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RESEARCH ARTICLE

Donations in social context

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Abstract

Many nonprofit organizations rely on donations to fund their programs, and a robust literature predicts donations in large-scale quantitative studies. The focus, however, is almost exclusively on the financial characteristics of the organizations, leaving the social context underexplored. In this article, we theorize how ecological context, organizational identity, and social network ties can shape donations. We use the new Internal Revenue Service (IRS) release of e-filed nonprofit reporting forms to consider 95,518 501(c)3 nonprofits around 2015. Using lagged regression models, we find that organizations within a more favorable ecological context, those that use appeals to religion, and organizations with more volunteers report more donations. Furthermore, stressing affiliation with a geographic location is associated with more donations only under certain ecological conditions. The article concludes with a discussion of the implications of these results for nonprofit organizations and social theories regarding what influences donations to organizations.

KEYWORDS

donations, forms 990, lagged regression, organizational ecology, sociology

1 | INTRODUCTION

As government contracts to third-sector organizations wane (Salamon, 2004), it increases the pressure on nonprofit organizations to seek private resources—especially donations—and on researchers to assess the factors that help in this endeavor. Therefore, investigations into donations and donating behaviors is a rich area of research spanning multiple disciplines

(Tschirhart & Gazley, 2014). One line of research tries to understand donations from the perspective of the individual donor and places emphasis on the social characteristics of the individual—religious affiliation, socioeconomic status, or gender—and how a donor's social position influences their donating behavior (Bekkers & Wiepking, 2011; van Teunenbroek, Bekkers, & Beersma, 2019). And, yet, despite this research, the literature using quantitative methods to predict the donations nonprofits receive focuses almost exclusively on financial characteristics of organizations, such as administrative costs, organizational wealth, or the "price" of donations (Calabrese, 2011; Marudas, 2004; Weisbrod & Dominguez, 1986; for exceptions see Prentice (2016), Paxton, Velasco, & Ressler, 2020). In contrast, we advance a sociological perspective to theorize and demonstrate that a nonprofit's social environment, especially how it is perceived, supported, and integrated into its environment, is necessary to fully understand nonprofit donations.

Drawing on research at the nexus of organization theory and strategic management, we theorize how nonprofits are ecologically situated and (in)directly distinguish themselves through identity characteristics and social ties. We first focus on the structure of a nonprofit's ecological context and the competitive nature of this environment. Next, we examine how nonprofits influence how they are perceived within this environment by developing an identity of "optimal distinctiveness" (Brewer, 1991) that balances the tension between legitimacy and differentiation across multiple identity dimensions (Zhao et al., 2017). Finally, we draw on network theory to examine how a nonprofit's integration and connection to its social environment, through volunteer and employee networks, influences external support. Using new Internal Revenue Service (IRS) nonprofit data, we predict donations to 95,518 nonprofits, circa 2015, using lagged ordinary least squares (OLS) regression models and tests for threats to inference. Moving beyond intraorganizational characteristics, our theoretical approach highlights how the social context or interorganizational dynamics may shape the volume of donations nonprofits receive.

When considered alongside traditional indicators, the structure of a nonprofit's ecological environment and how it is perceived, supported, and integrated into this environment independently and interactively predict a nonprofit's donations. Specifically, we find that how a nonprofit is positioned within a competitive space influences the donations it receives. Furthermore, accentuating different organizational identities known to influence different segments of important donors, for example, religiosity, geographic connection, and financial stewardship, also influences donations. Using appeals to religion is associated with more donations, and stressing affiliation with a geographic location is associated with more donations under certain ecological conditions. Finally, integration into the social environment through more extensive volunteer networks is also associated with higher donations, but employee networks are not.

Given that 990 data are only available for e-filers (about 65% of all filing nonprofits), we demonstrate the robustness of these results by assessing threats to inference posed by this sample bias (Frank, Maroulis, Duong, & Kelcey, 2013). We find that the results are quite robust as a large portion of our sample would have to be influenced by sample bias to invalidate our inferences. Our theory and results add to recent work demonstrating the importance of looking toward broader social contexts when considering financial operations of nonprofits (Paarlberg et al., 2018; Prentice, 2016) and confirm that philanthropy is "fundamentally social in both its determinants and its directions" (Barman, 2017, p. 272). These findings also carry practical implications for nonprofits attempting to raise revenue through donations in diverse markets.

2 | EXPLAINING NONPROFIT DONATIONS AND FINANCIAL HEALTH: INTRAORGANIZATIONAL CHARACTERISTICS

Nonprofits, oriented toward social ends rather than profit or governmental purposes (Barman, 2017), play an important role in producing social goods such as social cohesion, vital social services, and advocacy (Ressler, 2020; Salamon, 2004; Walker & McCarthy, 2010; Wuthnow, 1990). Nonprofits are associated with decreasing crime rates, the mitigation of neighborhood poverty, and the promotion of subjective well-being, (Ressler et al., 2020; Sharkey, Torrats-Espinosa, & Takyar, 2017; Small, Jacobs, & Massengill, 2008). Americans supported this work by donating $410 billion to charitable organizations in 2017, of which 70% came from individual contributions (Giving USA, 2018). While the proportion of a nonprofit's revenue tied to individual contributions varies, private donations are a critical lifeline for the nonprofit sector to carry out its society-benefitting work (Lecy & Van Slyke, 2013; Paxton, 2020; Renz, 2002). A substantial body of literature, outlined below, has therefore sought to understand the characteristics of nonprofits that help maximize their donations.

Foundational research spanning public administration, organizational studies, and accounting is explicit about an economic model: "Donors give contributions of money in return for an implicitly agreed-upon level of provision and quality of output. We postulate that the market demand function for a particular type of collective-good output depends - as in the case of purely private goods - on price, quality..." (Weisbrod & Dominguez, 1986, p. 85). The bulk of subsequent research focuses on the use of "efficiency measures by donors in determining which organizations receive individual contributions" (Calabrese, 2011, p. 860). Generally, results show that the financial performance of nonprofits, for example, administrative expenses, the "price" of a donation (total expenses divided by program expenses), and executive compensation, do indeed shape their volume of donations (Calabrese, 2011; Marudas, 2004; Weisbrod & Dominguez, 1986; Yan & Sloan, 2016).

