DOES SALARY AFFECT THE FUNDRAISING EFFICIENCY OF HUMAN SERVICE NONPROFITS?

A Thesis
Submitted to the Faculty of the Georgetown Public Policy Institute
in partial fulfillment of the requirements for the degree of
Master of Public Policy
Public Policy

By

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Washington, DC
April 3, 2012
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Abstract

With emphasis on financial responsibility coming from donors, media, watchdog groups, and government, strong financial measures of efficiency may be critical to an organization’s ability to garner public support. This study examines the roles that salary and leader quality play in the fundraising efficiency of human service organizations. Nonprofits in general are notorious for low pay, and the sector’s inability to attract individuals with adequate expertise and experience is a commonly noted issue. This study examines whether this difficulty in attracting talent matters from an efficiency standpoint. Using an ordinary least squares regression model to examine financial data of human service organizations, I conclude that leadership salary has no effect on fundraising efficiency within this subsector. Organizations seeking to improve their efficiency metrics should therefore look beyond attracting and recruiting leaders that command high salaries and focus their improvement efforts on other organizational aspects.
Acknowledgements

Special thanks to my family for their constant support and encouragement.

Jennifer C. Chua
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Introduction

Individuals and organizations that want to engage in charitable giving have over a million public charities to choose from in the United States. With an overwhelming number of organizations clamoring for funding, donors must be selective in deciding which nonprofits to support and determine what criteria makes an organization worthy of their aid. Studies on giving decisions have shown that in addition to a charity’s mission, potential donors are concerned about the efficient use of money donated, even more so than believing that an organization makes a difference. At the same time, public confidence in American charities has remained consistently low over the past decade, with the majority of Americans believing that charitable organizations waste ‘a great deal’ or ‘fair amount’ of money (Light, 2008, p.2). Reported mishandling of donated funds in the wake of 9/11 prompted much of this distrust in nonprofit organizations, and the sector continues to struggle to regain the public’s confidence.

With limited ability to thoroughly evaluate all potential donation recipients, individuals and organizations must find ways to discern which organizations will put donated funds to good use and are deserving of their donations. To aid potential givers in this process, watchdog organizations, media, and other nonprofit resources provide financial efficiency ratios as a measure of comparison between organizations. Common measures of efficiency include ratios that reflect 1) how much the organization spends on each dollar raised and 2) how much is spent on fundraising and administrative costs relative to what is spent on programming (“Standards,” 2003). As these measures go by a variety of names depending on the organization, this paper uses the naming conventions used in Hager, Pollack and Rooney’s (2001) study of efficiency – the *fundraising cost ratio* and *overhead ratio*, respectively.
Forbes ranks charities by such measures of financial efficiency and includes these measures in its annual report of the country’s largest charities (Barrett, 2010). GuideStar, a database of nonprofit information for charitable giving, provides analyst reports that include these ratios (“Analyst Reports,” n.d.). The Better Business Bureau’s Wise Giving Alliance includes nonprofit accountability standards that put a specific threshold on spending related to fundraising and overhead (“Standards,” 2003). Some state legislatures have also stressed the importance of nonprofit efficiency by passing laws that limit administrative expenditures (“Nonprofit Advocacy,” 2011). With such information emphasized, strong financial measures of efficiency may be critical to an organization’s ability to garner public support.

The ability to attract donor funding is particularly important to human service nonprofits. This subsector is defined by the National Taxonomy of Exempt Entities (NTEE) as consisting of a wide variety of social service organizations: individual and family services (e.g. social, welfare), jobs training, day care, residential care, youth development, food/nutrition, housing, legal services, and recreation. Since the 1960s, governments have increasingly relied upon private nonprofits to deliver these crucial social services. Though funding early on in this devolution came primarily from government sources, this support decreased considerably beginning in the 1980s, causing these organizations to rely more heavily on service charges and donations from other sources (Grønbjerg, 2001). Adding to the strain for resources is the fact that these nonprofits have had to compete with an increasing number of for-profit entities seeking to provide similar services. Furthermore, recent economic conditions have also caused a decrease in donations for publicly supported charities, making competition for donor dollars even fiercer (Havens & Schervish, 2010). These conditions have made it crucial for human service
nonprofits to find ways to attract public support and use funding in an efficient and effective manner.

