MIDLANDS STATE UNIVERSITY

FACULTY OF ARTS

DEPARTMENT OF DEVELOPMENT STUDIES

THE EFFECTIVENESS OF FUNDING STRATEGIES FOR NON PROFIT MAKING INSTITUTIONS: A CASE STUDY OF CG MSIPA SCHOLARSHIP TRUST

BY

TSITSI MUCHOHONYI

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NAME OF AUTHOR  TSITSI MUCHOHONYI

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SUPERVISOR  DR  MATUNHU

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FACULTY OF ARTS
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“The Effectiveness Of Funding Strategies For Non Profit Making Institutions: A Case Study Of CG Msipa Scholarship l Trust”

Submitted by Tsitsi Muchohonyi in partial fulfilment of the requirements for the Bachelor of Arts (Honours) Degree in Development Studies.

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My sincere gratitude goes to my maker, the Almighty God, for giving me the grace to complete my studies at Midlands State University and in particular during my research period. I also acknowledge the support and encouragement from all my classmates and friends. Their encouragement made the load lighter, I salute them.

Special credit goes to my supervisor Dr Matunhu for his patience, commitment and continuous support. I also acknowledge the moral and financial support from Dr CG Msipa during my studies. I also acknowledge the trustees and administrator of the CG Msipa Scholarship Trust for allowing to use their Trust as a case study and availing data required to make this research successfully.
DEDICATION

This work is dedicated to my late parents, Mr and Mrs Muchohonyi for teaching me love, humility and to persevere in life against all odds.
ABSTRACT

This study focuses on the effectiveness of fundraising strategies for not for profit social welfare organizations using the CG Msipa Scholarship as a case study. Literature on fundraising strategies for not for profit strategies was reviewed in order to identify the gap in theory and practice this study would address. The literature was extracted from textbooks and journals. Data was collected from trustees and administrator of the CG Msipa Scholarship Trust through the use of questionnaires and structured interviews. The collected data was analyzed, interpreted and presented using narratives, tables and pie charts. The study revealed that the strategies currently employed by CG Msipa Scholarship Trust to raise resources to support its objectives are ad hoc and are not very effective. The researcher recommends that the CG Msipa Scholarship Trust formulates a written and well researched fund raising plan not only to guide the trustees and administrators in fundraising initiatives but will also go a long way in developing very strong relationships with existing and prospective donors.
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CHAPTER 1

PROBLEM AND SETTING

1.0 INTRODUCTION

Non-profit institutions largely depend on the financial benevolence of individual and corporate donors. The Zimbabwe’s economy has not fully recovered from the deleterious effects of the hyperinflation that besieged the country from 1998 to 2008. Although the adoption of the multicurrency regime in 2009 has brought some macroeconomic stability that had eluded policymakers for the whole decade, companies are still to fully recover. This has been exacerbated by the current liquidity crunch in the economy and the non-availability of lines of credit to provide the much needed working capital for the companies. Many people have been thrown into the streets as the companies engage in drastic cost cutting measures. Unemployment in Zimbabwe is currently estimated at 80% (International Labour Organisation, 2012). The numbers of indigent citizens needing help external to them is on the increase. The school going population is the hardest hit as the free education policy of the government only has largely collapsed leaving students in primary school, secondary schools and universities in need of financial support.

1.1 BACKGROUND TO THE STUDY

Shizha and Kariwo (2011) note that when Zimbabwe gained its independence from colonial rule in April 1980, the majority of the people did not have the opportunity and facilities for equal access to formal education. The education system was very restrictive for Africans and most only finished seven years of primary schooling. In 1980, the new ZANU-PF government followed a socialist path. The main driving principle was “Growth with Equity”. This principle was adopted so that the government could redress the inherited inequities and imbalances in access to basic needs such as education, health facilities and social services. Primary schooling was made tuition free and compulsory, and this resulted in gross admission rates that exceeded 100%. By the end of the first decade of independence, Zimbabwe had achieved universal primary education.

Shizha and Kariwo (2011) further add that, however, despite the commendable growth in education, economic and political factors have eroded the gains that were achieved in the first two decades of independence. Underfunding of education due to the economic adjustment programmes of the 1990s and early 2000s was exacerbated by the economic meltdown that
followed the land redistribution programme initiated by ruling party in the year 2000. Zimbabwe’s education system, once the best in Africa, now faces immense challenges. Public financing of the sector continues to dwindle in real terms and tuition fees is soaring beyond the reach of many.

Charitable organizations throughout the world, Zimbabwe included, rely on funding from the philanthropy of both corporate and individual well-wishers. The CG Msipa Scholarship Trust was founded by Dr. Cephas G. Msipa in 2008 soon after he retired from the office of the Governor for Midlands Province. Its objective is to assist the less privileged but intellectually gifted young people to pursue their studies and realize their career dreams and contribute to the socio-economic development of Zimbabwe. The trust was officially launched in Gweru in June 2012. The official launch coincided with a well-attended fund raising dinner that was held at a Gweru Hotel (The Herald June 21 2012). From the onset Dr.C.G.Msipu appealed to both individual and corporate well-wishers to support his noble objective.

There are currently many trusts and schemes operating in Zimbabwe with similar objectives. Examples include Capernaum Trust and Joshua Mqabuko Nkomo that receive funding from Econet Zimbabwe and the President Mugabe’s Presidential Scheme which is largely financed from the fiscus. The existing trusts and schemes are currently overwhelmed by applicants. Cognizant of the above challenge to existing charitable trusts and schemes, the CG Msipa scholarship trust was launched in an effort to complement them. When the trust was launched it had 102 beneficiaries and had intentions to enroll more underprivileged students.

The CG Msipa scholarship trust officially opened its doors to the public on 01 August 2012. From the onset Dr. C.G. Msipa’s vision was to set up a trust with a national outlook and challenged the leadership of the country’s 10 provinces to utilize the fund by submitting names of deserving intelligent underprivileged primary, secondary school and university students.

As at 30 June 2015, the trust had 207 beneficiaries drawn from the country’s 10 provinces on its books. The number of beneficiaries are analyzed in table 1.1 below:
Table 1.1 Analysis of CG Msipa Scholarship Trust Beneficiaries as at 31 December 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary and Secondary School Students</th>
<th>University Students</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>102</td>
<td>83</td>
<td>185</td>
</tr>
<tr>
<td>2013</td>
<td>128</td>
<td>152</td>
<td>290</td>
</tr>
<tr>
<td>2014</td>
<td>115</td>
<td>131</td>
<td>246</td>
</tr>
<tr>
<td>2015</td>
<td>85</td>
<td>122</td>
<td>207</td>
</tr>
</tbody>
</table>

Source: Adapted from CG Msipa Scholarship Trust records as 31 December 2015.

From table 1.1 above it can be seen that the trust has become a household name and has managed to attract and assist a significant number of intelligent but indigent students. The students have been assisted using financial resources raised at the inaugural fund raising dinner dance in 2012. However, because of declining support, from 2014 the CG Msipa Scholarship Trust has not taken any new beneficiaries on board despite receiving large volumes of applications.

According to the applications register of the CG Msipa Scholarship Trust as at 31 December 2015, in 2014 and 2015, 471 and 744 applications were received respectively. All applicants were not assisted due to lack of resources.

The high net worth individual and corporate well-wishers, the CG Msipa scholarship trust has traditionally depended on, have not been spared by the current liquidity challenges facing the Zimbabwean economy. The Herald of January 31, 2013 carried an article highlighting that CG Msipa Scholarship Trust was broke. In an interview with same publication, Dr.C.G.Msipas is quoted saying that when the trust was officially launched more than $100,000 in cash and pledges were raised towards the scholarship scheme. However, some corporates reeling under the current liquidity crunch have failed to honour their pledges. As a result the scheme can no longer take on board new indigent students and it is finding it even more difficult to support those already on board.
1.2 STATEMENT OF THE PROBLEM
The Zimbabwean economy has not been performing as expected. The dismal performance has had deleterious effects on both the government and citizens. As a result, the government can no longer fund access to basic services including education. Citizens have not been spared from the economic malaise and are finding it difficult to raise tuition fees for their children. The children from poor families and orphans are dropping out of school. Scholarship trusts in Zimbabwe have been of much assistance to orphans and students from indigent families. The CG Msipa Scholarship Trust was set up to achieve a noble objective, namely, to support intelligent but indigent students to realize their career dreams. That objective now hangs in balance because of limited financial support from the corporate world which the trust has traditionally depended on.

1.5 RESEARCH OBJECTIVES
The study seeks to achieve the following objectives:

(a) To critique the current strategies used at the CG Msipa scholarship trust to raise the trust’s activities.
(b) To evaluate the effectiveness of current funding strategies being employed at the CG Msipa scholarship trust.
(c) To explore alternative strategies that the CG Msipa scholarship trust could implement to raise additional funding.

