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Nonprofit Organizations & Social Media Fundraising

An Analysis of the GoodGiving Guide Challenge

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Spring 2014

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Executive Summary

In today's age of social media and interconnectedness, nonprofit organizations have the ability to be creative in their fundraising efforts. One method of online fundraising is a social media campaign, such as the GoodGiving Guide Challenge, an eight-week online charitable giving campaign for nonprofit organizations across Central Kentucky.

A review of related literature shows that previous studies have touched on the growing trend of social media as a nonprofit marketing tool, the role of internet in the nonprofit sector in general, the return on investment in nonprofit internet use, and the importance of accountability and trust in terms of online giving. This paper explores a more specific facet of these trends: the success of a social media charitable giving competition between various nonprofit organizations in a community.

This research uses data collected by Blue Grass Community Foundation during the 2013 GoodGiving Guide Challenge. I explore the following questions:

- 1) Does the frequency of an organization's social media posts predict success in social media fundraising?
- 2) Which organization characteristics predict success in social media fundraising?

I measure success using three dependent variables: total dollar amount fundraised per organization, number of unique donors per organization, and average amount given per donor per organization. I find that frequency of social media use (Facebook, Twitter, and e-newsletters) is not correlated with any of these measures of success, aside from Twitter which has a positive association with the number of donors.

I also explore which organization characteristics, such as finances, management, fundraising intention, volunteers, mission, and age, affect fundraising success. The variables that are positively associated with the various measures of success are program expenses (to a small extent), presence of a capital campaign, and age of organization. The variables that are negatively associated with the various measures of success are number of staff, number of volunteers, CEO term, youth-related mission, animal-related mission, and arts-related mission. Based on these findings, I conclude with recommendations for nonprofit organizations considering entering the GoodGiving Guide Challenge or other similar social media charitable giving campaigns in the future.

Introduction

Most, if not all, nonprofit organizations depend on fundraising to accomplish their missions and remain in operation. Without significant income through fees for services or involuntary taxes, nonprofits must raise money from individuals, foundations, and corporations in order to offer their services to communities in need. Prior to the rise of the internet, fundraising was typically accomplished by face-to-face contact. However, the onset of the internet offered nonprofit organizations new opportunities for raising funds. Like their for-profit counterparts, nonprofit organizations could now use the web to cast a wider net as they marketed their services and connected with potential supporters.

With the onset of social media in the mid-2000s, communication capabilities increased yet again, and fortunately, many nonprofit organizations took advantage of this. “By 2009 a remarkable ninety-seven percent of charitable organizations were using some form of social media...and all of the top charities in the [United States] are now using at least one form” (Barnes, 2011). It is often assumed that the nonprofit sector is “behind” its for-profit business counterparts in technology and innovation. However, according to a study by the University of Massachusetts Dartmouth Center for Marketing Research, “the largest charities...have truly embraced social media tools in a way no other sector has” (Barnes, 2011).

Fundraising is one goal nonprofit organizations may have when considering the use of social media. With the use of social media in fundraising, however, nonprofit organizations are faced with questions of whether they should participate in this trend, whether they can predict their success, and whether they can alter their behavior in a way that increases their likelihood of raising funds. Therefore, this research will explore the following questions:

- 1) Does the frequency of an organization’s social media posts predict success in social media fundraising?

2) Which organization characteristics predict success in social media fundraising?

Understanding the relationships between an organization's social media usage and characteristics, and its success in social media fundraising will benefit the organizations, and ultimately, their communities.

GoodGiving Guide Challenge Overview

This research uses data collected from the GoodGiving Guide Challenge (GGGC). The GGGC is an eight-week online charitable giving campaign for the benefit of nonprofit organizations across Central Kentucky. Participating nonprofit organizations are advertised as GGGC participants, collect donations through the GGGC website, and are eligible for extra funds through sponsored challenges and match pools. The goals of the challenge are to “engage new donors and/or volunteers; educate the public about nonprofits and their vital role in the community; encourage online giving that is fast, simple and fun; empower local nonprofits in the utilization of social media and online giving; excite people age 18-35 to get involved in philanthropy; and emphasize the importance of local giving” (GGGC website).

Each organization pays a participation fee of \$500, and four percent of each donation is taken out to cover payment processing. Upon signing up for the GGGC, each organization is asked to find a match donor of at least \$500; update its organization profile on GoodGiving.net; send weekly e-letters, Facebook posts, and Twitter posts about the challenge; and help advertise the challenge in various ways. Donor incentives such as raffles and giveaways from local businesses encourage potential donors to participate. The GGGC was originally modeled after the Give! Guide, a charitable campaign in Portland, Oregon. Other similar challenges exist in the United States, and with the continuing developments in social media, it is likely more communities will launch challenges of their own.