With financial performance measures being used for restoring faith in the sector as well as aiding donors in giving decisions, the importance of having strong metrics of efficiency is evident. But what factors lead a nonprofit to be financially efficient? Past work has found that organizational age, size (in terms of total revenue), and subsector have statistically significant effects on nonprofit fundraising and overhead efficiency measures. This paper adds to the conversation by examining the roles that salary and leader quality play in the fundraising efficiency of human service organizations, a subsector that stands to benefit greatly from having strong ratios to report. Leadership quality is reflected in the salaries of the organizations’ leaders and key employees, assuming these salaries are indicative of expertise, experience, and ability. Along with variables for organization size and age, salary serves as an independent variable. The dependent variable is the abovementioned fundraising costs ratio (Fundraising Costs ÷ Contributions). Nonprofits in general are notorious for low pay, and the sector’s inability to attract individuals with adequate expertise and experience is a commonly noted issue. This study examines whether this difficulty in attracting talent matters from an efficiency standpoint: are human service organizations that pay higher salaries more ‘efficient’ in fundraising?
Literature Review

Giving Decisions and Nonprofit Efficiency

Studies have shown that individuals are concerned about how charities will spend their donated funds. A 2010 public opinion survey conducted by Hope Consulting found that 87% viewed ‘how the organization will use my donation’ as an important factor in donor decisions on whether to give to a nonprofit. Additionally, 76% viewed ‘costs to overhead’ as an important consideration (“Money for Good,” 2010, p.18). While the value placed on financial responsibility is high, public trust in nonprofit organizations remains low. Since 2003, the year that “general confidence in charitable organizations appeared to hit its modern low point”, the percentage of people who believe that charities do a ‘very good’ job of spending money wisely has remained below 15% (Light, 2008, p.4). This lack of trust in financial responsibility was also reflected in the large percentage of individuals (70%) who believed that charities waste ‘a great deal’ or ‘fair amount’ of money and the widespread sentiment that nonprofit executive compensation is too high, even amongst those who expressed a ‘great deal’ of confidence in the sector (Light, 2008, p.6).

Despite the desire for financially responsible nonprofit organizations, Hope Consulting found that only 35% of respondents did any research on potential recipient organizations in 2009 (“Money for Good,” 2010). Of those that engaged in research, 62% reported relying on facts and figures in their decision-making, indicating a desire for “simple, digestible info” (“Money for Good,” 2010, p.19). The media, watchdog groups, and nonprofit informational organizations fulfill this need by reporting financial measures of organizations using data from the IRS Form 990. Since becoming a uniform reporting document for all states in the 1980s, Form 990
information has facilitated comparisons of nonprofits’ finances across and within subsectors in terms of program spending and fundraising efficiency. Though the value of financial comparisons is debated due to organizations’ diverse needs and operations, financial indicators provide donors with a simple measure for comparison and address their desire to understand how nonprofit organizations spend their money (Hager, Pollak, Wing, & Rooney, 2004).

Studies have shown that financial inefficiency negatively affects donations to nonprofit organizations. A study by Tinkelman and Mankaney (2007) found a significant negative relationship between accounting measures of administrative efficiency and donations for donation-dependent organizations. Note that high ratio values signify lower efficiency. Additionally, research by Fred Jacobs and Nicholas Marudas indicated that fundraising efficiency is also positively correlated with donation levels (2007). These findings suggest that though some in the nonprofit sector believe financial efficiency ratios are not appropriate for evaluating an organization, there is indeed value in achieving such efficiency for organizations dependent on public support in particular.

In determining the factors that influence nonprofit efficiency, Hager, Pollak, and Rooney (2001) looked at the effects of the organizational characteristics of size (as measured by total revenue), age, and subsector on two common financial ratios – the overhead ratio, which reflects the portion of expenses spent on non-program items, and the fundraising costs ratio, which reflects how much is spent per dollar raised. Their research found that size had a negative relationship with both ratios, indicating that larger organizations were more efficient. Organization age had a
statistically significant positive relationship with the ratios, suggesting that older organizations were less efficient in both measures. Finally, the subsectors had statistically significant differences in ratios. This revealed that an organization’s focus on arts, health, education, environment, or human service played a role in its financial efficiency. Despite the statistical significance of these findings, age, size, and subsector explained only about 15% and 3% in the variation of the overhead and fundraising cost ratios, respectively, indicating that there were likely other factors at work.