1.6 RESEARCH QUESTIONS
The study answered the following questions:

(a) What are the current strategies being used by the CG Msipa Scholarship Trust to raise funding for its operational activities?
(b) How effective are the current strategies?
(c) What alternative strategies can the trust implement to augment funds currently being received from well-wishers?
1.7 IMPORTANCE OR SIGNIFICANCE OF THE STUDY
The study is important not only to the CG Msipa scholarship Trust but to other nonprofit organizations facing funding challenges. Recommendations from this study will go a long way in exposing alternative strategies the CG Msipa scholarship trust can implement to raise the much needed financing to bankroll its programmes and activities.

The study is significant to the researcher as it is being in partial fulfilment of the Bachelor of Arts Degree in Development Studies at the Midlands State University. In addition it will sharpen her skills in conducting researches.

The research report would also form part of the Midlands State University intellectual property. It would be deposited in the library for use by other students conducting research on similar or related problems.

1.8 DELIMITATION OF THE STUDY
This study focused on the CG Msipa scholarship Trust and was conducted in Gweru where it is based. It covered the period August 2012 to December 2015. It was conducted over three months. There are several scholarship trusts operating in Zimbabwe, for example, Capernaum and Joshua Nqabuko Nkomo Trusts, These trusts receive funding from the blue chip mobile telephone operator, Econet Wireless (Pvt) Limited. The researcher chose CG Msipa Scholarship Trust for study because it has no such benefactor and this is evidenced by its failure to enlist new beneficiaries since 2014.

1.9 LIMITATIONS OF THE STUDY
The following limitations may have affected the depth of the study:

(a) This study focused on the CG Msipa scholarship Trust and its findings cannot be generalized to all scholarship Trusts in Zimbabwe.
(b) The study ran concurrently with the researcher’s final semester at college. The researcher’s attention was split between this study and equally important lectures for final semester modules. This may have left some grey areas which may need further corroborative studies.
(c) The study was financed from the researcher’s personal financial resources. Money was required for typing, surfing the internet for secondary data and field visits to collect data from
respondents. However, the researcher used less costly but equally effective methods of data collection, e.g. questionnaires and interviews. These were either delivered in person or sent or conducted electronically using email.

1.8 ASSUMPTIONS
The following assumptions were made in this study:

(a) Respondents would respond truthfully to the questions on the self-administered questionnaires and structured interviews.
(b) Economic conditions in Zimbabwe would remain the same during the period of the study.

1.9 DEFINITION OF TERMS
(a) Charitable trust
West's Encyclopedia of American Law (2008) defines a charitable trust as an arrangement by which real or personal property given by one person is held by another to be used for the benefit of a class of persons or the general public.

(b) Trust
The Oxford English Dictionary (2014) defines a trustee as an individual person or member of a board given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified.

(c) Donor fatigue
The Oxford English Dictionary Online defines donor fatigue as a phenomenon in which people no longer give to charities, although they have donated in the past.

1.10 CHAPTER SUMMARY
This chapter introduced the study. The chapter also discussed the background in an effort to give the reader an insight into the problem being investigated. The statement of the problem was drawn from the background. In addition the research questions and objectives were considered. The limitations and delimitation of the study were also discussed. The chapter also highlighted
the assumptions made in this study. In addition to this chapter, the study has the following chapters:

Chapter 2: Literature Review
Chapter 3: Research Methodology
Chapter 4: Data Analysis, Presentation and Discussion
Chapter 5: Conclusions and Recommendations
CHAPTER 2
LITERATURE REVIEW

2.0 INTRODUCTION
This chapter reviews literature on funding of non-profit organizations. According to Fry (2006), literature review is an objective, and critical summary of published material relevant to a topic under consideration for research. Fry adds that the purpose of literature review is to allow the researcher to be familiar with current thinking and ongoing research on a particular topic. Literature review may also justify research into a previously overlooked or understudied area. For the purposes of this study literature reviewed was extracted from online, textbooks and journal sources.

2.1 PURPOSE OF A CHARITABLE TRUST
According to Parks (2003) a charitable trust is an organization designed to benefit, ameliorate, or uplift mankind mentally, morally or physically. Charitable trusts are very active in areas of poverty relief, access to education and healthcare. The CG Msipa Scholarship Trust was founded with the specific objective of promoting access to education for bright students from indigent or disadvantaged families.

Parks (2003) posits that the category of beneficiaries that benefits from a charitable trust must be a specific special group of the society. He adds that is must sizeable so that the community in which it operates is influenced to a greater extent. The community must be influenced in a positive by the activities of a trust operating in its area. However, Parks notes, the class to benefit unfortunately cannot include every member of society who is needy. The class of beneficiaries targeted by the CG Msipa Scholarship Trust include students from poor families in primary, secondary, colleges and universities. The students come from all corners of Zimbabwe. The CG
Msipa Scholarship Trust has a national outlook and has become a household name for needy students who have benefited from its activities.

2.2 TRADITIONAL SOURCES OF FUNDING FOR TRUSTS AND RELATED ORGANIZATIONS

According to Park (2003) charitable trusts assets are usually sourced from benefactors. However, donor fatigue in recent years has seen many charitable trusts being engaged in some business activity in an effort to raise additional resources to fund their activities. Despite this intervention, the bulk of funding for charitable trusts stills come from donors. Donors are critical stakeholders as they ensure that trusts continue to deliver on their mandate.

2.3 DEALING WITH DONOR FATIGUE

Charities throughout the world, Zimbabwe included, are prone to donor fatigue. Joyaux (2013) notes that donors get fatigue by various causes. Among other causes, pressure to donate, tight budgets, and disappointment with poor governance issues in some charities and endless appeals for donation makes donors less willing to donate to charities they have supported in the past. To this end many charities put in place strategies to mitigate the effects of donor fatigue on their operating budgets for the year. There are various strategies that can be employed or implemented to mitigate the deleterious effects of donor fatigue on activities of by charities.

According to Joyaux (2013) top on the list of the major cause of donor fatigue is simply budgetary constraints and exhaustion. The majority of benefactors who are engaged in benevolence work function within set annual and specific budgets. When their budgeted funds get drained, they will no longer be able to offer any further assistance. There are situations beyond the control of donors which can leave them in quandary. For instance, natural disasters can wipe out the budget of a potential and existing donor, as was the case in 2005 in the United State of America when people donated to victims of Hurricane Katrina, and Hurricane Rita followed hard on Katrina's heels. In that situation, those involved in benevolence work desperately wanted to assist, but they did not have the financial means to do so.
Joyaux (2013) posits that there is nothing as infuriating as being inundated with seemingly endless requests and appeals for donations. Despite good intentions by, charities may end up frustrating potential donors if they make constant appeals for gifts. Charities which constantly send out mailers, hold phone drives, and use other tactics to ask for donations can end up irritating their potential donors. To avoid irritating existing donors, especially existing ones, charitable trusts should target one key campaign a year, although donations are always acceptable throughout the year.

Donors like all people want to see the impact their donations have made to targeted beneficiaries. If nothing seems to happen, this can send wrong messages, either the funds are mismanaged or abused. Charitable trusts can help their cause by making their activities transparent and keeping their major benefactors informed of how their donated funds have been utilized. Charitable trusts should also avoid hogging the limelight for wrong reasons. For example, high staff turnover, staff, numerous campaign strategies all in a short space of time can be signs that all is not all well with the charity. Those engaged in philanthropy work prefer to support causes which actually seem to be making a difference in communities in which they operate.

Joyaux (2013) argues that donor fatigue can be managed. To this end he recommends that charities should self-introspect and put in place measures to avoid donor fatigue in the first place. Joyaux recommends the launching of limited and short campaigns targeting either potential or existing donors. This strategy will go a long way in avoiding overstretching the set budgets for charitable donations. Donors work with budgets. Budgets are prepared in advance. In order to get maximum benefit, charities (scholarship trusts included) must work with their key donors and submit their requests in advance so that they are incorporated in the budgets.

Stein (2012) argues that the way donors have been treated in the past determines whether they will donate in future. She adds that most non-profit organization treat their donors as bottomless pits of cash or automated teller machines. This means that donors are reminded of the existence of a charitable trust when it needs more funds but rarely approach them to give them feedback on how their previous donations have achieved or had been used for. Stein (2012) concludes that no one wants to be inundated all the time with appeals for funds or gifts. Most donors dislike that
practice and may consider termination of any support to the charity even if they love it. She recommends the following in dealing with donor fatigue:

(a) Go on an offensive
In an effort to attract meaningful donations, it is advisable for charities to go on an offensive. Stein argues that it pays to do an audit of your benefactor stewardship practices and improve your relationship skills when transacting with them. Charities must engage in regular communication with their donors as that is critical in relationship building. It is very important for a charity to talk directly to its usual donors and solicit for their views especially about how they feel about it. The charity must also capture any suggestions on how to perfect its activities and programs. Relationships with current donors must be fostered through effective communication and service. This approach in the researcher’s view will go a long way in ensuring a continuous stream of resources to support a charities programs.

(b) Be on the lookout for new donors
Donors are critical stakeholders in the life and activities charities. Donor fatigue is not a new phenomenon in charity work. It has always been known to exist. Cognizant of this phenomenon, Stein (2012) suggests that charities must continue to prospect and build on their list of new donors. Charities in Zimbabwe could learn from this suggestion and continuously scan the environment for new and prospective donors in order to mitigate effects of donor fatigue on their operations. Stein recommends that charities must also put in place donor stewardship plan to ensures that relationships with both existing and prospective donors are not only well looked after but developed further.