Throughout the current quantitative donations literature, this narrow focus on finances limits our understanding. It casts nonprofits as fully instrumental when research shows that nonprofits are instead highly expressive organizations (Frumkin, 2002; Palisi & Jacobson, 1977; Paxton et al., 2020). It also assumes only a single motive for giving by donors—rational attention to the financial characteristics of nonprofits—that stands in contrast to research on donors themselves, which shows far more social motivations (Konrath & Handy, 2017). It also keeps nonprofits atomized rather than putting nonprofit donations within an ecological context (Paarlberg et al., 2018; Prentice, 2016). Thus, as Prentice (2016, p. 890) argues, "we should shift our focus away from accounting ratios and revenue measures exclusively and toward including environmental factors." In advancing this argument, we turn to work on organization theory and social networks to understand how the social contexts surrounding nonprofits influence all aspects of their operations, including donations from the public.

3 | DRAWING ON ORGANIZATION THEORY: HOW ECOLOGICAL CONTEXT AND ORGANIZATIONAL IDENTITY INFLUENCE DONATIONS

Compared to prior financial models of donations, our approach is to account for the ways in which a nonprofit is connected to and perceived by its external community. Drawing on

organization theories in sociology (Barron et al., 1994; Baum & Singh, 1994; Carroll, 1985; Meyer & Rowan, 1977; Soule & King, 2008), we first turn to the structure of the local organizational ecology and assess how the level of competition with similar organizations is associated with the donations nonprofits receive. Second, we draw on strategic management literature to highlight the agency nonprofits do have, while simultaneously being embedded within an institutional environment that pressures conformity, in making themselves distinct by (in)directly signaling three types of identities that are associated with donations: appealing to watchdog expectations of financial stewardship, tying the organization to a geographical place, and stressing religious affiliation (Young, 2000). We further assess how the benefits of stressing particular identities to stand out may be contingent on the competitive structure of the ecological space.

3.1 | Ecological context, competition, and donations

Rooted within sociology, there is a strong tradition considering how organizational structures, behaviors, and identities are influenced by the *other* organizations within the broader environment—be it locally, nationally, or transnationally (Barron et al., 1994; Boli & Thomas, 1999; Meyer & Rowan, 1977). This line of research has worked its way into other organizational fields like management and, more recently, studies of nonprofit organizations. Typically, when applied to nonprofit, social movement, and nongovernmental organizations, theories of population ecology have been used to understand the births, deaths, and overall density of organizations (Bush & Hadden, 2019; Carroll, 1985; Hannan & Freeman, 1987).

More recently, scholars have taken this approach to understand how ecological competition influences the financial health of nonprofits. Paarlberg et al. (2019) look not just to density but also to the distribution of resources to investigate the financial health of nonprofits—measured as days of spending. Such competition can theoretically arise from having any other nonprofit organization as a competitor, but it is more likely that organizations within the same field represent the level of ecological competition (e.g., competition among homeless shelters and other housing nonprofits rather than between homeless shelters and arts organizations) (Barman, 2016; Galaskiewicz & Bielefeld, 1998; Marquis, Glynn, & Davis, 2007). Depending on the organizational field, a high concentration of resources within a few organizations, which we conceptualize as unbalanced competition, may increase financial health, while for other organizational fields, it is having a more equitable distribution of resources and, therefore balanced competition, that increases financial health.

From this line of research, we argue that nonprofit donations must be examined from an ecological perspective—that the presence of other nonprofits should influence the volume of donations nonprofits receive by increasing or decreasing competition.

3.2 | Standing out: Optimal distinctiveness, identities, and donations

Typically, organizational and institutional theories from sociology stress conformity across peer organizations as a means of establishing legitimacy (DiMaggio & Powell, 1991; Meyer & Rowan, 1977). Given that organizations compete with their peers, however, what degree of agency do organizations have to differentiate from the crowd? Recently, scholars have looked to combine institutional theories with strategic management literature to better understand this

question (Baum & Singh, 1994; Carroll, 1985; Zhao et al., 2017). While strategic differentiation can take the form of specializing in a number of ways, like a particular service, we focus on another option available to organizations: accentuating distinct organizational identities.

Initially deployed to study individual identities and social group interactions, organizational research incorporates Brewer's (1991) theory of optimal distinctiveness to understand how organizations develop identities to differentiate themselves from their peers—without taking it too far (Gioia et al., 2010; Zhao et al., 2017; Zuckerman, 2016). There are at least two opposed ecological forces at play. First, isomorphism pressures organizations within the same field toward homogenization (Frumkin & Galasckiewicz, 2004). In appeals to legitimacy, organizations, including nonprofits, may mimic the structures and identities of peer organizations within their field (Barman, 2017). However, there is also a need to stand out in some way, especially when competing, while maintaining enough connection to avoid isolation (Baum & Singh, 1994; Carroll, 1985). A proper level of balance is what Brewer refers to as optimal and produces social actors better positioned to achieve the mutual benefits of group cohesion and social distinction. Consequently, nonprofit organizations that accentuate particular identity characteristics that are relevant to the nonprofit sector should receive more donations.

What types of unique identity characteristics can nonprofits signal? While previous literature on optimal distinction usually focused on one point of differentiation, Zhao et al. (2017, p. 100) argue that firms "employ multiple strategic dimensions to achieve optimal distinctiveness." More specifically, Pontikes (2012) argues that different points of optimal distinction need to be evaluated according to different stakeholders. Given the present case, we theorize three different identities that nonprofits could stress to distinguish themselves and influence different types of donors. These identities are: stressing compliance with well-known expectations of overhead spending, appealing to local constituencies by signaling local geographic connections, and highlighting religious affiliation to connect to one of the more donation-prone subpopulations.

