Philanthropy and Non-profit Development: An Overview

[Name of the Writer]

[Name of the Institution]

**Measuring effective Fundraising: A framework to evaluate impact**

Supporting a society or country is not only the responsibility of the government. For supporting the communities, nonprofit organization also put in untiring efforts. Nonprofit organizations used to work on specific social issues. These are the organizations that use surplus revenues for achieving the set ultimate objective rather than distributing the money among the organization's leaders, members and stakeholders etc. Different techniques are being used for collecting the money that is used for the social work. Fundraising is one of the main tools through which organizations gather money. Fundraising is the process of gathering and seeking voluntary financial contributions by engaging businesses, charitable foundations, individuals or governmental agencies. It thrives on new and innovative ideas that capture the enthusiasm and interest of the supporters and donors. Nonprofit organizations mainly rely on funds that are raised by implementing different strategies. Fundraising is not an easy thing to do and it has become one of the most highlighted issues.

**Challenges in fundraising**

Challenges in fundraising are increasing in numbers. Charities and other nonprofit organizations are considering new ways for increasing their income. First and most, threatening challenge in fundraising is engaging the donors and managing the experience of these donors so that they could feel appreciated and more motivated. Engaging the donors in a right manner is a central factor for the sustainability of any organization. A second major challenge being faced by other small non-profit organizations is the lack of resources. Lack of software and necessary tools through them could manage the donor’s data. Third major challenge that has been observed in fundraising is finding new donors, making a connection and staying in touch with the supporters and donors. At present, people are careful about whom they are going to give their money. Organizations need to be more resilient by increasing ways of its income. It has been seen that grant funding is drying up gradually with time. Next is the challenge of covering diversity as nonprofit organizations are focusing on championing gender inequality and diversity. Your mission statement is the central factor that makes the fundraising campaign successful. If the message is not communicated well, it would affect the overall process of collecting money. Conveying the message to donors is a task of great responsibility and most organizations fail to convey their message accurately. Enticing people for charity is also a challenge as at present, people struggle hard to meet their expenses. Therefore, in such circumstances, it becomes hard to inculcate in people a sense of social responsibility where they have to cut and donate a share of their earning.

**Lack of employee engagement**

All the above-mentioned challenges could be looked upon as external challenges but one of the most damaging challenges in fundraising is the lack of employee engagement. Employee involvement is an important factor that points to how successful a nonprofit organization would be. Lack of engagement of employees is affecting the nonprofit organization. Charities are trying hard for increasing employee engagement that would assist them in achieving their goals. According to Mize Smith, employee's perspective on philanthropy need to be integrated into the overall corporate strategy. Interest and engagement of employees motivate donors and supporters for contributing more to the noble cause. According to Muller and Kraussl, employee engagement signals "sincere" involvement of the stakeholders when it comes to supporting a cause that points toward the greater future employee commitment and identification.

Community driven fundraising is doing a little better as it involves supporters and employees of the same community for which they are raising the funds. Employees and supporters could be anyone who wanted to serve the community. When employees of a nonprofit organization are questioned about what benefits they are getting while working in a nonprofit organization, mostly respond in favor of professional development. According to Polly and colleagues, employee engagement is challenged, faced by both profit and nonprofit organizations as organizations are finding ways for increasing the engagement of their employees. Employee engagement would improve their outcome by activating the passion, skills, and abilities of the employees.

History of the issue

**Framework for fundraising (components and strategy)**

Carefully planned strategy for fundraising proves to be the only key to success. It has been witnessed that for any organization, a strategy is important as it provides overall strategic direction to the authorities and the management. Strategic directions include financial strategy, organizational development strategy, human resource strategy, and marketing strategy, etc. (Grace et al, 2011). The effective strategy also outlines the measurable goals so that efforts could be made for achieving certain targets. Fundraising strategy teaches how to plan ideas for generating income to fund the activities in fundraising. Developing a strategy is important as it provides clarity about actions that would help in raising more funds along with assisting division of responsibility. In any organization, a framework is of great importance as it provides an outline to work upon and helps in the making of strategies that would help in catering to future problems.

**Basic information in framework**

Inclusion of the key elements in any framework is the main area of focus. Likewise, certain components must be added in the fundraising strategy framework. Key components to be included in the fundraising strategy are:

* Mentioning current weaknesses and strengths.
* Experience in fundraising campaigns
* Existing resources and strategies being used for fundraising
* Overall fundraising strategy
* Methods suggested for meeting the fundraising targets
* Monitoring and measuring of the funds
* The time frame for implementing the strategies

**Health of strategy and cost relation**

There are large numbers of strategies that are used in fundraising. It is necessary to consider key elements of any strategy before giving it a practical shape. Organizations try their best to choose functional strategies that cost them the least. Strength and health of a fundraising strategy could be defined by taking into account, the cost factor. Cost-effectiveness is directly linked with the success of the fundraising strategy. Out of all the strategies that are being looked upon for fundraising, every organization tries to choose a strategy that would cost them the least. Cost-effectiveness is the most appealing factor that indicates the health of the strategy (Goecks et al, 2008). Every organization sets a target to collect maximum funds at the least of their expense. The first challenge that non-profit organizations come across with, is selection of cost effective strategy that would provide maximum benefits utilizing the least amount and resources. Organization targets to choose best strategy out of all the strategies, for which they would have to invest in the least. Boards of the non-profit organizations are making untiring efforts, how they could find correct cost of the fundraising as misinformation usually overshadows facts.

