

Student Perceptions of Nonprofit Organizations

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ABSTRACT

University students care about what type of organization they donate to and volunteer for. A student's trust and participation in an organization can be largely influenced by that organization's status as nonprofit, for-profit, or government. By surveying a convenience sample of college students at the University of Wisconsin - La Crosse, the general perceptions that college students have toward nonprofit organizations was examined. Students have a generally positive view of nonprofit organizations, often consider an organization's status when determining whether to donate or volunteer, and the vast majority of students surveyed agree that nonprofits are more trustworthy than either for-profits or governmental organizations. These findings agree with and add to preexisting research, suggesting that there is a positive correlation between an organization's label as a nonprofit and student perceptions of such organizations. Understanding this relationship is important for current and future leaders in the nonprofit sector to succeed.

Keywords: nonprofit, organizations, student perceptions, trust, volunteering, donations

INTRODUCTION

Located somewhere in between government organizations and for-profits, nonprofit organizations hold a unique position in American society. The role of nonprofits is significant in the United States, where there are over 1.5 million nonprofit organizations and almost \$218 billion was donated by individuals in 2011 (Giving USA 2012; National Center for Charitable Statistics 2012). Nonprofits exist due to social constructions, and it is critical that nonprofit workers and leaders understand the public's perception of how they feel towards them.

Within the next five years, the current generation of college students will be entering the workforce, eager to begin their lives post-graduation. How does this generation perceive nonprofits? Does this large pool of potential donors and volunteers view nonprofits as trustworthy and respectable or are nonprofits declining in legitimacy as some research contends (Schlesinger, et al. 2004)? The answers to these questions are vital if nonprofit administrators are not to be left behind in the intricate relationship of nonprofit, for-profit, and governmental sectors. Student perceptions of nonprofit organizations must be understood if the current era of nonprofits is to survive into the future. The focus of this research study is simple: to discover the general consensus students have towards nonprofit organizations, to identify factors that may potentially affect those perceptions, and to provide ideas to move forward.

Definition of Terms

There was a conscious act to not provide a definition of "nonprofit," "for-profit," and "government" during the research. Of course there are varying levels of trust and confidence in different types of government agencies, companies, and nonprofit organizations. However, the purpose of the study was to surmise the general perceptions students had toward their own definition of these statuses. Therefore, the definitions that will be used throughout this report are the likely definitions held by the general public. As the name implies, a nonprofit will be understood as an organization that does not exist with the purpose of making a profit. A for-profit organization is just the opposite, intent on making a profit. Governmental organizations will refer to any agency, department, bureau, etc. of the government at any level (federal, state, and local). These ambiguous, informal definitions are preferred over technical definitions to parallel the understanding of the survey participants.

Literature Review

The nonprofit sector is large and influential in the United States. Providing many services and jobs that for-profits and government organizations are unable or unwilling to do, the nonprofit sector is essential in today's economy. Historically, nonprofits have also been favorably looked upon by the public, although some research suggests that that is changing. Schlesinger, et al. (2004) provided a detailed review of findings at the beginning of the millennium. Analyzing several empirical studies, they found that there has been a decline in public confidence of nonprofits. The trustworthiness of nonprofit organizations was not as high as believed, and survey respondents often did not understand ownership and organizational status differentiation.

However, the idea that the confidence in nonprofits is dramatically declining is not supported by research, according to O'Neill (2009). O'Neill, analyzing previously conducted research and surveys, concluded that the nonprofit sector is generally well regarded by the public, and that the data, "yield no evidence of any decline in public confidence; in several cases, the trend data move in the opposite direction," (p. 263).

Further research in this area includes Bowman's (2004) that suggested that confidence in nonprofits was fed by volunteering, and vice versa. Bekkers and Bowman (2009) revisited Bowman's original research to find that the variables of generalized social trust and altruistic values are fairly stable over time. They realized the connection of the variables was

more complicated than originally assessed, finding that the more trusting or altruistic a person is the more likely they are to volunteer and have confidence in the nonprofit sector.

Research published in 2010 entitled *The Discerning Consumer: Is Nonprofit Status a Factor?* explored similar topics (Handy, et al.). Student perceptions were collected from a population of college students around Toronto, Canada. In general, the results found that students rated nonprofits as more trustworthy than other types of organizations, and they were more likely to volunteer and donate to nonprofits than other types of organizations. However, being a supporter of nonprofits did not necessarily mean a student viewed nonprofits as more trustworthy. Additionally, most students found it difficult to correctly identify the status of an organization, which matched the observations of Schlesinger, et al. (2004). Although some of the goals and methods used by Handy, et al. differ significantly from the current study, many of the questions and topics were similar enough to serve as a base for this research.

