

**Building Donor Loyalty: The Antecedents and Role of Commitment in
the Context of Charity Giving**

By

Sargeant A. and Woodliffe L.

Professor Adrian Sargeant, Bristol Business School, Frenchay Campus, Coldharbour Lane, Bristol, BS16 1QY, United Kingdom. Tel ++ (44) 117 344 3610, E-Mail adrian.sargeant@uwe.ac.uk or adrian.sargeant2@btinternet.com

Building Donor Loyalty: The Antecedents and Role of Commitment in the Context of Charity Giving

Abstract

In both the US and the UK donor attrition rates are an increasing cause for concern. Many organizations lose up to 60% of cash donors after their first donation. In this study we delineate the factors that drive donor commitment to a cause and subsequent loyalty. A series of nine focus groups were employed to derive study hypotheses that were then tested using the technique of structural equation modelling. We conclude the factors perceived service quality, shared beliefs, perceived risk, the existence of a personal link to the organization/cause and trust, drive commitment in this context of charity giving.

Introduction

Charities in both the U.K and the U.S are facing a crisis of loyalty. It is now not uncommon for organizations to lose between 40 and 60 per cent of newly acquired donors between their first and second solicitation (Burk 2003). A large proportion of newly acquired donors never give again and since much recruitment activity takes place at a loss, with charities generating between 30 and 50 cents for each dollar invested, this is a significant cause for concern (Sargeant and Kaehler 1998). Of course charities continue to undertake these activities because they *are* able to generate a significant return when the lifetime value of donors is taken into account, but even in subsequent years of a donor relationship, attrition rates of 30 per cent are common. This matters

since recent work by Sargeant and Jay (2004) indicates that even small improvements in loyalty can have a profound impact on the 'profitability' of a fundraising database.

Increasing donor loyalty by as little as 10 per cent has been shown to improve ROI by between 100 and 150 per cent dependent on the nature of the development strategies employed. There are therefore clear parallels with consumer behavior in the for-profit sector (Reichheld and Sasser 1990), and in the light of these figures it is not at all surprising that interest in the factors driving donor loyalty and loyalty amongst specific segments of the database is growing.

In the U.K and Canada (and increasingly in the U.S), there are primarily two forms of individual giving that form the focus of the strategy employed by direct marketers in fundraising (McKinnon 1999). The first is the cash giving alluded to above where, following recruitment, individuals are subsequently solicited on a regular basis, perhaps monthly, quarterly or annually to continue to support the organization. In the U.S such solicitations might typically form part of an annual fund campaign, while in the U.K. they form part of an aggregate pattern of development. The terms employed to describe this form of giving do vary by country, but in this paper we employ the U.K. term 'cash givers' to refer to the members of this segment, as they offer a succession of 'cash' gifts to various appeals over the duration of the relationship they have with the organization.

The second major form of giving is so-called 'regular' giving, where a donor signs up to support the organization on a monthly, quarterly or annual basis and the funds are deducted automatically from their bank account or credit card. Charities have been

increasingly keen to foster this form of giving, because it ensures a regular income stream without the need to engage in ongoing appeals. Indeed, the pattern of communication adopted with this segment is very different, consisting only of regular (but infrequent) updates of the work undertaken and perhaps occasional attempts to upgrade the size of the regular payment. The costs of maintaining income from regular givers are therefore significantly lower than from their cash counterparts, making it a highly attractive option for investment. In recognition of the commitment that individuals make to such ongoing support when they agree to establish a regular payment, UK charities have tended to adopt the term 'committed givers' to refer to this segment. We believe that the use of this terminology is unfortunate since these individuals may actually feel no more or less committed than their cash-giving counterparts.

Indeed, while UK charities may have chosen to label their regular donors as committed, it should be noted that the value of monthly gifts is typically very low (\$4-10). Concern has recently been expressed that attrition rates (i.e. the percentage of donors who lapse each year) have begun to climb and that it would not be unusual to lose up to 30 per cent of these individuals from one year to another (Chatto 2004; Sargeant and Jay 2004). Particular problems appear to have been encountered with the medium of face-to-face recruitment, where individuals are recruited onto a monthly gift by canvassers on the High Streets of Britain's major towns and cities. A number of charities have experienced annual attrition rates of up to 50 per cent of these donors (Jay 2004).

Despite these high levels of attrition there is a paucity of research in the realm of donor retention. With the notable exception of Sargeant (2001), who concluded that factors such as service quality and the perceived impact that previous donations had had on the cause would drive loyalty, empirical studies are lacking. Recent thinking in respect of customer loyalty suggests that a wider variety of context specific factors might drive loyalty (Reichheld 2000) and that the construct 'commitment' might also have a significant role to play (Morgan and Hunt 1994; Sargeant and Lee 2004). In this paper it is our intention to explore this role and to delineate the factors that might drive donor commitment and subsequent loyalty to voluntary organizations. Before outlining the nature of our primary study it is important to begin by defining commitment in this context and examining what are considered to be its likely antecedents. We address these issues below.

