

Digital Fundraising in Nonprofit Organizations: A Conceptual Study

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Abstract

Fundraising is that the method of ~~searching for~~ contributions from people, companies and foundations. Nonprofits will raise fund through a spread of digital and ancient communication ways. Fundraising could be important means that NPOs might acquire the funds for their activities. These activities will include a really extensive collection of issues like secular or charitable groups like research organizations, public newscasters, political campaigns and environmental problems. Digital fundraising will facilitate nonprofits reach lot of individual through social media applications and on-line fundraising methods. Nonprofit Organizations will stimulate donors and improved their participations with the methods like crowd funding and peer-to-peer fundraising. Digital fundraising is an continuous process to begin with on-line outreach methods using websites, emails, and social media. Digital fundraising will facilitate non-profit organization construct strategic relationships with sponsors by giving them the chance to offer to a parallel gift or different campaigns that may increase their effect on the organization and therefore the diversity of times donors see their business. In this contextual, the study has gained its importance to analyse the strategies of digital fundraising in Nonprofit Organizations and additionally examine the online fund raising in Nonprofit Organizations.

KEYWORDS: Fundraising, Nonprofit organization, Digital fundraising, Crowdfunding, Peer-to-peer fundraising.

1. INTRODUCTION

1.1 Non-profit Organization

Non Profit Organisations (NPOs) play a vigorous part in the improvement of a country. NPOs' contribution in different spheres of development of India is greatly significant. The past decade had observed an increase in the size and scale of NPO activities in the country. In order to improve the oppressed society the government play a different roles to play, government faces striving in resolving problems of every section of society. This insistence helped to the creation of organization known as Nonprofit Organization (Karanth 2017). Nonprofit sector includes nonpublic sector, voluntary and nonprofit organizations and associations. Nonprofit sector is a collection of organizations and various activities to the institutional facilities of government, state or public sector and for profit or business on the opposite. Nonprofit organizations are also called as third sector or service sector. In the recent years non profit organization has increased a lot of importance in the areas of welfare provision, education, community development, international relations, the environment, arts and culture.

Nonprofit organizations can be registered in India in the three ways it may be registered as a society, under the Registrar of Societies or registered as a Trust, by

creating a Trust Agreement, or registered as a Section Eight Company, under the Companies Act, 2013. Whether a Trust, Society or Section 8 Company, the Income Tax Act, 1961 deals all classes equal treatment, in terms of exempting their fiscal income and allowing 80G certificates, where by donors to nonprofit organizations may claim a rebate against donations created. Nonprofit organizations can be collected foreign funds through Foreign contribution regulation act regulations and the Home ministry. If the organization to be termed as charity it needs Income tax clearances under 12A Clause of IT Act, section 2(15) of the IT Act called that 'charity', it consist of education, medical relief, assistance to poor and also the advancement of other object of general public servies.

Sources of fund raising:

Nonprofit organizations should maintain the initial and key necessity funds to develop the projects. Nonprofit organizations can obtain the funds from various techniques and sites, therefore it should be deliberate in looking for the approaches are appropriate to their requirements and capabilities. The followings are the few sources of fund raising in Nonprofit organizations;

Crowd funding :

Now a days, Nonprofit organizations have been using social media as a method for improving the funds. Social media and Websites such as Go Fund Me have obtain the position where publics will examine Nonprofit organizations, their encouragement and projects.

Cash donations :

Another simplest strategies to achieve funds would be done by donations. Some people or organizations given the donations in terms of cash or in terms of kind. In some situations donors are given the donations during an events or NPOs workplace. Even though this is an real and comparatively easiest way to discover the funds, some of the nonprofit organizations are not used this method.

Contributions:

Donations in terms of cash might sound good but gain the matter that they not binding and endless. On the contradictory, contributions could also be same. Associating with organizations will frequently affect them giving annual contributions to particular Nonprofit organizations. Contributions are usually given in greater amount by board members of partner organizations.

Membership Dues

Because obtaining grants on a steady basis may be challenging, some NPOs have formed memberships with large corporations who in turn will need to pay a certain fee known as their membership dues. These members are not only beneficial because of the dues they pay, as they're also often partner institutions for many projects. Members also help NPOs become more known to the public through their partnership with big corporations, and in impact can provide NPOs the capacity to receive additional donations in addition.

Investment income

Another source of fundraising in non-profit organization is investment income, when used and managed properly, may be useful to everyone, Nonprofit organizations included. These investments will come from bank loans, stock market, and from others. This source of fund is may be pretty risky and it suffer losses as well. Investing in the stock market is also incur losses as well because assurance is not something this particular practice will give.

