annual giving donors. The smallest difference between the two groups’ evaluations was for reciprocity (.38), and the biggest difference was found for networking (.98); however, all of the evaluations were different at the $p < .001$ level of significance, and Hypothesis 3 was supported.

**Research Question 2.** Though analysis determined that donors to the nonprofit organizations in the study evaluated the cultivation strategies positively, mean scores reveal little about the effect the strategies have on relationship. Receiving the highest evaluation does not make reciprocity the most important strategy. To determine which strategies had the greatest impact on how donors evaluated their relationship, a path analysis was conducted to test the linkage between each of the strategies and the four

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**Table 3.** Discriminant Function Analysis of Overall Relationship With Nonprofit Organization

<table>
<thead>
<tr>
<th></th>
<th>Group 1 ($n = 929$)</th>
<th>Group 2 ($n = 776$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$B$</td>
<td>$\beta$</td>
</tr>
<tr>
<td>Constant</td>
<td>-.878</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>.79</td>
<td>.76</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.54</td>
<td>.53</td>
</tr>
<tr>
<td>Commitment</td>
<td>-.01</td>
<td>-.02</td>
</tr>
<tr>
<td>Balance of power</td>
<td>.06</td>
<td>.06</td>
</tr>
</tbody>
</table>

Note: $R = .64$, Wilks’ $\lambda$ of function = .59, $\chi^2 = 909.12$, $df = 2$, group centroids = (.77, -.92).

**Table 4.** Classification Matrix of Discriminant Analysis Function

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Predicted</th>
<th>Group 1 (Yes)</th>
<th>Group 2 (No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1 (Yes)</td>
<td>770</td>
<td>198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 2 (No)</td>
<td>159</td>
<td>578</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: $\chi^2 = 567.05$, $df = 1$, $p < .001$.
outcomes for each of the donor groups, and then the results were compared. The original model being tested, located in Figure 1, presents the relationships being tested.

Parameters for a successful model were a chi-square score equal or greater than .05, a nonsignificant chi-square, a ratio of chi-square to degrees of freedom of equal or less than 3, a comparative fit analysis (CFI) greater than or equal to .90, a goodness of fit index (GFI) score of greater than or equal to .90, a normed fit index (NFI) score of greater than or equal to .90, and a root mean squared error approximation (RMSEA) of less than or equal to .08 (Raykov & Marcoulides, 2006).

Path analysis for major gift donors. Following a confirmatory factor analysis performed in Amos 7.0, the model from Figure 1 was tested with path analysis and was subjected to the same criteria outlined above to determine the appropriateness of the model to the observed data. The relationships between all the variables were subjected to the path model analysis, and Table 6 highlights that only 6 of the 10 relationship-cultivation strategies had a significant influence on major gift donors’ evaluation of the relationship dimensions. All of the significant paths were positive with the exception of reporting’s impact on satisfaction. Responsibility did influence trust, balance of power, and commitment. Relationship nurturing significantly impacted trust and balance of power, and reciprocity had a positive impact on satisfaction and commitment. Sharing of tasks had a significant impact on trust, and access significantly influenced balance of power. The data fit the model as all of the criteria were successfully met ($\chi^2 = .88$, CFI = .99, GFI = .99, NFI = .97, and RMSEA = .01).

Path analysis for annual giving donors. Similar to the procedure for major gift donors, the model presented in Figure 1 was reevaluated for the annual giving donors’ data. The significant linkages in Table 7 indicate that all 10 strategies had an impact on the evaluation of the relationship outcomes for annual giving donors. Unlike the analysis for
Table 6. Path Model of Relationship Cultivation Strategies and Organization–Public Relationship Dimensions for Major Gift Donors