The Human Services Subsector

The National Taxonomy of Exempt Entities (NTEE) classifies human service organizations into eight categories: crime/legal related, employment/job related, agriculture/food/nutrition, housing/shelter, public safety/disaster preparedness and relief, recreation/sports/leisure/athletics, youth development, and general human services, a category that includes youth and family services, personal social services, assisted living situations, and support services for specific populations. Though the lines in subsector classification sometimes blur, this is the generally accepted classification used by the Internal Revenue Service and the National Center of Charitable Statistics (“National Taxonomy,” 2009).

Organizations across the sector were privatized during the 20th century. In her study of the U.S. nonprofit human services sector, Kristen Grønbjerg (2001) described three major waves of this privatization within the past 100 years. She noted that the first wave occurred from before the 1900s into the 1960s, where local governments provided small subsidies to private orphanages, homes for the elderly, and other charities with minimal levels of accountability by local
authorities. The second wave occurred from the 1960s into the mid-1980s, when state and local governments provided greater financial support that helped expand the role for human service agencies in society. Finally, Grønbjerg described the period since the mid-1980s as the third wave in the privatization of human services.

During this third wave, government programs that funded human service nonprofits declined, such as social services block grants. In describing the increasing role of these nonprofits in society, Grønbjerg cited the welfare reform of 1996 and increasing devolution of human service responsibilities from the federal level to the state and local levels. She noted that this period also saw greater focus on effectiveness and efficiency (as evidenced by the growth in the performance and outcomes-based contracts) and increasing competition from for-profit entities that provide social services. Citing Lester Salamon’s 1999 study of the nonprofit sector, Grønbjerg described his findings that between nonprofit and for-profit entities, human service nonprofits comprised the majority of individual/family services and vocational rehabilitation at 80% and 70% of such establishments respectively, but accounted for only 55% of residential care facilities and 31% of day care agencies. The pressures of decreased government funding, greater emphasis on efficiency, and increased competition have underscored the need for nonprofit financial responsibility in order to compete for support from government, individuals, and private organizations.

Nonprofit Salaries

The nonprofit sector is well-known for its low levels of compensation. This perception was reinforced in a 2001 study on executive compensation by Twombly and Gantz (2001), which
noted that the 1998 median salary of nonprofit chief executives fell below that of construction managers and dental hygienists. Not surprisingly, their research also found that larger nonprofits generally pay higher chief executive salaries than smaller ones. They noted that this relationship is likely due to the increased financial and administrative complexities involved with running a larger organization. Additionally, wages at these larger nonprofits are likely higher due to competition with other entities for experienced executives.

Twombly and Gantz found substantial compensation variation within subsectors due to a variety of factors, including organization size, activities, and reliance on different streams of revenue. In the human service subsector, executive compensation at nonprofits with revenues under $250,000 was positively correlated with greater reliance on government grants versus program service revenues and sales of inventory. The opposite was true at larger organizations (those with revenues over $2 million), where salaries were higher as reliance on program service revenues and sales of inventory increased. Regardless of size, human service organizations were the only subsector where higher levels of compensation were correlated with direct public contributions from individuals and foundations. Twombly and Gantz (2001) suggested that this finding “may hint to the growing competition between nonprofits and for-profits for skilled executives, particularly as the corporate sector becomes more prominent in social service delivery” (p.4-5). Building on this understanding of factors that contribute to levels of compensation, examining how those levels affect operations may be an important next step. This could be particularly crucial to human service organizations as overall, the researchers found that the subsector fell below the nonprofit sector’s medians for salary as well as compensation
supplements, such as employee benefits, deferred compensation, and expense accounts and allowances (measured as a percentage of base salary).

The inability to pay a competitive salary may impact a nonprofit organization’s ability to attract or retain leaders. A 2008 survey of current nonprofit staff that had never served as nonprofit executive directors examined attitudes these individuals held towards becoming leaders in the sector. The study found that 69% felt underpaid for the work they currently did, and 64% had financial concerns about committing to a nonprofit sector career. Beyond financial considerations, ‘don’t want the fundraising responsibilities’ was found to be the top reason not to pursue leadership positions (Cornelius, Corvington, & Ruesga, 2008, p.18). The researchers cited a 2006 Bridgespan Group report that estimated that the number of senior managers needed by the sector will increase by 80,000 each year by 2016, 40% more than is currently needed. In light of this information, Cornelius et al. (2008) asserted, “Demand pressures and a constrained supply will challenge nonprofit boards of directors and recruiters who must compete against government and business for talented leaders” (p.3). The sector’s current struggle to attract individuals with adequate abilities to manage and fundraise is likely an issue that it will continue to face.