Fundraising campaigns

One of the important source of fundraising in non-profit organizations is Fundraising campaigns. It will be done from different methods. It may be done from a booth, social media campaigns, partnerships and others. Another method of fund raising could be done by hosting events. Frequently, gains from the sale of tickets or other items will go directly to a project organized by Nonprofit organizations.

Program Service Revenue

Nonprofit organizations may collect the funds from program service income it is the service revenue similar to fund raising. It is the simplest form of source to raise the funds through events. Frequently, this could be in the form of dramas, film shows, performances, parties, and other. Some of the time, the funds earned from the sale of tickets will go to a particular project. Frequently, through the advertisements, people are informed that it is an event for a reason, which boosts people all the more to attend. Although this comes at a cost and can be uncertain if there won't be many attendees, successful programs not only raise the funds. Sometimes, individual donations are even specified after the event.

In-kind donations

Another form of fund is In kind donation are received by Nonprofit organizations. There is essential to relate for such grants, and although it does not need a huge of work to be done, Nonprofit organizations cannot simply believe this. These type of donations are frequent commodities like clothing, food, furniture, transportation and etc., Supposedly, these type of donations helps the non-profit organizations and their projects function more competently.

1.2 Digital Fundraising

Fund raising means looking for and collecting voluntary financial gains by people, businesses, charitable foundations or governmental agencies. However fundraising normally refers to obtain the money for non-profit organizations, its generally wont to mention to the documentation and solicitation of investors or different sources of capital for profit organizations. Wherever as digital fund raising suggests that assortment of funds through digitally or using digital channels. Nonprofit organizations uses on-line fundraising methods and applications to spread a bigger audience, steward new donors, and build larger relationships with donor base. Digital fundraising is an on-going method to begin with on-line outreach techniques using websites, emails, and social media. Digital fundraising will helps the non-profit organizations to reach more individuals through social media applications and on-line

fundraising techniques. Nonprofit organizations will excite donors and increase their involvement with techniques like crowd funding and peer-to-peer fundraising.

1.3 Why is Digital Fundraising important for Nonprofits?

In the earlier, constructing donor relationships acquired huge time and effort to the non-profit organizations. Small non-profit organizations have very few staff and volunteers to oversee donors and connect with donors on a personal level. Digital fundraising helps to non-profit organizations to obtain the funds in easy way. In addition to crowdfunding and peer-to-peer campaigns, non-profit organizations have establish other digital fundraising methods to increase the donors' participation and develop preservation. Text to give Campaigns, regular donations and gift matching are methods donors can easily give to a non-profit without a lot of extra effort. This ease emboldens donors to stay involved and continue giving. The cost of automating a nonprofits digital fundraising and donor management is easier and more affordable, this decreases non-profit organization workload and also digital fundraising has increased the donations for many non-profit organizations.

1.4 Strategies used by Nonprofit Organizations to raising the funds through digitally.

The followings are the digital fundraising strategies for Nonprofits, the following applications is to help the non-profit organization to increase funds and also help to increase the donors.

- Constructing a branded donation page is very required for the Nonprofits to raise the funds in digitally. The image of an organization is depends on how people remember them. There are various Digital fundraising platforms are working such as Donorbox include the ability to include an organizations image on their online donation pages. This platform can improve the trust with the donors and increase their fortuitous to donate again.
- Nonprofit Organizations will increase the funds through digitally by launching a crowdfunding campaign. These type of campaigns helps to nonprofit organizations to obtain the funds for specific programs and can easily reach donors.
- Google Ad additionally facilitate to Nonprofit organization to increase the funds. Recently Google has modified that with Google grants.
- Many people uses Social media if non-profit organizations ignore this point, they are lose their chance to reach these people. With the help of social media non-profit organizations Can sending videos and posts to connect with their donors and the larger community of donors. So Nonprofit Organization's should active in the Social media so that they can easily collect the funds.
- Regular donations are worth more in some cases than a one-time large donation. Non profit organizations nor only depends on the gift weekly, monthly, quarterly, or annually, non profit organizations can use this opportunity to build a relationship with the donors. Those Donors who are willing to provide frequently to an organization are interested in what the organization has to say and may become one of its utmost groups in the long run.
- Text-to-give campaigns have become popular strategy for non-profit organizations.

REVIEW OF LITERATURE

The review of literature consists of both national and international studies. The study considered the review of few such studies which are as follows:

Otaru (2021), aimed to seek out the impact of economic resource mobilisation methods on the sustainability of Nongovernmental Organization's in Nigeria, with specific reference to the Minna metropolis. The purposive sampling technique was used to choose 118 workers from fifty NGOs as a sample size for the study. 3 alternative hypotheses were raised to be tested at $P < 0.5$ and a structured questionnaire was adopted for the purpose of data collection. The data were examined using descriptive statistics, Pearson Correlation, and the Ordinary Least Square method of estimation. The result founded that existence of a statistically important and positive relationship between private contributions and the sustainability of Nongovernmental Organizations, a positive but insignificant relationship between commercial activities and sustainability of Nongovernmental Organization's, and an contrary relationship between government funding and sustainability of NGOs. It had been found that the private contributions affect the sustainability of NGOs to a very large extent; government funding does not improve the sustainability of NGOs, and commercial activities do not have a significant effect on the sustainability of NGOs. Subsequently, study additionally suggested that management and employees of NGOs ought to be a lot of awared concerning their operations so as to draw in higher contributions from private individuals and organisations.