The Nature of Commitment

The extant marketing literature considers commitment to be a relationship-enhancing state that is 'key to achieving valuable outcomes' in buyer-seller relationships (Morgan and Hunt 1994 p. 23). Indeed, the concept has generated considerable academic interest as these 'valuable outcomes' have been shown to include enhanced customer retention (Anderson and Weitz 1992; Bendapudi and Berry 1997; Garbarino and Johnson 1999); customer advocacy and acquiescence (Morgan and Hunt 1994; Bejou and Palmer 1998; Price and Arnould 1999) and feelings of identification with, and pride in an organization (Garbarino and Johnson 1999).

Unfortunately, despite the growing body of literature on commitment, there is little agreement on the exact nature of the construct and a sense that its composition may in fact vary by context (Fullerton 2003). Consequently, definitions of the phenomenon are diverse, and none have as yet gained universal acceptance. To complicate matters further, commitment is also closely related to constructs such as loyalty and trust, which can hamper attempts to define it. Indeed, some authors view loyalty and commitment as synonymous, while others assert that the two constructs are related but distinct, and that commitment leads to loyalty (Beatty and Kahle 1988; Fullerton 2003; Pritchard, Havitz and Howard 1999). Commitment is also related to the construct of trust, but in this case trust is considered to precede commitment (Achrol 1997; Morgan and Hunt 1994; Pritchard, Havitz and Howard 1999; Sargeant and Lee 2004). In an attempt to resolve this debate Gabarino and Johnson (1999 p. 77) helpfully explain that “because commitment involves potential vulnerability and sacrifice...people are unlikely to be committed unless trust is already established.”

There is now a consensus, however, that commitment should be viewed as an attitudinal, rather than a behavioral, construct. According to Becker (1960), this view focuses on ‘being committed’, a state of mind, rather than having ‘made a commitment’ as a result of acting in a certain way. Many authors define and conceptualize commitment as an enduring desire or intention to develop and maintain a stable relationship (Anderson and Weiz 1992; Gundlach, Achrol and Mentzer 1995; Moorman, Zaltman and Despande 1992; Morgan and Hunt 1994). For example, Morgan and Hunt (1994 p.23) define

relationship commitment 'as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it.'

There is a similar consensus that commitment should be viewed as a multi-component construct. For example, two-component models are used by Geyskens et al. (1996), Kim and Frazier (1997) and Fullerton (2003) while Gundlach, Achrol and Mentzer (1995) and Kelley and Davis (1994) incorporate three commitment components into their approach. Gililand and Bello's (2002) helpful summary of attitudinal commitment conceptualizations reveals that the majority of studies taking a multi-component approach include an affective component (which Gililand and Bello themselves refer to as 'loyalty commitment', an emotional, social sentiment) and either the continuance component - the intent to remain in a relationship - (see for example Kim and Frazier 1997; Fullerton 2003; and Kumar, Hibbard and Stern 1994), or a component specific to relationship marketing called 'calculative commitment' (Kumar, Hibbard and Stern 1994; Geyskens et al. 1996; Gililand and Bello 2002). Calculative commitment refers to a rational, economic evaluation of the costs and benefits involved in developing and maintaining a relationship.

While the antecedents of commitment will clearly vary by the category of commitment examined, the pattern of antecedents identified has proved remarkably similar from one study to another. Authors have identified factors such as trust (e.g. Moorman, Zaltman and Deshpande 1993; Morgan and Hunt 1994), satisfaction (e.g. Mittal and Lassar 1995), investment (e.g. Anderson and Weitz 1992), the existence of personal relations between

individuals (e.g. Dwyer, Schurr and Oh 1987) consistency of interaction (e.g. Gundlach, Achrol and Mentzer 1995) and the nature of the contractual terms (e.g. Williamson 1983) to be significant factors. However, all these studies have been conducted in the context of business-to-business or business-to-consumer relations and to date only one study has specifically examined donor commitment. Employing a structural equation model, Sargeant and Lee (2004) demonstrate that trust is an antecedent of commitment in this context. While one might expect that factors such as satisfaction and consistency of interaction, might also be relevant, no empirical studies have to date explored these issues in the context of fundraising. Whether there may be additional factors also remains unclear. In this article it is therefore our intention to explore the concept of donor commitment and to determine what factors might influence the strength of this important attitudinal disposition.

Method

To achieve these objectives a three stage methodology was adopted, consisting of a preliminary series of nine focus groups, a scale development phase and a final postal survey of 5000 individuals. The rationale for each stage and a summary of the results is reported below.

Exploratory Phase

In Stage 1 a series of nine focus groups was conducted working in partnership with five large national charities. A variety of different causes were selected including medical

research and international aid. Focus group participation was solicited from donors to all five organizations living in the geographical area in which the groups were to take place. Participants were offered a fee of \$50 for attendance at each meeting which was scheduled to last for 90 minutes.