This fact cannot be denied that success of fundraising strategies mainly depends on cost factor but at the same time, it would be wrong to say that the whole effectiveness of the fundraising process is based on cost only. Effectiveness of the fundraising strategies depends on multiple factors. Engaging employees in fundraising is one of the main elements that determine how effective a strategy could be. Loyalty of the employee, working for raising funds, would also determine effectiveness of the strategy. Resources could be looked upon as another important factor for making an effective strategy. It would be unfair to say that cost is the only factor that measures the effectiveness of a fundraising strategy. Managing time frame could be categorized as a major factor as well that adds a lot in making a fundraising strategy effective. Mobilizing the donors and appreciating them also makes a strategy effective. So as a whole it could be said that cost is not the only one measure that determines how healthy a fundraising strategy is.

Dependency quotient is also a concept of great significance in fundraising. It can be found by dividing the average contributions of the total and five supporters by the expenditures of an organization. The leaders should acquire the actual cost to raise the dollar by adding the overall expenses that will include staffing which is associated with fundraising programs (Di Lauro et al, 2019). It is then divided into a total estimate of fundraising. It is found that the nonprofit organizations are completely dependent on the major five donors who have a low fundraising cost but have a very few revenues of the sources. It is found that the subject groups are not too dependent on few of the donors who own huge worth.

It is interesting to note that some non-profit fundraising organizations spend more on their donors and their dependence on the donors cost them much more than what they get from the donor. Inverse relation could be seen in some cases in which more money is invested on appeasing the donors. Donor dependency means that an organization is depending more on its donors for fulfilling the financial needs but in some cases cost of the fundraising process may raise when organizations depend less on their donors. For example, for collecting money for a noble cause when an organization launches and promotes a plan, they pay for various things, e.g arranging seminars would definitely cost them.

**Benefits of fundraising tactics with initial higher costs**

Tactics that may have the higher costs ultimately benefit the organizations. It has been witnessed that for fundraising, organizations have to invest something i.e. for finding and appreciating the donors, the organizations would invest at first. There are multiple benefits of fundraising tactics. Fundraising tactics include, setting of priorities or goals and paying attention to the available resources (Eikenberry et al, 2008). A few other benefits of fundraising tactics having higher costs are improvement and strengthening of the operations and increasing of cooperation among the stakeholders and employees. Public opinion is greatly influenced by the way how fundraising strategies are used as public opinion could be influenced easily by using correct strategies.

Donors, while giving money, become more concerned about where their money would go so that the transparency process could be made clearer. Transparency of the fundraising process would encourage donors in trusting the organization. Non-profit organizations are concerned about community-led and community-driven development. Approaches used in fundraising tactics involve communities that work together and bring positive social change (Hager et al, 2004). Fundraising tactics helps in building a healthy relationship between employees and organizations as it has been witnessed that corporations and their non-profit arms invest more in social works. This investment rises consumer’s and employee’s consciousness. Positive relation being built between the corporation and employees contributes a lot in making employees more committed to their work.

Fundraising is the best way of promoting financial stability as it helps people in meeting their day to day needs, who are living under the poverty line. Hundreds of non-profit organizations are working with a mission of bringing a positive change in lives of people who are living from hand to mouth. Through fundraising, non-profit organizations are seeking help from those who can afford to give some of their money to others. In the field of healthcare, fundraising depends on the cost. It has been witnessed that in fundraising campaigns, a great portion of money is spent on grabbing the attention of donors (specifically money holds attention of the biggest donors).

**Research Questions:**

1. Who manages non-profit organizations on national level?
2. Do non-profit organizations pay any tax?
3. Are these organizations under any obligation or law to show their benefactors or donors?
4. Who does the fundraising help the most? Donor or the receiver?

**References**

Di Lauro, S., Tursunbayeva, A., & Antonelli, G. (2019). How Nonprofit Organizations Use Social Media for Fundraising: A Systematic Literature Review. *International Journal of Business and Management*, *14*(7).

Eikenberry, A. M. (2008). Fundraising in the new philanthropy environment: The benefits and challenges of working with giving circles. *Nonprofit management and leadership*, *19*(2), 141-152.

Goecks, J., Voida, A., Voida, S., & Mynatt, E. D. (2008, November). Charitable technologies: Opportunities for collaborative computing in nonprofit fundraising. In *Proceedings of the 2008 ACM conference on Computer supported cooperative work* (pp. 689-698). ACM.

Grace, K. S. (2011). *Beyond fundraising: New strategies for nonprofit innovation and investment* (Vol. 64). John Wiley & Sons.

Hager, M. A. (2004). Balancing act: The challenges and benefits of volunteers.