To begin, previous research highlights the importance of good financial stewardship in predicting the volume of donations nonprofits receive (Calabrese, 2011; Eckerd, 2015). While there are many ways to evaluate nonprofit finances, one characteristic that often receives outsized attention is overhead expenses. Attention on overhead spending as an indication of "good" financial stewardship (regardless of its correlation to nonprofit performance) is in part due to the role of watchdog organizations like GuideStar and Charity Navigator. Since the mid-2000s, watchdogs have provided and promoted overhead—elevating the importance of this trait to both nonprofits concerned about their reports and ratings and to donors who want to ensure their dollars are going to programming expenses (Bhattacharya & Tinkelman, 2009; but see Charles, Sloan, & Schubert, 2020). It is important to note, however, that despite the prominence of this statistic, some scholars of nonprofit performance doubt, if not outright dismiss, the focal attention overhead expenses receive given other indicators of financial stewardship (Gregory & Howard, 2009; Lecy & Searing, 2015; Pallotta, 2008). Regardless, overhead "standards" typically require maintaining a low ratio of overhead to overall expenses (below 20%) in the belief that donors will not support an organization that is more concerned with helping itself than addressing community needs (Parsons et al., 2017). Consequently, the *identity* of adhering to low overhead expectations and, therefore, being perceived as a "good" financial steward is something that organizations can now prioritize. On Charity Navigator's website (2019), for example, they prominently display a list of "the exceptional charities [that] execute their missions in a fiscally responsible way," grouped together by organizational fields like Education, Health, and the Environment. Being on this list gives nonprofits something to identify with and

use as leverage over competitors as many nonprofits promote this rating on their website. Therefore, organizations that signal compliance with expectations for overhead expenditures should see an increase in donations.

In addition to signaling low overhead, nonprofits can also signal their identity as a locally focused organization by mentioning that community either in their name or mission statement. Organizations that do so are grounding the nonprofit in place, connecting the nonprofit to locally shared frames of reference or traditions, and can appeal to residents' localized social priorities (Galaskiewicz, 1997; Molotch, Freudenburg, & Paulsen, 2000). Geographic place helps form people's sense of community and identity (Kibreab, 1999; Logan, 1978), and as most nonprofit resources are both raised and spent locally, signaling a connection to local interests may appeal to local donors (Wolpert, 1993). In short, nonprofits that signal connection to places should receive higher levels of donations.

Nonprofits can also signal connection to a religious community. For example, Lainer-Vos (2014, p. 464) demonstrates how the United Jewish Appeal constructed the Jewish nation as a meaningful category for donors that then generated an obligation to give. Some nonprofits make explicit religious references within their names and mission statements, while others do not. Even when not carrying out explicitly religious work, nonprofits covering multiple sectors can still evoke this identity, such as private schools, international development organizations, or those working in drug and alcohol rehabilitation. Certainly, among individuals, membership and participation in religious organizations are associated with higher rates of charitable giving (see Bekkers & Wiepking, 2011 for a review). Signaling a religious identity can connect a nonprofit to such "communities of participation" (Schervish & Havens, 1997). Thus, nonprofits that signal a religious identity should report higher levels of donations.

Finally, not only should signaling different identities help nonprofits attract more donations generally, these effects are likely to be conditioned on the structure of the ecological context. Indeed, by definition, optimal distinctiveness is necessarily determined in contrast to other social actors within a particular group or, in this case, within locality and institutional field. In a qualitative insight into organizational identities, Sharp (2018) finds that greater market competition forces nonprofits to reevaluate their self-presentation. Consequently, if there is balanced competition within a field, then the effects of signaling an identity may not be as pronounced, while the opposite is expected for fields with unbalanced competition, where an optimal identity may be necessary to overcome inequitable market forces.

4 | DRAWING ON SOCIAL NETWORKS: HOW CONNECTIONS TO NETWORKS INFLUENCE DONATIONS

Another mechanism by which nonprofits can differentiate themselves is the strength of their social networks, which embed them within their social surroundings and connect them to external audiences. Research using a social network approach highlights the relational dynamics between actors and the structure and quality of these relationships, connecting the quantity and strength of connections to many individual and organizational outcomes (Granovetter, 1977; McPherson, Smith-Lovin, & Cook, 2001). Network ties can form between people, between groups, or between people and groups (Breiger, 1974). Regardless, each tie in a network represents the potential to transfer various forms of capital, with even weak ties shown as important conduits of resources (Granovetter, 1977). The related concept of social capital acknowledges that network ties are resources for individuals (Lin, 1999) or groups

(Putnam, 2000). Indeed, the social capital created through networks is fungible and can be translated into financial capital (Bourdieu, 1986).

Research demonstrates that donors develop obligations from interactive contexts, such as friendship networks, memberships in organizations, or other connections to communities (Piferi, Jobe, & Jones, 2006). Indeed, because direct, personal "asks" are an important predictor for understanding whether a would-be donor carries out this action (Simmons & Emanuele, 2004), studies are increasingly using network approaches to understand these behaviors (Herzog & Yang, 2017). More extensive social networks (a greater number of ties between the organization and people) increase the possibility of receiving a donation from those connected individuals or others in their related networks. Nonprofit organizations regularly collect information on two such networks: volunteers and employees.

Volunteers are not only fundamental to the operations of many nonprofits, they also represent a social network of individuals committed to donating their time (Nesbit, Christensen, & Brudney, 2018). In addition to donating their own resources, volunteers also serve as valuable network ties to other potential donors (Shi, Dokshin, Genkin, & Brashears, 2017). We know that when others in one's network are giving, there is social pressure to contribute as well (Frey & Meier, 2004; Herzog & Yang, 2017; Meer, 2011; Shang & Croson, 2009). Volunteers represent network connections to other individuals who may be unfamiliar with the volunteer's organization but are likely to donate if the organization is vouched for by the volunteer. In short, by creating ties between persons and groups (Brieger, 1974), nonprofits connected to a larger number of volunteers should receive more donations.

A similar logic for the importance of networks should operate for employees. Nonprofit employees are typically drawn to such workplaces due to the social mission of the organization (Frumkin, 2002); in part, this is a necessity due to a limited ability to provide high pay and benefits relative to the private sector (Johnson & Ng, 2016), but because of their belief in the work, nonprofit employees also play a role in being representatives for the organization, regardless of the specific position they hold. While a greater number of employees may necessitate larger sources of revenues, we argue that more employees are also likely to result in more donations due to their ability to connect to larger networks of would-be donors. Still, as employees rather than volunteers, staff may not increase trust, positive network ties, or anything else with value for donations to the organization. Staff are dependent on the business model and industry of the organization and can be disgruntled in nonprofits as well as in for-profits. We hypothesize that these forces will result in a weaker association between employees and donations than that between volunteers and donations.

