

DONOR DECISION MAKING IN A NON-PROFIT RELIGIOUS ORGANISATION

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ABSTRACT

The non-profit sector has grown and changed substantially since its origins more than 2 000 years ago. At present there is an increase in organised voluntary activity around the globe, which reflects a set of social and technological changes, as well as an increasing lack of confidence in the ability of the state to render certain vital services. NPOs that do not work in the fields of housing, the aged, HIV/AIDS and education, for instance organisations doing missionary work, are faced with the difficult task of procuring funds within this highly competitive environment.

The overall purpose of relationship marketing is customer retention and development, not simply a series of transactions. With this in mind, it seems that relationship marketing has an important role to play in the non-profit sector. Why is it then so difficult to "sell brotherhood like soap"? To answer this question tools have been developed and adapted to fit the non-profit sector.

Donor behaviour plays a crucial role in the survival of an organisation and insights into behaviour can give the organisation an edge over its competitors. In the case of this study the research problem relates to the identification of the dimensions impacting on donor behaviour in religious (Christian) organisations.

A conceptual model of donor behaviour in religious non-profit organisations was developed and used for the eventual formulation of 23 hypotheses to guide the study and to represent the possible relationships. For the statistical analysis it was deemed necessary to revise both the model and the proposed hypotheses. The model was split into three models:

- Perceptions of non-profit organisations;
- Individual donor characteristics; and
- Donor perceptions of the non-profit organisation.

A thorough overview of the literature was undertaken, mainly to investigate the nature of the non-profit sector in general as well as in South Africa, its marketing and behaviour of its donors. The conceptual model that was developed through the

literature study was used to develop a measuring instrument specifically for this study for collecting primary data.

It was empirically tested in a religious (Christian) non-profit organisation in South Africa by collecting primary data. Questionnaires were mailed to its whole donor database. The questionnaires returned were captured with the aid of an Excel spreadsheet and merged with data from the donor database. The first step was to assess the validity and reliability of the measurement instrument used. Next, an exploratory factor analysis was done to identify the unique factors evident in the study data. The next step entailed testing the proposed theoretical model by means of the "Structural Equation Modelling" technique.

The results of the data analysis led to the creation of a model suitable for the management of the donors of a Christian missionary organisation. This study is a pioneering study of donor behaviour in South African religious non-profit organisations, in particular Christian organisations. It is clear from the results that donors of religious organisations react differently than donors of other non-profit organisations and therefore that different approaches are needed to secure Christian donor loyalty and trust.

OPSOMMING

Die nie-winsgewende sektor het sedert die oorsprong daarvan, meer as 2 000 jaar gelede aansienlik gegroei en verander. Op die oomblik is daar oral in die wêreld 'n toename in georganiseerde vrywillige optrede. Hierdie neiging weerspieël sekere maatskaplike en tegnologiese veranderinge, asook 'n toenemende gebrek aan vertroue in die staat se vermoë om sekere noodsaaklike dienste te lewer. Die nie-winsorganisasies wat nie binne die veld van behuising, bejaardesorg, MIV/VIGS en onderwys werk nie, soos byvoorbeeld organisasies wat sendingwerk doen, het 'n moeilike taak om fondse te bekom.

Die oorwegende doel van verhoudingsbemarking is die behoud en ontwikkeling van klante, nie net 'n reeks transaksies nie. As hierdie feit in ag geneem word, word dit duidelik dat verhoudingsbemarking 'n belangrike rol binne die sektor te speel het. Hoekom is dit dan so moeilik om "broederskap soos seep te verkoop"? Om hierdie vraag te beantwoord is hulpmiddele ontwikkel wat aangepas is by die behoeftes van hierdie sektor.

Donateursgedrag speel 'n uiters belangrike rol in die oorlewing van 'n organisasie en daarom kan insig in hierdie gedrag die organisasie 'n voorsprong gee bo die van sy mededingers. In die geval van hierdie studie gaan dit oor die identifisering van dimensies wat donateurs se gedrag beïnvloed binne religieuse (Christelike) organisasies.

'n Konseptuele model is ontwikkel om donateurs, soos dit verband hou met religieuse nie-winsorganisasies se gedrag, te ontleed. Die model is gebruik as riglyn vir die navorsing, asook om uiteindelik 23 hipoteses te formuleer en hulle moontlike onderlinge verhoudings uiteen te sit. Gebaseer op die statistiese ontledingsproses, is die model en die voorgestelde hipoteses aangepas. Die model is onderverdeel in drie modelle:

- Persepsies van nie-winsorganisasies;
- Individuele kenmerke van donateurs; en
- Donateur persepsies van die nie-winsorganisasie.

'n Deeglike oorsig van die literatuur is gedoen, hoofsaaklik om ondersoek in te stel na die omstandighede van die nie-winssektor oor die algemeen en veral binne Suid-Afrika, asook na donateurs se gedrag. Die konseptuele model wat ontwikkel is volgens die literatuurstudie, is empiries getoets binne 'n Christelike nie-winsorganisasie in Suid-Afrika. 'n Metingsinstrument is spesifiek ontwikkel om primêre data te verkry en vraelyste is gepos aan die totale donateurbasis van die organisasie.

Die inligting van die vraelyste wat teruggestuur is, is opgeneem in 'n Excel-spreitabel en saamgevoeg met inligting van die donateurdatabasis. Die eerste stap was om die geldigheid en betroubaarheid van die metingsinstrument te bepaal. Daarna is 'n ontleding van verkenningsfaktore gedoen, wat gebruik is om unieke faktore uit die navorsingsinligting te identifiseer. Die volgende stap was die toetsing van die teoretiese model volgens 'n erkende toetstechniek wat gebruik word vir strukturele vergelykings.

Die resultate van die ontleding is daarna gebruik om 'n geskikte model te skep vir die bestuur van donateurs van 'n Christelike sendingorganisasie. Die navorsing van die gedrag van donateurs van religieuse nie-winsorganisasies en veral Christelike organisasies is baanbrekerswerk in Suid-Afrika. Die resultate dui ook daarop dat donateurs van religieuse organisasies verskillend reageer as donateurs van ander nie-winsorganisasies en dat ander benaderings dus noodsaaklik is om eersgenoemde se lojaliteit en vertroue te bekom en te behou.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

The non-profit sector has grown and changed substantially since its origins more than 2 000 years ago but is still based on Jewish and Graeco-Roman traditions (Mullen, 1995:1).

At present there is an increase in organised voluntary activity around the globe with the establishment of more private, non-governmental organisations, which reflects not only a whole range of social and technological changes, but also an increasing lack of confidence in the ability of the state to render certain vital services (www.charityvillage.com/cv/research/rint7html. Accessed 11/03/2004). The John Hopkins University studied the non-profit sectors in 40 countries up to 2003 and in the 35 countries for which they collected data, it was found that civil society employed on average 4,4% of its economically active populations. Expressed quantitatively, it meant that regarded as a separate economy the sector's combined budget would make it the seventh largest economy in the world, just behind France and the United Kingdom (Salamon, Sokolowski & List, 2003:13-14).

The global trends seen in developed countries can be broadly applied to South Africa, although there are unique circumstances to consider – some of these South African trends and implications appear in the study of Russell and Swilling (2002:83-95), who found that NPOs raising substantial funds from non-state sources employ a vast number of paid staff and volunteers, which makes them an important resource with valuable organisational structures already in place. The Russell and Swilling study also shows that there are nearly 100 000 organisations in South Africa competing for donations. It is estimated that up to 53% of these NPOs can be classified as less formal, local and community-based, with many of them being unprofessional and largely lacking in fundraising and management expertise.

The challenge facing the South African non-profit sector is how to gain access to the

potentially increased level of funding available from, among others, the National Development Agency, the National Lottery and tax-deductible donations from the private sector. NPOs that do not work in housing, the aged, HIV/AIDS and education, – organisations doing missionary work for instance – are faced with the difficult task of procuring funds within this competitive environment.

For this reason NPOs need to be more professional in their fundraising. They need to cultivate relationships with their donors that go beyond the merely technical interactions such as the transfers of funds or reporting requirements. Now, more than ever, organisations need to know why their donors support them, what is important to their donors and how donations are to be applied. The whole process of donor decision making should be the starting point in designing marketing and fundraising campaigns if an NPO wishes to be successful in attracting and maintaining donor support.

Raising funds in predominantly Christian societies has grown from Old Testament tithing, through New Testament and Reformation charity to New World giving. At the end of the 18th and the beginning of the 19th century, a spiritual awakening took place in Europe and America, which led to the formation of the first modern missionary organisations. John Wesley (1703-1791), the founder of Methodism, played a part in this awakening. He preached that the devout Christian should not only give the required taxes and tithes, but everything else that was left after he had taken care of his family (Kohl, 1994:32-34).

Various missionary societies were established in the 19th century, marking the emergence of Protestant foreign missionary enterprises, of which the British and Foreign Bible Society was one of the more prominent. The China Inland Mission, founded by one Hudson Taylor, was another of these early faith missions (Rust & McLeish, 1984:21-23). By the late 19th and early 20th centuries, American Protestantism was supplying the major part of the funding and personnel for foreign missions, while European support for missionary works continued with churches in England, France and Germany funding projects to train the youth for missionary service in many foreign countries (Rust & McLeish, 1984:22-23).

From the beginning of the 20th century, state support for the Roman Catholic Church

in particular began to wane, while donations were increasingly being raised by organisations not directly linked to the mainstream churches ("parachurches"). These groups soon became highly skilled in raising funds from the public and in 1919 the first professional fundraising company of its kind, Ward, Hill, Pierce and Wells, was established (Rust & McLeish, 1984:24). During the late 1950s and early 1960s, Third World causes started coming to the forefront. Where previously the occasional appeal was mostly associated with missionary activities, organisations such as Oxfam, Save the Children and Christian Aid created much higher awareness and attracted more action and funding. As prosperity in the West increased, new skills in communication, marketing and advertising became available to these bodies, which contributed to the increased competition for funds from the mid-1980s onwards (Mullen, 1995:14-16).

In South Africa the NPO sector has grown as the needs of the country expanded, and although more funds are available from a variety of different sources, missionary organisations for instance who cannot gain access to funds from government, trusts or the corporate sector, simply cannot compete with the above organisations for funding and are mostly sponsored by a small, segmented group of individuals.

Individuals that traditionally support these organisations also become financially more conservative as they age, because more of their (lower) disposable income is needed to support themselves. Their giving, switching from large one-off gifts to life income or bequests. It also means that a committed donor may contribute for fifty years or more. Their giving patterns change and the way in which they need to be nurtured along with them. To meet the demands in this competitive environment organisations should harness the knowledge available in the marketing field and specifically relationship marketing.

Marketing, in particular the approach known as relationship marketing, can be traced back to ancient traders and merchants who tried to understand the needs of their customers and so find better ways of meeting those needs. During the Middle Ages this was also evident in factors such as clan-based trading in Africa, in which trust played an important role in retaining customers; in branding as a marketing practice, where quality was linked to a family name and in retail shopping, where merchants opened fixed shops that prompted customers to return on a regular basis (Cannon,

1986:6-7; Shet & Parvatiyar, 2000b:127-129).

From the Industrial Revolution up to the early 1930s marketers were more concerned with the selling and promotion of products than with the building of relationships. However, in the face of heightened competition after WW II, marketers again realised the benefits of targeting specific groups and building relationships. From this the concept of marketing evolved, in which the consumer rather than the distributor became the focus of marketing attention.

In 1969 Kotler and Levy published an article in which they proposed that the concept of marketing be broadened to include non-business organisations. They suggested that these organisations also had products and customers and therefore performed the equivalent of marketing activities. In 1971 Kotler and Zaltman coined the phrase "social marketing". The most significant development in current social marketing is that marketers have come to accept that the primary objective of social marketing is not the promoting of ideas, but the influencing of behaviour. This makes it unique in the broader marketing field because it regards behaviour change rather than profit as its bottom line and is purely customer driven.

As the marketing concept evolved, influential writings in the 1960s and 1970s of Adler (1966) and Arndt (1979), provided the momentum for the growth of relationship marketing. In 1983 Berry introduced the term relationship marketing to literature and defined it as "... attracting, maintaining and enhancing customer relationships" (Berry, 2002:61). As relationship marketing grew in the 1980s and 1990s two approaches emerged. The first is integrated quality, logistics, customer services and marketing, while the other studied partnering relationships and alliances as forms of relationship marketing. In recent years factors such as development in technology, growth in the service industry, the adoption of the total quality movement and the focus on the retention of customer loyalty have contributed to the rapid growth of this discipline (Sheth & Parvatiyar, 2000a:13-15).

The overall purpose of relationship marketing is customer retention and development and not just a series of individual transactions. With this in mind, it seems that relationship marketing has an important role to play in the non-profit sector. Relationship marketing to non-profits means recognising the need for long-term

relationships with their publics, seeing them as partners in, not targets of, the mission.

A number of studies have also dealt with the reasons why customers stop doing business with a specific organisation and their findings can also be extrapolated to the non-profit sector. The reasons include donors who can no longer afford to give, decide to support another organisation, who move away or die. Numerous studies in this field have been conducted and it has been established that there is a definite link between service-quality and long-term relationships (Sargeant, 2001b:179-180).

Studies of fundraising for NPOs have also shown how increased levels of competition for donations have led to the implementation of marketing philosophies and the use of marketing techniques. The main thrust of these marketing philosophies within NPOs has been donor retention and the cultivation of one-on-one relationships. In brief, it indicates that relationship marketing has the potential of being successfully implemented in NPOs.

1.2 DEFINING A NON-PROFIT ORGANISATION

This study adopts the definition of a non-profit organisation (Salamon & Anheier, 1996:2-3), which typifies it as:

- Organised – the organisation/sector is institutionalised to some extent.
- Private – separate from government but might work with, or receive support from government.
- Self-governing – equipped to control its own activities.
- Non-profit distributing – all profits/surpluses are ploughed back into the organisation.
- Voluntary – some degree of voluntary participation is present.

1.3 THE RESEARCH PROBLEM

Relationship marketing fosters healthy relationships between donors and NPOs based on four major components:

- Concern (the organisation cares for the welfare of those they serve),
- trust (in the organisation's honesty and trust in the organisation's benevolence),
- commitment (an enduring desire to maintain a relationship),
- and satisfaction (the end result of this concern for beneficiaries, in an environment of commitment and trust).

The practical implementation of relationship marketing in NPOs is a major challenge, given the limited resources of a typical NPO. Relationship fundraising, essentially along the lines of the donor pyramid, is of value in establishing and developing relationships with potential donors. The donor pyramid is a useful indicator of how a donor's relationship with an organisation can grow, progressing from a potential donor to a first-time donor, a renewed or upgraded donor, a major-gift donor, a capital donor and finally a planned-gift (or endowment) donor – the number of donors drops moving up the pyramid, but the level of donations rises.

The ideal is to keep donors loyal for as long as possible and to do this fundraisers and their organisations need to know clearly why their donors give, when they want to give, where they want to give and how they prefer to give. In brief, the question why it is so difficult to "sell brotherhood like soap" (Rothchild, 1979:11) must be addressed and the tools developed by practitioners and academics for the business world have been adapted to fit the non-profit sector and can be used to understand why donors give and how the decision making process works. This is a good point of departure for the process that can give an organisation an edge over its competitors: understanding donor behaviour is crucial to the survival of an organisation.

More important are the targeted models on donor behaviour that academics have developed over the last few decades, which look at critical issues regarding donor behaviour. They range from very simple models with only two dimensions to more complicated models with multiple dimensions.

With the theory of planned behaviour as discussed and keeping in mind the model to be constructed for interpreting donor behaviour in religious Christian organisations, it was important to choose those models pertinent to this study. To do so, nine models were chosen with a total of 45 dimensions, which then could be narrowed down to fit the conceptual model to be tested.

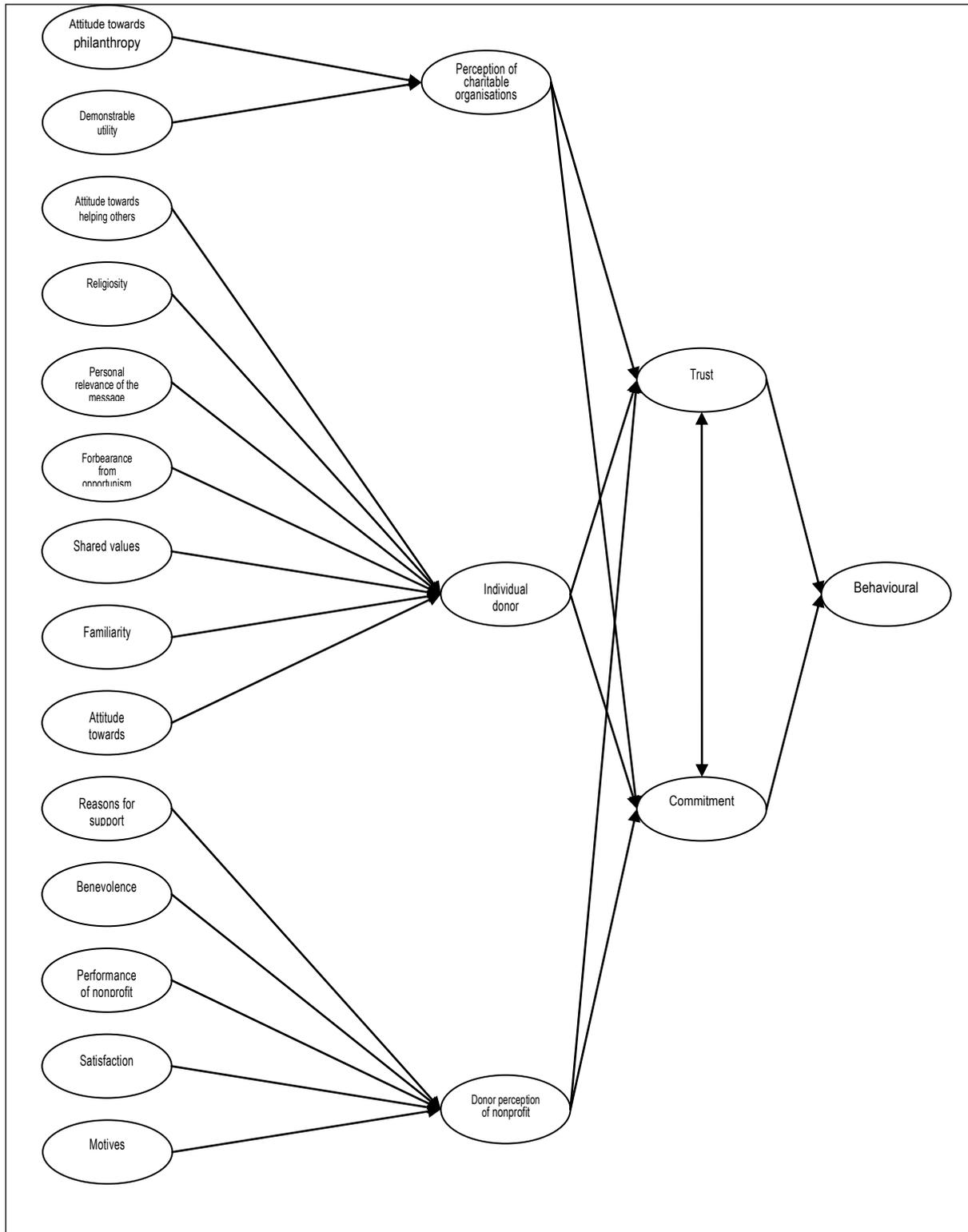
Keeping the above in mind the following objectives were set:

- What drives donor behaviour or the intention to give in religious Christian non-profit organisations.
- Do the dimensions that drive donor behaviour in religious Christian non-profit organisations differ from other types of non-profit organisations.
- How can these dimensions identified be utilised in these organisations to make them more competitive in the NPO sector.
- Identify areas for future research.

1.4 CONCEPTUAL MODEL AND HYPOTHESES

A conceptual model (Figure 1.1) was developed for donor behaviour in religious non-profit organisations to guide the study as well as for the eventual formulation of the 23 hypotheses used to guide the study and represent the possible relationships. The model and the illustrated relationships are based on the findings of a comprehensive literature review.

Figure 1.1
Conceptual Model



This model and the proposed hypotheses were revised on the basis of the statistical analysis as well as to provide for meaningful management implementation. The model was consequently split into three models:

- perception of non-profit organisations,
- individual donor characteristics, and
- donor perception of non-profit organisations.

The revised hypotheses are as follows:

Table 1.1
Hypotheses

Hypotheses	
H ¹	There is a positive relationship between benevolence and trust
H ²	There is a positive relationship between satisfaction and trust
H ³	There is a positive relationship between helping and trust
H ⁴	There is a positive relationship between forbearance from opportunism and trust
H ⁵	There is a positive relationship between familiarity and trust
H ⁶	There is a positive relationship between religion and trust
H ⁷	There is a positive relationship between attitudes and trust
H ⁸	There is a positive relationship between philanthropy and trust
H ⁹	There is a positive relationship between demonstrable utility and trust
H ¹⁰	There is a positive relationship between trust and intention to donate

1.5 METHODOLOGY

The methodology for the study can be divided into two sections, namely the literature overview (secondary study) and the empirical study (primary study).

1.5.1 Literature overview

A thorough overview of literature was undertaken, mainly to investigate the state of the non-profit sector in general as well as South African marketing and donor

behaviour. The data collected were used mainly to compile the background chapters to this study and to assist in the development of a conceptual model for Christian non-profit organisations. The examination of the secondary sources focused on web-based information, journal publications, books and working papers.

1.5.2 The empirical study

The conceptual model that was developed through the literature study was empirically tested within a religious Christian non-profit organisation in South Africa. A measuring instrument was developed specifically for this study and then used to collect primary data. The following sections give a brief overview of the methodology used.

1.5.2.1 *The sample of the study*

A religious (Christian) non-profit organisation agreed to participate in the survey and its complete database, comprising Christians giving to a missionary organisation in South Africa, was made available. The one factor that bound the respondents together was religion. As the minimum number of respondents needed for statistical analysis was 500, it was decided to mail questionnaires to the whole donor database of the organisation.

1.5.2.2 *Data collection*

The questionnaire was sent out in English and Afrikaans. The reasoning behind the decision to mail questionnaires in the donor's language of choice was that it was expected to lead to a higher response rate. The 65 items were randomly presented to help minimise order bias and increase reliability (Zikmund, 2003:345).

The questionnaire was accompanied by a covering letter from the chairman of the organisation participating in the study, explaining what was included in the envelope mailed to them, who was doing this, why it was being done and gave step-by-step instructions for the completion of the questionnaire.

Demographic information as well as the length of donors' relationship with the organisation were not included in the questionnaire as this information could be retrieved directly from the database. All respondents were allocated a unique number

which linked each respondent to a specific set of data.

For responses a 7-point Likert scale was used, where 1 represents "strongly disagree" and 7 "strongly agree".

As many of the organisation's donors did not have access to e-mail, the questionnaires were mailed. Data were extracted from the organisation's database and addresses and salutations were merged to personalise the letter. The letters were printed and the package given to a mailing house to mail. The questionnaires returned were numbered in the order in which they were received and responses were captured in Excel. The spreadsheet was also merged with data from the donor database, namely donor history, age and number of years actively involved with the organisation. Individual names and addresses were removed from this database and replaced by giving it a number, to guarantee total confidentiality. A six-week time frame was set for the process.

1.5.2.3 Data analysis

The first step was to assess the validity and reliability of the measurement instrument used. After this step was completed an exploratory factor analysis was done to identify unique factors evident in the data of the study. The next step entailed the proposed theoretical model being tested by means of the structural equation modelling technique. The results of the data analysis enabled the creation of three models suitable for the management of the donors of the particular Christian missionary organisation.

1.6 CONTRIBUTION OF THIS STUDY

This study is a pioneering study in South Africa regarding donor behaviour in religious non-profit organisations, in particular Christian organisations. It is clear from results that donors of religious organisations react differently to donors of other non-profit organisations and that different approaches would therefore be needed to secure donor loyalty and trust. It is believed that the study will enable those involved in missionary organisations to develop marketing strategies better suited to these organisations in particular, which will in the end be of greater worth to their beneficiaries in the longer term.

1.7 STRUCTURE OF THIS STUDY

The study is presented as follows:

Chapter 1 is an introduction to the study and gives the background to the subject being studied, its objectives and method of investigation.

Chapter 2 is a brief historical overview of the non-profit sector and its growth from small community-based charities to the large non-profit sector it is today. The chapter gives a global view of its growth with details of the growth of the sector in South Africa and the implications of this for the non-profit sector in South Africa, in particular for religious (Christian) organisations.

Chapter 3 briefly examines the changing focus of marketing activities from the inception of marketing up to the present. This chapter is divided into sections tracing the path of marketing history and thought from as far back as 7000 BC, through the Industrial Revolution, up to the end of the 1960s, with its broadening of the concept marketing, the rise of social marketing in the 1970s and finally the re-emergence of relationship marketing in the 1980s.

Chapter 4 aims to show that relationship marketing strategies that have worked in the for-profit sector can be successfully applied to the non-profit sector as well. For a non-profit organisation to survive and thrive donors must not only be recruited, but also cultivated.

Chapter 5 discusses different models of donor behaviour that academics have developed over the last few decades, of which nine are discussed. Each of these looks at critical issues regarding donor behaviour and range from very simple models with only two dimensions to more complicated models with multiple dimensions.

Chapter 6 describes the design and the methodology of the empirical study. The chapter illustrates the background of the process used in marketing research and examines aspects such as defining the problem, objectives, the development of the research design and the data collection and results.

Chapter 7 presents the empirical results of the study. The first step in the process used for this study was to assess the validity and reliability of the questionnaire,

followed by a discussion of the response rate of the questionnaire as well as the demographics of all the questionnaires returned for the study. The final step was the discussion of the Structural Equation Modelling (SEM) analysis that was used for the empirical investigation. The result of the analysis was the formulation of a revised model based on the empirical findings. The model is discussed at the end of the chapter.

Chapter 8 details the summary, conclusions and recommendations of the study. It concludes with sections on the limitations of the study and identifies possible areas for future research.

CHAPTER 2

A HISTORICAL OVERVIEW OF THE NATURE AND SCOPE OF THE NON-PROFIT SECTOR IN VARIOUS COUNTRIES

2.1 INTRODUCTION

This chapter gives a brief historical overview of the non-profit sector and its growth from small community-based charities to the large non-profit sector it is today.

After the American Revolution the non-profit sector evolved through four stages:

- The voluntary/civic stage.
- the philanthropic support stage,
- the rights and entitlements stage, and
- the competitive market stage (Kotler & Andreasen, 1996:10-11).

The voluntary/civic stage persisted in the US until the early part of the 20th century and was characterised by services that were not provided by government, or those that were beyond the means of individuals often being provided from within their communities.

During the philanthropic support stage, wealthy individuals tended to provide the resources needed for education and cultural activities in particular.

During the rights and entitlements stage, civic groups argued that they were entitled to support from the fiscus.

At present, non-profit organisations are in the fourth of the stages listed above namely the competitive market stage, which is characterised by increased competition for public support between voluntary organisations.

At this latter stage, non-profits are faced with two realities: although there has been an increase in voluntarism they firstly cannot rely on traditional sources of support,

and secondly, as organisations increasingly turn to the market place for support, they find themselves having to compete with other organisations with the same needs. The greatest challenge facing the non-profit sector today is therefore competition. As a consequence, the sector has had to attract new donors in a marketplace flooded with competitors (Kotler & Andreasen, 1996:10-11).

2.2 DEFINITION OF A NON-PROFIT ORGANISATION

Different definitions have been applied to the concept of a non-profit organisation/sector in different countries:

The *Non-profit Almanac and Desk Reference* defines the Independent Sector in the USA as organisations founded to serve a public purpose, are private and self-governing, non-profit oriented and tax exempt, and in some instances dependent on tax-deductible contributions. Two other important features that make this sector unique are voluntarism and private philanthropy (www.Independentsector.org/programs/research. Accessed 18/2/2004).

The Australian Nonprofit Data Project defines the non-profit sector (third sector) as consisting of private organisations formed and sustained by groups of people (usually their members) acting voluntarily to provide benefits for themselves or others, and where any material benefit gained by a member is proportional to that member's use of the organisation (www.cdi.gov.au/report. Accessed 17/6/2005).

The Scottish Council for Voluntary Organisations defines voluntary organisations as "... non-profit driven, non-statutory autonomous and run by individuals who are not compensated for running the organisation" (www.scvo.org.uk/almanac. Accessed 17/3/2005).

A further definition, which was written into the Non-Profit Organisations Act in South Africa, is that of "... a trust, company or other association of persons established for a public purpose and of which the income and property are not distributable to its members or office-bearers, except as reasonable compensation for services rendered" (Russel & Swilling, 2002:8).

For the purpose of this study a non-profit organisation (NPO) will be defined as

follows (Salamon & Anheier, 1996:2-3):

- Organised; the organisation/sector is institutionalised to some extent.
- Private; separate from government but might work with, or receive support from government.
- Self-governing; equipped to control its own activities.
- Non-profit distributing; all profits/surpluses are ploughed back into the organisation.
- Voluntary; some degree of voluntary participation is present.

In this study other terms such as "civil society", "third sector", "voluntary sector", "non-government organisation" (NGO), "charities" and "independent sector" will be used interchangeably, but will essentially refer to the same set of entities.

2.3 A BRIEF HISTORY OF THE DEVELOPMENT OF THE NON-PROFIT SECTOR IN CHRISTIAN ORGANISATIONS

The non-profit sector has grown and changed substantially since its origins more than two thousand years ago and is still based on Jewish and Graeco-Roman traditions (Mullen, 1995:1).

2.3.1 The Old Testament

In The Old Testament man was seen as the manager or steward of God's property, for which he could be held responsible. Tithing was mandatory and can be seen as a kind of taxation. It was used for the upkeep of the temple and for supporting the priests and Levites, who were the caretakers and served in the temple and in turn also helped support widows, orphans and the poor.

2.3.2 The New Testament

Although the concept of tithing is not specifically mentioned in the New Testament, the idea of giving to the Lord and His work was commonly accepted. The early church did not claim any possessions for itself, but shared everything (Acts 4:32). The apostle Paul started one of the first known relief efforts when he raised money to

help the poorer Judaeen churches. Less than thirty years after the crucifixion of Christ, Paul wrote to the Corinthian congregation recommending that they set aside money every Sunday in proportion to what they had earned and to save it up for when Paul arrived (1 Corinthians 16:2). The churches supported the apostles – in fact, Paul states that the official workers of the church had a right to such support (1 Corinthians 9:3-4, 6-18).

These early Christians continued the Jewish tradition of sending charitable donations to Jerusalem – a tradition of community care. In Jewish communities there were people assigned to fundraising and others to the distribution of food, clothes and funds to those in need. Giving was done proportionately to means and no one was excluded (Mullen, 1995:2).

The early church was Christ-centred, which created enthusiasm not only for outreach, but also for giving. Because the church believed the Second Coming of Christ was imminent spiritual value was placed on alms-giving. The practice of holding all material possessions in common was carried on in the church of the second and third centuries AD. Tertullian writes in his *Apology* (around 200) "... all things were common among the Christians except their wives" (Kohl, 1994:13). The Emperor Julian, a pagan in the early 360s complained: "No Jew is ever begging and the impious Galileans [Christians] support not only their poor but ours as well" (Mullen, 1995:4).

However, because the church needed more financial support for its ministry, Christ-centredness gave way to meritoriousness, which continued until the Reformation. Cyprian, the Bishop of Carthage (195-258) wrote: "As water extinguishes fire, so almsgiving quenches sin." Augustine (354-430) similarly taught that alms-giving went hand in hand with the bettering of living standards and repentance (Kohl, 1994:14).

2.3.3 Middle ages

During the Middle ages renewed emphasis was put on the Old Testament's legalistic aspect of tithing (Kohl, 1994:14). By the end of the fourth century when Constantine declared Christianity as the official religion of the state, property was increasingly passing into the hands of the church. Rome became the centre for the financial administration of the church. Numerous monastic orders were being founded and

many monasteries, particularly their leadership, became extremely wealthy as they received part of the holy tithe, which included property. The church, with its teaching of merit through works, levied taxes on everyone. The sale of spiritual worth, the sale of escape from punishment for sin and even the sale of offices in the church became commonplace (Kohl, 1994:17-19; Rust & McLeish, 1984:20).

Fundraising was also at a peak during this period. An example of this took place in 1174 when the Normans sacked the monastery of St Evurtius in England and Bishop Stephan sent out two fundraising letters, which included the following sentence: "Standing in the smoking ashes of our church among the scorched timbers of its walls, soon to rise again, we are forced to approach the general public and shamelessly to ask for support from outside gifts" (Mullen, 1995:6-7).

Fundraising methods also became more sophisticated at the time as can be seen in the analysis of fundraising done for the Troyes Cathedral between 1389 and 1423. The table of total income is split between appeals (for which there were professionally staffed campaigns), legacies, big gifts, and other. This analysis was further refined by comparing the figures of different years (Mullen, 1995:6-7).

2.3.4 The Reformation

The Reformation brought with it radical changes regarding charity and its practices. Firstly, the theology of justification by faith alone replaced the previous doctrine of justification by works and alms; secondly, the doctrine of the spiritual priesthood of all believers gave much more freedom and independence to the common man. Laziness and idleness were seen as a sin (Kohl, 1994:23; Mostert, 1990:23).

Martin Luther (1453-1546) did not regard voluntary giving to the church and clergy as an expression of faith. He did approve of the giving of a tenth (tithing) but held the opinion that the state and the church should combine powers to raise church funds both through tithing laws and state support (Kohl, 1994:24).

John Calvin (1509-1564) did not say anything about tithing, but stressed the obligation of church members to take care of the poor and help with the upkeep of the church. He did not see any evil in Christians accumulating money or wealth either as long as it did not draw them away from God (Kohl, 1994:35).

In England the pulpit was a medium through which many people were reached. In 1536 Henry VIII decreed in his Beggars' Act that "... every preacher, parson, vicar, curate of the realm' should use sermons and other means to exhort, move, stir and provoke people to be liberal and bountifully to extend their ... alms and contributions ... toward the comfort and relief of ... poor, impotent, decrepit, indigent and needy people" (Mullen, 1995:12).

Printing was an important feature of the Reformation and was even used for direct mail appeals. Social elites became increasingly dominant in large segments of English fundraising efforts, showing great concern and generosity – and vulgarity: "Find a Duchess, flatter her and get £500", was the motto of the Press Bazaar News in the late 19th century (Mullen, 1995:12-13).

2.3.5 Giving in the "New World"

Pilgrims arriving in the New World supported the ministry of the Word and charity for the poor solely by voluntary giving. Towards the end of the 1600s, however, many churches became dependent on public taxation. By the end of the 18th century individual states were encouraged to abandon their compulsory support laws largely because of successful fundraising of new voluntary Christian efforts. This fundraising was not radically new, but did include the sale or rental of pew spaces, lotteries, subscription lists, church-farm ownership and the buying and selling of goods in the church among its practices (Kohl, 1994:32).

During the end of the 18th century and the beginning of the 19th a spiritual awakening took place in Europe and America, which led to the formation of the first modern missionary organisations. Everything was organised around God's work: John Wesley (1703-1791), the founder of Methodism, played a part in this awakening. He preached that a Christian should not only give the required tax and tithes, but everything else that was left after he had taken care of his family. Wesley became disappointed at the growing tendency of Methodism towards worldliness. He saw his dictum "Gain, save, and give all you can," being changed to "Gain all you can and save it" (Kohl, 1994:32-34).

Various missionary societies were established in the 19th century, marking the emergence of the Protestant foreign missionary enterprise of which the British and

Foreign Bible Society was but one. The China Inland Mission, founded by one Hudson Taylor, was one of the first faith missions. It believed in never asking for money, never telling anyone of their needs, and looking to God alone through prayer. The founder Hudson Taylor did not directly appeal for donations, but was a brilliant communicator and there is no doubt that his audiences knew exactly what the mission needed, when they needed it and how much (Rust & McLeish, 1984:21-23).

By the late 19th and early 20th centuries, American Protestantism was supplying the major part of the funding and personnel for foreign missions, while European support for missionary works continued with churches in England and Germany funding projects to train the youth for missionary service. In the US Hudson Taylor, George Muller and Dwight L. Moody were the inspirational leaders of their time and their frankness and enthusiasm attracted funds and volunteers for foreign missions. Taylor and Muller were well known for their humility regarding contributions for their work: Taylor vowed never to go into debt and rejected "unconsecrated" money, while William Booth, founder of the Salvation Army, said he would receive any kind of money and "wash it in the blood of Christ and use it for the glory of God". Professionally designed and managed fundraising probably started in 1883 with the Young Men's Christian Association (YMCA) (Rust & McLeish, 1984:22-23).

2.3.6 The 20th century and beyond

From the beginning of the 20th century state support for the Roman Catholic Church in particular began to wane, while donations were increasingly being raised by organisations not directly linked to the mainstream churches ("parachurches"). These groups soon became highly skilled in raising funds from the public (Rust & McLeish, 1984:24) and in 1919 the first professional fundraising company of its kind, Ward, Hill, Pierce and Wells, was established.

During the late 1950s and early 1960s, Third World causes started coming to the forefront. Where previously the occasional appeal was mostly associated with missionary activities, organisations such as Oxfam, Save the Children and Christian Aid would subsequently create much higher awareness and attract attention, action and funding. As prosperity in the West increased, new skills in communication, marketing and advertising became available to these bodies, which contributed to the

increased competition for funds from the mid-1980s onwards. Other developments at the time included the increasing requirement for non-profit organisations to be officially registered and also the encouragement given to these organisations by governments, for example by granting tax incentives for charitable donations (Mullen, 1995:14-16).

At present there is an increase in organised voluntary activity around the globe with the creation of more private, non-governmental organisations, which reflects a set of social and technological changes, as well as an increasing lack of confidence in the ability of the state to render certain vital services (www.charityvillage.com/cv/research/rint7html. Accessed 11/03/2004).

The pressures to expand these services derive mostly from three different sources: from grass-roots organisations where ordinary people decide to take matters into their own hands to improve their conditions, from outside pressures by institutions such as the church, Western and other private voluntary organisations and official aid agencies, and finally from official government policies (www.charityvillage.com/cv/research/rint7html. Accessed 11/03/2004).

Salamon argues that four crises and revolutionary changes are converging to diminish the hold of the state on organisations and foster increased voluntary activity (www.charityvillage.com/cv/research/rint7html. Accessed 11/03/2004). First of these is the perceived crisis of the modern welfare state, which many believe is stifling initiative and personal responsibility while encouraging dependence. The second crisis is that of development, where the realities of falling per-capita incomes in parts of Africa, Asia and Latin America as well as the questionable success of government programmes have led to a new focus on communities participating in their own development. The third, a global environmental crisis, has also stimulated non-profit organisations. Poverty in the developing countries and their populations' need to survive have led to the degradation of their environment, which has led to efforts by many organisations to counter it. The fourth and final crisis, the failure of socialism, has also contributed to the search for other ways and means of satisfying social and economical needs (www.charityvillage.com/cv/research/rint7html. Accessed 11/03/2004).

Beyond these crises, two further developments also stimulated the growth of the sector. The first development was the revolution in communications, which opened even the most remote locations to the world and second, global economic growth, which not only allowed for material improvement and the creation of an urban middle class in Latin America, Asia and Africa in particular, but was also critical to growth in this sector (www.charityvillage.com/cv/research/rint7html. Accessed 11/03/2004).

2.4 GLOBAL VIEW OF THE NON-PROFIT SECTOR

Up to 2003, the John Hopkins University had undertaken studies of the non-profit sector in forty countries. These studies were the first of their kind and their goals were to document the scope, structure, financing and role of the non-profit sector in various parts of the world. Two additional goals were also set, namely to determine the causes for the varying patterns in the development of the sector in the various countries, and to assess its impact within these countries in the world at large (Salamon et al., 2003:13-14).

In the thirty-five countries for which data was assembled, the non-profit sector accounted for \$1,3 trillion in turnover in the mid-1990s. It had 39,5 million full-time equivalent workers including religious congregations, divided into 21,8 million full-time equivalent paid workers and 12,6 million full-time equivalent volunteer workers. This means that in these thirty-five countries civil society employed an average of 4,4% of their economically active populations. The total number of volunteers in these countries exceeded 190 million and represented over 20% of the adult population in these countries. To put these figures into context, if this sector was regarded as a separate economy its budgets would make it the seventh largest economy in the world just behind France and the United Kingdom (Salamon et al., 2003:13-14).

Up to 2010, financial data of forty countries was assembled. The non-profit sector represented \$2,2 trillion in operating expenditure. In the forty-two countries for which employment data was available, the sector employed 56 million full-time workers and volunteers accounted for an estimated 42% of non-profit workers (Salamon, 2010:22).

2.5 THE NON-PROFIT SECTOR IN DIFFERENT COUNTRIES

The non-profit sector in a selection of countries representing Western, Central and Eastern Europe, the East as well as the US, Canada and Australia, for which data is available, is discussed below.

2.5.1 Central and Eastern Europe

Although the euphoria following the 1989 revolutions in the Czech Republic, Hungary, Romania and Slovakia has subsided somewhat, these countries nevertheless created and retained a vibrant NGO sector. The sector has grown throughout the 1990s although it still remains fragile. Since the middle of the 1990s the NGO sector in these countries constituted a \$1,6 billion industry that employed close to 173 000 full-time equivalent paid workers. NGO expenditures averaged 1,5% of the gross domestic product (GDP) and employment stood at just more than 1% of all non-agricultural employment. On average, more than 26% of the population in these countries contribute of their time to NGOs (Toepler & Salamon, 2003). No follow-up study was done.

Statistics published by the Czech Statistical Office for 2003 showed a total of 119 267 non profit organisations. The sector is small and only represents around 0,35% of GDP (www.e-cvns.cz/soubory/CVNS_WP0702_History_Pospisil.pdf. Accessed 19/8/2012). In Hungary the non-profit sector has grown from 46 814 in 1995 to 81 614 in 2010 (Dobrai & Farkas, 2012:325). A study published by the Civil Society development foundation found that there were 62 000 non-profit organisations registered in Rumania. In 2008 the NGO sector registered incomes of EUR 1,25 billion (www.fdsc.ro/library/Brosura%20_engleza_final.pdf. Accessed 18/8/2012). Finally in Slovakia the number of organisations have grown from 21 916 in 2002 to 37 409 in 2010 and as many as 35 891 were employed full-time by the sector. Foundations alone gave total of EUR 32,8 million in gifts (www.vcelidom.sk/source/download/active-citizenship-and-the-nongovernmental-sector-in-slovakia_trends-and-perspectives.pdf. Accessed 18/8/2012).

2.5.2 United Kingdom

The Charity Commission for England and Wales is established by law as the

Regulator and Registrar of Charities in England and Wales. From the Charity Commission Annual Report 2002/2003 the following statistics emerged: At 31 March 2003 there were 187 316 charities on register and the total annual income of all registered main charities (the remainder are subsidiaries or branches) exceeded £30 billion. These figures in the 2003/2004 report rose to 188 739 charities registered with a total annual income of £32 billion. In the report year the commission registered 1 423 new charities. At the end of 2011, a total of 161 649 charities raised £56 933 billion (www.volresource.org.uk/briefs/. Accessed 18/2/2004; 18/8/2012).

The almanacs mentioned below are some of the research almanacs for the United Kingdom. The National Council for Voluntary Organisations (NCVO) Research Almanac 2002 (Jan 2002) for the United Kingdom states that the voluntary sector's contribution in 2002 to GDP accounted for £5,4 billion, with 2% (563 000) of the United Kingdom workforce employed in this sector. The gross income for general charities in the United Kingdom in 2001 was £15,6 billion, a real increase since 1999 of 4,2%. At a glance: in 2010 there were 163 763 voluntary organisations in the UK, with an income of £36,7 billion, employing 765 000 staff (www.volresource.org.uk/briefs/. Accessed 18/2/2004; 18/8/2012).

The Northern Ireland Community and Voluntary Sector Almanac (NICVA) reports dated March 2002, reveal that in the financial year 2000/2001 there were between 4 500 and 5 000 voluntary organisations with a gross income for the voluntary and community sector of £657,1 million. For the book year 2009/2010 there were approximately 4 836 voluntary and community sector organisations in Northern Ireland with an estimated income of £741,9 million (www.volresource.org.uk/briefs/. Accessed 18/2/2004, 18/8/2012).

The Wales Council for Voluntary Action Almanac (WCVA) 1999 states that there are 25 000 organisations registered with an income of £570 million and 1,86 million volunteers (www.volresource.org.uk/briefs/. Accessed 18/2/2004).

The Scottish Council for Voluntary Organisations' (SCVO) breakdown from the United Kingdom Almanac 2002 indicates an income of £2,01 billion for the financial year 2000/2001. The sector employs around 4% of the Scottish work force and when its paid workforce is combined with its even larger volunteer force (estimated in the 2001

census to be over one million), it means that it occupies a much greater proportion of Scotland's human resources than any other industry. These figures rose to 50 000 registered charities in 2004 with an annual income of £2,62 billion and a workforce of around 5% of the total Scottish workforce. The volunteer force had also increased to an estimated 1,2 million. In the 2009/2010 book year there were approximately 45 000 voluntary organisations in Scotland employing 137 000 staff with an income of £4,4 billion (www.scvo.org.uk. Accessed 20/2/2004; 17/3/2005, 18/8/2012).

2.5.3 Japan

Itoh (2003:157) notes that Japanese society has witnessed rapid development of the non-profit sector in the past few decades. Civil society consists of different organisations and trusts that are governed by law as well as some 85 000 organisations throughout the country, operating as citizens' groups or volunteer organisations without formal or legal status. The number of volunteers is said to surpass seven million.

The two most represented types of civil society organisations are Public Interest Corporations and Non-Profit Corporations (NPOs). Before 1945 only 1 300 organisations were registered but with statistics available from 2002/2003 there are approximately 26 000 organisations incorporated under the law governing these organisations. Most of these organisations gained their status from the late 1960s onwards because of Japan's high economic growth. The annual income of these bodies ranges from \$83 000 (US) to over \$5,8 billion (Itoh, 2003:157-158).

The other important actors in the Japanese non-profit sector are new types of civil society organisations and citizens' groups at grassroots level. The heightened esteem enjoyed by voluntary, non-governmental activities led to the enactment of the NPO Law in 1998. In the four years since its enactment, more than 10 000 organisations have been incorporated with more than 300 new organisations being incorporated monthly (Itoh, 2003:159).

As Japanese society faces more and more diversified issues resulting from globalisation, a falling birth rate and the aging of society, the government and local administration are no longer capable of addressing all public needs. Expectations are growing for these organisations to play a more active and flexible role than

government bureaucracy and other administrative structures (Itoh, 2003:159).

Within the non-profit sector there is rising awareness for the need to improve internal governance. This is mainly due to three factors. First of these is impropriety and the decline in public trust. Here two aspects come under suspicion, namely a lack of transparency and the closer relationship between government and NPOs. The second factor is the discretionary control imposed by government authorities, which tends to hamper organisations from freely undertaking innovative activities of a voluntary nature. The third factor is the role of organisations in social governance where there is a need for the sector to improve the effectiveness of its organisations, which in turn should lead to an improvement of governance in the sector (Itoh, 2003:160-163).

The latest statistics available are from the UN Nonprofit Handbook project publications which states that in 2003 Japan's non profit institutions (NPI) generated an output of 36,3 trillion yen, a gross value added of 20,8 trillion yen, and employee compensation totaled 19,1 trillion yen ([www.http://ccss.jhu.edu/research-projects/un-nonprofit-handbook/un-handbook-publications](http://ccss.jhu.edu/research-projects/un-nonprofit-handbook/un-handbook-publications). Accessed: 18/8/2012). As of February 2011, there were 41 600 registered nonprofits in Japan (www.philanthropydaily.com/?p=4933. Accessed 18/8/2012).

2.5.4 China

Civil Society Organisations (CSOs) are becoming a crucial part of the human development in China. Statistics from the Ministry of Civil Affairs show there were 230 000 CSOs in China at the end of 2001. Of these, more than 134 000 were social organisations and more than 100 000 were civilian non-enterprise institutions. In addition there are many CSOs that have not registered with the ministry or have registered through the industrial and commercial administration (Yuanzhu et al., 2003:72). The latest statistics show that by 2010, those numbers had risen to 198 000 and 246 000 respectively. Statistics for independent nonprofits registered as businesses or unregistered, have also grown quickly during the 2000s, and some scholars estimate there can be as much as 200 000 organisations (<http://www.chinadevelopmentbrief.cn/?p=333>. Accessed 18/8/2012).

Although the government of the day still keeps an eye on CSOs, it has allowed them

some leeway especially in delivering social services and helping vulnerable groups. It is clear that the Chinese Communist Party and the government have conflicting feelings about CSOs. On the one hand, with increasing social problems such as unemployment, aging, disability and rural migration, the Party and government hope that CSOs can play an active role in delivering social services and promoting public awareness. On the other hand, there is a concern that such organisations may get involved in political activities especially anti-government activities (Yuanzhu et al., 2003:72-73).

CSOs see themselves as partners with government. The general feeling is that the social problems facing the country should be faced together as partners. At a conference held in 2001 at the Tsinghua University participants drafted recommendations on strengthening the accountability and assessment of civil society organisations. One of the comments made was that Chinese civil society is developing at an unprecedented pace. The role of civil society is more and more important particularly in stabilising society as well as delivering social services and promoting international communication (Yuanzhu et al., 2003:74).

2.5.5 United States

According to Giving and Volunteering in the USA 2001, the seventh report published by Independent Sector in a series of biannual national surveys that record trends in charitable behaviour, 89% of US households contribute to some or other charity (www.independentsector.org/programs/research. Accessed 18/2/2004). The average annual contribution is \$1 620 or 3,1% of household income. Forty four percent (83,9 million) of adults are volunteers, which is the equivalent of over nine million full-time employees, valued at \$239 million. Total private giving reached \$203,45 billion in 2000, with 83% of the gifts coming from individuals. Growth statistics in the New Nonprofit Almanac in brief (2001:6) and the Executive summary (2002) of the Independent Sector, show the following trends between 1977 and 1997: Paid employment as a percentage of total US employment (five-year trends) increased from 5,5 million (5,3%) in 1977 to 10,6 million (7,1%) in 1997. In 1998 this figure was 10,9 million.