In the first year of the challenge (2011), 58 nonprofit organizations from Fayette County, Kentucky, participated. A total of 1,540 unique donors and accompanying matching gifts brought in a total of \$186,767. In 2012, the challenge grew to include 68 nonprofit organizations from five counties in Central Kentucky. The number of donors increased to 2,457, with \$586,000 in donations and matching gifts. In 2013, the challenge expanded yet again, with 107 nonprofits from eight Central Kentucky counties completing the challenge. The program brought in \$1.67 million in donations and matching gifts from 4,074 unique donors. These numbers show that organizations are benefitting financially from the challenge. However, I aim to deepen our understanding of this social media fundraising challenge by analyzing how success can be predicted among the various nonprofit organizations.

The GGC is sponsored by Blue Grass Community Foundation (BGCF) and Smiley Pete Publishing, two Lexington-based organizations. Since its creation in 1967, Blue Grass Community Foundation has housed over 400 charitable funds to serve the Central Kentucky community. As a community foundation, BGCF is a tax-exempt public charity that “enables individuals, families, businesses and other nonprofit organizations to establish permanent charitable funds to meet current and future community needs” (BGCF website). In addition to investing and managing the funds, the foundation helps organizations, leaders, donors, and volunteers “come together to have the greatest collective impact for good” (BGCF website). Smiley Pete Publishing is the local, independent publishing company behind the *Chevy Chaser* magazine, *Southsider* magazine, *Business Lexington*, and Tadoo.com. By providing marketing support and publishing a print guide of the challenge, Smiley Pete supports BGCF and the participating nonprofit organizations.

Problem Statement

A common problem in nonprofit organizations is that small staffs are pulled in many directions to implement programming, administration, and development. Social media fundraising,

while successful for many organizations, is one more potential direction for nonprofit managers to consider. The goal of this research is for organizations to have information about factors that affect social media fundraising success before launching a social media fundraising campaign. Once they are empowered with this information, they can take the necessary steps to increase the likelihood of their success.

By using data from the GGGC, I will attempt to determine which factors increase a nonprofit organization's ability to raise funds via social media. This research is important as nonprofits have growing dependence on social media and their fundraising efforts. By understanding the successes of the GGGC, many parties may benefit. Communities considering a similar project will be able to make an informed decision about whether an online charitable giving campaign is a valuable endeavor for their local organizations. Sponsors of community-wide fundraising campaigns, such as BGCF and Smiley Pete, will know for whom their program is most worthwhile and how they can structure their guidelines for the most success. Potential participating nonprofits will have an idea of how they can improve their outcomes should they decide to use social media fundraising techniques. Ultimately, the communities and nonprofit constituents will benefit if nonprofit organizations are able to expand their fundraising and better reach their missions.

Literature Review

The use of social media for fundraising is a relatively recent topic, so the literature specific to online charitable giving is limited. However, several researchers across the western world have completed studies on nonprofit organizations' use of the internet for development, marketing, and other purposes. Studies have examined the benefits of internet use, the importance of trust and

interaction in organization/stakeholder online relationships, and trends in how organizations are using various types of social media.

Benefits of Internet Use & Return on Investment

Social media and web-based fundraising techniques have been found to benefit nonprofit organizations in various ways. For instance, online organizations have the ability to scale more easily, “the potential to adapt more readily, and likely [have] larger and more diverse membership” than their offline counterparts (Goecks et al., 2008). The nonprofit sector has employed an array of internet sources in recruiting donors, including blogs, websites, social media, and fundraising-specific sites. With the diversity in social networking sites comes a diversity of potential supporters, theoretically increasing organizations’ donor pools and the resulting resources:

“As social networking sites become more ingrained in daily life, they will soon see a more diverse audience in terms of age, culture, and socio-economic status. Then nonprofits will need to begin using more social networking applications to meet the growing needs and expectations of their stakeholders.” (Waters et al., 2009)

The ultimate goal of fundraising is for nonprofit organizations to draw in resources, in turn helping them serve their missions. Therefore, some organizations have considered both costs (investments) and savings (returns) before making the foray into online fundraising efforts. A study of United Kingdom charities found that online donations exceed both initial and regular maintenance costs of the organizations’ websites (Sargeant et al., 2007). It is important to note that many of the costs included in the analysis above are not direct fundraising costs, but rather programming costs. For instance, parts of the website detail the organization’s mission and programs rather than seeking and/or collecting donations. Therefore, in this study, the fundraising costs cannot be isolated for a direct comparison with fundraising benefits, such as the number of

donors and the value of donations. However, the research does suggest a net benefit to the organization.

Aside from simply soliciting and receiving donations on their websites, some organizations capitalize on social media culture to increase the success of web-based fundraising efforts in other ways. For example, organizations can increase fundraising dollars simply by “encouraging and enabling individual charity supporters to share their donations or updates about their fundraising events on Facebook...Just one share on Facebook encourages between £1 [\$1.65] and £18 [\$29.69] in extra donations” (Waddingham, 2013). This further illustrates the expanding donor pool available to organizations through social networking, as well as the direct revenues that are proven to be possible through social media use.