Writers such as Bryman and Burgess (1994) suggest that it is particularly appropriate for qualitative researchers to be explicit about their beliefs and purposes. To that end the perspective adopted throughout this research is essentially post-positivist (Guba and Lincoln 1992), the writers of this paper subscribing to a critical realism ontology rather than relativism. A grounded theory approach to the research process and data analysis (as conceived by Glaser and Strauss (1967)) was adopted. This was felt to be appropriate given the applied nature of the research.

The group discussion was kept semi-structured. Following an initial discussion of the organizations participants elected to support, each individual was asked to consider his/her favourite charity or those to which they felt the strongest sense of commitment. They were then asked to consider why this might be the case and the factors that led to this disposition. The focus groups were audio-taped and then transcribed. Data were systematically and intensively analyzed through standard procedures for qualitative analysis (Spiggle 1994). Data analysis involved several steps. First, the transcripts were reviewed individually and summarized. Second, in a phase that Strauss (1990) referred to as "open coding", the interview transcripts were scrutinized line by line and paragraph by paragraph to suggest initial categories or themes. In the third step, which Strauss called

"axial coding", the transcripts were scrutinized again and again to consider each of the themes across the interviews and to assess the fit of each theme to the data. In a final stage, named "selective coding" by Strauss, the data were examined once again to refine the themes and findings for each.

Two distinct forms of commitment emerged from our analysis of the focus group data, 'active' and 'passive'. Active commitment was expressed by participants as a genuine belief in, or passion for, the cause. There are clear parallels here with the 'affective commitment' described earlier. Passive commitment, by contrast referred to a disposition to support that occurred only because the individual concerned had not 'got around to canceling'. This could perhaps be regarded as inertia, since donors would only be reminded through charity solicitations that they were continuing their support and would then re-evaluate it to determine whether or not they wished to continue. We prefer the term passive commitment, however, as some individuals felt 'it was the right thing to do' to take out a direct debit, but had no real passion for either the nature of the cause or the work of the organization. It appeared related to, but not identical to, the notion of normative commitment described by Allen and Meyer (1990).

A variety of factors were found to drive both forms of commitment. We begin our discussion by considering active commitment. The extent to which a donor felt that they shared the beliefs of an organization, either in respect of the significance of an issue, or the manner in which it should be approached, was identified as an antecedent. The following quote was typical of the views expressed:

'I was looking for a charity that was unbiased. A lot of the deaf charities have either one or other bandwagons. I didn't feel I wanted to support one particular bandwagon. It is very important to have an organization that can embrace genuine need rather than fighting all the time.'

There is a clear parallel here with work conducted in the commercial context. Morgan and Hunt (1994, p.25) for example identified that 'the extent to which partners have beliefs in common about what behaviors, goals and policies are important or unimportant, appropriate or inappropriate, and right or wrong' drove the degree of affective commitment in business relationships (see also Gundlach, Achrol and Mentzer 1995).

We therefore posit:

H1: There is a positive causal relationship between the extent to which a donor shares the beliefs of a nonprofit organization and the degree of active commitment he/she will exhibit.

Active commitment could also be driven by a more tangible and often highly personal link to a charity. Those whose lives had been touched in some way by a terminal disease, or who had experienced first hand the suffering of a beneficiary group would often express high degrees of commitment, either to the cause or a specific organization.

'I lost my first wife, my father, my brother, all because of cancer. You feel that, for heaven's sake, let's try and find the cause and the cure for it.'

'I bet the people who are paying monthly, I am certain they've all had grief. I don't imagine you would find anybody who has been untouched by personal experience in that area who is giving on a monthly basis.'

In each of these examples the individual had been personally impacted upon by the cause and had developed a strong attitudinal bond as a consequence. We therefore posit:

H2: There is a positive causal relationship between the extent to which a donor has a personal link to a nonprofit organization and the degree of active commitment he/she will exhibit.

The perceived performance of a charity was a further issue in driving commitment. The following quotation was typical of focus group participation:

'Its important to me that they use their money wisely. I'm only loyal to those that make that clear. Many charities are wasteful of their resources and I wouldn't support them'.

As one would expect, the more favorable the perception of performance, the greater degree of commitment the individual would express. We therefore posit:

H3: There is a positive causal relationship between the perceived performance of a nonprofit organization and the degree of active commitment a donor will experience.

A number of respondents mentioned what they regarded as the critical role of trust in fostering commitment. This is perhaps unsurprising given the extant commercial research alluded to earlier (e.g Moorman et al, 1993; Morgan and Hunt, 1994). Indeed, the relationship between trust and relationship commitment has also been explicitly addressed in the nonprofit context by Sargeant and Lee (2004) who demonstrated empirically that such a causal relationship existed.

'I don't think I've bothered to review my support because I trust them. I mean I know the brand – or I feel I do – and I've never heard anything bad about them.'

'They all know what they're doing and if I want to make a difference in these kids' lives I have to trust them to do their job. I keep giving them the money and they keep doing their job.'

We therefore posit:

H4: There is a positive causal relationship between the extent to which a donor trusts a nonprofit organization and the degree of active commitment he/she will exhibit.

