Applying relationship management theory to the fundraising process for individual donors

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Abstract

Purpose – The purpose of this paper is to measure the relationships non-profit organisations develop with their annual giving and major gift donors and to compare the differences between the giving levels.

Design/methodology/approach – A web-based survey of individual donors ($n = 120$) to a non-profit healthcare organisation evaluated their relationships with the organisation using Hon and Grunig's four dimensions of organisation-public relationships.

Findings – To explore the dynamics of the fundraising process, donors were categorised into two different schema. First, donors were classified as either major gift donors or annual giving donors. With this classification, major gift donors were more likely to have stronger feelings of trust, satisfaction, commitment, and control mutuality with the organisation than annual gift donors did. The second classification divided the donors who have made multiple contributions to the organisation and those who had only made one donation at the time of the study. This study found that donors who gave multiple times to an organisation evaluated the relationship stronger than one-time donors. Finally, these dimensions were also able to predict past giving behaviour 91 per cent of the time for the participants in this study.

Research limitations/implications – The findings strengthen the bridge between public relations and fundraising. Additionally, they further validate the organisation-public relationship measures created by Hon and Grunig, and they demonstrate the indices' ability to predict behaviour.

Practical implications – The findings stress the importance of donor cultivation within the non-profit organisation-donor relationship particularly since the number of non-profit organisations is rapidly growing and competing for donations. Additionally, the results demonstrate the growing importance of demonstrating financial and social accountability.

Originality/value – The study extends the growing organisation-public relationship paradigm into a specialisation of public relations that is rarely studied from a social scientific perspective. This study strengthens the reliability and validity of Hon and Grunig's variables as well as strengthening the connection between public relations and fundraising.

Keywords Channel relationships, Non-profit organizations, Fund raising

Paper type Research paper

Increasingly, fundraising practitioner literature is focusing on the growing importance of relationship cultivation with all donors rather than devoting resources to marketing the organisation to donor publics. Rather than simply focusing the cultivation of major

gift donors, practitioners have recognised that the same principles can be applied to all donors. By dedicating more time to donor relations Worth (2002) says that these principles can result in increased donor loyalty to the organisation.

Kelly (2000) maintains that stewardship is the second most important step in the fundraising process. She advocates that fundraising practitioners must incorporate four elements of stewardship into the organisation's official fundraising plan: reciprocity, which allows the organisation to demonstrate its gratitude for the gift; responsibility, which means that the organisation uses the gift in a socially responsible manner; reporting, which includes the basic principles of demonstrating accountability; and relationship nurturing, which includes regular communication and cultivation activities. These principles help the organisation and fundraisers maintain ethical standards as well as ensure continued fundraising success.

In setting out the basic principles of the fundraising process, Rosso (1993) makes it clear that if an organisation wants to ensure its longevity then it should be prepared to dedicate time to developing relationships with its donors. Nudd (1993) insisted that organisations that conduct research on donors are in the best situation to cultivate relationships because of their understanding of their donors.

Despite the calls of senior fundraising practitioners to organisations to focus their efforts on relationship management, there have been no empirical tests published highlighting the value of the donor relations to a non-profit organisation. Instead, they have mainly relied on anecdotal evidence to support their claims. Many fundraisers tell personal stories about how they had known a donor for several years, made telephone calls and visits to his or her house, and even provided assistance with pet care or gardening (Matheny, 1999). While these stories offer an interesting narrative account of that particular relationship, it does not necessarily mean that the same situation with a different fundraising practitioner, different donor, or even different non-profit organisation would produce similar results.

Therefore, the purpose of this study is to explore the value of the non-profit organisation-donor relationship. With the growing importance of relationship management in public relations, this discipline provides an excellent framework for studying this unique relationship. The focus on the organisation-public relationship (OPR) measurement in the past few years provides fundraising practitioners with a chance to truly evaluate the impact of relationships in fundraising. Is a strong relationship with a donor an indication that he or she may be more likely to give to an organisation? How does the non-profit organisation-donor relationship impact donor renewal? This study attempts to answer these questions using the OPR measurement scales from public relations scholarship.

