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A Study on Donor Preferences and Charitable Giving

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A Study on Donor Preferences and Charitable Giving

A THESIS SUBMITTED

By

Stephanie Roderick Williams

In Partial Fulfillment of the Requirements

For the Degree of

Master of

Nonprofit Administration

The University of San Francisco

March 29, 2005

A Study on Donor Preferences and Charitable Giving

This Thesis written by

Stephanie Roderick Williams

This Thesis written under the guidelines of the Faculty Advisory Committee and approved by all its members, has been accepted in partial fulfillment of the requirements for the degree of:


Master of Nonprofit Administration

at the

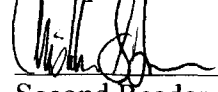
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ABSTRACT

This study entailed the administration of a mail survey of 2,000 donors to determine if baby boomers (aged 40 to 58) would be more inclined than mature donors (aged 59 and older) to value efficiency, organizational outcomes, and information when making a charitable gift. There were no statistically significant differences between donors of the baby boomer generation and mature donors concerning the variables efficiency and outcomes, but there were statistically significant differences between baby boomers and mature donors regarding the variable information: baby boomers valued information more than mature donors did.

Moreover, significant differences were found between young donors (aged 18-39), baby boomers, and mature donors regarding efficiency, where young donors valued efficiency the least and mature donors valued efficiency the most. Young donors were less demanding than baby boomers and mature donors regarding both the percentage charities should spend on overhead, and their desire to be informed of that percentage. Young donors were also more likely than baby boomers and mature donors to give to a charity that spent a high percentage on overhead.

The research also demonstrated that there were differences between young donors and mature donors regarding the value they accorded to organizational outcomes when making a decision to give, such that young donors valued organizational outcomes more than baby boomers and mature donors. Young donors read and desired information about an organization's accomplishments, such as program outcomes, more often than baby

boomers and mature donors. Young donors were also more likely to give more money to a charity if they had more information regarding how their gift would be used.

Finally, young donors were more likely than baby boomers and mature donors, respectively, to use the Internet, a charity's web site, or friends or family, to search out information about a charity when making a decision to give. Young donors used a greater range of sources of information when making a decision to give than did baby boomers and mature donors, respectively.

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INTRODUCTION

The Inter-Generational Transfer of Wealth

Of great interest to the nonprofit sector is an expected inter-generational wealth transfer of major proportions to the baby boomer generation, which stands to benefit significantly from it. During the next fifty years, an estimated \$41 to \$136 trillion will pass from the mature generation (those born before 1945) to the baby boomer generation (those born between 1946 and 1964) (Weiss, 2003). Some researchers predict that charities will realize an additional \$6 trillion to \$25 trillion in donations. A noted researcher from Boston College, Paul Schervish (cited by Weiss), predicted a wealth transfer of \$41 trillion, with baby boomers inheriting \$7.2 trillion, and charities gaining \$6 trillion. Despite a weak economy, Schervish has stood by his estimate.

Effectively securing these donations is of interest to many charities, including a growing number that seek to be less dependent on government and foundation funds. Astute fundraisers will want to be equipped with a better understanding of the large baby boomer population and the unique factors that affect their giving. Such factors will play a vital role in proper cultivation and stewardship of annual and planned gifts from this generation.

Charities have also been faced with increased competition for funds as the number of 501(c)(3) organizations recognized by the IRS has grown. Whereas in 1993 there were 575,690 registered charities, in 2003 there were 964,418, reflecting an average growth rate of 5.3% a year¹ (The Center on Philanthropy at Indiana University, 2004, p.47). Given the growing number of charities and increased competition for funds,

¹ The growth rate in registered charities from 2002 to 2003 was 6.0%.

nonprofits' accountability is becoming more important to individual donors, who must decide how to allocate their gifts among competing causes and between organizations working toward the same general goals. Individuals faced with multiple requests for support often discriminate among organizations. A deeper understanding of donors' desire for financial and other information from charities could improve the efficiency of the not-for-profit sector.

Factors That Affect Giving

Factors that affect giving are complex and varied. Different demographic, socioeconomic, and psychographic characteristics can all affect the level of donations made to charities (Schlegelmilch, Love, & Diamantopoulos, 1997). Organizational outcomes and efficiency are also known to be important factors, and their roles are being studied and measured with increasing interest. Recent studies have shown that people are looking for more information about the activities of charities (Princeton Survey Research Associates, Inc., 2001; Sargeant & Lee, 2002) and that greater disclosure of financial information is increasingly associated with higher subsequent donations (Parsons, 2001). Studies have also shown that donors have concerns about whether their donations will be used efficiently (Hall & Febraro, 1999; Hall & Parmegiani, 1998; Hall, Goulbourne, & McKeown, 2001; Hall, Knighton, Reed, Brussière, McRae, & Bowen 1998; Sargeant & Lee).

Due to recent and highly publicized scandals of nonprofit (and for-profit) misuse and/or nondisclosure of funds (in the cases of the American Red Cross, the James Irvine Foundation, and Enron, for example), organizational outcomes, efficiency, and the disclosure of such information may be of increasing concern to all donors, particularly

INTRODUCTION

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baby boomers. While researchers are investigating the issue of donor trust, few (if any) researchers are looking into the importance of organizational outcomes, efficiency, and information on donors in different age groups. For this study, organizational outcomes is defined as the charity's program accomplishments; efficiency is defined as the percentage spent on charitable programs compared with that spent on overhead; and information is defined as donors' desire for financial or other information about a charity when making a decision to give.

Baby Boomer Characteristics

Baby boomers are a unique population that share many similarities. The "boom" refers to the 40 million births above expectations in the United States in the post-war years between 1946 and 1964. Today there are 78 million baby boomers, and if those that have immigrated to the U.S. are included in the census, there are 81 million boomers in total (Nichols, 1996). This number makes the boom generation larger than any other age group in the country (Nayyar, 2003). By 2030 baby boomers will number twice as many as the current senior population (Nayyar, 2003).

Because they are exceptionally large in number, making them an anomaly, boomers have been taught from birth that they are special (Nichols, 1996; Smith & Clurman, 1997, p. 46). The values that shaped this generation include a strong sense of self, independence, and change. As a result, choice and control are very important to baby boomers (Haynes, 2004; see also Smith & Clurman, chap. 3). Boomers prefer supporting causes with quantifiable results, and they have a strong desire to make things happen with their money (Nichols, 1989). They also tend to view their contributions as investments and thus demand some measurable return on their support (Hart, 1999).

Baby boomers are better educated and more technically savvy than their predecessors (Romano, 2003). They are twice as likely to go to college as parents (Nichols, 1989). Seventy-five percent of baby boomers access information from the Internet (Hart, 1999). Computers, the Internet, and an ever-increasing menu of options have enabled baby boomers to expect immediate access to information and have their questions promptly answered.

Research Question

This research sought to determine whether baby boomers, due to their unique characteristics, were more likely to value organizational outcomes, efficiency, and availability of information as factors that affected their giving. Specifically, the hypothesis stated that donors of the baby boomer generation (40-58 years old) would be more likely than older, more mature donors to value organizational outcomes, efficiency, and information when making a charitable gift.

Baby boomers were defined as individuals born from 1946 to 1964. The population studied consisted of donors that had made gifts in the range \$100–\$500 during the previous 12 months to a nonprofit organization. A survey was mailed to 2,000 donors of the Marine Mammal Center to collect information on factors that affected donors' giving, as well as relevant demographic data.

CHAPTER ONE: LITERATURE REVIEW

The Role of Trust in Giving

Trust plays a significant role in charitable giving. Toppe and Kirsch (2002) advised that charitable organizations' success was directly related to the trust they inspired among the public. Why was trust so important? When a donor makes a gift to a charitable organization, no tangible goods are provided in exchange for that donation. For this reason accountants often call contributions non-exchange transactions. In fact, donations confer no legal rights upon the donor (Bekkers, 2003).

In addition to the lack of a tangible goods provided by a charity to its donors, the results or effect of a donor's donation is often not immediately visible, if visible at all. Therefore, donors must believe that an organization will not take advantage of them and they must trust that gifts will be used to accomplish the organization's stated mission in a prudent, competent, and ethical manner.

Clearly then, the nation's third sector, which includes approximately 1.3 million large and small organizations that serve the public good (Center on Philanthropy at Indiana University, 2004, p. 47), has an unparalleled need to inspire trust and confidence among the public.