There was also evidence in our data that the more individuals felt they had deepened their knowledge about the cause, or learned about the work undertaken, the greater would be the degree of active commitment experienced. The following quotations are typical of those offered during the groups.

'I feel I've got to know them over the years. To be honest when I started giving it was just the specific appeal, but now I give because I really understand why I should.'

'I think when you understand more about the work, you can't help but develop commitment. They are doing so many wonderful things, they give you so many reasons to continue to give.'

We therefore posit:

H5: There is a positive causal relationship between the extent to which a donor has deepened their knowledge about the work of the organization and the degree of active commitment he/she will exhibit.

Similar to commercial sector research findings on commitment, donors expressing higher levels of commitment were generally those who expressed higher levels of satisfaction with the quality of service provided to them by the fundraising team. Authors such as Gladstein (1984), Kelley and Davis (1994) and Mittel and Lassar (1995) have

demonstrated the link between satisfaction and loyalty. In the fundraising context, the focus of interest is on the quality of communication the donor perceives the organization to be delivering (see also Sargeant, West and Ford 2001). The findings from our groups suggest that the nature of the message, the media employed and the degree of choice or control offered over the communications received were the critical issues. In respect of the former, many respondents felt that the nature of the fundraising techniques or messages employed could either build up or detract from the bond they experience with the organization. As all of these issues pertain to service quality, we posit:

H6: There is a positive causal relationship between the perceived quality of service delivered by a nonprofit and the degree of active commitment a donor will exhibit.

It was also interesting to note that in some cases, a lapse in the quality of service prompted individuals to review giving they were otherwise content to continue. A number of individuals experiencing passive commitment indicated that while they may be content to allow a relationship to continue in the absence of any service problems, should an issue develop they would terminate their relationship.

'I suppose I've kept (my support) going. Unless they do something to upset me, bombard me with letters and the like I'll probably keep supporting them.'

We therefore posit:

H7: There is a negative causal relationship between the perceived quality of service delivered by a nonprofit and the degree of passive commitment a donor will exhibit.

Respondents also raised the issue of perceived risk. This seemed only relevant to a small number of participants but it was raised consistently in a number of the groups and hence included in our model. Donors who perceived that there would be a consequence for the beneficiary group of them withdrawing their support seemed to express lower levels of passive commitment:

'I think also there's a sense of guilt, in that if you were to stop it, going through your mind, somewhere there's a guy who is going blind.'

'Somebody going blind because you've stopped giving, so you really can't stop giving in a way. Once you've started you have to go on.'

We therefore posit:

H8: There is a negative causal relationship between the perceived risk of withdrawing their support and the degree of passive commitment a donor will exhibit.

The hypotheses derived from the exploratory focus groups are summarised diagrammatically in Figure 1.

Insert Figure 1 Near Here

Scale Selection and Development Phase

It was then necessary to identify measurement scales for each of the eight antecedent constructs and the three endogenous variables included in the study, namely passive commitment, active commitment and loyalty. Since Sargeant and Lee (2004) have previously operationalized trust in the context of donor relationships, we adopt their validated scale for the purposes of measurement. It was not possible to identify extant scales that would not require considerable modification to measure the remaining antecedent constructs. In respect of commitment, although many scales had been developed for use in the commercial context, our distinction between active and passive necessitated further scale development. It did, however, prove possible to adapt a previously validated scale to measure loyalty and that developed by Morgan and Hunt (1994) was employed for this purpose.

In developing new scales the procedures recommended by Churchill (1979) were followed. A review of the pertinent literature suggested an appropriate pool of 70 items to measure the constructs. This item pool was then subjected to scrutiny by a panel of judges. This consisted of two doctoral students, two faculty members and two senior

charity professionals. Each judge was provided with a definition of each construct and asked to categorize each item according to these definitions. Following Pritchard et al (1999) panel members were also required to appraise each item for its appropriateness and clarity on a measurement scale from 1-5. A consensus in respect of categorization, fit and clarity ratings (i.e. 4 or above) was sufficient to admit items to the final item pool in each case. This process resulted in the retention of 50 items. Seven-point numeric bipolar scales ranging from strongly disagree (1) to strongly agree (7) were attached to each statement. Scale items were reversed for 30% of items to reduce the possibility of response bias.

A convenience sample of 2000 known charity donors purchased from a commercially available list was selected for the purposes of scale purification. A postal questionnaire was then administered with a response rate of 25.6 per cent being achieved. Subsequent analysis revealed 13 questionnaires that were incomplete or unusable, resulting in an ultimate sample size of 499.