2.6 FUNDRAISING INITIATIVES FOR TRUST AND RELATED ORGANIZATIONS
Fund raising for charitable organizations has never been more difficult as it is now against the backdrop of the after effects of the global financial crisis of 2009. The financial crisis has affected largest economies which traditionally have been home to major sources of funding to charities. The current situation has had deleterious effects on charitable organizations in
developing economies, Zimbabwe included, who traditionally have looked up to their benefactors in the developed economies. According to Garrad and Gill (2010) non-profit organizations that depend entirely on donor funding should have a fund raising strategy to ensure sustainability of their objectives. The authors suggest the following practical steps for any non-profit organization wishing to make a positive impact in its fundraising initiatives:

(a) **Have a plan in place**

It has been said in business literature that failing to plan is planning to fail. Against this background it is strongly recommended that every charity must have in place a written fund raising strategy. Garrad and Gill (2010) argue that because of challenges currently faced in sourcing funds organizations (large and small) must develop well researched, carefully considered fund raising strategies. Without a written fundraising strategy the fund raising activities are haphazardly. There is high risk of repeating activities, events and programmes that may have worked in the past. The belief is that they may give desired results again. This is hardly effective in the current dynamic economic environment as the law of diminishing returns soon takes effect and the charity fails to achieve its funding objectives.

According Joyaux (2013) a fundraising strategy must be made known to all employees involved so that it achieves its objective. The plan must first define the purpose of the proposed activity. For example, the primary purpose of a fundraising event is to raise additional resources cost effectively. The primary purpose of a relationship-building is to foster and strengthen relationships with existing and prospective donors.

The CG Msipa Scholarship Trust has largely depended on relationships that were developed with individual and corporate donors at the inaugural dinner dance held at its official launch in 2012. However, this has proved to be inadequate as it cannot take on new beneficiaries due to lack of sustainable sources of funding.

After defining the purpose, Price (2008) strongly recommends that every charitable organization must have a fundraising program in place. This ensures that funds continue to flow into the charity’s coffers. The program must be multifaceted and contain numerous fundraising events, each targeting to raise additional resources.
The written fund raising strategy, inter alia, should cover issues such as:

- Ensuring the organization has a strong ‘case for support’
- An analysis of internal fundraising strengths and weaknesses and strategies to convert weaknesses into strengths.
- An assessment of external opportunities and threats and strategies to strengthen and mitigating them respectively.
- An assessment of past fundraising performance and lessons that can be learnt.
- An analysis of what is working for other similar organizations and lessons that can be learnt.

Written fund raising strategies have become indispensable for charitable organizations as funding is increasingly becoming hard to come by. According to Garrad and Gill (2010), fundraising must be a planned activity for sustainability of the non-profit organization. The authors argue that a written plan can avoid sometimes costly and expensive errors in fundraising initiatives. In generating the plan the non-profit organization consult relevant stakeholders extensively. Best ideas and insights are often generated by consulting small groups of stakeholders. The small group should include employees, volunteers and donors wherever possible. Despite the economic downturn in many countries, its impact has been not similar across all sectors. Some are have been spared. This means that any fundraising activity should be undertaken on the basis of thorough planning and research.

A good plan will act as a roadmap for the charity. The roadmap must be referred to so that it keeps on the right track. The plan must be kept as a living document by continuous review. The reviews must take into consideration whatever lessons can be drawn from past fundraising initiatives in order to inform the future. Garrard and Gill (2010) lament that most organizations (charities included) are found wanting in planning. Most charities actually have no plan in place. Due to a lack of a written plan most charities have no systems in place to record and critically analyze their performance. Without records, analysis is made more difficult and no meaningful lessons can be drawn from the past. The authors propose that after a fundraising initiative all involved in that exercise should engage in post mortem analysis of the event and consider what went well, what went badly, what should be repeated and what should be avoided in future.
(b) Building strong relationships with donors

Garrard and Gill (2010) argue that the single most important ingredient of successful fundraising initiatives for charities are relationships. During difficult times, friends are more important than ever to everyone (charities included). If an organization has built and developed very strong relationships with its existing donors, chances are that it will survive any turbulence in the operating environment. The authors strongly advise that organizations need to look after their donors (friends) and in turn they will look after them. During difficult times, non-profit organizations should not go out to look for new donors but must self-introspect, value and build very strong friendships with those that they already have on their database. In life, strong relationships are fundamental to everybody’s welfare and charities are no different. To achieve this a charity must maintain effective and open lines of its existing donors. Research has shown that even during periods of economic recession, there is evidence that committed donors stay with charities. Effective communication can help foster that commitment.

Donors need to be informed always of what is happening at the charity. Garrard and Gill (2010) suggest the followings tips to keep the donors informed of the charity’s activities:

- Charities must tell their existing donors how much they value their commitment in these difficult times and explain to them how much easier it has been for the organization to plan ahead knowing they will get support from the donor through the difficult and trying times.
- Charities must also explain to their donors in simple terms and with impact what a difference their support has made to the charity presently and what it can make in the future.
- Charities must keep their donors informed about new developments and achievements without always appealing for funds.

Most charities throughout the world, Zimbabwe included, only communicate with their donors when looking for funds and gifts. The above tips can make a world of difference to non-profit organizations as they build and develop strong relationships with their all-weather donors.
(c) There is need for empathy
In 2009, UN Secretary General Ban Ki-moon was quoted saying “The global financial crisis threatens to undermine all achievements and all our progress: our progress in eradicating poverty and disease; our efforts to fight climate change and promote development… It could be the final blow that many of the world’s poor simply cannot survive”.
Garrard and Gill (2010) note that research in UK and Ireland shows that levels of donations to charities in 2008/2009 dropped across virtually all sectors when compared to previous years. Despite that worrying trend there was some evidence to suggest that, far from deserting their chosen charities or cutting their giving, most donors continued to support their favoured charities and some are actually increased their level of funding. To this end non-profit organizations must remind their donors that it is the beneficiaries the charity represent and serve who are adversely affected by economic recessions, namely, the poor, powerless and dispossessed. The communication will be more effective is the specific category of beneficiaries targeted for assistance is reflected in fundraising literature and appeals materials.

(d) Evaluate
Trying times like an economic recession focuses the mind. Garrard and Gill (2010) argue that that is the perfect time for an organization to critically evaluate and analyze its fundraising programme. The evaluation and analysis will assist the organization in identifying what to discard, keep or improve for the benefit of the charity. Without critical evaluation the organization will grope in the dark and risks making decisions based not on verifiable evidence but on mere guess work. Without proper evaluation, in the end scarce resources will be allocated to fundraising activities which do not give maximum returns on investment. Fundraisers are more often resourceful entrepreneurs than planners and as a result fundraising initiatives are characterized by an endless quest of the next task. This approach does not usually give good results as there is no time to plan or learn from previous experience.

(e) Prospecting for gold
According to Garrard and Gill (2010), in fundraising cold calls are not very effective. For a charity’s fundraising strategy to be effective, it needs to have some leverage. The authors note
that a charity that uses some leverage can be very effective in opening doors and warming up cold calls. They suggest the following tips:

- A charity’s appeal for assistance which has been “warmed up” well in advance by a friendly trustee is more likely to succeed than a cold call
- A charity’s appeal for assistance to a company (donor) is more likely to succeed if the door is opened by a colleague or an insider
- Charities should aim to use some leverage because donors are known to be more receptive if they are approached by someone known to them rather than being approached by strangers
- Charities must aim at using some leverage as people are known to take part in a fundraising event or for that matter buy a ticket if someone they know approaches them
- Charities must be visible and make their cold calls in person because people in benevolence work donate to people and not to causes

The above tips can make a whole difference on the success of a fundraising strategy. A charity must not leave anything to chance and must ensure that all networks and links available to the organization must be fully explored and exploited. Garrard and Gill (2010) suggest that time should be created to sit down person to person with trustees, staff or suppliers. An effort should be made to explain to them why their support help is needed and what the charity can achieve when people open their doors. A list can assist in discovering what school the prospective contacts went to, what company boards they sit on, where they stay, etc. This strategy is effective in finding contacts with the best links. Fundraising, like prospecting, is not a shot in the dark, it is a planned activity. If prospective contacts are qualified better results can be achieved.

(f) Using the Pareto Principle
Garrard and Gill (2010) recommend non-profit organizations to always incorporate the Pareto Principle in their fundraising initiatives.

Vilfredo Pareto (1848 – 1923) was an Italian industrialist and economist who introduced the concept of the “Pareto Principle” or 80/20 rule” built on observations he made in his researches in industry. For example, he observed that 80% of the land in Italy was owned by 20% of the
population. The Pareto principle is now a common rule in business that can be applied in many situations. For example, 80% of sales come from 20% of clients. When applied to fundraising initiatives, 80% of the income is known to come from 20% of the donors. To this end the organization must identify its key donors and do everything to strengthen and deepen their support. The key donors must be kept on the radar and their efforts appropriately appreciated. Where possible key donors must be involved in all activities of the organization.

