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**Conceptualizing Web-based Stakeholder Communication: The Organizational Website as
a Stakeholder Relations Tool**

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**Conceptualizing Web-based Stakeholder Communication:
The Organizational Website as a Stakeholder Relations Tool**

Abstract: With the near ubiquity of the organizational website, organizations' online stakeholder relationships have dramatically increased in prevalence, complexity, and financial and strategic importance. To help advance our understanding of these relationships, we introduce and test the multi-dimensional concept of *Web-based stakeholder communication* using original data on US community foundations. After presenting the conceptual foundations of Web-based stakeholder communication, we develop operational measures of its key dimensions, namely stakeholder targeting and the balance of organizations' online stakeholder portfolios. We then explore the outcomes of Web-based stakeholder communication by testing for its relationship to subsequent levels of charitable contributions. We end with an in-depth discussion of the most important implications for organizational theory and practice.

Keywords: stakeholder relations; stakeholder communication; new media; websites; nonprofit organizations; organizational communication; organization-public relations

Conceptualizing Web-based Stakeholder Communication: The Organizational Website as a Stakeholder Relations Tool

The Internet Age has presented organizations with considerable opportunities for communicating and managing their relationships with multiple stakeholders. The spread of new media – particularly the organizational website – has significantly increased the ability of government, for-profit, and nonprofit organizations alike to communicate with and strategically engage not only citizens, clients and customers but also suppliers, donors, employees, regulators, volunteers, the media, antagonists, and the community at large (Ingenhoff & Koelling, 2010; Kent & Taylor, 1998; Sargeant, West, & Jay, 2007; Saxton & Guo, 2011). Through a targeted mix of informational, transactional, and interactive content, organizations can use the website to mobilize stakeholders, build meaningful relationships, cultivate a sense of community, and ultimately foster increased accountability, responsiveness, and public trust (Burt & Dunham, 2009; Gandía, 2011; Lee, Pendharkar, & Blouin, 2012; McAllister & Taylor, 2007; Nah, 2009; Saxton, Guo, & Brown, 2007). In short, websites have effectively become both the “public face” of the organization and the vehicle through which intense and meaningful organization/stakeholder interactions take place (Kent, Taylor, & White, 2003; Park & Reber, 2008; Saxton & Guo, 2011; Waters, 2007).

As web-based stakeholder interactions have become more and more ubiquitous, multifaceted, and critical to organizational performance, we need new sets of concepts, measures, and theories that can help us understand and explore these relationships. In this paper, we present the concept of *web-based stakeholder communication* and empirically examine the prevalence and consequences of such online stakeholder communication practices.

We begin by presenting our multi-dimensional conceptualization of *web-based stakeholder communication*, emphasizing how it enhances the conceptual approaches found in existing

organizational communication and public relations research. Then, using original data on 117 US community foundations, we present a series of measurement procedures for operationalizing two key dimensions of web-based stakeholder communication: *website-mediated stakeholder targeting*, or the amount and type of website content targeted at each stakeholder group; and the *balance* of organizations' online stakeholder relations portfolios.

We then examine the effects of variation in online stakeholder communication through an empirical test of the relationship between web-based stakeholder communication and subsequent levels of charitable donations. We find that only specific components have a significant effect. In brief, the more content that is targeted at donors, and the more disproportionate the amount of such content, the stronger the association with increased charitable contributions. In contrast, those organizations that have more content available for either grantseekers or "the community" than they do for donors are more likely to experience less robust growth in donations in the following year. In effect, communications targeted at less powerful and more "discretionary" donors (Mitchell, Agle, & Wood, 1997) do not appear to yield near-term monetary payoffs for charitable organizations.

This study makes several contributions to the existing literature. It represents the most comprehensive attempt yet to classify organizations' web-based stakeholder relations, and appears to be the first to empirically examine the outcomes of online stakeholder relations. While there is a long tradition of theoretical and empirical studies on offline stakeholder relations (e.g., Agle, Mitchell, & Sonnenfeld, 1999; Donaldson & Preston, 1995; Freeman, 1984; Hillman, Keim, & Luce, 2001), little research exists in the area of computer-mediated stakeholder relations. Moreover, what research that does exist (concentrated in the fields of communication, public relations, and nonprofit studies) has addressed neither the "management" of stakeholders nor the focus on individual stakeholder groups that is at the heart of the large bodies of research on

stakeholder relations and stakeholder theory in the management literature. In effect, communication and public relations scholars have focused on identifying organizations' broad utilization of interactive and "dialogic" applications, which serves as their proxy for stakeholder communication efforts. As we will show later in the article, however, a true "stakeholder relations" perspective has much to teach us about understanding online organizational communication.