Literature review
Relationship cultivation and fundraising
The number of non-profit organisations has grown exponentially in the USA in the last decade (Salamon, 2002). Similarly, the competition for donors has multiplied. Given the estimated $340 trillion transfer of wealth in the next 20 years, non-profit organisations have been pouring more resources into their fundraising and development programs in preparation for the intergenerational transfer of wealth (Grace and Wendroff, 2001). Basing their plans on their own experience with donors, organisations were putting more resources into cultivating existing donors and finding new prospects.

Countless practitioner books and workshops tout the value of relationships in fundraising (Rosso, 1993; Worth, 2002; Matheny, 1999; Burlingame and Hulse, 1991; Prince and File, 1994). Traditionally, fundraisers have recognised the value that relationships play in securing major gifts and donor participation in planned giving programmes. However, organisations are increasingly realising the importance of stewardship and donor cultivation for regular donors as well.

Documenting the shrinking numbers of significant donors, Wagner (2002) questioned whether organisations should search for new donors or work with their current donor databases to evolve their donors. Nudd (1993) suggests that non-profit organisations – if they are to ensure their longevity – must be ready and prepared to do both. She acknowledges that organisations must constantly be on the lookout for new individuals who are interested in the cause or the organisation and try to bring them on board as a donor. However, she maintains that non-profit organisations should put more focus on donors who already have an established relationship with the organisation because past donor performance is the greatest indicator of future giving.

Just as the public relations literature is beginning to discuss the different relationship maintenance strategies, fundraising literature is also rich with varying strategies on how the non-profit organisation-donor relationship can be enhanced through cultivation. Although practitioner literature gives advice on securing face-to-face business meetings with major gift donors over lunch and in private settings (Sargeant and Jay, 2004), others are beginning to realise that relationship maintenance strategies can benefit donors at all levels, not just the élite donor.

Kelly's (2000) basic formula for stewardship involves thanking the donor and then continued correspondence where the organisation shows that it has used the donation wisely and responsibly. Non-profit organisations are encouraged to add donors to their regular mailing list to either provide them with newsletters and annual reports (Neal, 2001), additional fundraising solicitations for future campaigns (Rosso, 1993), or both (Lindahl, 1992).

Increasingly, as e-philanthropy has become more mainstream with donors donating record amounts over the internet (Baker, 2005), relationship strategies have even begun to appear for web-based relationships (Olsen *et al.*, 2001; Waters, 2007). Non-profit organisations have been encouraged to develop transparent programs that provide the elements of accountability and responsibility for donors. Web sites and electronic communication are increasingly being used to communicate with donors (Kang and Norton, 2004).

Measuring the OPR
The importance of studying the OPR was first introduced to public relations scholars in the mid-1980s (Ferguson, 1984). However, the suggestion that this concept should be the field's guiding paradigm was not grasped immediately as scholars continued to focus on strategic communications. However, as the number of scholars who recognised the value of relationship management grew, scholars began looking outside the traditional theoretical perspectives to develop a better understanding of the impact relationships have for public relations practitioners. Indeed, "the early dependence on mass communication theory has proven to be too limiting as relationships become a dominant focus in public relations thinking and practice" (Coombs, 2001, p. 114).

After Broom *et al.*'s (1997) call for a definition of the OPR, several scholars began to examine the concept more closely. Bruning and Ledingham (1999) felt that the OPR is a state where actions by either side of the relationship impact the economic, social, cultural, or political wellbeing of the other party. Broom *et al.* (2000, p. 18) noted that relationships are "represented by the patterns of interaction, transaction, exchange, and linkage between an organisation and its publics ... [and that they] can be described at a single point in time and tracked over time".