During trying times major donors may also not be spared and as a result may withdraw their support and throw the charity into a financial crisis. To mitigate this, Garrard and Gill (2010) strongly recommends risk analysis on the charity’s income. They add that an organization must ask itself very difficult questions bordering on what could happen if for example, its top three donors withdrew their financial support. Answers from these difficult questions will into the development of an alternative plan.

(g) Employ cost containment strategies

Every charity’s comprehensive statement financial position has two sides – income (what it can raise) and expenditure (what the charity spends). Garrard and Gill (2010) argue that the major objective should be a growth in revenues. The authors propose that the charity must seriously manage its expenses or costs and employ effective strategies to them on check and within targets or even reduce them. They recommend that the charity should look at areas where savings in cost can be made, for example, instead of buying an expensive colour printer it could buy already printed items. The charity must always at getting better value for money from all the major suppliers it deals with. For example, a charity must also consider asking for a donation for some things currently being bought. This would go a long way in reducing expenses and availing resources to fund other key activities of the charity.

(h) Promoting partnerships

During periods of economic recessions donors of all kinds attempt to get as much mileage as possible from the donations they make (Garrard and Gill, 2010). As a result a lot of concerns come to the forefront. For example, some donors start to question the logic behind the existence of so many charities, differences between them and how do they can select the charity to support? Continuous collaboration and honest partnership between a charity and its donors will
increase chances of getting funding. The likelihood of forging partnerships between charities operating in the same sector or area should be considered. This could be between organizations with the same philosophy. Charities should consider conducting joint fundraising initiatives. For example, by coming together, charities in different sectors could easily catch the people’s attention. A charity based outside the country could also partner with a locally based charity and hold joint fundraising initiatives. Such partnerships can create more prominence and interest than if the organizations decided to go it alone.

However, there are a few things to consider when exploring or creating partnerships. Garrard and Gill (2010) propose that any organization considering joint fund raising initiatives should ask the following questions:

- Is the prospective partner’s philosophy in tune with the charity’s mission and vision?
- What resources is each partner bringing to the table (staff, expertise, time, contacts, and investment)?
- What is the charity’s potential share of the cake?

The proposed joint fundraising activity should only proceed if a win-win situation is possible.

(i) Be realistic in your request for assistance
Difficult economic times affect everyone, organizations included in an adverse way. The times will equally affect donors who will consider cutting their budgets. However, some costs cannot be reduced without affecting quality of service. To this end the donors must be approached with genuine requests. Frivolous appeals for assistance must be avoided. Only appeals backed by in-depth research on the ability of the donor must be made. Garrard and Gill (2010) suggest that there is need to make inquiries on the key donors, For example, looking at their annual report or even talking to organizations they have supported in the past. This kind of in-depth inquiry often yields excellent results.

(j) Get professional help
Fundraising is challenge during difficult times. To this end non-profit organizations should consider using external consultants. Fundraising consultants can make a total difference (Garrard and Gill, 2010). For example, fundraising consultants may be used in validating a new proposal or testing a fundraising idea with potential donors. Consultants bring high level expertise to the
organization. Such high level skill and capability is rarely possible from using the charity’s own employees.

2.7 PLANNING FOR FUND RAISING ACTIVITIES FOR NON-PROFIT ORGANIZATIONS

Creedon (2013) notes that failing to plan is synonymous with planning to fail. Fundraising initiatives need planning to be more effective and accomplish the intended outcomes. A fundraising plan should have set objectives in order to be effective. Creedon (2013) suggests that an organization asks itself the following questions in order to come with smart objectives:

- Where does the planned event fit into the charity’s current plan?
- What is the charity’s annual donor drive fundraising target?
- How much is the charity aiming to collect from the event?
- What amount of funds will assist the charity realize its fundraising goal?

A charity must set realistic fundraising objectives. In setting objectives, the charity must consider the following questions:

- How much was raised from individual donors the previous year?
- What strategies worked well?

Lessons should be drawn from previous experience and inform any future initiatives.

Creedon (2013) suggests that based on the annual individual donor fundraising objectives, precise objectives must be set for donor contributions at event. A realistic objective must be set based on estimated number of attendees. A charity must aim to raise for a specific percentage of its overall funding from the any planned event.

2.7.1 ALL YEAR ROUND FUNDRAISING ACTIVITY

Joyaux (2014) argues that the obsession should not be on year end fundraising but on all year round fundraising. This is where many charities (those in Zimbabwe included) miss the plot. They wait for one big fundraising event per year. She warns that charities that are fixated on year-end fundraising (and not so focused on year-round), easily get into trouble. To be effective fundraising must be a continuous year-round activity.
According to Joyaux (2014), for an effective all year-round fundraising initiative, a charity must have a plan in place. With this in mind, the organization must design a comprehensive plan. She adds that the plan must include various solicitation strategies directed at various sources. The organization must prepare a written plan every financial year plan for board of trustees’ action prior to the start of the new year.

2.7.2 HAVE A WRITTEN FUND IMPROVEMENT PLAN

Joyaux (2014) says the written fund improvement plan is more than a calendar. The plan is a strategic document that monitors strategies and tactics for the whole year. The plan belongs to the charity or institution. Every employee must have assignments within the plan.

The fundraising plan carefully incorporates relationship building (i.e. donor-centered communications plus extraordinary experiences) with appeals for funding. The fundraising plan ensures that donors are approached several times per year. The plan ensures that donors receive appeals for gifts multiple times per year. This ensures a continuous stream of cash flows throughout the year.

2.7.3 THE YEAR-END OPPORTUNITY

Joyaux (2014) strongly recommends that in addition to all year round initiatives, charities should take advantage of the year-end opportunity. She suggests the following:
(a) A charity should send letters to its donors appreciating the support they have received throughout the year
(b) Charities should take advantage of the social media and post videos thanking their donors on the charity website and on YouTube, Facebook, Instagram, etc.

2.8 DONOR RETENTION STRATEGIES

Sargeant (2013) notes that the academic debate has focused more attention on donor acquisition, with little attention being dedicated to donor retention. As a consequence, the sector continues to waste a significant percentage of its annual fundraising resources. Sergeant adds that in the year 2001, a large-scale analysis of database records showed that even small improvements in the
level of attrition can generate significantly larger improvements in the lifetime value of the fundraising database.

2.8.1 BENEFITS OF CUSTOMER RETENTION STRATEGIES

Sargeant (2013) focus on customer retention has numerous benefits including the following:

(a) **The reduction of marketing expenditure**
It normally costs more to lure a new customer than it does to do business with an existing one. New business acquisition costs concluded through direct forms of marketing are usually high. This is mostly the case in the setting of fundraising, where it naturally costs nonprofits two to three times more to recruit a donor than a donor will give by way of a first donation. Getting a new donor on board is no easy as it can take twelve to eighteen months to build a profitable donor relationship.

(b) **Existing customers present opportunities for cross-selling**
Current customers can be easily convinced to increase the value of their future purchases. In the fundraising setting, existing donors can be persuaded to give more or make additional donations.

(c) **Give feedback to customers as relationships grow stronger**
Organizations must tap on their customers for feedback. Ongoing contact can enable them increase the quality of the package they deliver.

(d) **Good word-of-mouth advertising that successful relationships can generate.**
Satisfied customer can be brand ambassadors for the charity. They have can promote the image of the charity to potential donors. Sargeant (2013) laments that despite the potential advantages that cultivating donor retention strategies can bring, the opportunity to exploit those remains largely untapped.

2.7.2 KEY DRIVERS OF CUSTOMER LOYALTY

Sargeant (2013) notes that in order to understand what drives customer loyalty, it is necessary first to understand factors that affect behavior. He adds that marketing literature regards satisfaction, identification, trust, and commitment to be the primary drivers. Sargeant believes that charities must continuously focus on the factors that affect behaviour, as some donors will deliberately evaluate the service provided by a charity and equate it to what could be achieved for a similar investment elsewhere. The drivers are considered in more detail below:
(a) **Satisfaction**
Customer satisfaction is defined as a customer’s overall evaluation of the performance of an offering. It is well established that satisfaction has a positive effect on loyalty intentions in a wide variety of product and service contexts. In the setting of fundraising, the quality of the service the donors receive will subsequently drive loyalty. Sargeant (2013) notes that despite the available evidence, few nonprofits actually measure and track levels of donor satisfaction over time.

(b) **Identification**
The concept of identification is regarded as satisfying the need for social identity and self-definition (Sargeant, 2013). When a person identifies with an organization, he or she perceives a sense of connectedness with it and describes him- or herself in terms of the organization. Identification is a critical notion in driving loyalty. Charities could benefit from this concept by working hard to attract donors who are willing to be identified with their charity. A non-profit organization could seek to reinforce this through fundraising and other communications.

(c) **Trust**
Sargeant (2013) argues that trust utility is critical in driving customer retention. This could be either directly or indirectly. Trust between parties is built over time. Parties to trust must be seen to exercise good judgment and adhere to a desired set of principles. Sargeant adds that in the charity setting, levels of trust drive donors’ philanthropic behavior. To this end, trust may be viewed as a critical driver of donor loyalty.