Human service nonprofits fulfill a wide variety of the needs in society and are compelled to do so in a financially responsible way by governments and private donors alike. Though the usefulness of financial efficiency measures is debated, these ratios help assure potential donors that recipients will use funds effectively and fulfill donors’ demand for simple ways to compare and evaluate organizations. To restore faith in the sector and garner public support, determining
factors that contribute to such efficiency is valuable. Organizations currently deemed financially inefficient may find it difficult to bring in funding, thus reducing their ability to attract or retain experienced, knowledgeable individuals due to low levels of compensation. In turn, if lack of talent prevents an organization from fundraising efficiently, a potential vicious cycle may thus result. This paper investigates whether this cycle should be a concern of the human services subsector by examining the effect salary has on fundraising efficiency, helping to shed light on where organizations should focus improvement efforts in the future.
Conceptual Framework and Hypothesis

Data for this analysis come from the National Center for Charitable Statistics (NCCS) database. NCCS maintains data on the nonprofit sector in the United States, including information taken from the IRS Form 990, a document that tax-exempt organizations with over $25,000 in gross receipts are required to file annually with the Internal Revenue Service. Because this paper is concerned with aspects related to fundraising, data analyzed come solely from public charities, described by the IRS as nonprofit organizations that “have an active program of fundraising and receive contributions from many sources, including the general public, governmental agencies, corporations, private foundations or other public charities” (“Public Charities,” 2011). This contrasts with private foundations, which usually have a single major source of funding. The dataset used in this study is the 2009 Core Public Charity Data, which is comprised of data from Form 990s completed by 501(c)(3) public charities. Within this data, the population analyzed is comprised of organizations that self-identify as human service nonprofits.

Table 1 provides descriptive statistics for the variables used in the model for this study. Included in the sample of 9,225 human service organizations are those with positive values for fundraising efficiency and compensation for key employees. Organizations with outlying values of $500 million in revenue (three observations) or compensation values of greater than $4 million (seven observations) were excluded so as to not bias results. Variables used in this study are as follows:

Fundraising efficiency ratio variables:
Variable: SOLICIT
Description: Fundraising expenses
Variable: DIREXP
Description: Direct expenses other than fundraising for special events

Variable: CONT
Description: Total public support (includes direct public support, indirect public support, and government contributions and grants)

Variable: SPEVTG
Description: Gross revenue from special events

Variable: FUNDEFF
Description: Fundraising efficiency ratio, calculated as (SOLICIT+DIREXP)/(CONT+SPEVTG). Reflects how much is spent per dollar raised.

Age variable:
Variable: AGEYEARS
Description: Difference between the year and month the IRS granted tax exempt status and January 2011. (Data includes organizations that report recognition as an exempt organization through 2010.)

Size variable:
Variable: TOTREV
Description: Total revenue

Salary variable:
Variable: COMPENS
Description: Compensation of officers, directors, etc.
Table 1  
*Descriptive statistics for variables used in model*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solicit</td>
<td>11,721</td>
<td>441,328</td>
<td>0</td>
<td>37,600,000</td>
</tr>
<tr>
<td>Direxp</td>
<td>103,994</td>
<td>439,381</td>
<td>0</td>
<td>19,800,000</td>
</tr>
<tr>
<td>Cont</td>
<td>2,625,627</td>
<td>8,590,432</td>
<td>0</td>
<td>270,000,000</td>
</tr>
<tr>
<td>Spevtg</td>
<td>151,432</td>
<td>483,528</td>
<td>0</td>
<td>20,800,000</td>
</tr>
<tr>
<td>Fundeff</td>
<td>0.11</td>
<td>0.22</td>
<td>0</td>
<td>4.76</td>
</tr>
<tr>
<td><strong>Independent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totrev</td>
<td>5,403,481</td>
<td>13,700,000</td>
<td>0</td>
<td>271,000,000</td>
</tr>
<tr>
<td>Compens</td>
<td>167,899</td>
<td>245,994</td>
<td>90</td>
<td>3,688,705</td>
</tr>
<tr>
<td>Ageyears</td>
<td>31.59</td>
<td>18.32</td>
<td>.17</td>
<td>102.17</td>
</tr>
</tbody>
</table>