Donors Have Lost Trust

Researchers have found that donors' trust levels, unfortunately, have been declining (Bekkers, 2003; Hall, et al, 2001; Maryland Association of Nonprofit Organizations, 2002; Putnam, 2000; Salmon, 2002; Toppe & Kirsch, 2002).

Robert Putman's edifying book, *Bowling Alone: The collapse and revival of American community* (2000), revealed that in 1960 58% of the US population agreed with

the statement “most people can be trusted”. That percentage had decreased to 35% by the 1990s (pp. 140-141). A 2002 national telephone survey conducted by Wirthlin Worldwide for Independent Sector showed that the percentage of people that saw charities in a positive light was 70% in 1990. This had decreased to 60% by the late 1990s (Toppe & Kirsch, 2002). Another national survey by the Brookings Institution and Independent Sector found that the number of people that had “no confidence” in nonprofits doubled from 8% in 2001 to 16% in 2002 (Salmon, 2002). The Maryland Association of Nonprofit Organizations reported in 2002 that the level of trust among Marylanders was significantly fragile and recommended that nonprofits act aggressively in protecting their reputation (Maryland Association of Nonprofit Organizations, 2002).

The Maryland Association of Nonprofit Organizations (2002) showed, in its survey of 800 adult Marylanders, that people were increasingly skeptical about the legitimacy of new charities that contacted them. There was also a growing concern over nonprofits wasting money. Marylanders’ concern over waste jumped six percentage points from 1999 to 2001 (Maryland Association of Nonprofit Organizations). Research by Hall et al. (2001) found that Canadians too were increasingly concerned about waste by nonprofits. In 1997 40% of Canadian donors feared that nonprofits would not use donations efficiently; in 2000 47% of Canadians reported the same fear.

Reasons for the Decrease in Trust

The decrease in trust and increase in concern over waste and legitimacy has been largely due to numerous and highly publicized scandals in the nonprofit sector (Salmon, 2002). For example, in 1989 Jim and Tammy Faye Bakker were convicted for illegal activities connected with their televangelism. Further convictions included those of Bill

Aramony, CEO of the United Way of America, for misuse of funds, and of John Bennett, the founder/CEO of the Foundation for New Era Philanthropy, for a pyramid scam. The lavish spending of AIDSRIDE promoter Pallotta TeamWorks and the stumbles of the American Red Cross as they attempted to use their 9/11 donations for other causes were also made known to the public.

How could so many scandals happen? America's nonprofits have been regulated by the Financial Accounting Standards Board (FASB) and the Internal Revenue Service (IRS). The FASB has provided the requirements for annual reports and the IRS the requirements for tax filings (Form 990) for certain charities organized under section 501(c)(3) of the tax code. Bothwell (2001) reported that neither the IRS nor state governments had adequate numbers of personnel to effectively regulate nonprofits. During the 1990s, for lack of resources, the IRS decreased the number of audits of nonprofits while at the same time the number of nonprofits increased. From 1990 to 1994 examinations of the Form 990 decreased by approximately 30% while the amount of taxes and penalties collected as a result was increasing by approximately 200% (United States General Accounting Office, 1995). In addition to the decline in governmental audits, vast numbers of Form 990s are filed with omissions (Fleishman, 1999; Lampkin & Pollak, 2001; Swords, 2001; Urban Institute and Indiana University, 2004), either out of carelessness or to avoid embarrassment (Swords, 2001).

But even if Form 990s were accurately filled out 100% of the time and audits copious, nonprofit organizations are not required to measure or report how successful they are in carrying out their mission. Both FASB and the Governmental Accounting Standards Board have encouraged the provision of service efforts and accomplishments

(goods and services provided and outcomes) but they are not required and, thus, compliance has been rare (Parsons, 2003).

Nonprofits' Response

The nonprofit sector, well aware of the public's growing concerns, has turned to self-regulation (BoardSource & Independent Sector, 2003; Bothwell, 2001; Salmon, 2002). Disclosure and transparency are the tools they have been using to increase accountability and re-instill trust. Watchdog organizations, such as the American Institute of Philanthropy, Charity Navigator, and the Better Business Bureau Wise Giving Alliance, have been providing Internet-accessible reports that rate charities' performance. Guidestar has been posting charities' 990 forms on the Internet since 2000. Governance and infrastructure-building organizations and resources, such as the National Center for Nonprofit Boards and Nonprofit Genie, have also emerged and grown. For example, The National Center for Nonprofit Boards' subscription sales increased 60% from 1995 to 2000 (Bothwell, 2001).

Various states, such as Maryland and Minnesota, have gone beyond federal reporting requirements and have developed their own guidelines. For example, Maryland raised the bar with its own "Seal of Excellence" for charities to strive for. The California Association of Nonprofits (CAN), an advocacy and infrastructure-building organization representing more than 1,600 nonprofit organizations in California has been advocating better information, increased training for board members, and full enforcement of existing laws in an effort to improve accountability in the nonprofit sector.

CAN strongly opposed the recently passed state legislation SB 1262 (the Nonprofit Integrity Bill), which stipulates increased reporting and governance

requirements on the part of California's charities. CAN cited additional governmental control over nonprofits and the cost of compliance as serious concerns that may negatively affect nonprofits (CAN, June 2004). SB 1262 went into effect on January 1, 2005. New legislation governing audits, public disclosure of audits, and compensation for chief executive officers and chief financial officers now applies to nonprofits with revenues over \$2 million. Additionally, new legislation governing nonprofits' contracts with commercial fundraisers and fundraising counsel affects all nonprofits in California (CAN, October 2004).

Recently, BoardSource and Independent Sector have recommended that nonprofits voluntarily incorporate provisions of the American Competitiveness and Corporate Accountability Act of 2002 (BoardSource & Independent Sector, 2003). The act, known as the Sarbanes-Oxley Act, was drafted to increase corporate liability in response to major accounting scandals such as those involving Enron and Arthur Anderson.

The sector's new entities, guidelines, and initiatives were designed to prevent future scandals and reinstall trust in nonprofits as a whole. Individual charities have also been responding to the public's need and desire for more information.

The Desire for More Information

Hall and Parmegiani (1998) found that the public had a limited understanding of charities and that most people could not easily define the sector in general. Although 68% of Americans said they made some effort to investigate a charity before they made a contribution (Princeton Survey Research Associates, Inc., 2001), when it came to making the decision to contribute a lack of information was cited as a top concern (National

Council for Voluntary Organizations, 1997; Princeton Survey Research Associates, Inc., 2001).

The literature is clear on the fact that donors have had serious concerns about efficiency and outcomes and have wanted charities to disclose more information to help them make sound giving decisions (Cherny, Gordon, & Herson, 1992, chap. 1; Drtina, 1984; Hall & Febbraro, 1999; Hall & Parmegiani, 1998; Hall et al., 1998; Hyndman, 1991; Khumawala & Gordon, 1997; Maryland Association of Nonprofit Organizations, 2002; Princeton Survey Research Associates, Inc., 2001; Sargeant & Lee, 2002; Williams, 1990).

The Importance of Organizational Efficiency

Individuals from Princeton Survey Research Associates' 2001 survey cited financial information as the most important piece of information required by donors. Financial information was often used to determine an organization's level of efficiency: the amount spent on programs compared with fundraising and administration costs. Hyndman (1991) and Khumawala and Gordon (1997) reported that donors' principal financial concern was the percentage of expenses dedicated to programs. Anthony (1983, p. 34), Cherny et al. (1992, chap. 9), and Drtina (1984, chap. 7) all agreed that when potential donors examined accounting measures, they were most interested in organizational efficiency and effectiveness. Marylanders reported that an organization's mission and efficiency (defined as not spending excessive amounts on fundraising and administration) were the most important factors when making a decision to give (Maryland Association of Nonprofit Organizations, 2002).

Various studies have also demonstrated that donors are concerned about how their gift will be used (Hall & Febbraro, 1999; Hall et al., 1998). Hall & Febbraro (1999) documented that eight out of ten Canadian donors are concerned about the use of donated dollars or fundraising practices. Sargeant and Lee's survey of 1,000 individuals in the United Kingdom revealed that the public wants charities do a better job of reporting how their gift was used (Sargeant & Lee, 2002). In contrast, in one recent study, major donors² interviewed indicated that 18 out of 22 were not interested in receiving additional data on organizational efficiency (Cunningham & Ricks, 2004). This study suggested that there may have been significant differences between the needs of the general public and of major donors, who were likely to have a more intimate relationship with the charities they supported and to be solicited in person.