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized coefficient</th>
<th>Standardized error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access → balance of power</td>
<td>.19</td>
<td>.03***</td>
</tr>
<tr>
<td>Sharing of tasks → trust</td>
<td>.09</td>
<td>.05*</td>
</tr>
<tr>
<td>Reciprocity → satisfaction</td>
<td>.11</td>
<td>.05*</td>
</tr>
<tr>
<td>Reciprocity → commitment</td>
<td>.21</td>
<td>.05***</td>
</tr>
<tr>
<td>Reporting → satisfaction</td>
<td>-.13</td>
<td>.04***</td>
</tr>
<tr>
<td>Responsibility → trust</td>
<td>.18</td>
<td>.06**</td>
</tr>
<tr>
<td>Responsibility → balance of power</td>
<td>.14</td>
<td>.05***</td>
</tr>
<tr>
<td>Responsibility → commitment</td>
<td>.12</td>
<td>.05*</td>
</tr>
<tr>
<td>Relationship nurturing → trust</td>
<td>.20</td>
<td>.05***</td>
</tr>
<tr>
<td>Relationship nurturing → balance of power</td>
<td>.12</td>
<td>.04***</td>
</tr>
</tbody>
</table>

*p < .05, ***p < .01, ****p < .001.
major gift donors, the annual giving results involved all 10 strategies. Assurances had a statistically significant negative evaluation of the four relationship dimensions. There were mixed results for the remaining strategies. Networking, positivity, responsibility, and relationship nurturing all significantly affected trust, balance of power, satisfaction, and commitment. Access had a significant impact on balance of power and satisfaction, and openness significantly influenced trust and satisfaction. Reporting significantly influenced balance of power, satisfaction, and commitment. Interestingly, both reciprocity and sharing of tasks had statistically significant negative influences on how annual giving donors evaluated trust and commitment, respectively. The data fit the model as all of the criteria were successfully met ($\chi^2 = .48$, CFI = .99, GFI = .99, NFI = .99, and RMSEA = .02).

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized coefficient</th>
<th>Standardized error</th>
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</thead>
<tbody>
<tr>
<td>Access $\rightarrow$ balance of power</td>
<td>.11</td>
<td>.03***</td>
</tr>
<tr>
<td>Access $\rightarrow$ satisfaction</td>
<td>.06</td>
<td>.03*</td>
</tr>
<tr>
<td>Sharing of Tasks $\rightarrow$ commitment</td>
<td>-.07</td>
<td>.02***</td>
</tr>
<tr>
<td>Openness $\rightarrow$ trust</td>
<td>.05</td>
<td>.02***</td>
</tr>
<tr>
<td>Openness $\rightarrow$ satisfaction</td>
<td>.06</td>
<td>.02***</td>
</tr>
<tr>
<td>Networking $\rightarrow$ trust</td>
<td>.10</td>
<td>.03***</td>
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<tr>
<td>Networking $\rightarrow$ balance of power</td>
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<tr>
<td>Networking $\rightarrow$ satisfaction</td>
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<td>Assurances $\rightarrow$ trust</td>
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<td>.04***</td>
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<td>Responsibility $\rightarrow$ satisfaction</td>
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<td>Relationship nurturing $\rightarrow$ trust</td>
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*p < .05. **p < .01. ***p < .001.
Major gift donors compared to annual giving donors. Unlike the annual giving donors who felt a strong influence of all 10 strategies on the relationship evaluation, major gift donors were only impacted by 6 strategies. All 4 stewardship strategies had an influence though reporting negatively impacted satisfaction (β = –.13). The strongest links were between reciprocity and commitment (β = .21), relationship nurturing and trust (β = .20), and access and balance of power (β = .19).

Annual giving donors were impacted by the strategies much more broadly than major gift donors. Reporting for annual giving donors showed a positive impact on three dimensions. Annual giving donors felt a negative impact on sharing of tasks on commitment (β = –.07), reciprocity on trust (β = –.07), and assurances negatively impacted all four dimensions. The data reveal that the annual giving donors were most impacted by relationship nurturing on trust (β = .21). Networking’s impact on commitment (β = .18), responsibility on satisfaction (β = .18), and responsibility on commitment (β = .17) were also among the top three strongest paths.