(d) **Commitment**
Sargeant (2013) posits that customer loyalty is the desire to maintain a relationship. In the charity context, this would customarily comprise an assessment of the costs of changing donors. There are risks intrinsic in changing donors. Commitment as a driver of loyalty is undoubtedly of less significance to the fundraising setting, where the costs of switching one’s philanthropy are typically negligible. However, commitment may be developed through shared values.
2.7.3 SUMMARY OF DONOR RETENTION STRATEGIES
Sargeant (2013) concludes by suggesting a number of strategies that charities might take to improve donor loyalty. He suggests that:

- They should begin by developing an understanding of the economics of loyalty.
- Charities must know that perceptions of the quality of service offered to donors are the single biggest driver of loyalty in the fundraising context.
- Charities carry out their own primary research program to understand why donors support their organization. Focus should then be those aspects that satisfy donor motives.
- Charities should seek to build donor commitment to their cause by considering each of the determinants alluded to earlier.

2.9 ALTERNATIVE FUNDING STRATEGIES FOR CHARITIES
Pratt (2004) notes that every nonprofit organization begins with high hopes and aspirations for public benefit, with a mission to make the world a better place. However, the immediate challenge is how to put these goals into action.

Money is a limited and modest resource. Charities that do not have a stable source of funding should do whatever it takes to put up with the inclinations and conditions of funding sources. Every charity must be seized forever with question of how it will raise funding to support its activities in the future.

The way a charity handles decisions about funding sources sets in motion a constant chain of events and concessions the organization will agree to. Through the ages, major changes in size, direction, and strategy for charities are frequently due to swings in income than to changed intent. With the economic challenges besetting most economies, Zimbabwe included, charities must explore alternative sources of funding as donors can on their no longer be sustainable.

Charities in some markets are involved in some business enterprise or investment markets. McCambridge (2016) reports that Rockefeller Family Foundation was divesting from ExxonMobil Corporation for what it called “morally responsible. This is evidence that some charities in some countries have thriving business operations from which they realize substantial incomes to finance their operations.
2.10 USE OF TECHNOLOGY IN FUNDRAISING

According to McCambridge (2015), some churches in the United States of America are increasingly using technology and raising funding online. For example, the Mormon Church in the United States has approved an online tithing system. The system does not only compliment traditional tithing methods but brings lots of convenience to the congregants. McCambridge argues that charities can raise additional funds at least cost by using online systems. Time is a scarce resource. The wide usage of informational communication technologies (ICTs) in business presents opportunities for online fundraising strategies for charities. Although most charities have websites advertising themselves, very few have online systems which donors can use to make donations.

2.12 SUGGESTIONS ON FUNDRAISING IDEAS

According to O’Reilly (2014) the life blood of any charity is in its ability to raise resources. He adds that any charity must appreciate that fundraising is part art and part science and trustees must be able to find the right combination within their board, clients they serve and within the community they serve, in order to make it work. There is no one size fits all solution.

A good fundraising event should provide more than an opportunity to just raise funds. In fact, if a charity only raises the campaign may not be as successful as you think it is in the long term. Despite what some may say, there is no one guaranteed sure-fire method of raising funds for your nonprofit. No one model or idea is perfect for all occasions, and what works in your city or town may flop in another.

The following information will help a charity to focus its energies in the right direction to get the best results.

First and foremost a charity must also appreciate that fundraising is a major responsibility of all board members. All board members must start with a personal commitment of their dollars to the organization.
If a charity does not have enough money to carry out its mission, the ultimate fault falls on the board’s shoulders. Fundraising should be a joint responsibility by both board and staff. However, in most cases the boards often try to pass off the responsibility of fundraising to only a select few board members or to the staff itself. Most boards and people in general feel very uncomfortable when talking about fundraising. Some boards want to ignore the fact of needing money altogether and want the staff to find money or just apply for grants to solve the problem and not bother the board.

Grant monies are and always should be seen as temporary sources of funding, understanding that those funds may go away at any time. Likewise, charities should not get in the game that is sometimes played by chasing after the grant. Some organizations have taken a dangerous path that leads to self-destruction. These organizations lose all focus on their current mission and allow themselves to chase grants and mold themselves into whatever the specific grant calls for in order to get funding.

Likewise, private foundations are also becoming very restrictive and often times ask specific questions in their grant application as to what percentage of the board is giving and/or what amount of dollars both the board and community give to the current program – trying to weed out organizations that are not serious but just looking for an easy way to get funding.

Overall, fundraising is a major component of what a board’s role is all about. How well an organization is funded determines how extensive their programs can be for their community.

O’ Reilly (2014) suggest the following ideas a charity can use to generate additional funding:

(a) Events

Fundraising through events is extremely common in philanthropy and charity work. A casual glance of any weekly newspaper and will reveal a number of local events being put on by charities. Events are great for one reason. They engage your constituents and allow people to become involved with supporting your organization at almost any level.

The kinds of events most often put on by charities include but are not limited to the following:
• Runs and walks where participants pay a certain set amount to enter but also are encouraged to obtain other donations from friends, family, and colleagues

• Dinners that might include a speaker, live and silent auctions, and other ways to earn money from the event

• Online auctions

• Holiday-themed events such as haunted houses, Santa events, New Year’s galas, fall festivals, Valentine’s Day chocolate-related activities, and many other possibilities

• Casino trips, bus tours, etc., are all great fun and can be great publicity, and many can be great fundraisers

(b) Earned income

Earned income refers to fees charged for services offered by a charity or revenue from goods the organization sells. If the charity has a physical space, then having some amount of retail is probably a good idea. Patrons of museums want and expect at least a small store where they can purchase souvenirs of their visit, postcards of their favorite piece of art in your museum or simply high-quality and unusual gift items.

(c) Annual appeal

A charity annual fund is made up of donations given without any restrictions as to what the donations are used for. The annual fund is raised through a direct appeal to the widest possible audience--from known regular donors to occasional donors to have not yet-donated prospects. This appeal usually goes out in direct-mail format in the late fall, hitting people at the holidays when they're feeling the most generous and looking ahead to the end of the calendar year and the benefit of a tax deduction.
(d) Membership

If a charity is such that membership makes sense, by all means, regular donors should be offered membership. Rolling membership refers to when the membership renewal is one year from the date of joining. This means that membership income is coming in at almost every month of the year. It also means that someone has to be sending out renewal notices all year long. This sounds worrying, but even the simplest database can help keep track of this.

Memberships that are renewed on a one-time-of-the-year basis get an appeal-type mailing. The advantage to this is that a charity can time its membership appeal to bring in donations at a time of the year other than its annual appeal and subsequently helping the cash flow. A key disadvantage is that it is easy to forget about membership at other times of the year, resulting in often not capturing members who have let their membership lapse for a couple of months.

(e) Planned giving

Planned giving is an opportunity for donors who care about the charitable organization to have a lasting positive impact on its activities. Many charities call their planned giving campaign a legacy society. People are quite interested in leaving a legacy in an area they care about deeply.

(f) Capital campaigns

A capital campaign refers to a campaign to generate donations for a specific initiative, such as a new facility to replace your aging one or a new large-scale program. The campaign is typically of a finite time period, designated by either when you collect the targeted sum or a specific time frame. The so-called silent phase of a capital campaign is critical. This is the phase when board members and the director and anyone else who has been a member of the steering committees cultivate individual and corporate donors to contribute to the campaign early in a substantial way. These donations set up the success of the public phase of the campaign.
The public phase is where the charity approaches the public with its plans and monetary goal and announce the support it already has received in the silent phase. The support gives the general donor pool confidence that the campaign will succeed and is worthwhile.

**(g) Direct Marketing**

Direct marketing is intended to reach large numbers of people and ask for relatively small donations from each. This can take the following form:

- Direct mail (newsletters and/or individual solicitation letters)
- Telephone campaigns (telemarketing)
- Paid advertising (newspaper, radio, TV.)
- Door-to-door appeals

There are some reasons why board members and donors support any charity financially or materially. They believe in the cause, peer pressure, good for business, to give back for services received, change the world, fun – to come to an event, status and ego, recognition, feels good, to get – as with premiums for giving, tax deduction, build community, guilt, fear, to make a difference.

While there are literally thousands of different ideas to raise money and many include holding certain types of special events or selling some type of product. Unless you receive a contribution outright all the events and sales you do to raise funding boils down to you the organization providing the “donor” a value for the contribution they give you.

While everyone wants to be original in finding their signature fundraiser, a charity will only get credit for productivity and the ability to raise the dollars versus how original its idea may or may not be. Likewise, a charity should not get stuck doing the same event it has done in the past just because they have always done it. A charity must consider what has worked and what has not worked for similar organizations. Sharing information makes everyone a winner.
2.11 CROWD FUNDING STRATEGIES – A CASE STUDY OF STATUE OF LIBERTY, USA

According to O’Reilly (2014), a little known, but highly symbolic use of crowd-funding can be seen through the construction of the Statue of Liberty in 1885. Donated as a symbolic gift to the United States, the statue was ready to be accepted, but for one problem. The statue needed a $250,000 granite plinth to act as a pedestal, yet traditional methods of acquiring funding for the project had failed. It seemed that the project had run out of options, until the well-known publisher, Joseph Pulitzer, used one of his newspapers to organize an innovative means of raising funds. The campaign managed to rally the readership of the newspaper to amass 160,000 donors to contribute whatever they could, with many of the donations being less than one dollar. There was a strong show of support for the project, and in just five months, enough funds had been raised to cover the entire cost of the pedestal, which ensured that the Statue of Liberty could be constructed.