The Importance of Program Outcomes

In addition to reporting more information about how gifts were being used, the public has also been asking for more information about charities' accomplishments in carrying out their mission and about the effectiveness of their programs (Princeton Survey Research Associates, Inc., 2001). Hyndman (1991) found that donors, charity officials, and auditors working in the third sector listed output measures as among the most important factors necessary for making a contribution decision.

The public's concerns regarding organizational efficiency, outcomes, and information may explain why donors reported having greater confidence in local, as opposed to national, charities (Hall & Parmegiani 1998; Hart, 1999; Maryland Association of Nonprofit Organizations, 2002). Donors may have been growing more

² The mean gift for these major donors was \$2.27 million.

strategic in their giving as well. Hall et al.'s (2001) survey of Canadian donors found that donors were making fewer, but larger, donations. Additionally, more donors are reporting that they plan their donations. The number of donors that decided which organizations they would support ahead of time, rather than deciding at the time they were actually asked to make a donation, rose from 20% in 1997 to 25% in 2000.

The Effect of Providing More Information to Donors

As demonstrated, there is ample literature suggesting that donors valued and wanted more information from charities. Conversely, there has been scant literature describing the effect on charitable giving of providing financial and non-financial information. Prior research has focused on the relationship between total donations received and efficiency ratios. The results of these studies have been mixed. Some have found that leaner organizations with better efficiency ratios enjoyed more support (Callen, 1994; Tinkelman, 1999). Others have demonstrated the opposite: a negative association between organizational efficiency and total donations received (Frumkin & Kim, 2001). A possible explanation for the mixed results is the different methodologies employed for the studies. Additionally, there is the potential of a bias towards larger organizations (which garner more support), as they typically do not need to spend as much on fundraising.

There has also been little research to determine whether individual donors actually take account of the kind of accounting information required by the IRS. One noted researcher (Parsons, 2001) conducted a field-based experiment and provided donors with financial accounting information and service efforts and accomplishments (SEA). Parsons found that donors who had previously contributed to the organization

were more likely to donate when they were provided with financial information. Further, new donors made larger contributions when either financial or SEA disclosures were included with the appeal. More research is needed in to confirm the impact of providing financial, efficiency, and outcome information to individual donors.

The Importance of Understanding Baby Boomers

Today's largest demographic of individuals is baby boomers, people born between 1946 and 1964. Not only are baby boomers 81 million strong (Nichols, 1996), but, due to the inter-general transfer of wealth, they are also poised to be the richest demographic. Baby boomers are a unique population sharing many characteristics. They are less loyal and more cynical toward nonprofits than their older counterparts. They also tend to view contributions as investments and thus demand a measurable return on their support (Hart, 1999).

Recent research has indicated that donors' trust has decreased and that donors' concerns for efficiency, outcomes, and information have correspondingly increased. The nonprofit sector has responded to donor concerns and has taken steps to regain donor trust. However, little is known about the baby boomer generation's concerns for efficiency, outcomes, and information. Would such concerns be more pronounced among baby boomers? If so, would baby boomers be more likely to demand the relevant information from charities? Would they be more likely to value such information when making the decision to give? The proposed research sought to address these questions. It is hoped that this study will have provided a deeper understanding of the baby boomer generation and the unique factors that affect their giving.

Research Question

This research seeks to determine whether baby boomers, due to their unique characteristics, are more likely to value organizational outcomes, efficiency, and information as factors influencing their giving. Specifically, the hypothesis states that donors of the baby boomer generation (40–58 years old) will be more likely than older, more mature donors to value organizational outcomes, efficiency, and information when making a charitable gift.

Contribution of Proposed Research to the Field

There is a dearth of research in the current literature regarding the factors that affect giving in the baby boomer generation. In fact, most of what we know about baby boomers and their preferences has been derived from marketing literature and anecdotal evidence. Moreover, few (if any) researchers have looked into the importance of organizational outcomes, efficiency, and information on donors in different age groups. This research was aimed at contributing needed information to the field regarding

- the kinds of factors that donors consider when making a charitable gift;
- how organizational efficiency, outcomes, and information affect charitable giving;
- and
- the differences that may exist between donors of different age groups.

This research should also be beneficial in demonstrating where further research is needed.

The research aimed to provide a deeper understanding of donors in different generations, especially the powerful baby boomer generation. Nonprofit organizations and fundraisers will want to be equipped with a better understanding of these differences

and the unique factors that affect each group's giving. Such factors will play a vital role in proper cultivation and stewardship of gifts in an increasingly competitive fundraising environment.

CHAPTER TWO: METHODOLOGY

The hypothesis stated that donors of the baby boomer generation (40-58 years old) were more likely than older, more mature donors to value organizational outcomes, efficiency, and information when making a charitable gift. The ideals and historical experiences that have shaped the baby boomer generation have produced a more highly educated, technically savvy population of individuals that value independence, choice, and quick results (Hart, 1999; Smith & Clurman, 1997, chap. 3). Baby boomers were, therefore, predicted to be more demanding of nonprofits, to desire more information before making a gift, and to view their gifts as investments that should have quantifiable returns. The differences between mature donors and baby boomer donors and the factors that affect their giving have important implications for charitable organizations with regard to donor database segmentation, cultivation, and brand imaging.

The hypothesis included three dependent variables: the importance of knowing a charity's outcomes when making a gift; the importance of an organization's efficiency when making a gift; and the desire to seek out information on a charity before making a gift. The independent variable was the donor's age-group. A statistically significant bell shaped association was predicted between age and each of the three dependent variables, where baby boomers would be located within the apex of the bell.

Design

A survey method was used to gather evidence to disprove a null hypothesis. A survey design was selected for three primary reasons: to capture a snapshot of donor preferences as they related to age; to enable the data collection for a larger population of individuals; and to collect information on donors' age. Studies that have explored similar

issues have used both quantitative and qualitative methods, and individual interviews and surveys have been popular choices. One researcher (Parsons, 2001) chose to learn about the importance of financial information on donors' charitable giving by means of an experimental design entailing a comparison of results from a written appeal for a donation where financial information was either included or omitted. An experimental design was not selected for this research because donors' ages would not have been available and this information must be captured to disprove the null hypothesis. An interview method was not selected because disproof of the null hypothesis also required a large population of donors.

The goal was to gather information about the largest group of individual donors — the baby boomers. How did they want to be treated? What information did they want? How could nonprofit organizations do a better job of communicating with them? How could nonprofit organizations build loyalty with these donors and secure planned gifts? Charities have not been able to answer these questions due both to the dearth of apposite research and to the conflicting results for the research that has been carried out. A survey design was an appropriate first step in gathering information to help answer these questions. The survey provided data on the three dependent variables (outcomes, efficiency, and information) as they related to age and helped demonstrate where further research was needed.

The unit of analysis was donors. Specifically, the author studied donors that made a thoughtful donation to an animal welfare/environmental organization within the past twelve months. A thoughtful gift was defined as a gift between \$100 and \$499. An

animal welfare/environmental organization was defined as a nonprofit organization with tax-exempt status whose mission was to help animals and/or the environment.

Specifically, the donors studied were those that made membership level gifts to the Marine Mammal Center, an animal welfare/environmental nonprofit organization with 501(c)(3) status, 30,000 supporting members, 800 volunteers, and a staff of 43. The Marine Mammal Center is headquartered in Marin County, California, and was created in 1975. Its mission was stated as follows:

The Marine Mammal Center recognizes human interdependence with marine mammals and their importance as sentinels of the ocean environment, the health of which is essential for all life. It is our responsibility to use our awareness, compassion, and intelligence to foster marine mammal survival and the conservation of their habitat.

Donors to The Marine Mammal Center were separated into six age groups:

1. Young Adult 1 (18-28)
2. Young Adult 2 (29-39)
3. Baby boomer 1 (40-48)
4. Baby boomer 2 (49-58)
5. Mature Adult 1 (59-69)
6. Mature Adult 2 (70 or older).