Arthur & Kubi (2020), investigated about financial management practices of Nongovernmental Organizaiton's in Ghana using the case of YMCA Ghana. The study was based on both primary and secondary data using questionnaire, interviews and organisational records. In order to defined the sampling forty eight respondent were taken in the fields from accounting, finance, internal audit, human resource, procurement, and management .SPSS- 21 and Microsoft Excel were used for analysing the data. The study found that the quality of financial management and their responsibility is the most authentic financial management indicator at YMCA Ghana. The study recommended that regular subscription for external audit services should be established in NGOs, and The NGOs in Ghana adopted cost effective monitoring, evaluation, accountability and learning programme management.

Karant (2017), attempted to examine the components of income and expenditure, sources & deployment of funds among the NGOs in Coastal Karnataka. A comparative analysis of the fund management of the NGOs of two important districts of Karnataka namely Uttara Kannada & Dakshina Kannada districts are presented in the study. Both primary and secondary data used for the study. The major findings of the study were related issues and challenges in fund management along with remedies to overcome the problems. They also found that efficient financial management supported by financial accountability, financial transparency & good governance helps to the success of NGOs.

Dhanani & Connolly (2015), examined Accountability of Nongovernmental organizations, the studytakeaway over annual reporting. They investigated that whether NGOs use their annual reporting process to the societies or direct stakeholders actions towards their own self interests. They found that the efforts by organizations are characterized by communicative action through provision of

truthful disclosures, normally it is suitable to the discharge of accountability and in such a manner planned to recover their understanding ability. They also found that some organizations show strategically oriented behaviors in which the disclosure content is directed by the opportunity to present organizations in a particular aspect and there is a lack of writing legitimacy. Further they found that challenges on the ethical inspiration and the value demand from business community in Nongovernmental Organizations.

Cacija(2013), aimed is to know the conceptual framework for scrutinizing the effects of activities, performed within the ‘traditional’ non-profit strategic marketing, on the fundraising success. The study proposed that long term relationships with donors and implementation of the traditional marketing activities are key to fundraising, with the help of fundraising it serving as a feedback for non-profit strategic marketing. This paper also analyzed the circumstances and views of fundraising in the nonprofit sector in Croatia. Further study suggested for the pragmatic authentication of the proposed theoretical model are made, and also study gives the recommendations for future research.

Jablonski(2011), aimed to know about the events control by non-profit organizations have modified or been altered to touch upon the dynamic tide of the US economy. The case study conferred focuses on foundations settled in Michigan, a neighbourhood of the country that has seen overpoweringly forceful effects of the foremost recent economic condition. The study aimed to give recommendations for future use within the events trade because it pertains to fundraising. The study found that results can show patterns and methods which will provide useful to organizations as they continue on their mission to boost funds for nonprofits across the US.

Reissova (2019), centered on fundraising jointly of the funding choices for non-profit organisations. The paper presented the results obtained from the original quantitative analysis strategy that used structured interviews. The study has shown that there are local alterations in the interest of individual donors to donate funds and also has brought a number of findings concerning the socio-demographic characteristics of potential donors. It’s been shown that the disposition to donate money is related to the financial gain and education of the donor, however it doesn’t rely upon the gender and religion of the donor.

According to Council of Nonprofits, most of the non-profit organizations depends on the kindness of donors for some or all of their funding. Fundraising is an significant activity of the non-profit organizations. This National council does not provide funding or any other assistance regarding fundraising. But state association of non-profit organizations may provide training and other assistance such as webinars, learning programs, workshop, learning courses and discounts on goods and services that are used by non-profit organizations to fundraise. Non profit organizations may raise the funds from private foundations but it entails research to learn which foundations give the grants for which missions. The Foundation Centre gives free information regarding funding through more than 400 funding network locations, public libraries, community foundations, and other non profit organizations resource centres. Fundraising is very much essential for every non profit organizations to achieve their mission.

STATEMENT OF THE PROBLEM

From the above literature review it is clear that many studies have been carried out by considering fund management of non-profit organizations, accountability in Nonprofit organizations and also fund raising in non-profit organizations. However no studies have been carried with digital fundraising in non-profit organizations. On the other hand major problem faced by non-profit organization is fund raising especially in the pandemic situation. Hence the study has made an attempt to provide the details particularly to digital fund raising in non-profit organizations. Therefore the study has found its importance to fulfil the above research gap.