The remainder of the paper is organized as follows. We first review the relevant literatures in management, organizational communication, and public relations before presenting our concept of web-based stakeholder communication. Section three describes our method and data. The fourth section presents results in two parts: first, findings related to the prevalence of web-based stakeholder communication practices; and second, results of a series of multivariate regressions that test the outcomes of variation in online stakeholder communication practices. We conclude the paper with a discussion of the theoretical, empirical, and practical implications of the study.

Conceptualizing Web-based Stakeholder Communication

Although social media and other newer forms of digital communication technologies have recently captured much of the public and scholarly attention (Bortree & Seltzer, 2009; Greenberg & MacAulay, 2009; Lovejoy & Saxton, 2012; Lovejoy, Waters, & Saxton, 2012; Rybalko & Seltzer, 2010; Waters, Burnett, Lamm, & Lucas, 2009), the website remains the most critical and ubiquitous tool for external organizational communication. Though many small and mid-sized organizations still do not have a website (Zorn, Flanagin, & Shoham, 2011), among larger organizations there is near-universal adoption (Nah & Saxton, in press). The website is the most widely used new media platform for organizations. Overall, the organizational website provides both the "public face" of an organization and the portal to its ever-evolving social media presence.

A burgeoning line of inquiry has thus investigated the various ways organizations are engaging the public via the organizational website. Scholars have explored for-profit and nonprofit organizations' use of new media to foster dialogic relationship-building (Kang & Norton, 2004; Park & Reber, 2008; Taylor, Kent, & White, 2001); increase donative revenues (Gandía, 2011; Sargeant et al., 2007; Saxton, Neely, & Guo, 2009); boost transparency, accountability, and responsiveness (Lee et al., 2012; Saxton & Guo, 2011; Saxton, Kuo, & Ho, 2012); build social capital and trust (Burt & Dunham, 2009; Nah, 2009); and develop strategic and interactive stakeholder communications (Hackler & Saxton, 2007; Waters, 2007).

What the above research has not included, however, is a true “stakeholder relations” theoretical perspective. Instead of analyzing the communication directed at specific recipients, the focus has been on “aggregate” utilization of constituent-communications tools, typically binary questions of whether an organization has adopted various technological platforms, or whether it employs any form of “dialogic” communication or makes available “interactive” technology to its collective audience. This approach is certainly useful, but what is missing is the ability to analyze the stakeholders that are at the heart of constituent communications. What we need is a perspective that, first, gives us the ability to examine the communications that organizations are “targeting” at individual groups—some of whom are more powerful, more important, more organized, or more legitimate (Lewis, Richardson, & Hamel, 2003; Mitchell et al., 1997). Second, we need a conceptual approach that allows us to theoretically link the “targeted” and “aggregate” communications issues. Third, we need a set of conceptual tools that allows us to test whether differentiated or disproportionate targeting of different groups has distinct and measurable organizational outcomes.

It is in this light that we introduce the notion of *web-based stakeholder communication*. We situate it within the broader, management-related “stakeholder theory” literature sparked by

Freeman's (1984) landmark book on the subject. A core assumption we make is that an organization's creation and delivery of Website content represents a key component of the organization's stakeholder-relations and "stakeholder management" (Donaldson & Preston, 1995) practices. By targeting online content at specific stakeholders, an organization is "signaling its commitment to [those] stakeholders in a visible way" (Hillman et al., 2001, p. 300).

To capture the full range of relevant phenomena across the government, for-profit, and nonprofit sectors, we define web-based stakeholder communication broadly:

An organization's web-based stakeholder communication refers to the scope, magnitude, and intensity of its interactions with core and marginal stakeholders via the organizational Website.

In this paper our first aim is to specify this concept for application in a nonprofit setting and develop a series of practicable empirical measures.