O’Reilly (2014) adds that in the modern era, technology and the internet have allowed crowd-funding to become a popular means of financial support for organizations as well as individuals. Websites such as Kickstarter and Pozible provide online platforms to allow up and coming entrepreneurs the ability to connect with an audience of donors to provide funding for their new business initiatives and inventions. An idea is pitched to the community stating what they hope to achieve and how much money they require. Donations are given to the project; however, if the target needed for the project is not met, the money is simply refunded to the donors.

The Global Financial Crisis in the late 2000s resulted in traditional financing institutions clamping down on high-risk lending practices, making crowd funding a more attractive method for entrepreneurs to gain access to credit. It is estimated that the crowd funding market had raised $1.5 billion in 2011 alone, funding a diverse range of projects, from video game development to scientific research.

It was only a matter of time before the not-for-profit industry in the United States of America realized that this method of financing is an effective way to fund their objectives, with traditional access to financing often being very limited.
This gave rise to a number of websites specifically set up to provide crowd-funding support for community projects, such as the international www.globalgiving.com site, which connects non-profit organizations with sponsors. The utilization of these services has been vast, with websites such as www.giveforward.com being set up to help people raise money for medical bills, and sites like www.intragrad.com, which helps college students raise money for their education, also being established. Organizations generally need to seek approval from these sites to host their project, and if successfully funded, the online platform will be entitled to a certain percentage of the donations.

While there are non-profit organizations that have specifically incorporated their core operations around the crowd-funding model, there are benefits available to existing non-profits who choose to implement crowd-funding strategies into their existing revenue stream.

The ability to move fundraising onto an online platform provides non-profit organizations with opportunities for cost streamlining, as traditional methods of revenue raising such as call centres or door knocking are labor intensive and therefore costly.

Instead of needing to rely on large-scale marketing campaigns, crowd funding can be inexpensively directed at those who would be most interested in donating. In addition, as a result of using an online platform, the ability to find a sufficient pool of donors is much easier as the campaign will not be limited by geographical boundaries.

Reducing administration costs also has the additional benefit of freeing up more revenue for the organization to spend on projects.

Furthermore, the utilization of crowd-funding gives the advantage of cash flow diversification. According to a survey of non-profit organizations by Deloitte, the average non-profit will receive 43 percent of its revenue from government funding. This stands in contrast to the 16 percent received through public campaign fundraising.

Implementing new fundraising techniques in the not-for-profit sector will reduce the reliance on government funding and in turn will make non-profit organizations less affected by changing government grant policies.
The decentralized nature of internet based crowd funding also gives organizations more scope in the type of projects they are able to run. Initially, an organization may be constrained to funding projects that only appeal to the mass market, due to the difficulty of finding interested donors in the particular location of the organization. However, through online crowd-funding, it becomes much easier to find parties interested in providing for niche causes, as geographical constraints are removed.

Although crowd funding is generally viewed as a donation based system, there is significant scope for it to act as a platform that closely mirrors debt and equity based lending, in which funds are expected to be paid back with an interest rate attached. One benefit that this may have for the not-for-profit sector is the ability to negotiate lower interest rates, as the investment, for each individual donor, is less risky than for a same sized loan backed by one investor.

The use of crowd funding, however, does not exclusively limit the benefits to the recipient of the funds. Crowd funding can also allow for increased transparency in the way that donations are used. One benefit of online fundraising tools is that they give donors an unprecedented ability to see where their money is going. Many of these sites allow organizations to interact with donors over messaging or update services, which allows people to be continually informed on the progress of the project, and also makes it possible for potential donors to be kept updated on future initiatives proposed by the organization.

The use of crowd funding also provides the opportunity to break down information asymmetry between the donor and the recipient. It is generally a requirement that the recipient states exactly how the funding is to be used, and with continuous feedback as to the progress of the project, this method of funding increases the transparency of the operations of the organization. Ultimately it has been argued that these factors, along with the meritocratic approach to projects receiving funding, result in a more democratic approach to fundraising. Some platforms provide conditions on the funds that mirror those in the private equity lending system, such as giving voting rights on projects, and others even place emphasis on allowing lenders to provide their own feedback as to the operation of the project.

While crowd-funding is an effective and innovative service for non-profit organizations to fund projects that would normally have little hope of securing a bank loan, it is worth considering the
pitfalls of this method of funding and the potential implications that it may have on businesses that use it.

Currently, the crowd funding model places a large amount of trust in the organization to follow through with their plans. There have been several notable examples in the for-profit crowd funding lending sector where businesses have defrauded their investors. One example was when a company named Magnus Fun almost defrauded $120,000 from investors after it was found to be offering a fake beef jerky product. These scandals have so far been confined to for-profit crowd funding initiatives. However, as this method of funding matures, it would be reasonable to assume that government legislation will be required to respond to such threats, in order to protect donors. In the United States, the JOBS (Jumpstart Our Business Startups) Act is an example of legislation that attempts to specifically address crowd funding and outline specific rules and guidelines to protect donors. Companies who choose this method of financing will also need to be aware that there is a risk that regulations may change. Therefore, companies who commit to this method of financing will need to follow closely how crowd-funding is being used or misused by businesses in order to better anticipate any regulatory changes.

Crowd funding is also not the quick fix to a non-profit organization’s financial problems, despite it often being touted as a magic bullet solution. Ultimately, crowd funding does not offer a sustainable source of cash flow. Its advantages lie in providing funding for specific projects, rather than day-to-day operational costs. Therefore, crowd funding should largely be seen as a secondary source of income for non-profits. If a non-profit organization is not structured in a way that allows it to maintain long-term financial health, then any contributions made through crowd funding will ultimately have little long-term impact. This source of funding does, however, provide non-profit organizations with another tool to promote awareness of their goals and collect much-needed donations to further their cause.

2.12 SUMMARY
This chapter reviewed literature on funding for non-profit organizations. The literature focused on traditional sources of funding for nonprofit organizations and challenges with those sources. The literature reviewed also considered strategies in dealing with donor fatigue and best practice
CHAPTER 3

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter presents a comprehensive view of the research procedures and methods that were used to collect data for the study. The chapter discusses the research design, target population
and respective sampling techniques, data collection methods, the research instruments and their subsequent analysis.

3.1 Research Design
According to Jankowitz 2006) a research design denotes to the construction of the enquiry. A research design aids in finding the likely types of data and proof needed for answering the inquiry questions. This study employed a descriptive enquiry approach. The design was carefully chosen for its suitability in establishing views on a specific issue (Sekaran and Bougie, 2014).

3.2 Population and sample
According to Bougie and Sekaran (2014) a study population includes all individuals whom the investigator is concerned in getting facts from and making inferences. The study population comprises of those subjects whose features are comparable to those of the sample drawn from it (Eriksson and Kovalainen, 2008)). A study population is intended to support the researcher in arranging and executing the research in such a way that will give anticipated results. The population for this study consisted of one administrator and 10 trustees of the board of CG Msipa Scholarship Trust.

3.3 SAMPLING AND SAMPLING TECHNIQUES
A sample is a subset of the population, which has the same features as the population (Bougie and Sekaran, 2014). A carefully designated sample can make the research less expensive and can be also truly represent the population.

3.3.1 Non Random Sampling
For the purpose of this study convenience sampling was used to select a sample from the target population of 10 trustees and one administrator of the CG Msipa Scholarship Trust. On-random sampling can be done through convenience, quota, judgmental and snowball sampling. According to Bougie and Sekaran (2014), convenience sampling is where the most available members are selected as subjects.

3.3.2 Sample Size
A sample is a subset of a population (Jankowitz, 2006, Zikmund, Babin, Carr and Griffin, 2013). The researcher used convenience sampling in selecting the most available trustees because trustees are not fulltime employees of the organisation. They are only available at the organisation when there are meetings or special functions. Jankowitz (2006) recommends a sample size of more than 33% of the population. Zikmund, Babin, Carr and Griffin, 2013) contend that the bigger the sample, the more accurate will be conclusions based on the sample. The researcher used a sample size of 8 which constitute 73% of the targeted population.

3.4 RESEARCH INSTRUMENTS AND DATA COLLECTION

For the purpose of this study, the researcher used the survey design in which data were collected by way of questionnaires and interviews. According to Zikmund et al, (2013), the usage of two or more approaches in data collection is called the triangulation method. Data can be collected from primary and secondary data sources.