Reflecting the interdisciplinary nature of relationship management studies, scholars have taken different approaches to measuring OPR. Hon and Grunig (1999) developed a multiple-item scale that centered on four aspects of interpersonal relationships. Grunig (2002) later explained how these items to be studied qualitatively to provide more depth and understanding to the OPR. Huang (2001) has developed a cross-cultural scale that helps explain how OPR can be evaluated in international settings, and Bruning and Ledingham (1999) created a scale that focused on respondent personal, professional, and community attitudes. More recently, Bruning *et al.* (2004) have added new dimensions of OPR measurement, including anthropomorphism and comparison of alternatives to the organisation.

The measures that have been used by Bruning and Ledingham seem to measure both dimensions of the relationship that Hon and Grunig (1999) proposed as well as relationship maintenance strategies, such as cooperation, open communication/disclosure, and sharing of tasks. The measurement of such strategies has provided valuable insights as to how practitioners can make the most of OPR.

Though various scholars have created measures to explore OPR, perhaps the measures that have been repeatedly tested more often than the others were those created by Hon and Grunig (1999) for the Institute of Public Relations. This scale has been used to explore the student-university relationship (Hon and Brunner, 2002; Ki and Hon, 2007), the manufacturer-retailer relationship (Jo, 2006), the community-municipal utility relationship (Hall, 2006) and the community-Air Force base relationship (DellaVedova, 2005).

Hon and Grunig's measures focused on four dimensions of relationship quality: trust, commitment, satisfaction, and control mutuality. Additionally, it also examined whether the nature of the relationship was communal where both parties provide benefits to the other due to mutual concern for their well-being or exchange where a party provides benefits because it is expected to do so due to prior benefits exchange.

Trust, quite simply, refers to one party's confidence that it can be open and honest with another party. Hon and Grunig's trust scale measures three dimensions, including integrity, which centres on the belief that both parties involved in the relationship are fair and just; dependability, which is primarily concerned with whether the parties involved in the relationship follow through with what they say they will do; and competence, which focuses on whether the parties have the abilities to do what they say they will do. Trust was an important component in the scale created by Bruning and Ledingham (1999), and Coombs (2001) noted that public relations studies examining relationships were most promising when they have explored measures derived from interpersonal communication.

Another dimension that is grounded in interpersonal relationships is commitment. This variable highlights the parties' beliefs that the relationship is worth the resources that are put into maintaining it. Hon and Grunig's scale contains measures of both

attitude and behavioural intention. Bruning and Galloway (2003) report that commitment – the level of dedication to an organisation – is a key component of OPR because it is fundamental to the public's attitude of the organisation.

The dimension of satisfaction serves to measure whether the parties involved have positive feelings about one another. Hon and Grunig (1999, p. 3) note that "a satisfying relationship is one in which the benefits outweigh the costs". Satisfaction has been one of the variables that has been measured by numerous scholars, including Bruning *et al.*'s (2004) examination of city-resident relations.

The final dimension of relationship quality, control mutuality, involves the balance of power. This component seeks to evaluate which party has more power over the other. Power exists in any relationship, and the parties involved are usually sensitive to which side exhibits and uses the power to gain control in the relationship. This power can involve influence over attitude and behaviour.

Additionally, Hon and Grunig (1999) encouraged scholars to explore types of relationships organisations in addition to the previously mentioned relationship dimensions. They proposed that relationships could be either communal, where organisations and stakeholders "provide benefits to the other because they are concerned for the welfare of the other" (Hon and Grunig, 1999, p. 3), or exchange, where "one party gives benefits to the other only because the other has provided benefits in the past or is expected to do so in the future" (Hon and Grunig, 1999, p. 3).

Research questions
Fundraising literature provides a wealth of information on strategies to cultivate relationships, and senior practitioners have encouraged new professionals to focus on managing the relationships with major gift donors (Matheny, 1999), regular donors (Rosso, 1993), and even individuals who donate online (Hart, 2002). However, researchers have not taken time to measure those relationships with donors.