Growth of the independent sector measured by number of organisations (five-year

trends) showed growth from 739 000 in 1977 to 1,19 million in 1997. Private charitable giving increased from \$21 billion in 1977 to \$177,8 billion in 1998.

Between 1995 and 1998, gifts from individuals increased by \$10 billion annually; between 1987 and 1997 charitable organisations increased at an annual rate of 5,1%, more than double the growth rate of the business sector.

In 1998 the entire non-profit sector represented 9,3% of all paid employees in the US. Total revenue increased from \$211,9 billion in 1982 to \$664,8 billion in 1997 (www.Independentsector.org/programs/research. Accessed 18/2/2004).

In Giving USA (2003), an annual report on philanthropy, the American Association of Fundraising Council reports a revised figure of \$228,25 billion for individual donations in 2000. A Giving USA comparative survey of non-profits' charitable revenue for 2001 and 2002, found that 49% of organisations reported an increase, 46% a decrease and 5% no change during the year. Giving through bequests in 2002 is estimated to have increased by 2% to \$18,1 billion (www.Independentsector.org/programs/research. Accessed 18/2/2004).

Giving USA (2011) reports despite two recessions, terrorism, wars and natural and man-made disasters philanthropy has held its own. The number of non-profit organisations have increased to 1,280 739. Total charitable giving for 2010 was estimated at \$290 billion of which individual donations accounted for \$211 billion in 2010 and bequests \$22,83 billion (http://big.assets.huffingtonpost.com/GivingUSA_2011_ExecSummary_Print-1.pdf. Accessed 18/08/2012).

2.5.6 Canada

In the three-year period since the 1997 National Survey on Giving, Volunteering and Participating (NSGVP), Canada saw a steady growth in giving and a decline in unemployment from over 9% in 1997 to under 7% in 2000 (Hall et al., 2000:12).

The NSGVP in 2000 revealed the breadth of support that Canadians provide, both individually and collectively. Between 1 October 1999 and September 2000 almost 22 million (91%) of the population aged 15 and older made donations, either financially or in kind. The estimated financial support provided totalled almost \$5 billion and

represented an increase of 11% in giving since 1997. The average annual donation increased 8% from 1997 to \$259 in 2000. Donors made fewer but larger donations in 2000 at an average of 3,7 donations, averaging \$70 per donation compared with 1997, when donors gave an average of four donations at an average of \$60 per donation. Six and a half million (27%) of the population aged 15 years and older volunteered during the one-year period preceding the survey. This is a decline from 7,5 million (31%) in 1997. Despite the decline in volunteers there was an increase in the intensity of volunteering: in 2000 each volunteer contributed 162 hours over the year compared to 149 hours in 1997 (Hall et al., 2000:10-11).

Compared with 1997 more donors in 2000 had concerns about charitable fundraising. A large percentage of donors reported "not liking the way in which requests are made" (47% compared to 41% in 1997) and "thinking that the money will not be used efficiently" (46% compared to 40% in 1997) as reasons for not giving more to charitable and non-profit organisations (Hall et al., 2000:14).

The survey paints a picture of increased financial contributions and a decline in the number of those who volunteered. Giving, volunteering and participating are influenced by a complex set of factors that include economic conditions, demographics, values and government policy. It is important to consider how these factors may be changing and the influence it has on the types of support people are willing and able to provide (Hall et al., 2000:53).

Economic factors such as income levels and income growth affect the amount of discretionary income people can donate. The economy also has an impact on the labour market affecting employment rates, hours of work and the productivity, which in turn, influence the availability and quality of free time available for volunteering (Hall et al., 2000:53).

Changing demographics also influence giving, volunteering and participation. An aging population would for example have an impact on giving and volunteering. For some, age brings more discretionary income, while for others age may mean declining health that limits the ability to volunteer. Other demographic factors such as changes in the composition of the population, immigration and increased population mobility may also exert an influence. Values underlie all the choices individuals make

and these are also subject to change (Hall et al., 2000:53).

The UN Nonprofit Handbook, states that in 2004, the gross domestic product (GDP), of the core nonprofit sector amounted to \$29,6 billion — accounting for 2.5% of the total Canadian economy, and grew at a rate of 6,5% in that year. The study was released in 2007 ([www.http://ccss.jhu.edu/research-projects/un-nonprofit-handbook/un-handbook-publications](http://ccss.jhu.edu/research-projects/un-nonprofit-handbook/un-handbook-publications). Accessed 18/8/2012).

2.5.7 Australia

The Satellite Account for Nonprofit Institutions issued in 2002 by the Bureau of Statistics (ABS) estimated the non-profit contribution to the Gross Domestic Product (GDP) to be \$20 billion (Australian) or 3,4% of the GDP, which equalled the contribution of the agricultural industry to GDP. When the value of the volunteer effort is added, this contribution increases to \$28,6 billion (4,7% of GDP), equal to that of the mining industry (Cleary, 2003:19).

There are as many as 700 000 non-profit organisations in Australia. Of these organisations, some 35 000 employ 604 000 people or 6,8% of Australians in employment. In 1999/2000, non-profits that employed staff had an income of \$35,4 billion. In terms of contribution to employment this sector is of a similar relative size as that of the US (in terms of population), larger than that of the United Kingdom and most other European countries and smaller than the sector in the Netherlands and Ireland. During 2000, 4,4 million Australians volunteered and in 1997 8,6 million Australians donated \$2,8 billion. This translates to an average donation of \$445 per year per household (www.philanthropy.org.au/factsheets. Accessed: 11/03/2004).

A survey done in 2001 by Givewell estimates that between 1995-1996 and 1999-2000 there was a jump in income from donations of more than 20% (www.givewell.com.au. Accessed 11/03/2004).

Although the number of Australian community sector organisations was recently estimated at around 600 000 the Australian Tax Office (ATO), in 2007, classified 177 109 organisations as not-for-profits. The sector in 2006-07 generated \$41 billion in gross valued added (GVA) – a measure in economics of the value of goods and services produced in an area or sector of an economy. This figure was equivalent to

4.3% of total GVA. Not-for-profit organisations employed 889 919 people at the end of June 2007 (www.ourcommunity.com.au/general/general_article.jsp?articleId=103. Accessed: 18/8/2012). In the 2009-10 income year, individual taxpayers claimed just over \$1,9 billion (\$1,962 million) worth of gifts, down from \$2,09 billion the previous year (www.philanthropy.org.au/research/fast.html. Accessed 18/8/2012).

Cleary (2003:20-23) notes that Australia has a highly developed economy and is one of the oldest democracies in the world. Factors that have assisted in the growth of the non-profit sector are firstly the government's understanding that non-profit organisations provide services that government itself is unable to provide. Secondly, the benign legal environment in which non-profit organisations operate means they can exist with little accountability to government. Although this has changed in the last 20 years with the increased focus on public accountability, government does encourage the development of the sector by providing seed money for their establishment and continued sustainability. Thirdly, the increased standard of living for most Australians since the 1960s means most Australians now have a basic education and enough disposable income to start, join or support a non-profit organisation. The last factor is the relatively high degree of mobility within the population, which facilitates the spread of ideas, making it easy to draw on the experience and practices of other non-profit organisations at national level.

Another factor contributing to the diminution of the non-profit sector has been the aging of the population, which means a shrinking tax base for funding public organisations and increased competition for funding. This increase has put some organisations out of business while the amalgamation within the sector has dramatically increased the size of many large non-profits. This smaller sector however does not mean a reduction in actual service levels. Non-profits also struggle to attract people at board level or as volunteers (Cleary, 2003:23-24).

2.5.8 The South African non-profit sector

In the past, charity in South Africa was a community affair, mostly linked to churches that were largely responsible for charity work and fundraising. At the early part of the 20th century there were no organised government welfare services in South Africa. Just before World War Two (WW 2), the Carnegie Poor White Investigation Report

recommended the creation of a State Bureau of Social Welfare to co-ordinate welfare activities in co-operation with voluntary organisations and churches. A Department of Social Welfare was duly established in 1937 (Cuthbert, 1995:18).

Active fundraising took place during WW 2 and some government control became advisable. This gave rise to the Welfare Organisations Act 40 of 1947, followed by the Welfare Act 79 of 1975 that created national and regional Welfare Boards. Several commissions followed and their recommendations led to the promulgation of the Fundraising Act 107 of 1978.

Before 1994, when the first democratic elections took place in South Africa, there was a clear separation between "white" NPOs and "black" civil society. White NPOs were well organised and mostly served white society, but the development of black civil society was only deemed acceptable as long as it stayed apolitical. The black non-profit sector was a mix of largely localised and less formalised survivalist and oppositional NPOs. Black development NPOs, where they existed, were either supported by religious institutions or by predominantly white NPOs with liberal leanings (Russell & Swilling, 2002:67-69).

More recently the Non-profit Organisations Act of 1997 was promulgated. It ruled that the registration of all non-profits not run by the state, and not just certain named organisations as was the case with the Fundraising Act 107 of 1978, was to be voluntary. However, the Tax Law Amendment Act promulgated in the middle of 2000, changed this ruling by requiring all Public Benefit Organisations, including religious organisations, to register as NPOs before being eligible for tax exemption. This meant that an organisation could only apply for tax exemption with an NPO registration number. Since the 1994 election, the state and the non-profit sector have managed to craft a legal and policy framework for managing state/civil society relations. The three major elements of this system are the Non-profit Organisations Act, a system of tax exemptions aimed at facilitating increased private donations to the sector, the National Lottery and other funding structures and the instruments for incorporating NPOs into the decision making process across different sectors and levels of government.

Before 2000 very little research helping to reveal in more precise terms the

dimensions and other characteristics of the non-profit sector, had been conducted in South Africa. Since then relevant research has been done as part of a larger comparative non-profit sector study being conducted by the Centre for Civil Society Studies at John Hopkins University in the US. This study entitled "The Scope and Size of the Non-Profit Sector in South Africa" was undertaken between 1998 and 2000 (Swilling, 2002). A second study entitled "A nation of givers? Social giving among South Africans" was undertaken in 2003 for the Centre for Civil Society, Southern African Grantmakers' Association and the National Development Agency (Everatt & Solanki, 2003).

Some of the key findings of the above-mentioned study by the John Hopkins University are dealt with in this paragraph. The operating expenditure of all South Africa's NPOs for 1998 totalled R9,3 billion, representing 1,2% of the 1998 Gross Domestic Product (GDP). The NPO sector employed an equivalent of 645 316 workers (made up of full-time, part-time and volunteer workers) or 9% of the formal non-agricultural workforce, or 7,9% of the total non-agricultural workforce, which includes the informal sector. Total employment in the non-profit sector in 1999 exceeded the number of employees in many major economic sectors. Examples of these include the mining industry with 534 000 workers, 436 187 public servants in national departments and the electricity, gas and water industries with 309 203 workers. When measured as a share of the formal non-agricultural workforce, the average South Africa's non-profit workforce (excluding the religious sector) was larger than that of the 28 countries for which comparative figures were available at that time. The average for the 28 countries was 6,7% and that for South Africa 7,9% (Russell & Swilling, 2002:15-16).

Nearly 1,5 million volunteers actively contributed their time to NPOs in 1999. Their contribution is equivalent to the work done in 316 991 full-time jobs and accounts for 49% of the non-profit workforce (or 47% when the religious sector is excluded). This is well above the international average of 35%. Volunteer labour was worth R5,1 billion. In 1998 the study found 98 920 NPOs, which compared favourably with the 1994 estimate (93 300) by David Cuthbert, the then executive director of the South African Institute for Fundraising. No less than 53% of the NPOs in this study can be classified as less formalised, community-based NPOs; this means not formally

structured as Section 21 non-profit companies, trusts, religious institutions, trade unions or co-operatives (Russell & Swilling, 2002:17-20).

By 1999 most South African NPOs had been in existence for 19 years. The oldest organisations were in the religion and health sectors, with the average age of NPOs with religious roots being 38 years and those involved in health 31 years. The age of religious organisations reflect the strong influence of the churches in South Africa's social and cultural history (Russell & Swilling, 2002:22).

Most NPOs were in the culture and recreation sectors (20 587), social services (22 755) and development and housing sectors (20 382). Together these employed 54,3% of the total number employed in the sector and made use of the labour time of an additional 165 125 full-time employee volunteers. This represents 3,4% of the economically active population in South Africa, well above the average for developing countries. The developing countries employ an average of 2,4% of the economically active population in NPOs. The culture and recreation sectors accounted for 15% of the non-profit workforce and over 22% of volunteer input (Russell & Swilling, 2002:26-32).

Notable in South Africa was the substantial NPO involvement in housing and development activities. If the religious sector is excluded, 18% of the South African non-profit workforce was employed in this field, compared to the average of 6% in the 28 country sample mentioned above (Russell & Swilling, 2002:31).

The non-profit sector had an estimated income of R14 billion in 1998 of which the South African government contributed 42% or R5,8 billion. The government's contribution was higher than the average of the comparative study, which was 39%, but lower than that in Western Europe where the average was 50%. The bulk of government funds (R4,9 billion) went to social services, health and development and housing (Russell & Swilling, 2002:34-36).

The private sector's giving, including donations from non-governmental international aid, reached R3,5 billion – 25% of the non-profit sector's revenue and among the highest of the 28-country sample. If the value of volunteer work (R5,1 billion) is added to the value of the private sector funding (R3,5 billion), the total financial revenue of all "private funding" for NPOs was R8,7 billion or 46% of total revenue flows (i.e. R14

billion plus R5,1 billion). The bulk of private sector funding went to health, development and housing, education and research (Russell & Swilling, 2002:36-37).

Self-generated income such as fees and dues accounted for 34% of total revenue (R4,6 billion). This is considerably lower than in the other countries. This is unsurprising, given that most of the other countries have large, developed, middle classes with a higher capacity to pay NPOs for services than in South Africa. If the values of volunteer labour (R5,1 billion), private sector funding (R3,5 billion) and self-generated income (R4,6 billion) are added up, an estimated R13,2 billion was raised in cash and kind by a wide range of NPOs in 1998 (Russell & Swilling, 2002:37-40).

The second study (the first being the John Hopkins study) was constructed around the individual level of social giving among South Africans (Everatt & Solanki, 2003). Questions of who gives, how much they give, what they give, who they give to and why they give, were asked and built into the survey. Some of the results are included in this section. South Africans appear to be a nation of givers, 54% of respondents gave money to charities and other causes, 31% gave food or goods to charities and other causes and 17% volunteered time. Respondents appear to give more to formal structures than directly to the poor. It must be remembered that the range of giving was wide and included for example the giving of a cold-drink to a street child. Giving across race groups is slight, ranging from 94% for Africans to 93% for whites. There is a slight change in giving behaviour when looking at age, being slightly lower among the younger group including scholars and students (91%) and rising to 96% among those aged 60 years and older (Everatt & Solanki, 2003:5, 6).

Religion is an important motivator when giving: of the 89% of respondents who said they belonged to some faith, 96% said they had given money, goods or services in the month prior to their interview. Atheists on average gave less (R29) than their Christian counterparts (R44) while other religions gave on average R54. However atheists volunteered more time (14 hours) against 11 hours for Christians and 12 hours for other religions (Everatt & Solanki, 2003:7).

Seventy-seven percent of respondents gave money directly to charities, causes or organisations or to poor people directly, at an average of R44 per respondent. Men tended to give more on average (R53) than women (R43). Amounts given to the poor

were on average R14. The poor gave predictably less on average (R27) than the non-poor but volunteered more time (13 hours), compared to 11 hours of the non-poor (Everatt & Solanki, 2003:9-10).

On the question of which charity or cause was supported, 80% of respondents indicated giving money to a religious body of some sort (church, mosque, synagogue, temple), 29% gave to organisations helping the poor, 18% to organisations working with children, followed by HIV/AIDS patients, the disabled and homeless (14%). One third (31%) gave goods, food or clothes (Everatt & Solanki, 2003:5-15).

When respondents were asked what they thought the cause most deserving of support was, 22% indicated causes associated with children and youth, followed by 21% for HIV/AIDS and the poor at 20%. This suggests that respondents have a progressive and pro-poor understanding of South Africa and societal priorities. One in ten respondents made a contribution to AIDS orphans and one in twenty is providing care or counselling to people affected by HIV/AIDS. Overall, the dominant view remains clear: people prefer giving to causes that seek longer-term solutions rather than short-term charitable interventions (Everatt & Solanki, 2003:25-27).

2.6 TRENDS AND IMPLICATIONS

2.6.1 Global trends

On the international front there is a growth in non-profit organisations. From the data discussed it is clear that the non-profit sector worldwide is a major economic force to reckon with and has a major impact on the economies of the world. It is also clear that the sector is still growing. Reasons for this are numerous and include people believing that they should participate in their own development and that the state should not play such a role in the lives of the individual. Communications have also opened the world while global economic growth has created a vibrant middle class, which is critical to this sector. Law-making to regulate the civil society sector has gained momentum in all countries concerned and has had an influence on the accountability and possibly a more professional approach in these organisations.

Nichols (2003:163-164) lists four paradigm shifts that have had an impact on the ability of an organisation to raise funds:

- Firstly, donors are becoming more proactive, in other words they initiate contact with the organisation of their choice.
- Secondly, charities can no longer assume that they have only one predominantly white and older audience as donor segments now also include generation, gender, ethnic and/or racial similarities.
- Thirdly, the adult population will increasingly have been born after the WW 2.
- Fourthly, donors are now letting charities know when to contact them, how often and even in what format the contact should be done.

Nichols (2003:164-167) describes the trends that affect the NPO sector and suggests the acronym PEST (political, economical, societal and technological) to represent all these trends. These trends are briefly discussed below.

Political – As mentioned before, the growth in the sector has created intense worldwide competition for charitable donations. Fundraising takes place across borders and oceans and added to that, governments have been reducing their support, obliging the public to make up the difference. Donations from individuals, foundations and corporations have increased, but total philanthropic donations expressed as a percentage of gross national economy has remained unchanged. In the US for example, donations by individuals as a percentage of personal income have stayed the same from 1965 to the present at approximately two percent. Traditionally, donors gave money to places of worship, educational institutions, the performing arts and those medical, health and social facilities from which they themselves received care. Today's younger and more diversified donors prefer charities that focus on a broader range of populations addressing social problems such as hunger, homelessness and economic aid for the developing world.

Economic – There is no longer any loyalty to just one organisation. There are numerous organisations raising funds for similar causes and they are easy to find on the World-Wide-Web. In addition donor audiences are generally less trusting. While donors of all ages show a lack of confidence, this is especially high among post-WW 2 audiences. The age of the population in the developed world has also been increasing. In Canada for example a person born in the first half of the 20th century now lives to 85,26 years on average and in the US to 82,91 years. These donors

tend to be more conservative in their giving switching from large one-off gifts to life income or bequests. It also means that a committed donor may contribute for fifty years or more. Instead of large single gifts a bequest would also rather be an option. A charitable organisation needs to identify its typical donors and choose the right marketing tools to attract and retain these donors. This is a change from acquisition to marketing-orientated fundraising.

Societal – To attract the right kind of donor, organisations should begin by changing their message to accommodate those post-WW 2 donors who are accustomed to contributing and volunteering. Next they should change their focus from targeting potential donors for their wealth and assets, to finding those with high incomes and affluence. There are more affluent people in the world than millionaires and the Internet has made it possible for donors to give worldwide. The focus should therefore be on common interests rather than geography.

Technological – It is important to remember that different segments respond differently to different marketing strategies; mid-life adults would for example respond well to telephone and video appeals while younger adults would respond to the Internet appeals.

2.6.2 South African trends and implications

The global trends seen in the developed countries can be broadly applied to South Africa, although there are unique circumstances to consider – some of these South African trends and implications appear in the study of Russell and Swilling (2002:1-98) and are discussed below.

The study has found that those nonprofits able to raise substantial funds from non-state sources employ a vast number of paid staff and volunteers, which makes them an important organisational resource with valuable organisational structures already in place. This makes the non-profit sector an attractive partner for government in its commitment to poverty elimination since the 1994 elections.

The study also shows that there are nearly 100 000 organisations in South Africa competing for donations. It is estimated that up to 53% of these NPOs can be classified as less formal, local and community-based, with many of them

unprofessional and lacking fundraising and management expertise. This implies that the prevailing view of the sector as a group of professionally-run organisations established mainly by whites to help the poor, must be replaced with one that sees the sector as much more extensive and diverse, which also implies that donors have a much wider choice.

The challenge facing the non-profit sector is how to gain access to the potentially increased level of funding available from, among others, the National Development Agency, the National Lottery and tax-deductible donations from the private sector. Given the results of the study done by Swilling and Russell (2002), the future sustainability of the non-profit sector will still largely depend on the philanthropic and developmental contributions from the corporate sector, especially if the state looks for strategic partners to assist in their development plans.

The statistics reported were collected between 1998 and 2000. For a developing country with a very young democracy, it is notable that of the R14 billion estimated income of the non-profit sector, 42% (R5,8 billion) was contributed by government. There is substantial involvement in housing and development activities (18% of the South African non-profit workforce). Twenty two percent of South Africans indicated that programmes associated with children, 21% associated with HIV/AIDS and 20% associated with the poor were the most deserving to support. NPOs registered as section 18A organisations, which include pre-primary and primary schools, HIV/AIDS organisations and NPOs catering for children and the aged, also enjoy tax benefits and have more success in procuring government, corporate, grant and trust support (Swilling & Russel, 2002).

NPOs that do not work in these fields mentioned above, for instance organisations doing missionary work, are faced with a difficult task of procuring funds within this competitive environment. The needs of the country have expanded, the size of the NPO sector has grown and although more funds are available from different sources, these organisations are mostly sponsored by a small, segmented group of individuals and cannot gain access to funds from government, trusts or the corporate sector and therefore simply cannot compete with the above organisations. Individuals that can give to these organisations become more conservative in their giving the longer they live, because more of their disposable income is now needed to support themselves.

Methods of giving and how these donors are to be cultivated therefore are also changing.

In conclusion, one can state that in this competitive environment, NPOs need to be more professional in their fundraising. They need to cultivate relationships with their donors that go beyond technical interactions such as the transfers of funds and reporting requirements. Organisations need to know why their donors support them, what is important to their donors and how such donations are applied. The whole process of donor decision making should be the starting point in designing marketing and fundraising campaigns if an NPO wishes to successfully attract donor support. Donor support is crucial to the success of any NPO and this is the rationale and focus of this study.

CHAPTER 3

THE CHANGING FOCUS OF MARKETING ACTIVITIES

3.1 INTRODUCTION

"... The classic justification for history is that those who don't know their past are doomed to repeat its mistakes ... (and) knowledge of history can also help to avoid repeating its successes" (Jones & Shaw, 2003:39). A well-known example of this is that of the recreation of the marketing concept, first into relationship marketing and then into consumer relationship marketing. Another justification for studying history is that it establishes a baseline for the recognition of changes in theory. The only way to advance the knowledge of marketing therefore is to have prior knowledge of it. History also provides insights not found in other forms of analysis – it can show up the changes, consistencies and complexities in its meaning over time (Jones & Shaw, 2003:39, 61).

A study of the history of marketing also develops "a sense of accelerating change". A good example is the phenomenal changes that have taken place over the previous two centuries; the emergence of steam power, telephones and electricity from the beginning of the 19th century to nuclear power and a man landing on the moon by 1969. Each new development adds momentum to the marketing process. In recognising these changes and emerging needs the marketer can take action to satisfy future demands (Baker, 1991:15-17).

Chapter 3 briefly examines the changing focus of marketing activities from the inception of marketing up to the present date. Marketing developed as a discipline from the beginning of the 20th century, starting with more critical attention being given to transactions and exchanges and moving on to the development of marketing as a concept in the early 1950s, during which the wants and needs of consumers became the focus. Other important key developments include the idea of the marketing mix in the 1960s, the development of social marketing in the early 1970s and relationship marketing in the 1980s and the 1990s.

This chapter is divided into sections marking the path of marketing history and thought, tracing it from as far back as 7 000 BC, through the Industrial Revolution, up to the end of the 1960s with the broadening of the concept marketing, the rise of social marketing in the 1970s and finally the re-emergence of relationship marketing in the 1980s.

3.2 STAGES OF MARKETING THOUGHT

According to Jones and Shaw (2003:47), no other scholar has kept interest in marketing thought alive as Robert Bartels through his books on the "History of Marketing Thought" and his doctoral seminars. Bartels divided the period from 1900-1970 into eleven decades, starting with 1900-1910, which he calls the Period of Discovery and ending with 1970-1980, the Period of Socialisation.

Bartels (1986) typifies the first period of 1900-1910 as the time when the first marketing courses were being taught and discusses the early teachers of the subject. At the time the focus was on analysing the workings of agricultural distribution systems. The period 1910-1920 was the Period of Conceptualisation and was dominated by the functional and institutional approaches to marketing. The functional approach was concerned with the workings of the marketing process (e.g. buying and selling). The institutional approach focused on the types of organisations (example: agents and brokers) dealing mainly with commodities, mainly products derived from farming and fishing. The period 1920-1930 was one of integration, also described as the Golden Decade, because now insights into marketing was being integrated into existing disciplines such as advertising and sales management. The years 1930-1940 were called the Period of Development, where the principles and insights gained in the previous decade were adapted and kept up to date (Jones & Shaw, 2003:47-50).

The Period of Reappraisal, 1940-1950, saw the development of two new conceptual approaches: management and systems. During the decade 1950-1960, the Period of Re-conception, these conceptual approaches reached maturity as the developments in marketing management and systems thinking were more fully developed. In the Period of Differentiation, 1960-1970, specialty areas of marketing such as marketing management, international marketing and consumer behaviour replaced the more

traditional approaches to marketing thought. In the last period from 1970, Bartels mentions the studies of Kotler on the broadening of the marketing concept (Jones & Shaw, 2003:47-50).

3.3 MARKETING HISTORY AND THOUGHT OUTLINED UP TO THE INDUSTRIAL REVOLUTION

The first marketing practices can be traced back as far as 7 000 B.C., but it was only at the beginning of the 20th century that marketing emerged as a true discipline. At that time more thought was given to trading transactions like bartering and exchange (Sheth & Parvatiyar, 2000b:119). In this pre-industrial society the role of the producer was not separated from that of the trader. The most basic form of trade – barter (also known as the silent trade) – was used to exchange any surpluses for whatever other commodities were required. It was especially in agricultural societies that bartering took place and the market was where these exchanges were facilitated (Cannon, 1986:6-7).

The earliest recorded statement on marketing activity was made by Herodotus, who remarked that the Lydians were the first people to use gold and silver coinage and so introduced the retail trade. Marketing in the sense of buying and selling originated in Asia Minor (modern-day Turkey) and because marketing was more efficient than bartering it soon spread to other countries (Jones & Shaw, 2003:41). Ancient Greece, Phoenicia, the Dravidian Thalassocracy of Southern India, the Mayan Empire of South America and medieval Japan, Flanders and Venice all derived their prosperity from their skill as traders. They tried to anticipate the needs of their customers and find ways of meeting these needs (Cannon, 1986:6). Periods of stability saw the growth of wider networks of trade, mostly in luxuries but also in basic items, such as the trade in corn between Egypt and Italy during Roman times.

In time marketing brought with it changes in behaviour, some positive, some not. It emphasised individual gain and competition, but this seemed to start eroding social bonds within communities. Thinkers of the times such as the Socratic philosophers were concerned about how this newly formed behaviour was affecting society. After the fall of the Roman Empire, marketing thought was developed mostly by medieval scholars, from St Augustine of Hippo (fifth century CE) to St Thomas Aquinas (13th

century). Church fathers of the early Middle Ages were concerned about trying to understand under what conditions the making of profit was justifiable. St Augustine made a conceptual breakthrough however, when he distinguished between marketing as an activity and the marketer as a person. This opened the way to regarding marketing as a morally neutral activity, distinct from the question of honest or dishonest marketers (Cannon, 1986:6-7; Jones & Shaw, 2003:41-44).

During the Middle Ages traders in Europe also provided the only true form of international communication. Marco Polo for instance not only provided luxuries for his European customers but also brought insights into the cultures and countries he visited. The building of relationships, in which the concept of trust in doing business became increasingly important, was evident even in these early times. One example of this is the clan-based trading that took place in Africa. Most traders in Africa traded only with selected clans, while outsiders could only rarely enter these systems. These marketers were concerned with retaining their customers and encouraging them to continue with supporting their products. The development of branding as a marketing practice can also be traced back to these times – it started out with the branding of animals brought to the market and eventually evolved into the use of family names as brand names for products. Because a family was prepared to attach its good name to its products, customers had the promise of quality from products branded in this way (Cannon, 1986:6-7; Sheth & Parvatiyar, 2000b:127-129). The practice of family-name branding has continued to the present day – this can be seen in the use of famous product names such as Ford and Phillips, to name just a few.

From the earliest time open-air markets and bazaars also boosted business and trade. Urban-trade privileges and guild regulations in Europe prevented "fly-by-nighters" from entering the system. Most importantly the participants in these trade agreements came to know and trust one another (Cannon, 1986:6-7; Sheth & Parvatiyar, 2000b:127-129).

Merchants in the early years of the industrial era brought important innovations in the shape of fixed retail shops in cities throughout Europe. This allowed customers to return to particular shops on a regular basis, which led to the building of long-term relationships. Products were customised to meet the needs of customers, such as in the manufacturing of jewellery and tailoring of clothes, which also obviated the need

for marketing activities such as advertising or price competition (Sheth & Parvatiyar, 2000b:129).

3.4 THE GROWTH OF MARKETING FROM THE INDUSTRIAL REVOLUTION UP TO THE 1950s

Three major constraints hampered the early exchange process (Cannon, 1986:6-7). They are:

- acceptable currencies,
- limited production available in craft-based industries, and
- lack of a secure trading environment.

The Industrial Revolution, the emergence of the great nation states in Europe and their exploitation of the resources of Africa and the New World solved these constraints. Political stability provided an environment in which trade could prosper and as a result the first big trading companies started emerging. The Industrial Revolution brought the machines to speed up the manufacturing process and avoid the shortages that previously often hampered trade. Despite these advances the demand for goods and commodities kept growing to exceed supply. This gave rise to the product-orientation phase, which meant that customers could be relied upon to buy products with little or no marketing effort needed (Cannon, 1986:6-7).

By 1850, the Industrial Revolution was well under way in the US and other countries, with many factories manufacturing a variety of products in great volumes and with each of them needing to promote their products more actively (Myers, 1986:8-9). Early on in the Industrial Revolution the first divisions of labour started emerging and led to specialisation as well as simplification. The contemporary economist Adam Smith noted that when a worker, in the pin-making industry say, involved in all the processes of making a pin could produce an average output of twenty pins a day, whereas when the manufacturing processes were broken down into separate steps, each performed by a specialised worker, the output rose to nearly 5 000 pins per worker per day. This mass production of products led to a substantial reduction in cost and therefore also in price. Added to this huge rise in productivity, distribution was also facilitated through the widespread use of better roads, canals and later

railways to transport and distribute these products (Baker, 1991:10-11).

The early 1930s saw the supply of many manufactured goods substantially exceeding demand for the first time; now manufacturers were faced with a surplus of goods and stiffer competition. Marketing activities now had to include personal selling (push marketing) and advertising (pull marketing) as well as the stricter management of distribution outlets, storage and transportation. These push-and-pull marketing strategies also had to be backed up by, among others, market research, product development and keen pricing. Marketers were more concerned with the sales and promotion of products than with the building of relationships. The maximising of profit over the short term became a priority and marketing was only seen as successful when it resulted in direct sales (Cundiff & Still, 1971:12-13; Myers, 1986:8-9; Sheth & Parvatiyar, 2000b:131). The concept of marketing and the creation of one marketing department to handle all the marketing activities in an organisation did however not gain wide-spread recognition until the 1950s (Myers, 1986:8-9).

In 1902 the University of Michigan and in 1906 the University of Ohio offered the first courses in marketing in the US. These courses focused on the interrelationship between marketing institutions and between the different divisions of the organisation executing the task (Sheth & Parvatiyar, 2000b:124). The focus was on the commodities themselves, the marketing institutions through which these commodities were brought to the market and the functions performed by these institutions (Webster, 1992:1-2).

The institutional school of marketing thought saw it a set of social and economic processes with its main concerns centred on the functions performed by wholesalers and retailers as marketing institutions rather than as a managerial process (Sheth & Parvatiyar, 2000b:124-125; Webster, 1992:1-2). This school of thought also promoted the role of the independent middleman on the grounds of specialisation and division of labour; producers and consumers on the other hand initially believed that these middlemen were over-compensated for their efforts, leading to higher prices to the consumer and lower profits to the producer (Sheth & Parvatiyar, 2000b:124-126).

After WW 2 the focus shifted to researching the phenomena of repeat purchases and

brand loyalty, while market segmentation and targeting were also developed as tools for marketing planning. In the face of heightened competition, marketers recognised the benefits of targeting specific consumer groups and building their marketing efforts around these in order to set themselves apart from their competitors. From this practice the concept of marketing evolved and as a consequence the consumer, not the distributor, became the focus of the marketing effort (Sheth & Parvatiyar, 2000a:10; Sheth & Parvatiyar, 2000b:131).

In 1948 the American Marketing Association defined marketing as: "The performance of business activities directed towards, and incident to, the flow of goods and services from producer to consumer or user" (Webster, 1992:1-2). Another change was the development of so-called administered vertical marketing systems, which enabled marketers to gain control of channels of distribution and block competitors from entering them. Examples include franchising and exclusive distribution rights (Sheth & Parvatiyar, 2000b:132).

3.5 EMERGENCE OF THE MARKETING CONCEPT AND MARKETING MIX

In his book "The Practice of Management" (1954), Peter Drucker underlined the importance of marketing when he stated: "What the customer thinks he is buying, what he considers 'value' is decisive – it determines what a business is, what it produces, and whether it will prosper". In 1957 John B. McKitterick, the then president of General Electric, told a meeting of the American Marketing Association (AMA) that the marketing concept represented a customer-orientated and integrated profit-orientated philosophy of business (Evans & Berman, 1994:14).

Some of the first contributions to marketing literature concerning the marketing concept came from academics and practitioners such as Anderson, Borch, Felton, Jewell, McKay and Keith (Bell & Emory, 1971:37). According to Bell and Emory (1971:37-39) the concept has three basic elements. First of these is customer orientation – the organisation should know its customers. This includes a thorough understanding of customers' needs and wants as well as behaviour. Armed with this knowledge, the organisation can develop products and services to meet those needs. The second is integrated effort – the marketing function should be integrated throughout the whole organisation and should include research, product

management, sales and advertising. The third is profit direction – the concept that the focus should be on profit rather than on sales volume. As defined here the concept is operational, not moral or ethical and implies that customer satisfaction is not about improving customers' welfare, but rather a means of achieving the organisation's profit goals.

Baker (2003:5-6) believes, that if a single event could be chosen to mark the defining moment when the production/sales approach to business was replaced by a marketing orientation, many scholars would choose the publication of Levitt's (1960:3-4) article entitled "Marketing Myopia". In this Levitt proposed that if any organisation experienced a decline in business it was because it is product-orientated and not customer-orientated. By this he meant that the business had been defined too narrowly. As an example Levitt (1960:3-4) mentioned the American railroad system. He argued that the railroad was in trouble, not because of a decline in passenger and freight transport (in fact there was growth), but because it saw itself as being in the railroad business and not in the transportation business. Because of this, they allowed competitors to take away their customers. Another example is that of Hollywood's initial view of television, which nearly cost them dearly, because they saw television as a threat and not as an opportunity to expand; they saw their business as exclusively involved in making movies and not in entertainment.

Another defining moment in marketing history came in 1953 when, in an address to the American Marketing Association, Neil Borden first introduced the concept of the marketing mix. This referred to a mixture of elements that could enable an organisation to extract a certain response from the market. Early writers such as Oxenfeldt (1962) tried to itemise the items influencing market response while Frey (1956) and Borden (1964) adopted a checklist approach, providing a handy method for understanding the complex nature of marketing. Of these many early approaches only that of McCarthy (1960) has survived. His model has become the most cited and often used classification system of the marketing mix (Van Waterschoot & Van den Bulte, 1992:83-84).

The marketing mix can be defined as that set of controllable tactical marketing tools that an organisation blends to produce the response that it wants from the target market. In other words, it represents everything an organisation can do to influence

the demand for its products. The model is usually represented by three circles: the inner circle represents the consumer. The second circle is the marketing mix (controllable factors) of price, place, promotion and product. Price is what customers pay to buy the product; place includes those company activities that make the product available to the market; promotion means activities that communicate the advantages of the product and convince customers to buy it; product means the combination of goods and services the organisation offers. The third circle contains all the uncontrollable factors, which include the political, legal, economical, cultural and social environments as well as the resources and objectives of the firm and the existing business situation (Kotler & Armstrong, 1997:51-53; Hunt, 1976:50).

3.6 BROADENING THE CONCEPT OF MARKETING

In 1969 Kotler and Levy published an article in the *Journal of Marketing* (1969:10-15), proposing that the concept of marketing be broadened to include non-business organisations. The writers suggested that marketing had two different meanings in the minds of people marketing was either seen as immoral and self-seeking, or that it served and satisfied human needs. The latter view was seen as a consequence of the marketing concept, which recognised that successful marketing required a consumer orientation rather than a product orientation. It was this second side to marketing that has proved to be such a useful model for non-business organisations. The authors suggested that organisations such as churches and public schools also have products and customers and therefore have to perform marketing or marketing-like activities. The writers conclude that no organisation can avoid marketing – the choice was simply whether to do it well or poorly.

3.7 SOCIAL MARKETING

The roots of social marketing as practised by non-profit groups can be found in the informational approach – in the form of social advertising. Non-profits were struck by the apparent success of commercial advertising, whose mass-communication campaigns apparently could influence attitudes and behaviour, but were not suited to the purposes of social marketing. Social advertisers then evolved a broader approach – social communication – where social communicators made more use of personal selling and editorial support in order to convey their message. This concept was

eventually replaced by social marketing, which added at least four elements that were missing from the initial approach. First of these was marketing research, which is needed to learn about the market and the effectiveness of the different marketing approaches. The second element was product development, where the marketer searches for the best product to meet the need, i.e. market approach and not a product approach. The third element was the use of incentives to increase the level of motivation, and the fourth and last element was that of facilitation: marketers are not only concerned with changing behaviours but in facilitating the continuation of these behaviours (Kotler, 1979:40; Fox & Kotler, 1980:25).

Kotler and Zaltman (1971:5) coined the phrase "social marketing" which they defined as "the design, implementation and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution and marketing research" (Hunt, 1976:48). According to Andreasen (1994:109-110) this definition proved problematic in several ways. Firstly, the term "social marketing" was misleading, because it was confused with societal marketing, which concerned itself with regulatory issues and other efforts to protect consumers.

It was argued that social marketing was involved in changing attitudes and beliefs and behaviours of individuals or organisations for social benefit – social change was the primary purpose of such an organisation and not consumer protection. A second concern was whether its practice was limited to public and non-profit organisations, as it could be argued that private organisations also engaged in social activities, for example when an insurance company encouraged the use of seat belts. Again it was reasoned that the purpose of social change was secondary and thus did not qualify as social marketing. A third view was that it limited its objective to influencing "the acceptability of social ideas". Most scholars and researchers agree that social marketing is about much more than ideas – it also involves attitudes and behaviour.

Efforts to broaden the discipline of marketing were the result of a need within the marketing community to become more socially relevant and were aided by the emergence of technologies within other disciplines that could be harnessed for social change. In the years after the Kotler-Zaltman (1971) article, marketing scholars found more opportunities to work with non-profits. Despite this growing interest, the first

book by a social marketing practitioner, Richard Manoff, was published in 1975 and it was only in 1981 that the first academic treatise on social marketing namely, Seymour Fine's "The Marketing of Ideas and Social Issues" saw the light. The body of literature on social marketing has since grown and suggests that interest in this topic is on the increase (Andreasen, 1994:108-109).

This broadening of the concept of marketing was recognised by the AMA in 1985 with this definition: "Marketing is a process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives" (Evans & Berman, 1994:12).

In 1989 Kotler and Roberto also reflected this wider view. They linked social marketing to a social-change campaign which they defined as "... an organized effort conducted by one group (the change agent), which intends to persuade others (the target adopters) to accept, modify or abandon certain ideas, attitudes, practices and behaviours". They suggested that social marketing could range from the simple provision of information on issues to a change of values and beliefs (Andreasen, 1994:110).

Social-marketing practitioners admit that social marketing could have varying degrees of success within the different social causes and that the problems found there could be more challenging than those found in the commercial sector. Eight possible hurdles were identified. Firstly, the market is more difficult to analyse, because marketers do not have as much quality secondary data on consumers; they have difficulty in obtaining valid and reliable measures of relevant consumer attributes, in determining the influence of various determinants of consumer behaviour and in acquiring funding and getting approval for research. Secondly, target market choice is more difficult because marketers are sometimes pressurised to include an entire market instead of focusing on their best target groups; it is difficult to obtain accurate behavioural data to use in identifying these segments, so target segments are often to consist of consumers who are seriously disinclined to accept the offerings. Thirdly, formulating a product strategy is problematical: the marketer must influence people to change present behaviour (example – to stop smoking) but are offered nothing in compensation. Marketers have less flexibility in shaping their products or offerings (example – there is only one way to be immunised); they have

difficulty in formulating meaningful product concepts (which are often complex behaviours) and in implementing long-term positioning strategies (Fox & Kotler, 1980:31; Bloom & Novelli, 1981:81-82).

The fourth hurdle is that social marketers often have difficulty in pricing a social product; they have to find other methods for adapting their costs to the behaviour of their target consumers. Marketers also have less control over consumer costs (e.g. the time involved in car pooling). A fifth hurdle is that channels of distribution may be harder to use and control, it is difficult to convince intermediaries, for example the media, to support an idea; there are usually no incentives for these intermediaries that would guarantee their cooperation. The sixth hurdle is that communication strategies may be more difficult to implement, because paid advertising may be problematic, for instance due to the message being too long for a particular communication medium and the costs involved in pre-testing, evaluating and ensuring a widespread audience are too high (Fox & Kotler, 1980:31-32; Bloom & Novelli, 1981:82-87).

The seventh hurdle is that social marketers often operate in an environment where marketing activities are poorly understood; plans (if developed) are seen as archival rather than a basis for action, histories on previous strategies are often non-existent, making it difficult for marketers to predict how competitors will react. Organisations working in the same field can help each other, but can just as easily fragment efforts and cause funding problems. The eighth and last hurdle is the problem of evaluation. Organisations may only have vaguely formulated goals and missions from which it is difficult to get any measurements of effectiveness. It may also be difficult to estimate the contribution of a marketing programme to the achievement of certain objectives (Fox & Kotler, 1980:31-32; Bloom & Novelli, 1981:82-87). In 1993 Malafarina and Loken (1993:403) indicated that many of these obstacles can and have been overcome; these include research and evaluation issues, programme implementation issues and research on social issues.

From a social marketing point of view it is always important to bear in mind that social-marketing activities rely on donors, volunteers and other funding sources. To succeed, the marketer must take all the wishes and needs of these publics (donors, volunteer and other fundraising sources) into account. In the face of obstacles such

as these, social marketers should remain "mission-driven but market-led". Their efforts must be guided primarily by an understanding of the community they serve and its needs; only then will the message be more convincing and persuasive, the means more efficient and the mission more successful (Rangan et al., 1996:54).

Another topical issue in social marketing is the question of ethics. Public debate on this started in the late 1970s, particularly with the articles by Murphy, Laczniak and Lusch (1978), Laczniak, Lusch and Murphy (1979) and Lusch, Laczniak and Murphy (1980). In 1978 these authors concluded that ethical abuses by social marketers would increase as an organisation moves from beneficial social marketing (example a preventive health-care programme), to protest social marketing (example environmental protection), to revolutionary social marketing (pornographic marketing). In later studies it was found that social marketing could have benefits but also potentially harmful consequences. The authors found a clear link between the techniques used to market social ideas and ethical sensitivities around the ideas themselves (Murphy & Bloom, 1992:69-70).

Murphy and Bloom (1992:72-77) identify five general ethical problems facing social marketers and suggest three questions the marketer should answer in relation to each. The first problem is marketing may be misleading and therefore the three questions to be answered are: How much disclosure is enough? (Sometimes only the benefits are disclosed and not the negative effects). How much fear is reasonable? (By raising fear levels, behavioural changes can be induced.) Are appropriate selling tactics used? (For instance, are "door-in-the-face" approaches, where large donations are asked at first, followed by smaller ones, beneficial to the non-profit organisation?)

Secondly, marketing may be manipulative and the questions are: Is the idea/cause worthy? (If the right to life is for instance marketed as positive, but only for a segment of the population, can this create physical and emotional problems?). Does the successful marketing of an idea lead to unworthy secondary results (e.g. do anti-smoking programmes lead to eating disorders?). How does one judge conflicting needs? (Aggressive marketing may emphasise one cause to the disadvantage of another).

The third problem is that marketing is wasteful and the questions to be answered are: Should scarce resources be used for marketing activities? How much should be spent on influencing reluctant consumers? (Some individuals will not fasten their seat belts and therefore these marketing efforts could be wasteful). Most importantly, have these organisations benefited from being marketed? (Sometimes negative advertising can cause more damage to an organisation and its constituents than helping them).

The fourth problem is that marketing targets favourites and the three questions are: Do the benefits of segmentation outweigh the costs? (Some organisations cater for profitable audiences, some to those in need). When has enough been done for a less-advantaged group? (There may not be a clear answer to this). Who represents the mass market? (There is the potential danger of catering only for the most voluble part of the market while minority groups are left out) (Murphy & Bloom, 1992:72-77).

Finally, marketing is intrusive. The questions to be answered are: Is the cause being promoted tastefully and is the information suitable? (Some information requested could be highly sensitive.) How can the confidentiality of research results be secured? (E.g. the information gathered from a sexually active teenager) (Murphy & Bloom, 1992:72-77). In summing up, the authors state that for marketers to be ethical, they should be "... fair, truthful and open in their exchange relationships and not be manipulative, wasteful or intrusive".

According to Andreasen (2002:3) social marketing is in a growth phase, but may be at risk of not reaching its potential, because of barriers that are partly problems of perception and partly a lack of a clear understanding of what the field is and what its role should be in relation to other social change efforts. In academic circles the introductory period of social marketing lasted about twenty years, during which time it struggled to establish a separate identity. The first textbook was written in 1981, to be followed by several others; chapters devoted to social marketing are now included in textbooks. A specialist journal, *Social Marketing Quarterly*, was founded in 1994, annual social conferences are being held and social marketing centres as well as the Social Marketing Institute (1999) were also established. Along with the academic initiatives, the practical side of social marketing has also made strides.

The most significant development has been the movement of social marketing away from its initial close identification with the marketing of products with social implications (e.g. condoms), to a broader view of its areas of usefulness. Social marketers have come to accept that the primary objective of social marketing is not the promotion of ideas, but the influencing of behaviour. Conceptual debates have been spirited, but no clear definition has emerged. Kotler and Roberto (1989) are still frequently quoted, while Andreasen (1994:110; 2002:4-7) has proposed the following definition: "Social marketing is the adaptation of commercial marketing technologies to programs designed to influence the voluntary behaviour of target audiences to improve their personal welfare and that of the society of which they are part."

This definition is similar to that of Kotler and Roberto (1989), but differs from their ideal of social marketing as "increasing the acceptability of a social idea" by suggesting that its objective must be that of behavioural change. Social marketing is seen as unique in holding behaviour change as its bottom line, while being customer-driven and in emphasising "attractive exchanges that encourage behaviour" (Andreasen, 1994:110; 2002:4-7). Sheth (2000:613) on the other hand is less optimistic about the ability of social marketing to reshape itself from a domain to a discipline, quoting issues such as the definition debate and more importantly, the fact that most scholars believe social marketing to be an extension of marketing theory and practice and therefore needs no unique constructs and/or theories.

Finally, in a study done by Andreasen et al. (2005:46-67), which looked at the transferring of "marketing knowledge" to the non-profit sector, it was found that the role of marketing is growing in non-profit organisations. Reasons for this include the fact that these organisations are eager to control their own financial destinies, that organisations have learned more about the value of marketing through cause marketing partnerships between commercial firms and non-profit organisations, and that there has been pressure for the non-profit sector to adopt more of the management approaches used in the commercial world and that the non-profit sector has a significant number of large organisations that can afford to budget for marketing positions and programmes. On the negative side it often happens that marketing is not given its own department in non-profits and CEOs and other persons in leadership positions do not have a clear marketing perspective. This can be

ascribed to a misunderstanding of marketing's potential role beyond that of sales, restricted budgets that make marketing difficult, and marketing being seen as a discretionary expense that can be reduced when things get tough (Andreasen et al., 2005:46-67).

3.8 DEVELOPMENT OF RELATIONSHIP MARKETING

Although the marketing concept had evolved with the consumer and not the distributor becoming the focus of marketing attention, marketing orientation still remained transactional at the time. Success was measured in terms of, as an example, sales volume and market share. Only in the 1980s did marketers begin to stress the importance of customer satisfaction, which meant that success was not only measured in terms of transactions (Sheth & Parvatiyar, 2000a:10).

Two influential writings in the 1960s and 1970s provided the momentum for relationship thought, in particular in business-to-business context. The first was that of Adler (1966), who observed the interdependent relationships between businesses that were not linked by the traditional go-between of a marketer, and the second, Arndt (1979), who noted that businesses tended to develop long-term relationships with customers and suppliers. The impact of these works spread across the US and Europe. The initial conceptual development in this field is credited to MacNeil (1978, 1980) who analysed the long-term impact of legal contracts on exchange relationships (Sheth & Parvatiyar, 2000a:10-12; Sargeant, 2001b:178).

In 1983 Berry introduced the term "relationship marketing" to the literature and defined it as "attracting, maintaining and – in multiservice organisations – enhancing customer relationships" (Berry, 2002:61). He downplayed the role of customer acquisition and stated that this was only a first step in the process on which the organisation should build. The concept of relationship marketing can in fact be traced back to earlier articles (for example, references to customer loyalty by Ryans and Wittnik (1977) and by Grönroos (1981), who wrote on the need to improve the performance of service personnel in order to retain customers). The concept was not unknown even to the earlier merchants (Sheth & Parvatiyar, 2000a:10-12; Sargeant, 2001b:178).