5 | DATA AND METHODS

5.1 | IRS forms 990

We evaluate our hypotheses about donations with information from IRS annual nonprofit reporting forms—the Form 990. Forms 990, with a 12-page base form (not including additional schedules), are an immense source of data on nonprofits: their finances, expenditures, governance, mission, compliance with federal requirements, compensation paid to certain persons, and numbers of staff and volunteers (Amazon, 2017). Although any tax-exempt organization can choose to file a full Form 990, obligated tax-exempt organizations must file a full Form

990 if they have more than $200,000 in gross receipts, a Form 990EZ if they have gross receipts less than $200,000, or a Form 990N if they have $50,000 in gross receipts.

In 2016, the IRS released 1.3 million Forms 990 through Amazon Web Services for nonprofits covering the period 2010–2015. The new IRS e-filer data release provides complete 990 financial information for all e-filing nonprofits (about 60–65% of all 990 and 990-EZ filers) (Amazon, 2017). Nonprofits with revenues less than $50,000 and churches, which are tax-exempt entities and an important institution through which people donate and volunteer, are not required to submit Forms 990. As the Form 990EZ does not ask about volunteers, we are limited to nonprofits that file Forms 990. Our data were collected from Amazon Web Services in April 2018, and our analyses include tax filings for 501(c)3 organizations circa 2015.

5.2 | Dependent variable

5.2.1 | Donations

Our dependent variable is comprised of four revenue sources: membership dues (Part VIII 1B); contributions from fundraisers (Part VIII 1C); noncash contributions (Part VIII 1G); and other contributions that exclude government grants, federated campaigns, and revenue from related organizations (Part VIII 1F). Each of these revenue streams can be directly linked to donations through individuals or foundations.[1] To address skew, donations are logged.

5.3 | Ecological context

5.3.1 | Balanced competition (by field)

Using a zip code-to-county crosswalk for 2016 provided by the Department of Housing and Urban Development, we match each nonprofit organization to a county. For zip codes that straddle multiple counties, we assign the nonprofit to the county that takes up the majority of the zip codes' geographic area. Then, at the county level, we construct a within-field indicator of ecological context using the Blau Index (Paarlberg et al., 2018; Seaman, Wilsker, & Young, 2014). This index divides the sum of the square of each organization's revenue by the total revenue of all other organizations within the same field. The resulting scale ranges from 0 to 1, where 0 reflects an unequal, or unbalanced, distribution of revenue among organizations, and 1 represents a perfectly balanced (even) distribution. Prior research tends to call a balanced distribution more competition, so we label this variable "balanced competition (by field)" Because organizations are more likely to experience market forces generated by other organizations within their same field, we constructed our Blau Index within the four most common nonprofit fields: Arts, Education, Health, and Human Services, with all other organizations in a fifth category (Oberg, Korff, & Powell, 2017).

Although donations may originate from a national or even global audience, we believe the immediate ecological context of the county will be the most relevant for a large number of organizations. Many nonprofits are locally-based and have established relationships with local government officials, improving outcomes (Witesman & Fernandez, 2012). Local laws governing nonprofits influence their dependence on a mix of service revenues, donations, or government funding. Similar to local regulations influencing the donations nonprofits receive, county-level

competition should be a salient level on which to evaluate ecological contextual forces (Paxton, 2020; Reich, 2011).

5.4 | Organizational identity

5.4.1 | Signaling low overhead

Like charity watchdog organizations, we measure fiscal responsibility through overhead. Overhead consists of the total administrative and fundraising expenses over all expenses and represents the proportion of resources that go toward maintaining the organization versus delivering services. We construct an indicator for those organizations whose overhead is at or below 15%, a high threshold for financial stewardship.[2]

5.4.2 | Place

Using mission statements (see below for technical overview), we create a binary indicator for whether nonprofits mention a place or minor civil division using an inclusive reference list from census.gov. Examples include Crystal Plains, Tuskegee, and Huntingdon. To limit false positives, iterative human/computer preprocessing identified and removed from the dictionary several places in the United States that are also commonly used words, such as "charity," "union," and even "water."

5.4.3 | Religion

Similarly, we create a binary indicator to designate if a nonprofit explicitly signals a religious identity. We develop a dictionary of religious terms across all major religious traditions and assess if a nonprofit's mission statement or name contains one of these terms. To create this list, we first used existing lists of religious terms. Established lists included terms ranging from the obvious—Christ, Torah, Islam—to the less obvious—Tzedakah, Maitreya, agape. We supplemented this initial list through our own knowledge, as well as in collaboration with scholars of religious terminology. Second, we then identified additional words through an iterative, human-supervised process examining nonprofit names and mission statements of those classified by the NTEE as "religion related" (category "X") but did not contain one of the words on our original list. Third, we repeated the process with select non-NTEE X organizations to remove "false positive" indicators (i.e., where a religious term in our dictionary might falsely identify a secular organization as religious), such as pew, moral, and paradise, as well as the religious terms that were present in common phrases, such as Christmas tree, Easter seals, and bird sanctuaries. Our ultimate dictionary contains 934 terms and is available at (identifying website).[3]

While the National Taxonomy of Exempt Entities (NTEE) classification system contains a code identifying "religion-related" organizations, nonprofits operating in any field can signal a connection to religion in their mission. For example, there are several Christian media stations in the Media & Communications NTEE category and Jewish schools in the Elementary and Secondary Schools category. Overall, 92% of organizations within the religion related code make

explicit religious references within their mission statements and/or organization name, supporting the validity of our indicator. Using the organization's name and mission statement rather than NTEE code to signal connection to a religious community allows for a more accurate measure of how nonprofits signal ties to religious communities of participation.

5.5 | Understanding the 990-reported mission statement for computerized text variables

To construct the Place and Religion, we use a nonprofit's name and/or board-approved mission statement. Several studies focus on the language of mission statements, which is often reflected in other types of communication an organization produces (Kirk & Nolan, 2010; Koch, Galaskiewicz, & Pierson, 2015; Weiss & Piderit, 1999). As such, mission statements serve as "the key mechanism by which an organization's purpose is communicated to external audiences," including funders, clients, volunteers, and especially donors (Fyall, Moore, & Gugerty, 2018, p. 683).