The statistics above display a wide variation in the financial performance and operations of the organizations in the sample, particularly in terms of contributions received and total revenue, which have very large standard deviations. The average fundraising efficiency ratio of 0.11 indicates that the average expenditure on fundraising is $0.11 for every dollar raised by an organization. The average organizational age in the sample was 31.6 years, with the youngest organization being two months old and the oldest being 102 years old. Average salary expense for officers and key employees was approximately $168,000. Salary expense for the organizations varied widely, ranging from values less than $100 to expenses in the millions.

The hypothesis for this study is based on the idea that salary is a reflection of individuals’ expertise, experience, and skill. More specifically, compensation of officers, directors, and other key employees that lead an entity is presumed to affect the ability to effectively manage an
organization, an aspect of which is the efficient use of resources. As such, the hypothesis tested in this paper is:

\[ H_0: \text{Salary of employees in leadership positions has no effect on the fundraising efficiency ratio.} \]

\[ H_1: \text{As salary of employees in leadership positions increases, the fundraising efficiency ratio improves.} \]

The linear regression model for measuring the fundraising efficiency for human service nonprofits is the following:

\[
\text{Fundraising efficiency ratio} = \beta_0 + \beta_1\text{age} + \beta_2\text{size} + \beta_3\text{salary} + \text{error}
\]

This model builds on the study of nonprofit efficiency performed by Hager, Pollak, and Rooney (2001), who had findings consistent with their belief that organization size as measured through revenue will affect efficiency, with larger organizations better able to take advantage of economies of scale in their activities. The presumption that organization age affects fundraising efficiency is also based on their findings, where older organizations were statistically significantly less efficient. Salary here reflects the salaries paid to organization leaders; Form 990 requires that the salaries of officers, directors, trustees, and key employees be reported in a section of the form separate from staff salaries. Dummy variables based on quartiles are used to assess the effects of size and compensation on efficiency, as values of these two variables varied widely. Fundraising efficiency ratio, the dependent variable, reflects how much the organization spends on each dollar raised by comparing fundraising costs to contributions received. This includes income and expenditures related to special events. Lower levels of this ratio reflect greater fundraising efficiency.
Results

Table 2
Variables predicting the fundraising efficiency ratio of human service organizations, 2009

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Regression coefficient</th>
<th>Standard error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.206***</td>
<td>0.00567</td>
</tr>
<tr>
<td>Age in years</td>
<td>-0.000369***</td>
<td>0.000133</td>
</tr>
<tr>
<td>Revenue Quartile 2</td>
<td>-0.0760***</td>
<td>0.00706</td>
</tr>
<tr>
<td>Revenue Quartile 3</td>
<td>-0.0994***</td>
<td>0.00801</td>
</tr>
<tr>
<td>Revenue Quartile 4</td>
<td>-0.134***</td>
<td>0.00946</td>
</tr>
<tr>
<td>Compensation Quartile 2</td>
<td>-0.0271***</td>
<td>0.00702</td>
</tr>
<tr>
<td>Compensation Quartile 3</td>
<td>-0.0129</td>
<td>0.00789</td>
</tr>
<tr>
<td>Compensation Quartile 4</td>
<td>-0.00101</td>
<td>0.00921</td>
</tr>
</tbody>
</table>

Observations                 9,225
R²                           0.058

*** p<0.01, ** p<0.05, * p<0.1

This research uses ordinary least squares regression to examine the effect that organization age, size, and compensation level have on the fundraising efficiency of human service organizations. The relationship between these variables was expected to be linear in nature. This model builds on the study of nonprofit efficiency performed by Hager, Pollak, and Rooney (2001), which used ordinary least squares regression to examine the relationship between financial efficiency ratios and organizations’ size, age, and subsector. Dummy variables for size (revenue) and compensation were created based on quartiles. Revenue Quartile 2 includes values from $592,525 up to (but not including) $1,513,657. Revenue Quartile 3 ranges from $1,513,657 up to $4,484,706, and Quartile 4 encompasses values of $4,484,706 and above. With regard to compensation dummy variables, Quartile 2 includes values from $57,314 up to $94,171, Quartile 3 from $94,171 up to $184,267, and Quartile 4 from $184,267 and above.
The regression results in Table 2 display the effects that age, size, and compensation of key employees have on the fundraising efficiency ratio for 9,225 human service organizations based on information reported on the IRS Form 990. Note that a low fundraising efficiency ratio indicates greater efficiency (each dollar raised costs less). The model overall has an $R^2$ of 0.058, indicating that it explains 5.8% of the variation in the fundraising efficiency ratio of the organizations in the sample. This value is slightly higher than the $R^2$ of .03 in the study by Hager, Pollak, and Rooney.