As relationship marketing grew in the 1980s and the 1990s, two main approaches emerged. The first is an approach that integrated quality, logistics, customer services and marketing as found in works by Crosby, Evans and Cowles (1990) and Christopher et al. (1991). The second approach studied partnering relationships and alliances as forms of relationship marketing and includes the works of writers such as Morgan and Hunt (2005) and Heide (1994) (Sheth & Parvatiyar, 2000a:10-12).

In recent years several factors have contributed towards the rapid growth of relationship marketing. These include the growing "de-intermediation" process taking place as a result of the development of computer and telecommunication technology which means that businesses can interact directly with their customers. A second factor is the growth in the service industry, where the building and maintaining of relationships is important. A third factor is the adoption of the total quality movement, which calls for closer working relationships between, customers, suppliers and other members of the marketing structure. Fourthly, the introduction of digital technology and complex products has led to the establishment of a systems-selling approach where parts, consumables and services are sold with the individual capital equipment. An example of this is the installation of a payroll programme that not only includes the software but also the technical staff to run the system (Sheth & Parvatiyar, 2000a:13-15).

Another factor is that due to the current intense competition marketers are focusing increasingly on the retention and loyalty of customers. The sixth factor is that customer expectations have also changed rapidly over the past two decades being less willing to compromise or make trade-offs when it comes to service quality. The final factor is, that while many large corporations are trying to globalise by integrating their worldwide operations, they need to seek cooperative and collaborative solutions from their vendors and not merely transactional activities (Sheth & Parvatiyar, 2000a:13-15).

The overall purpose of relationship marketing is to improve marketing productivity and shared worth for all the parties involved in the relationship – it is about customer retention and development and not simply a series of transactions. Studies have shown that it costs up to five times more to acquire a new customer than to retain one. This approach acknowledges the fact that it is not crucial to break even on the

first communication with a customer, or even the second or third. Marketers are now prepared to accept a lower return on investment in the earlier stages of the relationship, because they foresee that the return on investment will increase in the long run as the relationship develops. At the heart of this approach is the idea of "lifetime value" (LTV). Bitran and Mondschein (1997) define LTV as "the total net contribution that a customer generates during his/her lifetime on a houeslist". Once marketers understand how much a customer might be worth, their offerings can be tailored to meet the needs of the customer and still receive a reasonable return on investment (McCort, 1994:54; Sargeant, 2001a:428; 2001b:177-178; 2001c:25-26).

Sargeant (2001a:429) defines relationship marketing as "... an approach to the management of the process of customer exchange based on the long-term value that can accrue to both parties". From a customer point of view, this approach deals with how the organisation obtains the customer, gets to know that customer, keeps in touch, tries to meet all the customer's needs, and ensures that this process is indeed taking place.

A similar pattern is evident in the non-profit context and with this in mind relationship marketing does seem to have an important role to play within the non-profit sector, in particular with regard to their donor relationships. It has been argued that relationship marketing has much to offer the non-profit sector in enabling it to reach its goals, but to date few attempts have been made to validate these claims empirically. For non-profits, relationship marketing at its core means establishing long-term relationships with their publics, seeing them as partners of the mission and not as targets and in doing so distinguishing themselves from other "competitors" (McCort, 1994:54; Sargeant, 2001b:177-178).

When talking of their markets, non-profits have two very clear targets – their donors and those they serve. Donors give time and money and in return receive either intrinsic ("feel-good") rewards or some form of normative benefits. The donated goods or services are distributed to those they serve and, in return, the donor organisation receives intrinsic rewards from fulfilling its mission. With the increasing competition for donations and the changing view of the nature of marketing, there is a greater acceptance of marketing in the non-profit sector. However, most organisations apparently still lack the understanding and expertise that would enable

them to implement these marketing strategies (McCort, 1994:54-55).

McCort (1994: 55) notes that non-profits have distinctive problems, but that these can be overcome with the right relationship marketing strategy. Firstly, organisations need long-term support. Relationship marketing creates these long-term relationships and therefore donor loyalty. Another problem is that the benefits received by the donor are intangible. Donors must be motivated with benefits other than the receipt of goods or services. The relationship between the organisation and donor thus becomes a significant aspect in the success of the organisation. In addition, communicating intangible benefits to donors can be very difficult and if that message is unclear, the confidence in the organisation can be very low. Relationship marketing solves these problems by creating relationships, which are tangible and link the donor to the organisation and its mission. In market communications, the relationship serves as a means of building confidence, which may mean that subsequent communications will be well received even if they are unclear. Finally, relationship marketing stresses relationships as being more important than any single transaction. The donor becomes a partner in the organisation, not only a source of funding.

In the for-profit context a number of studies have dealt with the reasons why customers stop doing business with a specific organisation. De Souza (1992) for example, identified six causes of defection:

Price – customers identify a lower price somewhere else.

Product – customers prefer another product offered by another supplier.

Service – another supplier offers better service.

Market – customers can be lost to the market, they may die or may no longer need the product.

Technology – alternative channels of distribution may be available, such as buying from an internet supplier.

Organisation – a customer may decide to rationalise and so reduce the number of suppliers he or she uses and is therefore lost to the organisation.

Translated to the non-profit sector and the fundraising done within the sector, these factors suggest that donors may stop giving, because they can no longer afford it, or

because they have decided to support another organisation instead, or that they believe another organisation will render a better service, or they die, move away or develop a change in attitude towards an organisation, or they are offered better ways to give or they rationalise the number of organisations they give to (Sargeant, 2001b:179).

From a service-quality perspective however, there are only two kinds of defection, a natural defection (a demand for a product may have a limited lifetime), and an unnatural defection (caused by the manner the customer is treated). The link between service quality and customer retention has been researched extensively and it has been clearly established that appropriate service quality is essential for a long-term relationship with a customer. Examples of studies done in this field include Jones and Sassar (2005), which showed that customers who viewed themselves as very satisfied were six times more likely to repurchase than those who were merely satisfied. Bitner (1990) linked customer loyalty to service quality, Crosby et al. (1990) to relationship quality and Cronin and Taylor (1992) to service satisfaction (Sargeant, 2001b:180).

In the non-profit context Burnett (1992) was the first to identify the need for relationship fundraising and a move towards dealing with donors on an individual basis. Relationship fundraising as a form of relationship marketing is about what the donor wants. Donors have more choices regarding the content, nature and frequency of the communications received. Jackson (1992) indicated that this makes the donor feel needed. Although the initial costs are higher, the benefits far outweigh the costs. However, despite ample opportunity to use relationship fundraising practices, the evidence suggests that non-profit organisations have yet to seriously consider the benefits of donor retention (Sargeant, 2001b:180-181).

Relationship marketing and in particular service quality as applied in non-profit organisations will be discussed in more detail in chapter four.

3.9 SUMMARY

Marketing, in particular relationship marketing, can be traced back to ancient traders and merchants who tried to understand the needs of their customers and find ways of meeting those needs. During the Middle Ages this was also evident in examples such as the clan-based trading in Africa, where trust played an important role in retaining customers; in branding as a marketing practice, where quality was linked to a family name and where merchants of the period opened fixed retail shops that prompted customers to return on a regular basis.

From the Industrial Revolution up to the early 1930s marketers were more concerned with the selling and promotion of products than with the building of relationships. However, after WW II, in the face of heightened competition marketers again realised the benefits of targeting specific groups and building relationships. From this the marketing concept evolved in which the consumer rather than the distributor became the focus of marketing attention. This was followed by the marketing mix that can be defined as a set of marketing tools an organisation can use to produce a certain response from its customers.

In 1969, Kotler and Levy published an article in which they proposed that the concept of marketing be broadened to include non-business organisations. They suggested that these organisations also had products and customers and therefore performed marketing activities. In 1971, Kotler and Zaltman coined the phrase "social marketing". The most significant development in social marketing is that marketers have come to accept that the primary objective of social marketing is not the promoting of ideas, but the influencing of behaviour. It is unique in the field because it holds behaviour change as its bottom line and is customer driven.

As the marketing concept evolved, influential writings in the 1960s and 1970s provided the momentum for the growth of relationship marketing. In 1983 Berry introduced the term relationship marketing to literature and defined it as "... attracting, maintaining and enhancing customer relationships". As relationship marketing grew in the 1980s and 1990s two approaches emerged. The first integrated quality, logistics, customer services and marketing and the other approach studied partnering relationships and alliances as forms of relationship marketing. In

recent years factors such as the growth in technology, the growth in the service industry, the adoption of the total quality movement and the focusing on the retention of customer loyalty have contributed to the rapid growth of this discipline.

The overall purpose of relationship marketing is customer retention and development and not only a series of transactions. With this in mind, it seems that relationship marketing has an important role to play in the non-profit sector. Relationship marketing means recognising the need for long-term relationships with their publics, seeing them as partners of the mission and not as targets.

A number of studies have dealt with the reasons why customers stop doing business with a specific organisation and their findings can also be translated to the non-profit sector. Reasons include donors who can no longer afford to give, decide to support another organisation or they move away or die. From a service-quality perspective, there are only two kinds of defection, a natural and unnatural defection. Numerous studies in this field have been conducted and it has been established that there is a definite link between service-quality and long-term relationships.

However, evidence suggests non-profit organisations have yet to consider the issue of donor retention and what motivates donors to support a certain cause.

3.10 IMPLICATIONS FOR THIS STUDY

The relationship orientation to marketing can be traced back to trading in medieval times, when traders all based their prosperity on their skill as traders and tried to understand the needs of their customers and find ways of meeting these needs.

During the Middle Ages, traders in Europe such as Marco Polo, not only provided luxuries for their customers, but also brought insights into foreign cultures and countries. The building of relationships was evident even in these early years and trust was important in doing business.

By the early 1930s however, the focus changed. The supply of goods exceeded demand and marketers concentrated on sales and promotion of products and not on the building of relationships.

Only after WW II did the focus shift back to the research on repeat purchases and

brand loyalty. Market segmentation and targeting were developed as tools for marketing planning and from this the marketing concept evolved, in which the consumer again became the focus of marketing attention. This led to the re-emergence of the relationship orientation to marketing in the early 1970s and its growth ever since.

Relationship marketing is not a series of transactions, but rather a process of customer retention and development and it therefore has an important role to play in the non-profit sector. With the increasing competition for donations and the changing view of the nature of marketing, there is a greater acceptance of the need for marketing in the non-profit sector. However, organisations still lack the understanding and expertise that would enable them to implement these marketing strategies.

CHAPTER 4

RELATIONSHIP MARKETING IN NON-PROFIT ORGANISATIONS

4.1 INTRODUCTION

As indicated in earlier chapters, there has been a worldwide growth in the number of non-profit organisations, many of which provide similar services. This is due to several reasons, the privatisation of healthcare and other social services, cutbacks in government funding for arts and culture and changing tax systems that encourage the registration of charities, being the most obvious. The result has been greater competition for resources among non-profits in general and in particular among those doing the same kind of work (Bennett, 2005:453-454).

There have been concerns that this duplication of services could lead to confusion among recipients and a waste of resources that could have been devoted to beneficiaries. Another concern is that the duplication of services means that more funding is being spent on administrative matters, such as increasing the donor bases of these organisations instead of on charitable work. On the other hand it has also been suggested that competition is healthy and encourages efficiency, which in turn would lead to a larger percentage of donations being available to care for those in need (Bennett, 2005:455).

Numerous studies (Hibbert, 1995; Sargeant, 1995; Sargeant & Bennett, 2004) in the fundraising field have shown a clear link between increased levels of competition for donations and the need for implementing marketing philosophies and marketing techniques. It is argued that because there are so many alternatives available to non-profits, an organisation that is not market orientated would lose donors and fare badly (Bennett, 2005:456).

Research by Raphael (1991) in the commercial sector found that it cost on average five times more to enlist a new customer than it took to build a relationship with an existing one; it is simply much cheaper to retain a customer than to acquire a new one. McGrath (1997) noted that in the United Kingdom, around half the people who

support an NPO more than once will stop giving after three to five years. In addition the cost of acquiring a new donor exceeds the income received from that donor within the first year, and may in some cases take even longer to recover these expenses (Sargeant, 2001b:26). Sargeant (2001a:61) also reports that in the year following first donations a typical NPO would lose between 40% to 50% of its new donors and 30% after that year on year.

Around 11% of all direct mail appeals in the United Kingdom are done by charitable organisations, most of it intended to build relationships (Advertising Association, 2003). Relationship marketing activities include telemarketing, database marketing, the sale of products and the organising of charitable events such as gala evenings and open days (Bennett & Barkensjo, 2005a:123). Burnett (1992) argued that even a small increase in loyalty would create a dramatic increase in profitability. The long-term objective of relationship marketing should therefore be to increase customer loyalty (Terblanche & Malan, 2002:116).

Research in the for-profit sector has also shown that a small increase in loyalty can have a dramatic effect on an organisation's revenue (Jones & Sassar, 2005:289). In the initial research done by Reicheld and Sasser (1990) it was concluded that organisations could improve their profits from 20% to 85% by reducing customer defection by just 5% per year.

A large part of the marketing done by non-profits is aimed at donor retention and the cultivation of one-on-one relationships. It is strange therefore, that so little attention has been given to the impact of relationship marketing on donor behaviour and donor retention in particular (Bennett & Barkensjo, 2005a:124).

4.2 BUILDING RELATIONSHIPS THROUGH MARKETING

Before discussing in greater detail how relationship marketing functions in the NPO industry, it is advisable to take note of the work of Brennan and Brady (1999) who reported on how relationship marketing could be applied to non-profits. There are many schools of thought on relationship marketing, but for the purposes of this chapter two approaches in particular will be examined – the so-called marketing strategy continuum as developed by Grönroos (2005) and the six-markets model

adapted from Christopher, Payne and Ballantyne (1991).

4.2.1 Marketing strategy continuum of Grönroos

Grönroos (2005) uses a continuum of eight factors to describe the differences between transaction marketing and relationship marketing in the for-profit sector. Relationship marketing, where the building of relationships with customers and other parties play an important role, is placed at one end and transaction marketing, where the focus falls on individual transactions at the other. Along the bottom of the continuum various types of goods and services are placed. Grönroos (2005:227) uses the following factors to highlight the main differences between transaction and relationship marketing along the marketing strategy continuum, i.e.

- time perspectives,
- domination of the marketing function,
- price elasticity,
- the dominating quality of dimension,
- measuring and monitoring customer satisfaction,
- the interdependency of organisational functions, and
- the role of internal marketing.

4.2.1.1 Time perspective

If an organisation adopts a more transactional approach to marketing, the focus is on single transactions and the time perspective is relatively short – it is about making profit now. In relationship marketing on the other hand, long-term focus is important and the intention is to create long-term results through lasting relationships with customers (Grönroos, 2005:227-228). Brennan and Brady (1999:330) note that NPOs are by their nature long-term orientated, as NPOs want to bring about change in the attitudes of those they serve and help. This long-term focus makes the implementation of relationship marketing goals easier.

plays an important role in the NPO world. This high degree of human interaction within the NPO environment makes it an ideal domain for interactive marketing and the formation of long-term relationships (Grönroos, 2005:228-229).

4.2.1.3 Price elasticity

In transactional type marketing, price sensitivity is often a major consideration; it is not so much the core product and its image or brand that retains customers, because if the same or a similar product can be found cheaper elsewhere, the chances of losing the customer is great. Relationship customers on the other hand are less price sensitive, because the core product has more intrinsic value, which can range from technological information to something as intangible as social contact (Grönroos, 2005:229). In NPOs as well, price does not play that important a role. Donors donate to an organisation with which they have a personal relationship. It is not about shopping for the best price, but about going where the customer (here the donor and/or the recipient) can best be served and this is not something that can be measured purely in terms of money (Brennan & Brady, 1999:331).

4.2.1.4 Dominating quality dimension

Grönroos (2005:230) states that in transaction marketing the benefits to the customers are largely limited to the technical solutions they provide. In relationship marketing at the other end of the continuum, the quality dimension of the relationship becomes the important factor. The more interactions with a customer, the more important it becomes to be positive in these interactions in order to encourage future contact. Some of these interactions will be more important than others and the way in which interactions are perceived will also grow in importance. Grönroos (1990:6) cites Normann (1984) when he describes these interactions as "moments of truth" and how important it is for everyone in an organisation to recognise them. Gummesson (2005:257) states that marketing should be integrated with the other functions of the firm.

This quality dimension in relationship marketing relates to many characteristics that are found within NPOs. Firstly, a firm relationship will ensure repeat donations as well as overcome any relative indifference to what is being offered. Ballantyne et al. (1995) secondly propose quality management as a tool that can be used to overcome

crisis-management problems. Brennan and Brady (1999:332) thirdly propose that a measure of quality in relationship terms is precisely what NPOs are striving for, because a successful relationship helps achieve organisational and customer goals.

4.2.1.5 Measuring and monitoring customer satisfaction

The transactional marketing way of monitoring satisfaction is to look at market share – an increase in the market share is seen as a measure of success and, indirectly, of customer satisfaction. Those pursuing a relationship marketing strategy on the other hand, will have some kind of personal interaction with most of their customers, which means that customer satisfaction can be monitored directly (Grönroos, 2005:230-231).

In the NPO environment market share or other financial indicators are often not relevant at all. Instead, NPOs measure customer satisfaction (although any definition of "customer" and "satisfaction" needs to be flexible) – satisfying the customer is the first priority of a non-profit. A mindset where satisfaction, and not necessarily financial indicators, is the key essential in a non-profit environment and this mindset can be applied to building a relationship marketing strategy (Brennan & Brady, 1999:332).

4.2.1.6 Interdependence of organisational functions

The level of interdependence between functions and departments depends on whether a transactional- or relational-type strategy is followed. In transactional marketing most of an organisation's contact with customers is product related and no "part-time marketers" are needed. In relationship marketing on the other hand, successful interactive marketing performance in an organisation requires that all sections of the organisation be involved in taking care of customers and working together to provide a service that satisfies (Grönroos, 2005:231).

The scenario that exists in a commercial relationship marketing strategy can also be applied to NPOs, where employees must take on different roles. There are few opportunities for a person to do only one job, which indicates that an interdependence of functions already exists within the NPO world (Brennan & Brady, 1999:332-333).

4.2.1.7 Internal marketing

Internal marketing is widely accepted as part of relationship marketing and it implies that all employees in an organisation carry out marketing activities. What is important is that everyone who comes in contact with customers should be attuned to the mission, goals and strategies of the organisation. If this attitude does not exist, employees will be unable to interact successfully with their customers (Gummesson, 2005:255). These are "part-time marketers" and they should be trained for this marketing service (Grönroos, 2005:232).

Internal marketing plays an important role in the non-profit sector and organisations rely heavily on part-time marketers because of this. All those who come into contact with clients and donors must be very clear about their roles – every employee must want to be involved in marketing the organisation and in satisfying customer (donor or client) needs (Brennan & Brady, 1999:333).

4.2.2 Six-market model of Brennan and Brady

With the above-mentioned views of Grönroos (1990, 2005) in mind, NPOs would do well to align their marketing strategies with relationship objectives and one way of doing this is to rethink the meaning of "the customer" to the NPO. Brennan and Brady (1999) adapted the six-market model above (Figure 4.2) to conceptualise this aspect:

The six-market model lists the markets that are seen to contribute to an organisation, either by using the services the NPO offers, or by donating time and money. The six markets are (Brennan & Brady, 1999:333-334):

- customer markets,
- referral markets,
- influence markets,
- supplier markets,
- internal markets, and
- recruitment (or employee) markets.

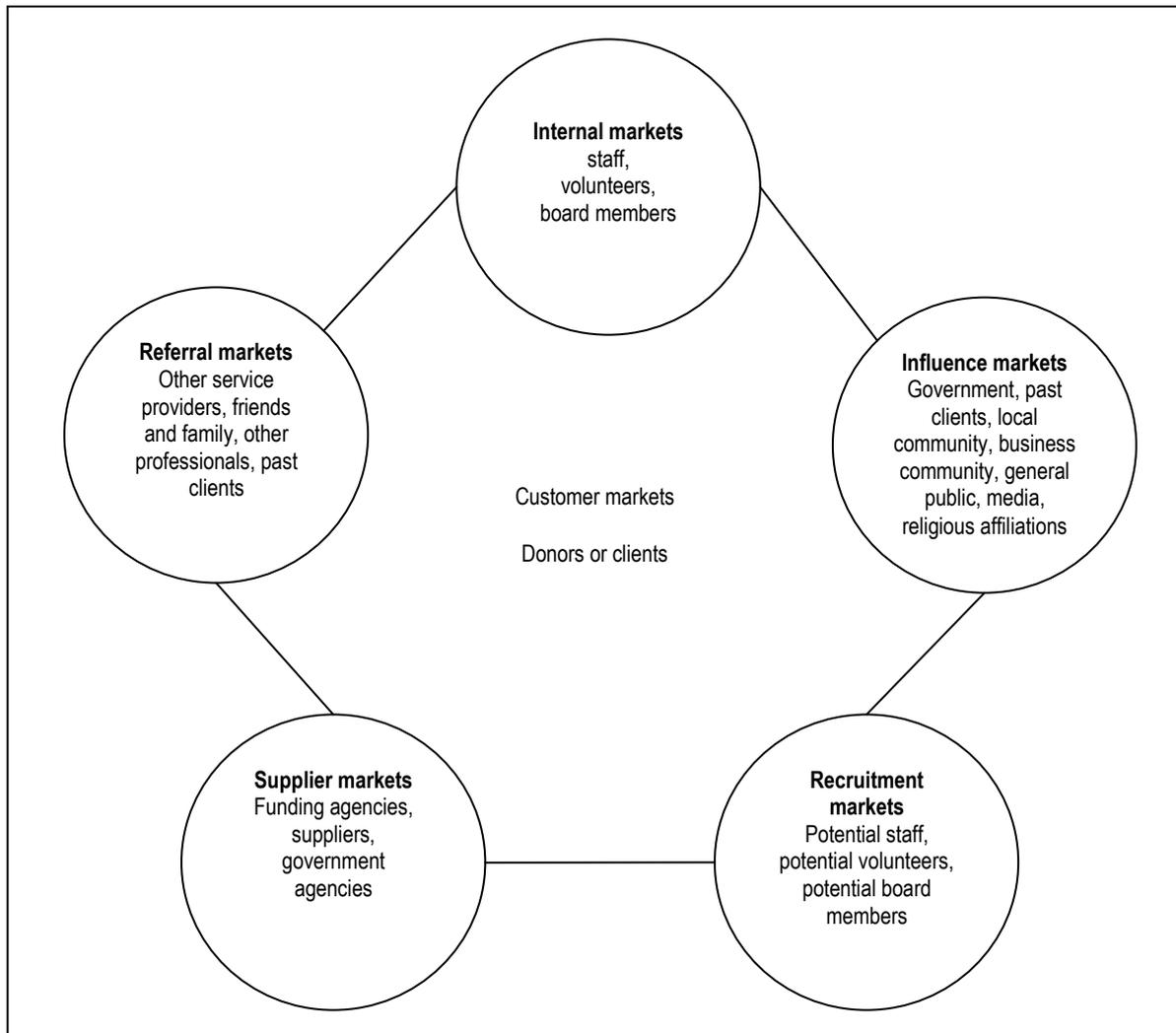
4.2.2.1 Customer markets

All marketing targets customers and it is a fact that much more time is spent on seeking new customers than cultivating existing ones. It still remains important to direct marketing activities at both these groups, or organisations might be vulnerable to the "leaking-bucket" effect where customers are lost simply because of inadequate marketing activities (Christopher et al., 2005:82). NPOs also have customer markets, which include both clients and donors, but their clients often do not pay for services. Because of that, these markets are often blurred (Brennan & Brady, 1999:333).

The relational approach to marketing attempts to establish, develop and maintain closer relations with clients (donors) and is therefore relevant to the kinds of services offered by non-profits. In principle non-profit organisations, like their commercial equivalents, should strive to offer increasing levels of quality of service. By interacting with its beneficiaries, an organisation can establish whether beneficiaries are satisfied and if their needs are being met. This approach differs from the transactional approach, where organisations are seen as having more of a "take-it-or-leave-it" mentality – meaning that the services being offered are to be accepted or rejected by the consumer without question (Bennett, 2005:453-454, 458).

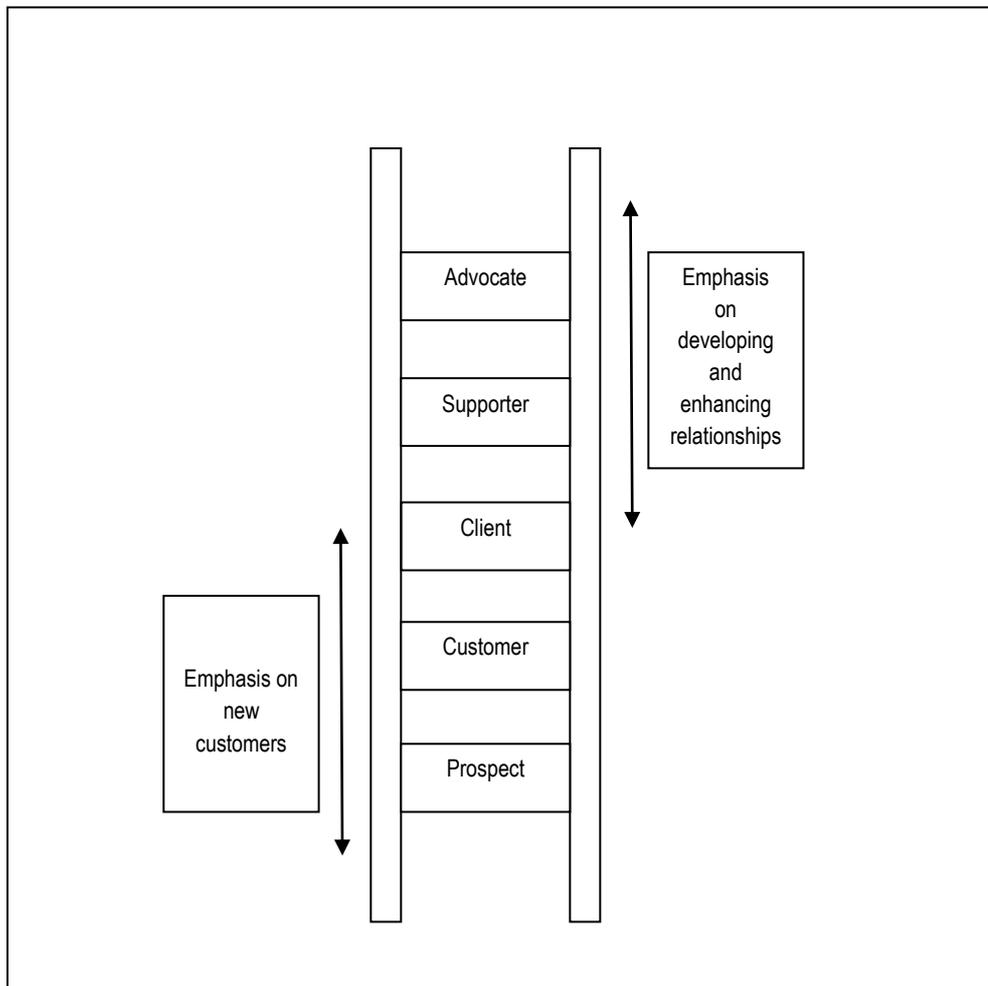
The ideal building of a relationship with a donor can be viewed as a series of steps, called the ladder of customer loyalty (Figure 4.3). Step one of the ladder is a prospect (a person with no relationship to the organisation) and step six is an advocate (a person who actively promotes the organisation to others). Information about the organisation is delivered to prospects via various marketing activities. Some of these prospects will respond to this approach by getting involved in the organisation as a supporter/donor, in other words, someone with a positive commitment to the organisation. The idea is to move these donors progressively up the ladder to turn them into advocates (e.g. persons who actively promote the organisation by word of mouth).

Figure 4.2
Conceptual model of the six markets of an NPO



Source: Brennan and Brady, 1999:334.

Changing the donor into an advocate for the organisation requires replacing customer "satisfaction" with customer "delight", in other words the expectations of the customer/donor must be exceeded by a wide margin (Christopher et al., 2005:82; Terblanche & Malan, 2002:116). Figure 4.3 illustrates the steps in the process:

Figure 4.3**Relationship marketing ladder of customer loyalty**

Source: Christopher, Payne and Ballantyne (2005:82).

4.2.2.2 Referral markets

Christopher et al. (2005:83) see the best way of marketing an organisation is by letting the customers themselves do it. To achieve this customers need to be nurtured to provide the platform for referrals. In the NPO sector referral markets refer to or include past customers, suppliers, friends, family and past donors and other professionals. These are all categories of persons and organisations best suited to refer others to the organisation (Brennan & Brady, 1999:333).

4.2.2.3 Influence markets

These are people and organisations who can influence markets through their own activities or by word of mouth (Christopher, Payne & Ballantyne, 2005:88). For NPOs to succeed they need to rely on the goodwill of this market. These people may not be directly involved in the organisation but will probably have an effect on the activities of the organisation through their influence on markets that include government, various communities and publics as well as religious affiliations (Brennan & Brady, 1999:333).

4.2.2.4 Supplier markets

Supplier markets are all those who supply an organisation with all that it requires to render its service or product to the customer markets. Increasingly suppliers are seen as partners in the marketing channel (Christopher et al., 2005:84-85) and not surprisingly funding agencies are the most important suppliers to many NPOs (Brennan & Brady, 1999:334).

4.2.2.5 Internal markets

Internal markets include staff and all others directly involved in the delivering of services. These people should be empowered to contribute to the success of the marketing activities of the organisation by working as a unit to create satisfactory customer interactions (Christopher et al., 2005:89). Without the full cooperation of staff, volunteers and board members, the marketing plans and strategies of the organisation would be difficult to implement (Brennan & Brady, 1999:334).

4.2.2.6 Recruitment (employee) markets

Competition to attract suitable employees into organisations is increasing and many organisations are finding that this factor, rather than others such as capital, is limiting their success in business (Christopher et al., 2005:86-87). One of the tasks of marketing should be to ensure that an organisation has the right employees to maintain and grow future customer markets (donors/clients) (Brennan & Brady, 1999:334).

Brennan and Brady (1999) are of the view that relationship marketing can be

successfully implemented in the non-profit world and the relationship marketing literature identifies various marketing tools that may facilitate this progression. These include

- relationship advertising,
- two-way communication,
- database marketing,
- face-to-face contacts, and
- listening and other marketing devices.

4.3 MARKETING TOOLS

Relationship advertising can be used to inform and educate potential donors and clients on the nature and services of the organisation. This form of advertising can include media advertisements, flyers, leaflets, letters, brochures or Internet postings. It is a mass marketing technique but it has the potential to create and nurture relationships. The content and form of such advertisements can stimulate thoughts, feelings and actions relevant to these kinds of relationships. The right advertisement can assist in creating intimacy and a sense of identification with the organisation. It seeks to convince potential donors that they are important and wanted by the NPO. These advertisements should follow the development of the donor from an "acquaintance" (attracting attention in order to convey an image of the organisation) to "build-up" (where a person interacts with the organisation and tests the outcome) to "continuation" (if the response is supportive and sympathetic, repeat interactions will occur) (Bennett & Barkensjo, 2005b:85).

Two-way communications: Conventional advertising often involves only one-way rather than two-way communication. It is therefore imperative to integrate one-way communication such as advertisements or direct mailing with two-way communication techniques to create, maintain and improve relationships. Mailshots can act as a mechanism for obtaining information about needs, levels of satisfaction and possible new ideas. An example of this could be a one-way communication that encourages the receiver to contact the organisation via e-mail, helplines or a toll-free number. The organisation can then respond by mailing newsletters and other

information relevant to the organisation (Bennett & Barkensjo, 2005b:86).

Database marketing: In order to develop loyalty once contact has been made, the organisation needs to take every opportunity to record information about the donor and that person's future needs (Weir & Hibbert, 2000:117). Modern database technology has made it possible to integrate vast amounts of detailed data on an NPO's donors and customise communications to each and everybody that has contact with the non-profit organisation. This technology has made it possible for even small organisations to tailor their communications in such a way that it nurtures, evaluates and manages relationships effectively and efficiently (Bennett & Barkensjo, 2005b:86-87).

The use of databases to aid and build loyalty can be used at every step of the relationship marketing ladder of customer loyalty. The principle works as follows: the organisation identifies prospects from the total population by analysing stored information on existing donors and forming detailed profiles of their characteristics. If the organisation does its marketing correctly some of these prospects will become donors, supporters and finally advocates (Weir & Hibbert, 2000:117).

The organisation has succeeded once a prospect has become an advocate, e.g. the stage at which a donor is totally loyal and committed to the organisation. Knowledge about existing relationships developed over time can assist in this process (Weir & Hibbert, 2000:117). A study done by Sargeant and Lee (2002:793), suggests that levels of trust can be increased by the provision of adequate feedback to donors about how their donations have been spent. Organisations should also acknowledge donors for the good judgment, skills, expertise and knowledge that they bring to the projects they support.

Face-to-face contacts: Relationships are developed with face-to-face contacts between donors and organisations, where trust is developed and uncertainties reduced as more and more is learned about the organisation. Positive face-to-face contacts can also foster commitment to a cause because they make the donor feel cared for and respected (Bennett & Barkensjo, 2005b:87).

Listening: Effective two-way communication requires good listening skills. Listening activities include surveys, "open days", feedback options within the marketing

communications taking place, personal contacts with beneficiaries to obtain feedback and even formal market research. Relationship marketing means listening to and collecting feedback from the donor, which helps the organisation to explore a donor's actual needs and requirements and not just that which the organisation presumes these to be. Listening can also give the organisation insight into the type of information donors require (Bennett & Barkensjo, 2005b:87-88).

Other devices: These devices include public-relations events, the development of a brand image and the development of norms and expectations regarding service performance. These can foster a sense of belonging, which in turn can contribute to the formation of better perceptions of the identity of that organisation (Bennett & Barkensjo, 2005b:88).

Incentives to interact with an organisation can also be created. These could include "rewards" such as downloadable games from an organisation's website or free entry to prize draws in return for responses to communications sent out by the organisation. Subscriptions to activities of the organisation could include free membership of support clubs for example. Many of these kinds of activities could be social events and active donors could be given access to more privileged personal information on activities of the organisation. This kind of insider information can include news about employees or celebrities who support the organisation or about the organisation's future plans (Bennett, 2005:457-458).

4.4 AIMS OF RELATIONSHIP MARKETING

To produce positive reactions, relationship marketing should be effective. All messages should be regarded as highly important, useful and helpful in satisfying the needs of the donor, because this can create a positive attitude towards the organisation. Secondly, they should engage those who receive them in such a way that they want to become involved in the organisation, they should feel that the organisation is interested in their views and believe that the organisation respects them and wants to have a long-term relationship with them (Bennett & Barkensjo, 2005a:127-128).

Beneficiaries have the right to be treated well at all times and to feel that the

organisation exists to serve its clients, and not the other way round. The interaction between donor and organisation should therefore be enjoyable to all – relationship marketing bodies should at all times aim to establish, develop and maintain exceptional relationships with their donors (Bennett & Barkensjo, 2005a:127-128).

4.5 CHARACTER OF RELATIONSHIP MARKETING

Buttle (1996) also finds that relationship marketing is about healthy relationships, which have four major components – concern, trust, commitment and satisfaction.

Concern: The organisation cares for the welfare of those they serve. In doing so they want to meet or preferably exceed the expectations of the donor. This produces satisfaction or even delight (Buttle, 1996:8).

Trust: Trust encompasses two elements; trust in the organisation's honesty and trust in the organisation's benevolence. Honesty refers to the belief that the partner honours its word, fulfils its promises and is sincere. Benevolence suggests that the partner cares for the welfare of others and will not take any action to their detriment (Buttle, 1996:9). The perception of a donor that an organisation is benevolent, suggests that the person thinks the organisation cares and that its motives are entirely philanthropic. This can be created via marketing communications that include themes such as caring, commitment, affection, warmth and protectiveness (Bennett & Barkensjo, 2005a:129). Trust involves a belief by the donor that an organisation will fulfil all its promises and satisfy the needs of the donor and of those who are served by the organisation, not only in the short term, but also in the long term. It creates the perception that the organisation is credible, reliable, sincere and honest (Morgan & Hunt, 2005:306-307; Bennett & Barkensjo, 2005a:127-129; Bennett & Barkensjo, 2005b:88). It is argued that trust is the cornerstone of relationship commitment; without it, commitment flounders (Morgan & Hunt, 2005:310). Sargeant and Lee (2002:780) state that the levels of trust in the voluntary sector are of critical importance, not only for the development of this sector's income and resources but also for the health of the wider society. Mutual trust is the foundation on which voluntary organisations are built as opposed to the commercial sector that is bound by the formal exchange of contracts. Trust is also the basis of public goodwill. If the public does not have confidence in a charity it will not support it. Finally, trust also

gives voluntary organisations the "political licence" to operate. They occupy a moral space quite distinct from Government or business and have a profile far outweighing their economic significance. Trust in this instance creates this moral space and lends credibility to non-profit organisations. On the other hand, if these organisations fail, the breach of public trust can be devastating. There is evidence that failure not only erodes trust in the voluntary sector, but that it also has wider implications for society as a whole because of non-profits' role in this regard (Sargeant & Lee, 2002:780).

Commitment: Morgan and Hunt (2005:307) define commitment as an enduring desire to maintain a relationship. Dwyer et al. (2005:99-105) identify five degrees of beneficiary bonding: Awareness (party A recognises that party B may be an exchange partner); exploration (parties weigh up obligations, benefits and burdens and may even do a trial purchase); expansion (the continual increase in benefits obtained by both parties and their increasing interdependence); commitment (both parties have achieved a level of satisfaction that virtually excludes other parties who could provide similar benefits), and dissolution (the break-up of this relationship). Commitment represents the highest stage of bonding. Feelings of commitment arise as a person comes to appreciate, value and understand the organisation. Beneficiaries want to communicate and cooperate with the organisation. Commitment has been posited as the key indicator of relationship quality (Bennett & Barkensjo, 2005a:129). Morgan and Hunt (1994) argue that commitment is the key that indicates whether a relationship is successful or not. This strong sense of commitment should give rise to loyalty, which is reflected not only in the beneficiaries' intention to maintain the relationship, but also in their recommendation of the NPO to others (Bennett & Barkensjo, 2005a:129).

Satisfaction: The end result of this concern for beneficiaries in an environment of commitment and trust is a desire to provide excellent service. Relationship marketing requires a commitment on the side of the organisation to provide quality service that is reliable, empathic and responsive (Buttle, 1996:9). Satisfaction is seen as a prerequisite for a lasting relationship (Terblanche & Malan, 2002:119).

Donors are only willing to show their loyalty to those organisations that communicate effectively and give high-quality service. The opportunity to create and develop this loyalty can only be achieved if fundraisers understand their donors well enough to

know why, when, where and how they prefer to give (Weir & Hibbert, 2000:118). By dedicating resources to the relationship and cultivating a relationship with all donors, donors will stay loyal for longer (Waters, 2008: 84). It is important to recognise a past pattern of giving and then develop communications that reflect changes in donor understanding and interest to help the relationship grow (Sargeant, 2001:60).

4.6 DONOR RETENTION (LOYALTY)

Customer retention literature on the for-profit sector identifies a number of factors that could lead to customer dissatisfaction and ultimate lapse. These factors include customers' attraction to other competition, poor quality of service, poor relationship quality or simply their loss to that specific market. Sargeant (2001:62) conducted a study of the non-profit sector to find out why specifically donors lapse.

4.6.1 Reasons for lapsing

The most common reason for lapse was financial inability – donors simply could not continue their support due to financial constraints. Other factors include the lack of acknowledgement of receipt of donations, neglecting to ask for a second gift, the amount of the second request being inappropriate and the information on how their donation was spent not being adequate. The fact that other organisations were equally or more deserving also played a role. Longstanding donors were more likely to cite poor service quality, in particular poor communication, as a reason for lapsing. Donors who perceived that the communication strategy of the organisation reflected their needs tended to be more loyal. Donors who gave only once were more likely to cite financial inability for lapsing (Sargeant, 2001:64-65).

Service quality was also measured and indicated that those who were very satisfied were 2,1 times more likely to make a further donation than those who were merely satisfied. Thus it would seem that levels of loyalty could be improved by improving levels of satisfaction (Sargeant, 2001:64-67).

In a study done by Bennett and Barkensjo (2005:101) it was found that relationship marketing did contribute both to the relationship quality and to beneficiaries' levels of satisfaction with a charity's provision of services. Perceived relationship quality together with satisfaction with the services provided impacted on the perceived

quality of the organisations' services.

How and why individuals elect to offer their help to others have puzzled researchers for many years. Information on the motivation behind individual giving is important due to the growing scale, and economic importance of donations and the competition for them in the non-profit sector. Perceptions play a significant role in this and Sargeant, West and Ford (2004) identified three distinct categories: perceptions of benefits, perceptions of charities in general and perceptions of specific organisations (Sargeant et al., 2004:21).

4.6.2 Perceptions of benefits

The social exchange theory suggests that donors are often motivated to give because they feel that a donation will produce some benefit for them (Sargeant et al., 2004:21). Those who believe in the "demonstrable benefits" school of thought suggest that donors will support charities if they have benefited from past donations or believe they will do so in future. Donors may also evaluate organisations according to the extent to which their support will be visible, thereby enhancing their personal standing. Variable factors such as self-esteem, recognition and prestige have also been seen as key motivations for giving (Sargeant et al., 2004:21). Some donors support organisations because of familial utility, e.g. they want to assist friends and loved ones: donations to a cancer charity for instance may be motivated by a perception that it will help a friend or family member (Sargeant et al., 2004:22).

4.6.3 Perceptions of charities

In the perception of the performance of charities, both effectiveness and efficiency have been examined. The focus groups of the study done by Sargeant, West and Ford (2004:23), perceived the performance of the whole charity sector as well as that of individual charities to be key issues. The extent to which charities is seen to be effective and efficiently fulfilling their mission is a critical contributing factor to this perception. The donor's giving behaviour is influenced by how much "trust" he/she has in the sector. The perception of effectiveness has also been identified in the psychology literature as a factor in the decision about whether to help or not (Sargeant et al., 2004:23).

4.6.4 Perceptions of the fundraising organisation

The three most important factors to emerge from the focus groups in Sargeant, West and Ford's (2004) research in the perceptions of a fundraising organisation, were the perceived performance, the perceived professionalism and the perceived service quality of the organisation. Perceived performance is as important to the donor in choosing between alternatives available in the sector, as it is in determining support for the sector as a whole. It was found that a scandal in the sector caused donations to drop dramatically, because of the public's perception that the funds had not been properly appropriated (Sargeant et al., 2004:24). Donors also appear to have a definite idea about what represents an acceptable percentage of revenue that should be applied to administration and fundraising costs. The ratio between administration/fundraising costs was found to be 20:80 although most donors believed it to be 50:50. Sixty percent was found to be a significant threshold. Organisations that were found to spend this portion of their donations on programmes tended to receive higher levels of donations (Sargeant et al., 2004:24). Perceived professionalism may also impact on the funds non-profit organisations attract. Organisations that are well known and are well managed will receive more support than those who lack this perception (Sargeant et al., 2004:25). It has been argued that the quality of service provided by fundraisers is vital in facilitating second and subsequent donations. The higher the quality of perceived service, the greater the loyalty and the higher the donation levels. Donors will also tend to maintain a higher level of giving if they are given a choice of channels through which the organisation communicates with them and if the contents of these communications reflect their needs and interests (Sargeant et al., 2004:25, 32).

4.7 RELATIONSHIP FUNDRAISING

The main issue revolves around how relationship marketing can be practically implemented within non-profit organisations. The phrase "relationship fundraising" was coined by Burnett (1992) and is defined as follows: "An approach to the marketing of a cause which centres not on the raising of money, but on developing to its full potential the unique and special relationship that exists between a charity and its supporters" (Weir & Hibbert, 2000:118).

The best way to explain this process is by way of the classic donor pyramid (Figure 4.4). The pyramid is based on the assumption that the extent of a donor's commitment and loyalty is likely to be in direct proportion to the size of his or her contribution. From the perspective of the donor pyramid, donor development involves moving donors as far up the pyramid as they are able or willing to go, the ideal being everything from renewal gifts upwards (Terblanche & Malan, 2002:122). The donor pyramid is a good indicator of how, as donors' relationship with the organisation grows, the relative number of these donors drops. This illustrates the Pareto principle, e.g. that 80% of donations will come from 20% of donors or more likely, 95% of donations will come from 5% of donors (Elischer, 2001:74). Downes (1987:86-87) explains that the pyramid ideally elevates the individual from being a potential donor, to a first-time donor, a renewed or upgraded donor, a major-gift donor, a capital donor and finally a planned-gift donor.

Potential donors include anybody who is able to donate to the organisation, starting from those closest to the organisation to those special publics that will most likely support the organisation (Downes, 1987:86).

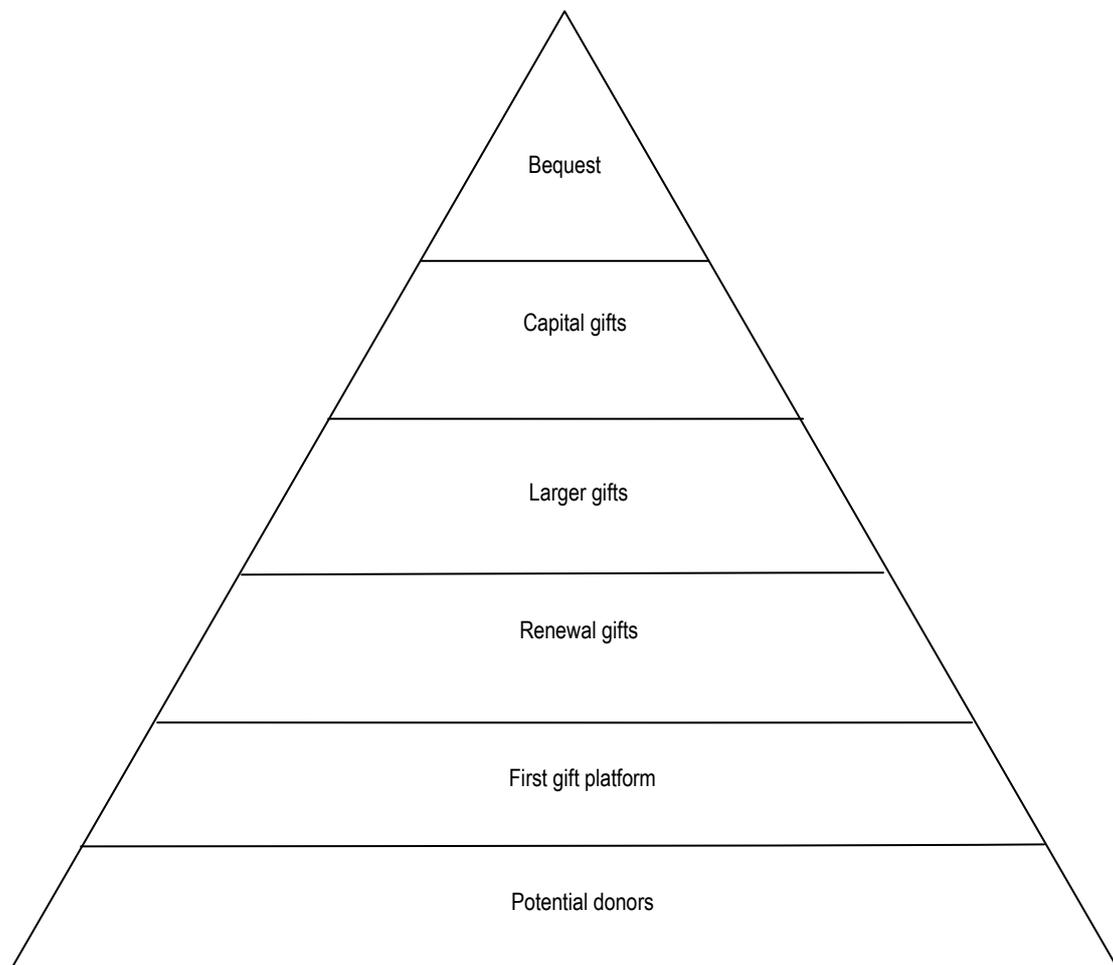
First-time donors can only be reached once the organisation starts to acquire donors. The term used for soliciting first-ever donations is "donor acquisition". Most of the time the first gift by a new donor is small and the cost involved in acquiring the donor is usually greater than the actual gift received. It is imperative to reach as many first-time donors as possible; the broader the base of the pyramid, the more lucrative the higher tiers become (Downes, 1987:86).

Renewals and regular gifts occur when the donor repeats a donation. Over half of first-time donors will donate a second time and over 75% of second-time givers will donate a third time (Downes, 1987:86-87). Renewals are very profitable, especially where donors are asked to give on a regular basis. Statistics indicate that some 20% to 30% of new donors will still be supporting an organisation ten years later, if they are well looked after (Downes, 1987:87).

By keeping records of their donations donors who have given larger gifts or given more regularly can be easily identified. Once they are known they can be approached personally and asked to increase their gifts. If they do, they generally become more

committed to the cause. As they become more involved, they tend to contact the organisation on a regular basis and perhaps even come to visit, which gives the organisation the opportunity to talk to them about a major capital gift or even a bequest (Downes, 1987:87).

Figure 4.4
Donor Pyramid



Source: Downes (1987:86).

Capital gifts come from those donors who have come to know the organisation well and who are committed to the organisation. They are the donors who are most likely to make a large, special gift or capital expenditure, but these gifts should only be solicited at a personal interview (Downes, 1987:87). The most common planned gift is a bequest to the organisation at the time of the donor's death, and this must also

be handled face to face (Downes, 1987:87).

Elischer (2001:74) suggests that a more dynamic model is needed in a rapidly changing environment. Figure 4.5 illustrates this model, the so-called donor wheel. The basis of the model is a central wheel that contains many of the stages of the donor pyramid, but also attempts to illustrate how a donor can leave or join at any stage, stay, move on or move out of a specific segment. The central wheel consists of various stages.