There was no reason to believe that the results of the present study would be significantly different from those found by Handy, et al. The hypothesis going into the research was that university students that participated would yield similar results. The question being researched was whether students do indeed exhibit a higher trust for nonprofits than the other types of organizations, and are more likely to volunteer and donate towards a nonprofit than a for-profit or governmental organization. This hypothesis was tested by conducting an online survey, the detailed method and results of which follow.

METHOD

An online survey was distributed electronically using a sample of convenience to gather data about student perceptions of nonprofit organizations. Respondents were drawn from the University of Wisconsin – La Crosse, which is located in La Crosse, Wisconsin. The survey often took less than 5 minutes for the majority of respondents to complete, and the participants were kept anonymous. It was approved by the institution's IRB, and all participants were given the right to freely choose whether or not to take the survey.

Table 1. Comparison of Demographics of the Research Sample and the University of Wisconsin – La Crosse

	Research Sample	2012 University Demographics (undergraduate students)*
Percent Male	32%	42%
Percent Female	68%	58%
Percent White	84%	88%
Average Age	21	20

*source: UW-La Crosse 2012-2013 Fact Book

The sample consisted of 145 students, and effort was made to ensure there was a diverse mix of participants with respect to age, gender, year in college, and academic field of study. The survey was sent out to members of several diversity organizations, an international student club, campus religious clubs, and classes that contained a wide range of students in regards to year in school. The end demographic result was approximately representative of the university as a whole, see Table 1.

Survey Instrument

The survey was divided into three parts. The first part asked students about their perceptions of and experience with nonprofits. Past donation and volunteering activity was asked about in the first two questions. We asked, “Have you ever donated money to an organization?” and “Have you ever volunteered your time or abilities to an organization?” with the choices being *For-profit*, *nonprofit*, *government*, *I don't know*, and *I have not made a donation (or volunteered)*.

The next questions dealt with whether a student’s willingness to donate money or volunteer for an organization are affected by the organization’s status (nonprofit, for-profit, or government). The respondents were asked, “When you make a donation, would it be important that the organization is a nonprofit?” and, “When you volunteer would it be important that the organization is a nonprofit?” The participants could select *yes*, *no*, or *I don't know*.

The final two questions on this part of the survey incorporated a Likert-type rating scale. Students were asked to rate how much they agreed or disagreed with the following statements: “Nonprofits are more trustworthy than for-profits,” and “Nonprofits are more trustworthy than government organizations.” The scale was *Strongly Disagree*, *Moderately Disagree*, *Slightly Disagree*, *Slightly Agree*, *Moderately Agree*, and *Strongly Agree*.

The second section of the survey asked students to identify the status of ten locally recognizable organizations to assess whether students could distinguish the status of various organizations. The organizations were selected based on their popularity or presence in the media and/or local community. The list contained the following nonprofit organizations: American Red Cross, Habitat for Humanity, National Rifle Association, Amnesty International, Salvation Army, and People for the Ethical Treatment of Animals (PETA). The two government agencies chosen were the Environmental Protection

Agency and the La Crosse Municipal Transit. The two for-profits were Kwik Trip and Festival Foods. Students were asked to identify each organization as *for-profit*, *nonprofit*, *government*, or *I don't know*.

The final section of the survey collected general demographic information, such as age, gender, race/ethnicity, and year in college. Household income, years of residency in the United States, and religious identification were also asked to analyze if any of these factors were clearly linked to perceptions of or participation with nonprofits.

RESULTS/DISCUSSION

Almost one-hundred and fifty (145) students responded to the survey over the course of several weeks. The participation of females (68%) was higher than males (32%). The sample was spread evenly over the grade levels, with 24% of participants being first-year students, while 23% were second-year, 28% third year, 17% fourth, and 8% for five or more years. The average age of those who participated was 21, with 18 being the youngest and 61 the oldest. 84% of the respondents were white. As shown in Table 1, the demographics of the survey responses were representative of the university's student body, and the differences are not statistically significant.