Accountability

Much of the research suggests that security, transparency, and interaction are of particular interest with the growth of online giving. Researchers propose a “two-dimensional view of web-based accountability,” stressing the importance of both accountability and stakeholder dialogue (Saxton & Guo, 2011). Donors depend on organizations to consider their safety and security, and they trust organizations to “be accountable for how they manage and manipulate any personal data that donors might share in the process of interacting with a site or making a donation”(Sargeant et al., 2007). A study focused on environmental nonprofit organizations shows that both past experience with online payment systems and people’s attitude toward online payments have positive, direct influences on trust in the organization receiving the payment (Pollach et al., 2005). In other words, only when donors “perceive the organization as honest and trustworthy and consider the Internet a secure medium for financial transactions” will their likelihood of using the internet to make donations increase (Pollach et al., 2005).

In an exploratory study of 54 charity websites in the United Kingdom, eight website constructs were discussed, and four of these constructs were significantly correlated with the number of new donors a website attracted: (1) accessibility, (2) accountability, (3) education, and (4) interaction (Sargeant et al., 2007). Furthermore, “top-tier charitable fundraising organizations were more likely to provide their annual report, organizational goals, and mission statement” on their websites (Waters, 2007). This finding highlights the donor’s desire to be educated on organizations before and after contributing to them. The internet, and technology in general, are “helping nonprofits address multiple stakeholder expectations” (Dumont, 2013). Internet resources allow for transparency within this donor-charity relationship.

In addition to transparency, interaction has been found to be an important component in order to build a trusting two-way partnership between donors and charities. Blogging is one example of the use of engagement in social media by nonprofit organizations. The nonprofit community has seen “significant improvement” in the implementation and use of blogging, an online world in which “the mantra is ‘conversation’” (Barnes & Mattson, 2008). Relationship marketing suggests that organizations should form “long-term relationship[s] with [their donors], requiring charities to view donors as partners in the achievement of the mission rather than as mere sources of funds” (Sargeant et al., 2007). In other words, engagement leads to donors feeling educated, invested, and included in the work of the nonprofits aside from simply donating money. Otherwise, the relationship seems to remain one-directional and disengaged.

Further illustrating the complexities of building trust in online fundraising, donors are moving away from traditional methods of finding organizations to support; they are now using online recommendations from friends, family members, and even people they have never met. They are seeking information and donation opportunities with this new method of trusted peer-to-peer advocacy (Miller, 2009). These virtual recommendations can potentially expand the reach of

nonprofit organizations. Research continues to support the idea that as organizations are aware of accountability, engagement, and virtual trust, and “as the adoption of social media continues to grow...we can look forward to the presence of far greater numbers of digitally empowered donors and communities with which to engage” (Miller, 2009).

Use of Social Media

Social media is a term that refers to specific sites and internet tactics that allow for networking, interaction, and the multi-directional exchange of information online. A study of the 200 largest charities in the United States determined that 89 percent of the organizations were using social media of some sort, such as Facebook or Twitter. Because of familiarity with social media and its increasingly important role in society, charitable organizations are “outpacing the business world and academia in their use of social media” (Barnes & Mattson, 2008). Organizations that strategically obtain revenues from fees-for-service rather than grants or donations “tend to rely more on social media to facilitate communications with their clients” (Nah & Saxton, 2013). Furthermore, fundraising success and frequency of social media use are negatively related. However, “preexisting website reach proved to be a powerful predictor of social media utilization” (Nah & Saxton, 2013). In other words, organizations with more widely-read websites tend to have more fundraising success through social networking sites than other organizations. As mentioned earlier, there is a growing diversity of social media sites with various strengths, challenges, and goals. Therefore, while some social media analyses can be completed as a cohesive group, there may be added value to studying the various outlets, such as Facebook and Twitter, individually of one another (Nah & Saxton, 2013).

One of the largest social media sites across all sectors and cultures in the United States is Facebook. Reaching a large number of an organization’s direct followers through Facebook is an important tool, but “encouraging people to share their charitable actions on Facebook can help you

raise [even] more money” (Waddingham, 2013). By its nature, Facebook is a social tool. Therefore, its greatest asset – aside from its widespread scope – is its ability to incite communication among others. Current donors are given a forum to share information about charitable gifts on their own “wall” or on the pages of others. This sharing forum allows “visible displays of advocacy...that [attempt] to transform non-donors into donors” (Goecks et al., 2008). Nonprofit organizations use Facebook to expand their reach exponentially, creating a chain of donations and touching more potential donors than they could feasibly reach otherwise. Furthermore, charities tend to use Facebook for discussion boards, posting photographs, and linking to external news stories (Waters et al., 2009). However, they do not tend to take advantage of the interactive potential of Facebook and “only attempted to get interested parties involved by providing them with a contact e-mail address to obtain more information” (Waters et al., 2009).

