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Understanding the donor experience: Applying stewardship theory to higher education donors

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ABSTRACT

This study sought to discover how stewardship strategies and involvement impact organization-public relationship (OPR) outcomes for higher education donors at three different levels of giving. The first study to compare annual donors, major gift donors with one endowment, and major gift donors with two or more endowments suggests that each donor type experiences stewardship and OPR differently. Specifically, as donors deepen their giving relationship with an institution, they experience stewardship and OPR outcomes more positively. Additionally, involvement only slightly contributes to this relationship between stewardship and OPR outcomes. Findings also reveal that stewardship may include only three strategies, including a new concept called *respect*. Implications for fundraising practice and theory are made.

Few quality fundraisers would ignore the importance of stewardship—the act of appropriately thanking and engaging donors—in their efforts to increase financial support to their organizations. Just as good public relations centers on relationship management, good stewardship is about managing and balancing donor and organization expectations (Kelly, 1991). Retaining donors ensures the survival of organizations because their gifts represent significant capital needed for operations: According to the *Giving USA annual report* (2017), charitable contributions by individuals totaled \$281.86 billion in 2016. Specifically, the importance of private support in higher education has increased dramatically in recent years as the U.S. government has decreased its funding, forcing these institutions to find alternative sources, which increasingly include dollars from private donors, corporations, and foundations (Kelly, 1991; Peterson, 2008; Worth, 2002a). As higher education joins the number of other organizations competing for donations in the U.S., stewardship is becoming more important to these institutions' survival (Kelly, 1991; Worth, 2002a).

Stewardship is therefore becoming an even more critical strategy in higher education fundraising. “Continuing attention to stewardship can improve not only fundraising performance but also the sense of trust and confidence upon which the donors’ relationship to an institution must be built” (Worth, 2002b, p. 17). Communication is so vital to this process that fundraisers believe continual communication with donors is not just good practice but “part of the responsibility that development officers incur when they accept a gift” (Worth, 2002b, p. 17). Because the role of communication is clearly central to these relationships, stewardship can be considered a public relations function focused on nurturing relationships between organization and donor publics (Kelly, 1991).

Given the increasing importance of stewarding donors in the higher education sector, additional research is needed to further explore how fundraising practices like stewardship help maintain relationships and develop useful knowledge that can be applied to the higher education sector. While researchers have tested theories like relationship management on donor publics in the nonprofit sector (Merchant, Ford, & Sargeant, 2010; Waters, 2008, 2009, 2011; Worley & Little, 2002) and in university-public relationships (Jo, Hon, & Brunner, 2004), it has not been thoroughly applied to populations of donors to higher education institutions. The purpose of the current study is to understand how stewardship strategies can affect relationships between higher education institutions and

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their donor publics to retain and motivate these donors toward their next gifts.

1. Literature review

1.1. Relationship management theory

This theory “suggests that the balancing of interests of organizations and publics is achieved through the management of organization-public relationships” (OPRs) (Ledingham, 2006, p. 465). These relationships can be defined as “dynamic results of the exchanges and reciprocity” that occur and evolve between organizations and publics (Broom, Casey, & Ritchey, 1997, p. 95). Relationship management is more than communication with a public but an ongoing maintenance of interactions (Ledingham & Bruning, 2000; Ledingham, 2006). When OPRs are managed effectively, an organization’s publics have more positive evaluations and attitudes towards the organization, resulting in positive engagement behaviors (Bruning, Castle, & Schrepfer, 2004; Pressgrove & McKeever, 2016) or a buffer against negative effects of organizational crises (Lee & Rim, 2016). OPR outcomes may also increase feelings of donor loyalty to an organization (Pressgrove & McKeever, 2016).