Levels of donating and volunteering for a nonprofit were high. 89% of respondents had donated to a nonprofit at some point, while 89% had volunteered for a nonprofit. It is evident from this high level of historical participation that nonprofit organizations play a major role in the life of students. The specifics of that relationship are unknown through this study, but what can be ascertained is that students regard their dealings with nonprofits in a positive, trustworthy manner. When asked to rate how much they agree or disagree that nonprofit organizations are more trustworthy than for-profits, 76% of respondents agreed (slightly agree, moderately agree, strongly agree). When the same question was asked but in comparison with government agencies, 73% of participants agreed (slightly agree, moderately agree, strongly agree) that nonprofits are more trustworthy than governmental organizations.

The importance of an organization's status was also assessed in regards to donation and volunteer activity. 77% of the students said that if they were to donate to an organization it would be important that the organization was a nonprofit. However, only 54% said it would be important that the organization was a nonprofit if they were to volunteer. This finding was quite surprising. There was no clear reason why a person would take the organization's status into account when donating, but not when volunteering. These preferences are especially interesting when analyzed with the respondent's estimated annual income.

When annual income was taken into account, 74% of respondents who listed an income of under \$50,000 a year said that when they volunteer it is important that the organization be a nonprofit. Compare this to the 48% of participants with an annual household income of over \$50,000 who said it was important. When this data is analyzed using either Kendall's or Spearman's correlation coefficients, the relationship is statistically significant at the .05 level. It is safe to conclude, therefore, that there is a significant positive correlation between annual income and whether the status of an organization matters to respondents when they volunteer.

Why income would affect volunteering, but not donating, is not answered by this study. Perhaps lower-income individuals participate in nonprofit organization services more frequently, so they are more likely to take the nonprofit status into consideration when volunteering. Both groups (above and below \$50,000 a year) had a high response (77%) that the organization's status was important when donating. Why the discrepancy exists between donations and volunteering is uncertain, but further research in this area may yield some answers.

In general, students have more positive feelings and are more trustworthy toward nonprofits than other types of organizations. These perceptions are of little consequence, however, if students are unable to identify which organizations are governmental, nonprofit, or for-profit. Response frequencies for identifying the status of the ten organizations featured in the study are shown in Figure 1. The general accuracy rating (average percentage of correct responses) was about 78%. By far the most challenging organization to identify for respondents was the National Rifle Association (NRA). The NRA was labeled as a for-profit 39% of the time, with 34% saying it was a nonprofit organization, and 27% putting it as governmental. The NRA is a very powerful nonprofit, lobbying group. Amnesty International, another nonprofit organization, caused some confusion with only 66% of participants marking it correctly. The La Crosse Municipal Transit, which is the local public bus service, was misidentified as a for-profit 23% of the total responses. Overall, however, the responses were mostly accurate. These findings suggest that, in general, students are able to discern and identify what organizations are nonprofits and which are not.