Another large social networking site that appears in the research is Twitter. Of the top 200 fundraising nonprofits in the United States, only forty percent actively use Twitter (Waters & Jamal, 2011). Nonprofit organizations tend to use Twitter for one-way information dissemination, resulting in a “lopsided” relationship (Waters & Jamal, 2011). However, researchers believe it has the potential for relationship-building and interactivity if used both proactively and reactively (Lovejoy et al., 2012).

Effective use of social media tends to take time, and such practices vary across organizations. Nonprofit organizations with public relations departments, for instance, are more likely to “adopt social media practices than those without public relations departments” (Curtis et al., 2010). This suggests the importance of social media in nonprofits’ relationships with their communities. The presence of a public relations department, however, may not necessarily correlate to a larger organization budget, and size of assets is not positively related to the employment of social media (Nah & Saxton, 2013). Staff members at some nonprofit organizations convey a desire

to use social media for fundraising, community education, and volunteer recruitment. However, they express a lack of time to update social media and a concern that “internet communication cannot substitute for one-on-one interaction” (Miller, 2010). Still, research finds that the most effective uses of the internet by nonprofit organizations are to inform and educate members on policy issues, update members on activities, and solicit donations (Miller, 2010).

Past research has focused mostly on the general use of the internet and social media in nonprofit organizations. This research builds on that foundation by exploring social media particularly as it relates to nonprofit fundraising. More specifically, I focus on community-wide social media fundraising challenges, which involve several nonprofit organizations competing for donations during a specified period of time.

Research Design

As stated earlier, this research explores the following questions:

- 1) Does the frequency of an organization’s social media posts predict success in social media fundraising?
- 2) Which organization characteristics (finances, management, volunteers, age, fundraising intentions, and mission) predict success in social media fundraising?

Variables & Hypotheses

The units of analysis are 107 nonprofit organizations that participated in the 2013 GoodGiving Guide Challenge. The key dependent variables to measure success in social media fundraising are the dollar amount fundraised per organization through the GGGC and the number of unique donors per organization through the GGGC. I also use a third dependent variable that I created: the average amount given per donor per organization. One set of explanatory variables explores how actively the organizations used social media during the GGGC (*see Table 1*). Full

information on the total number of posts was not available; therefore, these variables are measured by looking at how many weeks the organizations complied with the GGGC requirement to post on each social media venue at least once per week. Some organizations complied fully, others did not comply at all, and many fell somewhere in between. Therefore, although the official requirement was to post weekly, there is some variability across organizations in this social media data. The other set of explanatory variables relates to characteristics of the nonprofit organizations (*see Table 2*).

Blue Grass Community Foundation provided data from the 2013 GGGC for the dependent variables (dollar amount fundraised per organization and number of unique donors per organization). From this data, I created the dependent variable for average amount given per donor per organization. The explanatory variables were compiled from multiple sources. As mentioned previously, each organization in the GGGC is required to post at least once weekly about the challenge on various social media outlets. Blue Grass Community Foundation tracked this and provided me with the social media data. I pulled data on various organization characteristics from the organizations' profiles on GoodGiving.net. Good.Giving.net is an initiative of Blue Grass Community Foundation, powered by GuideStar, and is geared toward educating potential donors on various nonprofits. The characteristics included in the study are program expenses, staff, volunteers, age of organization, CEO term, capital campaign, and mission category. These variables were selected as representative of the various predicting factors: finances, management, volunteers, age, fundraising intentions, and mission.

I hypothesize that the social media variables (Facebook, Twitter, and email) will have positive relationships with the dependent variables. In other words, I predict that higher rates of social media posts about the GGGC will result in higher dollar amounts raised and more unique donors. Regarding the organization characteristics, I hypothesize that program expenses, staff, volunteers, age of organization, and capital campaign will have positive relationships with the

dependent variables. I hypothesize that the number of years the CEO has been in office will have a negative relationship with the dependent variables. That is to say, organizations with newer CEOs will be more engaged in social media and creative fundraising techniques, resulting in more success in the GGGC. Lastly, I hypothesize that the mission categories of *Education* and *Youth* will have positive relationships with the dependent variables. Based on my own intuition, I predict that donors are more likely to support organizations working in education and youth services than other categories.