After nearly one decade of studying relationships, public relations literature provides a scholarly framework for studying the non-profit organisation-donor relationship that includes valid and reliable scales and precedence for hypotheses. Based on fundraising and public relations literature, this study is focused on two research questions and two hypotheses. The first research question evaluates the overall rating of the non-profit-donor relationship for all donors:

RQ1. To what extent do donors give the non-profit organisation a favourable rating on the four relationship dimensions and perceive the non-profit organisation as having a more communal than exchange type of relationship?

To help understand the impact of relationship on different types of donors, the first two hypotheses evaluate different donor segments. The first hypothesis explores the relationship between regular donors and major gift donors. Non-profit organisations have different criteria for what qualifies as a major gift donor. For this project, major gift donors were considered as those who gave more than $5,000 per year; this level was chosen based on the participating organisation's existing giving levels. Because fundraising literature maintains that organisations traditionally have put more resources into relationship cultivation with major gift donors, the first hypothesis tests the difference in relationship evaluation between major gift and regular donors:

H1. Compared to regular donors (e.g., those who give less than $5,000), major gift donors will rate the non-profit organisation higher on the four relationship dimensions.

The second hypothesis tests the evaluation of the non-profit organisation-donor relationship for donors based on the number of times donors have given to the organisation. Because multiple gifts to an organisation suggests that the donor values the relationship with the organisation more than a donor who has just given once, the second hypothesis proposes:

H2. Compared to one-time donors (e.g., those who have only donated to the non-profit organisation once), repeat donors will rate the non-profit organisation higher on the four relationship dimensions.

Because the participating non-profit organisation was willing to provide anonymous data on donors' past giving histories, donor-giving data were collected to better understand the fundraising process. Though it would have been more desirable to examine the giving of the participants in the next fundraising campaign after they completed the survey, previous research indicates that past charitable giving behaviour is the best predictor of future giving (Kelly, 1998; Steinberg and Wilhelm, 2003; Metrick, 2005). This information enabled researchers to pursue a second research question that explores the likelihood that a donor's evaluation of the non-profit organisation-donor relationship can be used to predict giving in the most recent fundraising campaign:

RQ2. Can a donor's evaluation of the non-profit organisation-donor be used to predict whether they donated in the most recent campaign for the organisation?

Methodology
To measure the non-profit organisation-donor relationship, a large healthcare non-profit was recruited to participate in the research. The organisation provides free surgeries and medical procedures to uninsured residents of California through a volunteer network consisting of surgeons, nurses, community clinics, and partner hospitals. The organisation has an annual budget of $1.3 million and 15 employees staffing three offices throughout California. Three fundraisers work for the organisation: two work exclusively with individual donors, while the other employee writes proposals and manages the grants the organisation has received from corporations and foundations. For this research, only individual donors were asked to participate due to previous research highlighting the greater focus of relationship management for individual donors since they provide more than 75 per cent of donations to the non-profit sector in the USA (e.g., Kelly, 1998; Giving USA Foundation, 2007).

This project utilised electronic surveys, which were placed on the non-profit organisation's internet server. Electronic surveys were chosen over more traditional paper or telephone surveys due to cost and recent research that has found that subjects are more likely to respond to electronic surveys when they concern topics that are important to the participant. Given the growing number of donors who are making donations over the internet (Olsen and Frazier, 2001; Wallace, 2001) and the number of

donors providing e-mail addresses to receive updates on organisation's successes (Hart, 2002), it was determined that electronic surveys would not rule out capturing a significant number of one-time donors, who were being examined with the second hypothesis. An examination of the organisation's donor database showed that the organisation had e-mail addresses for 74 per cent of their donors, and the majority of those who they did not have e-mail addresses for were major gift donors, who typically are cultivated with face-to-face meetings rather than mass-mediated messages through the internet.