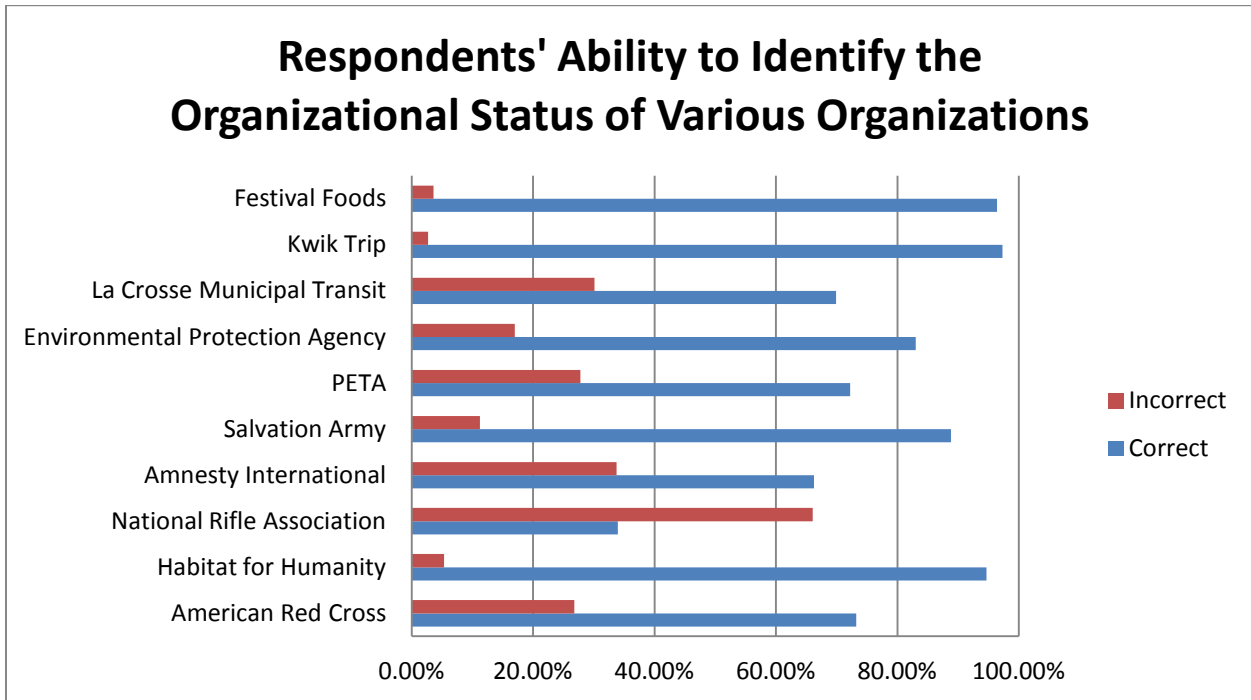


Figure 1. Percentage of students who correctly or incorrectly identified each organization’s status as nonprofit, for-profit, or governmental organization

These findings are important because they reveal that students are generally able to identify the status of a specific organization. Most of the incorrect responses were related to confusing nonprofit organizations with governmental organizations. This confusion is understandable since many governmental and nonprofit organizations share similar goals, and often work together in various initiatives.

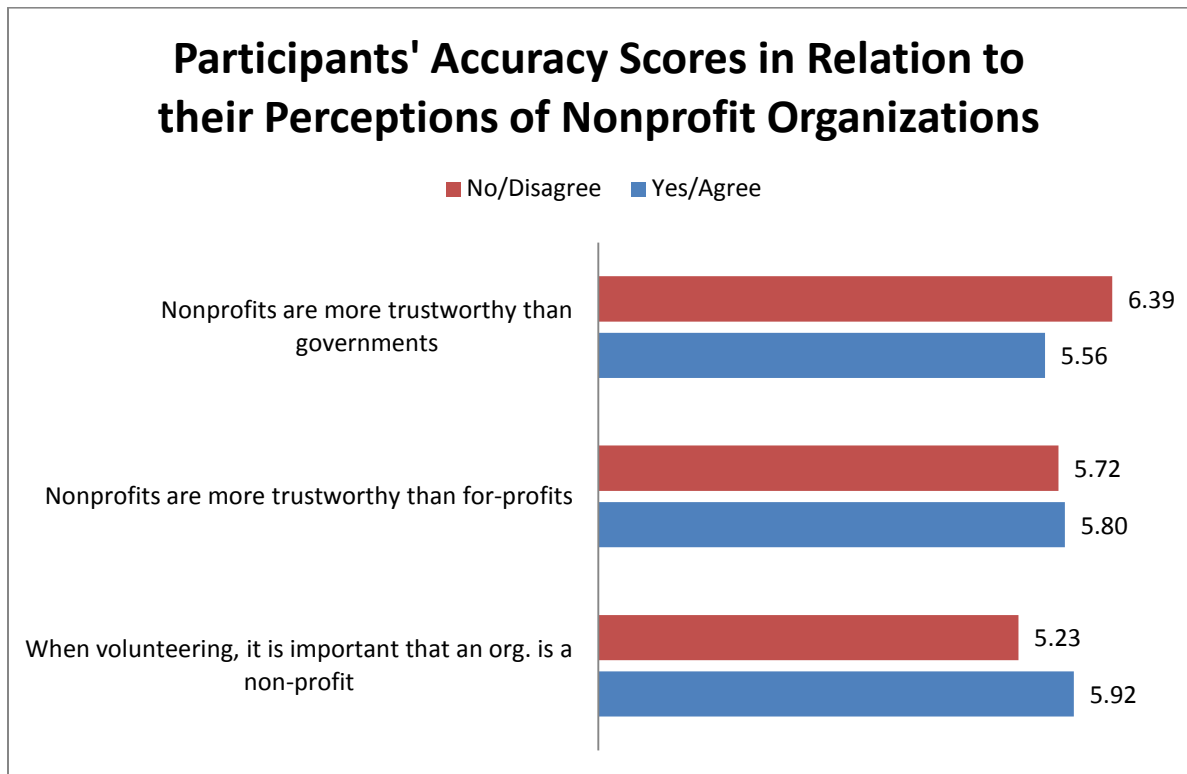


Figure 2. Respondents’ average number of correctly-identified organizations, sorted by respondents’ attitudes about organizations