Table 1. Variables & Hypotheses: Social Media Use

Explanatory Variable	Description/Measurement	Hypothesized Relationship to Dependent Variables
<i>Facebook</i>	Number of weeks in which the organization posted at least one Facebook post about the GGGC (min possible=0, max possible=8)	Positive
<i>Twitter</i>	Number of weeks in which the organization posted at least one Twitter post about the GGGC (min possible=0, max possible=8)	Positive
<i>Emails</i>	Number of weeks in which the organization sent at least one e-newsletter about the GGGC (min possible=0, max possible=8)	Positive

Table 2. Variables & Hypotheses: Organization Characteristics

Explanatory Variable	Description/Measurement	Hypothesized Relationship to Dependent Variables
<i>Program Expenses</i>	Fiscal Year 2011 or 2012 program expenses, in dollars	Positive
<i>Staff</i>	Number of staff members (full-time plus part-time)	Positive
<i>Volunteers</i>	Number of volunteers	Positive
<i>Age of Organization</i>	Number of years since organization incorporated	Positive
<i>CEO Start</i>	Number of years since current CEO term began	Negative
<i>Capital Campaign</i>	Whether the organization is currently running a capital campaign (dummy variable: 1=yes)	Positive
<i>Mission Category</i>	Category of organization's mission (8 total: animals, art, community, education, environment, health, human services, youth)	<i>Education</i> : Positive <i>Youth</i> : Positive

The descriptive statistics in Table 3 below indicate diversity in challenge success, social media use, and organization characteristics.

Table 3. Summary Statistics of Dependent and Explanatory Variables

Variable	Observations	Mean	Std. Deviation	Minimum	Maximum
<i>Dollar Amount Raised 2013</i>	107	15,450.210	13,887.540	1034.2	69,353.7
<i>Number of Donors 2013</i>	107	71.626	56.890	9	333
<i>Amount Per Donor 2013</i>	107	231.138	183.968	43.178	1,196.453
<i>Facebook</i>	107	3.860	2.271	0	8
<i>Twitter</i>	107	4.047	2.869	0	8
<i>Emails</i>	107	1	1.848	0	7
<i>Program Expenses</i>	102	2,179,619	6,698,319	0	5.10e+07
<i>Staff</i>	105	46.657	145.590	0	833
<i>Volunteers</i>	105	239.2	770.477	0	6,000
<i>Age of Organization</i>	104	29.471	25.376	2	161
<i>CEO Start</i>	105	8.305	8.227	0	45
<i>Capital Campaign</i>	107	0.084	0.279	0	1

Regression Model

After organizing my data, I analyzed it using Stata Statistical Software. Because I wanted to see the effects of the explanatory variables on each of the three dependent variables, I completed three regressions. Prior to completing each regression, I used a residual versus fitted plot, which showed that the data “fans out” in a scattered pattern. I also used a Breusch-Pagan test, which further confirmed my suspicions of heteroskedasticity. Therefore, I used a robust regression model in order to control for heteroskedasticity.

For each dependent variable, I used the following robust regression model:

$$Y = \beta_0 + \beta_1(\text{Facebook}) + \beta_2(\text{Twitter}) + \beta_3(\text{Emails}) + \beta_4(\text{Program Expenses}) + \beta_5(\text{Staff}) + \beta_6(\text{Volunteers}) + \beta_7(\text{Age of Organization}) + \beta_8(\text{CEO Start}) + \beta_9(\text{Capital Campaign}) + \beta_{10}(\text{Animals}) + \beta_{11}(\text{Art}) + \beta_{12}(\text{Community}) + \beta_{13}(\text{Education}) + \beta_{14}(\text{Health}) + \beta_{15}(\text{Youth}) + \varepsilon$$

where Y represents the dependent variable of focus and ε captures the random error in the model.

The explanatory variables X₁-X₃ are predictors and controls for the three types of social media use included in the study. The variables X₄-X₉ are predictors and controls for characteristics of the

organization. All the variables in this set are numerical, other than *Capital Campaign*. The question for this variable was “Are you currently in a Capital Campaign?” so I coded the responses in a dummy variable with yes=1 and no=0. The remaining explanatory variables, X_{10} - X_{15} , are six of the eight mission categories. The most frequently occurring category was *Human Services*, so I selected that category as the base and therefore omitted it from the model. The category *Environment* only occurred one time, so I left it out of my model since it could not predict results at such a low occurrence.

Results & Analysis

Y_i: Total Dollar Amount Fundraised

Table 4 below shows the results of the first regression model, with total dollar amount raised as the dependent variable. The variables *Program Expenses* and *Staff* are significant at the 5% level. In line with my expectations, *Program Expenses* has a positive relationship with the dollar amount raised. Higher program expenses are correlated with higher dollar amounts fundraised, suggesting that donors want to support either larger organizations or organizations that are investing in their own programming efforts. However, the coefficient is small, so the effect is minimal. *Staff* is negatively associated with the dollar amount raised, refuting my hypothesis. Because I have controlled for program expenses (a measure of an organization’s budget size), this finding suggests that donors want to support organizations that are more efficient in terms of doing more with fewer paid staff. It may also suggest that larger organizations with more staff members may have adequate funding through other venues, and therefore, may not actively solicit as many donations through the GGCC.