Donors studied were annual members who were not major donors. These individuals gave in response to written requests for donations. Major donors were not included in this study because they were cultivated and solicited differently. Different organizations will have different definitions for major donors. At the Marine Mammal

Center, major donors were defined by those that gave \$500 or more per year. Donors that gave between \$100 and \$499 per year were annual members who were not major donors. Their gifts were considered to be at the “thoughtful” level, and they were cultivated and solicited entirely via written materials.

Definitions for the variables of interest included:

- Organizational outcomes: the recent and/or long-term, stated accomplishments of the organization. Stated accomplishments must relate to the organization’s program activities, which worked to carry out their specific mission.
- Organizational efficiency: the percentage of the charity’s total spending devoted to charitable programs, as opposed to overhead (fundraising and administrative costs).
- Desire for information: financial, outcome, or other information on a charitable organization that donors desired or actively sought when making a decision to give.
- Age: defined by one of the six different age groups noted above.

The instrumentation used to gather information was a three-page, double-sided survey containing thirteen questions. Four questions (1 through 4) were designed to test the importance of organizational efficiency, four (5 through 8) to test the importance of organizational outcomes, and four (9 through 12) to help determine donors’ desire for information. The last question (13) asked respondents to indicate which age group they were in. The BBB Wise Giving Alliance Donor Expectations Survey (Princeton Survey Research Associates, Inc., 2001) was used to develop a portion of the survey questions.

Subjects were selected using the following procedure. A query was run on the Marine Mammal Center's database for all donors that met the following qualifications: that they had made one or more gifts to the Marine Mammal Center within the past twelve months and that the gift, or sum of gifts, was between \$100 and \$499. Only donors that lived in California were included in the query. Additionally, donors that gave monthly donations were excluded. The query produced a list of approximately 2,300 donors. Random sampling was conducted to reduce this population to 2,000 donors. A 20% reply was expected, amounting to 400 expected respondents. In order to ensure a 20% response, donors were thanked in advance with a coupon that gave them 20% off any Marine Mammal Center gift shop purchase. One coupon was enclosed with each survey. Coupons were valid from November 22, 2004, through February 1, 2005. (The actual response rate was 38%.)

The following sequence of activities was undertaken to gather information. The Marine Mammal Center granted permission to mail qualified donors the survey with the coupon. On November 22, 2004, a cover letter outlining the issue of confidentiality, the survey, coupon, and a pre-stamped return envelope were sent to the target population. The survey was mailed on blank stationary. The outside envelope was stamped "Survey and Thank You Coupon Inside". Donors were asked to respond to the survey in a timely manner. See Appendices A, B, and C for the survey, cover letter, and coupon, respectively.

Treatment of Data

Data collected to measure the independent variable (age) were ordinal. There were three dependent variables, which were also ordinal in nature. They included the

importance of knowing a charity's outcomes when making a gift, the importance of an organization's efficiency when making a gift, and the desire to seek out information on a charity before making a gift.

Answers to all the questions were ordinal. All questions used a five-point scale, with the exception of questions 1, 11, and 13. Questions 1 and 13 used a six-point scale. Question 11 asked donors where they looked for information on a charity, and provided eleven options for them to check. This question was treated as a separate variable. Analysis of variance was conducted for this question to test the hypothesis that donors of the baby boomer generation would check off more options than the other age groups.

Collected surveys were numbered and the answers from each question were entered into the SSPS software program as they were received. SSPS software was used to show descriptive statistics, and determine the significance of the association between age and the three dependent variables. Specifically, crosstabs was used to show the percentage of respondents in each of the six age groups for each of the eleven questions asked. It was predicted that donors aged 40–58 (baby boomers) would score significantly higher in all three dependent variables than any other age group. Chi-Square was used to show the significance of the association for the general population. Gamma was used to measure the strength of the association for the sample, and for the sample as it may apply to the general population.

Since there were multiple measures for each of the three dimensions (efficiency, outcomes, and information), a scale was created for each by adding the answers to the questions together. Thus, a reliability coefficient was calculated to ensure that the four questions comprised a single dimension. Data were analyzed using an analysis of

variance and a post hoc test was also conducted using a Scheffe comparison test. Each question was also treated as a separate measure and was cross tabulated using gamma and chi-square against the independent variable of age.

Limitations

The research design had limitations. First, information was gathered from donors to animal welfare/environmental organizations and, of those, donors to only one organization within this category. While many of these donors may also have given to similar and non-similar causes, this information was not collected. Therefore, donors that participated in this research may have represented a unique subset of the donor market and the application of findings from this study to other donor markets would require additional research.

Information collected on the independent variable, donors' age, was simplified to set age ranges. Therefore, differences that may have existed within a particular age group were not evidenced. Another limitation of the design was that the survey was short. There were three dependent variables, and only four questions to capture information for each one. In-depth information was not gathered and additional questions to check the validity of each variable were not included. The design was limited to three dependent variables. The role of effectiveness — how successful organizations were in doing their work or fulfilling their mission — was not examined as its own variable, yet it was closely associated with the importance of program outcomes.

Lastly, individuals who were willing to disclose personal information to a researcher associated with the Marine Mammal Center and who actually chose to respond to the survey may have been more trusting of the Marine Mammal Center or of nonprofit

organizations as a whole. Individuals who were more demanding of nonprofit organizations and who desired more information may have been less trusting and less likely to respond to the survey.

CHAPTER THREE: RESULTS

Findings

The hypothesis stated that donors of the baby boomer generation (40 to 58 years old) would be more likely than older, more mature donors (59 years old and older) to value organizational outcomes, efficiency, and information when making a charitable gift. No significant differences between baby boomers and mature donors were found regarding the variables efficiency and outcomes. However, statistically significant differences between baby boomers and mature donors were found regarding the variable information, where baby boomers valued information more than mature donors. This difference was mostly dictated by baby boomers' increased use of the internet and a charity's web site when looking for information.

Interestingly, statistically significant differences between young donors (18 to 39 years old) and baby boomers and young donors and mature donors were found regarding organizational efficiency. Significant differences between young donors and mature donors were also found regarding their valuation of organizational outcomes.

Among the three age groups, young donors placed the least value on organizational efficiency when making a decision to give and mature donors placed the greatest value on this variable. This result was statistically significant at the .000 level. The difference between young donors and baby boomers was also statistically significant at the .006 level, where baby boomers placed a greater value on organizational efficiency than young donors.

Conversely, young donors were more likely than baby boomers and mature donors to value an organization's program outcomes when making a decision to give. This

result was almost statistically significant at the .061 level, with the difference between young donors and mature donors the most visible, and almost statistically significant, at the .062 level.

Lastly, there were also differences between age groups regarding the types of sources donors used to find information and the number of different sources used. Young donors used the Internet, a charity's web site, and their friends or family significantly more than baby boomers and mature donors when making a decision to give. These results were statistically significant at the .000, .000, and .033 gamma levels, respectively. Young donors also used more sources for information than baby boomers and mature donors; this difference was significant at the .000 level.

Response Rate

Two thousand surveys were mailed on November 22, 2004. Seven hundred and sixty surveys were returned by January 4, 2005, yielding a 38% response rate. Twenty-one surveys were not usable and the results from 739 surveys were entered into an SSPS database for analysis.

Construction of Scales

The three dependent variables (efficiency, outcomes, and information) had multiple measures. Therefore, a scale was created for each variable by adding the answers to related questions together. Questions 1 through 4 comprised the variable efficiency, questions 5 through 8 comprised the variable outcomes and questions 9, 10, and 12 comprised the variable information. A reliability coefficient was then calculated to ensure that the questions for each variable comprised a single dimension. The reliability coefficient for each of the variables was significant at the following levels:

- Efficiency = .557
- Outcomes = .565
- Information = .539

Data were analyzed using an analysis of variance test. Results from the analysis of variance test showed that young donors valued the efficiency rating of a charitable organization less than baby boomers and mature donors when making a decision to give and that mature donors valued an organization's efficiency rating the most. As demonstrated in Table 1, these differences were statistically significant at the .000 level.

Table 1. Analysis of Variance for the Three Dependent Variables

	Young donors	Baby boomers	Mature donors	Significance
Efficiency	14.288	15.355	15.614	0.000
Outcomes	13.475	12.852	12.719	.0061
Information	9.441	9.571	9.499	0.895

Note. The values represent mean scores.