We use an organization's name along with its self-reported mission statements from Part III Line 1 of the Form 990: "Describe the organization's mission as articulated in its mission statement or as otherwise adopted by the organization's governing body, if applicable.[4] If the organization does not have a mission that has been adopted or ratified by its governing body, enter 'None.'" Prior to using these texts, we first clean the data in a variety of ways via Python (e.g., spellchecks and erroneous characters). These cleaning steps ensure the accuracy of subsequent word matches.[5]

5.6 | Social networks

5.6.1 | Volunteers

Nonprofits report the total number of volunteers on Part I Line 6 of the Form 990. The IRS provides the following guidance on determining this number: "Make a reasonable estimate of the number of persons that did any type and amount of volunteer work for your organization during the tax year, not including your employees who may have done volunteer work in their spare time."[6] We log transform this measure.

5.6.2 | Employees

We include a log-transformed measure of the total number of employees the organization reports on its Form 990 (Part V line 2a).

5.7 | Covariates

We construct several covariates that might also influence donations (Calabrese, 2011; Charles, 2018): (a) Age: years in operation since the organization was recognized by the IRS (the "Rule Date" on the Form 990); (b) Price: total expenses divided by program expenses; (c) Wealth: available organizational wealth (unrestricted net assets + restricted net assets); (d) Programming: total program expenses; (e) Govt Grants: government contributions; (f)

Revenues: all other revenue sources, (g) Assets: the end-of-year total asset balance; and (h) Fundraising: all fundraising expenses. To aid in the interpretation of the results, and to reduce skew, all financial variables are logged.

5.8 | Sample construction

In addition to only including organizations that filed an electronic Form 990, we also constrain the sample to nonprofits that do not report erroneous information (Calabrese, 2011; Marudas, 2004; Tinkelman & Mankaney, 2007). Examples include negative assets or liability balances, negative revenues, negative expenses at the end of the year, negative total functional expenses, one of the categories of functional expenses reported as greater than total functional expenses, etc. We removed nonprofits with missing or nonsensical ruling dates and nonstandard field classification codes. We also removed nonprofits with rule years more recent than the fiscal year. Organizations with negative net assets and negative unrestricted net assets are also eliminated (Marudas, 2004). We eliminate all non-501c3 organizations, universities, and hospitals from the data. As this study represents a novel effort to model these data longitudinally, we further limit the sample to observations in years 2014 and 2015, excluding organizations without two consecutive yearly observations. If an organization reported no or negative donations during this period or were missing on PLACE in 2014, they are also excluded from the model. These limitations result in a final listwise-deleted analytical sample of 95,518 nonprofit organizations.[7]

5.9 | Plan of analysis

We use OLS regression models to predict donations (logged) using independent variables lagged by 1 year to account for temporal ordering. We begin with a baseline model that excludes ecological context, organizational identity, and social networks. We then build to our final model by first adding the grouped ecological context, organizational identity, and social networks variables alone and then all together. To assess how competition and organizational identity interact, we then iteratively add interactions between each of our three organizational identity variables and the balanced competition measure. Results were robust for nonlagged models run independently within year, a sample limited to only organizations that receive 10% or more of their total revenue in donations, and for the inclusion of lagged donations.

As we only have a sample of nonprofits—nonprofits that e-file Forms 990—we test the robustness of our results in relation to potential sampling bias using an approach developed by Frank et al. (2013). Based on Ruben's causal model, this analysis determines how much bias in the design components there must be to invalidate an inference (Frank et al., 2013). Here, our target population—all nonprofits—contains both those represented in our sample—e-filers—as well as those not directly represented by our sample. We test how much of our sample would have to be replaced with other cases, under the limiting condition of no effect in those cases, to invalidate our inference.

6 | RESULTS

To begin, Table 1 displays descriptive statistics. The mean for Donations is $1.65 million with a standard deviation of $32.9 million, demonstrating the need for log transformation. For

TABLE 1 Descriptive statistics circa 2014

	Mean	*SD*	Min	Max
Outcome				
Donations (millions)	1.65[a]	32.90	0	6,250
Donations (logged)	11.44	2.95	0	22
Ecological context				
Balanced competition (by field)	0.75	0.24	0	1
Organizational identity				
Signaling low overhead	0.53	0.50	0	1
Place	0.33	0.47	0	1
Religion	0.19	0.39	0	1
Social networks				
Volunteers (1,000)	1.64[a]	280.37	0	80
Volunteers (logged)	2.67	2.37	0	18
Employees (100)	0.71	1.71	0	351.37
Employees (logged)	2.11[a]	1.93	0	12.77
Covariates				
Age	25.82	17.94	1	102
Price	0.22	0.31	0	9.92
Wealth	11.03	5.41	0	23.60
Programming	13.13	1.99	0	24.54
Govt Grants	4.24	6.02	0	22.12
Revenues	6.40	5.19	0	19.60
Assets	13.37	2.33	0	23.60
Fundraising	5.13	5.34	0	19.09

[a]Medians of raw counts: Donations = 0.15; Volunteers = 0.015; Employees = 0.06.

ecological context, where 0 represents perfectly unbalanced and 1 perfectly balanced competition by field, we see most organizations experiencing moderately balanced competition, with an average Blau Index of 0.74. As for organizational identity variables, we record 53% of organizations reporting 15% or less of overhead, 32% of all organizations naming a U.S. place, and 19% using a religious term in their mission statements. The number of volunteers and employees are skewed, with an average of 1,643 and 71, respectively.