The concept encompasses several dimensions of organizations' website-based stakeholder communication practices. The first dimension is *website-mediated stakeholder targeting*, which we define as *the degree to which a stakeholder group is targeted by an organization's online content*. Because we classify each group according to the degree of managerial attention it receives (Mitchell et al., 1997), this concept is explicitly stakeholder-centric. At the heart of website-mediated stakeholder targeting is the idea of "targeted content." The way a nonprofit sets up the architecture, organization, and content of its website reflects the policies, programs, and priorities for the online presence it wishes to have with regard to each of its stakeholders. The notion of targeted content thus builds off Mitchell et al.'s (1997) notion of *stakeholder salience*, or the degree of "managerial attention" given to stakeholders; and the way nonprofits "pay attention" to stakeholders online is by targeting greater and more intense content at them.

We propose there are two pertinent elements to nonprofits' stakeholder targeting through the organizational website. First, there is the *magnitude* of website-mediated stakeholder targeting, or the amount of content targeted at each stakeholder as reflected by the amount of space it devotes on its website. A college that has one page of static content targeted at alumni is not paying significant attention to this group. In contrast, Cornell University's website is divided into seven main sections, one of which is devoted to "Alumni." Alumni can, among other things, access a directory, visit their class website, pay association dues, search for volunteer opportunities, sign up for e-newsletters, see photos, browse an alumni event calendar, and make donations. Cornell's online content targeted at alumni is, by this measure, extensive.

Website-mediated stakeholder targeting can also meaningfully be analyzed through a second dimension—*intensity*—that can be tapped via the *information–transaction–interaction* classificatory hierarchy outlined in Saxton et al. (2007), which measures how well content makes use of the interactive potential of the technology. For example, a charity that has only *informational* content available for donors (such as contact information, descriptions of activities and programs, etc.) cannot have great intensity in its online relationships; "brochureware" is simply not conducive to meaningful interactions. However, a nonprofit that allows one-way *transactions* to take place, most commonly in the form of making a purchase or donation, content downloads (volunteer sign-up forms, research reports, podcasts), or information uploads (virtual guestbook, online stakeholder survey), will automatically have more intense and important interactions with its clientele. At the highest level is content that involves some form of "dialogue" (Taylor et al., 2001) or *interaction*—the two-way exchange of ideas, opinions, data, or information between two or more parties. A site that has a variety of such "interactive" content targeted at customers—such as the Museum of Fine Arts, Boston's "Interactive Tours" feature, "MFA Mobile" application, and customizable "My MFA" tool—will facilitate the most meaningful

organization/stakeholder interactions. The MFA, Boston can, in brief, be said to have a relatively salient online customer orientation.

In sum, for each distinct stakeholder group, we can evaluate web-based stakeholder targeting according to the magnitude and interactivity of the content that is targeted at the group. As discussed earlier, the stakeholder-specific concept *website-mediated stakeholder targeting* is the first dimension of the broader, organization-level umbrella concept of web-based stakeholder communication. Seen from the organization's perspective, we can, as just shown, classify its web-based stakeholder communication according to the magnitude and intensity of the content it targets at each stakeholder group. More importantly, it is by viewing the website-mediated stakeholder targeting of an organization's stakeholder groups collectively that we can assess a second dimension of an organization's web-based stakeholder communication: the "balance" of its overall stakeholder relationship portfolio. For instance, the Food for the Poor site (foodforthe poor.org) has much more extensive content targeting donors and volunteers than any other stakeholder group. The site is (probably intentionally) not "balanced" in terms of the attention it pays to its entire array of primary and secondary constituent groups. Instead, what the Food for the Poor site *does* have is a donor/volunteer "slant" in its web-based stakeholder communication portfolio or, in other words, Food for the Poor's overall stakeholder portfolio is "donor- and volunteer-oriented."

In sum, we can characterize an organization's web-based stakeholder communication along two dimensions. By looking at the extent and interactivity of the content targeted at individual stakeholders, we can assess the online targeting of each group. And by collectively examining an organization's overall mix of online stakeholder relationship profiles, we can determine the balance of its online stakeholder portfolio.