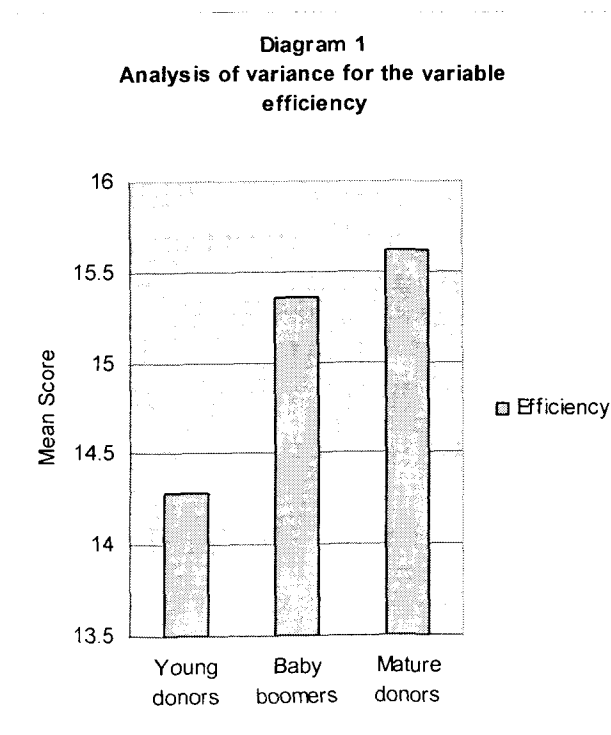
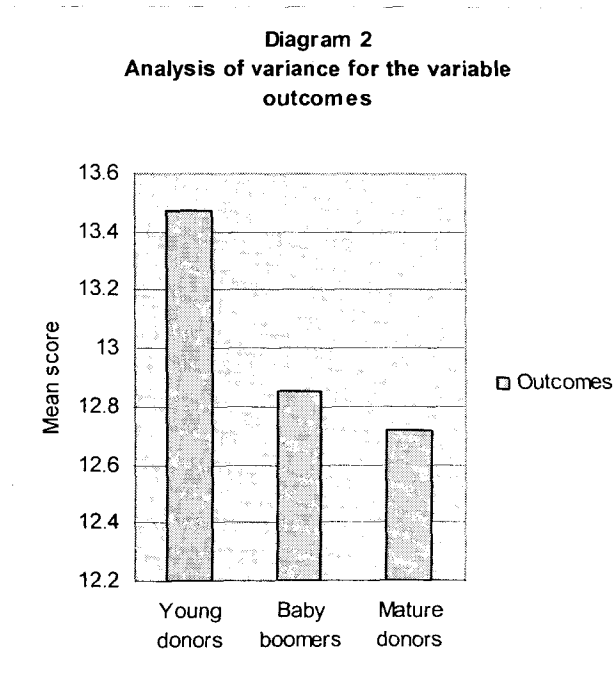


Diagram 1 displays the correlation between increasing age and increasing concern for organizational efficiency in a bar graph. Table 1 also shows that the differences between age groups concerning outcomes were almost statistically significant at the .061 level. Young donors reported valuing outcomes the most and mature

donors the least. Diagram 2 displays the correlation between increasing age and decreasing concern for outcomes in a bar graph.



As demonstrated, the analysis of variance test showed statistically significant results for the variables efficiency and outcomes, thus a post hoc test was conducted using a Scheffe comparison test. Results from the Scheffe comparison test demonstrated that the difference between young donors and mature donors concerning efficiency was

quite significant at the .000 level. The difference between young donors and baby boomers was also significant at the .006 level. The difference between baby boomers and mature donors was not statistically significant. Results from the Scheffe comparison test also demonstrated that the difference between young donors and mature donors concerning outcomes was almost statistically significant at the .062 level.

There were no significant differences between age groups regarding the variable information, as it was calculated using data from questions 9, 10, and 12. However, when question number 11, which asked donors to check off how many different sources of information they used to find information, was treated as a separate variable, an analysis of variance test showed that significant differences between age groups existed at the .000 level.

Young donors looked at more sources of information than mature donors, and baby boomers looked at more sources than mature donors. A Scheffe comparison test showed that these results were significant at the .003 and .000 levels, respectively. Results from the Scheffe comparison test concerning efficiency, outcomes, and question eleven are displayed in Table 2.

Table 2. Scheffe Comparison Test for the Variables Efficiency, Outcomes, and Information

	YD <i>N=61</i>	BB <i>N=309</i>	MD <i>N=361</i>	Significance
Efficiency	X	X		0.006
Efficiency	X		X	0.000
Outcomes	X		X	0.062
Information (question 11)	X		X	0.003
Information (question 11)		X	X	0.000

Note: X indicates where the significant differences are between age groups.

Findings Question by Question

Each of the survey's questions was treated as a separate measure and cross tabulated using gamma and chi-square against the independent variable of age. Chi-square was used to show the significance of the association for the general population. Gamma was used to measure the strength of the association for the sample, and for the sample as applied to the general population.

Efficiency

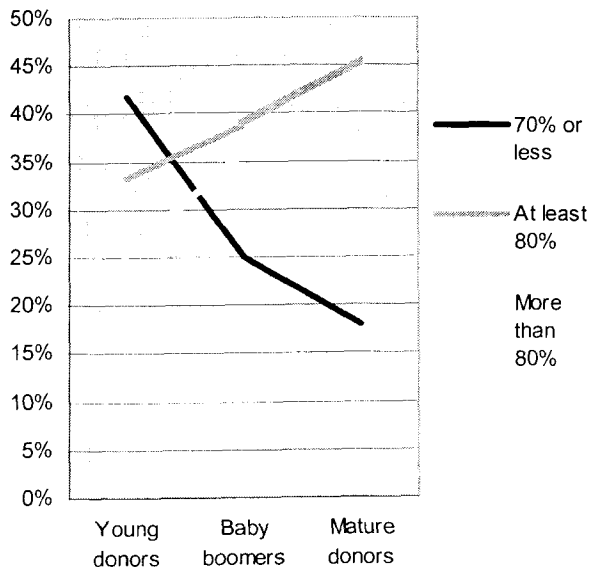
There were statistically significant differences between age groups regarding what percentage of a charity's total spending they believed should go towards charitable programs as opposed to overhead. Overhead was defined as the percentage spent on fundraising and administrative costs. Of young donors 42% reported that a program

expenditure of 70% or less was acceptable, whereas only 25% of baby boomers and 18% of mature donors found such a percentage acceptable. Of both baby boomers and mature donors 36% believed the percentage should be more than 80%; only 25% of young donors held that belief. Clearly, young donors were less demanding regarding the proportion charities should spend on programs, as opposed to overhead. Table 3 and Diagram 3 demonstrate these significant differences. There were so few responses for at least 50% and at least 60%, no more than 34 in total, that these were collapsed into the 70% or less figure.

Table 3. Percentage of Spending That Donors Believed Should Go Towards Programs

	Young donors <i>N</i> =60	Baby boomers <i>N</i> =304	Mature donors <i>N</i> =358	Significance
70% or less	41.7%	25.0%	17.9%	Pearson Chi-Square: .001 Gamma: .010
At least 80%	33.3%	38.8%	45.5%	
More than 80%	25.0%	36.2%	36.6%	

Diagram 3
The percentage that should be spent on program activities



It was also less important for young donors to be informed of the proportion charities spent on overhead. Fifty-nine percent of young donors, 69% of baby boomers, and 73% of mature donors reported it was very important to extremely important

for them to know this percentage. These results were almost statistically significant and are displayed in Table 4.

Young donors were more likely than baby boomers and mature donors to give to a charity that spent a high percentage on overhead. Forty-six percent of young donors reported they would sometimes to often give to such a charity; only 37% and 26% of baby boomers and mature donors, respectively, would do so. These results were statistically significant and are displayed in Table 5 and Diagram 5.