Turning to the multivariate analysis, Table 2 shows the results for the regression models predicting logged Donations. Baseline results both replicate and contradict previous models (Calabrese, 2011). Similar to Calabrese, 2011, Assets and Fundraising both positively predict donations. In line with conventional wisdom and prior research, Govt Grants negatively predict donations, although its effect size is very small (a 10% increase in government grants is associated with a 0.3% reduction in donations). Similar to Charles (2018), we find Wealth, when included in a model that also controls Assets, to be associated with fewer donations. In other words, nonprofits with higher net assets or, conversely, lower debt are associated with fewer donations. In contrast to some prior research, Age is negatively associated with donations in

TABLE 2 Models predicting logged donations with social and financial variables and controls

	2015 donations (logged)				
	Baseline (1)	**Ecological (2)**	**Identity (3)**	**Networks (4)**	**All (5)**
Ecological context					
Balanced competition (by field)		0.35*** (0.03)			0.22*** (0.03)
Organizational identity					
Signaling low overhead			−0.05* (0.02)		−0.10*** (0.02)
Place			0.06** (0.02)		0.01 (0.02)
Religion			0.42*** (0.02)		0.46*** (0.02)
Social networks					
Volunteers (ln)				0.14*** (0.00)	0.14*** (0.00)
Employees (ln)				−0.24*** (0.01)	−0.24*** (0.01)
Covariates					
Age	−0.01*** (0.00)	−0.01*** (0.00)	−0.01*** (0.00)	−0.00*** (0.00)	−0.00*** (0.00)
Price (ln)	0.30*** (0.03)	0.29*** (0.03)	0.25*** (0.03)	0.52*** (0.03)	0.44*** (0.03)
Wealth (ln)	−0.01*** (0.00)	−0.01*** (0.00)	−0.01** (0.00)	−0.00* (0.00)	−0.00^{+} (0.00)
Programming (ln)	0.38*** (0.01)	0.37*** (0.01)	0.37*** (0.01)	0.53*** (0.01)	0.52*** (0.01)
Govt Grants (ln)	−0.03*** (0.00)	−0.03*** (0.00)	−0.03*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)
Revenues (ln)	−0.00 (0.00)	−0.00 (0.00)	−0.00 (0.00)	−0.00* (0.00)	−0.00 (0.00)
Assets (ln)	0.13*** (0.01)	0.14*** (0.01)	0.13*** (0.01)	0.11*** (0.01)	0.12*** (0.01)
Fundraising (ln)	0.20*** (0.00)	0.19*** (0.00)	0.19*** (0.00)	0.18*** (0.00)	0.18*** (0.00)
Constant	4.07*** (0.07)	3.85*** (0.08)	4.10*** (0.07)	2.36*** (0.09)	2.23*** (0.09)
Observations	95,518	95,518	95,518	95,518	95,518
R-squared	0.257	0.257	0.260	0.275	0.279
AIC	449,116	449,016	448,732	446,779	446,258

Note: Standard errors in parenthesis.
$^{***}p < .001$,
$^{**}p < .01$,
$^{*}p < .05$,
$^{+}p < .1$.

our model, suggesting that, among organizations that report at least some donations during our 2014–2015 window, more established organizations attract fewer donations. Price and Programming are also positive in our models, suggesting that donors during the observation window might have given more to organizations with extensive programing.

Our next step is to add the ecological context, organizational identity, and social networks variables, with Model 5 containing all variables. Note that the r-squared indicates that the baseline variables alone explain 0.26% of the variance in donations. This is in line with prior

research using such variables that finds, on average, r-squares of 0.2 (Calabrese, 2011). The addition of ecological context, organizational identity, and social networks increases the r-squared marginally to 0.28. While not absolutely large, this is an 8% increase from the baseline. In models not shown but available upon request, we included only ecological context, organizational identity, and social networks. These variables alone explain 11.6% of the variation in logged donations for our sample, suggesting that the models presented here can contribute to our understanding of what organizational characteristics are associated with the level of donations the organization receives.

For ecological context, the Balanced Competition (by field) results in Models 2 and 5 indicate that organizations who experienced more balanced within-field competition in their counties reported greater donations than did similar organizations experiencing a more unbalanced ecological context. In practical terms, on the scale from 0, perfectly unbalanced, to 1, perfectly balanced, the average predicated donations for an organization in a moderately balanced ecological context (Balanced Competition = 0.75) compared to an organization in a moderately unbalanced context (Balanced Competition = 0.25) is, with all other variables at their means, $92,967 versus $84,120, respectively.

Turning to organizational identity, having less than 15% overhead is, surprisingly, negatively associated with donations, suggesting that the onus placed on nonprofits to reduce overhead costs may not serve as a strong signal to potential donors when other organizational characteristics are simultaneously analyzed. Although significant when organizational identity measures are performed alone, in a controlled model, mentioning a place similarly does not appear to positively predict donations in the full Model 5. Conversely, an organization signaling a religious identity is associated with more donations, reporting an average $50,000 dollars more in donations compared to organizations with nonreligiously-identified mission statements. Our results indicate that organizations that signal embeddedness within a religious community of participation appear to tap into a more generous or resourced donor network and/or rely relatively more on donations.

Next, social networks are also associated with donations but in contrasting ways. To begin, Volunteers shows a positive association with donations. The 0.14 coefficient in Model 5 indicates that a 10% increase in the number of volunteers would be associated with a 1.4% increase in donations ($[1.10^{137}–1] * 100$). To better understand this effect, suppose a nonprofit implemented a volunteer recruitment program that attracted a 10% increase in its number of volunteers. For an organization with the median amount of donations, like The Punta Gorda Isles Civic Association that reported $111,716 in donations and 200 volunteers in 2014, our coefficient for volunteers suggests that these additional volunteers would be associated with $1,564 in additional donations. The mean amount of donations in our data, however, is about $1.4 million. For an organization like The Boys & Girls Clubs of Southern Maine then, which reported $1,425,393 in donations and 210 volunteers in 2014, our coefficient for volunteers suggests 21 additional volunteers could be associated with $19,955 more in donations. Comparing this effect size to the average online individual donation in 2016 ($178; Blackbaud, 2016) or the average median household donation ($900; Giving USA, 2018) suggests that increasing volunteers might create significant financial gains for nonprofits.