Next, a new variable was created to index the number of organizations shown in Figure 1 that were correctly identified by a respondent. This index ranges from 0 (a respondent did not correctly identify the status of any organization) to 10 (a respondent correctly identified all the ten organizations). The index scores were then sorted in relation to participants' attitudes of nonprofit organizations, as determined by questions from the electronic survey. Based on the results in Figure 2, it appears that respondents who were knowledgeable about nonprofits (meaning they had a high accuracy score when identifying organizational status) tended to also be the ones who cared whether an organization is a nonprofit or not when volunteering. The results of an Analysis of Variance (ANOVA) test reveal that respondents who believe that it matters whether an organization is non-profit or for-profit when they volunteer also tend to be the ones who score highest on the index of correct identifications. This result is "borderline" statistically significant ($F = 2.90, p = .09$). Although the relationship is not statistically significant in this data set, the observation makes sense. It is no wonder that participants who were more aware of organizational status would also take that status into more consideration when volunteering.

Furthermore, there is a statistically significant relationship between the number of correctly-identified organizations and the survey question that asked whether respondents believed nonprofit organizations to be more trustworthy than governmental organizations. Specifically, respondents who received a higher accuracy score tend to be less likely to think that nonprofits are more trustworthy than governmental organizations ($F = 4.43, p = .03$). Interestingly, there were no statistically significant differences between a respondent's ability to correctly identify an organization's status and that respondent's belief that nonprofits are more trustworthy than for-profits ($F = .04, p = .85$). These observations are represented in Figure 2.

CONCLUSIONS

The results of the study confirmed the original hypothesis that students would perceive nonprofit organizations as more trustworthy than for-profits or governmental organizations. Around 75% of participants believe that nonprofits are more trustworthy than governmental organizations or for-profits. Almost 90% of all respondents have participated by volunteering and donating in the past, revealing that nonprofits play a significant role in the participants' life, although the details of this relationship cannot be understood from this study.

The majority of respondents consider whether an organization is a nonprofit or not before donating, but only 54% are concerned with the organization's status when volunteering. Further analysis reveals that there is a positive correlation between whether a student takes an organization's status into account when volunteering and annual household income. 74% of respondents that made under \$50,000 a year think it is important that when volunteering the organization be a nonprofit.

Furthermore, the general accuracy for identifying the status of listed organizations was approximately 78%. This high level of accuracy reveals that students are usually able to correctly identify whether an organization is a nonprofit, for-profit, or governmental organization. However, there is still some difficulty in identifying nonprofits, especially when related to governments.

University students, the population that will be graduating and participating in the workforce within a few years, have a positive and trustworthy perception of nonprofit organizations. In addition to these positive feelings, students are more likely to donate and volunteer for a nonprofit. Identifying whether an organization is a nonprofit, though, can prove to be difficult at times. For this reason, it is suggested that nonprofit administrators publicize their organization's status as a nonprofit. If the organization is commonly understood to be a nonprofit organization, then it will reap the benefits of being perceived as more trustworthy, and more likely to receive volunteers and donations. The results of this study are representative of students who will have the ability to greatly influence the nonprofit sector in upcoming years. From this research and previous studies, nonprofit administrators are able to know how their status as a nonprofit organization is perceived. Now it is up to the organizations to decide how to respond to this knowledge.

LIMITATIONS

There were several limitations during the study. The surveys were collected during a limited amount of time, so this data could not provide information on the stability of student perceptions or how they were influenced by current events.

Second, the sample was quite small in comparison with other studies, and only included students from a single college, the University of Wisconsin – La Crosse. Although the sample proved demographically representative of the campus (Table 1), it is not representative of the nation.

Third, the survey was not exhaustive. Many more organizations could have been listed to be identified by the participants. Additionally, "government" is too broad of a term, since it includes federal, state, and local governments. Since student perceptions of the different levels of government can vary greatly, future studies should try to incorporate these differences. Similarly, simply referring to "nonprofits" can be problematic due to the great organizational diversity in the nonprofit sector.

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