Each electronic survey was set up on a unique web site so that the surveys could be coded to retrieve information about the donor's giving history. Of the 375 participants who were randomly invited to participate in the survey, 120 participants completed usable surveys, resulting in a survey completion rate of 32 per cent.

The survey designed for this study was based on Hon and Grunig's (1999) "Guidelines for measuring relationships in public relations". The survey measured all four relationship dimensions using the same nine-point agreement scale that was originally proposed. This survey used the abbreviated list of the relationship measures listed in the report that used 30 questions rather than the complete 46-item questionnaire. The survey had six measures for trust; five each for commitment, satisfaction, control mutuality, and communal relationships; and four measures for exchange relationships. These indices were found to be reliable with Cronbach's alpha values ranging from 0.72 to 0.93. Participants were also asked questions about their demographics, including gender, age, race, and education.

Additionally, this study sought to determine whether a donor's evaluation of the OPR could be used to predict whether the donor gave during the most recent fundraising campaign. To evaluate an individual's giving, the non-profit organisation provided past giving histories for the surveys that were completed online. All data were collected confidentially as the researchers did not have access to donors' personal contact information.

Results

The participants in the study represented a wide variety of backgrounds. The respondent group was 62 per cent female and 38 per cent male. A total of 42 per cent of respondents said they were Caucasian; 23 per cent said Asian; 13 per cent said Latino; 10 per cent said Arab or Middle Eastern; 8 per cent said Black; and 4 per cent said other. The mean age of the participants was 41 years, ranging from a low of 23 years to a high of 78. Of the respondents, 53 per cent were repeat donors compared to 47 per cent who had only given once, and 11 per cent of the respondents were major gift donors, defined as giving more than $5,000 by this organisation.

The first research question asked how donors perceived the donor-non-profit organisation relationship along the four relationship dimensions and two relationship types. As shown in Table I, the data indicate that the donors tend to perceive the relationship positively on all of the relationship dimensions. Additionally, they disagree that the relationship is an exchange one; instead, they positively evaluated the communal relationship items.

H1 stated that major gift donors would rate the non-profit organisation higher on the four relationship dimensions when compared to regular donors. It also stated that major gift donors would evaluate the relationship as being more communal in nature

than exchange. Statistical analysis reveals that this hypothesis was supported. As Table II shows, the difference between these groups was statistically significant when *t*-tests were conducted to compare the means of the two groups. All four relationship outcomes were evaluated more positively by the major gift donors than the annual giving donors. Both groups viewed their relationship with the non-profit as a communal one rather than an exchange relationship; however, annual giving donors felt the relationship was more of an exchange relationship than major gift donors.

The second hypothesis tested the evaluation of the non-profit organisation-donor relationship for both one-time donors and repeat givers to this organisation. It stated that repeat donors would have a higher evaluation of the four dimensions of the relationship, and they would also view the relationship as a communal one rather than an exchange relationship. As Table III shows, there was strong statistical support for this hypothesis. Similar to the pattern for the major gift-annual gift dichotomy, repeat donors evaluated the four relationship dimensions more positively than one-time donors. Repeat donors felt the relationship was more communal in its nature; however, one-time donors felt it was more of an exchange relationship.

The second research question sought to explore whether or not a donors' evaluation of the non-profit-donor relationship could be used to predict whether the donors gave during the most recent fundraising campaign. To examine the predictive nature of the OPR dimensions, discriminant analysis was used to see if the past giving could be determined. For this study, the independent variables are the four OPR index scores (trust, commitment, satisfaction, and balanced power), and the dependent variable is whether the donors donated to the most recent campaign. Table IV presents the results of the discriminant analysis.