The variables *Capital Campaign*, *CEO Start*, and *Youth* are significant at the 10% level. As predicted, organizations in a capital campaign receive higher total amounts, suggesting that donors want to support organizations that are investing in long-term capital projects. Also as predicted,

CEO Start is negatively associated with the dollar amount fundraised. In other words, organizations with newer CEOs raise higher dollar amounts. This may be indicative of new CEOs more actively pursuing funds in order to solidify their role as leader. It may also suggest that new CEOs have a greater ease with social media than CEOs who have been in their positions longer. Lastly, the mission category *Youth* results in lower amounts than the base category, *Human Services*.

Organizations that serve youth are likely to receive smaller total amounts of donations than organizations that serve the base category, *Human Services*. The negative association between *Youth* and success refutes my hypothesis.

Surprisingly, no social media variables have significant relationships to the dollar amount fundraised. This is not in line with my hypothesis.

Table 4. Predicting Total Dollar Amount: Multiple Regression with Robust Standard Errors

Explanatory Variable	Coefficient	Robust Standard Error	t-statistic	P> t
Facebook	-284.086	688.140	-0.41	0.681
Twitter	648.803	450.232	1.44	0.153
Emails	770.884	1118.832	0.69	0.493
Program Expenses	<0.001	<0.001	2.25	0.027**
Staff	-39.840	9.941	-4.01	<0.001**
Volunteers	2.064	2.383	0.87	0.389
Age of Organization	62.541	58.789	1.06	0.290
CEO Start	-257.410	153.009	-1.68	0.096*
Capital Campaign	11050.870	5581.533	1.98	0.051*
Animals	-6437.813	4031.707	-1.60	0.114
Arts	-3695.631	3659.705	-1.01	0.315
Community	-3299.920	4862.821	-0.68	0.499
Education	-340.357	4836.116	-0.07	0.944
Health	198.504	5068.227	0.04	0.969
Youth	-8101.034	4639.153	-1.75	0.084*
Constant	14389.950	4681.214	3.07	0.003

Significance: ** $p < 0.05$; * $p < 0.1$

Number of Observations: 101

Correlation: R-squared=0.2454

Y₂: Number of Unique Donors

Table 5 below shows the results of the second regression model, with number of donors as the dependent variable. *Program Expenses* are again significant at the 5% level and positively

associated with the number of donors. Again, however, the coefficient is small and the effect is minimal. *Staff* is negatively associated with the number of donors, although the coefficient is much lower than in the last model.

The variable *Twitter* is positively associated with the number of donors, indicating that more posts on Twitter are correlated with more donors. This supports my hypothesis for the relationship between Twitter posts and number of donors. However, none of the other social media variables are significantly associated with this measure of success. Since this is the only significant social media variable in this model, we may assume that Twitter was more relevant and/or popular in 2013 than Facebook and e-newsletters were.

Table 5. Predicting Number of Donors: Multiple Regression with Robust Standard Errors

Explanatory Variable	Coefficient	Robust Standard Error	t-statistic	P> t
Facebook	-2.830	2.403	-1.18	0.242
Twitter	4.719	2.237	2.11	0.038**
Emails	2.325	3.926	0.59	0.555
Program Expenses	2.95e-06	1.25e-06	2.35	0.021**
Staff	-0.102	0.052	-1.96	0.053*
Volunteers	0.018	0.012	1.57	0.120
Age of Organization	-0.097	0.209	-0.46	0.645
CEO Start	-0.481	0.530	-0.91	0.367
Capital Campaign	12.761	17.241	0.74	0.461
Animals	36.127	30.399	1.19	0.238
Arts	11.602	16.124	0.72	0.474
Community	-6.296	14.702	-0.43	0.670
Education	-3.877	15.348	-0.25	0.801
Health	13.974	17.375	0.80	0.424
Youth	-31.516	21.237	-1.48	0.142
Constant	58.366	16.431	3.55	0.001

Significance: **p<0.05; *p<0.1

Number of Observations: 101

Correlation: R-squared=0.3679

Y₃: Average Dollar Amount per Donor

Table 6 below shows the results of the third regression model. The dummy variable *Capital Campaign* is positively associated with the amount per donor. This suggests that donors give higher amounts to organizations raising funds for a capital project. *Age of Organization* is positively

associated with the amount per donor. Donors give higher amounts to older, more established organizations. *Staff* and *Volunteers* are negatively associated with the amount per donor. In other words, organizations with large numbers of staff members and volunteers receive smaller amounts per donor than organizations with small numbers of staff and volunteers receive. Both of the coefficients, however, are small, thus the effect is minimal.