3.4.1 Primary Data Sources

When primary data sources are used, data is picked up from the main source and is not taken from any previous research. According to Bougie and Sekaran (2014, primary data refers to material acquired personally by the researcher on the variables of concern for the precise purpose of the study. Questionnaires and interviews were used in this study as research instruments.

a) Questionnaires

Jankowitz (2006) describes a questionnaire as a sequence of questions; each one providing a number of alternate answers from which the respondents can choose. A questionnaire containing of a number of questions was developed and disseminated to 8 respondents conveniently selected consisting of an administrator and 7 trustees of CG Msipa Scholarship Trust. Hard copies of questionnaires were distributed to respondents and they were given two days to complete them. The researcher later collected the questionnaires for analysis.
Jankowitz (2006) adds that questionnaires can have numerous advantages for the researcher. For example

i) Questionnaires are less costly to use and can save the researcher high travel and accommodation expenses. They are printed on less expensive paper and there is no need for them to be colourful.

ii) Questionnaires protects the privacy of respondents and this guarantees assurance on their confidentiality.

iii) Questionnaires are suitable for collecting and receiving responses as quickly as possible

iv) Questionnaires have the added benefit of avoiding interview bias. Delicate questions which may be avoided in a personal interview are often more readily answered by the respondent.

According to Jankowitz (2006) questionnaires may also have disadvantages. For example:

i) An individual may not receive a spontaneous answer as respondents may discuss the questions with others before completing the questionnaire. As all questions are seen before they are answered, the answers cannot always be treated as independent.

ii) With the use of questionnaires, the researcher loses the benefit of respondents’ gestures and facial expressions. However, these are essential communication signs that can effectively be used to evaluate responses.

iii) The researcher cannot tell how truthful the respondent is because his/ her motivation is difficult to assess.

iv) The respondents may not be thinking in the setting of the situation.

v) Questionnaires are often are uniform and it is not possible to clarify any ideas in the questions that respondents might misunderstand.

vi) Respondents may have different understanding of the questions and therefore reply based on their own interpretation, hence there is a level of subjectivity

vii) When developing questionnaire the researcher makes his/her own decisions and assumptions on what is and what is not important, as a result some very important issues may be missed or overlooked.

b) Personal Interviews
Although the questionnaires are the main instruments for the research, they are also characterised by weaknesses as stated above. Personal interviews can also be used to generate data for a research project. However, only a single interview was successfully conducted due to time constraints.

**Advantages of Personal Interviews**

i) In conducting interviews, the researcher benefits from the face-to-face interaction with the interviewee. Face to face interaction allowed the researcher to explain any ambiguities in the questions asked.

ii) The interview also allowed the researcher to probe respondents for more information and also and check were appropriate, that the question has been correctly understood.

iii) The interview also allowed the researcher to repeat the questions or rephrase them so that they could be better understood by the respondent.

**Disadvantages of Personal Interviews**

Interviews are not only expensive but also time consuming. In this study the researcher had to make repeated calls for an appointment as the interviewees were always busy. Trustees for the CG Msipa Scholarship Trust are scattered over a wide geographical area. Some trustees stay in Harare, Bulawayo and Gweru. The researcher ended up interviewing only one trustee based in Gweru

**3.4.2 Secondary Data Sources**

Bougie and Sekaran (2014:71) defines secondary data as “information gathered from sources that already exist”. Secondary data sources were used in the literature review and the data analysis sections of this research project. The secondary data used in this study was extracted from internet, textbooks and journals sources.

a) The Internet

The internet was very useful, especially when the researcher reviewed literature on alternative funding strategies for not for profit social organisations. The internet has the following advantages:
i) The internet can be a reliable source of current and updated information.

ii) It is also is user friendly and provides all referencing and cataloguing electronically.

However, the internet has the following disadvantages:

i) The internet is vulnerable to the computer virus risk. Some documents downloaded from internet may contain computer viruses that can corrupt documents before the researcher completes his or her work.

**b) Textbooks and Journals**

The researcher used different text books and journal articles to review literature on funding strategies for not for profit organisations.

### 3.5 SUMMARY

This chapter described the various methods which were used by the researcher to collect data that is needed to substantiate the main objectives of the research. In the next chapter, the researcher presents and analyses data collected from the field, through the use of questionnaires and interviews.

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**CHAPTER 4**

**DATA PRESENTATION AND DISCUSSION**

**4.0 Introduction**

This chapter deals with the presentation and analysis of primary data collected from both the questionnaires distributed and interviews conducted. The data is illustrated in the form of narratives, tables and pie charts. The data gathered during the research is evaluated against
literature that was reviewed. This section is presented in such a way that it addresses the research objectives of the study.

4.1 Response Rate Analysis
According to Bougie and Sekaran (2014), the response rate of questionnaires is the ratio of the number of questionnaires returned divided by the number of questionnaires distributed expressed as a percentage. A total of 8 questionnaires were distributed to the administrator and trustees of CG Msipa Scholarship and 7 were returned giving a response rate of 87.5%. In order to avoid a low response rate, the researcher contacted respondents and informed them prior to receiving the questionnaires that they would be receiving a set of questions hence they were prepared. Due to that advance preparation and frequent follow-ups, the response rate was very high.

4.1.1 Gender
From the questionnaires completed, 86% of the respondents were male and 14% were female.

4.2 Data Analysis and Presentation
Below is an analysis and presentation of primary data collected from the field. Primary data collected through questionnaires and interviews is presented simultaneously.

4.2.1 Categories of Students Assisted
This question was specifically asked to identify the categories of students who get assistance from the CG Msipa Scholarship Trust. All respondents indicated that the Trust assist students in primary, secondary and tertiary education. When probed for additional information, in interviews conducted, respondents added that due to limited resources, the Trust only supports students enrolled in public schools, state polytechnic colleges or universities. Of the students supported, 70% are in pursuing their studies in state universities, 30% are still studying in public secondary schools with the remaining 10% still doing their primary education. The respondents added that public schools and universities are preferred because of the low fees charged as compared to private schools and universities in Zimbabwe or outside the country. By assisting students in cheaper public schools and universities, more beneficiaries can be assisted.

4.2.2 Level of Financial Support to Beneficiaries
The question was intended to determine the level of financial support to beneficiaries. All respondents concurred that support for all beneficiaries was mainly limited to payment of tuition fees and levies. When probed for more information, respondents added that, paying tuition fees
only left room for parents, guardians and relatives to provide school uniforms and pay for the student living expenses at school or college.

4.2.3 Sources of Income for the Trust
The question was intended to identify the sources of financial resources for the CG Msipa Scholarship Trust. All respondents indicated that 95% of the financial resources came from corporate well-wishers. The respondents also indicated that the Trust raises additional resources (5%) from ad hoc fundraising initiatives. When probed for more information in the interviews conducted, respondents advised that the Trust is not engaged in an income generating business activity. This observation was partly in agreement with Park (2003) who posits that although the major source of resources for charitable trusts is corporate and individual donors, some charities have of late been venturing into income generating activities in an effort to augment their income.

4.2.4 Adequacy of current funding
The question was meant to evaluate the adequacy of current funding from the major sources and whether they were donating enough. All respondents indicated that funding was erratic and as a result the Trust was no longer taking any new beneficiaries. Since the year 2014, the Trust has not taken on board any additional beneficiaries. A total 1215 prospective beneficiaries have not been assisted. In addition respondents indicated that focus was now on financial support to existing beneficiaries. Joyaux (2013) notes that the major source of donor fatigue is simply budget exhaustion. When probed for more information in interviews conducted, respondents indicated that their major donors had not been spared by prevailing harsh economic environment in Zimbabwe. The donors were willing to assist but their ability do so had been adversely affected.

4.2.5 Alternative Fund Raising Strategies Employed
The question was meant to ascertain if the CG Msipa Scholarship Trust employs alternative strategies to augment resources from corporate well-wishers. All the respondents concurred that donations from corporate well-wishers were no longer adequate, hence the Trust was raising additional funds through various initiatives, which included dinner dances, soccer matches and golf tournaments. When probed for more information, the respondents indicated that dinner dances constituted 75% of the Trust fundraising drives as they were easy to organize, soccer matches constituted 15% and gold tournaments 10%.
4.2.6 Existence of a Fund Raising Plan

According to Garrad and Gill (2010), in order to get maximum benefit from their fund raising initiatives, charitable trusts must have well researched and written plans. The question was asked in order to determine if the CG Msipa Scholarship Trust had a written plan to effectively guide its fundraising strategy. All respondents concurred that the Trust had no written fund raising strategic plan. Respondents further added that fundraising was ad hoc and in most cases only when additional resources where required to meet deficits in current operational expenses and financial support to beneficiaries. When probed for more information, all respondents concurred that the current ad hoc approach may not be effective as timing is critical. Ad hoc activities may be poorly attended or supported and financial projections easily missed as a result.

4.2.7 Frequency of Fund Raising Drives

Joyaux (2014) argues that fundraising is an all year round activity. Joyaux adds that charitable trusts that wait for one big event per year can easily get in trouble. The question was meant to determine the frequency of fund raising activities at the CG Msipa Scholarship Trust. All respondents indicated that the Trust targets one major fundraising event per year. The event could be in any form, for example, dinner dance, golf tournament or a soccer match. The larger part of resources (95%) still come from the corporate donors, who are finding it difficult to honour their pledges on time due to the prevailing harsh economic environment.