	No. of items	Cronbach's α	Mean	Std dev.
Trust	6	0.89	6.58	0.99
Satisfaction	5	0.84	6.39	1.09
Commitment	5	0.80	6.64	0.95
Control mutuality	5	0.83	6.51	0.90
Exchange	4	0.93	4.94	1.25
Communal	5	0.85	5.89	1.21

Table I.
Means and standard deviations of the donor-non-profit organisation relationship

	Major gift donors $n = 34$		Annual giving donors $n = 86$				
	Mean	Std dev.	Mean	Std dev.	t	df	p
Trust	7.48	1.16	6.46	0.91	3.81	118	0.000
Satisfaction	7.24	1.04	6.29	1.06	3.20	118	0.002
Commitment	7.51	1.18	6.55	0.86	3.75	118	0.000
Control mutuality	7.12	1.20	6.42	0.83	2.82	118	0.006
Exchange relationship	3.32	0.76	5.16	1.14	-5.83	118	0.000
Communal relationship	7.18	1.21	5.73	1.11	4.55	118	0.000

Table II.
T-test comparison of major gift donors' and annual gift donors' evaluation of the non-profit organisation-donor relationship

As Table IV shows, the most important variables that led to group prediction when considered individually were commitment and trust. These variables have the lowest Wilks' λ values, meaning that 44 per cent and 48 per cent of the variance in these variables is not explained by the group differences, respectively. The group differences explained even less variance for the remaining variables.

When examining the interaction of the OPR variables, commitment and satisfaction were the ones that differentiated between the two groups based on the value of the standardised coefficients. However, all of the variables were used to create the model to predict whether individuals gave during the most recent campaign. To calculate the discriminant function score, the following formula was created:

$$\text{Discriminant Function Score} = -10.47 - 0.12(\text{trust}) + 0.46(\text{satisfaction})$$

$$+ 0.1.27(\text{commitment}) - 0.03(\text{balanced power}).$$

The canonical correlation of the discriminant function, $R = 0.76$, means that there is a moderate to strong correlation between all of the independent variables together and the discriminant function score. The function's Wilks' λ value (0.43) means that 43 per cent of the variance in the discriminant function score is not explained by the group differences. Based on the Chi-square test, the Wilks' λ of the function was statistically significant ($\chi2 = 99.35$, df $= 4$, $p < 0.001$). The mean discriminant scores for each of the dependent variable categories in the function or group centroids reveal that the function is fairly discriminating given the distance between the two points. The group centroids for groups 1 and 2 of this function are 0.80 and -1.66, respectively.

| | Repeat donors $n = 64$ | | One-time donors $n = 56$ | | | | |
	Mean	Std dev.	Mean	Std dev.	t	df	p
Trust	7.30	0.72	5.76	0.49	13.52	118	0.000
Satisfaction	7.15	1.09	5.53	0.95	12.11	118	0.000
Commitment	7.29	1.04	5.95	0.60	10.76	118	0.000
Control mutuality	7.11	0.93	5.80	0.45	11.73	118	0.000
Exchange relationship	4.39	1.57	5.58	0.84	-5.92	118	0.000
Communal relationship	6.67	1.07	5.01	0.67	10.29	118	0.000

Table III.
T-test comparison of repeat donors' and one-time donors' evaluation of the non-profit organisation-donor relationship

	b	B	Wilks' λ	F (1, 118)	Group 1 ($n = 81$) Mean	Std dev.	Group 2 ($n = 39$) Mean	Std dev.
Constant	-10.47							
Trust	-0.12	-0.08	0.48	129.93[*]	7.07	1.08	5.56	1.47
Satisfaction	0.46	0.36	0.51	113.45[*]	6.92	0.88	5.29	1.50
Commitment	1.27	0.81	0.44	149.89[*]	7.16	1.02	5.64	1.42
Balanced power	-0.03	-0.02	0.57	88.22[*]	6.91	1.16	5.66	1.34