The next social network measure, the logged number of employees, is negatively associated with donations in all models. This coefficient suggests that a 10% increase in the number of employees is associated with a decrease in donations by 2.4%. Perhaps organizations with more employees rely less on donations, but these contrasting results suggest that not all social networks surrounding an organization accrue the same benefits in donations. Instead, these

TABLE 3 Models predicting donations with place and field interactions

	2015 donations (logged)		
Ecological context			
Balanced competition (by field)	0.22*** (0.05)	0.28*** (0.04)	0.21*** (0.04)
Social identity			
Signaling low overhead	−0.11* (0.05)	−0.10*** (0.02)	−0.10*** (0.02)
Place	0.01 (0.02)	0.13* (0.05)	0.01 (0.02)
Religion	0.46*** (0.02)	0.46*** (0.02)	0.40*** (0.07)
Social networks			
Volunteers (ln)	0.14*** (0.00)	0.14*** (0.00)	0.14*** (0.00)
Employees (ln)	−0.24*** (0.01)	−0.24*** (0.01)	−0.24*** (0.01)
Competition interactions			
Signaling low overhead	0.01 (0.07)		
Place		−0.17* (0.07)	
Religion			0.08 (0.09)
Covariates			
Age	−0.00*** (0.00)	−0.00*** (0.00)	−0.00*** (0.00)
Price (ln)	0.44*** (0.03)	0.44*** (0.03)	0.44*** (0.03)
Wealth (ln)	−0.00^{+} (0.00)	−0.00^{+} (0.00)	−0.00^{+} (0.00)
Programming (ln)	0.52*** (0.01)	0.52*** (0.01)	0.52*** (0.01)
Govt Grants (ln)	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)
Revenues (ln)	−0.00 (0.00)	−0.00 (0.00)	−0.00 (0.00)
Assets (ln)	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)
Fundraising (ln)	0.18*** (0.00)	0.18*** (0.00)	0.18*** (0.00)
Constant	2.23*** (0.10)	2.18*** (0.09)	2.24*** (0.09)
Observations	95,518	95,518	95,518
R-squared	0.279	0.279	0.279
AIC	446,260	446,254	446,259

Note: Standard errors in parenthesis.
$^{***}p < .001$,
$^{*}p < .05$,
$^{+}p < .1$.

findings indicate that employees can be disgruntled in nonprofits as well as in for-profits and do not act as positive conduits of information about the nonprofit to their networks.

How might ecological context interact with the optimization of identity to influence donations? We answer this question through the interaction of the Blau Index with our organizational identity measures in Table 3. We observe one significant interaction between the ecological context and Place. Figure 1 displays the predicted nonlogged Donations for organizations experiencing increasingly balanced competition in their ecological contexts. When there is a highly unbalanced context, organizations that differentiate themselves as pertaining to a

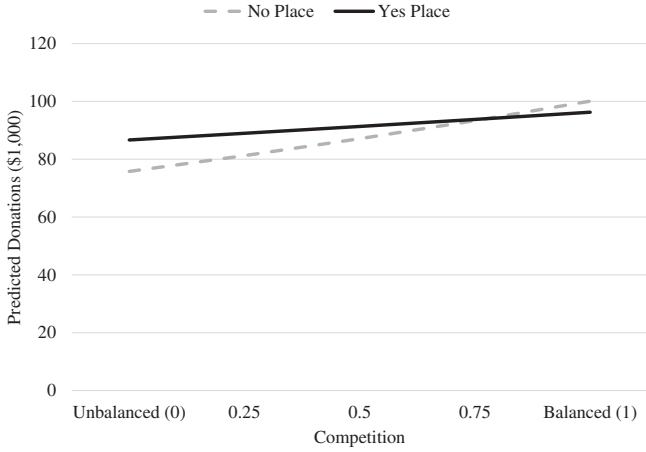

FIGURE 1 Predicting donations using margins command for place and balanced competition interaction

particular place have a higher predicted level of donations than organizations that do not. In a balanced ecological context, however, this distinction is reversed. Such a pattern may indicate that, if an organization is surrounded by many other similar organizations, appealing to a specific geographic context might not stand out enough to sway additional donations. In a context with a few organizations controlling the majority of resources, however, an organization that identifies itself as pertaining to the particular local context might be better able to differentiate itself in comparison to the dominant organization(s).

6.1 | Robustness of inference to sample bias

Because our set of nonprofit organizations does not reflect the entire population, we use Frank et al. (2013)'s technique to assess the vulnerability of our results to sampling bias. Specifically, what percentage of our sample of nonprofits would have to be replaced with nonprofits in which there is no relationship between ecological context, organizational identity or social networks, and donations? Using this technique suggests that our results are indeed robust to sample bias. To invalidate the significant coefficients for volunteers in our models predicting donations, for example, we would need to replace over 94% of the sample with nonprofits that have no association between volunteers and donations. For religious identification, the percentage is 91%, and for the Blau Index, it is 68%. This means that sampling bias would have to be so egregious that a significantly high threshold of our sample would have to be replaced with nonprofits having no association to invalidate our inferences. Therefore, while our sample of nonprofits only comes from e-filers, the results from these sensitivity analyses suggest that our results are more generalizable than not.

7 | CONCLUSION

For many nonprofits, which together form the backbone of service provision in the United States, donations represent a vital component of their continued existence. As such, substantial literature seeks to understand why and how nonprofits attract donations. Although common sense and some prior research indicate that social context matters for donations, existing

quantitative models typically rely only on financial and administrative characteristics of nonprofits to understand charitable giving. Consequently, this omission disembeds nonprofits from the social world and limits our understanding of the characteristics associated with donations (Prentice, 2016; Paxton et al., 2020). Using organizational and social network theory to analyze new Form 990 data, we demonstrate that the social context matters for nonprofit donations.

We find that organizations in a more competitively balanced ecological context and those that signal their identity through religious identification are associated with higher volumes of donations. We also find that organizations with more volunteers report higher amounts of donations, but this positive social network association does not hold true for employees. Although individuals may certainly take into consideration financial aspects of nonprofits in decision-making (Meer, 2011), signaling low overhead does not translate into higher donations, suggesting that more work is needed to fully assess how nonprofits communicate their financial stewardship to external audiences. Thus, not all attempts to be distinctive will pay off for nonprofits. Attempting to operate without enough overhead has documented pitfalls such as the "nonprofit starvation cycle" (Gregory & Howard, 2009; Lecy & Searing, 2015). Furthermore, an interaction (not shown) between employees and overhead is significantly negative, suggesting that low overhead may adversely affect employees who may translate their unhappiness outside the organization. Overall, these results highlight how incorporating diverse theoretical perspectives can contribute to building knowledge, the importance of social characteristics for an organization's financial sustainability, and the need for continued research.