Method

Sample

To investigate the prevalence and outcomes of web-based stakeholder communication, we replicate a sample used by Guo and Brown (2006) and examine 117 US community foundations. Community foundations provide an excellent fit for the question at hand. The sample is all in one industry that is, moreover, characterized by a high degree of institutional isomorphism (Grønbjerg, 2006). Governed by a board of volunteer citizens, community foundations seek to improve the quality of life in a specific geographic area by pooling funds from local individual, family, and corporate donors, identifying changing community problems, and allocating grants to targeted program areas to meet specific local needs (Grønbjerg, 2006; Guo & Brown, 2006). Community foundations effectively have three primary roles: fundraisers, grantmakers, and community change-makers (Guo & Brown, 2006; Hammack, 1989; Noland, 1989; Hamilton, Parzen, & Brown, 2004; Saxton et al., 2007). In consequence, the organizations in the sample all share the same readily distinguishable set of three core external stakeholder groups: donors, grantseeking organizations, and “the community.” By focusing our analyses on community foundations, we are thus able to control for inter-organizational differences in the number, type, and identity of core stakeholders.

Generalizing Community Foundations’ Stakeholder Attributes

If online stakeholder relations function like off-line stakeholder relations, the level of salience should be a function of particular stakeholder attributes. To help connect the current study with the existing stakeholder relations literature, we classify community foundations’ core stakeholder groups using existing concepts. The most influential advance in this area has been made by Mitchell et al. (1997), with their introduction of a power-legitimacy-urgency model of stakeholder identification and salience. They focus on three key characteristics of a stakeholder—

its power to influence the organization and the legitimacy and urgency of its claims—and posit that stakeholder salience is a function of these three attributes.

According to Mitchell et al. (1997), a stakeholder has *power* when it is perceived by managers as having the ability to impose its will on the organization through coercive, utilitarian, or normative means; it has *legitimacy* when managers perceive the stakeholder relationship or claim to be desirable, proper, and appropriate; it has *urgency* when managers view its claim on the organization or relationship with the organization as both time sensitive and critical. By combining the three stakeholder attributes, they created a typology of stakeholder types that vary in their levels of salience.

Those possessing all three attributes are labeled “definitive” stakeholders, and are expected to receive the highest attention from the organization. When a stakeholder falls within this category, managers have a clear and immediate mandate to give priority to its claims. “Expectant” stakeholders, those possessing two attributes, will generally receive a moderate level of managerial attention; they are seen as “expecting something,” inasmuch as the combination of two attributes leads the stakeholder to an active versus a passive stance. Lastly, “latent” stakeholders, those possessing only one of the three attributes, will have a low level of salience. With limited time, energy, and other resources, managers are not likely to give them significant attention.

Community foundations’ three core stakeholder groups each fit into one of the above categories. Table 1 summarizes the attributes of the three primary stakeholder groups according to the power-legitimacy-urgency framework and the expected level of managerial attention.

Table 1

Power, Legitimacy, and Urgency of Core Stakeholders and Expected Level of Attention

<i>Stakeholder</i>	<i>Power</i>	<i>Legitimacy</i>	<i>Urgency</i>	<i>Stakeholder Type</i>	<i>Level of Manager Attention</i>
<i>Donors</i>	X	X	X	‘Definitive’	High
<i>Grantseekers</i>		X	X	‘Expectant’	Medium
<i>Community</i>		X		‘Discretionary’	Low

First, donors can be considered to have all three characteristics—power, legitimacy, and urgency. This classifies donors in their framework as a “definitive” stakeholder. From a resource dependence perspective, they are, strictly speaking, the only stakeholder group with significant power in the sense of controlling resources needed by the foundation.

Grantseekers, in turn, have legitimacy and urgency but no power. Because they hold two out of the three key attributes, grantseekers are a type of “expectant” stakeholder; more specifically, those expectant stakeholders like grantseekers with legitimacy and urgency are referred to as *dependent stakeholders*, “because these stakeholders depend upon others (other stakeholders or the organization’s managers) for the power necessary to carry out their will” (Mitchell et al., 1997, p. 877).

Finally, the “community” can be characterized as having legitimacy but neither power nor urgency; with legitimacy only, the community is characterized as a “discretionary” latent stakeholder. Granted, as nonprofit organizations, community foundations have some obligation to the greater good—the so-called “societal quid pro quo” that comes from tax-exempt status. This does not necessarily translate into a community orientation, however. Instead, it can come through in various ways in a donor or a grantseeker orientation.