The strong performance of the stewardship variables should not discount the contributions of the other strategies. Both groups had similar reactions to access and its contribution to the evaluation of balance of power. Sharing of tasks had a positive influence for major gift donors but a negative impact for annual giving donors. Annual giving donors were positively influenced by several strategies derived from interpersonal communication theory that did not impact major gift donors. These differences help distinguish how fundraisers cultivate relationships with donors differently.

Discussion

Through surveys that were mailed to a random sample of major gift and annual giving donors to three nonprofit hospitals, this study found that the relationship dimensions and the hospitals’ cultivation strategies were evaluated positively, yet differently, by both donor groups. Whereas the structural equation modeling tests found that nine strategies impacted annual giving donors’ views of the relationship dimensions, only six strategies had the same impact for major gift donors.

Previous research has shown that trust and satisfaction are the strongest predictors of who will continue to be involved with an organization. This study found that trust and satisfaction were also the key variables in predicting which donors had donated during the organizations’ most recent fundraising campaign. Although this does not signal future involvement, previous fundraising research shows that past giving is the strongest indicator of future charitable gifts. Therefore, it is helpful to use the structural equation modeling results to focus on specific strategies fundraisers can use in their efforts to elicit stronger feelings of trust and satisfaction with both major gift and annual giving donors.

Developing trust. For major gift donors, relationship nurturing (β = .20, p < .001), responsibility (β = .18, p < .01), and sharing of tasks (β = .09, p < .05) were the only three variables that had a significant influence. These results indicate fundraisers must work to stay in contact with donors beyond the solicitation process. Being invited to
participate in organizational activities, such as open houses and volunteering activities, help donors stay connected. It is not uncommon for fundraisers to send greeting cards or handwritten updates to highlight organizational successes. Communication with key members of the fundraising team helps donors understand how their donations were being used to allow the organizations to continue working toward its mission with their programs and services.

Sharing of tasks was the third cultivation strategy that positively impacted a donors’ trust level. For major gift donors, this result is not terribly surprising given that major gift donors often work very closely with nonprofit organizations to create giving channels through negotiations and working within the government’s tax structure to maximize the mutual benefits of the gift. Nonprofits need to ensure they discuss the issues that are most important to their major gift donors, so they can work together to create solutions and foster further trust in the relationship.

For annual giving donors, five strategies had a positive influence on trust levels. Again, the two strongest strategies were relationship nurturing ($\beta = .21, p < .001$) and responsibility ($\beta = .11, p < .001$). Because fundraisers who work with annual giving programs often interact with large numbers of donors, they need to make sure they respond to donors’ inquiries in a timely manner and do everything possible to make interactions with the organization pleasant as openness ($\beta = .05, p < .01$) and positivity ($\beta = .07, p < .05$) significantly impacted the trust levels. In addition, nonprofit organizations should make every attempt to highlight their connections to others who are working to address similar problems, such as other nonprofit organizations and community groups because networking ($\beta = .10, p < .001$) had the third strongest influence on trust development.

Two strategies had a negative influence on trust for annual giving donors: reciprocity ($\beta = -.07, p < .01$) and assurances ($\beta = -.11, p < .01$). Practitioner literature advocates for organizations to send recognition letters within 48 hr of receiving donations and to include a small personal handwritten note of thanks on the letter. Unfortunately, personalized notes are not always prepared. Instead, fundraisers use word processing programs to perform mail merges from the donor database to produce generic thank you letters. The lack of personalization can damage the nonprofit–donor relationship even if the donor is passionate about the nonprofit’s mission.

Despite suggestions in public relations literature that organizations should assure their stakeholders that their concerns are legitimate, this study found that the assurance strategy had a negative impact on the development of trust. Although statistics have shown that the nonprofit sector no longer receives blind support from donors (Light, 2003), it is possible for nonprofit organizations to withstand media and government scrutiny. Nonprofits must move past providing verbal and written assurances—as measured by this strategy—into truly demonstrating organizational behavioral changes when donors express concern.