Notes: $R = 0.76$, Wilks' λ of function $= 0.43$, $\chi2 = 99.35$, df $= 4$, $p < 0.001$, centroids $= (0.80, -1.66)$; [*] $p < 0.001$

Table IV.
Discriminant analysis of overall relationship with non-profit organisation

Because the function was statistically significant, the model can be tested to see if it can properly predict group membership. Table V presents how many cases were correctly classified against those that were not. As the table shows, the model was very accurate in predicting group membership for individuals who did donate to the most recent campaign as it correctly predicted 73 of 76 cases. The model also was able to predict most of those who did not give during the campaign. Of the 44 cases predicted not to give, only eight were predicted incorrectly.

Overall, the success rate of this model at predicting the group membership was 91 per cent (109 of 120 cases correctly predicted). To determine if this hit rate was statistically significant, the t-value had to be calculated, and it was found to be significant ($t = 148.23$, df $= 118$, $p < 0.001$).

Discussion

The results of this study provide support for the fundraising literature's claims that resources should be dedicated to relationship cultivation. Donors who are more likely to have had a longer relationship – repeat and major gift donors – both evaluated the organisation more positively in terms of Hon and Grunig's (1999) OPR measurement items. Donors reported that overall they did trust the organisation to carry out its services and programs in an effective manner that would serve the community. The donors were satisfied with the progress the organisation was making in achieving its goals and objectives, and the donors were committed not only to the organisation, but also to seeing its programs succeed. Donors did not feel that the organisation was trying to take advantage of their contributions; instead, they felt valued, appreciated, and thought the organisation was not making decisions that could damage the non-profit organisation-donor relationship.

When attempting to use the OPR measures to predict past behaviour, it is interesting to note that all of the indices were statistically significant in calculating the discriminant function score although trust and commitment had greater value than the others. Commitment was the strongest positive predictor while trust actually decreased individuals' function scores. These results highlight some of the major issues that arise in the non-profit sector.

Increasingly, donors are holding non-profit organisations to higher standards of accountability and transparency. A Brookings Institution report found that the public's confidence in the nation's charitable sector fell to an all-time low. Only 13 per cent expressed "a great deal" of confidence in non-profit organisation while 37 per cent reported that they had "not too much" or no confidence in the sector (Light, 2003).

Among the chief concerns highlighted by the Brookings Institution report were concerns that non-profit organisations did not spend donations wisely, that non-profit

| | Predicted | |
Actual	Group 1 (did give)	Group 2 (did not give)
Group 1 (did give)	73	8
Group 2 (did not give)	3	36
Notes: $\chi2 = 77.03$, df $= 1$, $p < 0.001$		

Table V.
Classification matrix of discriminant analysis function

leaders made strategic decisions that were unbiased and fair, that non-profit organisations dedicated enough time to developing quality programs that truly addressed the cause of social ills, and that non-profit leaders were paid too much. Alarmingly, more than 60 per cent of respondents felt that non-profit organisations wasted money.

Non-profit organisations concerned about their stakeholders' concerns need to spend more time communicating about their programmatic goals, successes, and needs.

Kelly (2000) suggested that organisations accurately report how they used donations in a timely manner. This can be reported either through direct mailings of annual reports (Neal, 2001), the provision of 990 IRS tax forms (Waters, 2007), or even through interpersonal communication (Hart, 2002). The internet is increasingly being used to convey this information in digital downloads (Olsen *et al.*, 2001).

Fundraising organisations, such as the Association for Fundraising Professionals and Association for Healthcare Philanthropy, are encouraging its members to digitise their financial information to make it available to the general public. Additionally, this is becoming significantly easier as beginning in 2006 the IRS is mandating that non-profit organisations use e-file to submit their fiscal information to the government; this file could easily be uploaded to the non-profit's web site as well.

In her description of the fundraising process, Kelly (2000) said that fundraisers should be involved in stewardship for 20 per cent of the time dedicated to work. These results support her claims that stewardship is one of the most valuable steps in fundraising. All four components of stewardship – reciprocity, responsibility, reporting and relationship nurturing – can be utilised to communicate an organisation's accountability.