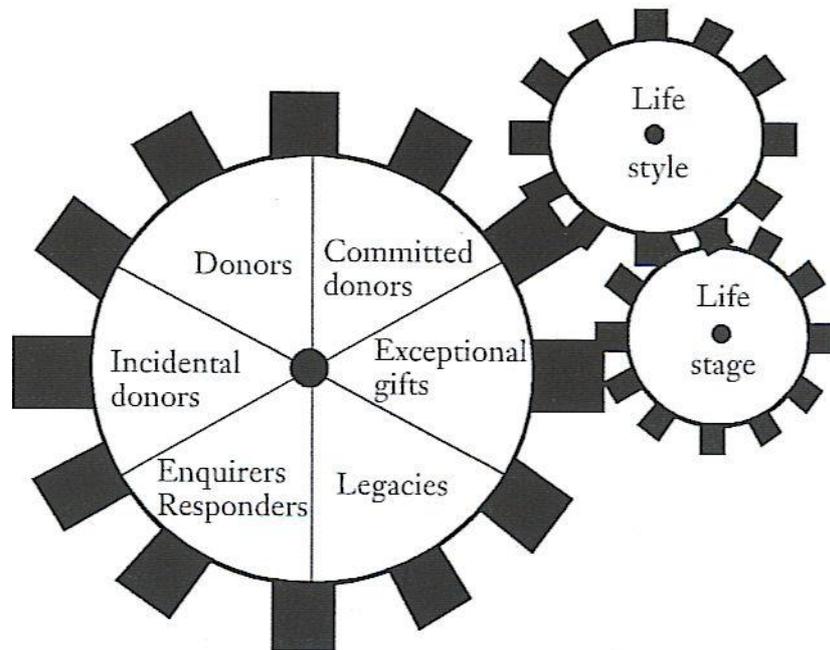
An incidental donor is anyone who has contact with the organisation without giving a direct charitable donation. An example could be people buying a ticket to attend a special event or asking for advice. Because of the increasing costs of cold donor acquisition, this category is a source of possible donors. Everyone in the organisation should be aware of the importance of marketing the organisation correctly and that everybody has a role to play, not only the persons with the word "marketing" in their job title (Elischer, 2001:76).

Contacters are those who hear about and seek out the organisation in order to give a donation. Traditionally this has been the starting point of a donor's journey with the organisation and is the critical area where organisations need to develop programmes to grow the organisation and replace donors that have left (Elischer, 2001:76).

Donors are the heart of the organisation and cannot be left to flourish on their own. The key word is donor share, not market share, which means that it is important to convert once-off donors to committed donors, in order to have a regular income stream and also stand a better chance of preventing donors from defecting to other organisations. To do this, it is important to develop close relationships with donors (Elischer, 2001:77).

Committed donors represent the most important segment of the cycle, where the emphasis falls on ensuring that the major portion of the donor base is part of a committed giving programme. It merits investment and energy to make the successful transition from donor to committed donor. Imaginative programmes are needed to engage donors and cultivate their loyalty towards the organisation (Elischer, 2001:77-78).

Figure 4.5
Donor Wheel



Source: Elischer (2001:75).

Exceptional gifts include high-value and major donors. High-value donors are donors that fall in the upper-middle class that give larger amounts and can be developed with the help of a personalised direct marketing programme. The ideal would be to cultivate them into possible major donors where face-to-face solicitation takes place for specific gift campaigns or around existing programmes of the organisation (Elischer, 2001:78-79).

Legacies or bequests represent the ultimate gift of a donor to a NPO. It is essential that legacy giving should be promoted throughout the donor life cycle to insure a legacy being donated to the NPO (Elischer, 2001:79).

All of the stages represented in the donor wheel should be present in the NPO. The two smaller wheels represent the donor and are used to indicate the complexity of the donor and the fact that these wheels are interlinked and continuously changing in combination. As donors move through their lives their circumstances as well as their lifestyles change. This in turn will affect the amount of money, time and resources the donor will have to donate to the NPO. It is important that the NPO understands that loyal donors will change in their ability and willingness to support their cause and it should develop programmes to accommodate these changes (Elischer, 2001:80-81).

4.8 SUMMARY

Numerous studies of fundraising for NPOs have shown how increased levels of competition for donations have led to the implementation of marketing philosophies and the use of marketing techniques. The main thrust of these marketing philosophies within non-profits has been donor retention and the cultivation of one-on-one relationships. In brief, it indicates that relationship marketing has the potential of being successfully implemented in NPO.

The relationship marketing literature identifies various marketing tools for facilitating relationship marketing within non-profits by producing positive reactions from potential donors as well as donors. These tools include relationship advertising, two-way communication, database marketing, face-to-face contacts, listening and other marketing devices. They are in essence all positive messages to donors reinforcing the perception that the NPO respects them and wants to have a long-term relationship with them.

Relationship marketing fosters healthy relationships based on four major components: concern (the organisation cares for the welfare of those they serve), trust (in the organisation's honesty and trust in the organisation's benevolence), commitment (an enduring desire to maintain a relationship) and satisfaction (the end result of this concern for beneficiaries, in an environment of commitment and trust).

The practical implementation of relationship marketing in non-profits is a major challenge, given the limited resources of a typical NPO. Relationship fundraising, essentially along the lines of the donor pyramid, is of value in establishing and developing relationships with potential donors. The donor pyramid is a useful indicator of how donors' relationships with the organisation can grow, starting with the individual progressing from a potential donor to a first-time donor, a renewed or upgraded donor, a major-gift donor, a capital donor and finally a planned-gift donor – the number of donors falls moving up the pyramid, but the level of donations rises.

Another model that illustrates a donor's progressive association within a non-profit organisation is the "donor wheel", which uses many elements of the donor pyramid, but attempts to illustrate more clearly how some donors may leave or join at any stage, or stay in, move on or move out of a specific segment. It takes in account the

donor's life cycle in all its complexity and accommodates its potential impact on the support given to a NPO.

4.9 IMPLICATIONS FOR THIS STUDY

This chapter has attempted to show that relationship marketing strategies that have worked in the for-profit sector can be successfully applied to the non-profit sector as well. For a NPO to survive and thrive in a competitive environment, donors must not only be recruited but also cultivated. The cultivation of one-on-one relationships must be seen as a long-term process, which, if developed along relationship building lines, can be beneficial to an NPO.

An organisation needs to identify how its donors will develop from a prospect (first-time donor) to being an advocate (a donor who actively promotes the organisation by word of mouth). The donor development process should aim to satisfy the various needs of the donor with the intention of persuading the donor to become more involved in the organisation. This in turn should lead to the creation of an exceptionally close relationship with that donor and finally to his or her enduring loyalty.

The ideal is to keep donors loyal for as long as possible. Some of the dimensions needed to cultivate loyalty have been identified and include concern, trust, commitment and satisfaction. Fundraisers and the organisations need to know clearly why their donors give, when they want to give, where they want to give and how they prefer to give. Donor behaviour plays a crucial role in the survival of an organisation. Chapter Five will look more closely at the characteristics of donors in terms of donor-behaviour models.

CHAPTER 5

DONOR BEHAVIOUR

5.1 INTRODUCTION

Raising funds through donations has always been challenging for non-profit organisations and, as described in previous chapters, this challenge has been growing steadily. Assisting the needy is vital, but the fact is that government agencies simply cannot cope with the demand, which leaves non-profits to fill the gap (Guy & Patton, 1989:20).

For example, donations to charities in the UK, as mentioned in previous chapters, have declined or have at best remained stagnant. This contracting donor pool has made donor acquisition increasingly difficult and response rates to mailings have fallen. Initial reports on the recruiting of new donors also suggest that their numbers appear to be declining (Sargeant, 1999:216). As a result, non-profits have had to become much more sophisticated in profiling potential supporters of their organisations (Sargeant et al., 2004).

Sargeant et al. (2004), suggest that a long-term solution might be to recruit new donors from a larger portion of the population. What this means is that charities need to target non-traditional donors, in particular those able to make larger donations.

The almost despairing question "Why is it so hard to sell brotherhood like soap" (Rothchild, 1979:11) has been posed in one form or another in numerous studies over the years. This chapter will attempt to provide some insights into this "Why?". The first step is to examine consumer behaviour in for-profit markets and then to find out if these findings can be extrapolated to the non-profit world.

The essence of the investigation is to find out what a donor is like, i.e. what his or her distinguishing characteristics are. Donor behaviour will be discussed in terms of the decision making process when making a donation – why do donors give, what encourages and what inhibits their giving? Various donor behaviour models are discussed and the chapter concludes with a summary of the major issues affecting

donor behaviour in the non-profit world.

5.2 CONSUMER BEHAVIOUR

Consumer behaviour is basically how consumers make decisions regarding possible purchases and the manner in which these goods or services are used or disposed of after buying. The behaviour of the consumer can be seen as being largely influenced by three factors:

- individual factors,
- social factors, and
- the buying situation at the time of the purchase.

These factors are all seen having an impact on the decision making process and finally determining whether the consumer makes the decision to buy or not (Lamb et al., 2004:71).

The first **individual** factor is that of perception – the consumer is subjected to stimuli from the outside world and organises and interprets them in such a way that they form a clear, but personal picture of what is being offered. The second factor – motivation – can be seen as that point where the need or desire for something becomes so strong that the consumer is driven to buy something. The third factor is learning, which can be described as the process whereby changes in behaviour are brought about by experience and practice; almost all consumer behaviour results from this. The fourth factor is values and attitudes or the belief that a one way of doing something is better than another. Most customers' buying behaviour is to a large degree influenced by a value system that tells him/her what is good or bad, right or wrong. A belief is when a customer, after having collected all possible data about a particular product, sees that product as being the best. An attitude is the unvaried response of an individual to a given such as a brand name and also encompasses his/her value system. The fifth and final factor is that of personality, self-image and lifestyle. Personality is defined as an individual's unique and distinctive characteristics; a combination of psychological make-up and external forces. It includes a person's fundamental disposition and some marketers believe it

has an influence on an individual's decisions. Self-image is broadly how people see themselves and is reflected in their way of life (Lamb et al., 2004:81-90).

The **social** factors influencing the process include culture, reference groups, opinion leaders, family and social class. The first social factor is culture, i.e. that set of standards and attitudes that shape human behaviour and is passed on from one generation to the next. The second factor is reference groups; all those groups that influence a person's buying behaviour are reference groups. Individuals observe how reference groups buy and consume and then follow their example when making their own consumer decisions.

The third factor is opinion leaders. Both reference groups and opinion leaders are influential individuals with the power to influence the decisions and actions of others. For this reason marketers will strive to get these groups to buy their products. The fourth social factor is the family, the most important social institution for most people with a strong influence on values, self-concept and buying behaviour. The last factor is social class, i.e. groupings of people in a community who see themselves as being of equal standing in the community, and who socialise amongst themselves and share behavioural standards (Lamb et al., 2004:91-98).

The **buying situation** is influenced by the reason for the purchase its time and physical surroundings at the time of the purchase. The reason can affect the buying behaviour; the buying of a sport watch for yourself for instance will have a different reason from buying a watch as a gift for a parent. The time available to buy a product will also have an influence on the situation. Buying goods for a birthday dinner will take longer than buying a quick snack. Lastly, the physical surroundings will also play a role in the buying process. If for example a person may need privacy to purchase a product and if this is not given, the person will be discouraged from buying (Lamb et al., 2004:100).

Together these three factors influence the consumer decision making process, which in the end leads to the consumer either buying or not buying the product or service (Lamb et al., 2004:72).

The preceding paragraphs dealt with consumer behaviour. Below an attempt will be made to find out whether donors would behave in the same way that consumers do

when they buy their equivalent of a product or service in a non-profit organisation context.

5.3 WHY PEOPLE HELP

Economists in the 18th century hypothesized that people's behaviour was based largely on self-interest and that humans were "splendidly neutral to others" (Guy & Patton, 1989:20). Early economists did not want to accept that people would give out of the "goodness of their hearts." In 1714 Mandeville speculated that "Pride and vanity have built more hospitals than all the virtues put together". Adam Smith (1759) suggested another explanation: "How selfish so ever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him ... though he derives nothing from it except the pleasure of doing it."

Regardless of all these arguments, it appears that humans do have an inner desire to help other people and social scientists have identified several possible reasons for this: people help others with the expectation they will in turn receive help when it is needed; they help to adhere to social norms (Penrod, 1983:447, 471) or they help out of empathy or guilt (Hoffman, 1982:309-311). It has also been hypothesised that giving behaviour is acquired behaviour in people, which can be attributed firstly to examples set by parents and guardians, and secondly from religious education, which reinforce the belief that philanthropy is learned behaviour (Penrod, 1983:471).

The motivation to give may well be both egotistic (i.e. self-interested) and altruistic. Egotistic motivation is motivated by the expectation of being rewarded for helping. These rewards may include self-esteem, atonement for past sins, recognition, access to services, reciprocation and giving in memory of someone (Sargeant & Jay, 2004:99). An interest in rewards may suggest that egotism is an important driver of motivation when giving money to charities. According to the American Association of Fundraising Councils (1994) these motivations include the need for recognition, a sense of belonging, career advancement, tax advantages, peer pressure and political gains. Another motivation is to ease distress. Experiencing distress when confronted by an evident need may motivate a person to soothe this distress by either helping to relieve the need or by escaping the situation. This motivation is also egotistic

because even if the person does help, the ultimate goal is to ease his or her own distress (Piliavin et al., 1981:231-263).

Altruistic motivation on the other hand has the objective of bettering the welfare of those in need. Guilt and empathy can be seen as the motives for this kind of behaviour (Dovidio et al., 1990:258). Studies have shown that non-givers tend to have lower levels of sympathy, empathy and helpfulness than givers (Sargeant & Jay, 2004:101; Shelton & Rodgers, 1981:374-376). Some motivations are stronger than others and it appears that the strongest of all is the basic need to help others simply for the joy or pleasure of doing it (Guy & Patton, 1989:21).

To sum up: Studies have identified five categories of motivations for giving, self-interest – gaining self-esteem, recognition, reciprocation, memorialising loved ones and tax breaks; empathy – giving out of distress for those who are suffering; sympathy – the individual's belief that it is unacceptable for others to suffer in the way they are perceived to be; social justice – giving helps to restore faith in a just world, and conformity – where giving is influenced by beliefs within a group (Sargeant & Jay, 2004:109-112).

However, little attempt has been made to link these variables to people's preferences for giving to any particular charity. This aspect was examined in a study done by Bennett (2003). In particular the roles played by personal values and how these may influence someone's choice of charity. The investigation also attempted to link these personal values with the values of the organisation that the donor admires most (Bennett, 2003:15).

Concerning donor behaviour, Bennett (2003:18, 19, 24) found that donation levels increase with a respondent's age, income, level of education, egotistical (material) inclinations (the desire to give to charities in order to present an aura of benevolence to the outside world) and empathetic inclination (when a person would view a person's troubles more seriously). The more generous the donor, the more the donor prefers charities with "sound and traditional" or "financially sound" values, and charities that believed in "empowering the people the charity seeks to help". The tendency to donate regularly to an organisation also correlates significantly with age, income, education, materialism, number of children and the personal value of

achievement. Finally, there is also a significant correlation between endowing a charity in one's testament and the age, empathetic inclination and the personal values of hedonism and inner self-esteem of the testator (Bennett, 2003:24-26).

The study by Bennett (2003) also suggests that people of a more materialistic nature were considerably more generous than others (noting that materialism is not necessarily related to income or assets). Personal values also have the potential to influence the type of charity an individual chooses to support, while people with particular set of values seem to favour those charities with the same values. The overall impression created by a charity also plays an important role, which is why charities should devote adequate resources to image building and reputation management (Bennett, 2003:27).

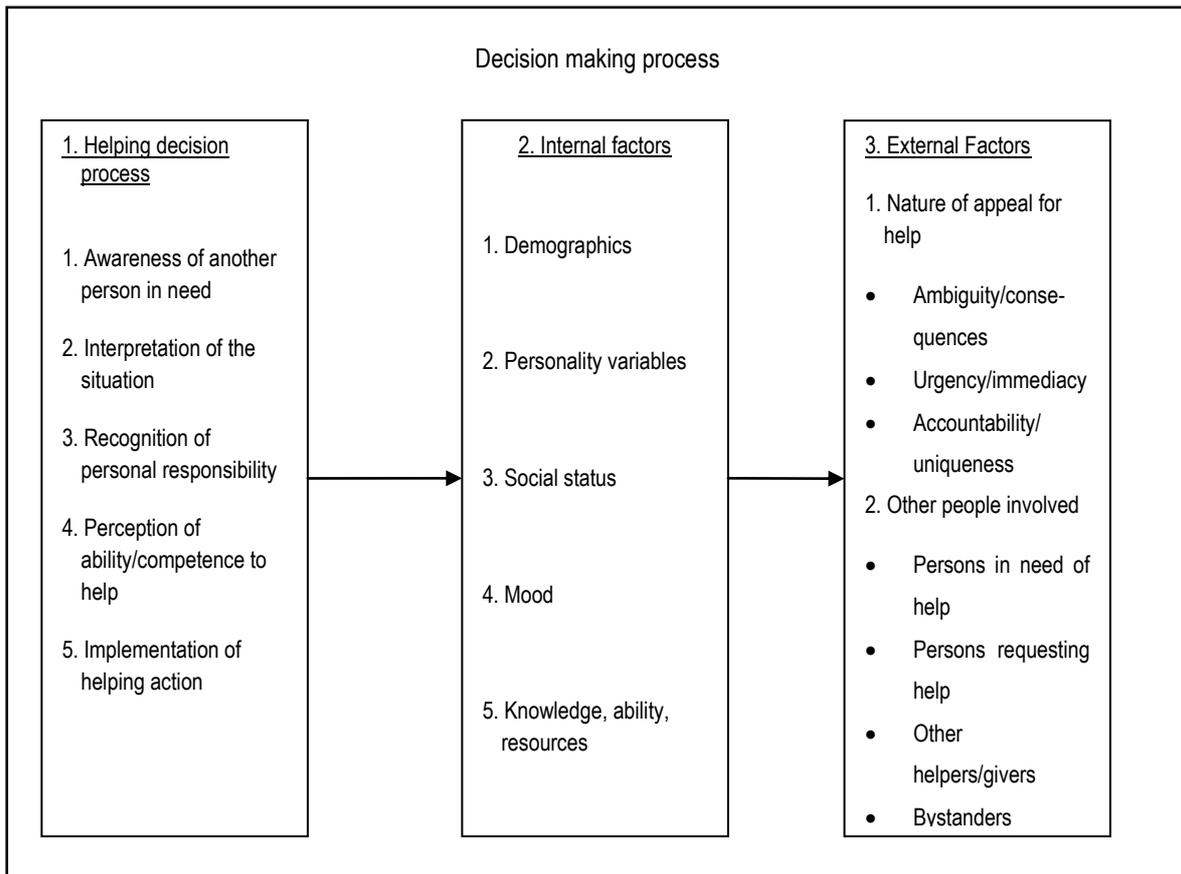
5.4 THE DONOR DECISION MAKING PROCESS AND FACTORS AFFECTING IT

According to Guy and Patton (1989:22), the motivation to give is only translated into action after a decision making process (See Figure 5.1). The process is seen as proceeding as follows:

The process is prompted by the awareness of another person's need for help, which could be anything from an actual cry for help, to hearing a fundraiser's plea for a specific cause.

Secondly, there follows an interpretation of the situation. This process depends mainly on how the individual views the situation in terms of the intensity and urgency of the need, the potential consequences if action is taken, the extent to which the person in need is worth helping and the behaviour of others who are also aware of the situation (Guy & Patton, 1989:22).

The third step in the process is the recognition of personal responsibility, when the person recognises that he or she is the one who needs to act. If this helping attitude is not present, no helping behaviour will take place.

Figure 5.1**The helping decision process and potential mitigating factors**

Source: Guy and Patton (1989:22).

Fourthly, there must be a perception of ability or competence to help. (Note that the desire to help and the ability to help are two different things.) In order for this step to be taken the person must perceive that there is something to be done and that the action taken will actually help (Guy & Patton, 1989:23).

The fifth and final step is the implementation of the helping action and then only after all the preceding steps have been completed. The most obvious fact about this decision making process is that many factors can influence these steps, each of which can cause a breakdown to occur (Guy & Patton, 1989:23).

Both intrinsic and extrinsic factors are seen as being able to mitigate the decision making process. Internal factors include demographics, personality variables, social status, mood, knowledge, ability and resources and finally, previous experience (Guy & Patton, 1989:22-23).

The first internal factor is demographics. High-income individuals are more likely to contribute to charities and although these wealthy people donate more generously than the less well off, they give for different reasons (Schervish & Havens, 2001:22-23; Clotfelter, 2001:134). Lower-income groups give because they are better able to empathise with those in need (Silver, 1980), while higher-income groups give to reduce deprivation and initiate long-term social change (Radley & Kennedy, 1995).

Ostrower (1997:136) also found that higher-income earners are more likely to give to educational, environmental, ecological and cultural causes but less likely to support homelessness and children's charities.

Studies in the US undertaken by Cermak et al. (1994:124-125) propose eight main motivations for giving by wealthy (high-income) donors (see Table 5.1).

Table 5.1
Motivations for giving by the wealthy donors

Motivations	Explanation
Family traditions	Where there is a strong sense of personal obligation and expectation resting on a family
Being a beneficiary	Benefiting either directly or indirectly from the charity's services
Being needed	Reflecting a belief that the organisation needs what the donor can give
Tax advantages	Where tax mitigation is important to the donor, donations will be given
The aim of the non-profit	Reflecting the worthiness of the cause and having goals consistent with those of the donor
Humanitarianism	Reflecting concern and linking the work of the organisation with those of the donor's own spiritual reasons for donating
Communitarians	Reflecting concern for the community
Social affiliation	Reflecting the social connections of the donor with that of the organization

Source: Cermak, File and Prince (1994).

The motivations of wealthy donors overlap somewhat with the motivations of donors in general; Cermak et al. (1994:125) clustered the motivations of affluent donors into four distinct types:

- The first group, the "affiliators", tend to be under 65 and are strongly motivated by a combination of humanitarian and social factors.
- The second group, the "pragmatists" are a little older, less educated and strongly motivated by tax advantages.
- The third group of "repayers" tend to give as a result of events in their lives and they are strongly motivated by the fact that they have benefited from the non-profit they are supporting.
- The last group, "dynasts" includes those donors who have inherited wealth and are motivated by family traditions.

Age also plays a role. Younger people (under thirty-five) tend to give less, while older people (over fifty) give more, although studies have shown that donations tend to fall after the age of sixty-five (Edmondson, 1986). In recent years a trend has emerged that the younger generations appear to be less motivated to give to non-profit organisations than previous generations (Sargeant & Jay, 2004:94).

Charities for the elderly are not popular among individuals in their twenties, who prefer to donate to Third World and environmental causes, to children and the homeless (Kottasz, 2004:183-184). Some researchers however regard these differences more as a lifestage phenomenon than one of age (Sargeant & Jay, 2004:96).

Another demographic factor is gender. In studies where gender was seen to play a role, it was found that men were generally less likely to give than women. It was found that women preferred appeals that emphasized helping others, while men were more likely to respond to communications that suggested a benefit to themselves (for example tax breaks). It has been said that women tend to give more from the heart than the brain (Jones & Posnett, 1991). It has been found that although more women give to charity, they are in total less generous than the men, probably by spreading their donations across a wider range of organisations (Sargeant & Jay 2004:96).

The second internal factor is personal variables. Studies have identified the "giving personality" – it could be helpful for charitable organisation to target these individuals. People who focus more on other people and the internal rewards of altruistic

behaviour are more likely to become donors than those who are completely self-interested (Reykowski, 1982). All religions have encouraged supporting non-profit organisations through donations and voluntarism and it has been found that those who profess some faith are more likely to support non-profits – the stronger their faith the more likely they are to give and give at higher levels (Sargeant & Jay, 2004:97; Everatt et al., 2005).

A third internal factor is that of social status. Research has shown that individuals who have status in a community and professionals tend to give more (Margolis, 1982:126). The mood of the individual is the fourth factor that plays a part in the decision making process. If the person is in a positive (good) mood, the tendency to give increases; on the other hand, a person in a negative state of mind will not be strongly influenced to donate by the personal rewards that may be gained (Cialdini et al., 1982:355; Shaffer & Smith, 1985:121).

The fifth internal factor that can play a part in the process is that people will help if they think they can. Conversely, individuals who feel that they lack the knowledge or expertise needed to help others will simply not do so. People who feel more confident about their own knowledge, abilities and resources will be more inclined to help (Margolis, 1982; Piliavin et al., 1975; Penrod, 1983:471).

The sixth internal factor is previous experience: having been involved with a charity in the past will have either a positive or negative impact on future behaviour. On the one hand people who have given or have volunteered are more likely to give again and give more than those who have not (Keating et al., 1981), but on the other hand, if a donor has felt that giving did not help the cause, giving again will be unlikely. Asking the donor too often might also have a negative impact on future giving (Margolis, 1982). Then again it has been shown that, by identifying the charity's best donors and asking them more often may lead to increased giving, the message being: "If you ask, you get" (Schlegelmich et al., 1997:558).

The initial motives for making a donation may be altruistic, but subsequent donations may be due more to the egotistical satisfaction derived from the gift. A lack of satisfaction on the other hand could be due to issues with the charity, such as bad service quality. The importance of what could be called donor stewardship cannot be

over-emphasized (Sargeant & Jay, 2004:107-108).

External factors include the nature of the appeal, people involved in the situation, the availability of alternate courses of action and environmental factors (Guy & Patton, 1989:24). Evidence suggests that these factors have a stronger influence on helping behaviour than internal factors (Latané & Darley, 1968). The first of these external factors is the nature of the appeal. The appeal must be clear and personal (Clark & Word, 1972:400) and must show the urgency and the consequences if help is not given immediately (Pancer et al., 1979).

The second external factor that plays a role is the people involved in the situation. Studies have shown that people are choosy about who they are willing to help. They are more willing to help people who are like themselves. A willingness to help may also depend on the degree to which an individual can be blamed for his or her plight. If a person seems to be partly responsible for his or her situation, help is less likely to be received (Penrod, 1983:471; Clark & Word, 1972).

Studies have also shown that a charity with a good reputation and name and a high profile will attract more donations (Bennett & Gabriel, 2003:286). Donors are also more likely to donate to charity organisations which they perceive as being effective and efficient (Sargeant et al., 2004:32).

Helping behaviour is also more likely if the individual is aware that others like himself or herself are helping (Clark & Word, 1972; Mullen, 1983). Some studies have also shown that a donor will give more if others give more, but when information is received that others are giving less, the donor will also give less (Foss, 1983). In conflict with the afore-mentioned findings, other studies have found that if a donor receives information that others have already helped, giving behaviour will actually diminish. If other people behave in a way suggesting that no action is required, the individual is not likely to respond as well. The number of people present when an appeal is made also plays a role. Findings have shown that a request for help made to a large group of people is likely to elicit a limited response (Latané & Nida, 1981:321-322).

The third external factor is the availability of alternate courses of action. If, a donor feels there is another course of action that better fits the individual's talents and

resources, he or she may still assist, but possibly through an intermediary organisation. If an individual feels there is no course of action that is deemed appropriate, the person will simply not help at all (Shelton & Rodgers, 1981:374-376).

Lastly, environmental factors tend to either inhibit or promote helping. Indications are that the degree of effort exerted to overcome barriers in order to help is directly related to the perceived intensity and urgency of the need. Helping behaviour will only occur if the individual is motivated enough to overcome barriers such as time, space, weather or physical obstruction or if these barriers have been removed or reduced (Piliavin et al., 1975; Schwartz, 1974).

It is important to the non-profit organisation to understand the decision making process as well as donor behaviour. Numerous studies have been conducted to investigate donor behaviour and various models have been put forward to explain it. Some of these models are discussed in the following section.

With the theory of planned behaviour as discussed and keeping in mind the model to be constructed for interpreting donor behaviour in religious Christian organisations, it was important to choose those models pertinent to this study. The constructs in these models were all possibilities in the construction of the conceptual model. To do so, nine models were chosen with a total of 45 dimensions, which then could be narrowed down to fit the conceptual model.

5.5 DONOR BEHAVIOUR MODELS

A few studies have tried to integrate the available literature and develop a broader perspective on how and why donors decide to give to charities. In this section, nine donor behaviour models giving different perspectives will be discussed. The models are ordered in year they were published. The first model (5.5.1) was published in 1986 and examines two categories of motivation, namely altruistic and non-altruistic. In 5.5.2 the individual and related antecedents of trust are tested and discussed. The next model, 5.5.3, looks at trust and relationship commitment and 5.5.4 at the antecedents of commitment. In 5.5.5 an extended Morgan and Hunt (2005) model is developed and adapted for the non-profit sector. In 5.5.6 Sargeant, Ford and West develop a donor behaviour model of the perceptions of donors and their impact on

donations. Bennett and Barkensjo (5.5.7) investigate the perceptions of the quality of a non-profit's relationship marketing activities on donor behaviour. In 5.5.8 the quality of the perceptions that relationships donors develop with the NPO they support and how these perceptions relate to the success of the fundraising relationship are examined. Finally in 5.5.9 a path model of a charitable donation of a religious individual is developed.

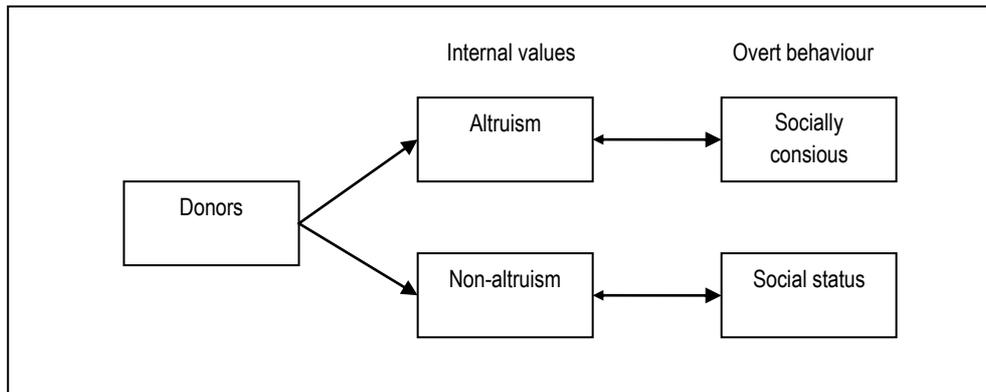
5.5.1 The altruistic and non-altruistic behaviour model

Sojka (1986:243) proposed a model of donor behaviour that consists of two basic categories; altruistic and non-altruistic (see Figure 5.2 below). In this model the organisation receiving the donation is left unformulated.

For purpose of clarity the following definitions are given: Altruism is defined as a donor's voluntary act that benefits the recipient. The emphasis is on the intention to please the exchange partner. The socially conscious consumer is defined as one whose actions are directed towards benefiting society.

Non-altruism is defined as an individual's actions designed primarily to reward himself or herself with self-satisfaction and pleasure; social status behaviour is defined as an individual's actions to maintain or establish a particular status within a self-selected group of people (Sojka, 1986:241-242).

Two clear distinctions can be made in each category between internal processes and how these processes are manifested in external behaviour. The altruistic donor's major concern is to assist or please the gift receiver, which is manifested in socially conscious behaviour. Behaviour consistent with this model includes contributions to a variety of religious, social and educational causes as well as volunteering time (Sojka, 1986:243).

Figure 5.2**Donor behaviour model**

Source: Sojka (1986:243).

The internal motivation for non-altruistic donors on the other hand is more hedonistic in nature and differs from that of altruistic donors. For the purpose of this study non-altruism is defined as an individual's actions designed to reward himself with self-satisfaction and pleasure. Peer pressure and the maintenance of social status play an important role in influencing this type of donor. Such a donor for example would prefer his or her name to appear in a programme to be read by those attending a theatre event, or would like a special parking bay allocated when attending certain sports events (Sojka, 1986:242-243).

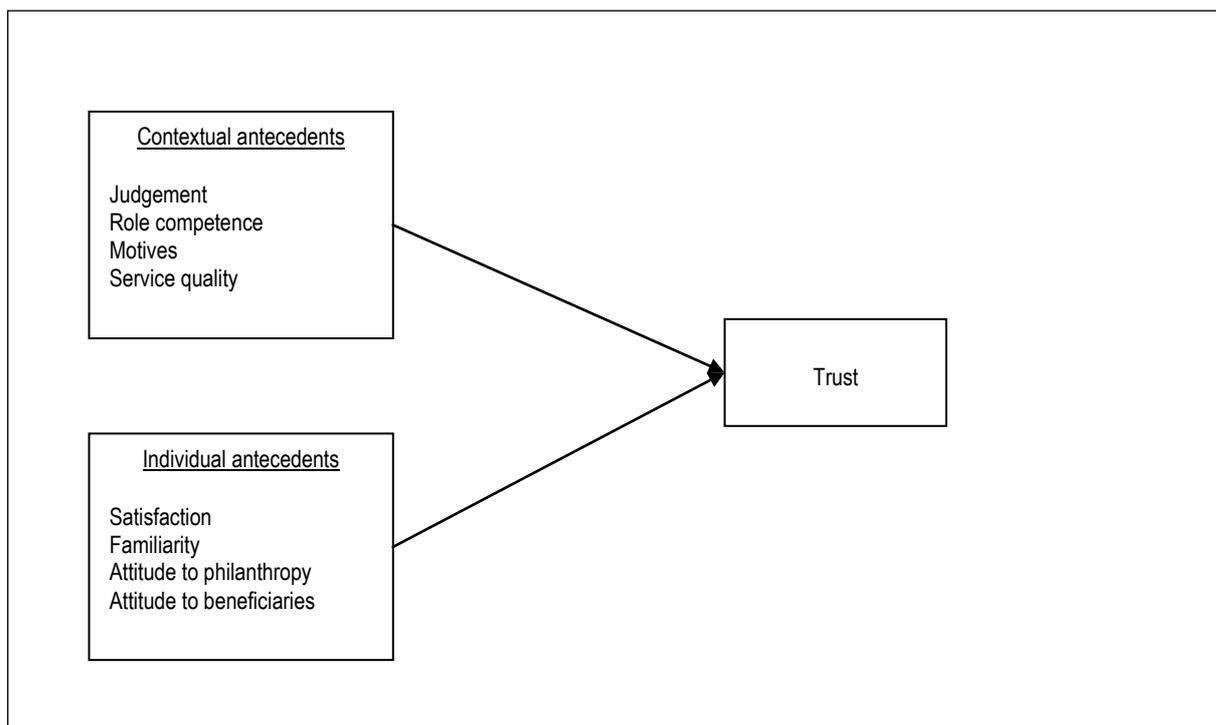
5.5.2 A model exploring individual and related antecedents of trust

The model developed by Sargeant and Lee (2002:779) explores the individual and related antecedents of trust, develops measurement scales and explores their relationship with the trust construct. In the non-profit sector, trust is an important consideration. Donors often have no direct contact with the beneficiaries of their donations and therefore have no direct knowledge of how these donations are spent. Sargeant and Lee (2002) modelled the antecedents of trust in their adapted model, which is shown in Figure 5.3. In their model the antecedents of trust are grouped into two categories. The first category (contextual antecedents) reflects the individual's perception of the non-profit sector and organisational factors that might drive the creation of trust. The second category focuses on the individual factors relevant to the inclination to support a specific organisation (Sargeant & Lee, 2002:782-783).

The contextual antecedents include judgement, motives, role competence and service quality. Judgement in this context refers to a donor's belief that a donation will be used appropriately and in harmony with the organisation's ethics (Kennedy et al., 2001:82). Motives refer to the extent to which the individual believes the purpose of the organisation to be benevolent (McFall, 1987). The role of the competence factor may be defined as the degree of skills, abilities and knowledge the organisation has to command to be effective in their work (Morgan & Hunt, 2005). Finally, service quality implies that the sharing of meaningful and timely information and positive past experiences with communication can lead to the development of trust (Anderson & Narus, 1984).

Figure 5.3

An adaptation of Sargeant and Lee's model



Source: Sargeant and Lee (2002:783).

The individual antecedents include familiarity, satisfaction, attitude towards philanthropy and attitude towards beneficiaries. If a donor is already familiar with an organisation and understands the nature of that organisation, the possibility of fostering trust will be greatly enhanced (Saxton, 1995). Trust is regarded as a form of

accumulated satisfaction with the past behaviours of the organisation. This leads to a double bond (economic and personal) and the generation of trust (Czepiel, 1990:13-14). Lastly it is hypothesized that those individuals that are positively inclined to either the sector or to those who are served are more likely to develop trust than those who are not so inclined. Sargeant and Lee (2002) express trust as a series of behaviours which the donor may or may not trust a non-profit sector organisation to indulge in (Sargeant & Lee, 2002:785).

The intention of this study was to develop a model of determinants of trust in the non-profit sector. Results indicate that trust in the non-profit sector context may be best regarded as a function of a donor's attitude to and perceptions of philanthropy, organisational judgement, role competence and service quality. The study found no evidence that other factors such as familiarity, personal satisfaction, motives and attitudes towards beneficiaries impact directly on trust (Sargeant & Lee, 2002:792).

5.5.3 Model of trust and relationship commitment

The third model to be discussed was developed by Sargeant and Lee (2004). This study tried to determine whether trust could impact on giving and, if so, whether this relationship was direct or indirect, i.e. mediated through other constructs such as commitment (Sargeant & Lee, 2004:614). For this study trust is defined as "the reliance by one person, group or firm to recognise and protect the rights and interests of all others engaged in a joint endeavour or economic exchange" (Hosmer, 1995:393). Sargeant and Lee argue that this definition is particularly useful within the non-profit sector, where the donor is reliant on a voluntary trustee to ensure that the organisation fulfils its mandate. It was also suggested by Sargeant and Lee (2004:616), that this definition by Hosmer (1995) came from the most searching study of trust at that stage.

For the measurement of trust, Sargeant and Lee (2004:616-617) specified four key behaviours that would serve as indicators:

- Relationship investment,
- mutual influence,
- communication acceptance, and

- forbearance from opportunism.

Relationship investment is defined as the extent to which the donor is willing to offer resources, effort and attention to the organisation within that relationship (Smith, 1998). Mutual influence is defined as the extent to which the donors feel that their views have been influenced by the organisation and the extent to which they believe they have influenced the policy of the organisation. Communication acceptance is the extent to which the donor welcomes meaningful and timely communications from the organisation (Anderson & Narus, 1990) and, finally, forbearance from opportunism is the extent to which the donor resists opportunities to make donations to other organisations (Sargeant & Lee, 2004:617).

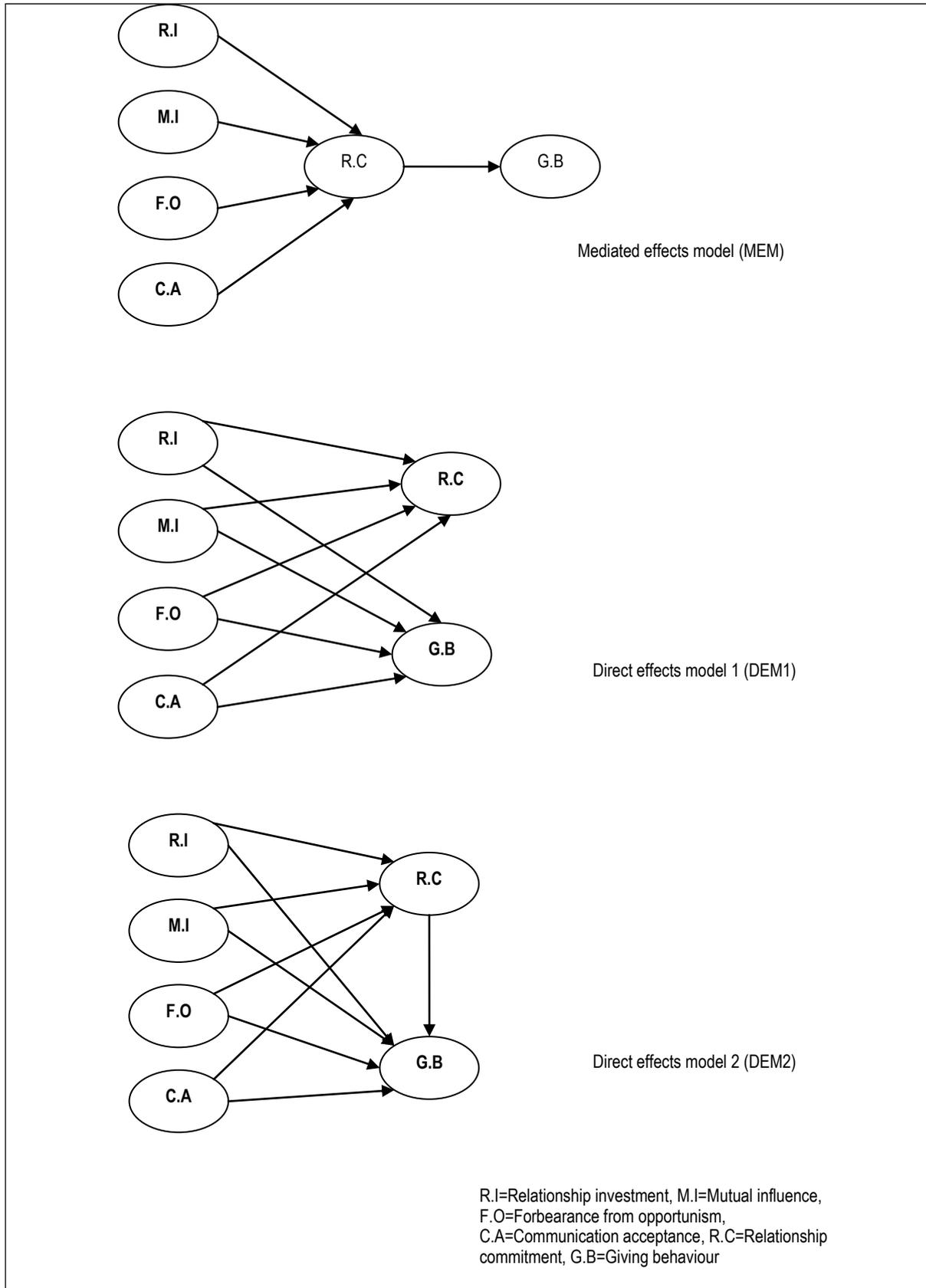
There is significant agreement that commitment is regarded as a mediating construct derived from factors such as satisfaction and trust and that it impacts directly on customer behaviour (Anderson et al., 1987). A mediating-effects model (MEM) is presented in Figure 5.4. It describes the relationship between commitment and behaviour as significant and direct, but suggests that trust will have a significant if indirect effect via relationship commitment. Figure 5.4 also contains two other models in which relationship commitment is seen as an outcome of the presence of trust. The DEM1 model tests the direct impact of trust on both commitment and behaviour. Through analysis it can then be determined which of the models MEM and DEM1 offers the most effective explanation of behaviour. A third model, DEM2, addresses the question of whether the previously significant effects of trust on behaviour become insignificant when the path between commitment and loyalty is opened (Sargeant & Lee, 2004:618-620).

The results suggest that both constructs are relevant to fundraisers because they both impact on the nature of giving. All four paths in the MEM model show that trust behaviours have a significant impact on commitment, while the impact of commitment on giving behaviour was also established. From the comparison with DEM1 it is seen that commitment is inhibited and that the trust constructs also have a direct impact in giving behaviour. The question raised by an analysis of DEM2 whether the previously significant effects of trust on behaviour become insignificant when the path between commitment and loyalty is opened, shows that mediation does indeed exist, as previously significant antecedent affects become non-significant or are reduced when the path between the mediator (relationship commitment) and giving behaviour is

opened (Sargeant & Lee, 2004:626-627).

The findings of Sargeant and Lee (2004) offer a number of suggestions about how trust can be developed: relationship investment and mutual influence can be fostered by allowing donors a larger choice in the way they interact with the organisation (for example by volunteering or lobbying); communication acceptance can also be nurtured by giving donors a choice in the frequency, content and nature of the communications they receive, while the forbearance of opportunism can be cultivated by regular giving programmes and creating different ways of supporting the organisation. These results suggest that building trust is not by itself the best approach, because the impact of trust is greatly reduced in the absence of commitment (Sargeant & Lee, 2004:628-629).

Figure 5.4
Competing models of trust, commitment and giving behaviour



Source: Sargeant and Lee (2004:619).

5.5.4 Antecedents of commitment model

Sargeant and Woodliffe (2005:66-67) conducted a series of ten focus group seminars, which revealed two distinct forms of commitment. The first is active commitment, which is defined as a "genuine belief in or passion for the cause". Most participants – cash donors as well as regular donors – expressed this kind of commitment to at least one organisation. A second kind of commitment – passive commitment – was identified among the group of regular donors. The reasons given by these donors about why they keep on giving to a charity is either that they had not yet had the time to cancel a debit order, or that while they think it may be the right thing to do, they do not really have a passion for the cause.

A number of antecedents of commitment are illustrated in Figure 5.5. These antecedents are discussed in Table 5.2 (Sargeant & Woodcliffe, 2005:67-74).

The study shows that commitment should be regarded as a multidimensional construct and also that the patterns of antecedents are a function of the category of commitment examined. Passive commitment seems to be experienced only by regular monthly/yearly donors and also appears to be driven by trust, risk, performance, the quality of communications received and the availability of giving alternatives. If all these factors are judged acceptable, it seems likely that giving will continue. A review will only be done if a negative change occurs in one of these factors (Sargeant & Woodcliffe, 2005:73, 74).

Active commitment on the other hand is fostered largely by a cognitive engagement on the part of the donor. Donors who feel that they have learned more about the organisation, share its beliefs and experience some control over choice of communications, engage the organisation in different ways and develop personal links with the organisation, are more likely to express an active commitment (Sargeant & Woodcliffe, 2005:74).

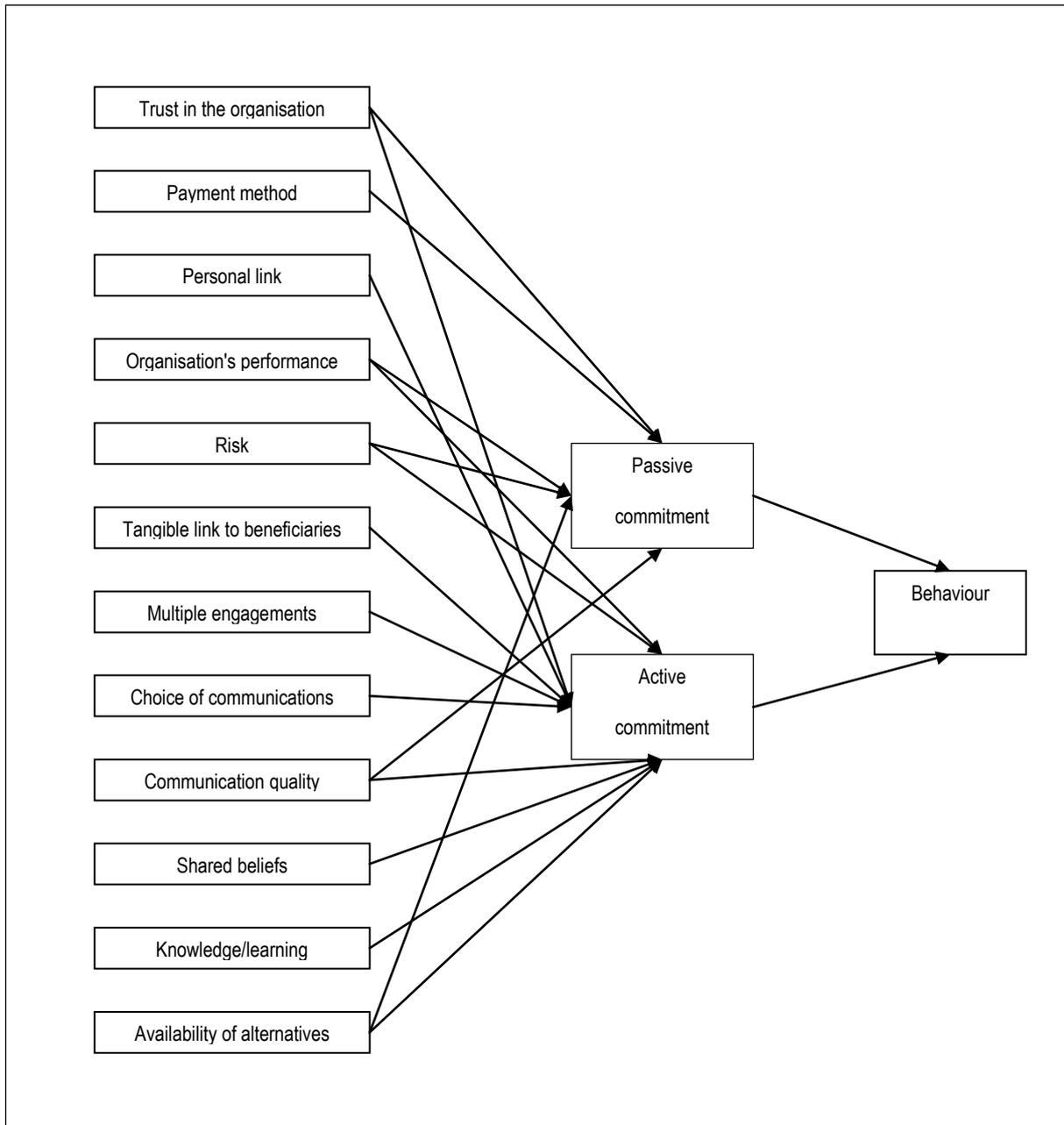
The study done by Sargeant and Woodcliffe (2005:74) shows that donors should be encouraged to reflect on their giving and the nature of their interaction with the organisation. If donors are encouraged to move from an emotional to a cognitive response, it is likely that higher levels of commitment will be expressed.

