

# INCREASING NONPROFIT EFFECTIVENESS BY FUNDRAISING IN DIVERSE COMMUNITIES



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## Introduction

The main goal of this research is to understand how the changes in demographics can influence nonprofit fundraising and organizational ability to secure the funds needed for the nonprofit to be effective as a force for good in society.

This research also looks at how nonprofits' climate and its ability to hire and retain a diverse pool of professional fundraisers impacts its fundraising effectiveness.



## Evaluation

Cross referencing literature exploring how to increase the effectiveness of nonprofits, this project looks at the main areas of differentiation for an organization to be effective, and how to create the best organizational climate to create the right environment for nonprofit organizations to thrive. The right organizational culture and structure directly impact effectiveness by giving the organization competitive advantages that differentiate it from others.

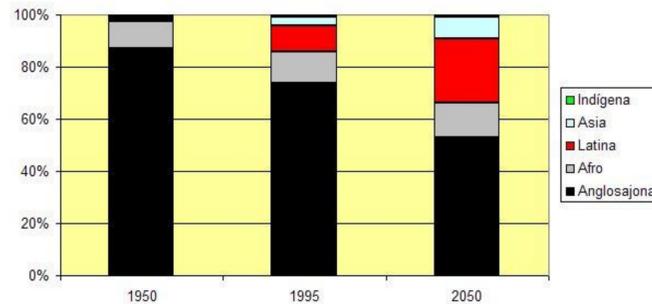
The second part of this research aims to define excellence in fundraising, to provide an overview on best practices in fundraising and giving trends in the United States, with an emphasis on the coming demographic changes. Reviewing multiple academic and professional publications and collecting a summary of such best practices to provide a framework for organizations looking to improve their fundraising results.

Finally, this research project reviews US Census projections of population demographic changes for the next 40 years, to emphasize the need for nonprofits to make special efforts to reach diverse communities in order to maintain and improve their fundraising results in the future.

An overview of how different cultures and communities view and practice philanthropy provides relevant information for nonprofits looking to become more effective when reaching out to these communities. The research makes a special effort to highlight the importance to hire, train and promote fundraisers from diverse backgrounds, in order to reflect the upcoming diverse donor base.



## Results and Discussion



**Figure 1. Population changes in the USA by ethnic group. (Image credit: Alberto Robels, Wikimedia Commons. Retrieved 4,7,2020)**

Classic static organizational culture will not be effective any longer, due to the complexity and rapid change in today's environment. This makes the manager's ability to recognize change and implement rapid and efficient adjustments a necessity for any type of organization, and for nonprofits in particular. Managers implementing necessary change effectively will help the organization to adapt to the dynamic and changing environment.

There is a strong relationship between organizational climate, productivity and satisfaction. Research shows that when the employees feel involved in the decision making, information sharing and management support, the organization's effectiveness is augmented.

Nonprofit organizations have multiple and often independent criteria to measure effectiveness, but the criterion used most frequently is efficiency, looking at the input-output ratio, as well as the ability to capture new sources of income, while maintaining existing sources.

Numerous cross-sectional studies show that the most effective organizations are those that use correct management practices.

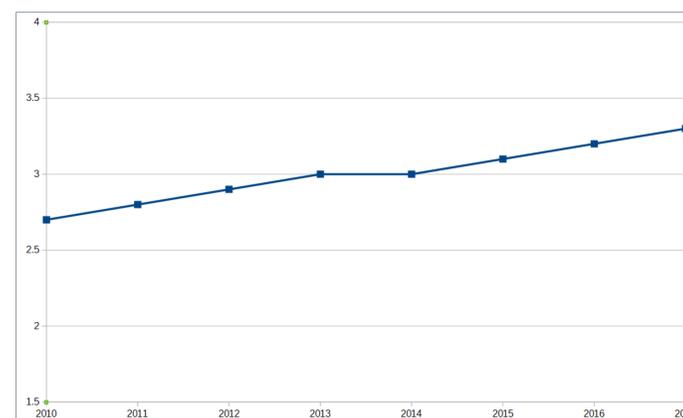
The second part of this research aims to define excellence in fundraising, review fundraising best practices and benchmarking in this field, with an emphasis on the coming demographic changes and their impact on nonprofit results and therefore effectiveness.

Gathering information from the US Census, we can observe demographic changes that are taking place now, and will continue to take place in the future. These demographic changes will require nonprofits to reevaluate how they approach diverse donors, if they want to be effective and even survive.

A major area of strategic importance for nonprofits as a whole and for fundraising and development departments in particular, relates to the drastic changes in the US demographics. If we look at the projections for the near future, our country will be a very different one, and nonprofits must create the right strategies and implement the best procedures to reach diverse populations.

The U.S. Census Bureau establishes that by 2030 more than half of all Americans are projected to be part of a minority group. By 2060, nearly 1/5 of the country's total population is projected to be foreign born. The population identifying as being of 2 or more races is projected to more than triple its current size, with a growth of 226%. The Asian population group is projected to have a growth of 128%, and the Asian-multiracial mix group is projected to have a growth of 143%. The third fastest growing group is the Hispanic population, with a projected increase from 55 million to 119 million in 2060 (increase of 115%). By 2060, 29% of the country is projected to be Hispanic, which translates into more than 1/4 of the total population.

Embracing diversity forces organizations to change their strategy and the way in which they approach donors. The current idea that "one size fits all" when approaching donors is becoming obsolete in our current dynamic environment. Diverse groups have specific philanthropic characteristics and traits, and to be successful today's fundraisers need to tailor their approach and appeals to match the prospective donor's values and customs.



**Figure 2. US Census reporting of Two or More Races 2010-2017. Image Credit**

([https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_15\\_1YR\\_DP05&prodType=table=American](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_1YR_DP05&prodType=table=American))

## Conclusions

The ability to build and maintain effective relationships and to secure funding, is directly related to the climate of the organization. For nonprofits to become more effective, improving their fundraising results is a necessity. Without strong fundraising results, nonprofits would not be able to provide their services to society.

Although other areas of nonprofit management have direct influence in the organization's effectiveness, fundraising is the most relevant and a highly critical operation.

There are other areas in the organization that directly impact the effectiveness of the organization overall, and the fundraising department in particular. Quality of leadership and management as well as the efficiency, involvement and quality of the nonprofit board directly impact results. Other factors impacting effectiveness are the quality and efficiency of services provided by the organization; having strong departments like marketing, finances, operations and human resources; and the overall professionalism of staff, and efficient stewardship of donor dollars directing the resources to the right programs and reporting back results.

In order to fundraise successfully now and in the future, organizations need to evaluate the changes in demography and its impact to the way they fundraise. More than ever, a diverse workforce will empower nonprofits to succeed. It is very important for the survival of nonprofits to adapt to these demographic changes, learning about different ethnic and cultural groups and engaging a more diverse workforce to provide professional fundraising services.



## References

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