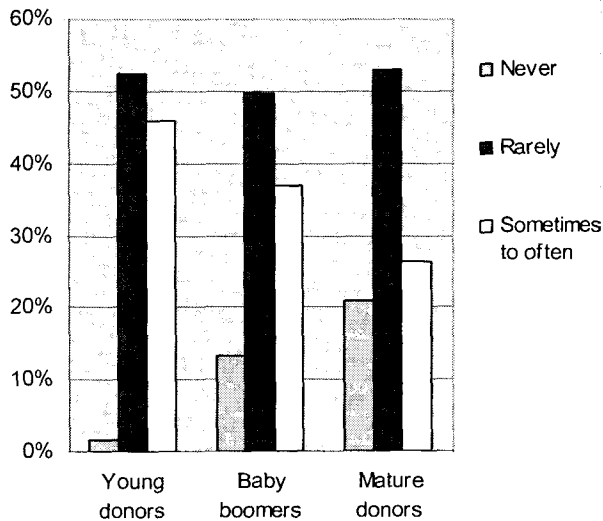
Table 4. How Important It Was to Know the Percentage Spent on Programs

	Young donors <i>N=61</i>	Baby boomers <i>N=309</i>	Mature donors <i>N=360</i>	Significance
Not important to important	41.0%	31.1%	26.9%	Pearson Chi-Square: .071 Gamma: .044
Very important to extremely important	59.0%	68.9%	73.1%	

Table 5. How Likely It Was to Give to a Charity That Spent a High Percentage on Overhead

	Young donors <i>N=61</i>	Baby boomers <i>N=307</i>	Mature donors <i>N=361</i>	Significance
Never	1.6%	13.4%	20.8%	Pearson Chi-Square: .000 Gamma: .000
Rarely	52.5%	49.7%	52.9%	
Sometimes to often	45.9%	36.9%	26.3%	

Diagram 5
The likelihood of giving to a charity that
spent a high percentage on overhead



Outcomes

Although young donors were the least demanding group concerning organizational efficiency, they were the most likely of all three age groups to read information about an organization's accomplishments, such as program outcomes. Interestingly, baby boomers were the least likely age group to read such information. Seventy-five percent of young donors read information about accomplishments often to always, followed closely behind by mature donors (74%). Only 67% of baby boomers read this information often to always. Additionally, young donors wanted information about accomplishments more often; their scores were again followed by mature donors and baby boomers. These results were almost statistically significant and can be seen in Tables 6 and 7, respectively.

Table 6. How Often Donors Read Information about Program Accomplishments

	Young donors <i>N</i> =61	Baby boomers <i>N</i> =308	Mature donors <i>N</i> =358	Significance
Never to sometimes	24.6%	32.8%	25.4%	
Often	63.9%	50.3%	54.2%	
Always	11.5%	16.9%	19.8%	
				Pearson Chi-Square: .101 Gamma: .005

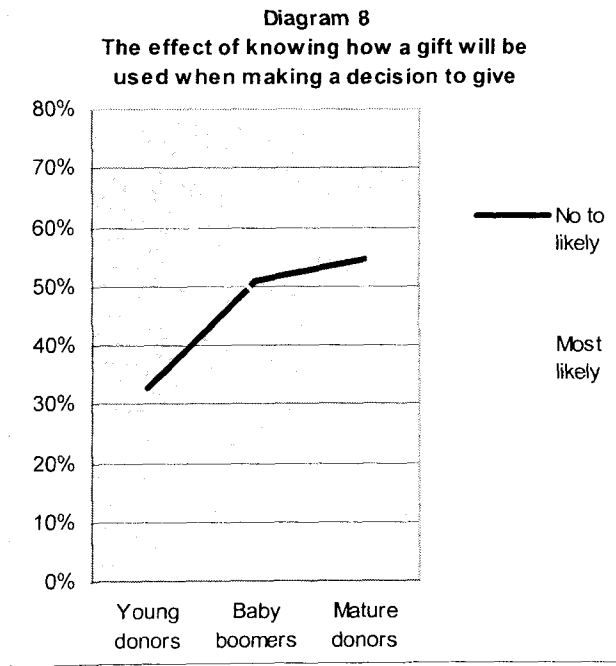
Table 7. How Often Donors Wanted Information about Program Accomplishments

	Young donors <i>N</i> =61	Baby boomers <i>N</i> =309	Mature donors <i>N</i> =361	Significance
Never to once a year	24.6%	32.8%	25.4%	
Two to more than four times a year	63.9%	50.3%	54.2%	
				Pearson Chi-Square: .011 Gamma: .062

There was a dramatic difference between young and mature donors concerning their inclination to give more money to a charity if they had more information regarding how their gift would be used. Sixty-seven percent of young donors reported that they would most likely to definitely give a charity more money if they had more information on how their gift would be used. Only 49% and 45% of baby boomers and mature donors, respectively, would do so. These results were statistically significant and can be seen in Table 8 and Diagram 8.

Table 8. Effect of Knowing How a Gift Would Be Used

	Young donors <i>N</i> =61	Baby Boomers <i>N</i> =308	Mature Donors <i>N</i> =360	Significance
No to likely	32.8%	51.0%	54.7%	Pearson Chi-Square: .007 Gamma: .015
Most likely to definitely	67.2%	49.0%	45.3%	



Information

Not surprisingly, there were compelling differences between young donors, baby boomers, and mature donors regarding their use of the Internet and a charity's web site. When making a decision to give, 72% of young donors used the Internet and 74% used a charity's web site to look for information about a charity. Mature donors were the least likely group to use the Internet or a web site. Forty-eight percent of mature donors used

the Internet, and 26% of mature donors used a charity's web site to find information. These results were statistically significant and are displayed in Tables 9 and 10 and Diagram 10.

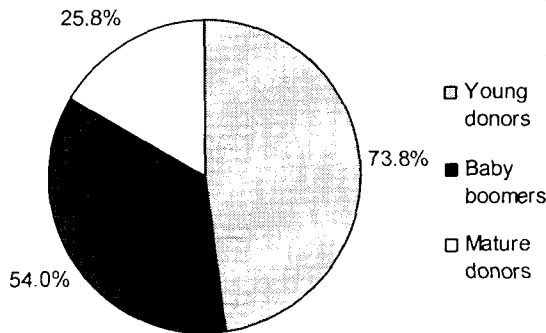
Table 9. Donors Who Looked for Information on a Charity Using the Internet

	Young Donors <i>N=61</i>	Baby Boomers <i>N=309</i>	Mature Donors <i>N=361</i>	Significance
Yes	72.1%	65.4%	48.4%	Pearson Chi-Square: .000 Gamma: .000
No	27.9%	34.6%	70.1%	

Table 10. Donors Who Looked for Information on a Charity Using the Charity's Website

	Young Donors <i>N=61</i>	Baby Boomers <i>N=309</i>	Mature Donors <i>N=361</i>	Significance
Yes	73.8%	54.0%	25.8%	Pearson Chi-Square: .000 Gamma: .000
No	26.2%	46.0%	74.2%	

Diagram 10
Those that looked for information using a charity's web site

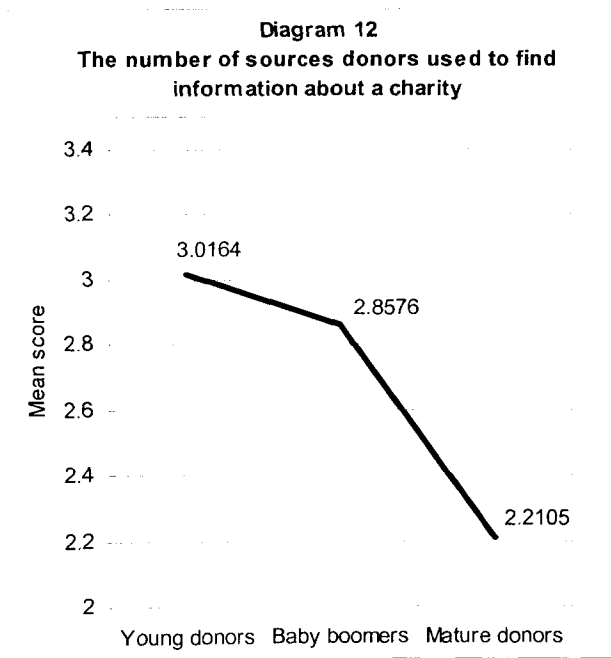


Young donors were also more likely than baby boomers and mature donors to refer to friends or family when making a decision to give to a charity. Forty-one percent of young donors, 31% of baby boomers, and 26% of mature donors have drawn on friends or family when making a decision to give. These results were

almost statistically significant and are displayed in Table 11.