Table 5.2**Antecedents of commitment**

Antecedents of commitment	Description
Payment method	Donors who agree to a regular gift such as a debit order is more likely to experience passive commitment because they "forget" about it since they receive less communications from the charity
Availability of alternatives	Organisations that are perceived to be unique are more likely to prompt commitment. This factor could also drive passive commitment – if there is no other organisation that does this kind of work then the donor doesn't have any choice
Shared beliefs	The extent to which a donor feels he or she shares the beliefs of the organisation, either in respect of the issue the organisation tackles or the way it is done is identified as an active antecedent of commitment
Personal link	Active commitment of a donor could be driven by a personal link to a charity. For instance a life that has been touched by a terminal illness would often result in a high degree of commitment to either the cause or the organisation
Tangible link to beneficiaries	Some organisations use fundraising communications to strengthen bonds between donor and organisation. This is also linked to active commitment
Organisation's performance	This is linked to passive commitment. Donors are prepared to continue supporting the organisation unless it is found that the organisation is using their donations inappropriately. Thus, the more favourable the perception of performance the greater the degree of commitment
Risk	Donors thinking that there will be a consequence for the organisation if they stop giving seem to express higher levels of both forms of commitment
Trust in the organisation:	Donors regard the role of trust as critical in nurturing active as well as passive commitment
Communication quality	Donors expressing a higher level of commitment are also those who express a higher level of satisfaction with the quality of service provided. The nature of the message, the media employed and the degree of choice or control offered over communication issues are important. Communication quality is linked to both passive and active commitment
Choice of communication	Donors who are offered a choice in their communication expressed a higher degree of commitment regardless of whether the choice is taken up or not. This is linked to active commitment
Multiple engagements	There is a strong association between the level of commitment by a donor and the number of ways that person has chosen to interact with the organisation. This is linked to active commitment
Knowledge/Learning	The more donors learn about the organisation and its cause the deeper the commitment to the organisation

Source: Sargeant and Woodcliffe (2005:67-74).

Figure 5.5
Antecedents of donor commitment



Source: Sargeant and Woodcliffe (2005:68).

5.5.5 The extended Morgan and Hunt model

The fifth model to be discussed is that of MacMillan et al. (2005), in which the model developed by Morgan and Hunt (1994) is extended and adapted for the non-profit sector.

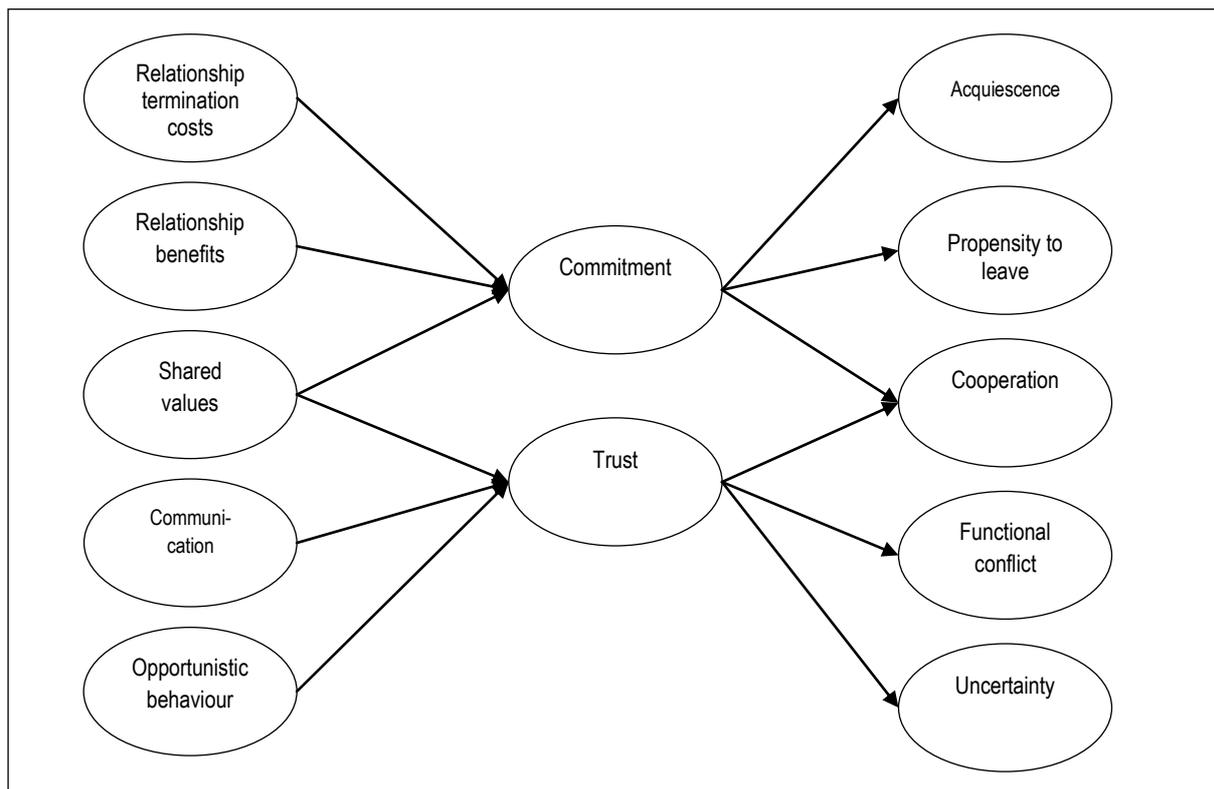
Figure 5.6 represents the relationship marketing model initially developed by Morgan and Hunt. According to Morgan and Hunt (1994), trust and commitment are at the centre of any successful relationship with a customer. They found that commitment depends on four variables:

- Relationship benefits,
- relationship termination costs,
- shared values, and
- trust.

Commitment is conceptualised in terms of a participant's intention to stay in the relationship and the willingness to put effort into maintaining the relationship (Morgan & Hunt, 1994).

Figure 5.6

Extended Morgan and Hunt model of relationship marketing



Source: MacMillan, Money, Money and Downing (2005:808).

Trust itself depends on shared values, communication and opportunistic behaviour. It is developed from the history of a relationship, through shared values, communication and opportunistic behaviour. In other words, individuals interact, experience and observe the actions of the relationship partner and use these perceptions to develop a view of how the partner will act in the future (Morgan & Hunt, 1994).

The adapted model of MacMillan et al. (2005:806-807) illustrated in Figure 5.7 differs in a number of aspects from the original Morgan and Hunt model. The first key differences are that the concept of relationship benefits is replaced by two new constructs – extrinsic and intrinsic benefits. Extrinsic benefits are material benefits that are exchanged in a relationship, while intrinsic benefits are benefits inherent in the relationship. Non-material benefits are less tangible than material benefits and are implied rather than real. An example of a material benefit is a donor receiving positive publicity from the organisation; a non-material benefit could be a belief that a donation is making a difference (MacMillan et al., 2005:808-809).

The second key difference is the trust-commitment link, which is mediated by non-material benefits. In this model, material benefits are an antecedent of commitment, replacing the relationship benefits construct of Morgan and Hunt, and constitute the third difference. The fourth difference is the communication construct, extended to include items that reflect the two-way nature of the process (both informing and listening). Communication in this study consists of three subscales: informing (e.g. providing timely, relevant and frequent information to donors); listening (e.g. seeking information about donors' needs) and staff interactions (e.g. interactions with staff who are knowledgeable, responsive and passionate) (MacMillan et al., 2005:808-809).

The fifth difference is that the commitment and relationship termination cost was removed for the final research model, because of the lack of impact of the termination costs on donor commitment to the NPO; opportunistic behaviour, shared values and trust constructs were also replaced by more appropriate scales. To simplify the model, opportunistic behaviour is replaced with non-opportunistic behaviour, because all the links can now be labelled as positive (statements are related to participants' perception that the non-profit organisation has not taken advantage of the donor in

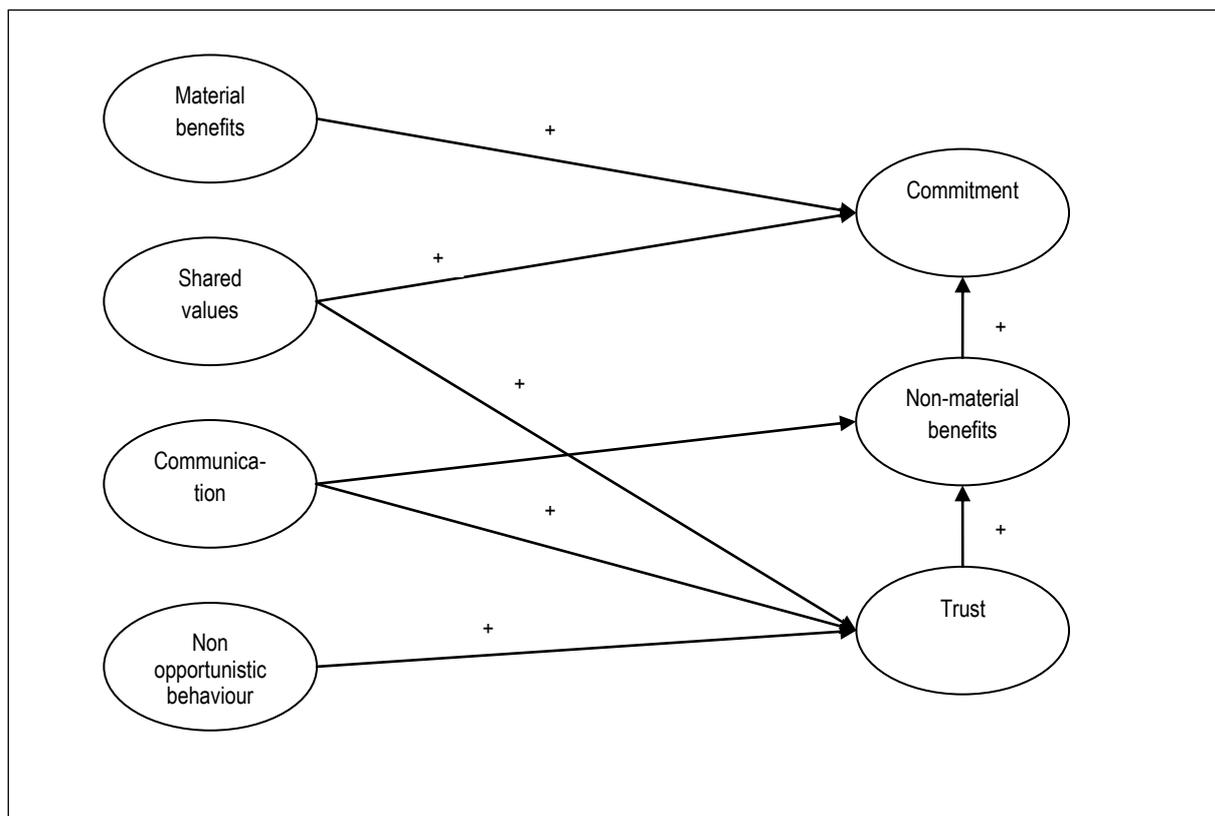
the past) (MacMillan et al., 2005:808-810).

Shared values are described in terms of statements relating to perceptions that an NPO has the same values as the donor. For reason of simplicity and focus, this model also excludes the importance of the outcome variables (MacMillan et al., 2005:808-810).

The tested model of the NPO-funder relationship based on the study is shown in Figure 5.8 and suggests that this relationship marketing approach can be applied to the non-profit sector. Non-material benefits are the main driver of donor commitment; material benefits are identified as not significant and have been deleted from the model. It is important to note however, that there is a high correlation between material en non-material benefits (MacMillan et al., 2005:814-815).

Figure 5.7

The hypothesised model of NPO-funder relationships



Source: MacMillan, Money, Money and Downing (2005:812).

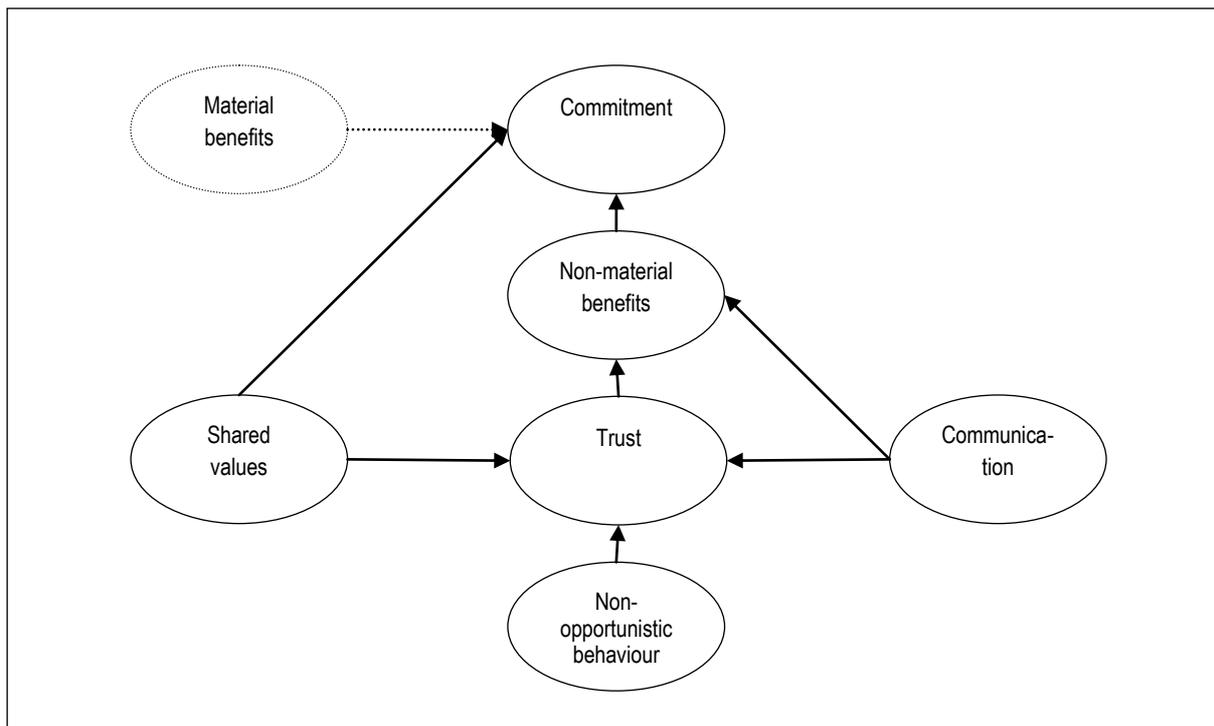
This means that if non-material benefits are removed from the analysis, the impact of

material benefits on commitment becomes more significant. Receiving a certain level of material benefits is therefore important in influencing donor commitment but to enhance this commitment it is important to provide non-material benefits as well. Here trust is seen as the key driver of non-material benefits (MacMillan et al., 2005:814-815).

Trust is a direct result of the way an NPO deals with its donors. The two main determinants of trust are communication and non-opportunistic behaviour. Non-opportunistic behaviour is the most important of the two because it implies that how an NPO has treated its donors in the past will affect the way donors believe they will be treated in future. Communication on the other hand is the most complex antecedent of trust, but it is a factor the NPO can control (MacMillan et al., 2005:815).

Figure 5.8

The tested model of NPO-funder relationships



Source: MacMillan, Money, Money and Downing (2005:814).

Finally, shared values impact both on commitment and trust, which implies that donors need to believe in the cause of the NPO to trust it and to maintain and put

further effort into the relationship (MacMillan et al., 2005:815-816).

5.5.6 The Sargeant, Ford and West model

The sixth model to be discussed is one developed by Sargeant et al. (2006) (See Figures 5.9 and 5.10). Figure 5.9 is theory-based while Figure 5.10 is validated by focus-group discussions. In the exploratory phase, analysis suggests that two categories of discerning constructs can impact on giving, namely, perceptions of the benefits (if any) that might increase as a result of the support, and perceptions of the behaviour of the specific organisation. The analysis further suggests that these constructs can be mediated by additional constructs of trust and commitment (Sargeant et al., 2006:156).

Studies done in the for-profit sector conclude that higher levels of trust improve the possibilities of a relationship developing. In an existing relationship, higher levels of trust will generate higher levels of commitment and this in turn will lead to higher levels of sales loyalty (Anderson & Weitz, 1989; Dwyer, Schurr & Oh, 1987). This has bearing on non-profit organisations, because services provided to donors are often highly intangible (Polonsky & MacDonald, 2000:53) and the services rendered to the beneficiary group are often impossible to assess (Hansmann, 1980).

Trust, commitment and giving behaviour are hierarchically related. Trust refers to the level of donor belief that an organisation will behave as expected and fulfil its duties (Sargeant & Lee, 2004) while commitment, which is defined as a desire to maintain a valued relationship, is a function of trust (Moorman, Zaltman & Deshpande, 1992). Commitment will always involve some degree of self-sacrifice and is not likely to occur where trust is absent (Morgan & Hunt, 1994).

Other factors that also impact on giving is donors' perceptions of benefits. Social exchange theory suggests that donors will often give, because they expect to receive some benefits from giving. These benefits have been categorised as demonstrable, emotional and familial. Demonstrable benefits are those that are derived from a person giving purely out of selfish economic considerations. This school of thought believes that donors will give only if they have benefited from giving in the past or will receive some benefit in future (Krebs, 1982). Donors may also decide on which organisation to support by how noticeable they think their support will be to others

(Stroebe & Frey, 1982). Variables such as self-esteem and recognition have often been identified as motives for giving (Kotler & Adreasen, 1991).

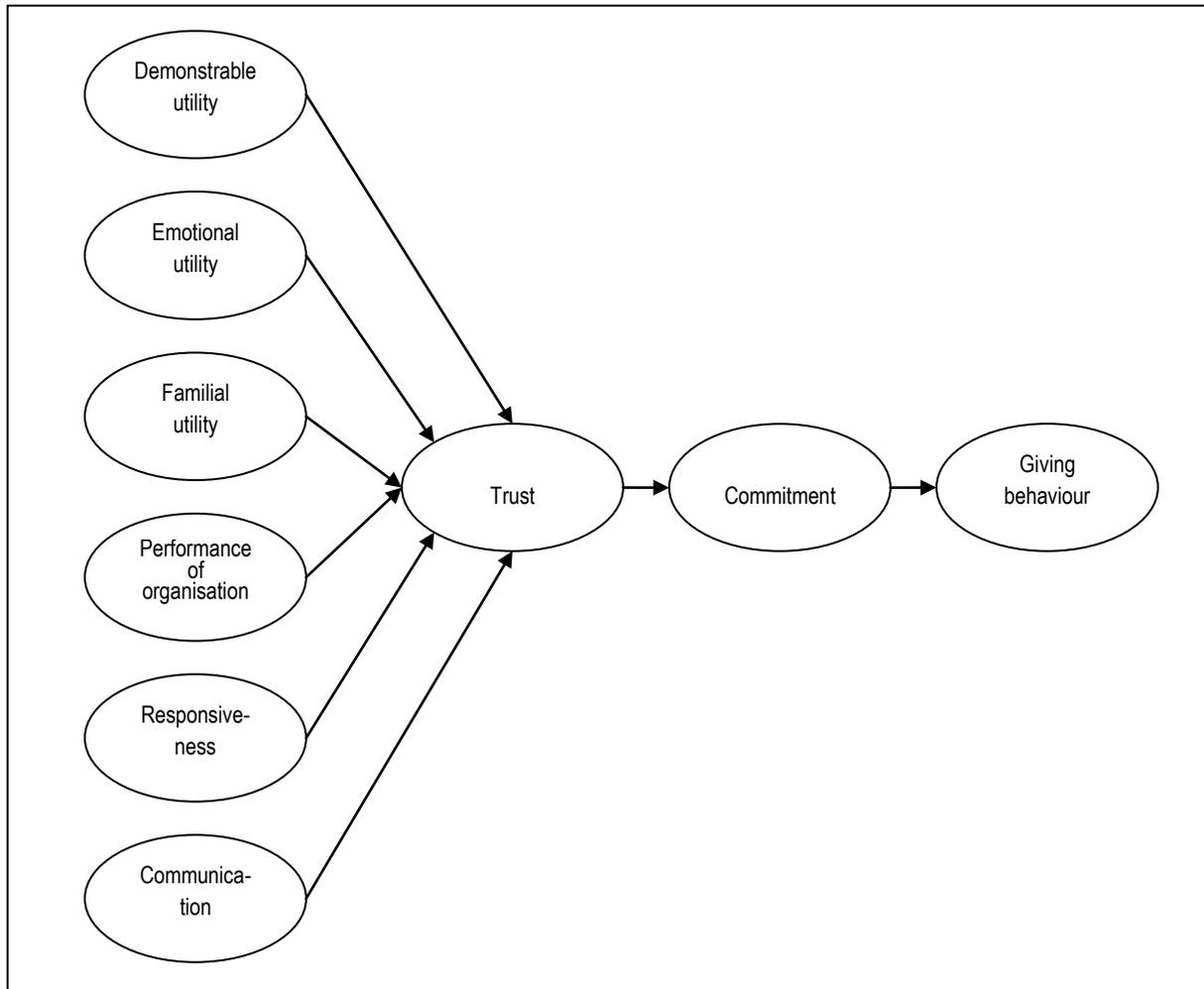
To some donors the benefit derived from donating lies in the emotions experienced ("warm glow"), rather than in the tangible benefits they may receive (Andreoni, 2001:11370). This is referred to as emotional utility. For some donors again, the motivation to support a non-profit arises from the need to assist or demonstrate an affinity with loved ones or friends ("familial utility") (Sargeant, 1999).

In conceptualising these three categories of benefits and their relationship to giving, the marketing literature suggests that the ability of an organisation to supply a particular package of benefits would tend to build commitment to and trust in the organisation. Theory also suggests that trust and commitment could play sequential and mediating roles between donor perceptions and their recorded giving behaviour (Sargeant et al., 2006:158-159).

Three distinct organisational factors are identified: Performance of the organisation, responsiveness and communication. When it comes to the performance of an organisation, it is argued that the degree of potential donors' trust will be driven by the extent to which they believe the organisation will use donations wisely (Tonkiss & Passey, 1999). It is also suggested that the responsiveness of the communications of an organisation will enhance trust and therefore giving. Regarding communication, it appears that perceptions of the quality of information provided and the overall presentation of materials received from the organisation are important issues to donors and can impact on giving. Sargeant, Ford and West (2006:159) suggest that this may again be mediated through the construct of trust.

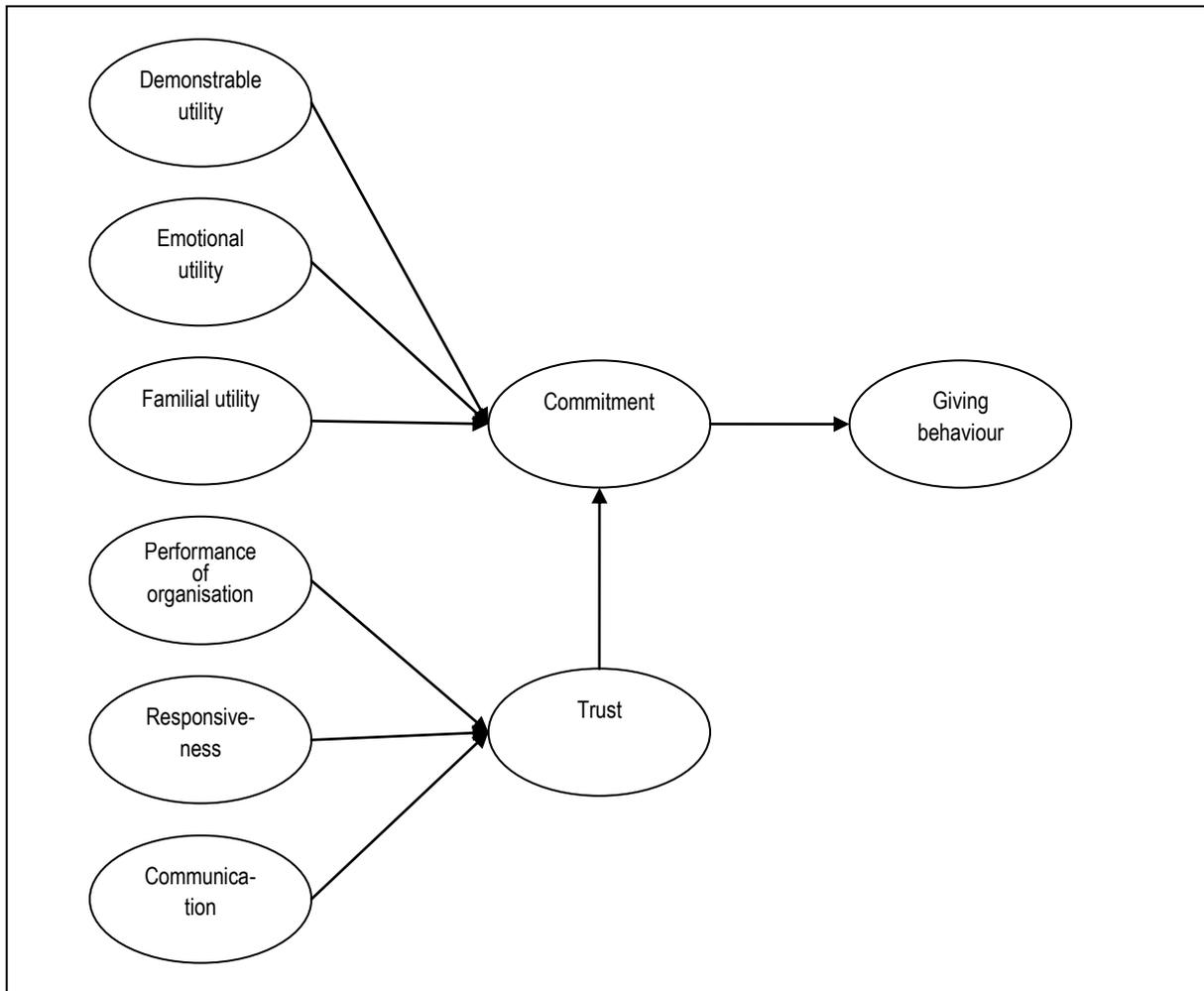
This study by Sargeant, Ford and West (2006:162) confirm that the focus-group model (Figure 5.10) is superior by a big margin. Trust is notably affected by the performance of the organisation and its communications, but not by its responsiveness. Trust is created when an organisation is perceived to have an impact on the cause and when it maintains appropriate communications with the donor, rather than by responding quickly to issues or concerns.

Figure 5.9
Theory-based model United States charity giving



Source: Sargeant, Ford and West (2006:157).

This study also shows that emotional utility and familial utility are of equal importance to trust in driving commitment. Where giving makes a donor feel good and where there is a family connection, it seems that bonds with the organisation are strengthened. These two utilities are not mediated through trust, but have a direct effect on commitment, which can develop in the absence of trust if giving is driven by emotional distress or the presence of familial ties (Sargeant et al., 2006:162).

Figure 5.10**Focus-group enhanced theoretical model US charity giving behaviour**

Source: Sargeant, Ford and West (2006:158).

No support was found for demonstrable utility. This means that the giving of personal benefits to the donor by the organisation does not drive commitment or trust. The final relationship tested was between commitment and giving behaviour and was measured by the level of the average gift – this relationship is positively supported. The results are in line with expectations, because demographics are primary drivers of how much a donor will or is able to give (Sargeant et al., 2006:163).

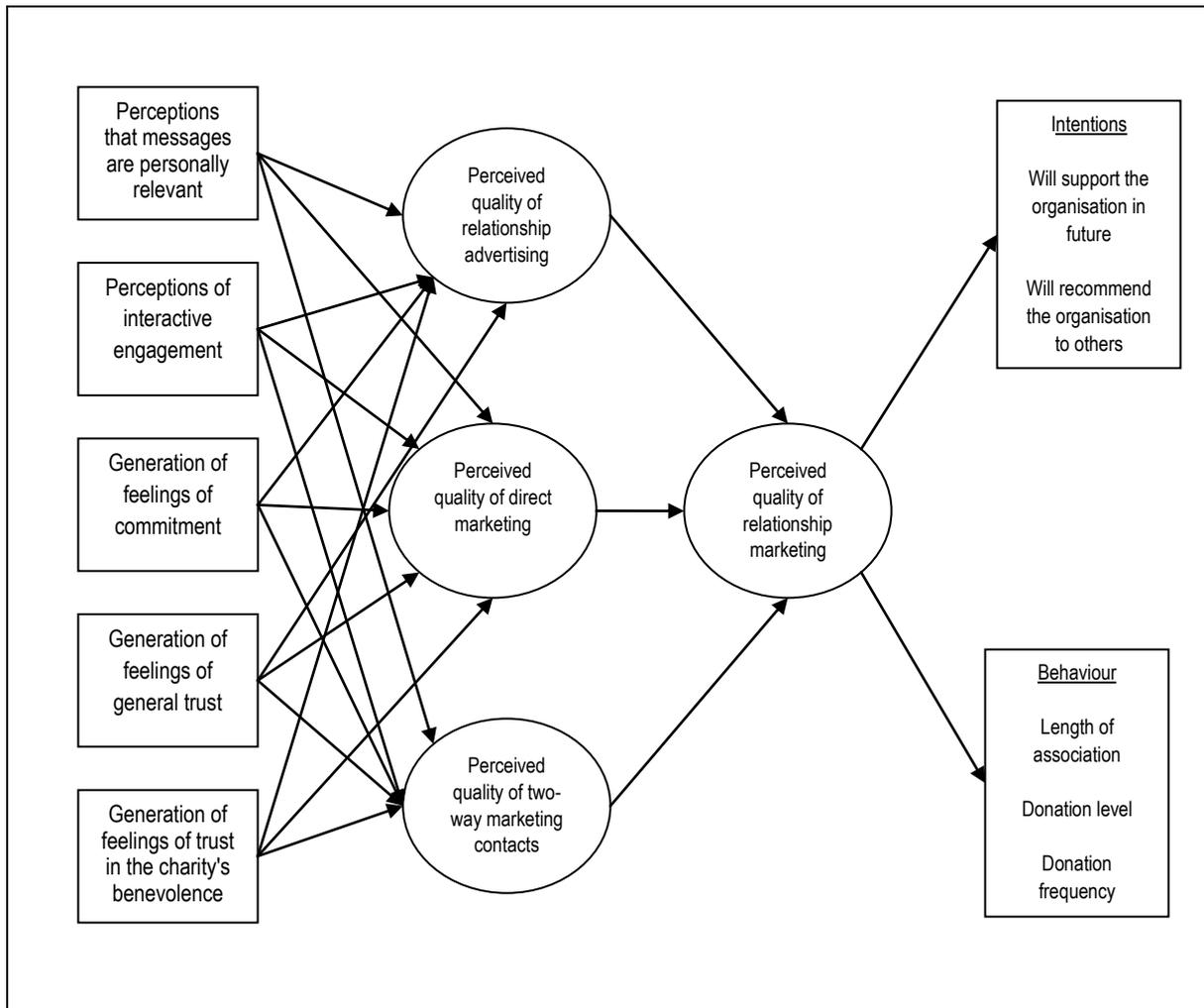
5.5.7 Bennett and Barkensjo model

A seventh model (Figure 5.11) to be discussed was developed by Bennett and Barkensjo (2005a:122). Their model investigates the perceptions of the quality of a non-profit organisation's relationship marketing activities (these activities were discussed in detail in Chapter Four) on donor behaviour. Three forms of marketing activities are considered; relationship advertising, direct marketing and "two-way" marketing contracts (e.g. public relations events and open days). The quality of each of these is evaluated in terms of five criteria: Message relevance, interactive engagement and the arousal of feelings of commitment, benevolence and trust. A donor's overall perception of the quality of the relationship marketing of the organisation is theorised as an underlying variable that is shaped by the donor's opinions of the quality of the three above-mentioned relationship marketing methods. Connections between the underlying relationship marketing quality and firstly the levels and frequencies of a donor's donations, and secondly a donor's future intentions to continue giving are then examined.

Findings show that donors' perceptions of the quality of an organisation's relationship marketing are strongly associated with their perceptions of the relationship-building characteristics of the organisation's promotion activities. In other words, the advertising should present donors with personally relevant messages and convince them that the organisation wants to interact with them and strengthen their commitment to and trust in the organisation (Bennett & Barkensjo, 2005a:136).

An organisation's two-way marketing contacts also have a big influence on the perceived relationship marketing quality; direct marketing has the lowest impact of all although it is still significant. Finally, activities that prompt feelings of commitment, benevolence and trust generate valuable payoffs in terms of the duration of donor's association with the organisation, their willingness to engage in positive word-of-mouth and the frequency and levels of their giving (Bennett & Barkensjo, 2005a:136).

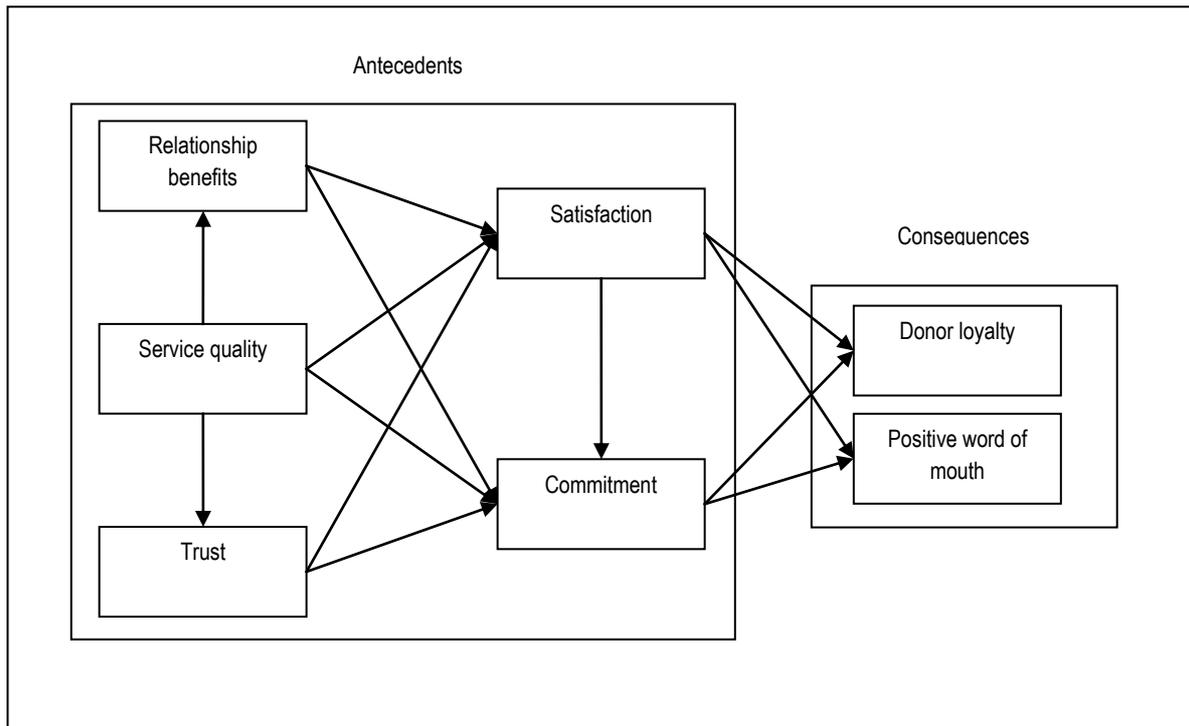
Figure 5.11
Hypothesized relationships



Source Bennett and Barkensjo (2005:130).

5.5.8 The Shabbir, Paliwadana and Thwaites model

The eighth model to be discussed was developed to investigate the nature of the perceptions donors develop about their relationship with the organisations they support and how these perceptions relate to relationship fundraising success (Shabbir et al., 2007:272, 274).

Figure 5.12**Antecedents and consequences of donor perceived relationship quality**

Source: Shabbir, Palihawadana and Thwaites (2007:279).

The model in Figure 5.12 illustrates how relationship benefits, service quality, trust, satisfaction and commitment, acting together as antecedents, interact during the development of relationship quality and also shows the interactions between cognitive-based antecedent variables, i.e. relationship benefits, trust and service quality and affective-based (emotional) variables, i.e. commitment and satisfaction (Shabbir et al., 2007:278, 280).

The five antecedents of relationship quality are discussed below (Shabbir et al., 2007:281-287):

The first antecedent is **relationship benefits**. Donors frequently cite the accumulation of benefits as central to describing their quality perceptions. A good-quality relationship is perceived as one that benefits donors. Donors cite the importance of the belief that they are doing good (functional benefits), donors say they give because they know or knew somebody that would benefit from the work of the organisation (familial benefits), donors receive tangible benefits such as

recognition and status enhancement (demonstrable benefits) and finally donors cite emotional benefits such as the accrual of self-esteem, salvation or the relief of guilt. Findings suggest that perceived knowledge of the accumulation of relationship benefits precedes the attainment of donor satisfaction and commitment development of relationship quality (Shabbir et al., 2007:281).

Trust is the second antecedent. Donors frequently cite trust as a key cognitive indicator of their assessment of the quality relationship that exists between them and the organisations they support (Shabbir et al., 2007:282).

The third antecedent is **service quality**. It is clear that donors see good service as reflective of "relevant, timely and non-intrusive information, active and positive feedback and a sense of efficiency and effectiveness". It has also been found that perceived service quality is dependent primarily on perceptions of the service rendered to the organisation's beneficiaries. Positive perceived perceptions of service quality were also found to facilitate the development of trust, satisfaction and commitment. Lastly, it emerged that a positive causal pathway runs between perceived service quality and satisfaction (Shabbir et al., 2007:283-285).

Commitment is the fourth antecedent categorised as an affective-based antecedent. Respondents use words denoting an emotional attachment, such as "involvement", "feeling close" and "we", to describe their perceptions of commitment. It was found that commitment has a positive influence on donor loyalty and favourable word-of-mouth communications (Shabbir et al., 2007:285).

Donor satisfaction, the final antecedent, positively influences relationship fundraising outcomes. It appears that a high level of donor satisfaction provides the donor with repeated positive reinforcement. This results in donors being more willing to invest effort in order to reduce the perceived risk of future giving behaviour (Shabbir, Palihawadana & Thwaites, 2007:287).

The findings indicate that perceived relationship benefits, service quality, trust, commitment and satisfaction are the key antecedents of donors' perceptions of the quality of the relationship they have with or look for in an organisation. The composites of donor-perceived relationship quality are interrelated both with each other and subsequently with key relationship fundraising outcomes. This study shows

that relationship benefits and service quality, though distinct and interrelated, are part of one overarching construct, i.e. relationship quality. It effectively models relationship quality as the central driver of donor retention or of key relationship fundraising outcomes, namely loyalty and positive word-of-mouth communications. This model shows that it is insufficient to consider building satisfaction, trust or service quality only, but that it is also important to consider all the interacting factors that constitute relationship quality (Shabbir et al., 2007:287, 288).

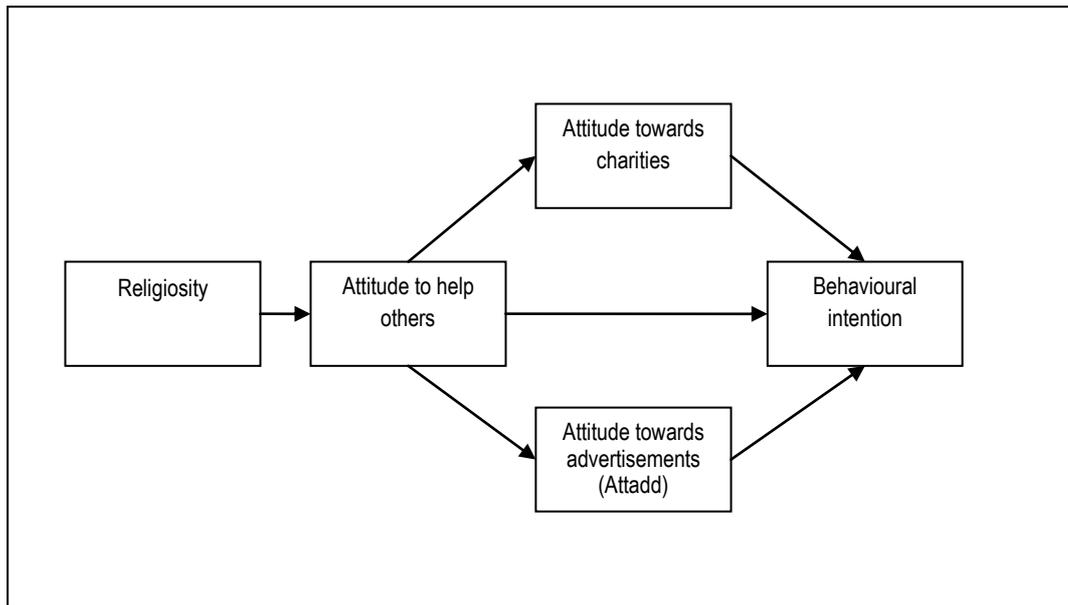
5.5.9 Ranganathan and Henley model

The last model (No. 9) to be discussed is one developed by Ranganathan and Henley (2008). This path-model was developed and tested for a charitable donation process of a religious individual. The variables used in the model are religiosity, attitude towards helping others (AHO), attitude towards charitable organisations (ACO), attitude towards advertisement (Attad) and behaviour intention (BI) (Ranganathan & Henley, 2008:1).

Ranganathan and Henley (2008:2) state that because all major religions stress the importance of charitable giving, it is often expected that religious people would donate generously. This, however, is not the case and the situation is "less than heavenly" for many organisations.

In the study it is hypothesised that religiosity encourages people to have a caring attitude and that this attitude to help others (AHO) has a direct positive effect on the attitude towards charities (ACO), while ACO again has a direct positive effect on behaviour intention (BI). It also hypothesises that attitude towards helping others (AHO) has a direct and positive impact on the attitude towards advertisements (Attad), that there is a direct positive relationship between attitude towards advertisement (Attad) and intentions to donate (BI) and finally that the attitude towards helping each other (AHO) will have a positive effect on behaviour intention (BI) (Ranganathan & Henley, 2008:4).

Figure 5.13
Proposed path model

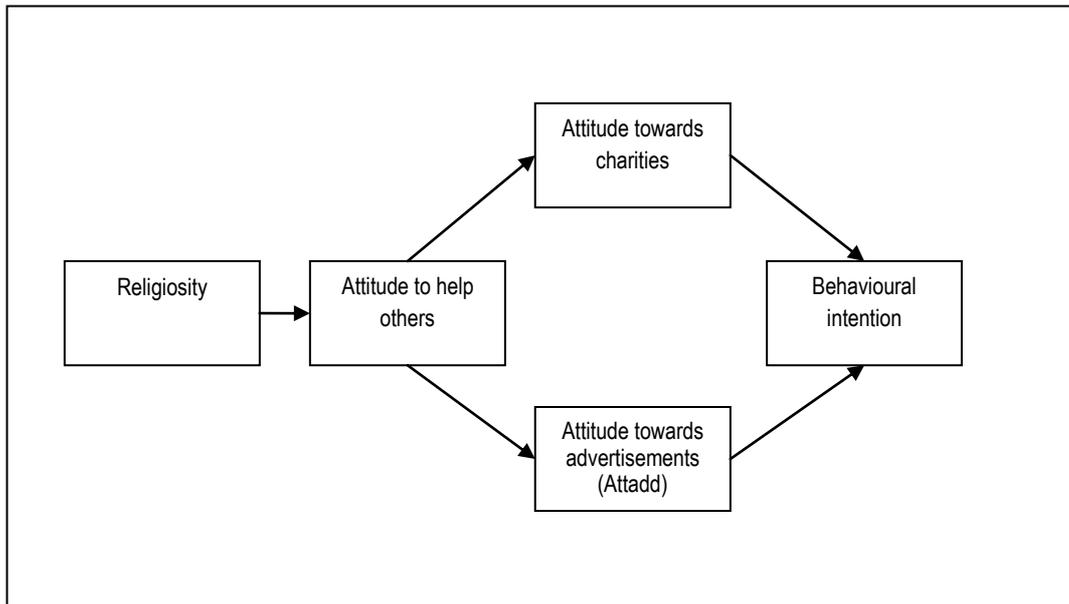


Source: Ranganathan and Henley (2008:50).

The study indicates that individuals who exhibit high level of religiosity will be altruistic, will have positive attitudes towards charitable organisations, will evaluate charitable advertisements more positively and will have positive intentions to donate. Altruism (AHO) by itself will not create behavioural intention (BI); people should also have a favourable ACO and Attad (Figure 5.14) (Ranganathan & Henley, 2008:8).

Results show that religiosity is an important antecedent variable for predicting donation intentions. It directly influences donors to have a favourable attitude towards helping others (AHO) and indirectly affects donors to have a positive attitude towards charities and advertisements. Although altruism (AHO) is important in the process of understanding the donation process, by itself it doesn't cause behaviour intentions and needs to be mediated through attitudes towards charities and advertisements (Ranganathan & Henley, 2008:8).

Finally, as the religiosity of an individual increases, the higher the possibility that a person will have a more favourable attitude towards helping (AHO), a favourable attitude towards a charity (ACO) and the intention to donate (BI) (Ranganathan & Henley, 2008:8).

Figure 5.14**Tested and validated path model**

Source: Ranganathan and Henley (2008:8).

5.6 SUMMARY

Raising funds through donations has always been difficult for non-profit organisations and the challenge has become greater in the last few decades because of new and worthwhile causes that compete for donations. To counter this trend, organisations have become more sophisticated in profiling potential supporters of their specific cause. The question of why it is so difficult to "sell brotherhood like soap" (Rothchild, 1979:11) has been asked over the years and this chapter attempts an answer to it. It looks in general at why donors give to non-profits. It seems that people help with the expectation they will receive help if it is needed in the future, that they help to adhere to social norms (Penrod, 1983:447, 471) or that they help out of empathy or guilt (Hoffman, 1982:309-311). It has also been hypothesised that giving behaviour is acquired by people and can be attributed to examples set by parents and guardians, followed by religious education, reinforcing the belief that philanthropy is a learned behaviour (Penrod, 1983:471).

The decision to help is a process that goes through five stages: Awareness of another person in need, interpretation of the situation, recognition of personal

responsibility, perception of ability/competence to help and finally the implementation of helping action, which in turn is influenced by external as well as internal factors. The external factors include demographics, personality variables, social status, mood, knowledge, ability and resources and previous experience. Internal factors are the nature of appeal for help, other people involved, availability of alternative courses of action and finally environmental factors (Guy & Patton, 1989:22).

Knowing what the decision making process looks like is important to the non-profit organisation. It is also important to explain donor behaviour – numerous studies have been conducted to do this and various models have been proposed. Some of the important antecedents and their outcomes are discussed.

Sargeant and Lee (2002) developed a model illustrating contextual and individual antecedents of trust. Contextual antecedents included judgement, motives, role competence and service quality; individual antecedents include familiarity, satisfaction and attitude towards philanthropy and beneficiaries. The results show that trust may be regarded as a function of a person's attitude towards philanthropy and perceived organisational judgement, the role competence and service quality of a charitable organisation. No evidence was found that factors such as familiarity, satisfaction, motives and attitudes towards beneficiaries impact directly on trust.

In 2004 Sargeant and Lee, tried to answer the question whether trust can impact on giving and if so whether the relationship is direct or mediated. Four antecedents of trust, namely relationship investment, mutual influence, forbearance from opportunism and communication acceptance, were used. Results showed that trust has a significant impact on commitment, while the impact of commitment on giving behaviour was also established. It was also found that trust has a direct impact on giving behaviour, but as soon as a path between commitment (mediator) and giving behaviour was studied, the other antecedents become insignificant.

In 2005, Sargeant and Woodcliffe, developed a model to explore the antecedents of commitment. Active and passive commitment were identified together with twelve antecedents which include trust in the organisation, payment methodology, personal links, organisations' performance, risk, tangible link to beneficiaries, multiple engagements, choice in communications, communication quality, shared beliefs,

knowledge/learning and availability of alternatives. Results showed that commitment was a multidimensional construct. Passive commitment was seen as driven by trust, risk, performance, the quality of communications received and the availability of giving alternatives; active commitment on the other hand was seen as driven by knowledge of the organisation, shared beliefs and control over a choice of communications. Results suggest that if donors can be made to move from an emotional to a cognitive response, it is likely that higher levels of commitment would be expressed.

MacMillan et al. (2005) adapted the original Morgan and Hunt (1994) model for the non-profit sector, which stated that commitment and trust are the centre of any successful relationship. With the adapted model various changes were made. Antecedents of trust and commitment were identified as material and non-material benefits, shared values, communication and non-opportunistic behaviour. The results show that material benefits are non-significant although there is a high correlation between material and non-material benefits, so if nonmaterial benefits are removed, the impact of material benefits on commitment becomes more significant. On the other hand trust is the key driver of non-material benefits and is the direct result of the behaviour of the NPO towards the donor. The two determinants of trust are communication and non-opportunistic behaviour, of which non-opportunistic behaviour is the most important. Finally, shared values impact on both commitment and trust.

Sargeant et al. (2006) developed a model where antecedents of trust were identified as demonstrable, emotional and familial utility. The antecedents of commitment were identified as the performance of an organisation, its responsiveness and communications. Results show trust is affected by the performance of the organisation and its communications, but not by its responsiveness. It is also shown that emotional utility and familial utility have a direct impact on commitment and are not mediated through trust.

Bennett and Barkensjo (2005a) investigated the perceptions of quality of a NPO's relationship marketing activities on donor behaviour. Three forms of activities were identified namely, relationship advertising, two-way communication and direct marketing. These in turn were evaluated in terms of five criteria: message relevance,

interactive engagement and the arousal of feelings of commitment, benevolence and trust. Findings showed strong a association between donors' perception of quality and that of an organisation's promotion activities.

Shabbir et al. (2007) developed a model indicating that relationship benefits, service quality, trust, satisfaction and commitment interact during the development of relationship quality. The results show that relationship quality is the central driver of donor retention and, most importantly, that it is insufficient to consider building satisfaction, trust or service quality only – all the interacting factors constitute relationship quality.

5.7 IMPLICATIONS FOR THIS STUDY

It has become more difficult to raise funds in the last few decades. To counter this trend, NPOs have tried to become more sophisticated in their fundraising efforts and have started to use tools developed for the for-profit sector. These tools, as developed by practitioners and academics, have been adapted to fit the non-profit sector. To know why donors give as well as how the decision making process works, is a good starting point that can give the organisation an edge on its competitors.

More important are the models on donor behaviour that academics have developed over the last few decades and this chapter discussed nine different models. Each of these look at critical issues regarding donor behaviour and range from very simple models with only two dimensions to more complicated models with multiple dimensions.

It is important to know which components of these models are best suited for the creation of a model suitable for a Christian missionary organisation. Chapter 6 will propose a model of donor behaviour, which is likely to address the relevant requirements.

CHAPTER 6

METHODOLOGY

6.1 INTRODUCTION

The research problem addressed in this study relates to the identification of dimensions impacting on donor behaviour in religious (in this case Christian) non-profit organisations. Numerous studies discussed in Chapter 5 contain dimensions that appear to be relevant to religious non-profit organisations.

Chapter 6 sets out the methodology followed during the empirical phase of the study, where the marketing research process was used to structure the discussion. It starts by defining the research problem, followed by the development of the research design, data collection, sampling procedures and the collection of data. Finally the statistical techniques and procedures used to analyse the empirical data are also examined.