Our results make it clear that being connected to a community, either through signaling religious affiliation, connection to a geographic place, or the social networks offered by volunteers, is associated with higher donations. The differential results between volunteers and employees demonstrates that there is a qualitative difference between these two distinct networks. One reason why volunteers are associated with increased donations could be because these altruistic and prosocial individuals may be more enthusiastic in asking their networks to contribute (Herzog & Yang, 2017). Employees, however, have a very different experience with the organization given their more instrumental relationship (Frumkin, 2002; Johnson & Ng, 2016; Oelberger, 2016). Moreover, employee networks may not have as much financial capital accessible within them relative to volunteer networks (Lin, 1999). Future research can continue to unpack the pathways through which these social characteristics operate to elicit donations, perhaps by combining insights from the literature on volunteer motivations and sociological research on work and occupations.

We consider balanced competition by field, but further research could investigate the distinct dynamics operating within nonprofit institutional fields (Barman, 2016; Marquis et al., 2007) and how optimal distinctiveness may produce different identities to highlight to unique stakeholders (Zhao et al., 2017; Pontikes, 2012). Results from exploratory analyses suggest that balanced competition between nonprofits may have a stronger influence on donations in less rural areas. As this study establishes the relevance of considering social context in understanding donations, future research could theorize and test moderators of the relationships we find here by meaningful community characteristics such as the rurality of the county or the amount of government resources directed to social welfare. With multiple nonprofits per county, the possibilities for interesting multilevel models are expansive.

While these results contribute to our understanding of donations, the addition of our social context measures still does little to explain the majority of variance in nonprofit donations (r-squares < 0.3). These findings present an opportunity for continued research in constructing alternative models predicting how nonprofits can attract donations. For example, in measuring

donations, we do not know the number of donations, only the overall amount donated. Consequently, we do not know whether a nonprofit relies on a high number of small, grassroots donors or fewer but more sizable contributions. Furthermore, our dependent variable cannot disentangle local from national or global donations, nor individual donations from those contributed by foundations. Organizational theory indicates that organizations more reliant on one of these sources over the other may experience differential impact from their social context (Barman, 2017). Furthermore, we have constructed competition within the NTEE field, but it is possible that hybrid organizations, interstitial organizations, or those that tap into multiple fields may be experiencing competition in a way that is not fully explored through our operationalization here (Korff, Oberg & Powell, 2015; Pache & Santos, 2010). Indeed, future work that can incorporate hybrid identities and organizations operating at the nexus of two distinct fields would make a valuable contribution to research on donations.

Beyond the addition of two core sociological concepts, organizational and network theories, other social science theories may be relevant to nonprofit organizations and donations, including those in gender, work, health, stratification, and education. For example, certainly, the culture around an organization could be predicted to influence donations, such as the extent to which the gender and racial composition of an organization reflects the communities in which they work and fundraise. Continued application of other social science theories to predictions of donations, therefore, would provide even more nuanced understandings of how capital circulates within the nonprofit sector.

Finally, our data do not include information on small organizations that are not required to file a Form 990, organizations that did not file electronically, or churches. It is important to note, however, that the coefficients for our sociologically derived measures are robust to potential sample bias, with a very high threshold of 68–94% of the estimated effect having to be subject to bias to invalidate our inferences (Frank et al., 2013). Still, donating behavior, and the social characteristics that elicit donations, may operate differently for such organizations compared to those in our sample. Indeed, it may be that small organizations are already so embedded in their local communities that competition is not as influential, or organizational identity signals become irrelevant. Quantitative data on these kinds of organizations is necessarily limited, so this represents a fruitful avenue for qualitative research.

Our research highlights the contributions to knowledge to be gained from combining disparate theoretical and academic orientations to address familiar questions. In a novel intervention, we have incorporated organizational identity and social networks along with the ecological context into models predicting the donations nonprofits receive. By incorporating sociological perspectives into a largely financial model, we hope to inspire future research that bridges administrative, nonprofit, and social science disciplines.

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ENDNOTES

[1] We do not include contributions obtained through federated campaigns (Part VIII Line 1a) as these are received indirectly from federated funders such as the United Way. We cannot distinguish the donor-directed portion of these contributions from other factors. Nor do we include contributions from related organizations (Part VIII Line 1d) as related organizations include a diverse group of supporting, supported, and employee organizations and do not reflect individual donations that we try to measure.

[2] Robustness analysis tested a 10 and 20% threshold. Results for the 20% threshold were similar to those we present. At 10%, the coefficient for signaling low overhead is insignificant. When a nonprofit starves these necessary components of charity work too much, the organization may ultimately suffer (Gregory & Howard, 2009; Lecy & Searing, 2015).

[3] Results are robust to other specifications of our text processing of variables. Our RELIGION results, for example, are robust to a more truncated list of religious terminology, and the PLACE results are robust to a less stringent elimination criteria for place names.

[4] Organizations can also list their mission statement in Part I line 1. In certain cases, a possible e-filing error cut off the mission statement in Part III. Therefore, if the statement in Part III line I was shorter than the one in Part I, we replaced it with the statement from Part I.

[5] We remove some punctuation, convert to lowercase, correct misspellings, change any Britishisms in the text to American spelling, isolate words, and address a set of 355 human-derived corrections based on patterns seen in the data (e.g., "intl" to "international"). Altogether, 10,948 misspelling/corrected spelling combinations were compiled into a glossary that, when applied, corrected 272,725 words across all mission statements.

[6] There are some irregularities in the highest reported numbers of volunteers. For example, the American Heart Association appears to count anyone who watched a CPR video on their website. We observed no difference to results in auxiliary analyses with volunteers and donations winsorized at the 99th percentile before logging.

[7] To attempt to limit our sample to more locally based nonprofits—and, therefore, to those more subject to the local ecological context—we analyzed only organizations reporting (a) less than $5 million in revenue and then (b) those only reporting less than $2 million. Slightly smaller in magnitude, coefficients from these models present the same pattern and significance as our main models. The magnitude of the coefficient decrease is primarily due to eliminating the highest revenue nonprofits and truncating our dependent variable. We also included county-level logged and per capita counts of nonprofits by field as a competing measure of competition. Inclusion in the same model, as might be expected, does reduce the magnitude of the Blau index. Finally, if we keep universities and hospitals in the analysis, the magnitude of the Blau index increases, indicating that balanced competition is even more important when considering donations to these organizations as well.

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