The items surviving the process of content validity analysis were then subjected to scale purification procedures as detailed below. The survey responses were split into two halves to cross-validate any decisions that might be made in respect of item reduction. This is a procedure recommended to minimize error probability and capitalization on chance (Pritchard, Havitz and Howard 1999). The procedure began with an analysis of alpha co-efficients for each of the sets of attitudinal variables designed to measure an underlying construct (i.e. 7 in total). As a first step it was decided to eliminate items

which improved corresponding alpha scores to the point where all retained items had corrected item to total correlations greater than 0.4 (c.f. Zaichowsky 1985). This process was cross-validated between samples and items common to both split samples were retained. This resulted in a pool of 36 items. Each set of items was then subjected to an exploratory factor analysis (principal axis factoring with an oblique rotation). Cattell's scree test indicated that seven factor solutions were preferable in each split half of the sample. Factor structures across the samples appeared consistent, although it should be noted that some mixed item themes initially emerged. To eliminate this problem, further reduction of the items was undertaken and the analysis repeated. This again led to the generation of a seven factor solution. A common core of 30 items was generated.

The next step was to combine both samples ($n = 499$) and re-examine internal homogeneity. A further 6 items were removed at this stage. The remaining 24 statements were then subjected to a further principal axis factoring with the solution restricted to seven factors in each case. Eigenvalues of greater than 1.0 were recorded for each factor.

The refined scales for each of the constructs are presented in Appendix 1. The findings represent a parsimonious representation of the data, however the external validity of each set of items now requires additional substantiation through the use of confirmatory techniques. The technique of Structural Equation Modelling was employed for this purpose. The first confirmatory analysis was undertaken on the initial sample. A chi square statistic of 398.21 was obtained (df 231, $p < .01$) with NFI of .96 and RMSEA of

0.06. Each of the indicators loaded significantly on its designated factor ($p < .01$). It should be noted that whilst the chi-square statistic is significant, it represents a substantial improvement over the chi square values obtained from one-factor ($\chi^2 = 541.67$, $df = 252$, $p < .01$) and null models ($\chi^2 = 1984.78$, $df = 300$, $p < .01$).

Hypothesis Testing

To address the study hypotheses, a sample of 1000 individuals was then randomly selected from the databases of five large national nonprofits ($n = 5000$). The sample was stratified to include both cash and regular givers. A postal survey was then administered and a usable response rate of 21.36 per cent was achieved. To check for non-response bias the demographic profile of donors (to each organization) was compared with that of the respondents. No significant differences could be discerned at the 5 per cent level of significance.

As a first step, a reliability analysis was conducted of the refined scales. The Cronbach Alpha Co-efficients are reported in Appendix 1. An SEM analysis was then conducted of the full hypothesized model. The details of this analysis are reported as Model 1 in Table 1. It reveals that although the explanatory power of the model is good (all three SMCs are high), the overall fit of the model is poor. The RMSEA is unacceptably high and the NFI score marginal. In addition the hypothesized relationships between performance and active commitment and learning and active commitment, are unsupported by the data. It is interesting to note that a separate test of a direct effects model indicated that these

factors were similarly unrelated to loyalty. All other relationships were highly significant and as hypothesized by our model.

Insert Table 1 Near Here

In an attempt to improve the model fit, the redundant constructs of performance and learning were removed from the model and the analysis repeated. These results are depicted as Model 2 in the table. The new model represents an improvement on the hypothesized model. Change to the SMCs is marginal and (on balance) the change in the fit measures suggests an improved model, although the RMSEA remains a cause for concern. As a final step, further modifications were undertaken in line with the modification indices that suggested opening the paths between service quality, trust and risk with respect to loyalty. The resultant model is presented as Model 3 and is shown diagrammatically in Figure 2. There is a marked increase in the proportion of loyalty explained by this latter model and all measures now consistently indicate a high level of fit. In addition the PGFI indicates an improvement in parsimony over the original hypothesized model.

Insert Figure 2 Near Here

As a final step, we compared the levels of active and passive commitment reported by cash and regular givers. An Analysis of Variance indicated that regular givers were significantly more likely to experience passive commitment than cash donors ($F = 18.64$,

Significance Level 0.000). This is an intuitive finding given that, once established, a regular payment can easily be 'ignored' by the donor. It was interesting to note that no significant difference could be identified between the two groups in respect of active commitment. Regular givers were no more or less actively committed to the organization than cash givers.

Discussion

It seems clear from our analysis that the extent to which an individual shares the beliefs of a nonprofit organization will be a primary determinant of the degree of active commitment experienced. H1 is therefore supported by our model. H2 is similarly supported, we find that individuals who express a strong personal link to a nonprofit are significantly more likely to express higher levels of active commitment. We could however, find no evidence of a positive causal relationship between the perceived performance of a nonprofit organization and the degree of commitment experienced. H3 is therefore not supported by our data. Individuals are no more or less likely to develop commitment to nonprofits that are perceived as performing well. Equally, no relationship could be discerned with loyalty in a separate direct effects model tested as part of this study. This conflicts with the findings of the exploratory phase of our study, but may be explained by the agency role played by nonprofits. The lack of any direct contact between donor and beneficiary may make it difficult for donors to actually assess the performance of the organizations they support.

In respect of trust, we concur with Sargeant and Lee (2004) that trust plays an important role in fostering commitment. H4 was supported by our data. It is interesting to note that the impact of trust would appear to be complex, our analysis suggesting that while it directly influences commitment it may also have a direct effect on loyalty. Since the findings of Sargeant and Lee (2004) were somewhat ambiguous in this regard, further research would be warranted to determine when and under what circumstances a direct effect may be evidenced.