6.2 STRUCTURING THE EMPIRICAL RESEARCH AND DEFINING THE RESEARCH PROBLEM

According to Malhotra (2004:7) marketing research is defined as the "... systematic objective identification, collection, analysis, dissemination and use of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing."

The marketing research process consists of six steps. These include:

- Problem identification
- development of an approach to the problem
- formulation of the research design
- data collection
- the preparation and analysis of data and final
- reporting on the research done (Malhotra, 2004:9).

Burns and Bush (2003:86-87) argue that defining the problem sets the course for the marketing research process. Without a clear idea of the problem being investigated, the research would probably not be a success. In the case of this study, the research problem relates to the identification of the dimensions impacting on donor behaviour in religious (Christian) organisations.

The other phases in the research process are discussed in more detail below:

6.3 DEVELOPING A RESEARCH DESIGN – THE CONCEPTUAL MODEL

Research design forms the basis for conducting a research project and provides details of the procedures followed for obtaining the information needed. The purpose of the framework is to design a study that will test the hypotheses, find answers and provide the information needed for decision making (Malhotra 2004:10).

Two types of data are available to researchers, primary and secondary data. Primary data is new data collected for a research project currently in process (Chapters 6-7), while secondary data (Chapters 2-5) is historic data collected for previous research, not for the project at hand (Zikmund, 2003:63).

Formulating the research design was conducted in four phases:

- Phase 1 – tabulating all possible dimensions and their items used in the models, as discussed in Chapter 5, and deriving from them a conceptual model to be tested. With the construction of the conceptual model, the theory of planned behaviour (Ajzen & Cote, 2008:300-301) was also considered.
- Phase 2 – analysing these dimensions for possible relevance to the model;
- Phase 3 – finalising, quantifying and operationalising dimensions and items to be used in the study, and
- Phase 4 – outlining the hypotheses that needed to be tested.

The theory of planned behaviour was first described in 1985 (Ajzen, 1991) and is one of the most popular socio-psychological models used for predicting behaviour. Briefly, it suggests that human actions are influenced by three major factors:

- Favourable or unfavourable evaluation of the behaviour (attitude towards behaviour)
- perceived social pressure to execute the behaviour or not (subjective norm), and
- perceived capability to execute (self-efficacy).

In combination, these three factors lead to the formation of behaviour intention (Ajzen & Cote, 2008:301).

The general rule is that the more favourable the attitude and subjective norm and the greater the perceived behavioural control, the stronger the intention to execute the behaviour in question. The importance of these three factors as determinants of intentions may vary from behaviour to behaviour and population to population. If there is sufficient control over the behaviour, people can be expected to carry out their intentions when the opportunity arises. Although some aspects of actual control can be measured, in most instances there is not enough information about factors that might help or hinder the execution of such behaviour. However, to the extent that people are rational in their judgements, a measure of assumed behavioural control can serve as a substitute for actual control and contribute to the prediction of the behaviour in question (Ajzen & Cote, 2008:301).

Working from the nine models in Chapter 5, and with the theory of planned behaviour as discussed, a model was constructed for interpreting donor behaviour in religious (Christian) non-profit organisations. To do so, all possible dimensions from each model were tabulated (Table 6.1). A total of 45 dimensions with their items were identified, while those used more than once were clustered together. The conceptual model (Figure 6.1) formed the basis for the next phase of the study, which was to determine the final dimensions and items that were going to be used in the analysis. Although demographic information, the duration of the relationship as well as the donation history of the donors are important, it was decided to capture this information directly from the database of the organisation/organisations participating in the study rather than from the measurement instrument.

Table 6.1
Forty-five potential dimensions for interpreting
religious donor behaviour

Construct	Dimensions	Items	Source literature
1. Individual donor characteristics	1. Attitude towards helping others	1. Help others 2. Helping is important 3. People should be charitable 4. Help people in need	Ranganathan & Henley (2008)
	2. Religiosity	1. Church attendance 2. Spiritual values 3. If Americans were more religious 4. Self-perceived religiosity	Ranganathan & Henley (2008)
	3. Personal relevance of message	Communications from the charity: (i) focused heavily on things that I am personally interested in (ii) really helped me personally to understand the charity and its work (iii) were highly relevant to me as an individual (iv) made me understand very clearly how my donations would help the charity's beneficiaries (v) stimulated my personal interest in my charity	Bennett & Barkensjo (2005)
	4. Reasons for support	I believe/associate strongly with the cause The work charities undertake is essential for society I give in memory of a loved one I feel it is my duty to give to charity There are spiritual reasons for my support I give because I benefit from the work charities undertake Charities make it so easy to give these days Charity communications are very persuasive	Sargeant & Lee (2002)
	5. Attitude to philanthropy	My image of charitable organisations is positive Charities have not been successful in helping the needy Charities do not perform a useful function for society	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source literature
		Charities do good things for the community It is a pleasure to give money to charities	
	6. Attitude towards charitable organisations	1. Good causes 2. Charities waste money 3. Positive image of charities 4. Charities are successful 5. Charities are useful	Ranganathan & Henley (2008)
	7. Forbearance from opportunism	I am very loyal to (this organisation) This (organisation) is one of my favourite charities to support My giving (to this charity) is not very important to me My giving (to this organisation) is high on my list of priorities	Sargeant & Lee (2004)
	8. Perceptions of benefits		Sargeant, West & Ford (2004)
	Demonstrable utility	1. Supporting charity allows me to seek repentance for my sins 2. Sometimes I give to charities to gain local prestige 3. I donate money to charities to receive publications 4. Contributing to charity enables me to obtain recognition 5. I donate money to charities because it makes me feel needed.	
	Familial utility	I give money to charity in memory of a loved one I felt that someone I know might benefit from my support My family had a strong link to this charity	
	9. Demonstrable utility	1. When I give to this nonprofit I receive some benefit in return for my donation 2. I give to this nonprofit to gain local prestige 3. I donate money to this nonprofit to receive their publications 4. Contributing to this nonprofit enables me to obtain recognition 5. I may one day benefit from the work this organisation undertakes	Sargeant, Ford & West (2005)
	10. Reasons for non-	There are too many deserving causes to	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source literature
	support	choose from There are too many appeals The money does not reach the beneficiary I do not like feeling obligated to respond I cannot afford to offer my support to charity Charities ask for inappropriate sums The government should fund the work charities undertake I find charity fundraising intrusive I find charity communications inappropriate In the past charities have not acknowledged my support I feel charities are not deserving	
		(3 items or less)	
	11. Shared values	1. In general, their opinions and values are a lot like ours 2. We like and respect their values 3. We share a similar set of values (e.g., in terms of their beliefs about the way their staff should be treated)	MacMillan et al. (2003)
	12. Material benefits	1. Opportunities to be involved with projects that tie in with our company's vision (funding something that in some way matches our strengths, builds our reputation) 2. An efficient use of our support (whatever form this takes) 3. Being able to support programmes that will ultimately also benefit my organisation and its staff (e.g. creating a society that is good for our business and our people and their families)	MacMillan et al. (2003)
	13. Familiarity	I am very familiar with the work charities I support undertake I understand exactly what the organisations I support stand for I could not easily describe the work my charities undertake to a friend	Sargeant & Lee (2002)
	14. Attitude towards beneficiary	The beneficiaries of the charities I support are very important to me I do not have a close affinity with the beneficiary groups The beneficiaries of charity deserve all the support that can be offered	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source literature
	15. Relationship investment	I read all the materials (this organisation) sends me Supporting (this charity) is very important to me I would not encourage others to support (this charity)	Sargeant & Lee (2004)
	16. Emotional utility	1. I often give to this nonprofit because I would feel guilty if I didn't 2. If I never gave to this nonprofit I would feel bad about myself	Sargeant et al. (2005)
	17. Familial utility	1. I give money to this nonprofit in memory of a loved one 2. I felt that someone I know might benefit from my support 3. My family had a strong link to this nonprofit	Sargeant et al. (2005)
	18. Affinity with cause	It is the nature of the cause, not the name of the charity that prompts my support I only respond to causes that I already have supported in the past	Sargeant et al. (2002)
2. Donor perception of NPO	1. Non-material benefits	1. The chance to support programmes that will have a good long-term impact on society 2. Innovative and cutting-edge solutions to the problem it faces (e.g. crime-related issues and opportunities in South Africa) 3. The knowledge that our support is used in an ethical way (e.g. good accounting systems, staff who do not waste money) 4. The opportunity to target our support to issues that we care about 5. Being able to see that our support has an impact on the people for whom it is really intended	MacMillan et al. (2003)
	2. Communication	1. Staff who talk with passion and experience about the work of ... 2. The opportunity to work with knowledge, professional and approachable staff 3. The NPO keeps me informed about new developments that are relevant to us 4. The NPO provides frequent communication about issues that are important to us 5. Even when things don't go quite according to plan, the NPO does its best to listen to us (e.g. my own and other organisations ideas, concerns and suggestions)	MacMillan et al. (2003)

Construct	Dimensions	Items	Source literature
		6. Whatever the circumstances, the NPO usually takes notice of the suggestions I make about my organisation's work with them	
	3. Communication quality	1. This nonprofit's communications make me confident it is using my money appropriately 2. This nonprofit keeps me informed about how my money is being used 3. I look forward to receiving communications from this organisation 4. I feel safe in my transactions with this nonprofit 5. This nonprofit's communications are always courteous 6. this nonprofit's communications are always timely	Sargeant et al. (2005)
	4. Interactive engagement	Communications from the charity made me feel that: (i) the charity really wanted me to interact with the organisation (ii) the charity was genuinely interested in its supporters' views (iii) the charity saw me as a respected partner in the relationship, not just as someone who gave money to the organisation (iv) the charity was really committed to having a long-term relationship with me (v) I was genuinely respected and that my support was really appreciated	Bennett & Barkensjo (2005a)
	5. Benevolence	Communications from the charity made me feel that the charity: (i) put the welfare of its beneficiaries above everyone else, including its own managers, employees and administration (ii) had aims that were totally benevolent (iii) had employees who cared deeply for the charity's beneficiaries (iv) would always "go the extra mile" to help the beneficiary, no matter how difficult the task (v) had great affection for its beneficiaries	Bennett & Barkensjo (2005a)
	6. Service quality	I felt confident that X was using my money appropriately X kept me informed about how my money is being used. The behaviour of X's employees instilled me	Sargeant (2001d)

Construct	Dimensions	Items	Source literature
		<p>with confidence</p> <p>X always responded promptly to requests I had for information</p> <p>X made me feel that it was always willing to help me if I had a query</p> <p>Employees at X were never too busy to speak to me</p> <p>I felt safe in my transactions with X</p> <p>X's communications were always courteous</p> <p>X's communications were always timely</p> <p>Employees in X were always courteous</p> <p>Employees in X have the knowledge to answer your questions</p> <p>X gives you individual attention</p> <p>X has employees that give you individual attention</p> <p>Employees of X seemed to understand my specific needs</p> <p>When I had a problem X showed an interest in solving it</p>	
	7. Service quality	<p>I always receive adequate feedback about how my money has been used</p> <p>I am always thanked for my gift</p> <p>Charities do not always address me correctly</p> <p>Charities respond rapidly when I have a query or concern</p>	Sargeant & Lee (2002)
	8. Judgement	<p>Charities are a very effective form of organisation</p> <p>I support charities because they do what they say they do</p> <p>Charities do not always exercise good judgment in the work they undertake</p> <p>Charities always exercise good judgment in their fundraising activities</p>	Sargeant & Lee (2002)
	9. Performance of non-profit	<p>Asking for appropriate sums</p> <p>Leaving it to me how much to donate</p> <p>Thanking me for my gift</p> <p>Responding quickly when I contact them</p> <p>Demonstrating they care about me</p> <p>Being polite in all their communications</p> <p>Informing me how my money is spent</p>	Sargeant (2001d)

Construct	Dimensions	Items	Source literature
		<p>Not asking me for support to often</p> <p>Making me feel important</p>	
	10. Confidence in charities	<p>I have complete confidence in charities</p> <p>There are adequate controls over activities of charities</p> <p>When charities do something wrong I know that if I complain someone will listen</p> <p>There are adequate controls in the UK over the fundraising activities charities undertake</p>	Sargeant & Lee, (2002)
	11. Individual factors: Attitude to philanthropy Satisfaction Familiarity Attitude to beneficiaries	<p>My image of charitable organisations is positive</p> <p>Charities have been successful in helping the needy</p> <p>Charities perform a useful function for society</p> <p>Charities do good things for the community</p> <p>It is a pleasure to give money to charities</p> <p>Giving to charity gives me a sense of self-fulfilment</p> <p>One of the greatest satisfactions in life comes from giving to others</p> <p>The beneficiaries of charities I support are very important to me</p> <p>I have a close affinity with the beneficiary groups</p> <p>The beneficiaries of charity deserve all the support that can be offered</p> <p>I get great satisfaction from giving to charity</p> <p>I get a great deal of satisfaction from seeing the impact my gift has had on the cause</p> <p>I am satisfied with the way in which charities communicate with me</p> <p>I am very satisfied with the work charities undertake in society</p> <p>I am very satisfied that the money I donate is used appropriately</p> <p>I am very satisfied with the work the charities I support undertake</p> <p>I understand exactly what the organisations I support stand for</p> <p>I could easily describe the work my charities undertake to a friend</p>	Sargeant & Lee (2002)
	12. Satisfaction	<p>I get a great deal of satisfaction from giving to charity</p> <p>I get a great deal of satisfaction from seeing</p>	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source literature
		<p>the impact my gift has had on the cause</p> <p>I am very satisfied with the way in which charities communicate with me</p> <p>I am not at all satisfied with the work charities undertake in society</p> <p>I am not at all satisfied that the money I donate is used appropriately</p>	
	13. Responsive of organisation	<p>1. This organisation always responds promptly to requests I might have for information</p> <p>2. Employees at this nonprofit are never too busy to speak to me</p> <p>3. Employees in this nonprofit are always courteous</p> <p>4. Employees in this nonprofit have the knowledge to answer your questions</p> <p>5. This nonprofit gives you individual attention</p> <p>6. When I have a problem, this nonprofit shows an interest in solving it</p>	Sargeant et al. (2005)
	14. Attitudinal factors: Judgment Service quality Motives Role competence	<p>Charities are a very effective form of organisation</p> <p>I support charities because they do what they say they will do</p> <p>Charities always exercise good judgment in the work they undertake</p> <p>Charities always exercise good judgment in their fundraising activities</p> <p>Charities always find the best way to relieve suffering</p> <p>Charities fully understand the needs of their beneficiaries</p> <p>Charities can be counted on to monitor changes in societal need</p> <p>Charities do not understand as much as they should about the needs of their beneficiaries</p> <p>There is no reason to question the purpose behind the work charities undertake</p> <p>The integrity of charities is beyond question</p> <p>Charities always act with good intentions</p> <p>Charities have the best interests of their recipients at heart</p> <p>I always receive adequate feedback about how my money has been used</p> <p>I am always thanked for my gift</p>	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source literature
		Charities always address me correctly Charities respond rapidly when I have a query or concern Charities always ask me for appropriate sums Charities always take account of my wishes	
	15. Individual antecedents	I am very familiar with the work the charities I support undertake I understand exactly what the organisations I support stand for I could easily describe the work my charities undertake to a friend I get great satisfaction from giving to charity I get a great deal of satisfaction from seeing the impact my gift has had on the cause I am satisfied with the way in which charities communicate with me I am very satisfied with the work charities undertake in society I am very satisfied that the monies I donate are used appropriately My image of charitable organisations is positive Charities have been successful in helping the needy Charities perform a useful function for society Charities do good things for the community It is a pleasure to give money to charities Giving to charity gives me a sense of self-fulfilment One of the greatest satisfactions in life comes from giving to others The beneficiaries of charities I support are very important to me I have a close affinity with the beneficiary groups The beneficiaries of charity deserve all the support that can be offered	Sargeant & Lee (2002)
		3 items or less	
	16. Role competence	Charities do not always find the best way to relieve suffering Charities fully understand the needs of their beneficiaries Charities can be counted on to monitor	Sargeant & Lee (2002)

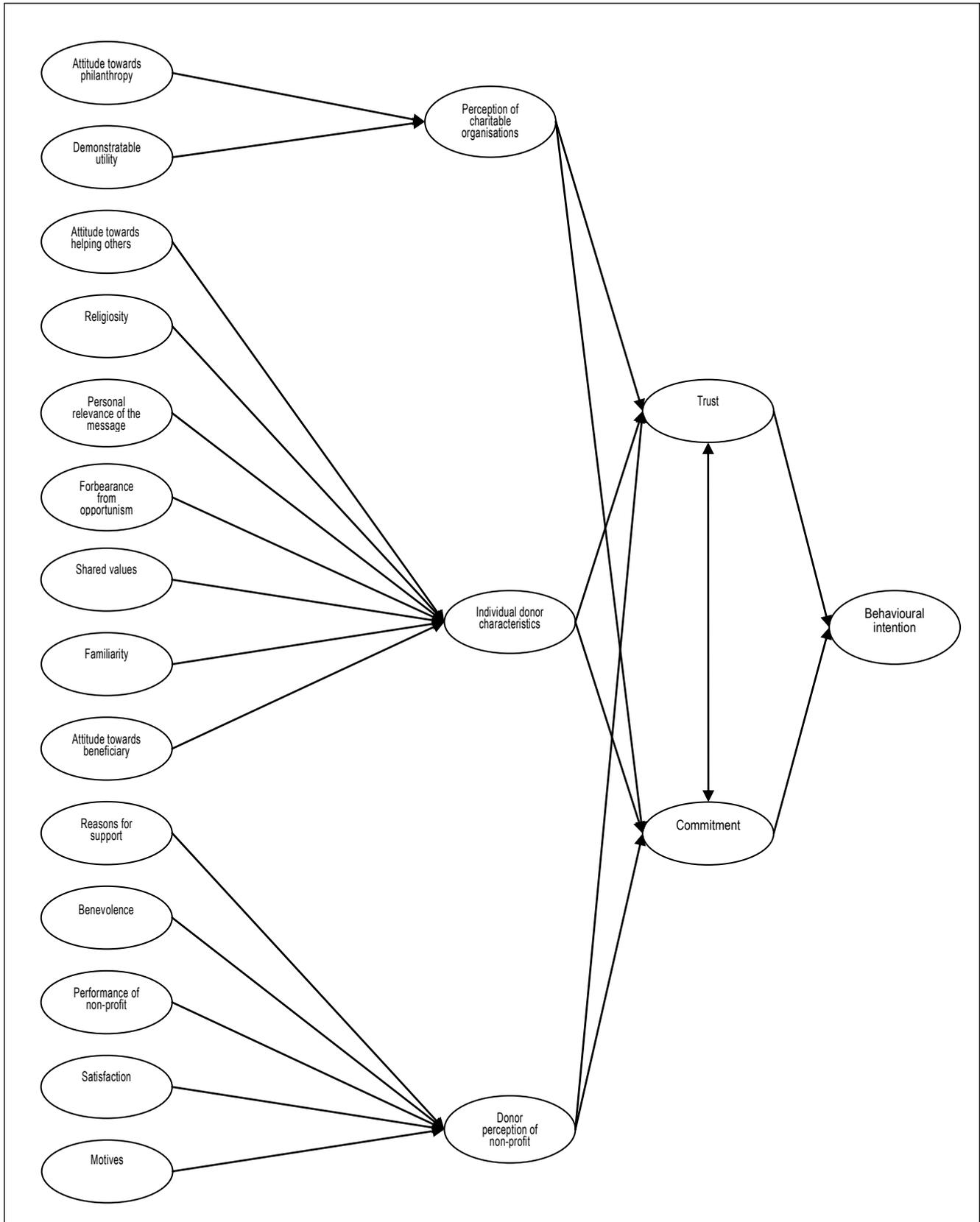
Construct	Dimensions	Items	Source literature
		changes in societal need	
	17. Motives	There is no reason to question the purpose behind the work charities undertake The integrity of charities is beyond question Charities do not always act with good intentions Charities have the best interest of their recipients at heart	Sargeant & Lee (2002)
	18. Performance of organisation	1. This nonprofit is the nonprofit most likely to have an impact on this cause 2. This nonprofit spends a high proportion of its income on this cause	Sargeant et al. (2005)
3. Trust	1. Trust	Communications from the charity made me feel that the charity: (i) could always be trusted to do the job properly (ii) was honest and sincere in all its dealings with its donors (iii) was completely credible (iv) could always be relied upon to operate effectively (v) would always use its assets wisely	Bennett & Barkensjo (2005a)
	2. Trust	1. The NPO is very unpredictable. I never know how they are going to act from one day to the next 2. I can never be sure what the NPO are going to surprise us with next 3. I am confident that the NPO will be thoroughly dependable, especially when it comes to things that are important to my organisation 4. In my opinion, the NPO will be reliable in the future 5. Though times may change and the future is uncertain, I know that the NPO will always be willing to offer my organisation the support it may need (e.g. even if we had not funded them recently) 6. The NPO would not let us down, even if they found themselves in and unforeseen situation (e.g. competition from other funders, changes in government policy).	MacMillan et al. (2003)
	3. Trust in charity	To always act in the best interest of the cause	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source literature
		<p>To conduct their operations ethically</p> <p>To use donated funds appropriately</p> <p>Not to exploit their donors</p> <p>To use fundraising techniques that are appropriate and sensitive</p>	
	4. Trust	<p>1. I would trust this nonprofit to always act in the best interest of the cause</p> <p>2. I would trust this nonprofit to conduct their operations ethically</p> <p>3. I would trust this nonprofit to use donated funds appropriately</p> <p>4. I would trust this nonprofit not to exploit their donors</p> <p>5. I would trust this nonprofit to use fundraising techniques that are appropriate and sensitive</p>	Sargeant et al (2005)
4. Commitment	1. Commitment	<p>Communications from the charity made me feel;</p> <p>(i) emotionally committed to the organisation</p> <p>(ii) heavily involved with the organisation</p> <p>(iii) that the charity shared my personal values</p> <p>(iv) a sense of "belonging" to the charity</p> <p>(v) that the charity's problems were my own</p>	Bennett & Barkensjo (2005a)
	2. Commitment	<p>1. The relationship my organisation has with ... is something we intend to maintain in the long term (e.g. over the next 2 years, possible beyond)</p> <p>2. The relationship my organisation has with ... is something we will put a lot of effort into maintaining in the future</p> <p>3. The relationship my organisation has with ... is something we are very committed to</p> <p>4. The relationship my organisation has with ... is very important to us</p>	MacMillan et al. (2003)
	3. Relationship commitment	<p>The relationship I have with (this charity) is something I am very committed to</p> <p>The relationship I have with (this charity) is something I intend to maintain indefinitely</p> <p>The relationship I have with (this charity) deserves maximum effort to maintain</p>	Sargeant & Lee (2004)
	4. Commitment	<p>1. I feel a sense of belonging to this organisation</p>	Sargeant et al. (2005)

Construct	Dimensions	Items	Source literature
		2. I care about the long term success of this organisation 3. I would describe myself as a loyal supporter of this organisation 4. I will be giving more to this nonprofit next year	
5. Behaviour intention	1. Behaviour intentions	1. Likely to donate 2. Will donate next time 3. Will definitely donate 4. Will recommend	Ranganathan & Henley (2008)

Based on the evidence in Chapter 5 and the dimensions tabled in Table 6.1, the conceptual model illustrated in Figure 6.1 was constructed to describe donor behaviour in religious non-profit organisations. This conceptual model formed the main focus in the next phase of the study, namely the questionnaire development.

Figure 6.1
The conceptual model



Source: Adapted from Table 6.1

6.4 QUESTIONNAIRE DEVELOPMENT

According to Burns and Burns (2003:237), there are three general methods of obtaining primary data namely by surveys, observation and experiment; of these, surveys are the most commonly used method of data collection. This study uses the survey research method because it is quick, economical, efficient and precise (Zikmund, 2003:175). In a structured direct survey, a questionnaire with a fixed set of alternative questions is used. Respondents then select one from a predetermined set of responses (Malhotra, 2004:169).

A single questionnaire was developed by taking the following in consideration and then it was sent to respondents.

6.4.1 Number of items

In deciding on the number of items, a balance had to be found between asking too many questions, which could cause respondent fatigue, and still asking the minimum number of questions required for the statistical analysis of the responses to be meaningful. Discussions with a number of senior market research academics indicated that the number of items (65) used in the final questionnaire (Table 6.4) would be appropriate for the proposed statistical techniques, given the likely sample size. It was also felt that because so many of the donors would be older, retired people with ample free time, the number of questions would allow them to complete the questionnaire within a reasonable period.

6.4.2 Source of questionnaire items

With the conceptual model as point of departure, the dimensions and their items were narrowed down from the original list (Table 6.1) – not all these dimensions and items were pertinent to this study because they did not relate to religious (Christian) organisations. A list of dimensions was drawn up with the definitions or explanations of these concepts in terms of the framework of this study (Table 6.2). Next, some of the items were reformulated to fit the religious (Christian) non-profit organisation industry.

In one instance an item was self-generated (I intend to make the ... a beneficiary in

my will). The intention of a donor to leave a bequest to a particular non-profit was taken as a clear indication of loyalty within the non-profit sector. The item was tested with senior research academics for face validity purposes. Changes were also made to some items in such a way that their original meanings were not changed. A summary of the dimensions, their items and sources is provided in Table 6.3.

Finally, the items in the questionnaire were translated into Afrikaans (Table 6.4) in such a way that the questions in both questionnaires were as similar in meaning as possible and would elicit correspondingly similar responses.

Table 6.2

Definition and explanation of dimensions

Dimensions	Definition / explanation	Source
1. Attitude towards philanthropy	Individuals who are positive towards non-profit organisations will be significantly more likely to develop trust than those who are not	Sargeant & Lee (2002)
2. Demonstrable utility	This relates to the process of donating as a result of selfish economic considerations. Donors will support those organisations on the basis whether they will benefit or have benefited from donating	Sargeant et al (2005)
3. Attitude towards helping others	Global and relatively enduring evaluations with regard to helping and assisting other	Ranganathan & Henley (2008)
4. Religiosity	It encompasses a donor's religious beliefs, frequency of worship attendance and perceived importance of spiritual values	Ranganathan & Henley (2008)
5. Personal relevance of message	The perception of the donor's relevance to the message will be an important indicator of the donor's opinion of the quality of the organisation's relationship marketing	Bennett & Barkensjo (2005a)
6. Forbearance from opportunism	The level to which donors resist opportunities to take their donations somewhere else	Sargeant & Lee (2004)
7. Shared values	This relates to the perception that the donor has the same values as that of the organisation it supports	MacMillan et al. (2003)
8. Familiarity	The ability to cultivate trust will be improved if the donor is already familiar with the organisation	Sargeant & Lee (2002)
9. Attitude towards beneficiary	Individuals who are positive towards the beneficiaries of non-profit organisations will be significantly more likely to develop trust than those who are not	Sargeant & Lee (2002)
10. Reasons for support	Factors that will likely shape the development of trust include related issues such as the reasons for support	Sargeant & Lee (2002)

Dimensions	Definition / explanation	Source
11. Benevolence	Trust in the organisation's benevolence implies that the donor believes that it will always put the beneficiaries and donors first	Bennett & Barkensjo (2005)
12. Performance of non-profit	For the donors to become more loyal, non-profit organisations need to manage their relationships better. The perception of the performance of the organisation is very important	Sargeant (2001)
13. Satisfaction	Trust is seen as a form of accumulated satisfaction with the past behaviours of the organisation. This leads to an economic and personal bond which then leads to trust	Sargeant & Lee (2002)
14. Motives	Refers to the extent to which the donor believes that the organisation actions are benevolent.	Sargeant & Lee (2002)
15. Trust in the organisation	Refers to the extent of donor beliefs that the organisation will do what is expected of it and fulfil its obligations	Sargeant et al. (2005)
16. Commitment in the cause	The continuing desire to maintain a treasured relationship. Commitment will always involve a degree of self-sacrifice.	Sargeant et al (2005)
17. Behavioural intentions	The intention of the donor to give to a charity.	Ranganathan & Henley (2008)
18. Donor perception of NPO	The perception of the performance of a particular NPO will have an impact on giving. The better the perception the higher the giving	Sargeant et al. (2004).
19. Individual donor characteristics.	Individual donor characteristics have an effect on the donations given to the NPO sector.	Schlegelmilch et al. (1997).
20. Perception of charitable organisations	The perception of the performance of NPO's will have an impact on giving. The better the perception the higher the giving	Sergeant et al (2004).

Table 6.3**Final list of dimensions, items and sources**

Construct	Dimensions	Items	Source
1. Perception of charitable organisations	1. Attitude towards philanthropy	<ol style="list-style-type: none"> 1. I have a positive image of charitable/missionary organisations 2. Charities/missionary organisations have been successful in helping the needy 3. Charities/missionary organisations undertake a useful function for society 4. Charities/missionary organisations do good things for the community they work in 	Sargeant & Lee (2002)
	2. Demonstrable utility	<ol style="list-style-type: none"> 1. When I give a donation to the ... I receive some benefit in return for my donation 2. I give donations to the ... to gain acknowledgement 3. I donate money to the ... to receive their publications 4. Contributing to the ... enables me to obtain recognition 	Sargeant et al (2005)
2. Individual donor characteristics	3. Attitude towards helping others	<ol style="list-style-type: none"> 1. I like to help others 2. Helping others is important to me 3. People should be charitable to others 4. We should help people in need. 	Ranganathan & Henley (2008)
	4. Religiosity	<ol style="list-style-type: none"> 1. It is important for me to attend church services 2. Spiritual values play an important role in my life 3. My Christianity is important to me 4. Religion is important to me 	Ranganathan & Henley (2008)
	5. Personal relevance of message	<ol style="list-style-type: none"> 1. Mail/correspondence from the ... focuses on things that I am interested in 2. Mail/correspondence from the ... helped me to understand the ... and its work 3. Mail/correspondence from the ... is very important to me 4. Mail/correspondence from the ... makes me understand clearly how my donations help the organisation's beneficiaries (the ...) 	Bennett & Barkensjo (2005a)
	6. Forbearance from opportunism	<ol style="list-style-type: none"> 1. I am loyal to the ... 2. The ... is my favourite charity to support 3. Giving money to the ... is very important to me 4. Giving money to the ... is high on my list of 	Sargeant & Lee (2004)

Construct	Dimensions	Items	Source
		priorities	
	7. Shared values	<ol style="list-style-type: none"> 1. The opinions and values of ... are very similar to mine 2. I like and respect the values of the ... 3. I share the same set of values as the ... 	MacMillan et al. (2003)
	8. Familiarity	<ol style="list-style-type: none"> 1. I am familiar with the work the ... does 2. I understand exactly what the ... stands for 3. I could describe to a friend the work done by the ... 	Sargeant & Lee (2002)
	9. Attitude towards beneficiary	<ol style="list-style-type: none"> 1. The beneficiaries ... (the ...) of the ... are important to me 2. I have a close affinity with the ...'s beneficiary group (the ...) 3. The beneficiaries (the ...) of the ... deserve all the support that can be offered 	Sargeant & Lee (2002)
3. Donor perception of NPO	10. Reasons for support	<ol style="list-style-type: none"> 1. I strongly believe in the cause of the ... 2. The work done by the ... is essential to society 3. I give to the ... in memory of a loved one 4. I feel it is my duty to give to the ... as part of my tithing 	Sargeant & Lee (2002)
	11. Benevolence	<ol style="list-style-type: none"> 1. The ...'s aims are totally charity/missionary orientated 2. The ...'s workers care deeply for the organisation's beneficiaries (the ...) 3. The ... will always "go the extra mile" to help a beneficiary (...), no matter how difficult the task 4. The ... has great affection for its beneficiaries (the ...) 	Bennett & Barkensjo (2005a)
	12. Performance of non-profit	<ol style="list-style-type: none"> 1. The ... always thanks me for my donation 2. The ... responds quickly when I contact them 3. The ... shows me that they care about me 4. The ... informs me how my donation is spent 	Sargeant (2001)
	13. Satisfaction	<ol style="list-style-type: none"> 1. I get a great deal of satisfaction from giving to ... 2. I get a great deal of satisfaction from seeing the impact my donation has had on the cause of the ... 3. I am very satisfied with the way in which ... 	Sargeant & Lee (2002)

Construct	Dimensions	Items	Source
		communicates with me 4. I am satisfied with the work of the ...	
	14. Motives	1. There is no reason to question the purpose behind the work of the ... 2. The integrity of the charity is beyond question 3. The ... always acts with good intentions 4. The ... has the best interest of their beneficiaries at heart	Sargeant & Lee (2002)
4. Trust	15. Trust in the organisation	1. I trust the ... to act in the best interest of their cause 2. I trust the ... to conduct their operations ethically 3. I trust the ... to use donated funds appropriately 4. I trust the ... not to exploit their donors	Sargeant et al. (2005)
5. Commitment	16. Commitment in the cause	1. I identify strongly with taking the Gospel to ... 2. I care about the long term success of taking the Gospel to the ... 3. I would describe myself as a loyal supporter of the endeavour to take the Gospel to the ... 4. I will keep on supporting an endeavour to take the Gospel to ...	Sargeant et al. (2005)
6. Behavioural intention	17. Behavioural intentions	1. I am likely to continue to donate to the ... 2. I will make a donation to the ... next time they ask me 3. I will urge my family and friends to support the ... 4. I intend to make the ... a beneficiary in my will	Ranganathan & Henley (2008)
Total	17	65	

6.4.3 Structure of the questionnaire

The questionnaire was sent out in English and Afrikaans (Table 6.4). The reasoning behind the decision to mail questionnaires in the donor's language of choice was that it was expected to lead to a higher response rate. The 65 items were randomly presented to help minimize order bias and increase reliability (Zikmund, 2003:345).

The questionnaire was accompanied by a covering letter from the chairman of the organisation participating in the study, explaining what was included in the envelope

mailed to them, who was doing this, why it was being done and gave step by step instructions for the completion of the questionnaire.

Demographic information as well as the length of the donor's relationship with the organisation were not included in the questionnaire, as it was decided to retrieve this information directly from the database. Each respondent was allocated a unique number which linked the respondent to a specific set of data.

A 7-point Likert scale was used to grade responses from "strongly disagree" to "strongly agree".

Table 6.4

Final questionnaire in English and Afrikaans

Dimensions	English items	Afrikaans items
1. Attitude towards philanthropy	ATTPH1. I have a positive image of charitable/missionary organisations ATTPH2. Charities/Missionary organisations are successful in helping the needy ATTPH3. Charities/Missionary organisations undertake a useful function for society ATTPH4. Charities/Missionary organisations do good things for the community they work in	ATTPH1. Ek het 'n positiewe beeld van liefdadigheid-/sendingorganisasies ATTPH2. Liefdadigheid-/sendingorganisasies is suksesvol met hulp aan behoeftiges ATTPH3. Liefdadigheid-/sendingorganisasies vervul 'n nuttige funksie vir die gemeenskap ATTPH4. Liefdadigheid-/sendingorganisasies doen goeie dinge vir die gemeenskappe waar hulle werk
2. Demonstrable utility	DEMUT1. When I give a donation to the ... I receive some benefit in return for my donation DEMUT2. I give donations to the ... to gain acknowledgement DEMUT3. I donate money to the ... to receive their publications DEMUT4. Contributing to the ... enables me to obtain recognition	DEMUT1. As ek 'n donasie vir die ... gee, ontvang ek sekere voordele in ruil vir my donasie DEMUT2. Ek gee donasies vir die ... om erkenning te kry DEMUT3. Ek skenk geld aan die ... om hulle publikasies te ontvang DEMUT4. Bydraes aan die ... stel my in staat om erkenning te kry
3. Attitude towards helping others	ATTHP1. I like to help others ATTHP2. Helping others is important to me ATTHP3. We should be charitable to others ATTHP4. We should help people in need.	ATTHP1. Ek hou daarvan om ander te help ATTHP2. Om ander te help is belangrik vir my ATTHP3. Ons moet liefdadig teenoor andere wees ATTHP4. Ons moet mense in nood help
4. Religiosity	RELIG1. It is important for me to attend church services RELIG2. Spiritual values play an important role in my life RELIG3. My Christianity is important to me RELIG4. Religion is important to me	RELIG1. Dit is belangrik vir my om kerkdienste by te woon RELIG2. Geestelike waardes speel 'n belangrike rol in my lewe RELIG3. My Christenskap is belangrik vir my RELIG4. Geloof is belangrik vir my
5. Personal relevance of message	PEREL1. Mail/correspondence from the ... focus on things that I am interested in PEREL2. Mail/correspondence from the ... helps me to	PEREL1. Pos/korrespondensie van die ... lê klem op dinge waarin ek belangstel PEREL2. Pos/korrespondensie van die ... help my om

Dimensions	English items	Afrikaans items
	<p>understand the ... and its work</p> <p>PEREL3. Mail/correspondence from the ... is very important to me</p> <p>PEREL4. Mail/correspondence from the ... makes me understand clearly how my donations help the organisation's beneficiaries (the ...)</p>	<p>die ... en sy werk te verstaan</p> <p>PEREL3. Pos/korrespondensie van die ... is baie belangrik vir my</p> <p>PEREL4. Pos/korrespondensie van die ... laat my duidelik verstaan hoe my skenkings die organisasie se begunstigdes (die ...) help</p>
6. Forbearance from opportunism	<p>FORBE1. I am very loyal to the ...</p> <p>FORBE2. The ... is my favourite charity to support</p> <p>FORBE3. Giving money to the ... is very important to me</p> <p>FORBE4. Giving money to the ... is high on my list of priorities</p>	<p>FORBE1. Ek is baie lojaal teenoor die ...</p> <p>FORBE2. Die ... is my gunsteling liefdadigheidorganisasie vir ondersteuning</p> <p>FORBE3. Dit is vir my baie belangrik om vir die ... geld te gee</p> <p>FORBE4. Om geld te gee aan die ... is hoog op my lys van prioriteite</p>
7. Shared values	<p>SHVAL1. The opinions and values of the ...are very similar to mine</p> <p>SHVAL2. I like and respect the values of the ...</p> <p>SHVAL3. I share the same values as the ...</p>	<p>SHVAL1. Die ... se menings en waardes is baie soortgelyk aan myne</p> <p>SHVAL2. Ek hou van en respekteer die waardes van die ...</p> <p>SHVAL3. Ek deel dieselfde waardes as die ...</p>
8. Familiarity	<p>FAMIL1. I am familiar with the work the ... does</p> <p>FAMIL2. I understand exactly what the ... stands for</p> <p>FAMIL3. I could easily describe to a friend the work done by the ...</p>	<p>FAMIL1. Ek is vertrou met die werk wat die ... doen</p> <p>FAMIL2. Ek verstaan presies waarvoor die ... staan</p> <p>FAMIL3. Ek kan maklik die werk wat die ... doen aan 'n vriend verduidelik</p>
9. Attitude towards beneficiary	<p>ATBEN1. The beneficiaries (the ...) of the ... are important to me</p> <p>ATBEN2. I have a close affinity with the ...'s beneficiary group (the ...)</p> <p>ATBEN3. The beneficiaries (the ...) of the ... deserve all the support that can be offered</p>	<p>ATBEN1. Die begunstigdes (die ...) van die ... is belangrik vir my</p> <p>ATBEN2. Ek het 'n nou band met die ... se begunstigdes as groep (die ...)</p> <p>ATBEN3. Die ... se begunstigdes (die ...) verdien al die moontlike steun</p>
10. Reasons for support	<p>RESUP1. I strongly believe in the cause of the ...</p> <p>RESUP2. The work done by the ... is essential to society</p> <p>RESUP3. I give to the ... in memory of a loved one</p> <p>RESUP4. I feel it is my duty to give to the ... as part of my tithing</p>	<p>RESUP1. Ek glo sterk in die saak van die ...</p> <p>RESUP2. Die werk wat die ... doen is noodsaaklik vir die samelewing</p> <p>RESUP3. Ek gee aan die ... ter nagedagtenis van 'n geliefde</p> <p>RESUP4. Ek voel dit is my plig om aan die ... te gee as deel van my tiende</p>
11. Benevolence	<p>BENEV1. The ...'s aims are totally charity/missionary orientated</p> <p>BENEV2. The ...'s workers care deeply for the organisation's beneficiaries (the ...)</p> <p>BENEV3. The ... will always "go the extra mile" to help a beneficiary (...), no matter how difficult the task</p> <p>BENEV4. The ... has great affection for its beneficiaries (the ...)</p>	<p>BENEV1. Die ... se doelwitte is heeltemal liefdadigheid/sending gerig</p> <p>BENEV2. Die ... se werkers gee baie om vir die organisasie se begunstigdes (die ...)</p> <p>BENEV3. Die ... loop altyd "die ekstra myl" om 'n begunstigde (...) te help, ongeag hoe moeilik dit is</p> <p>BENEV4. Die ... het baie liefde vir sy begunstigdes (die...)</p>
12. Performance of non-profit	<p>PERFO1. The ... always thanks me for my donation</p> <p>PERFO2. The ... responds quickly when I contact them</p> <p>PERFO3. The ... shows me that they care about me</p> <p>PERFO4. The ... informs me how my donation is spent</p>	<p>PERFO1. Die ... bedank my altyd vir my donasie</p> <p>PERFO2. Die ... reageer vinnig as ek met hulle in aanraking kom</p> <p>PERFO3. Die ... wys dat hulle omgee vir my</p> <p>PERFO4. Die ... laat my weet hoe my donasie bestee</p>

Dimensions	English items	Afrikaans items
		word
13. Satisfaction	<p>SATIS1. I get a great deal of satisfaction from giving to the ...</p> <p>SATIS2. I get a great deal of satisfaction from seeing the impact my donation has had on the cause of the ...</p> <p>SATIS3. I am very satisfied with the way in which ... communicates with me</p> <p>SATIS4. I am satisfied with the work of the ...</p>	<p>SATIS1. Ek kry baie bevrediging deur vir die ... te gee</p> <p>SATIS2. Dit gee my baie bevrediging om te sien wat die impak van my donasie op die saak van die ... is</p> <p>SATIS3. Ek is baie tevrede met die manier hoe die ... met my kommunikeer</p> <p>SATIS4. Ek is tevrede met die werk van die ...</p>
14. Motives	<p>MOTIV1. There is no reason to question the purpose of the work of the ...</p> <p>MOTIV2. The integrity of the ... is beyond question</p> <p>MOTIV3. The ... always acts with good intentions</p> <p>MOTIV4. The ... have the best interest of their beneficiaries (...) at heart</p>	<p>MOTIV1. Daar is geen rede om die doel van die ... se werk te bevraagteken nie</p> <p>MOTIV2. Die ... se integriteit is bo verdenking</p> <p>MOTIV3. Die ... tree altyd op met goeie voornemens</p> <p>MOTIV4. Die ... het die beste belange van die begunstigdes (die ...) op die hart</p>
15. Trust in the organisation	<p>TRUST1. I trust the ... to act in the best interest of their cause</p> <p>TRUST2. I trust the ... to conduct their operations ethically</p> <p>TRUST3. I trust the ... to use donations appropriately</p> <p>TRUST4. I trust the ... not to exploit their donors</p>	<p>TRUST1. Ek vertrou die ... om in die beste belang van hulle saak op te tree</p> <p>TRUST2. Ek vertrou dat die ... hulle bedrywighede eties sal bedryf</p> <p>TRUST3. Ek vertrou dat die donasies paslik sal gebruik</p> <p>TRUST4. Ek vertrou dat die ... nie hulle donateurs uitbuit nie</p>
16. Commitment to the cause	<p>COMIT1. I identify strongly with taking the Gospel to ...</p> <p>COMIT2. I care about the long-term success of taking the Gospel to ...</p> <p>COMIT3. I would describe myself as a loyal supporter of the endeavour to take the Gospel to ...</p> <p>COMIT4. I will keep on supporting an endeavour to take the Gospel to ...</p>	<p>COMIT1. Ek identifiseer sterk daarmee om die Woord na ... uit te dra</p> <p>COMIT2. Ek gee om oor die langtermynsukses om die Woord na ... uit te dra</p> <p>COMIT3. Ek sou myself beskryf as 'n lojale ondersteuner van die poging om die Woord na ... uit te dra</p> <p>COMIT4. Ek sal voortgaan met steun aan die poging om die Woord na ... te neem</p>
17. Behaviour intentions	<p>BEHAV1. I am likely to continue to donate to the ...</p> <p>BEHAV2. I will make a donation to the ... next time they ask me</p> <p>BEHAV3. I will urge my family and friends to support the ...</p> <p>BEHAV4. I intend to make the ... a beneficiary in my will</p>	<p>BEHAV1. Ek sal waarskynlik voortgaan met donasies aan die ...</p> <p>BEHAV2. Ek sal 'n donasie aan die ... gee, volgende keer as hulle my daarvoor vra</p> <p>BEHAV3. Ek sal my vriende en familie aanspoor om die ... te steun</p> <p>BEHAV4. Ek is van voorneme om die ... 'n begunstigde in my testament te maak</p>

6.4.4 Sample procedure

Zikmund (2003:369) defines the sampling process as any procedure where part of a whole population is used to make assumptions regarding the whole population. A sample is a part of a bigger population and a population is an entire group of individuals that share some array of characteristics.

The sampling process consists of seven steps and includes the following:

- Defining the target population,
- selecting a sampling frame,
- deciding whether to use a probability or non-probability sample,
- the procedure used for selecting sampling units,
- determining the sample size,
- selecting the actual sample units, and finally
- conducting the fieldwork (Zikmund, 2003:372).

In defining the target market, the question of who should or should not be included in the sample must be answered (Malhotra, 2004:315). The population for the current study consists of every individual that could possibly support a non-profit religious organisation in South Africa.

The next step is to select a sampling frame, which represents a list of elements (people) from the target population from which the sample may be drawn (Malhotra, 2004:316; Zikmund, 2003:373). An example of such a sampling frame would be a mailing list consisting of all donors to religious non-profit organisations in South Africa. Such a list does not exist, which made it necessary to use non-probability sampling, in particular the convenience sampling method, for this study.

Zikmund (2003:380) defines non-probability sampling as a technique in which the units of the sample are chosen on the basis of personal judgment or convenience. Convenience sampling provides researchers with large numbers of respondents that are conveniently available and whom could be reached at low cost. It is important to note however, that results deducted from convenience sampling should not be generalised beyond the specific sample (Zikmund, 2003:382).

A religious (Christian) non-profit organisation agreed to participate in the survey and their complete database was made available. The database comprised Christians giving to a missionary organisation in South Africa and their unifying factor was religion. As the minimum number needed for statistical analysis was 500 (Hair et al. 2010:662), it was decided to mail questionnaires to the whole donor database of the organisation, which totalled 9 429 at the time, divided into 8 944 Afrikaans-speaking

and 483 English-speaking donors.

6.4.5 Data collection method

As many of the organisation's donors did not have access to E-mail, questionnaires were mailed. The mail package consisted of an outer window envelope, a personalised cover letter on official organisation stationery, the questionnaire and a business reply envelope (BRE) for returning the completed questionnaires.

Data was extracted from the organisation's database and merged with addresses and a suitable greeting to personalise the letter. The letters were printed by a laser-printing company and the package handed over to a mailing house for inserting the contents and mailing it by bulk permit mail. The business reply envelopes were collected from the Post Office, opened and the questionnaires numbered in the order in which they were received. An Excel spreadsheet was set up to capture the data. After input, the data in the spreadsheet was double-checked against the questionnaires for mistakes and omissions. The spreadsheet also included all possible data from the donor database, including donor history, age and number of years actively involved with the organisation. As individuals' names and addresses were removed from this database and replaced by an unique number, total confidentiality was guaranteed. A six-week time frame was set for the process.

6.5 HYPOTHESES TO BE TESTED

The conceptual model presented in Figure 6.1 is based on the literature discussed in Chapter 5, and makes provision for 22 direct relationships and one recursive relationship (i.e. between trust and commitment).

Table 6.5**Hypotheses to be tested**

- | |
|--|
| H ¹ There is a positive relationship between attitude towards philanthropy and perception of charitable organisations |
| H ² There is a positive relationship between demonstrable utility and perception of charitable organisations |
| H ³ There is a positive relationship between attitude towards helping others and individual donor characteristics |
| H ⁴ There is a positive relationship between religiosity and individual donor characteristics |
| H ⁵ There is a positive relationship between personal relevance of the message and individual donor characteristics |
| H ⁶ There is a positive relationship between forbearance from opportunism and individual donor characteristics |
| H ⁷ There is a positive relationship between shared values and individual donor characteristics |
| H ⁸ There is a positive relationship between familiarity and individual donor characteristics |
| H ⁹ There is a positive relationship between attitude towards beneficiary and individual donor characteristics |
| H ¹⁰ There is a positive relationship between reasons for support and donor perception of non-profit |
| H ¹¹ There is a positive relationship between benevolence and donor perception of non-profit |
| H ¹² There is a positive relationship between performance of non-profit and donor perception of non-profit |
| H ¹³ There is a positive relationship between satisfaction and donor perception of non-profit |
| H ¹⁴ There is a positive relationship between motives and donor perception of non-profit |
| H ¹⁵ There is a positive relationship between perception of charitable organisations and trust |
| H ¹⁶ There is a positive relationship between perception of charitable organisations and commitment |
| H ¹⁷ There is a positive relationship between individual donor characteristics and trust |
| H ¹⁸ There is a positive relationship between individual donor characteristics and commitment |
| H ¹⁹ There is a positive relationship between donor perception of non-profit and trust |
| H ²⁰ There is a positive relationship between donor perception of non-profit and commitment |
| H ²¹ There is a positive recursive relationship between trust and commitment |
| H ²² There is a positive relationship between trust and behavioural intention |
| H ²³ There is a positive relationship between commitment and behavioural intention |

The conceptual model resulted in a high number of parameters that needed to be tested. The model was split up into sub-models, prior to data analysis, to avoid violating the observations/parameters rule of thumb (Hair et al., 2006:741). These sub-models are depicted in the following figures (Figures 6.2–6.6). Hair et al. (2006:742) also suggests the following sample size, in relation to model complexity and basic measurement model characteristics: Where the number of factors is larger than six and multiple low commonalities are present, sample size requirements may exceed 500.

