A Case Study Examination into How Charities Enhance Fundraising Effectiveness through Managing Relationship with Donors and Beneficiaries

Submitted by Yanjun Zheng to the University of Exeter as a thesis for the degree of
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ABSTRACT

It is becoming increasingly apparent that nonprofit organisations are more focused on raising funds through relationships that they have built with their donors. Nonprofit organisations have borrowed from business management concepts and theories for example Customer Relationship Management (CRM) and Services Management for guidance on how to effectively build and maintain relationships with their donors. This trend of applying business concepts in nonprofit context in particular for the purpose of generating fundraising income has attracted attention of researchers. Due to the lack of research in this area, this research builds on existing CRM literature by addressing a number of gaps. Firstly, little empirical evidence exists as to the relevance of CRM to nonprofit organisations. Secondly little investigation was carried out on the challenges and barriers facing charities. Thirdly, there are insufficient empirical data to serve as evidence to assess the outcomes of implementing CRM practices in a nonprofit context.

In the process of investigating these research gaps as identified above, it is found that a considerable amount of donation to nonprofit organisations are contributed by service beneficiaries or people who have close relationship with them. This finding implies a certain connection between beneficiary service satisfaction and their giving behavior thus triggering the second phase of study within the area of Services Management.

In this research, the case study method is adopted to encourage the use of multiple research techniques. The case study was carried out in a Devon-based charity over a period of two years. Firstly, the findings of this research empirically validate the relevance of key CRM implementation areas suggested by existing literature in nonprofit organisation and contribute to a fuller understanding of how CRM can be implemented in charities. The results identify six key factors which are critical to the success of CRM implementation in nonprofit organisation as well as the impact of CRM in four major areas.

Further investigation carried out on the complexity of the relationship between main stakeholders for example service beneficiaries and donors indicate a
positive connection between beneficiary service satisfaction and their willingness to donate. This important finding suggests the relevance of Services Management concepts especially the Service Profit Chain to nonprofit organisations. Whilst this thesis contributes to a better understanding of how CRM and services management are related to the effectiveness of fundraising in the nonprofit sector, further research in particular on the strength of the relationship between beneficiaries’ service satisfaction and their donation will be needed in the future.
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