H5 was not supported by our data. The extent to which a donor had deepened their understanding of the cause (learning) did not have an impact on commitment. As with the construct 'performance', scrutiny of our direct effects model indicated that there was, in addition, no direct effect on loyalty. This is perhaps a disappointing finding since it suggests that nonprofits will not be able to inculcate commitment by fostering greater understanding of their organization.

H6 was supported by our data. The quality of service provided by a fundraising department to its donors appears to drive the level of active commitment experienced. The greater the perceived quality of that service the higher will be the degree of active commitment. It is interesting to note that H7 is also supported, indicating that a poor quality of service can have a negative impact on the level of passive commitment experienced. It does appear that service issues can cause a donor to re-evaluate giving that they were otherwise disposed to continue. It should also be noted that our analysis revealed an additional direct relationship between service quality and perceived loyalty.

The higher the perceived quality of service delivered, the greater the degree of loyalty a donor will experience.

Finally H8 is also supported by our data. The perceived risk to the beneficiary group of withdrawing a donation does appear to drive passive commitment. Individuals who perceive that some harm may befall beneficiaries if they terminate their support are likely to experience lower levels of passive commitment. Although not originally hypothesized, our analysis indicated that a further direct relationship exists between the degree of risk experienced and loyalty. Donors who believe that beneficiaries will be negatively impacted by the termination of their support are likely to experience higher levels of perceived loyalty.

Conclusions

In this study we have provided the first empirical model of the determinants of commitment in the context of donor-charity relationships. We have identified five key antecedents of commitment in this context and drawn a clear distinction between what we term here active and passive commitment. We have also developed and refined a series of scales that may assist fundraisers both to target potentially committed givers and to foster commitment with individuals over time.

When reflecting on the implications of our results for professional fundraisers, it is important to draw a distinction between two distinct categories of construct that impact on donor commitment and loyalty. From a fundraising perspective there would appear to

be a group of factors, including a personal link to the cause and the extent to which a donor shares the beliefs of an organization that may predispose donors to commitment from the outset of a relationship. It is quite intuitive that an individual whose life has been touched by cancer may be predisposed to a strong commitment to cancer research. Equally, individuals who identify with the goals an organization is striving to achieve and the manner in which it is seeking to achieve them are significantly more likely to experience commitment. It may be difficult for a nonprofit to manipulate these factors *post hoc* to develop commitment, but a knowledge of the motive for initial support might assist nonprofits in identifying individuals likely to have greater commitment to the organization. As we established earlier, this is a significant issue because, if properly developed, such individuals can form the core of a loyal supporter base and therefore contribute significantly higher lifetime values.

The second group consists of those factors that may be influenced *post hoc* (i.e. over the course of the fundraising relationship). Factors such as trust, service quality and perceptions of risk to the beneficiary group that would accrue from a withdrawal of support, may all be directly influenced through fundraising strategy. Our findings suggest that it is important, for example, that nonprofits measure the quality of service provided to their donors and seek to benchmark this performance against sector norms and their own historical performance. Organizations should also stress the difference that the donation an individual has made to the organization will make. If the impact of the gift can be quantified and personalized, then the likelihood that individuals will perceive a genuine loss to the beneficiary group if they withdraw their support may increase.

Finally, there is evidence that fostering trust will impact on both commitment and loyalty. The extant literature suggests that this may be enhanced through the honoring of promises made to donors and through being open, honest and consistent in all communications. There is therefore much that fundraisers can do to foster both commitment and loyalty to their organization.

Finally our results suggest that the U.K. practice of referring to regular donors as ‘committed’ donors is inappropriate. Our results have shown that while regular givers may indeed experience higher levels of passive commitment than cash donors and thus remain on the database for longer, this is clearly not desirable. A greater proportion of these individuals feel no real bond to the organization at all. Indeed, passive commitment has been shown to have a negative relationship with perceived loyalty. When one considers that no significant difference could be found between the two groups in respect of active commitment, it seems clear that cash donors are capable of experiencing similar levels of commitment to so called ‘committed’ donors.

Of course, it is necessary to end by highlighting a number of caveats in respect of our findings and by identifying opportunities for further research. Firstly, our study was conducted in the U.K. and it is possible that some or all of our results may be culture-specific. While our results are intuitive, it is possible that the determinants of commitment may vary by culture and/or country.

It must also be noted that we have been compelled in this study to measure loyalty as a behavioural intention, rather than as a distinct and measurable behavior. While the marketing literature suggests that this is an adequate proxy for behavior, it is possible that an alternative operationalization of loyalty may produce a different pattern of antecedents and relationships. Further research would be necessary to establish whether this would indeed be the case.