Regarding mission categories, *Animals* and *Art* are significant at the 5% level and are negatively associated with the amount per donor. Organizations that serve these missions are likely to receive smaller amounts per donor than organizations that serve the base category, *Human Services*.

Table 6. Dollar Amount per Donor: Multiple Regression with Robust Standard Errors

Explanatory Variable	Coefficient	Robust Standard Error	t-statistic	P> t
Facebook	-0.117	13.021	-0.01	0.993
Twitter	-7.170	5.574	-1.29	0.202
Emails	-1.871	7.905	-0.24	0.813
Program Expenses	3.54e-06	3.29e-06	1.08	0.284
Staff	-0.438	0.105	-4.16	<0.001**
Volunteers	-0.045	0.015	-3.03	0.003**
Age of Organization	1.679	0.837	2.01	0.048**
CEO Start	-3.188	2.485	-1.28	0.203
Capital Campaign	142.786	49.277	2.90	0.005**
Animals	-195.240	65.467	-2.98	0.004**
Arts	-120.467	54.633	-2.21	0.030**
Community	-61.714	90.995	-0.68	0.499
Education	-31.511	59.984	-0.53	0.601
Health	-82.850	70.727	-1.17	0.245
Youth	-53.589	57.724	-0.93	0.356
Constant	308.928	81.123	3.81	<0.001

*Significance: **p<0.05; *p<0.1*

Number of Observations: 101

Correlation: R-squared=0.1693

Consecutive Year Performance

After completing regressions for my primary research questions, I decided to run one additional series of analyses. Blue Grass Community Foundation had data on the number of donors and the dollar amount fundraised for the organizations that participated in the GGGC in 2011 and

2012. Because I did not have multi-year data for the explanatory variables, I did not include them in the primary regression models. However, since I had access to the prior year dependent variables, I was curious to see if organizations that participated in the previous year could predict success for the next year. I hypothesize that the consecutive year data is positively associated, with successful challenge participants able to find even more success in the following year.

I ran a total of four single regressions to see if either 2011 or 2012 predicted success in the following year (2012 or 2013, respectively). I completed the regression for the two primary dependent variables: dollar amount fundraised and number of unique donors. As in the models above, I used robust standard errors to control for heteroskedasticity. It should be noted that 2011 and 2012 data was only collected for organizations that participated in the 2013 GGGC.

As Table 7 shows, I find statistical significance at the 1% level for both amount raised and number of donors, in both sets of consecutive years. All four regressions result in positive associations between the explanatory and dependent variables. This suggests that organizations may be able to predict total amount raised and number of donors in a future year based on performance in the immediate prior year. This also suggests the importance of institutionalizing social media skills within organizations, which may lead to increased success in social media fundraising from one year to the next. Presumably, organizations that have previously participated in the GGGC have higher levels of social media mastery specific to this charitable campaign, and they use those skills to their advantage in future years.

Table 7. Consecutive Year Data: Predicting Success using Previous Year Data

Dependent Variable	Explanatory Variable	Number of Observations	R-squared	Coefficient	Robust Standard Error	t-statistic	P> t
Dollar Amount 2012	Dollar Amount 2011	30	0.579	1.557	0.328	4.74	<0.001***
Dollar Amount 2013	Dollar Amount 2012	47	0.628	1.777	0.158	11.26	<0.001***
Number of Donors 2012	Number of Donors 2011	30	0.564	0.916	0.254	3.61	<0.001***
Number of Donors 2013	Number of Donors 2012	47	0.651	0.742	0.119	6.25	<0.001***

Significance: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Limitations

As in all research, this study was limited in several ways. Some limitations involved the data available. The social media data only included the number of weeks during the GGGC that an organization posted at least once. Some organizations may have posted more than once on various outlets, and that information was not included in the study, which may have affected the results. Additionally, we do not know the content of the post. Are many short posts (e.g. Twitter) better than one long post (e.g. email)? We cannot answer this question based on this study. Furthermore, this research did not include the impact of GGGC sponsor incentives designed to entice donors to participate in the GGGC. This may have affected the number of donors and the amount of donations. However, since all donors and all organizations were eligible for the same incentives, then the effects may have been somewhat constant from one organization to the next.

There are two factors which may affect the reliability of the findings for the primary research questions. One is the program expense variable. This variable was measured by the most recent fiscal year program expenses that the organization reported on its GoodGiving.net profile. Some organizations reported for 2011; others reported for 2012. Since I wanted to see whether the number itself affected the donor's decision to give, it was not absolutely relevant which year was

reported. However, if all data was collected for the same year, the regression results may have been affected in some way. The other factor affecting reliability for the primary research questions and their regressions is the mission categories. A small number of organizations reported multiple mission categories. Since the variable required one primary response, I selected the first reported category listed for these organizations.

