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Title
Political Tie Effects: Nonprofit Fundraising in Web 2.0 Era

Abstract

Background
Donation is an important way for nonprofit organizations (NPOs) to gain revenue. Over the years, much research has been conducted to identify factors that influence fundraising success. Empirical evidence suggests that organizational legitimacy, social network, and persuasive strategies in the campaign are closely associated with fundraising outcome. In the nonprofit fundraising literature, the role of an organization’s political ties is a relatively less discussed topic. In theory, in all societies, to different extends, an NPO’s political ties should have implications for fundraising, as the different forms of political ties influence organizational legitimacy and social network, two of the most important factors impacting fundraising outcome (Dowling & Pfeffer, 1975; Lounsbury & Glynn, 2001; Skarmeas & Shabbir, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002).

In order to fulfill this research gap, we examined the influence of political ties on nonprofit fundraising. We included two types of political ties: formal organizational linkages, and personal organizational linkage. The former is more visible while the latter is more invisible. We also situate our study in the context of social media and digital marketing, as information technology has revolutionized the ways in which nonprofits engage with their stakeholders and mobilize resources (Eng, Liu, & Sekhon, 2012; Gregory D Saxton & Wang, 2014). To be specific, in this study, we explored to what extend formal organizational linkages and personal organizational linkage influence nonprofit fundraising in the digital era. In particular, controlling for organizational legitimacy and social network, we hypothesize that: explicit political ties will have a negative influence on donation (H1); whereas implicit political ties will have a positive influence on donation (H2).

Method
The study utilized a random sample of 400 Chinese foundations listed by the Chinese Foundation Center (CFC). Our dependent variable is the amount of annual donations a foundation received in
2015. The CFC has a variety of available information of an organization. Some of the information is required by the government to be published by all foundations. Some of the information was voluntarily disclosed by an organization. To control for legitimacy, we focused on voluntary disclosure. To assess an organization’s social network in the digital era, we collected information from the organization’s website and Sina-Weibo account.

Findings
In this study, we proposed and examined a systematical approach to understanding to what extent implicit political tie and explicit political tie effect fundraising in digital era while controlling for organizational legitimacy and social network. Hypothesis 1, which predicts a negative relationship between explicit political ties and donation, received full support as expected. Hypothesis 2 is only partially supported, for only the number of current government employees seems to have significantly effect, which suggests that the number of current government employees in nonprofit organizations’ leadership seems to increase the raise amount. In the full model, all the aforementioned factors except formal organizational linkages remain significant. It seems that nonprofit organizations need to have implicit and political tie with current government employees will raise more donations meanwhile disclosing more information voluntarily, networking with the public on social media.

Keyword

Political Tie Social Network Legitimacy Transparency