References

- Achrol, R. (1997). "Changes in the Theory of Interorganizational Relations in Marketing: Toward a network Paradigm," *Journal of the Academy of Marketing Science*, 25 (1), 56-71.
- Allen, N.J and Meyer, J.P (1990). "The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organisation," *Journal of Occupational Psychology*, 63, 1-18.
- Anderson, E and Weitz, B. (1992). "The Use of Pledges to Build and Sustain Commitment in Distribution Channels," *Journal of Marketing Research*, 29, 18-34.
- Beatty, S. E and Kahle, L. R. (1988). "Alternative Hierarchies of the Attitude-Behavior Relationship: The Impact of Brand Commitment and Habit," *Journal of the Academy of Marketing Sciences*, 16 (Summer), 1-10.
- Becker, H. S. (1960). "Notes on the Concept of Commitment," *American Journal of Sociology*, 66 (3), 32-40.
- Bejou, D and Palmer, A (1998). "Service Failure and Loyalty: An Exploratory Study of Airline Customers," *The Journal of Services Marketing*, 12, 7-13.
- Bendapudi, N and Berry, L (1997). "Customers' Motivations for Maintaining Relationships with Service Providers," *Journal of Retailing*, 73 (1), 15-37.
- Bryman, A. and Burgess, R.G. (1994). *Analyzing Qualitative Data*, Routledge. London.
- Burk, P. (2003). *Donor Centred Fundraising*, Cygnus Applied Research Inc / Burk and Associates Ltd, Chicago.
- Chatto, N. (2004). "Cheap At Half The Price," *Professional Fundraising*, August, 16-19.
- Churchill G.A. Jr (1979). "A Paradigm for Developing Better Measures of Marketing Constructs," *Journal of Marketing Research*, 16, 64-73.
- Dwyer, R.F; Schurr, P.H, and Oh, S, (1987). "Developing Buyer-Seller Relationships," *Journal of Marketing*, 51, 11-27.
- Fullerton, G. (2003). "When Does Commitment Lead to Loyalty?" *Journal of Service Research*, 5 (4) , 333-345.
- Gabarino, E and Johnson, M. (1999). "The Different Roles of Satisfaction, Trust and Commitment in Customer Relationships," *Journal of Marketing*, 63 (2), 70-87.

Geyskens, I., Steenkamp, J. E. M., Scheer, L. K. and Kumar, N. (1996). "The Effects of Trust and Interdependence on Relationship Commitment: A Trans-Atlantic Study," *International Journal of Research in Marketing*, 13 (October), 303-317.

Gilliland, D. and Bello, D. (2002). "Two Sides to Attitudinal Commitment: The Effect of Calculative and Loyalty Commitment on Enforcement Mechanisms in Distribution Channels," *Journal of the Academy of Marketing Science*, 30 (1), 24-43.

Gladstein, D. L. (1984). "Groups in Context; A Model of Task Group Effectiveness," *Administrative Science Quarterly*, 29 (December), 499-517.

Glaser, B.G. and Strauss, A.L. (1967). *Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine de Gruyter.

Guba, E.G. and Lincoln, Y.S. (1992). *Effective Evaluation: Improving the Usefulness of Evaluation Results Through Responsive and Naturalistic Approaches*, John Wiley, New York.

Gundlach, G.T., Achrol, R.S. and Mentzer, J.T. (1995). "The Structure of Commitment in Exchange," *Journal of Marketing*, 59, 78-92.

Jay, E. (2004). *The Effective Development and Retention of Face-To-Face Recruits*, Sargeant Associates Ltd, Exeter UK.

Kelley, S W. and Davis M.A. (1994). "Antecedents to Customer Expectations for Service Recovery," *Journal of the Academy of Marketing Science*, 22 (Winter), 52-61.

Kim, K. and Frazier, G. L. (1997). "Measurements of Distributor Commitment in Industrial Channels of Distribution," *Journal of Business Research*, 40 (2), 139-54.

Kumar, N., Hibbard, J.D. and Stern, L.W. (1994). *The Nature and Consequences of Marketing Channel Intermediary Commitment*. Paper No 94-115, Cambridge Marketing Science Institute

McKinnon, H. (1999). *Hidden Gold: How Monthly Giving Will Build Donor Loyalty, Boost Your Organizations Income and Build Financial Stability*, Chicago, Bonus Books.

Mittal, B. and Lasser, W. (1995). "The Disjunction Between Satisfaction and Loyalty: Understanding When Satisfaction Is Not Enough," Paper Presented At *Frontiers in Services Conference*, 5-7 October, Nashville Tennessee.

Moorman, C., Zaltman, G. and Despande, R. (1992). "Relationships Between Providers and Users of Marketing Research: The Dynamics of Trust Within and Between Organizations," *Journal of Marketing Research*, 29, 314-329.