Reciprocity simply means that organisations demonstrate gratitude toward their supportive stakeholders. Two underlying dimensions of reciprocity are the acknowledgement of publics and a sincere expression of appreciation on behalf of the organisation. For non-profit organisations, 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.

For responsibility, an organisation has an obligation to its stakeholders to act in a socially responsible manner. For fundraising, an organisation and its 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 organisation than for the same fundraiser to go out into the community and find new donors.

When non-profit organisations have acted responsibly with donations, they need to communicate their deeds to their stakeholders as well as keep donors informed about developments on issues for which support was sought. Organisations can demonstrate their accountability by providing open, accurate information to their publics.

In light of recent scandals in the non-profit sector, fundraisers need to ensure that their organisations use their web sites to demonstrate financial accountability by providing their 990 IRS forms and their audited financial documents and to demonstrate their social accountability by informing current and potential clients about their programs and services. Non-profits and every other type of organisation

must be held accountable for their actions on issues that impact their publics. Relationships with these groups cannot be maintained if an organisation does not offer this information and only communicates when it needs support.

Opportunities to nurture relationships with publics are numerous. For example, non-profit organisations 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 non-profit organisation-donor relationship strengthens, fundraisers may also send handwritten cards for special occasions, such as birthdays, anniversaries or upon learning of serious illnesses. The extra effort required to cultivate relationships with any public will benefit organisations in the future because this demonstrated concern will result in continued support and reduce the impact of potential crises.

Conclusion

The non-profit organisation-donor relationship is vital to the maintenance and longevity of the non-profit sector. For non-profit organisations to continue the provision of programmes and services to the community, it is vital that they dedicate resources into relationship cultivation with all of its donors. While major gift donors may be the ones who can provide the largest amount of donations, the results of this study show that organisations should also cultivate the relationships with donors at lower gift levels. Kelly (2000) provides practitioners with strategies that can be implemented into the fundraising process. Similarly, as research has shown in a multitude of settings, relationship management can produce more satisfied publics.

For the public relations profession, it is vital to understand how relationships can benefit different organisations. Practitioners are constantly facing pressure from management teams to show the value of their work. By validating these measures in different settings, practitioners have increased ways to evaluate their contributions to the organisation's bottom line. No longer do public relations practitioners have to rely on clipping services and advertising equivalency to measure their efforts. In addition to the rubric created by Likely (1999/2000), public relations practitioners are recognising the value of relationship management and are beginning to put more effort into developing relationship maintenance strategies that benefit both parties (Thatcher, 2005; Sinickas, 2004).

Limitations of the study

This study only examined the relationship of one non-profit organisation with its donors, so one should be cautious with generalising the results to other organisations as relationship cultivation with donors is no doubt carried out differently. However, it does reflect many of the anecdotes and suggestions that fundraising practitioners preach. Additionally, given the nature of the study, data were only collected from donors; it is not known how the non-giving public would evaluate a relationship with this non-profit organisation.

Future research

Now that scholars have found valid and reliable relationship measures, it is important to continue documenting the relationships that public relations entails. How would the results of an OPR measure differ for investor relations or public affairs departments,

and how should organisations pursue relationship cultivation differently with different stakeholder groups? Although Huang (2001) has given scholars some suggestions for measuring OPR in the East, how is relationship management carried out in other parts of the world? Although recent scholarly work on public relations in Latin and Central America has shown that relationships are highly valued among senior practitioners, it is largely unknown how others would evaluate these relationships. Finally, scholars should follow Ki and Hon's (2007) lead and evaluate how these OPR measures correspond to attitude and behavioural intent. This research, combined with research that examines the relative importance of different relationship maintenance strategies, can help bridge the gap between scholarly research and the needs of practitioners.

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