Another limitation involved the data for the consecutive year performance regression. I only used data for organizations that participated in the GGGC in 2013. For instance, some organizations likely participated in 2011 and 2012, but not 2013. In this case, their information was not included in the regression model for 2011 and 2012. This may have affected the regression results to some extent.

With only one year of both explanatory and dependent variables, the scope of the research is limited. Furthermore, since the data only looks at one social media charitable giving challenge in one region (Central Kentucky), the results are most generalizable to future years of the GoodGiving Guide Challenge in Central Kentucky nonprofit organizations. It may be generalizable to similar challenges elsewhere, but before making sweeping comparisons, one should ensure they are comparing communities similar to Central Kentucky in population, income, number of organizations, etc.

Recommendations

Based on this study, we know that a higher frequency of Twitter posts is associated with more donors. Other than that, however, no significant relationships were found between the frequency of social media posts and amount raised, number of donors, or average amount given per donor. This is not to say, however, that the posts are futile. Social media posts may draw attention to the GGGC in general, ultimately engaging future GGGC donors, incentive sponsors, etc.

My recommendation for organizations in future years would be to actively post on Twitter, with the hopes of drawing in more donors. Even if the average amounts per donor are not high, the donors are still involved with the organization and may begin giving higher amounts in the future. Although significant relationships were not found between other social media and the success of fundraising, the study is not expansive enough to tell organizations to stop posting on Facebook or e-newsletters completely. Instead, organizations should remain aware of which venues are more relevant in terms of the current social media culture. This may change from year to year.

In addition to analyzing the correlation between social media use and success, the study also looked at the relationship between several organization characteristics and success. The variables that are positively associated with the various measures of success are program expenses (to a small extent), presence of a capital campaign, and age of organization. The variables that are negatively associated with the various measures of success are number of staff, number of volunteers, CEO term, youth-related mission, animal-related mission, and arts-related mission. Based on these findings, I would offer several recommendations to organizations considering the GGC in the future.

One recommendation is to consider timing a capital campaign during the challenge. Of course, this is not feasible for many organizations and should not be forced. But if a capital campaign is part of the organization's fundraising plan and timing is flexible, then an overlap might be beneficial. Furthermore, I would suggest that older, more established organizations with newer CEOs consider entering the challenge. These organizations have a balance of community trust and management innovation that makes them likely to succeed in the challenge. Organizations with small numbers of staff and volunteers should also enter the challenge. They are likely to have more success than organizations with large numbers of staff and volunteers, perhaps because they are seen either as more efficient or as needing more support.

Although staff and volunteers were negatively associated with success, it does not seem reasonable to encourage organizations with large staff and volunteers not to participate. They still made money in the challenge. However, they should not expect that their high number of volunteers will lead to larger donations or more donors.

Regarding the consecutive year data, nonprofit organizations are encouraged to use their success in the immediate prior year to predict success in the current year. Assuming the GGGC continues with a similar format in future years, managers of returning organizations can estimate projected revenues for this year's GGGC based on last year's results. Furthermore, organizations should take advantage of social media learning resources offered by Blue Grass Community Foundation in preparation for the GGGC. This information could increase mastery of social media skills within organizations, and this increased mastery may impact success in future years.

Conclusion

In today's age of social media and interconnectedness, nonprofit organizations have the ability to be creative in their fundraising efforts. As seen in the GoodGiving Guide Challenge, some community foundations and local businesses are supporting nonprofit organizations' efforts on this front. In 2013, every organization that completed the GGGC raised money. Clearly, the use of social media in the form of a charitable giving challenge is a valid way of bringing in donations to nonprofit organizations. Perhaps this is due to a sense of trust and accountability donors feel with an established, community-wide endeavor.

However, this is still a relatively new field, and this study provides many opportunities for future research. One simple but important expansion of the study would involve more data from similar challenges across the country. This would increase the external validity of the analysis, ultimately helping more communities and organizations apply the information to themselves.

Another opportunity for research involves the scope of the social media data. In this analysis, I did not collect information on the number of “friends” or “followers” each organization had via their Facebook page, Twitter page, or e-newsletter list. The extent of organizations’ social media reach was therefore not accounted for in the study, but it could prove useful in future research.

As mentioned earlier, this study did not include information on the total number of social posts per organization (only the number of weeks in which organizations posted at least once). Furthermore, this study does not collect or analyze content of the posts. If that information becomes available, future researchers may consider studying the effects related to total number, length, and content of posts.

Future researchers may consider studying the identity of the donors. Both Central Kentucky’s GoodGiving Guide Challenge and Portland’s Give! Guide were focused on involving 18-35 year olds in charitable giving. This study did not account for the age of the donors, and studying whether the challenges are successful in engaging young adults in philanthropy may be an interesting topic for further research. Another way of analyzing donor identity would be to study whether they are new supporters of the organization or previous supporters simply by using a new method of giving. My assumption is that there is a little of both, but that is left to be determined in future studies.

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