- Morgan, R.M. and Hunt, S. D. (1994). "The Commitment-Trust Theory of Relationship Marketing," *Journal of Marketing* 58, 20-38.
- Price, L. and Arnould, E. (1999). "Commercial Friendships: Service Provider-Client Relationships in Context," *Journal of Marketing*, 63 (4), 38-56.
- Pritchard, M., Havitz, M. and Howard, D. (1999). "Analyzing the Commitment-Loyalty Link in Service Relationships," *Journal of the Academy of Marketing Science*, 27 (3) 333-48.
- Reichheld, F.F. (2000). *The Loyalty Effect: The Hidden Force Behind Growth, Profits and Lasting Value*, Boston, Harvard Business School Press.
- Reichheld, F.F. and Sasser, W.E. (1990). "Zero Defections: Quality Comes To Services," *Harvard Business Review*, Sept-Oct, 105-11.
- Sargeant, A. (2001). "Relationship Fundraising: How To Keep Donors Loyal," *Nonprofit Management and Leadership*, 12(2), 177-192.
- Sargeant, A. and Jay, E. (2004). *Fundraising Management: Analysis, Planning and Practice*, Routledge, London.
- Sargeant, A. and Kaehler, J. (1998). "Charities and Fundraising Costs - Just What Is The Benchmark?," in Pharoah C and Smerdon M (Eds) *Dimensions of the Voluntary Sector*, West Malling, Charities Aid Foundation, 227-229.
- Sargeant, A. and Lee, S. (2004). "Trust and Relationship Commitment in the United Kingdom Voluntary Sector: Determinants of Donor Behavior," *Psychology & Marketing*, 21(8), 613-635.
- Sargeant, A., West, D.C. and Ford, J.B. (2001). "The Role of Perceptions in Predicting Donor Value," *Journal of Marketing Management*, 17, 407-428.
- Spiggle, S. (1994). "Analysis and Interpretation of Qualitative Data in Consumer Research," *Journal of Consumer Research*, 21 (December), 491-503.
- Strauss, A. L. (1990). *Qualitative Analysis for Social Scientists*, Cambridge: Cambridge University Press.
- Williamson, O. E. (1983). "Credible Commitments: Using Hostages to Support Exchange," *American Economic Review*, Vol 73 (September) 519-540.
- Zaichowsky, J. L. (1985). "Measuring the Involvement Construct in Marketing," *Journal of Consumer Research*, 12 (December), 341-352.

Table 1: Comparison of Models

Path	Model 1	Model 2	Model 3
<i>Direct Effects</i>			
SQ → PC	-.27**	-.28**	-.27**
SQ→AC	.19**	.18**	.18**
SB → AC	.41**	.41**	.41**
R → PC	-.21**	-.21**	-.20**
T → AC	.25**	.21**	.21**
PL→ AC	.13**	.13**	.13**
SQ → Loyalty			.11**
R → Loyalty			.22**
T → Loyalty			.14**
P → AC	.00		
L → AC	.00		
PC → Loyalty	-.18**	-.18**	-.08**
AC → Loyalty	.55**	.55**	.37**
<i>SMCs (R²)</i>			
AC	.55	.54	.54
PC	.27	.27	.27
L	.48	.48	.58
<i>Model Fit</i>			
χ^2 (df)	734.38 (496)	475.64 (332)	425.41 (329)
GFI/AGFI	.91/.89	.95/.93	.97/.95
RMSEA	.10	.11	.05
NFI / PGFI	.90/.76	.96/.78	.99/.79

Note: SQ = Service Quality, SB = Shared Beliefs, R = Risk, T = Trust, PL = Personal Link, P = Performance, L = Learning, PC = Passive Commitment, AC = Active Commitment, GFI = Goodness of Fit Index, AGFI = Adjusted Goodness of Fit Index, RMSEA = Root Mean Square of the Error, NFI = Normed Fit Index, PNFI = Parsimonious Goodness of Fit Index, * = p<.05, ** p<.01.

Figure 1: Hypothesized Model

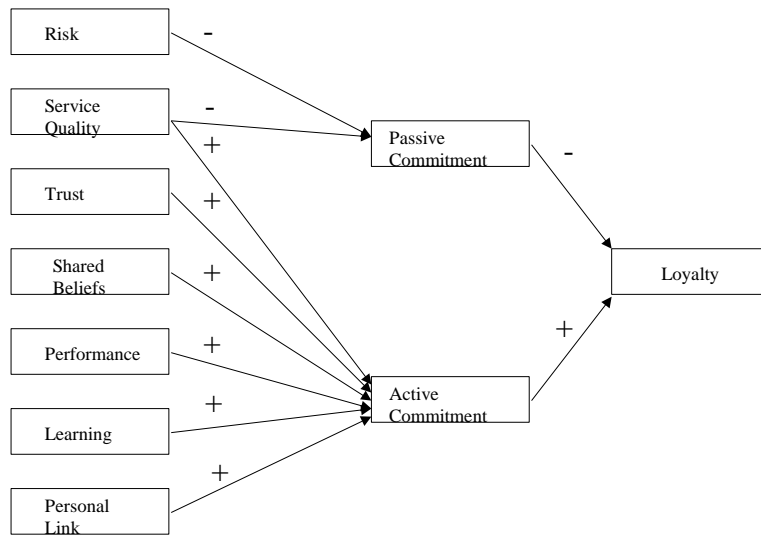


Figure 2: Model of Best Fit