Figure 6.2
Perception of charitable organisation model

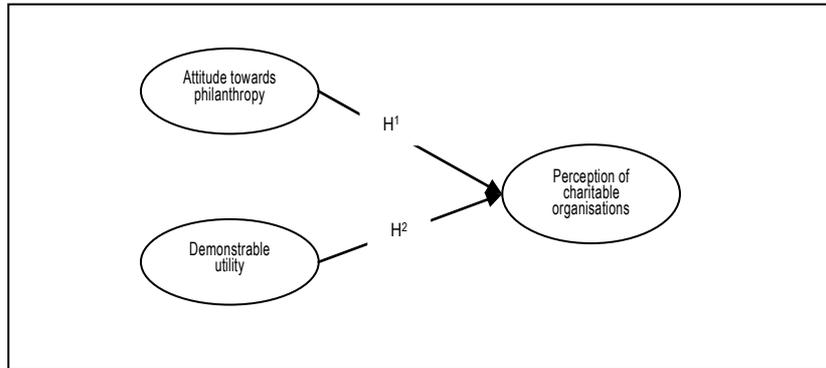


Figure 6.3
Individual donor characteristics model

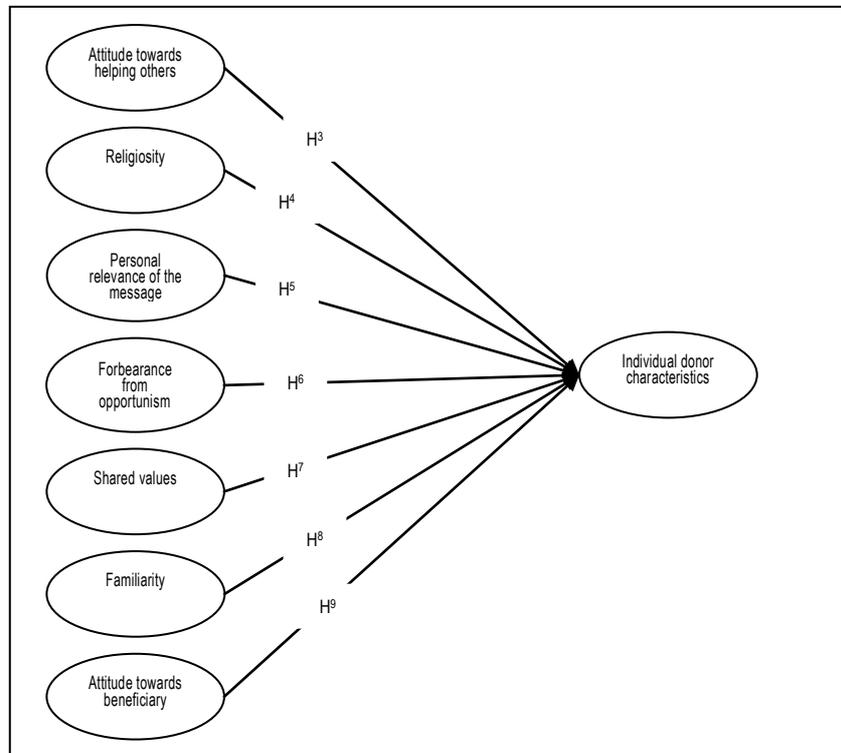


Figure 6.4

Donor perception of non-profit model

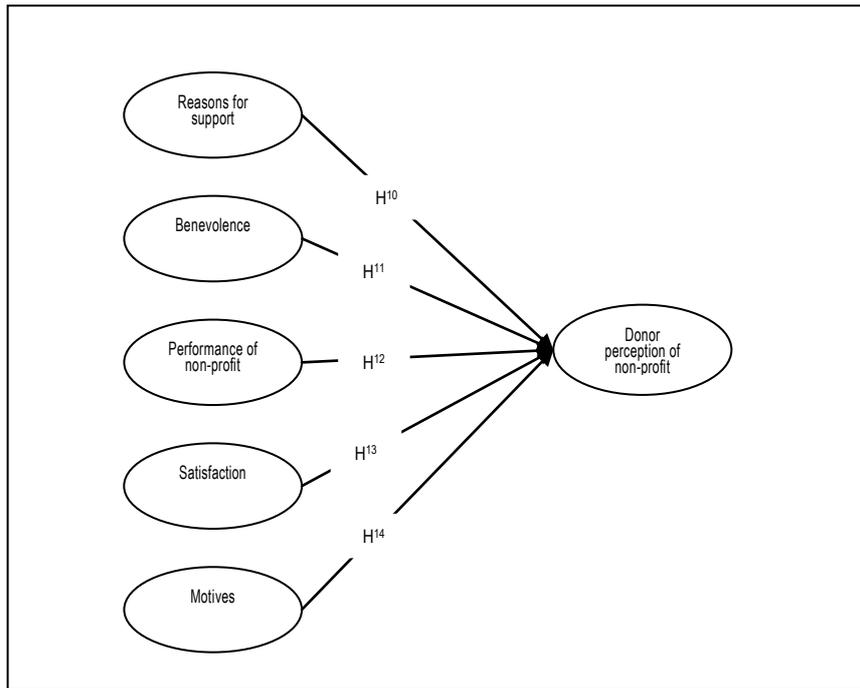


Figure 6.5

Trust commitment model

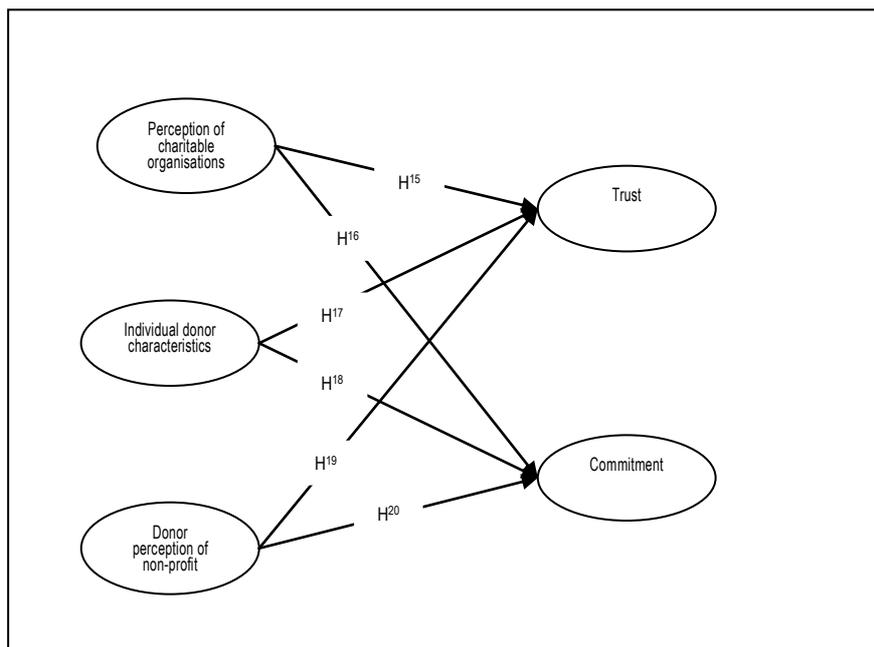
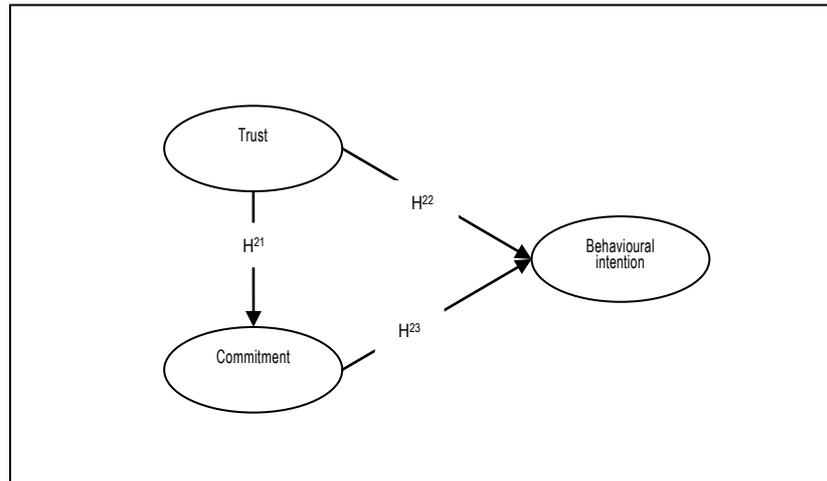


Figure 6.6**Behavioural intention model****6.6 STATISTICAL TECHNIQUES**

The last section of this chapter gives an overview of all the statistical techniques used in this study. The measurements for evaluating the reliability and validity of data are discussed, as are the techniques used for evaluating the conceptual model.

6.6.1 Reliability of the questionnaire

Two of the criteria used to evaluate measurement are *reliability* and *validity*. Broadly defined, reliability is the extent to which measures are free from error and therefore generate consistent (homogeneous) results (Zikmund, 2003:300). Different methods can be used in testing reliability, but one popular approach is to use the Cronbach Alpha (α) coefficients (Malhotra, 2004:268), as was done in this questionnaire.

In testing the reliability of the questionnaire used in this study, Cronbach Alpha was used to look at all the items simultaneously and identify those items that reflect the same trait and therefore have a strong correlation. If there is a lack of correlation of a particular item with other items in the scale, that item should be deleted (Churchill, 1983:296). The coefficient varies from 0 to 1, where a value of 0,6 or less indicates unsatisfactory internal consistency reliability (Malhotra, 2004:268).

6.6.2 Validity of the questionnaire

According to Burns and Bush (2003:291) validity is "... the accuracy of responses to a measure", in other words, it is truthful. There are three basic approaches for dealing with validity:

- face (content) validity
- criterion validity
- construct validity (Zikmund, 2003:300).

Face validity is concerned with the subjective agreement among peers of how well the question seems able to measure what it is supposed to. This is seen as a weak test (Burns & Bush, 2003:291).

Criterion validity is defined by Zikmund (2003:302) as "... the ability of some measure to correlate with other measures of the same construct". Two types of criterion validity exist, namely concurrent and predictive validity. Concurrent validity occurs when the data on the scale being evaluated and the criterion variables are collected at the same time. With predictive validity, data on the scale is collected first and the data on the criterion variables later (Malhotra, 2004:269). The two types differ only on the basis of this time dimension.

Construct validity was applied to this study for its ability to evaluate theory as well as data. According to Zikmund (2003:303), construct validity is "the ability of a measure to confirm a network of related hypotheses generated from theory based on the concepts". It requires a firm theory of the nature of the construct being measured and how it relates to the other constructs (Malhotra, 2004:269).

Construct validity includes convergent validity (the measure is highly correlated with different measures of similar constructs), discriminant validity (the measure does not correlate with other constructs from which it is supposed to differ) and nomological validity (validity that assesses the relationship between theoretical constructs) (Malhotra, 2004:269).

The discriminant validity of the questionnaire was tested by way of confirmatory factor analysis (CFA), which confirms pre-specified relationships (Hair et al.,

2010:693). In the current study the model was derived from theory, which meant that this technique was used to assess the degree to which the data fit the theoretically derived model.

6.6.3 Structural equation modelling (SEM)

SEM is a multivariate technique used to estimate a series of separate yet interdependent relationships simultaneously. It is a more powerful technique than others, which can present only a single relationship at a time (Hair et al., 2010:635).

Structural equation models are distinguished by their ability to:

- Estimate multiple and interrelated dependence relationships;
- observe latent (unobserved) concepts in these relationships to account for measurement error in the estimation process; and
- define the model to explain the entire set of relationships (Hair et al., 2010:635).

Characteristic 1: Estimating multiple and interrelated dependence relationships

Judging from both theory and experience, the researcher decides which independent variables influence the dependent variable. As SEM simultaneously estimates each relationship between the independent and dependent variables, it allows for a situation where a dependent variable in one relationship can become an independent variable in other relationships in the same model (Hair et al., 2010:635).

Characteristic 2: The ability to observe latent (unobserved) concepts

Latent variables are hypothesised, unobserved concepts that can be represented by measurable variables (example: questionnaire items). The reasons for including latent variables is that they help improve the statistical estimation of relationships between concepts by accounting for the measurement error in the concepts, which gives a better representation of theoretical concepts by reducing the measurement error of such a concept (Hair et al., 2010:635-636).

Characteristic 3: Defining a model

In SEM, any model consists of two sub-models – the measurement model (showing

the way in which measured variables come together to depict constructs), and the structural model (showing how constructs are associated with each other) (Hair et al., 2010:638).

According to Hair et al. (2010:653-678) SEM is a multivariate technique that consists of six stages:

Stage 1: Defining individual constructs

The process begins with definitions of all the constructs involved, which provides the basis for the selection or design of items. This operationalisation of constructs results in a series of scaled items in a format such as a Likert scale – these items can either be derived from previous research or developed into new scales.

Stage 2: Developing and specifying the model

Once the items have been specified, the research model needs to specify the measurement model. At this stage each latent construct must be identified and the items assigned to each of these constructs. A complete measurement model requires specifying

- measurement relationships for the items and constructs,
- correlational relationships among the constructs, and
- error terms for the items.

Stage 3: Designing a study to produce empirical results

During this stage, research design and model estimation must be specified. Research design requires deciding on the type of data (covariances or correlations) to be analysed. It is recommended that covariance matrices be used, being far more flexible thanks to their greater information content.

The approach to the issue of missing data requires two questions to be answered:

- Is the missing data likely to be problematic?
- What is the best approach to remedying missing data?

Missing data needs to be remedied if the data occurs in a non-random pattern or if more than ten percent of the data is missing. Four basic methods of remedying missing data are used:

- Listwise deletion – where a respondent is deleted if data on any variable is missing;
- pairwise deletion – whereby all non-missing data is used;
- imputation – where missing data is substituted by the mean; and model-based approaches.

Sample size also plays an important role, as SEM requires a larger sample than other approaches. A number of considerations could influence sample size, but it is largely accepted that larger sample sizes produce more stable solutions and are more likely to be replicably duplicated.

Model estimation means assessing the model structure estimation techniques as well as the computer software being used. This means first determining the theoretical model structure and communicating it to the program that is being used. The next step is selecting the way in which the model will be estimated; for this the most common approach is Maximum Likelihood Estimation (MLE). The computer program LISREL is most widely used, thanks to its flexibility and its ability to be used in different situations.

Stage 4: Assessing measurement model validity

Measuring model validity depends on establishing acceptable levels of goodness-of-fit for the measurement model and finding evidence of construct validity. Goodness-of-fit measures the degree of congruence between the two matrices theory and reality. The closer the values of these two matrices are to each other, the better the model is said to fit. The chi-square goodness-of-fit model is the only measurement tool used in assessing the goodness-of-fit of any SEM model.

Stage 5: Specifying the structural model

Specifying the structural model is done by assigning the relationships from one construct to another, based on the proposed theoretical model. The researcher

needs to specify the dependence relationships that exist among the constructs and how each hypothesis represents a specific relationship.

Stage 6: Assessing the structural model validity

In this final step in SEM, the goodness-of-fit the structural model is determined, as is the case with the measurement model, by calculating the chi-square value – the closer the structural goodness-of-fit to the measurement model, the better the latter's fit will be.

6.7 SUMMARY AND IMPLICATIONS FOR THE STUDY

This chapter discussed the methodology used during the different phases of the empirical study, in terms of the marketing research process. The process began by defining the research problem and from there proposing a conceptual model was. Forty-five dimensions in total were initially identified from previous studies and from the theory discussed in previous chapters. From there, the conceptual model helped to narrow down the dimensions to seventeen and their items to 65. Close attention was given to the development of the questionnaire and the conceptual model was also used to identify 23 hypotheses to be tested. Particular attention was paid to the process used in collecting primary data and to its analysis.

The second part of the chapter discussed the statistical methods used in the study. The findings of the study are discussed in Chapter 7.

CHAPTER 7

EMPIRICAL FINDINGS

7.1 INTRODUCTION

The primary objective of this study is to investigate factors impacting on donor behaviour in religious NPO organisations and, based on the findings, to make recommendations to improve relationships with donors to maintain and/or increase donations. The purpose of this chapter is to show in detail how the methodology set out in Chapter 6 was implemented to produce the empirical results.

The first step in the process followed in this study was to assess the validity and reliability of the questionnaire, followed by a discussion of the response rate of the questionnaire as well as the demographics of those respondents whose questionnaires were returned for the study. The final step was the discussion of the Structural Equation Modelling (SEM) analysis that was seen as best suited to the empirical investigation of the theoretical relationships depicted in the conceptual model discussed in Chapter 6.

The result of the analysis was the formulation of revised models based on the empirical findings. These revised models are discussed at the end of the chapter.

7.2 RESULTS OF THE EMPIRICAL STUDY

The empirical study required that the dimensions influencing donor behaviour be assessed. The measurement process involved mailing a questionnaire, of which the methodology was discussed in Chapter 6, to donors of a religious NPO organisation and assessing their responses. The process included an assessment of the validity and reliability of the questionnaire, the response rate of the questionnaires as well as the demographics of the sample respondents. The results of the SEM analysis are also discussed in this chapter.

7.2.1 Validity of the questionnaire

An assessment of the validity of the questionnaire is an important step in the data-analysis process. The focus of the assessment was on the *discriminant validity* of the questionnaire as developed from a literature review that indicated associations between different variables. The intention was to use items in the questionnaire that would discriminate sufficiently between the variables measured in the study. This discriminant validity was assessed by means of exploratory factor analysis (EFA).

The computer program SPSS (18) was used to perform the EFA. The process began by selecting the items used in the questionnaire. The Principal Axis factoring method was used as the method of factor extraction, after which the Oblimin rotation method with Kaiser normalisation was applied. Initially no restriction was imposed on the number of factors specified, but items were excluded from the EFA where the loading was less than 0.40 (Costello & Osborne, 2005).

7.2.2 Reliability of the questionnaire

To assess the reliability of the questionnaire, the degree of consistency between the multiple measurements of the same variable had to be quantified. Reliability scores were calculated by means of Cronbach Alphas for each of the dimensions in the study (Table 7.2). All the reliability scores except for one of the dimensions (Intention) were above the generally accepted norm of 0.70 (Hair et al., 1998:118) meaning that the measuring instrument could safely be regarded as reliable.

Some of the items loaded on different dimensions and it was decided to rename these dimensions. The two dimensions affected were "attitude towards beneficiary" which was renamed "attitude", and "towards helping others" which was renamed "helping".

Table 7.1
Results of the exploratory factor analysis

ITEM	FACTOR1	FACTOR2	FACTOR3	FACTOR4	FACTOR5	FACTOR6	FACTOR7	FACTOR8	FACTOR9
BENEV4	0.848								
BENEV2	0,803								
MOTIV3	0.798								
SATIS4	0.787								
BENEV3	0.620								
MOTIV1	0.562								
BENEV1	0.524								
MOTIV2	0.504								
SATIS2		0.795							
SATIS1		0.692							
PERFO3		0.641							
PERFO2		0.518							
PERFO4		0.505							
SATIS3		0.448							
PERFO1		0.418							
FORBE4			0.847						
FORBE3			0.802						
FORBE2			0.701						
PEREL3			0.528						
FORBE1			0.511						
ATTHP2				0.827					
ATTHP4				0.763					
ATTHP1				0.717					
ATTHP3				0.686					
FAMIL1					0.845				
FAMIL2					0.711				
FAMIL3					0.603				
RELIG3						0.824			
RELIG4						0.541			
RELIG2						0.417			
RESUP1							0.738		
ATTBEN1							0.621		
ATTPH4								0.827	
ATTPH3								0.721	
ATTPH1								0.651	
ATTPH2								0.647	
DEMUT4									0.780
DEMUT2									0.756

Table 7.1 shows that only 38 variables, grouped into a total of nine factors that loaded >0.4 , providing evidence of their discriminant validity.

Table 7.2
Reliability scores of the latent variables

MODEL	VARIABLE	CRONBACH ALPHA
1	Benevolence	0.887
	Satisfaction	0.780
	Trust	0.834
	Intention	0.561
2	Attitude	0.837
	Helping	0.850
	Religiosity	0.685
	Forbearance from opportunism	0.857
	Familiarity	0.800
	Trust	0.852
	Intention to donate	0.558
3	Attitude towards philanthropy	0.802
	Demonstrable utility	0.741
	Trust	0.838
	Intention	0.555

7.2.3 Response rate

Altogether 9 429 questionnaires were mailed, of which 1 407 (a response rate of 14,92%) were received within the six-week time limit – well above the minimum number of 500 responses required for models with a large number of constructs recommended by Hair et al. (2010:662). Factors that appeared to have contributed to this positive response rate, were that the donors of the organisation were used to responding to direct mail appeals and also that the covering letter to the donors clearly explained the study and its importance to the organisation.

Because of the higher than expected response rate, it was decided to ignore incomplete questionnaires, i.e. those in which five or more items had not been

answered. This left a total of 1 334 questionnaires and a response rate of 14,15%, which was still well above the minimum recommended by Hair et al. (2010:662) for meaningful statistical analysis.

7.2.4 Demographic details of respondents

In view of the sensitive nature of the database, the names and addresses of respondents (donors) were withheld. Instead, a unique number linked to the demographic details of each respondent was used. The demographic details included

- age,
- number of years actively involved with the organisation,
- number of donations,
- total donations in SA Rand, and
- average donation received per respondent (donor).

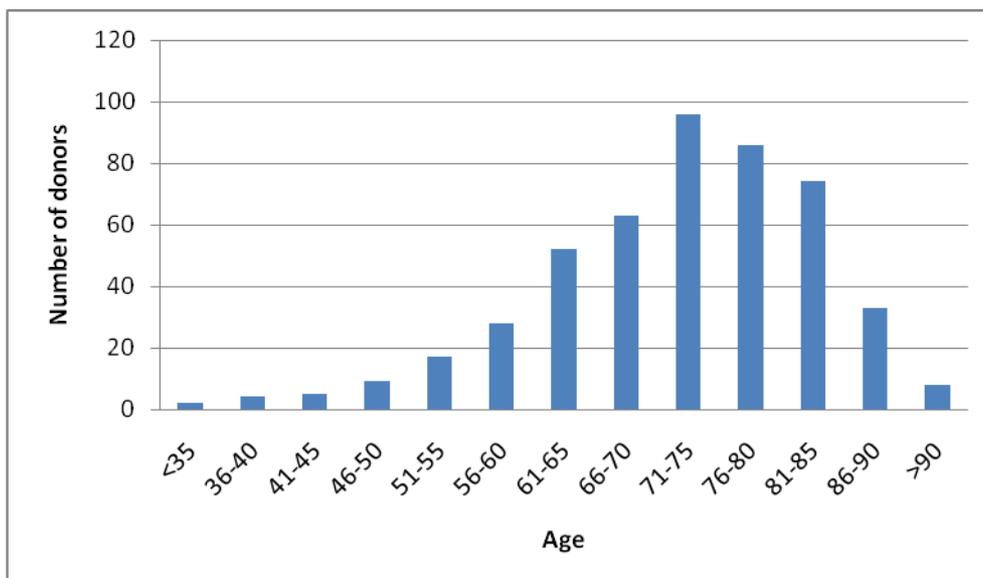
A total of 477 donors divulged their age and this information was used to correlate age (in increments of five years) with the average total donation per donor, the average donation as well as the number of years involved with the organisation (Table 7.3; Figures 7.1-7.2).

The average total donation was calculated by dividing total donations received (R) by the total number of donors in that age category. For example, the two donors in the <35 years category donated an average total of R9 098 each over a period of 4,8 years. The average donation was done by dividing the total average donation (R) by the number of donations received, which gives the average donation of R361,57. A notable trend is that the number of years of involvement increases as donors age, which indicates that donors tend to remain loyal to the organisation for a long period of time.

Table 7.3
Comparison between age, donations and number of years involved

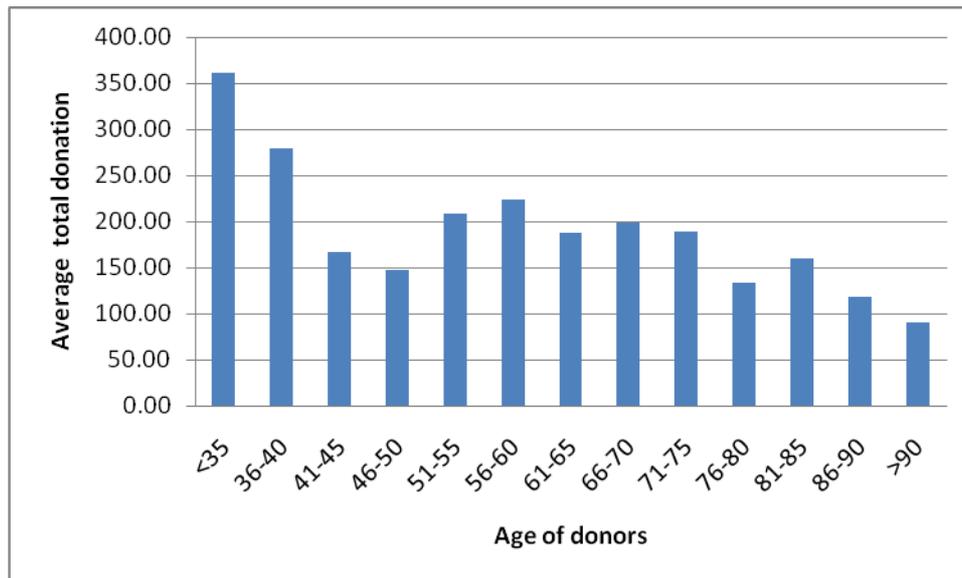
AGE OF DONORS	TOTAL NO OF DONORS	AVERAGE TOTAL DONATION (R)	AVERAGE DONATION (R)	NUMBER OF YEARS INVOLVED
<35	2	9,098	361.57	4.8
36-40	4	9,320	279.55	12.2
41-45	5	280	166.48	2.7
46-50	9	14,416	147.52	12.5
51-55	17	3,591	208.51	7.3
56-60	28	6,779	223.37	11.0
61-65	52	6,832	187.82	11.6
66-70	63	6,058	198.84	13.5
71-75	96	6,007	189.28	12.4
76-80	86	4,355	133.61	12.8
81-85	74	5,767	159.73	14.6
86-90	33	5,567	117.98	14.0
>90	8	6,335	90.29	17.7
Total	477	5,811	184,43	11.5

Figure 7.1
Age of respondents (donors)



The average age of the donors is 72,3 years, with the youngest being 34 and the oldest 99. The average age of donors was calculated by dividing the total age in years of all donors who divulged their age (34 480), by the number of donors (477).

Figure 7.2
Average donation compared with age



For respondents between 71-75 years old, the average donation was R189,28 (Figure 7.2), while their average involvement in the organisation was 12,4 years. The youngest respondents' average donation was R361,57 (Figure 7.2) and their involvement 4,8 years. The average number of years involved in the organisation for those older than 65 was 14,16 years.

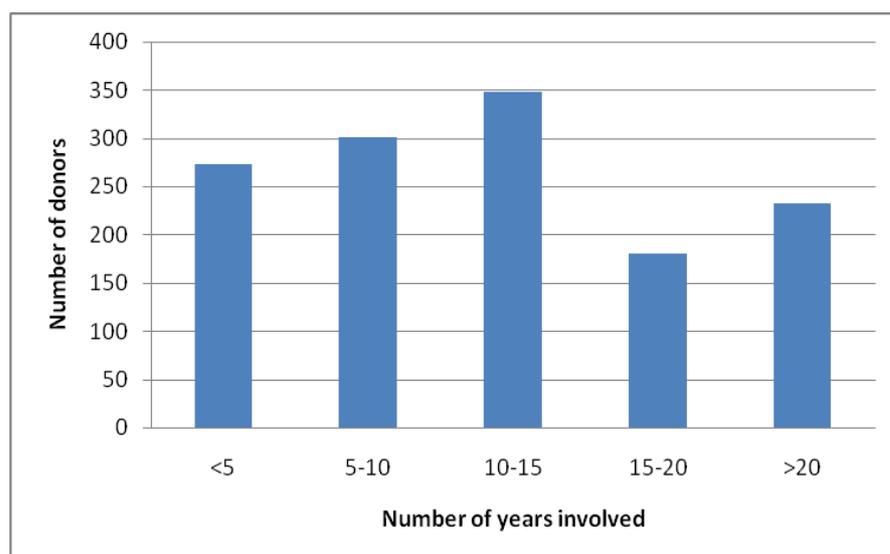
The second comparison was in respect of the total number of respondents, namely 1334. Comparisons were made between the number of years donors were involved in the organisation (in increments of five years), their average number of donations, their total average donations and the average donation (Table 7.4; Figures 7.3-7.4).

Table 7.4
Comparison between number of years involved,
total average donations (R) and average donation (R)

NUMBER OF YEARS INVOLVED	TOTAL NO OF DONORS	TOTAL AVERAGE DONATION (R)	AVERAGE DONATION (R)
<5	273	1 147.46	184.64
5-10	301	4 231.21	198.70
10-15	348	6 920.08	201.88
15-20	180	6 954.82	132.43
>20	232	10 798.25	179.87
TOTAL	1334		
AVERAGE	267	5 811.17	184.43
SHORTEST PERIOD	<1		
LONGEST PERIOD	23.8		

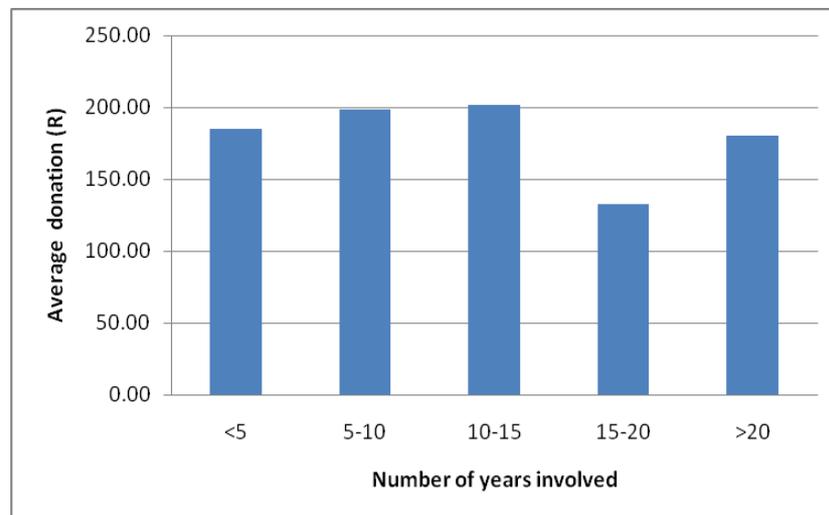
It can be seen that those respondents involved in the organisation for the longest period remained for 23,8 years on average; the total average donation per respondent was R5 811,17, and the average donation R184,43.

Figure 7.3
Comparison between total of donors and number of years involved



Donors usually remained involved in the organisation for between 10-15 years (348 donors in total), during which time they made an average donation of R201,88. There is a steady increase in the number of donors involved with the organisation between <5 and 15 years respectively, where total donations also increase from R273 to R348, and the average from R184,64 to R201,88. Although there is a decline in the number of donors from 15-20 years it increases again for those involved for more than 20 years. See figure 7.4.

Figure 7.4
Comparison between years involved in the organisation and average donation (R)



The average donation for those donors involved with the organisation for between 5-10 and 10-15 years is the highest – R198,70 and R201,88 respectively. Donor involvement peaks between 5-15 years, the category where the organisation receives the highest average donation and is therefore the most profitable for the organisation.

Interpreting these statistics gives insight into the giving patterns of the organisation's donors, which indicate that donors tend to remain with the organisation for a relatively long period of time, the average being 11,5 years. The average donation for those donors involved in the organisation for 10-15 years is the highest although the most lucrative overall period for the organisation in terms of donations would be 5-15 years. Also important is the fact that the most of the organisation's donors are from 60-85 years old, with the biggest segment being the one from 71-75.

7.2.5 Assessment of normality of data

Before any further analysis could be performed, the multivariate normality of the data needed to be assessed. This assessment was important, as the estimation technique used in SEM is dependent on the distributional properties of the data. The following two possible hypotheses were formulated:

H^0 The distribution of the data is multivariate normal, or

H^1 the distribution of the data is not multivariate normal.

The hypotheses were tested by evaluating the skewness and kurtosis of the data. The relevant p-value was determined by using the Chi-square factor for each of the models. The results of the tests are shown in Table 7.5

Table 7.5
Results of the test of multivariate normality

Model	Chi-square	p-value
1	47 571.382	<0,001
2	48 181.791	<0,001
3	18 823.417	<0,001

The p-value of the Chi-square test did not meet the requirements of multivariate normality, which means that the H^0 (null)-hypothesis stated above is not supported.

This result implied that the Maximum Likelihood (ML) technique could not be used in this study, instead, the Robust Maximum Likelihood (RML) estimation was used in the subsequent SEM analyses (Jöreskog & Sörbom, 2004 as cited in SSI, 2004).

7.2.6 Results of Structural Equations Modelling

As was discussed in Chapter 6, the statistical method used in testing the theoretical relationships depicted in figures 6.2-6.6 was Structural Equation Modelling (SEM). The first step in the process is the identification and definition of the constructs to be used in the study and was done in Chapters 5 and 6. The five remaining steps below will be used as a guideline in discussing the rest of the empirical analysis:

- Step 2: Developing and specifying the measurement model
- Step 3: Designing a study to predict empirical results
- Step 4: Assessing measurement model validity
- Step 5: Specifying the structural model
- Step 6: Assessing the structural model validity.

7.2.6.1 Developing and specifying the measurement model

By identifying latent constructs and assigning measurement variables to each of these constructs, a measurement model was developed. Chapter 6 provided arguments for creating separate models to be tested. These measurement models appear in Figure 7.5 to 7.7 below.

The three measurement models shown in Figures 7.5, 7.6 and 7.7 were specified as confirmatory factor analysis models. Because the data was not normally distributed, RML was used as the estimation technique. Three separate CFAs were conducted and from the results all items were found to be above the critical value of 2.58, which indicated acceptance of the 0.05 significance level.

7.2.6.2 Designing a study to predict empirical results

Issues regarding research design and model estimation were addressed next. Research design involved focusing on the type of data used and sample size. As Hair et al. (2010:658) recommend the use of covariances, this type of data was used in the SEM analysis. As covariances were used as the data type, the asymptotic covariance matrix had to be analysed. Sample size was discussed in detail in Chapter 6. Because more than 1 407 questionnaires were returned, it was decided that the sample size was adequate for the analysis, for which LISREL 8.80 software was used, mainly because of the flexibility that it offers.

Figure 7.5
Measurement Model 1: Donor perceptions of non-profit

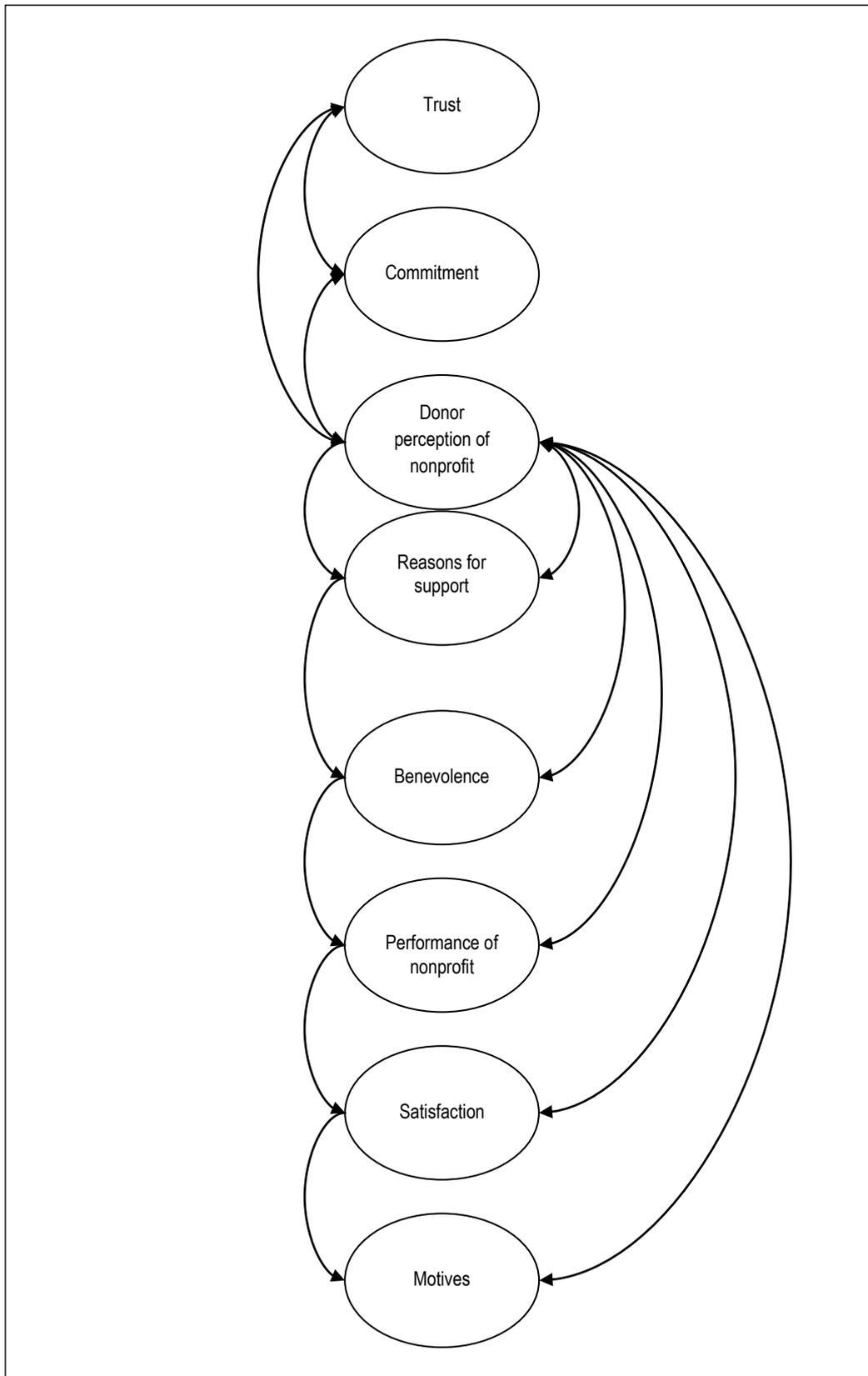


Figure 7.6
Measurement Model 2: Individual donor characteristics

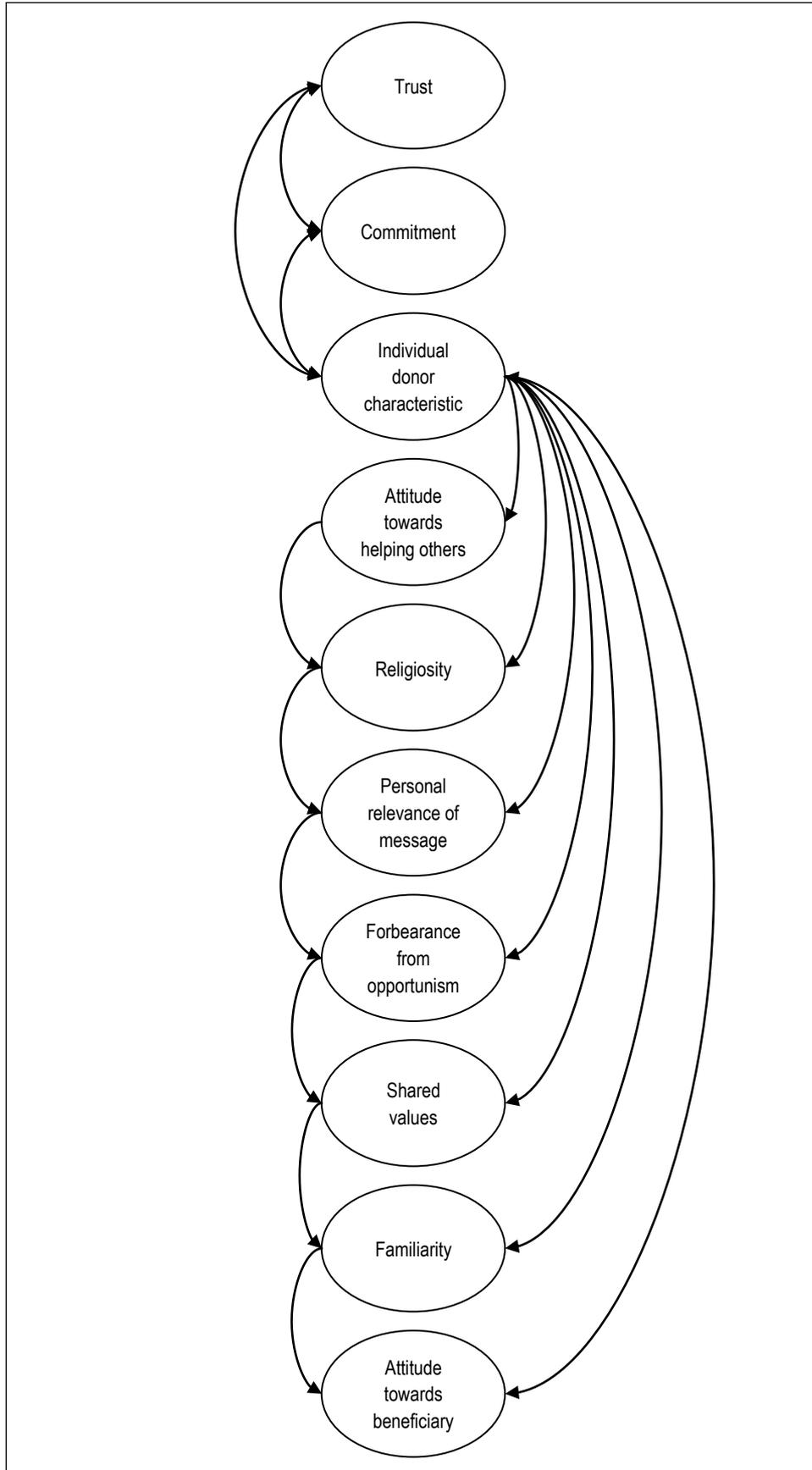
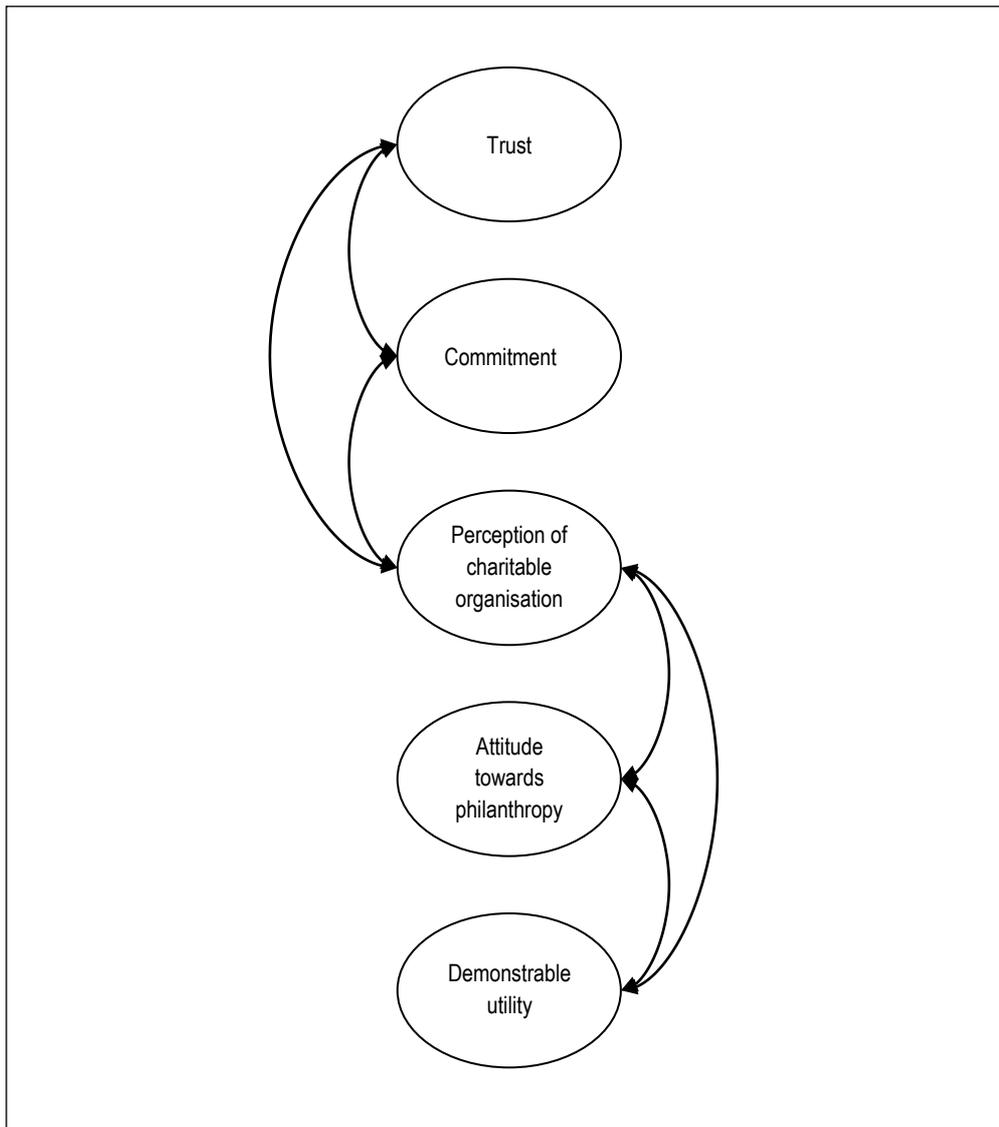


Figure 7.7**Measurement Model 3: Perception of charitable organisations****7.2.6.3 Input matrix**

A variance-covariance matrix of all the indicators employed in the model was used as input in the SEM model. With the matrix compiled, the measurement models (Figures 7.5-7.7) indicate which indicators correspond to which construct. The next step is then to compare the observed covariance matrix with the estimated covariance matrix; the degree to which the estimated covariance matrix fits the observed matrix is assessed by means of fit indices.

7.2.6.4 Determining multi-collinearity

The multi-collinearity of data needed to be determined in order to consider whether there were excessive levels of correlation between independent variables. Hair et al. (1998:156) contended that the effect of multi-collinearity is to reduce a single independent variable's predictive power by the extent to which it is related to other independent variables. The recommended procedure for handling multi-collinearity in SEM is to identify the offending variables and remove each one individually in a succession of repeated analyses.

After an inspection of the completely standardised solution it was suggested that all three models were permissible.

7.2.6.5 Assessing measurement model validity

Different types of validities as well as the role of confirmatory factor analysis (CFA) as a way to assess construct validity were discussed in Chapter 6. CFAs were conducted for each of the models and the results discussed in Section 7.2.6.1. The next step was to assess the goodness-of-fit indices for the models and to inspect the associated modification indices, which were then used to improve the fit of the measurement models.

7.2.6.5.1 Construct validity of model 1: Donor perception of non-profit

As a different number of indices can be used to assess model fit (Hair et al., 2010) the following measures were used in the present study: degrees of freedom (df), Satorra-Bentler scaled chi-square, Root Mean Square Error of Approximation (RMSEA), Expected Cross-Validation index (ECVI) and Normed Fit index (NFI).

Table 7.6 illustrates the goodness-of-fit indices for model 1.

Table 7.6

**Goodness-of-fit indices for Model 1:
Donor perception of non-profit organisation**

Measurement	Index
Df	246
Satorra-Bentler scaled chi-square	1169.73 (p = 0.0)
RMSEA	0.0574
90% confidence interval for RMSEA	0.0541; 0.0607
ECVI	1.122
NFI	0.974

The RMSEA of 0.0574 provides evidence of a reasonable fit (Hair et al., 2010:667). This is further supported by the 0.0607 level for the upper boundary of the 90% RMSEA confidence level.

7.2.6.5.2 Construct validity of Model 2: Individual donor characteristics

The same procedure as in section 7.2.6.5.1 was repeated to conduct the CFA for Model 2. The goodness-of-fit statistics appear in Table 7.7.

Table 7.7

Goodness-of-fit indices for Model 2: Individual donor characteristics

Measurement	Index
Df	303
Satorra-Bentler scaled chi-square	1368.18 (p = 0.0)
RMSEA	0.0573
90% confidence interval for RMSEA	0.0542; 0.0604
ECVI	1.419
NFI	0.972

The RMSEA is within the margins of a reasonable fit, which is also supported by the upper bound of the 90% confidence level for the RMSEA.

7.2.6.5.3 Construct validity of Model 3: Perception of charitable organisations

The same procedure was again followed as with the previous paragraphs to complete CFA's for model 3. The goodness-of-fit indices for model 3 appear in Table 7.8.

Table 7.8
Goodness-of-fit indices for Model 3:
Perceptions of charitable organisations

Measurement	Index
Df	98
Satorra-Bentler scaled chi-square	1030.09 (p = 0.0)
RMSEA	0.0913
90% confidence interval for RMSEA	0.0863; 0.0964
ECVI	0.969
NFI	0.921

The RMSEA falls outside the margin of 0.080 as suggested by Hair et al. (2010:667) with the upper bound of the 90% confidence level for the RMSEA at 0.0928.

Based on the assessment of the RML results, it was concluded that there was sufficient evidence of construct validity in all three measurement models.

7.2.6.6 Revised hypotheses

Based on the statistical analysis, it was found necessary to revise the hypotheses proposed in Chapter 6, section 6.5. The revised hypotheses are as follows:

Table 7.9
Revised hypotheses

Hypotheses	
H ¹	There is a positive relationship between benevolence and trust
H ²	There is a positive relationship between satisfaction and trust
H ³	There is a positive relationship between helping and trust
H ⁴	There is a positive relationship between forbearance from opportunism and trust
H ⁵	There is a positive relationship between familiarity and trust
H ⁶	There is a positive relationship between religion and trust
H ⁷	There is a positive relationship between attitude and trust
H ⁸	There is a positive relationship between philanthropy and trust
H ⁹	There is a positive relationship between demonstrable utility and trust
H ¹⁰	There is a positive relationship between trust and intention to donate

7.2.6.7 Specifying the structural model

After the measurement model had been developed, examined and illustrated, all the relationships identified in it needed to be converted to structural equations. For this and as discussed in Chapter 6, the conceptual model was divided into three. A structural model was specified for each of these new models by assigning relationships from one construct to the other based on theory. The purpose was to measure the dependence relationships among the different constructs.

Table 7.9 summarises the empirical results of the SEM analysis conducted for the three models.