Table 11: Donors Who Looked for Information on a Charity Among Friends or Family

	Young Donors N=61	Baby Boomers N=309	Mature Donors N=361	Significance
Yes	41.0%	30.7%	26.3%	Pearson Chi-Square: .053 Gamma: .033
No	59.0%	69.3%	73.7%	



Young donors used more sources for information; their mean score was three. Baby boomers used an average of 2.86 sources and mature donors used an average of 2.5 sources. These differences were significant at the .000 level and can be seen in Diagram 12.

Finally, it was found that young donors, baby boomers, and mature donors used the following sources of information almost equally when making a decision to give: a charity's annual report; a charity's financial statements; the better business bureau; a government agency; a lawyer, accountant of financial planner; a community foundation; the media; or other source.

Diagram 13
Where donors looked for information when making a decision to give to a charity

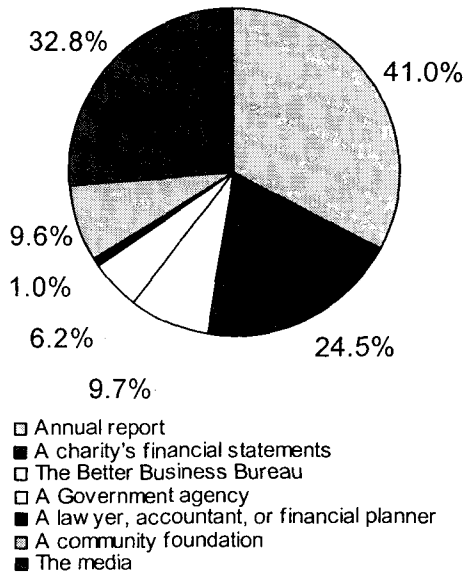


Diagram 13 shows where donors looked for information when making a decision to give to a charity.

Unanticipated Findings

There were interesting findings outside of the primary objectives of this study that contributed to existing knowledge of donor preferences and charitable giving. Overall, a high percentage of donors were concerned about overhead, valued program achievements, and actively sought information about a charity when making a decision to give.

Moreover, 86% of donors responded that it was important to extremely important to have a universal “Seal of Approval” to certify charities that spent less on overhead and more on their charitable programs, and 85% of donors reported that it was important to extremely important to have independent organizations that monitored how charities spent their money. When making a decision to give, having information about a charity’s recent achievements was important to extremely important to 81% of donors.

Donors not only desired such information, but they actively looked for information to help them make their giving decisions. Nearly three quarters (74%) reported that they looked for information sometimes to always, and 43.1% reported that they looked for information often or always. Additionally, 65.1% reported that they looked at financial statements sometimes to always when making a decision to give.

Interpretation of Findings

Baby boomers are a powerful group of donors. They are exceptionally large in number and, because of the expected inter-generational wealth transfer, they are expected to receive \$7.2 trillion over the next fifty years (Weiss, 2003). This study aimed to learn more of the differences that may exist between the two most powerful groups of donors today, baby boomers and mature donors, in an effort to help organizations improve their communications with donors. Questions about the importance of organizational efficiency, program outcomes, and the desire for information were explored.

The research demonstrated that baby boomers were not very different from mature donors regarding the value they placed on organizational efficiency and outcomes. Baby boomers valued organizational efficiency almost as much as mature donors and they valued program outcomes a little more than mature donors; these differences were slight and not statistically significant. Baby boomers and mature donors did differ significantly regarding the variable information. Baby boomers used the Internet, a charity's web site, and their friends or family more than mature donors, and they used more sources to find information on a charity when making a decision to give.

The research illuminated significant differences between young donors and baby boomers and young donors and mature donors. Young donors valued efficiency less than

baby boomers and mature donors and they valued outcomes more. Young donors were the most likely of the three age groups to give to a new organization that spent a high amount of its resources on overhead. Young donors also read and wanted information about program outcomes more often than baby boomers and mature donors did. Young donors used the Internet more and they used more resources when looking for information about a charity.

CHAPTER FOUR: SUMMARY AND CONCLUSIONS

Summary

The hypothesis proposed that baby boomers, due to their unique generational characteristics, would be more likely than mature donors to value organizational efficiency, outcomes, and information when making a decision to give to a charity. This study showed that there were no statistically significant differences between donors of the baby boomer generation (aged 40-58) and mature donors (aged 59 and above) concerning the variables efficiency and outcomes, but that there were differences regarding the information variable.

There proved to be statistically significant differences between young donors (aged 18-39), baby boomers, and mature donors regarding the value they placed upon organizational efficiency when making a decision to give, such that young donors valued efficiency least and mature donors valued it most. Young donors were less demanding than baby boomers and mature donors regarding both the percentage charities should spend on overhead and their desire to know that percentage. Young donors were also more likely than baby boomers and mature donors to give to a charity that spent a high percentage on overhead.

The research also demonstrated that there were differences between young donors and mature donors regarding the value they placed on organizational outcomes when making a decision to give, such that young donors valued organizational outcomes more than either baby boomers or mature donors did. Young donors read and desired information about an organization's accomplishments, such as program outcomes, more often than baby boomers and mature donors. Lastly, young donors were the group most

likely to give more generously to a charity if they were given more information regarding how their gift would be used.

Not surprisingly, it was found that young donors were more likely than baby boomers and mature donors, respectively, to use the Internet, a charity's web site, and friends or family to find information about a charity when making a decision to give, and that young donors used a wider range of sources for information when making a decision to give than either baby boomers or mature donors did.

Implications for the Literature

The research corresponded with existing literature in its demonstration that a majority of donors were concerned about organizational efficiency and outcomes, and that they wished charities to provide such information. The study also concurred with existing literature in demonstrating that young donors used the Internet to find information on a charity more than did baby boomers and mature donors.

The study extended the existing literature on donor preferences and charitable giving by demonstrating that there were differences between age groups regarding the variables efficiency, outcomes, and information. Specifically, the research showed that the strongest differences lay between young donors and mature donors, where organizational efficiency and program outcomes were concerned, and that there were significant differences between all age groups regarding their desire for information.

Implications for the Profession

These findings have implications for the nonprofit sector and fundraising professionals. As the 990 form becomes more ubiquitous among both foundations and watchdog organizations, the pressure for organizations to have high efficiency ratings is

likely to increase. At the same time, demands in the external environment are forcing the cost of management (and thus administrative costs) up, not down. For example, investing in fundraising capacity, purchasing and maintaining new technology, and providing certain kinds of insurance for employees and volunteers make unavoidably for a rise in the cost of doing business. However, the value of good management should not be devalued by minimizing realistic overhead costs. Fundraisers may therefore want to work on educating their donors, especially donors of the baby boomer and mature generations, about what efficiency really means and about the negative implications that a too-high efficiency rating might have for organizational effectiveness.

Fundraisers may want to consider segmenting their donor database by age and sending targeted messages to donors of different age groups. For example, fundraisers may wish to include information about organizational efficiency in appeals to mature donors, and include information about program outcomes in appeals to young donors. Fundraisers may find that mailing mature donors less frequently and young donors more frequently has a positive effect on revenue. Fundraisers may also wish to offer more information, especially to young donors, on how gifts are being used. Because of donors' reported desire for a "Seal of Approval," charities may wish to share any positive ratings or approvals from watchdog organizations with their membership.

This research showed that newsletters, program information updates, and web sites were most likely to be read by young donors, with baby boomers following. Fundraisers may choose to craft these materials with such populations in mind. Because there is variation concerning how often donors want information from charities, fundraisers may wish to provide methods that allow donors to easily communicate their preferences to

charities. Such actions could serve to increase the level of service provided to donors and save organizational resources.

Implications for Public Policy

This research also had implications for public policy. The recent passage of SB 1262, which imposes new controls over the audit process, over contracts with professional fundraisers, and over compensation for chief financial and executive officers, may help prevent scandals in the nonprofit sector. However, the cost of compliance may also increase overhead and decrease the efficiency rating of many charities. This should be monitored, and the government may need to revisit its requirements for efficiency ratings regarding their grant making activities. The government, as well as watchdog agencies, may also choose to be more active in educating foundations and individuals about efficiency ratings.

SB 1262 may improve the integrity of nonprofit financial reporting. However, if the pressure to have a high efficiency rating should increase, additional controls and policy may need to be created to adjust the common practice of reporting by functional classification (program, management, and general fundraising). For example, auditors may need to bring additional standards into practice to monitor these expense classifications and ensure their accuracy.

