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Author

Minhong Feng, Qiushi Wang

Title

Use of Social Media and Donations to Chinese Nonprofit Organizations

Abstract

Nonprofit organizations rely on donations for survival and expansion. The fast growth of social media in China not only has changed the way people communicate and do business with each other, but also has deeply changed the way Chinese nonprofit organizations deal with their donors and raise funds from the public. As the new Charity Law took effect in 2017, the competition for donations will become more intense than before. However, research in this area is still lacking. This study aims to construct a measure of the use of social media in Chinese nonprofit organizations and test its effect on donations received by these organizations. There are at least three reasons why social media should have significant impact on nonprofit donations. First, the use of social media such as websites, “Wechat” and “Weibo”, has greatly facilitated the communication between organizations and potential donors. Second, the online donating tools provided by social media has made it possible for organizations to reach a large number of small donors in a much faster way than before. Third, through social media, private donors can better understand the philanthropic objects of nonprofit organizations and more easily monitor their operations. This may in turn encourage them to donate more to those organizations that are functioning properly.

In this article, we propose that those nonprofit organizations who have made more efforts in using social media tools will receive more donations from private donors. To test this hypothesis, we first adopt the New Rank Index(NRI) to capture the use of new social media attention. The NRI is designed to measure the capacity of an organization to use new media and also to leverage its social influence. It is constructed as follows:

This index simultaneously considers the influence of five indicators: the amount of total reading,
the amount of maximum reading, the amount of average reading, the amount of headline reading and total number of likes. Drawing on existing literature, this study then employs a panel data method to estimate the effect of NRI on nonprofit donations.

Data for this study were collected from data bases including Zhongmin Donation Information Center, Research Infrastructure of Chinese Foundations (RICF) data, China Charity Information Centre and Newrank database (New Media ranking is China's first comprehensive evaluation of WeChat, Weibo and other mobile Internet channels of value standards system). Other data sources, if necessary, will also be used.

The findings of this research have important implications for nonprofit managers as well as policy makers. First, they will help Chinese nonprofit organizations better understand the impact of the application of new social media on their finances during a period of fast economic and institutional transition. Second, they will provide practical ways for nonprofit organizations to increase revenues from donations. Third, they will also suggest useful ways for making better policies to regulate the use of social media.

**Keyword**

Social Media; Donations; Nonprofit