Table 7.10
Results of the SEM analysis

Model	Paths	t-values	Path coefficients	Remark	RMSEA
1	Benevolence→Trust	7.77	0.87	***	0.060
	Satisfaction→Trust	1.04	0.07	N.S	
	Trust→Intention	12.79	0.72	***	
2	Helping→Trust	1.06	0.05	N.S	0.070
	Forbearance opportunism→Trust	8.04	0.45	***	
	Familiarity→Trust	2.41	0.13	*	
	Religion→Trust	2.25	0.18	*	
	Attitude→Trust	2.04	0.21	*	
	Trust→Intention	10.52	0.92	***	
3	Philanthropy→Trust	8.65	0.67	***	0.093
	Demonstrable utility→Trust	-2.46	-0.06	*	
	Trust→Intention	12.73	0.76	***	

Remarks:

* p<0.05

*** p<0.001

N.S Not significant

The following conclusions can be drawn from the relationships investigated:

In terms of the relationship between benevolence and trust, the results provide support for *H¹ There is a positive relationship between benevolence and trust.* The t-value of 7.77 indicates a support on the 0.001 significance level and the path coefficient 0.87. The results imply that the stronger the belief in the benevolence of the organisation, the stronger the trust between donor and organisation. The following relationship investigated was between satisfaction and trust. The results do

not provide support for H^2 *There is a positive relationship between satisfaction and trust*. The t-value of 1.04 is below the critical 1.96 value, which shows there is no support at the 0.05 significance level. The path coefficient was 0.07. The hypothesis cannot be accepted.

For the relationship between helping and trust, the results did not provide support for the hypothesis H^3 *There is a positive relationship between helping and trust*. The t-value of 1.06 was below the 1.96 critical value and the path coefficient 0.05. Therefore the hypothesis cannot be accepted.

As far as the relationship between forbearance from opportunism and trust was concerned, results provide support for H^4 *There is a positive relationship between forbearance from opportunism and trust*. The t-value of 8.04 on the 0.001 significance level and the path coefficient is 0.45. The results imply that the higher the donor's level of resistance to taking donations somewhere else, the higher the trust placed in the NPO. The donor is in such an instance also less likely to "defect" to another NPO.

The next relationship to be confirmed was between familiarity and trust. The hypothesis H^5 *There is a positive relationship between familiarity and trust* was accepted. The t-value is 2.41, which suggests a significant relationship at the 5% level of significance. The path coefficient was 0.13. This finding suggests that the more familiar a donor is with the organisation, the more the NPO will be trusted.

In terms of the relationship between religion and trust, the results show a positive relationship between the two variables. Findings provide support for H^6 *There is a positive relationship between religion and trust*. The t-value of 2.25 on the 0.05 significance level and the path coefficient is 0.18. Findings imply that the more important religion is to a donor, the more he or she will trust the organisation being supported.

For the relationship between attitude and trust, a positive relationship was found. The hypothesis H^7 *There is a positive relationship between attitude and trust* is therefore accepted. The t-value of 2.04 shows a significant relationship with a corresponding path coefficient of 0.21. The findings suggest that the stronger the motives for support, the higher the trust being placed in the organisation.

In terms of the relationship between philanthropy and trust, the results show a positive relationship between the two variables, therefore the hypothesis, H^8 *There is a positive relationship between philanthropy and trust*, is accepted. The t-value is 8.65 which indicates a 0.001 significance level with a path coefficient of 0.67. The more positive a donor is towards philanthropy, the more likely the donor will be to trust an organisation.

For the relationship between demonstrable utility and trust, a strong relationship exists. The finding does support the hypothesis H^9 *There is a positive relationship between demonstrable utility and trust*. The t-value is -2.46 and the path coefficient 0.06. This implies that within certain types of organisations such as religious ones, the more religious the donor, the less demonstrable he or she will become when giving donations to an organisation.

The final relationship tested was between trust and intention to give. In all three models the relationship was positive. The t-value in model 1 was 12.79, in model 2 it was 10.52 and in model 3 it was 12.73. In all three models the t-values indicate support on the 0.001 significance level. The path coefficients were 0.72, 0.92 and 0.76 respectively. Therefore H^{10} *There is a positive relationship between trust and intention to give* is accepted. This implies that the higher the trust in the organisation, the stronger the intention to donate.

The empirical results from the assessment for the models discussed are depicted in Figures 7.8-7.10.

Figure 7.8

Structural model 1: Donor perception of non-profit organisation

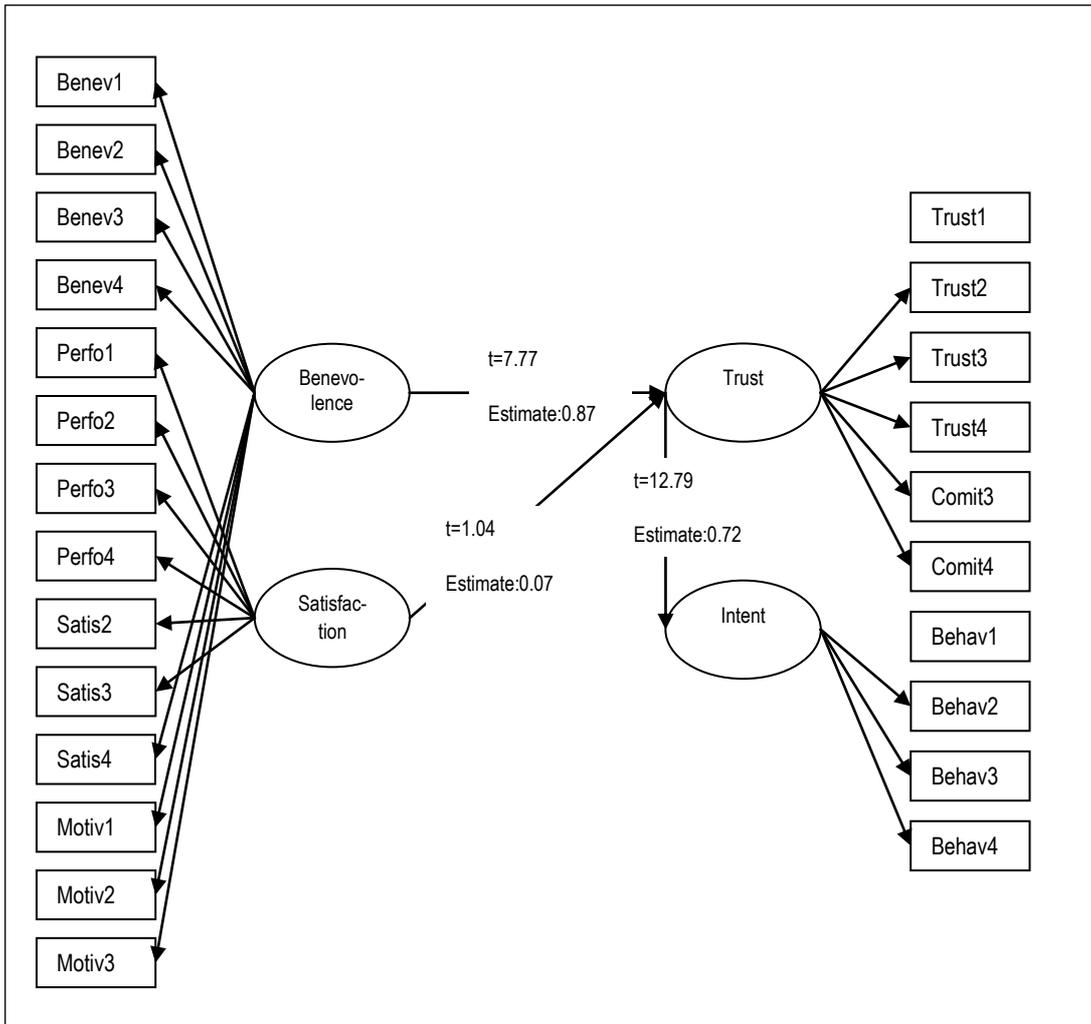


Figure 7.9

Structural model 2: Individual donor characteristics

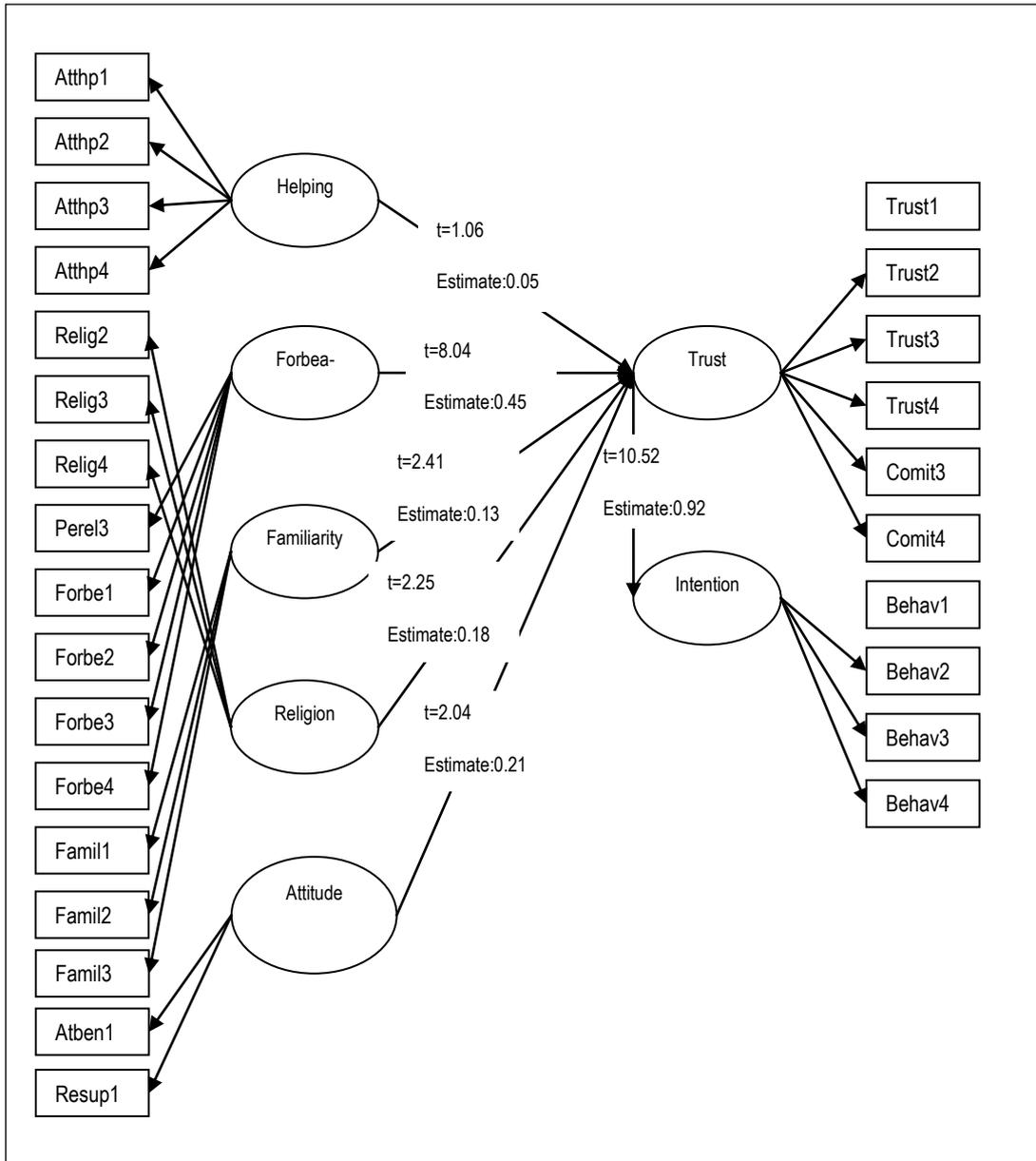
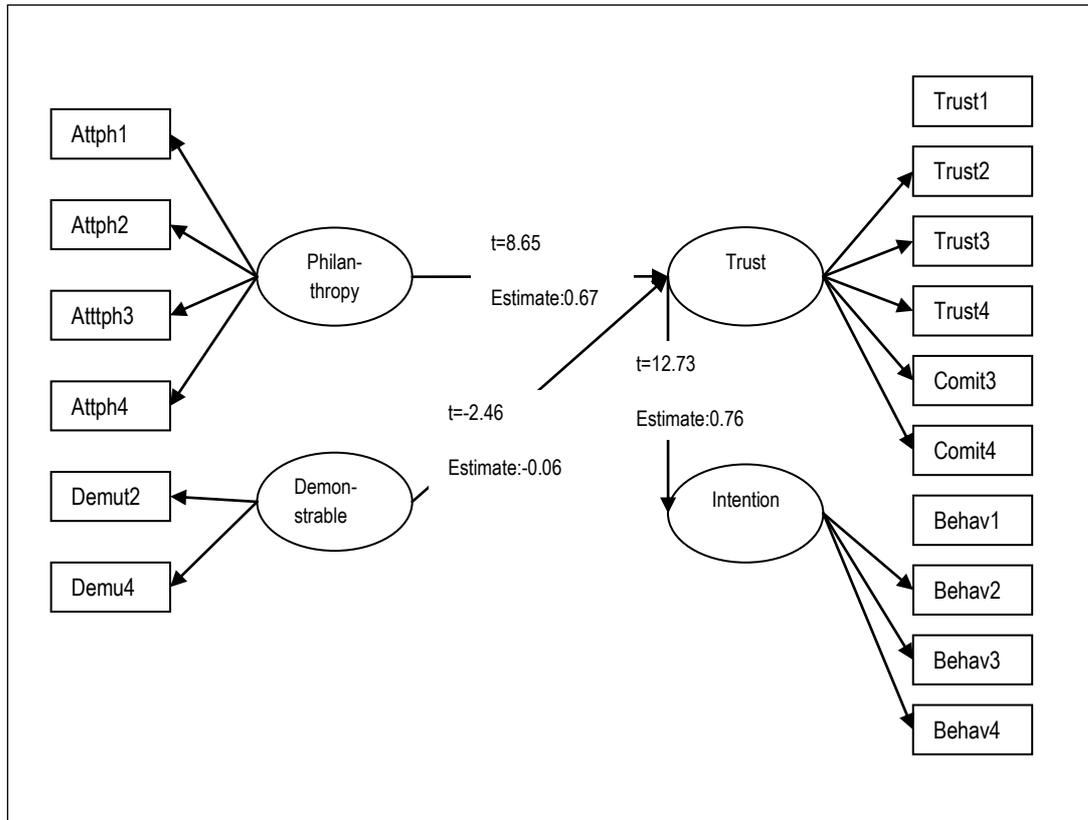


Figure 7.10

Structural model 3: Donor perception of non-profit

**7.2.6.8 Assessing the construct validity of the structural models**

To determine the extent to which the proposed models represent an acceptable approximation of the data, the fit indices had to be considered. The same fit indices used to assess the measurement models were also used in the assessment of the construct validity of the structural model. The fit indices for the structural models are reported in Table 7.10.

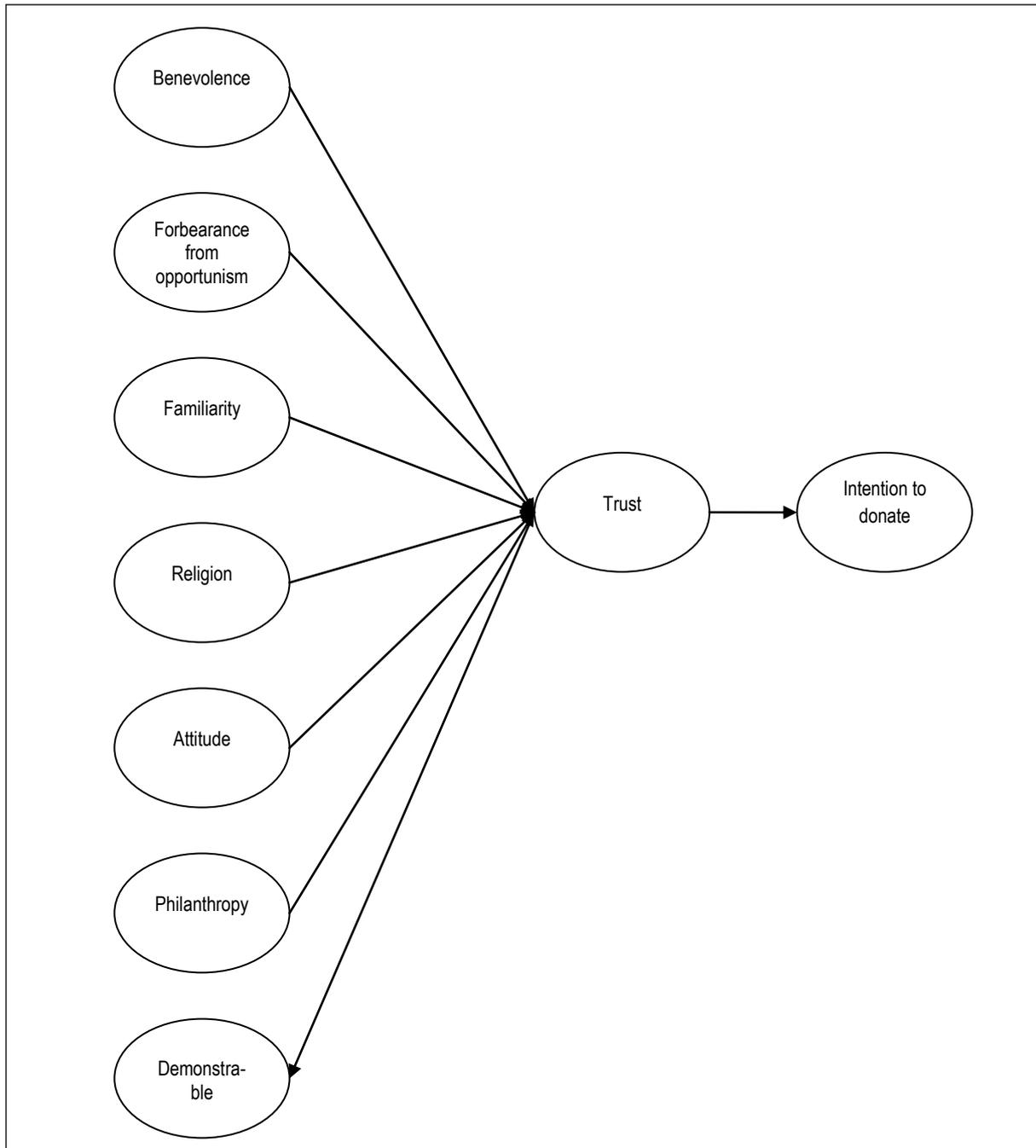
Table 7.11**Goodness-of-fit indices for the structural model 1, 2 and 3**

Measurement	Model 1	Model 2	Model 3
Df	248	308	100
Satorra-Bentler scaled chi-square	1279.348	1911.886	1081.144
RMSEA	0.0604	0.0698	0.0927
90% confidence interval for RMSEA	0.0572;0.0637	0.0668;0.0728	0.0878,0.0978
ECVI	1.215	1.918	1.011
NFI	0.972	0.961	0.917

The fit indices of the structural models provided evidence of reasonable fit. RMSEA levels for models 1 and 2 are below the level of 0.08 and that of model 3 is 0.0927. As far as model 3 is concerned, it is important to keep in mind that a good model fit was not the overriding concern; here the emphasis was rather on the relationships between the variables and the directions of such relationships.

7.3 SUMMARY OF CONFIRMED RELATIONSHIPS

After the completion of the statistical analysis of the different variables, a summary of the confirmed relationships was compiled in the form of a model (Figure 7.11).

Figure 7.11**Graphic illustration of all relationships confirmed**

A number of conclusions can be drawn from Figure 7.11. Of the original 23 hypothesised relationships set out in the conceptual model, only eight could be confirmed, namely Benevolence→Trust, Forbearance from Opportunism→Trust, Familiarity→Trust, Religion→Trust, Attitude→Trust, Attitude towards philanthropy→Trust, Demonstrable utility→Trust and Trust→Intention to donate.

A summary of the hypotheses tested during the study appears in Table 7.11

Table 7.12
Summary of hypotheses

Hypotheses		Supported/ Not supported
H ¹	There is a positive relationship between benevolence and trust	Supported
H ²	There is a positive relationship between satisfaction and trust	Not supported
H ³	There is a positive relationship between helping and trust	Not supported
H ⁴	There is a positive relationship between forbearance from opportunism and trust	Supported
H ⁵	There is a positive relationship between familiarity and trust	Supported
H ⁶	There is a positive relationship between religion and trust	Supported
H ⁷	There is a positive relationship between attitude and trust	Supported
H ⁸	There is a positive relationship between philanthropy and trust	Supported
H ⁹	There is a positive relationship between demonstrable utility and trust	Supported
H ¹⁰	There is a positive relationship between trust and intention to donate	Supported

The implications of the different findings will be discussed in Chapter 8.

7.4 CONCLUSIONS AND IMPLICATIONS FOR THE STUDY

The results of the empirical research are discussed in Chapter 7. The first section of Chapter 7 deals with the reliability and validity of the measuring instrument (questionnaire) designed for the study. The section also discusses the response rate of the questionnaire as well as the demographics of the questionnaires returned.

The next section details the empirical testing of the conceptual model by means of the structural equation modelling technique. The chapter concludes with a summary of those hypotheses accepted in the study together with a model of the confirmed hypotheses.

In the following chapter the implications of the empirical results will be discussed and practical strategies suggested on how to implement these strategies in a non-profit environment.

CHAPTER 8

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS FLOWING FROM THE RESEARCH

8.1 INTRODUCTION

Chapter 8 discusses the findings of the study, draws conclusions and makes recommendations. The first section of this chapter provides a summary of the empirical study, after which the conclusions drawn from it are compared with those of previous research to ascertain how the present study compares with them. The next section interprets the results and discusses the practical, managerial implications for those actively involved in religious non-profit fundraising and concludes by mentioning possible limitations of the study as well as suggesting areas for future research.

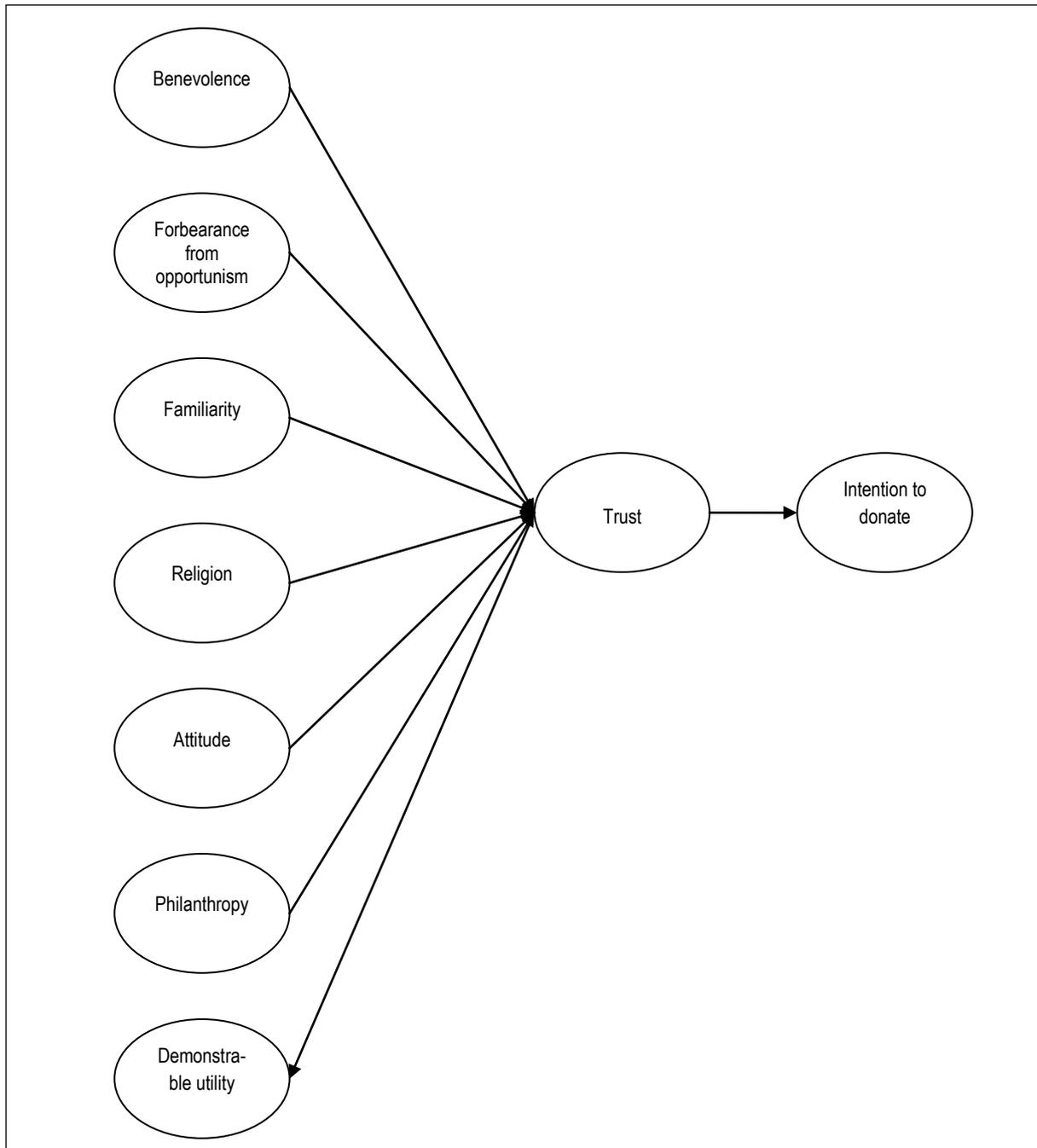
8.2 SUMMARY OF THE EMPIRICAL RESULTS

The empirical research was done in the South African non-profit sector, in particular into a religious missionary non-profit organisation. In order to assess the perceptions of donors supporting the cause, results of previous research were used to construct a hypothetical framework according to which the interrelationship between donor and organisation could be evaluated and fostered. The graphic model in Figure 8.1 shows the positive relationships that were finally confirmed after the original 23 postulated relationships had been tested and narrowed down, first to 10 and then to eight. Seven factors that were seen as contributing to establishing trust in the NPO among its donors remained after the final analysis.

The association between existing marketing literature and the empirical results of this study will be discussed in the following section.

Figure 8.1

Graphic illustration of all relationships confirmed



8.3 RESULTS OF THE STUDY IN CONTEXT

The associations between the findings of the present study and the marketing literature are discussed below. The section is divided into two, of which the first part examines in detail those relationships that were confirmed as positive (i.e. mutually beneficial) in the study, while the second section discusses the relationships that were not confirmed and possible reasons for this.

8.3.1 Confirmed relationships

Ten of the original 23 hypothesised relationships were tested, of which eight were finally confirmed. Each of these is discussed individually below:

8.3.1.1 *The positive relationship between benevolence and trust*

The empirical findings revealed a positive relationship between benevolence and trust. In their study, Bennett and Barkensjo (2005a) find a relationship between benevolence and the perceived quality of relationship marketing, which in turn drives behaviour intention. Snip (2011) also found that benevolence had a positive effect on trust, although it did not contribute to the model when the aspect "donating experience" was added to it.

8.3.1.2 *The positive relationship between forbearance from opportunism and trust*

A positive relationship between forbearance from opportunism and trust was reported. The finding corresponds with a previous study by Sargeant and Lee (2004) as well as the study by Morgan and Hunt (2005).

8.3.1.3 *The positive relationship between familiarity and trust*

Confirmation of a positive relationship between familiarity and trust was found in this study, which is in conflict with the findings of studies done by Sargeant and Lee (2002) and Snip (2011).

8.3.1.4 *The positive relationship between religion and trust*

It emerged from the study that there was a positive relationship between religion and

trust – studies by Ranganathan and Henley (2008) and Skarmeas and Shabbir, (2009) indicate that religiosity plays an important role in giving behaviour, while Sargeant and Lee (2004) indicate that it is trust that drives giving behaviour. After an extensive search no studies could be found that reported on the direct relationship between religion and trust.

8.3.1.5 The positive relationship between attitude and trust

Only one of the original items for attitude towards beneficiary loaded on to the construct Attitude – *The beneficiaries of the organisation are important to me* – as well as one item from the construct – Reason for support – *I strongly believe in the cause of the organisation*. In this regard, the results of the study revealed a positive relationship between attitude and trust. This positive relationship between attitude towards beneficiary and trust was not supported in previous studies (Sargeant & Lee, 2002).

8.3.1.6 The positive relationship between philanthropy and trust

A positive relationship was found between philanthropy and trust. These results correspond with the study by Sargeant and Lee (2002).

8.3.1.7 The relationship between demonstrable utility and trust

In this case a strong yet negative relationship was found. The finding is in contrast with previous studies where no relationship at all was found (Sargeant, Ford & West, 2005).

8.3.1.8 The positive relationship between the intention to give and trust

The relationship between the intention to give and trust also proved to be positive. In the study three of the four items for trust loaded onto the Trust construct, namely:

- *I trust the organisation to conduct their operations ethically,*
- *I trust the organisation to use donated funds appropriately, and*
- *I trust the organisation not to exploit their donors.*

Two items of commitment also loaded onto trust:

- *I would describe myself as a loyal supporter of the endeavour to take the Gospel to the organisation's beneficiaries, and*
- *I will keep on supporting an endeavour to take the Gospel to the organisation's beneficiaries.*

The findings of Sargeant and Lee (2004) state that, if commitment is constrained, trust has a direct impact on donors' giving behaviour. In other models tested in the same study (Sargeant & Lee, 2004) though, it is shown that trust-motivated behaviour has a significant impact on commitment. Sargeant et al. (2005) also indicate a link between trust and intention to give via commitment. Snip (2011) found a positive relationship between trust and intention to donate.

The next section will concentrate on those relationships that were not confirmed.

8.3.2 Relationships investigated but not confirmed

Two relationships tested in the study could not be confirmed.

8.3.2.1 *The positive relationship between satisfaction and trust*

No positive relationship could be found between satisfaction and trust. This finding agrees with a previous study undertaken in the NPO sector (Sargeant & Lee, 2002). Although the relationship is supported in other studies in the commercial sector, it is important to note that this study was done in a non-profit, religious organisation. Donors make a donation without receiving anything tangible in return, which makes it difficult to measure satisfaction. In the case of a missionary organisation, such as the one used in this study, the impact of "satisfaction" on the beneficiary group is even more difficult to ascertain as measuring satisfaction is problematic.

8.3.2.2 The positive relationship between helping and trust

The relationship between the attitude towards helping others and trust could not be confirmed as in previous studies (Ranganathan & Henley, 2008). The present study was done in a religious (Christian) missionary organisation; a possible reason why no relationship was found could be that when donors read the questions – *I like to help others, Helping others is important to me, We should be charitable to others and We should help people in need* – they possibly understood it as meaning physical help such as disaster or famine relief. In the case of a missionary organisation, physical help is not a priority of the organisation; missionary work is intangible and is about a belief that doing good now may lead to a possible future reward (eternal life).

8.4 INTERPRETING THE RESULTS

The **primary objective** of the study was to identify those factors that influence donors to give a donation (their intention to give) to a non-profit organisation, in particular to religious (Christian) organisations.

Before interpreting the results, it is important to put the research done into context, as it plays a decisive role in the interpretation of the results. The research used to construct the framework of this study was done in the broader non-profit sector, while the research for this study concentrated on a faith-based organisation, in particular a missionary organisation. Religiosity as an important determinant for giving is well documented. The concept of charity and giving is ingrained in most global faiths, where these actions are seen as going hand in hand (Skarmeas & Shabbir, 2009:723). This means that giving behaviour within religious organisations represents an important area of study.

The interpretation of the findings will be done by discussing each relationship confirmed in the study.

8.4.1 The positive relationship between benevolence and trust

The definition of benevolence given in Chapter 6 is that trust in the benevolence of the organisation implies that the donor believes that the organisation will always put the interests of beneficiaries and donors first (Bennett & Barkensjo, 2005a).

All four original items loaded onto benevolence:

- *The organisation's aims are totally charity/missionary orientated,*
- *The organisation's workers care deeply for the organisation's beneficiaries,*
- *The organisation will always "go the extra mile" to help a beneficiary, no matter how difficult the task, and*
- *The organisation has great affection for its beneficiaries.*

A strong relationship was thus identified between benevolence and trust. It is also interesting to note that three of the items for motives and one item for satisfaction also loaded onto benevolence. The items for motives were:

- *There is no reason to question the purpose behind the work of the organisation,*
- *the integrity of the organisation is beyond question, and*
- *the organisation always acts with good intentions.*

The one item of satisfaction was: *I am satisfied with the work of the organisation.* Respondents were seen to be confident that the work of the organisation was done in the best interest of the beneficiaries.

In the case of this specific organisation, there is a tendency amongst donors to believe that, as a Christian missionary organisation, it is given that beneficiaries and donors unquestionably come first. Personal experience has shown that donors seldom question the actions of the organisation regarding donors or beneficiaries and even when those actions are communicated to donors, they are usually accepted without reservations.

8.4.2 The positive relationship between forbearance from opportunism and trust

Forbearance from opportunism is the level to which donors resist opportunities to take their donations somewhere else. A strong relationship was found between forbearance from opportunism and trust as all four items loaded on this dimension:

- *I am very loyal to the organisation;*
- *The organisation is my favourite charity to support;*
- *Giving money to the organisation is very important to me; and*
- *Giving money to the organisation is high on my list of priorities.*

One more item from the construct – Personal relevance of the message – also loaded onto the dimension: *Mail/correspondence from the organisation is very important to me.* It seems that communication also plays an important role in nurturing relationships. As was suggested in Sargeant and Lee (2004) this relationship could be nurtured by encouraging regular giving programmes, thereby giving donors different ways in which to support the organisation. The organisation in question has a large regular giving programme and encourages different ways of supporting it. The average number of years that donors are involved with the organisation, as shown in Table 7.3, is between 10-15 years. The latter is testament to the fact that donors tend to stay with the organisation; they are "experienced" donors, who know the organisation and what it stands for.

8.4.3 The positive relationship between familiarity and trust

The definition given for the construct "Familiarity" was: The ability to cultivate trust will be improved if the donor already knows the organisation and understands the nature and significance of the operations of the organisation (Sargeant & Lee, 2002). The three items were:

- *I am familiar with the work the organisation does,*
- *I understand exactly what the organisation stands for, and*
- *I could easily describe to a friend the work done by the organisation.*

Confirmation of a positive relationship between familiarity and trust was found in this study. The finding is in conflict with that of Sargeant and Lee (2002).

A possible reason for this finding could be the fact that donors have been involved in the organisation for a long time. As was reported in Chapter 7, Figure 7.3, the majority of donors have been involved in the organisation for between 10 and 15

years. Another possible reason could be that because of the donors' own personal faith they can identify with the organisation and its cause (Skarmeas & Shabbir, 2009:724).

8.4.4 The positive relationship between religion and trust

Three of the four items loaded onto the religion dimension:

- *Spiritual values play an important role in my life,*
- *My Christianity is important to me, and*
- *Religion is important to me.*

A strong relationship between religion and trust was expected, as this is a religious missionary organisation. Skarmeas and Shabbir (2009:721) state that faith-based organisations have a clear advantage, as religiosity plays an important role in fostering long-term relationships. The target market is already inclined to develop higher levels of relationship quality.

The fact that the first item – *It is important for me to attend church services* – did not load onto the construct could possibly mean either the donor is too old to attend church services, which is possible in view of the average age of donors, or that donors do not think attending church services is necessary to live out their faith. Many donors are also disappointed with their congregations and are seeking other ways to continue tithing and do so through other faith-based organisations.

8.4.5 The positive relationship between attitude and trust

As was mentioned in section 8.3.1.5, only one of the original items for attitude towards beneficiary loaded on to the construct in the structural model tested – *The beneficiaries of the organisation are important to me* – together with another item from reason for support – *I strongly believe in the cause of the organisation*. Two motives are identified: the importance of the beneficiaries of the organisation, and the cause of the organisation. In this particular organisation the two motives go hand in hand and communicating with donors plays a crucial role in this regard.

The following items did not load onto the construct – *I have a close affinity with the*

beneficiary group, and The beneficiaries need all the support they can be offered. Possible reasons for this could be that donors understood "close affinity" to mean direct contact with the beneficiaries, which they do not have, and that "support" as offered by die organisation was seen as a physical and not spiritual entity.

8.4.6 The positive relationship between philanthropy and trust

According to Sargeant and Lee (2002) those who are "favourably pre-disposed" to the non-profit sector will be more likely to develop trust than those who are not. The non-profit sector has an important role to play in delivering quality services to donors and their beneficiaries. By improving the perceptions of donors in the non-profit sector, the relationship between philanthropy and trust could be enhanced.

8.4.7 The relationship between demonstrable utility and trust

The finding is significant for religious organisations in particular, as it shows that donors are adamant about giving without receiving anything tangible in return. This is even more true when giving to a missionary organisation. Matthew 6: 3-4 (English Standard Bible) sums it up: "But when you give to the needy, do not let your left hand know what your right hand is doing, so that your giving may be a secret. And your Father who sees in secret will reward you."

8.4.8 The positive relationship between trust and intention to give

The final relationship between trust and intention to give also proved to be positive. In all three models tested in this study, two of the items of the commitment to the cause construct loaded onto trust –

- *I would describe myself as a loyal supporter of the endeavour to take the Gospel to beneficiaries, and*
- *I will keep on supporting an endeavour to take the Gospel to beneficiaries.*

A possible reason for this could be that the donors felt that commitment to the cause and trust in the organisation were identical constructs.

8.5 MANAGERIAL IMPLICATIONS

Before the managerial implications are discussed it is important to note that many of the managerial implications refer to communication. This was not empirically tested. Communication was discussed as part of the relationship building process, but the implications discussed in Chapter 8 is rather a look into the future and the possibilities open to organisations in their endeavour to build lasting relationships with their donors.

The **second objective** set in Chapter 1 was also achieved. The findings of the study have a number of practical implications for non-profit organisations, in particular missionary (religious) organisations. It should be noted that missionary organisations differ drastically from NPOs, involved in non-religious activities. All seven constructs have a direct impact on trust, while trust in turn has an impact on the intention to donate. The higher the level of trust in the organisation, the stronger the intention to donate. It is therefore imperative to employ all seven of these constructs to induce trust.

The **third objective** set out in Chapter 1 was also attained regarding utilising the constructs identified in the study. When looking at the final model and the resulting discussion, two factors run through all these constructs: religiosity and communication. In the case of a Christian missionary organisation, it is imperative for the organisation to be very clear about the nature and aims of its religious conviction. It should be embedded in the organisation's constitution for all to see and infuse all areas of the organisation's work and communications. These communications should include beneficiaries as well as donors and friends.

The managerial implications of this study examine ways and means of nurturing donors and supporters. In this regard it is important to note that the missionary outreach should be firmly based on the beliefs of the organisation, because these are what will finally also be communicated to donors.

Trust in the benevolence of the organisation implies that donors expect the organisation to put its donors and beneficiaries – those that are being helped – first. Communication plays a very important role in fostering this belief and there should be total transparency in all dealings and organisations should have processes in place

that publish regular progress reports on work being done. An important aspect to consider here is that communications with donors should focus on donors' own needs. They should address what donors themselves want to hear, not so much what the organisation wants to tell them.

In a religious organisation, standards and principles and the conduct of the organisation should always be beyond reproach. This should be clearly apparent to donors in all their dealings with the organisation. These principles would include aspects such as honesty and integrity, love and compassion. If the organisation adheres to those principles, donors will mostly accept without question what the organisation does. These principles should be apparent in all the organisation's activities. The organisation needs to focus on honesty and integrity in all its communications and every effort should be made to stress the latter.

A belief in the importance of helping others is ingrained in most religions. Christianity is no exception and this is a core value instilled in everyone growing up in a Christian environment. If this belief is also reflected in all communications with donors, it can only strengthen trust in the organisation. Communications with donors should not always be just about the work being done, but also about the beliefs of the organisation, which the donors will mostly share. The donors are like an extended "congregation" and by interacting with them, the organisation also learns about them, thus creating a "Community of Believers", or perhaps a "Virtual Community of Believers". There must be a constant flow of communications between donors and the organisation, to help create a community which has the ability to break down social barriers and unite Christians wherever they are found and help build a Kingdom of God.

This "Virtual Community of Believers" (the donors), can be seen as all those who attend church services, those who cannot because of ill-health or infirmity, those who believe, but do not belong to an organised church community (Davie, 1994,) uses the phrase "believing without belonging", and finally those who may have become disillusioned with a church and are looking for a principled organisation to which they can donate their tithe. The challenge is how to communicate with each of these groups, because for many of its members the organisation may be the only "Community of Believers" they belong to. The ages of these donors will vary, with all

that this implies.

Younger people are more likely to be connected via social media networks for instance, while older donors still prefer ordinary surface mail. Even older donors are increasingly using social media as the best way of keeping in touch with children and grandchildren spread all over the world. Many of these older donors are extremely lonely as a result of the emigration or relocation of their families and friends, so an NPO can play an important role by acting as a sincerely caring organisation that can in this way make a big difference in their lives.

Section 8.4.2 dealing with forbearance from opportunism, shows it is important to make as many options as possible available to donors for contributing to the NPO (contributing obviously implying financial donations). It is important for donors to have a wide variety of giving options at their disposal, ranging from cash to Internet bank transfers. Donating should be made as effortless as possible for donors.

Contributing can take different forms: one could for example ask donors to pray for the beneficiaries they care for or for the workers doing the work. Donors cannot always donate on a regular basis, but they can always pray. By giving donors different ways of staying involved, the organisation remains in their hearts and minds. Sincerity is crucial, because donors soon know when they are being patronised. By keeping donors involved in this way, their resistance to taking their donations elsewhere, will increase.

Earlier studies did not find any positive relationship between familiarity and trust. A possible reason for finding a positive relationship in this study could be that religious orientation plays an important role in some organisations, in particular missionary organisations. In the case under discussion, most of the organisation's donors are Christians. They know what their faith means to them, how it has changed them and therefore they understand the impact the work of the organisation will have on those beneficiaries that the organisation serves.

As part of a "community of believers" there is a resultant feeling of a close connection between donors and the organisation and between donors and the beneficiaries. Another reason could be that the longer donors stay with the organisation, the more familiar they become with what the organisation stands for and the more loyal they

are. The average involvement of between 10-15 years in the organisation mentioned above, does play an important part in this construct. Familiarity could, via continual communications with donors, be strengthened to enhance the "bond" between donors and beneficiaries.

Religion is the common denominator interwoven with all the constructs in the model presented in Figure 8.1 and it forms the bases of all the discussions and implications. In each of these constructs, religion has an impact on the trust in the organisation. If the organisation enacts its religious beliefs and this is clear to the donors, trust and giving will follow.

With the construct "attitude towards philanthropy", a broader view is taken of the non-profit sector, but it still starts within every organisation. If every organisation delivers what they promise to their donors and beneficiaries, the perceptions of donors in the non-profit sector will improve and therefore the trust in the sector will be enhanced. Unfortunately, in the religious non-profit sector any adverse reaction to one organisation has serious consequences for other religious non-profit organisations in the mind of the public as well as this kind of conduct should simply not be allowed to happen, is not tolerated and is not easily forgiven. It is difficult to overcome negative perceptions and it takes a long time to change them.

As far as the construct attitude is concerned, the two motives that were identified in enhancing trust are

- the importance of the beneficiaries of the organisation, and
- the cause of the organisation.

In this particular organisation, the cause espoused by the organisation and the missionary effort aimed at the beneficiaries are one and the same. Again, communication to donors plays an important role; if donors know what the real needs are of those the organisation serves and their attitude is positive, their trust can only be enhanced.

Finally, the relationship between trust and intention has been well documented. If the levels of trust is enhanced by the six constructs discussed above, the intention to give to the organisation will also strengthen.

Keeping the above in mind, a communication guideline, is proposed for communication between an organisation and its donors and is set out in the following paragraph. At the end of the day, the only way to build trust is through a relationship with the donors or "Virtual Community of Believers" and the latter can only be achieved through a well-managed communication strategy.

1. *Foundation of all communications*

It is imperative for an NPO to be clear about its own religious convictions. These convictions, in this case those of a Christian missionary organisation, need to be firmly embedded in the organisation's constitution and be clear for all to see. These convictions must guide and suffuse all the communications of the organisation.

2. *Who to communicate to*

Although all donors should receive the regular mail-shots, for example requests for donations and newsletters, organisations should stratify their communication methods according to the ages of donors and "would-be donors", if that information is available. If a donor's age is not known, he or she should be given the choice of how and when communications should take place.

This study has shown the donors that give the most are those between 56 and 85 (as in Table 7.3), with an average age of 72. Obviously, most of an NPO's time and energy should be spent in building relationships with these donors and potential donors.

"Younger" donors are seen as those between the ages of 50 and 65. Their children have grown up and started out on their own lives, which means that the parents' discretionary income increases and they have more free time to spend on activities and causes that matter to them. It is also the time for grandchildren, but also the reality is that many children leave the country for greener pastures, leaving their parents at home without grandchildren and family support. If good relationships are established early enough with these younger donors and possible donors, an NPO can create a great asset for many years to come.

This is also the time when some older donors stop attending church services simply because they are physically too frail to do so. Their world becomes smaller but they

now also have more time to read, write and talk. They tend to get passionately involved in the affairs of the organisations they are involved in and are more likely to react to the communications they receive.

That said, it is also important to build relationships with the younger generations. They tend to donate a smaller percentage of the total to charitable organisations, but they will also become the more generous "72-year-olds" of the future. These younger donors and possible donors will still be working and have busy lives with children and families. Their free time is limited as are their disposable incomes and they increasingly tend to shun the more mainstream, traditional Christian community churches although they may be believers. Those who do get involved in organisations also prefer hands-on projects where the outcomes are clearly visible and where they are more directly involved.

3. Where to find donors and possible donors (where to communicate)

It is possible to narrow down possible sources for new donors in South Africa, because 80% of all South Africans are Christian, or at least profess to be. This means that all possible media should ideally be used to communicate and all donors and possible donors should be targeted. The practical reality of the matter though, is that organisations will find most of their donors and possible donors, in places of worship in the first instance. For the older generation, this is the place where members of the "Community of Believers" gather to worship, praise, socialise and organise outreaches to communities, either by helping those in need or by doing missionary work.

For those who do not go to places of worship (the elderly and the "believers without belonging" group), events should be identified where they can gather to worship or socialise with others of like mind and belief. Events such as gospel shows, seminars, community projects and missionary outreach programmes which potential donors are likely to attend could be organised or targeted to promote an NPO.

To reach out to existing donors the same places and events can be targeted and the same communication tools used.

4. How to communicate

In all communications to donors it is important to be acutely aware of donors' needs and an organisation needs a "custom-made" approach for each of its different target groups. All possible channels of communication and giving should be made available and donors must be allowed to decide for themselves how and where they would like these to take place.

The traditional ways of communicating are still the preferred ways of most donors, particularly the older ones, and would include media such as:

- Face-to-face communication,
- telephone conversations, and
- letter writing, or direct mail as it is known in marketing.

Face-to-face communication, although expensive and time-consuming, is still the best way to build trust and relationships. The more personal the better, although this may not always be possible.

With technology that has grown in leaps and bounds, the Internet has opened vast possibilities in communication with those who have ties to the organisation. The following media should be considered:

- E-mail (it is fast and reliable)
- Cellphones (most donors/possible donors (older and younger) will have cellphones which makes communicating via SMS another easy, fast and a cheap way to communicate).
- Websites (these could be used to introduce donors and possible donors to the organisation, as all relevant information can be made available to those interested).
- Hypermedia websites (on these sites the static pages of a website are replaced by sites where two-way communication can take place. Hypermedia can include social pages, blogs and discussion forums).
- The above media integrated with social media. Here Facebook, Google+ or

Twitter are the best known with Facebook well in the lead. Many of the older donors will also be familiar with it and even Skyping as a way of keeping in touch with children and grandchildren far away.

- This however does not mean that it is an either-or situation. Structured communication involves integrating all these media into the most effective mix with the end result being the maximisation of trust in the organisation.

5. *What to communicate*

Creating a sense of familiarity between an organisation and its donors needs to be cultivated. Especially in Christian-based organisations, this familiarity plays an important role, as shared faith binds an organisation and its donors together. The organisation becomes more than just "an organisation", instead it becomes "my organisation" and this is where the "Virtual Community of Believers" becomes a reality.

Communication with donors entails more than just sharing stories of what has happened in the organisation or what is planned in the future. This does not mean this aspect is not important – it is very important, but a Christian missionary organisation needs more than that. Communication is about sharing the Gospel with a wonderful "Community of Believers" to strengthen not just the faith of the organisation, but also of those who are part of it. What the organisation experiences in the field, can also be a source of inspiration to donor in their everyday lives. Donors must be given the opportunity to participate in this process and most of the time the organisation will receive far more than it envisaged. By sharing its passion and beliefs with donors, it will receive all that and more in return – this is finally what it needs to perform its missionary task.

8.6 CONTRIBUTION OF THIS PRESENT STUDY TO NEW KNOWLEDGE

This study can be seen as a pioneering endeavour in the non-profit fundraising field, particularly in South Africa, where very little research has been published regarding donor behaviour in religious organisations, in particular in Christian missionary organisations.

This study is unique as the antecedents and their items that were confirmed here differ from previous studies. More importantly, this study has indicated clearly that donors in religious affiliations, reacting with true charitable intent in their giving to specific religious organisations, react differently to donors giving to other types of (secular) non-profit organisations.

A number of different and practical strategies based on the conclusions of this study are proposed. It is believed that the study will enable those involved in missionary organisations to develop marketing strategies better suited to these organisations in particular, which will in the end be of greater worth to their beneficiaries in the longer term.

8.7 LIMITATIONS OF THE PRESENT STUDY

The biggest limitation of this study could lie in the fact that the study was done in only one country – South Africa – and in only one organisation, namely a religious NPO, particularly a Christian missionary organisation. Only 10 of the original 23 relationships postulated could be tested, of which only eight could be confirmed in the end.

8.8 POSSIBLE AREAS FOR FUTURE RESEARCH

In achieving the **fourth objective** future research could include the development of a new measurement instrument in measuring donor behaviour in religious organisations and in particular missionary organisations. In the development of such an instrument other organisations outside South Africa and elsewhere in the world should be used for validation purposes. Another line of study could include other religions in order to ascertain if the same constructs also apply to them.

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