Unanswered Questions

The research showed that mature donors valued efficiency the most and young donors valued it the least. Does this mean that mature donors are the least trusting of charities? Or does this mean that young donors are more educated about efficiency? If young donors value information about program outcomes more than baby boomers and

mature donors do, then are they the least trusting of charities? This research did not endeavor to answer the question of trust or explain the reasons for possible differences between age groups.

Another unanswered question is this: are the differences that were found between age groups static and therefore generational? For example, could it be that as donors age, their values change? Will we find that young donors share the characteristics of today's baby boomers in fifteen to twenty years? Are these truly generational differences or are they life-stage differences?

Recommendations

Should this research be replicated, the author would recommend including a qualitative analysis for a random sample of donors. Such in-person interviews may provide clues to the unanswered questions cited above and help confirm, refute, or flesh out the findings of this research. The author would also recommend increasing the number questions exploring the three variables. The reliability coefficients for efficiency, outcomes, and information were .557, .565, and .539, respectively. These coefficients could be improved by the incorporation of additional questions and by testing the more elaborate survey on a sample population.

An experimental design, similar to that employed by Parsons (2001) would help illuminate the differences between age groups regarding the actual effect of the three variables on charitable giving. Respondents' ages would need to be known in advance to conduct this type of study. An experimental design could include an appeal mailing with the inclusion or exclusion of information on efficiency and outcomes. Tracking donor

response to these different appeals in terms of actual donations made would show which age groups were more, or less, responsive to which appeals.

As the nonprofit sector continues to grow and morph, nonprofits will need to have a solid understanding of their donor base, seek out knowledge of donor preferences, and be aware of the differences between donors. This information is essential for effective donor cultivation, solicitation, and stewardship. This study confirmed that a majority of donors valued organizational efficiency and outcomes and that most donors sought information when making a decision to give. It also illuminated significant differences between age groups which may help fundraisers and policy makers improve their understanding of donor preferences and charitable giving.

The reporting of financial and other information to the public is becoming increasingly regulated and transparent. In parallel with this trend, nonprofits need to gain a deeper understanding of their donors, especially regarding their concerns and preferences for efficiency, organizational outcomes, and information. Understanding these requirements is a necessary first step in the effort to educate and instill trust in donors, and will serve to garner support for emerging charitable activities.

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APPENDIX A

SURVEY OF DONOR PREFERENCES

University of San Francisco

2004 Study

Thank you for participating in this study about donor preferences. Your time is truly appreciated and will help nonprofit organizations improve their communication with donors.

This study should take you less than ten minutes to complete. Before you begin, I'd like to remind you of a few things. First, you must be 18 years of age or older to participate in this study. Your participation is completely voluntary. If you feel uncomfortable answering any of the questions, please just skip them. The University of San Francisco, The Institutional Review Board for the Protection of Human Subjects, and The Marine Mammal Center have approved the use of the following questions you're about to answer. However, if you have questions or concerns about any aspect of this study, please feel free to contact me directly at 415-289-0189 or saroderick@usfca.edu.

Please mail me your completed survey as soon as you can – today or within one week. I've enclosed a pre-stamped envelope for you to make it as convenient for you as possible. Again, thank you very much for your time.

1. First I'd like your opinion on how charities should spend their money. In general, what percent of a charity's total spending do you think should go toward charitable programs, as opposed to overhead (fundraising and administrative costs)? Should it be:

(CHECK ONE)

- At least 50% of total spending (that is 50 cents out of every dollar spent)
- At least 60% of total spending
- At least 70% of total spending
- At least 80% of total spending
- More than 80% of total spending
- I don't have an opinion on this

2. For the charities you support, please let me know how important it is for you to know the percent they spend on programs, versus the percent they spend on overhead (fundraising and administrative costs)?

- | | | | | |
|---|--|------------------------------------|--|---|
| <input type="checkbox"/> Not
Important | <input type="checkbox"/> Somewhat
Important | <input type="checkbox"/> Important | <input type="checkbox"/> Very
Important | <input type="checkbox"/> Extremely
Important |
|---|--|------------------------------------|--|---|

3. How likely would you be to give to a charity you just learned about that was working towards an issue you cared about—but they spent a high percent of their budget on overhead (fundraising and administrative costs)?

Never Rarely Sometimes Often Always

4. In your opinion, how important is it to have a universal “Seal of Approval” that would identify charities that spent less on overhead (fundraising and administrative costs) and more on charitable programs?

Not Important Somewhat Important Important Very Important Extremely Important

5. When charitable organizations provide you with information about their accomplishments (like program outcomes), how often do you read it?

Never Rarely Sometimes Often Always

6. How often would you like the charities that you support to provide you with written information about their accomplishments?

Never
 Once a year
 2-3 times a year
 4 times a year
 More than 4 times in a year

7. Suppose you were thinking about giving to a charity and they mailed you a report describing their recent achievements. How important would this information be in your decision to give?

Not Important Somewhat Important Important Very Important Extremely Important

8. Would you give a charity more money if you had more information on how your gift would be used?

No Possibly Likely Most Likely Definitely

9. Before you decide to make a gift to a charity, do you ever look at the charity’s financial statements?

Never Rarely Sometimes Often Always

10. When making a decision to give to a charity, have you ever looked for information about them?

(If your answer is Never, you can skip to question 12).

- Never Rarely Sometimes Often Always

11. Please let me know where you've looked for information. Check any that may apply from the choices below. If you haven't looked for information, just skip this question.

- The Internet
 The Charity's Web Site
 The Charity's Annual Report
 The Charity's Financial Statements
 My Friends and/or Family
 The Better Business Bureau
 A Government Agency
 A Lawyer, Accountant or Financial Planner
 A Community Foundation
 The Media
 Other

12. How important do you think it is to have independent organizations that monitor how charities spend their money?

- Not Important Somewhat Important Important Very Important Extremely Important

13. Lastly, please let me know what age group you're in:

18 - 28

29 - 39

40 - 48

49 - 58

59 - 69

70 or older

***You have completed the survey.
Thank you again for your participation!***

If you would like to add any additional comments, please feel free to write on the back of this page. If you would like a summary of the results of this thesis, please feel free to send me a postcard with your address. **Thanks again.**

APPENDIX B

Sample cover letter that accompanied survey

November 22, 2004

Dear First Name,

My name is Stephanie Williams. I am a graduate student in the College of Professional Studies at the University of San Francisco. I am also the Director of Annual Giving at The Marine Mammal Center. To complete my thesis and fulfill the requirements for a Master of Nonprofit Administration degree, I am conducting research on the factors that are important to giving. I'm interested in learning about the type of information that donors would like nonprofit organizations to communicate to them.

If you would like to assist me in my research and participate in the study, please complete the attached survey as soon as possible. The survey should take no more than ten minutes to fill out. It asks about why you give to nonprofit organizations, and what information is most important to you. I've provided a pre-addressed, pre-stamped envelope for you to return the survey to.

Please know that you are free to decline to answer any questions, and you will not be asked to put your name on the survey. All study records will be kept confidential and individual results will not be shared with any personnel at The Marine Mammal Center.

As a thank you for your anticipated participation, I have enclosed a special coupon which entitles you to 20% off merchandise at The Marine Mammal Center's gift shops. Your participation in this study is not required for you to use the enclosed coupon.

The anticipated benefit of this study is to understand how nonprofit organizations can improve their communication with donors. If you have further questions about the study, feel free to contact the IRBPHS at the University of San Francisco, which protects volunteers in research projects. You may reach IRBPHS by phone (415) 422-6091, or email IRBPHS@usfca.edu, or mail to IRBPHS, Department of Psychology, University of San Francisco, 2130 Fulton Street, San Francisco, CA 94117-1080.

Please let me thank you in advance for your help and time. If you will participate, please complete the attached survey and return it to me as soon as possible.

Sincerely,

Stephanie Roderick Williams
Graduate Student at the University of San Francisco
Phone: 415-289-0189
Email: saroderick@usfca.edu

APPENDIX C

20% OFF

**Valid at The Marine Mammal Center's
gift shops, located at Pier 39 in San Francisco
and at our main hospital in Sausalito, Ca.**

Non-sale merchandise only

Expires: 2/1/2005