Data Collection

Our website data were gathered in September and October of 2005 on 117 US community foundations. Our data-gathering method consisted of a multi-coder analysis of the complete content of each of the 117 foundations’ websites by the two principal investigators and a graduate assistant (inter-coder agreement was greater than 95%). We first searched for and categorized any website content that conformed to our theoretically grounded conceptualizations of web-based stakeholder communication. Using data from our inductive analyses, we then developed a series of operational measures of web-based stakeholder communication. It is the first time this approach

has been done for any type of organization—governmental, for-profit, or nonprofit. Though our focus here is on nonprofits, those studying governmental or for-profit organizations will find these measures readily applicable.

Analysis Plan

Our analysis of the data unfolded in three parts. As alluded to above, we began with a mixed qualitative/quantitative approach to identify and code categories of web-based stakeholder communication practices. Specifically, because this is a new concept that has not been empirically examined, we first employed a qualitative inductive analysis to identify specific communicative practices that conformed to our theoretically grounded conceptualization of web-based stakeholder communication. After identifying relevant categories of practices, we conducted a quantitative content analysis to account for the prevalence of these categories in our sample of 117 organizations. This two-step approach is in line with the methodology literature, which sees qualitative inductive analyses (Miles & Huberman, 1984; Strauss & Corbin, 1998) as appropriate for grounded theory building, and content analysis (Krippendorff, 2004) as better suited for positivistic evaluations of frequency distributions.

In a final stage of analysis, we employed deductive statistical tests to examine the outcomes of organizational variation in web-based stakeholder communication practices. In short, we took an inductive grounded-theory approach to finding new categories of stakeholder communication practices, a content analysis approach to explore the distribution of these categories, and deductive hypothesis-testing to examine the relationship between stakeholder communication and a key organizational outcome. When combined, these analyses will help shed light on the nature, prevalence, and consequences of web-based stakeholder communication practices.

Results

The average community foundation in our sample was 28 years old in 2006 and had \$58.6 million in assets, of which 24.4% were discretionary funds. It generated revenues of \$5.7 million a year, and granted, on average, 9% of its assets. To check for any potential non-response bias, we compared these key characteristics with those of the population of 677 community foundations. We found that the average community foundation in the population at large was 22 years old and had \$43.2 million in assets. It generated revenue of \$5.2 million a year and granted, on average, 8% of its assets. In brief, the organizations in our final sample were slightly older and wealthier, but overall quite representative of the population at large.

Measuring Online Stakeholder Communication

As noted above, in this section we employed a mixed qualitative/quantitative approach. We started with a qualitative approach to inductively develop conceptual insights – specifically, to identify new categories of stakeholder communication practices. In particular, following qualitative methodological tenets outlined by Strauss and Corbin (1998) and Miles and Huberman (1984), we analyzed the data inductively to identify theoretical constructs and conceptual categories of stakeholder relations in the website environment that conformed to the definitions we developed earlier. Employing the *constant comparative method* (Strauss & Corbin, 1998), we continually compared newly coded categories to those previously coded to ensure the validity and integrity of emergent constructs held. We resolved differences in coding through discussion to reach consensus.

Coding thus involved an iterative, multi-stage process of cycling back and forth among data, existing literature, our conceptualizations, and emergent theoretical constructs (Eisenhardt, 1989; Miles & Huberman, 1984). These inductive analyses led us to identify a series of new categories of online stakeholder communication practices, and helped us identify appropriate

measures of our concept. After identifying relevant measures, we then proceeded to a positivist quantitative content analysis, whereby we coded each organization using the measures we developed in the first stage. This analysis allowed us to identify the prevalence of stakeholder communication practices in the organizations' websites.

Below we first look at *targeting*, which required an in-depth investigation of the amount and type of content targeted at each stakeholder group. We then turn to a discussion of *balance*, which is derivative of our measures of targeting.