Coefficients of age, all revenue dummy variables, and Compensation Quartile 2 are statistically significant at the .01 level of significance. The coefficients for all statistically significant independent variables are negative, indicating that greater efficiency is associated with organizations that are older and larger (as measured by revenue). The magnitude of the effect of age in the model is very small. The variable’s coefficient indicates that for each additional year that an organization has existed, the ratio improves by approximately 0.0004; in other words, the cost of every dollar raised decreases by a fraction of a penny for each additional year of existence, all else equal. The coefficients on the revenue quartile variables indicate that compared to the smallest organizations in Quartile 1, the larger an organization is, the greater is the associated improvement in fundraising efficiency. Compared to Quartile 1, organizations in Quartile 2 have, on average, ratios that were lower by .076. Even greater improvements were displayed in Quartile 3 and Quartile 4, who had ratio improvements over Quartile 1 of .0994 and 0.134, respectively.
Holding age and size constant, greater efficiency is also exhibited by organizations that were in
the second compensation quartile compared to those in the first quartile (organizations with
salary expense less than $57,314). The efficiency ratio improves by .02. In other words, all else
equal, human service organizations in the second compensation quartile had lower cost of
fundraising by two cents per dollar raised as compared to organizations in the first compensation
quartile. Neither Compensation Quartile 3 nor Compensation Quartile 4 reflects statistically
significant improvements in fundraising efficiency over those in Quartile 1.
Discussion

Findings of this study suggest that in the human service subsector, fundraising efficiency has positive relationships with age and size. The improved efficiency associated with age supports the idea that with time and experience, organizations can develop routines, solidify donor relationships, and establish their ‘brands’, which allow them to be more efficient in fundraising. The increased efficiency associated with larger organizations may be a result of economies of scale for various fundraising costs, such as telephone and computer systems or fundraising counsel.

My alternative hypothesis, which stated that the fundraising efficiency ratio will improve as salary of employees in leadership positions increases, did not receive support. While Compensation Quartile 2 was statistically significant in the model, it is unlikely that there are improvements to fundraising efficiency as compensation increases, as Quartiles 3 and 4 did not have statistically significant improvements; it is not logical that the fundraising efficiency ratio would improve when moving from Quartile 1 to 2 and then deteriorate when leader compensation increases beyond Quartile 2. Therefore, organizations that have higher paid key individuals are not more efficient in terms of cost per dollar raised. These findings suggest that higher quality leaders, who have more experience or expertise, do not impact financial efficiency. As greater efficiency can impact donations, human service organizations seeking to improve fundraising efficiency metrics (and therefore, donation levels) should not focus on attracting higher quality leaders with a willingness to pay higher salaries.
Several limitations exist in this study. One major concern relates to the accuracy of the data reported in the Form 990, as information is not based on audited financial statements. A study performed by Hager, Pollak, and Rooney also indicated great inconsistency in the reporting of expenses, particularly in smaller nonprofits (2001). Additionally, the dataset used in this study had many variables unavailable to the public, including number of employees and breakdown of public support by type. Incorporating this information into future studies may help to better predict organizations’ fundraising efficiency ratios.

Another limitation of this study is the wide variety of organizations that are included in the human services subsector; great variation in terms of mission and size makes generalization regarding these organizations difficult. Future studies may want to segment the subsector further and examine the fundraising efficiency of organizations that serve similar purposes in society or have similar organizational characteristics. Furthermore, other characteristics may help better explain variations in fundraising efficiency. Other organizational aspects to explore in future studies include understanding the proportions of the sources of public support received (government, foundation, or general public), existence of earned income strategies, fundraising tactics, and the level of competition within a specific mission type. Having a greater understanding of these elements may also be useful in understanding the backgrounds and experience (and therefore salary) of various leaders and key employees in the subsector.
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