Most important, these relationships are measurable by examining aspects of these exchanges (Broom et al., 1997; Ledingham, 2003). Grunig and Huang (2000) suggested that four specific outcomes “represent the essence of organization-public relationships” (p. 42): trust, control mutuality, commitment, and satisfaction. Hon and Grunig (1999) developed a scale to measure these outcomes as a way to understand how organizations and their publics perceive their relationships. These measures have been widely used to evaluate OPRs (Harrison, Xiao, Ott, & Bortree, 2017; Jo et al., 2004; Ki & Hon, 2007; Lee & Rim, 2016; O’Neil, 2009; Pressgrove & McKeever, 2016; Waters, 2008).

1.1.1. Trust

This outcome reflects how a public feels about an organization’s “reliability and integrity” (Kim & Chan-Olmsted, 2005, p. 148). It consists of three attitudes: integrity, dependability, and competence (Hon & Grunig, 1999). Trust has been found to predict whether a customer feels that they have benefited from their relationship with city government (Bruning, Dials, & Shirka, 2008; Bruning et al., 2004). Trust may be an important predictor of donor loyalty toward nonprofits (Pressgrove & McKeever, 2016).

1.1.2. Commitment

This outcome reflects how strongly the parties in the relationship feel about maintaining and continuing the relationship (Hon & Grunig, 1999). Under commitment are two dimensions: continuance and affective orientation (Hon & Grunig, 1999). Personal commitment to the organization-public relationship strongly predicted whether a customer would say a company had met or exceeded the customer’s expectations (Bruning et al., 2004). Donor commitment to a nonprofit organization may also lead to loyalty toward that nonprofit (Pressgrove & McKeever, 2016).

1.1.3. Satisfaction

When two parties feel favorably toward each other because of the positive experience of the relationship, they are satisfied with the relationship (Hon & Grunig, 1999). Of the four OPR outcomes, only satisfaction significantly predicted customers’ brand attitudes toward a corporation’s products (Kim & Chan-Olmsted, 2005). Satisfaction may also be one of the strongest predictors of positive attitudes and behavioral intentions towards a large public university (Ki & Hon, 2007) and was the strongest predictor of donor loyalty toward a nonprofit organization (Pressgrove & McKeever, 2016).

1.1.4. Control mutuality

This outcome reflects the feelings of mutual power in a relationship (Hon & Grunig, 1999). While imbalances in power sometimes exist, if one side is dominating the relationship, the other relationship outcomes of trust, commitment, and satisfaction will suffer (Grunig & Huang, 2000; Hon & Grunig, 1999; Kim & Chan-Olmsted, 2005). Weak evaluations of control mutuality in relationships with major corporations and nonprofits may demonstrate that people do not feel they have the power to influence major organizations like the Red Cross or General Electric (Hon & Grunig, 1999). However, control mutuality may be one of the strongest predictors of positive attitudes and behaviors of students toward a large public university (Ki & Hon, 2007). Additionally, in the context of social media, control mutuality may be particularly important to building positive nonprofit-organization relationships because publics seek online communication channels to create dialogue with the nonprofits they support (Sisson, 2017). Despite these conflicting results, control mutuality is clearly still important for positive relationship building for nonprofit (Harrison et al., 2017; Sisson, 2017) and higher education constituents (Ki & Hon, 2007).

Because they are conceptualized as indicators of relationship quality (Hon & Grunig, 1999), OPR outcomes are particularly suitable to measuring the quality of a donor-organization relationships. Because relationship nurturing is at the heart of fundraising (Kelly, 1991), OPR outcomes are good indicators of donor relationship quality. For example, repeat donors to a nonprofit value all four OPR outcomes more highly than one-time donors (Waters, 2008), and major gift donors valued these outcomes more highly than annual donors (Waters, 2008, 2011). These four outcomes also were significantly related to a donor’s giving history, so that the higher ratings of OPR outcomes were related to more years of giving (Waters, 2011). Positive ratings of OPR outcomes have also been linked to donor loyalty and positive behavioral intention toward nonprofit organizations (Pressgrove & McKeever, 2016).

While OPR outcomes are conceptualized as the attitudes resulting from a relationship, they have also been studied as antecedents of positive behaviors toward charitable organizations (O’Neil, 2007; Pressgrove & McKeever, 2016; Waters, 2011; Wright & Bocarnea,

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