4.2.8 Frequency of Communications with Regular Donors

Garrard and Gill (2010) advise that lines of communication should be kept open all year round. The authors add that a charity must develop good relationships with its donors through all year round communication, not necessary looking for money but just to keep them informed of developments within the charity. This question was meant to measure the frequency and content of communications between the CG Msipa Scholarship Trust and its regular donors. All respondents concurred that communication is infrequent. They also added that whenever it occurs, either the Trust is requesting for more money or inviting them to attend the annual fund raising events.
4.2.9 Role of Trustees in Soliciting for Funds
Garrard and Gill (2010) posit that fundraising cold calls do not work. Trustees can assist in warming up cold calls. The question was meant to ascertain if trustees played any role in assisting the Trust in its fundraising initiatives. The respondents indicated that they were busy people and rarely had time to assist. However, wherever possible they attended the major annual fundraising event.

4.2.10 Obligation of Students to Pay Back the Funds
The question was meant to find out if beneficiaries were obligated to pay back part of the money so as to create a revolving fund from which the Trust could assist more prospective beneficiaries. All respondents indicated that most of the beneficiaries had poor social backgrounds and requesting them to pay part of the money back when gainfully employed would be unethical. The respondents felt that beneficiaries should make a difference to their families and communities when they become gainfully employed.

4.2.11 Voluntary Services Offered to the Trust by Students
Garrard and Gill (2010) note that difficult times like a recession focuses the mind. Most charities use volunteers in an effort to contain costs against a background of donor fatigue (Joyaux, 2014). The question was meant to ascertain if beneficiaries offered any voluntary services to the trust, e.g. administration or fundraising during school holidays or college vacation. All respondents indicated that beneficiaries do not offer any voluntary services to the Trust.

4.3 SUMMARY
This chapter presented and analyzed primary data collected from respondents through the questionnaires distributed and interviews conducted. The data was illustrated in the form of narratives, tables, graphs and pie charts. The data was evaluated against literature that was reviewed. The next chapter will draw conclusions from the research findings and on their basis proffer some recommendation.

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION
The chapter presents a summary of the research findings. It also draws a conclusion and on its basis, the researcher makes recommendations meant to ensure survival of CG Msipa Scholarship Trust. Finally the chapter will suggest an area for further study.

5.1 SUMMARY OF RESEARCH FINDINGS

The following summary of research findings is based on the objectives set out in Chapter One:

(a) The research revealed that the CG Msipa Scholarship Trust has no written fund raising plan to guide its activities. As a result the activities are ad hoc. Donors are approached throughout the year when there is need for additional resources. The current approach may in the long be ineffective as donors cannot be approached ad how. They like everyone needs to plan for their budgets in advance.

(b) The research revealed that the bulk of financial resources for the Trust are received from just a few corporate donors. Dependency on a single or few donors is considered dangerous. If the few donors fail to honour their commitments, the Trust will find itself in dire financial straits and even face closure.

(c) The research revealed that the Trust is not engaged in any independent income generating activities. Trusts elsewhere are now in business. Business activities augment resources from their donors and makes them financial strong to weather some storm without external help.

(d) The study revealed that trustees do not play an active role in fund raising initiatives of the Trust. A friendly trust can make a difference in warming up a cold call (Garrard and Gill). Donors give to people whom they know and not causes.

(e) The study revealed that beneficiaries are not obligated to pay back the funds advanced to them as fees or even volunteer their services to the Trust during school or college vacations.

(f) The study revealed the CG Msipa Scholarship Trust has no written fund raising strategy. Absence of a written strategy could be disastrous. Credon (2013) notes that failing to plan is tantamount to planning to fail.

(g) The study revealed that the financial resources received from corporate donors are no longer as the Trust is no longer enrolling new beneficiaries. In addition, it is failing to pay fees and levies for existing beneficiaries on time.
5.2 CONCLUSION

Based on the above summary the researcher concludes that the fund raising strategies currently being employed by the CG Msipa Scholarship Trust are not effective. Strategies are meant to ensure that an organization continues to meet its objectives in the short and long run. However, the Trust is not only not enrolling new beneficiaries but is also failing to pay school and college fees on time for those currently on its books.

5.3 RECOMMENDATIONS

The research findings highlighted some gaps and weaknesses in the fundraising strategies of the CG Scholarship Trust that merit the following corrective measures:

(a) There is need to institutionalize a structured approach to fund raising. This will go a long way in ensuring that the objectives of the Trust are achieved both in the short and long term.

(b) The CG Msipa Scholarship Trust must institutionalize all year round fund raising activities. Fundraising is not an event but a continuous process.

(c) Trustees should play an active role in fundraising activities of the Trust. Donors give and support people whom they know (Garrard and Gill, 2010). Trustees can help in growing the donor base by forming networks with their business associates. Trustees can also assist in having some corporate donors to identify with the CG Msipa Scholarship Trust. This will ensure that even in difficult times those donors will continue to offer the much needed financial support.

(d) There is also need to put in place a policy to look after and retain existing donors. Strong relationships should be nurtured with existing donors. Existing donors must be kept informed of what is happening in the Trust they support and whether their donations are making a difference. For example, giving the donors an update on beneficiaries who have completed their studies and the programmes they have studied. Garrard and Gill (2010) note that in difficult times, friends are more important than ever and if a charity has built strong relationships with its donors it will remain afloat. Some donors may also wish to offer
employment to the graduates. This can only be possible if the donors are given the necessary updates.

(e) The CG Msipa Scholarship Trust should consider using volunteers to contain costs, especially in administration and on fundraising activities. Beneficiaries must be encouraged to assist the Trust on a voluntary basis wherever they can. Resources served will go a long way in ensuring that the objectives of the organization continue to be met.

(f) Difficult times may call for extraordinary interventions. To this end the CG Scholarship Trust should consider engaging in some business ventures. The patron of the Trust, Dr.CG. Msipa has a farm. The farm could be turned into a home for thriving income generating projects, for example, poultry, market gardening and cattle breeding. Over and above farming other business ideas should be explored and exploit so that the Trust augments financial resources it receives from its usual donors.

5.4 AREA FOR FURTHER RESEARCH
This study focused on the CG Msipa Scholarship Trust only. The findings as a result cannot be generalised to all scholarship trusts in Zimbabwe. A potential area of further research could be a study evaluating the effectiveness of fund raising strategies of scholarship trusts in Zimbabwe.

5.5 SUMMARY
This chapter gave a summary of the research findings. It also drew a conclusion from the study and gave recommendations meant to ensure survival of CG Msipa Scholarship Trust. Finally the chapter suggested an area for possible further study.

Annexure A
Date…./.…./2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam

REF: REQUEST FOR INFORMATION FOR RESEARCH

My name is Tsitsi Muchohonyi (Registration Number – R135373E. I am a student at the Midlands State University studying for a Bachelor of Arts Honours Degree in Development Studies. I am currently undertaking a research project for my final year entitled “ALTERNATIVE FUNDING STRATEGIES FOR NOT FOR PROFIT SOCIAL WELFARE ORGANISATIONS: A CASE STUDY OF CG MSIPA SCHOLARSHIP TRUST”. To this end, I am collecting data by use of the attached questionnaire. I am kindly requesting you to assist me by completing the attached questionnaire. I assure you that all information will be used for purely academic purposes and your responses will remain confidential.

Your assistance will be highly appreciated.

Yours sincerely

…………………………

Tsitsi Muchohonyi

Mobile Number 0773 622 872
Annexure B

QUESTIONNAIRE

1) What is your gender?
   Male □ Female □

2) What is your designation
   Trustee □ Administrator □

3) What categories of students do you assist?
   Primary & Secondary School □ Polytechnic □ University □

4) What is the level of support?
   Full Board □ Partial Board □

5) What is your source of income?
   Corporate Donors □ Fund Raising Activities □ CG Msipa Family □

6) Rate the adequacy of current funding from the above sources
   Not adequate □ Adequate □

7) If funding is not adequate, what do you attribute it to?
   Donor fatigue □ Economic challenges □ Other □

8) What alternative fund raising initiatives have you tried in the past to augment funding from your traditional sources?
   Dinner Dances □ Golf Tournaments □ Raffles □ Income generating projects □
9) Do you have a fundraising policy in place?
Yes [ ] No [ ]

10) How often do you organize your fundraising drives?
Once a year [ ] twice per year [ ] Ad hoc [ ]

11) How often do you communicate with your regular donors?
Once a year [ ] Twice per year [ ] Ad hoc when we need more resources? [ ]

12) As trustees, do you assist in the soliciting for funds?
Always [ ] Sometimes [ ] Never [ ]

If answer to question 12 above is not “Always”, give reasons for your answer below:
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

13) Do the students you assist have an obligation to pay back the funds?
Yes [ ] No [ ]

14) Do the students you support offer any services to the Trust during school holidays or college vacation?
Yes [ ] No [ ]

If your answer is ‘No’ state the reason?
REFERENCES


Stein, C. (2012). The Experts Are In! Your Online Fundraising and Nonprofit Marketing Questions Answered: Notes from a webinar presentation