OBJECTIVES

The study has been carried out to full fill the following objectives:

1. To study the conceptual background of digital fund raising in Nonprofit Organizations.
2. To analyse the strategies of digital fundraising in Nonprofit Organizations.
3. To examine the online fund raising in Nonprofit Organizations.

SCOPE

The study has made an attempt to analyse the strategies of digital fundraising in Nonprofit Organizations. The data of online fundraising have been taken from open data project 2021. The study also focus on the strategies of digital fundraising in Nonprofit Organizations.

RESEARCH METHODOLOGY

The research paper is primarily depend on secondary sources which has been obtained from open data project 2021. The study also includes information which have been gathered from research article, concerned web portals. The study also focuses on the analyse the strategies of digital fundraising in Nonprofit Organizations and also examine the online fund raising in Nonprofit Organizations.

ANALYSIS AND DISCUSSIONS

The analysis of the study includes online donations through their website, pop-ups. Tribute giving, customer relationship management(CRM) software and through email,

1. In totally 94% of non-profit organizations collected online donations through their website, these organizations collect the donations through various methods like credit card payments, paypal, direct debit payments, google pay, amazon pay and crypto currencies(such as Bitcoin and Ethereum) at 91%, 53%, 44%, 7%, 3% and 3% respectively. and only 6% of non-profit organizations collected donations through a third party website. Some non-profit organizations collect the online donations at 3% through Mobile money such Vodafone M-Pesa and Airtel Money, 50% of non profit organizations obtain the donations through online forms and provide the option for donors to cover donation processing fees, 77% of non-profit organizations have monthly giving program.

2. In order to encourage one time donors to upgrade to becoming a monthly donors 16% of non profit organizations use pop-ups on donation page.
3. 46% of non-profit organizations provides tribute giving, such as memorials and birthdays and 38% of non-profit organizations keenly implement a year-round retention plan for online donors.
4. Customer Relationship Management is the software used by non-profit organizations to collect online donations. 67% of non profit organizations uses these type of software to manage communications with supporters and donors. Out of this, 54% use in all in one customer relationship management and online fundraising software while 46% use a CRM software that is separate from their online fundraising software.
5. In order to utilizes artificial intelligence 15% of non profit organizations use a Customer relationship management software for donor prospecting like predicting what time of year a donor is most likely to give and how much they are wish to give.
6. 78% of non-profit organizations use email automation in their online fundraising. Out of these 70% send automatic donation receipts through email, 32% send automatic year-end tax receipts through email, 32% send an automatic “Welcome” series to new online donors via email and 23% following up on expired credit cards for recurring/monthly donors through email.
7. Effect of COVID-19 pandemic on non-profit organizations in online fund raising;
 - During COVID-19 pandemic 34% of the non-profit organizations has collected more money considerably.
 - 22% of the Nonprofit organizations has raised slightly less money during the COVID-19 pandemic.
 - The effect of COVID-19, 16% of the non-profit organizations has obtained significantly less money.
 - During COVID-19 pandemic 14% of the non-profit organizations has collected significantly higher money.
 - There is no impact of COVID-19 pandemic for 14% of the non-profit organizations.

FINDINGS AND FINAL REMARKS

According to CAF India giving 2021 report the followings are the major findings provides regarding people contributing money to charity in India.

- In the past twelve months four among five people have done atleast one charitable activity and three among four people have given money to charitable purpose.
- According to CAF India giving report totally 85% of adults given to charity in the Covid-19 pandemic. Two among three people given money to a charity or services and three among ten given money to their family and friends.
- Donating to help the poor has become much more common (63% vs 54% in 2019) whilst support for religious organisations has declined (46% vs 51% in 2019). In 2020, the average donation increased to Rs 15,628, suggesting that those who are giving, are giving more. ,,
- In earlier, donors are given to charity in the way of cash but it is decreased in recent years especially in Pandemic situation. As per report 68% donors paid in cash in the year 2018 but it is reduced to 53% in the year 2020. Hence,

digital methods of giving gain its importance in popularity, particularly donating by digital wallet which has improved intensely from 2019. The pandemic situation may have enhanced these digital methods – report found that 72% of public are reduce the usage of cash because of Covid -19.

- Most believe that charities have a positive impact locally (81%), nationally (77%) and internationally (68%) and the majority think that charities are trustworthy and work hard to achieve positive outcomes for their beneficiaries.
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- In the Covid – 19 pandemic situation most of the people know about the value of the charities. The report found that government should work together with charities in response to the pandemic and also believe that the government should be giving financial help to charities that may be struggling as a effect of the pandemic.

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