**Developing satisfaction.** Only two variables had a statistically significant influence on satisfaction for major gift donors: reciprocity ($\beta = .11, p < .05$) and reporting ($\beta = -.13, p < .01$). Donors give to organizations for a wide variety of reasons, some for public
recognition (e.g., naming a building after a donor), some purely for tax deductions, and others give anonymously for the philanthropic nature of giving. Organizations that take time to get to know their major gift donors will benefit in the future. Knowing if donors want to be thanked publicly or privately and demonstrating gratitude in a timely, appropriate manner will help ensure donors will work with the organization repeatedly.

Surprisingly, reporting had a negative influence on a donors’ level of satisfaction. Providing audited financial statements and annual reports to top donors decreased their satisfaction with the relationship. Major gift donors often have access to key individuals inside the organizations. If they have questions, they simply make phone calls to get answers. Their connections to the organization mean that they do not need printed reports. Indeed, nonprofits are increasingly making their annual reports available online instead of using mass mailings to spread organizational news. This allows for more donations to be used for programmatic efforts rather than administration and fundraising overhead.

Developing satisfaction among annual giving donors is not a simple task. Seven strategies had a positive influence on donors’ levels of satisfaction, whereas assurances ($\beta = -.14, p < .001$) had a negative influence. When working with annual giving donors, fundraisers must implement a cross-section of the seven strategies. Allen (1991) claimed that one of the most important components of growing a fundraising program was researching donors and analyzing the database. As the fundraisers incorporate these seven strategies into their annual giving programs, management needs to monitor the donor database to determine which individuals are most likely to become major gift prospects. As these donors are identified, fundraisers can begin more personalized attention for the donors to encourage the evolution of the relationship.

Assurances negatively impacted annual giving donors’ satisfaction level. Results of this study demonstrate that it is not sufficient for fundraiser simply to inform donors that their concerns are being addressed. Specific actions must be taken and reported back to the donors to foster long-term relationship growth. Annual giving donors’ satisfaction level was impacted by reporting. Behavior, more than verbal assurances, will produce increased satisfaction levels in the nonprofit–donor relationship.

**Conclusion**

The nonprofit organization–donor relationship is vital to the maintenance and longevity of the nonprofit sector. The results of this study show that this organization needs to spend more time developing relationships with its donors. Although they evaluate the relationship positively, communication theory outlines several specific strategies that can enhance the effectiveness of a nonprofit’s fundraising program. Engaging donors in more conversations to let them know they are appreciated will help encourage more loyalty in the relationship, but the nonprofit organization must also demonstrate that it is committed to being both socially and financially accountable.

**Limitations of the study.** It is difficult to say that the results are generalizable beyond nonprofit hospitals in the same region as the participating organizations. Havens and
Schervish (2005) found that giving varies significantly by region, and regional differences may have influenced the findings. In addition, this study only examined nonprofit hospitals. Health care is often studied because of its use of advanced fundraising strategies; others in fundraising often attempt to emulate the sophistication of health care fundraising. However, nonprofits from other subsectors may face unique challenges not uncovered by this research.

**Future research.** In addition to examining how the fundraising process is carried out in other nonprofit subsectors, it can also be examined across different sizes of organizations. Salamon (2002) maintains that an overwhelming majority of nonprofit organizations operate with an annual budget of less than US$300,000. Facing smaller resources, it would be interesting to explore how these organizations implement relationship cultivation strategies with their donors. Future research may also examine how nonprofit organizations implement various cultivation strategies in a virtual context for e-philanthropy donors and how these strategies affect individuals participating in planned giving programs. Then, fundraisers can gain additional insights into the fundraising process using communication theory.

**Declaration of Conflicting Interests**
The author declared no potential conflicts of interests with respect to the authorship and/or publication of this article.

**Funding**
The author declared no financial support for the research and/or authorship of this article.

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