The Magnitude and Intensity of Stakeholder Targeting

Consistent with its three primary roles (fundraisers, grantmakers, and community change-makers), a community foundation has three core stakeholder groups: donors, grantseekers, and the local community. We searched each website for all content targeted at these core stakeholder groups. Conforming to community foundations' core offline activities (Grønbjerg, 2006; Guo & Brown, 2006), we considered "donor-oriented" any website content directed toward fundraising, acquiring individual donor funds, accumulating financial capital, and facilitating donors' and their financial advisors' individual charitable interests. We considered "grantseeker-oriented" any content targeted at the funding, grantwriting, and managerial needs of charitable organizations. And we considered "community-oriented" any content directed at, among other things, the convening of community events and engagement in research into the community's changing conditions and most pressing needs. Appendix A includes a comprehensive summary of all the different types of content we found targeted at the three stakeholder groups, categorized by level of interaction.

For each individual stakeholder group there are two dimensions of website-mediated stakeholder targeting: *magnitude*, which refers to the extent or amount of targeted content; and *intensity*, which taps the level of interactivity afforded by that content. First, to measure *Donor*

Magnitude, *Grantseeker Magnitude*, and *Community Magnitude*, we created summative indices for each foundation that reflected the total number of content areas from Appendix A that were targeted at donors, grantseekers, and the community, respectively. As shown in Table 2, our data showed that the average community foundation had greater magnitude of content targeted at grantseekers (3.2 services/content areas) than at donors (2.5) or the community (1.4). Interestingly, and contrary to theoretical expectations (Mitchell et al., 1997), more attention was placed at the “expectant” stakeholder (grantseekers) than the more powerful “definitive” stakeholder (donors).

Table 2
Summary Statistics

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
Donor Targeting (<i>Magnitude</i>)	117	2.53	1.58	0	6
Grantseeker Targeting (<i>Magnitude</i>)	117	3.15	1.52	0	6
Community Targeting (<i>Magnitude</i>)	117	1.39	1.76	0	9
Donor Targeting (<i>Intensity</i>)	117	1.85	1.03	0	3
Grantseeker Targeting (<i>Intensity</i>)	117	1.65	0.67	0	3
Community Targeting (<i>Intensity</i>)	117	0.63	0.65	0	3
Balance—Magnitude	117	0.12	0.33	0	1
Balance—Intensity	117	0.05	0.22	0	1
Donor Slant—Intensity	117	0.38	0.49	0	1
Grantseeker Slant—Intensity	117	0.24	0.43	0	1
Community Slant—Intensity	117	0.01	0.09	0	1
Donations	116	8,149,703	14,100,000	16,000	88,800,000
Age	117	27.67	21.39	4	89
Price	114	1.24	0.19	1	2.36
Fundraising	117	149,819	253,632	1	1,639,429

To create the *intensity* variables, in turn, we created 0-3 scales to reflect the increasing intensity of interactions afforded by the content listed in Appendix A. If a community foundation had no content targeting “the community,” it received a score of 0 on the intensity scale; if it had only informational content, such as a set of links or a “report to the community,” it received a score of 1; if it had any transactional content, such as a volunteer sign-up form or online community event registration form, it received a score of 2; and if it had any interactive,

“dialogic,” or personalizable content, such as the Claremont Community Foundation’s volunteer extranet, it received a score of 3 on the *community intensity* scale. The *donor intensity* and *grantseeker intensity* scales were created in the same manner. As indicated in Table 2, the typical community foundation more intensely targeted donors (with a mean intensity of 1.85) than grantseekers (mean = 1.65). As with the magnitude indexes, community orientations were the weakest; the mean intensity score of 0.63 indicated the prevalence of informational “brochureware” targeted at community interests. Here we do see that the alignment of managerial attention conformed to the theoretical expectations of Mitchell et al.’s (1997) stakeholder salience theory: the “discretionary” community received less attention than the “expectant” grantseekers, and the powerful “definitive” donors received the highest level of attention.

Balance in Stakeholder Relationship Portfolios

Once we have organizational data on the targeting of individual stakeholder groups, we can evaluate the organization’s web-based stakeholder communication in terms of how it “balances” its array of stakeholder relationships. Above, we saw that the broader “community” interests were targeted to a much lesser degree than donors and grantseekers in terms of both intensity and magnitude. To operationalize such imbalances in organizations’ stakeholder relationship portfolios, we created two binary variables, one each for the magnitude and intensity of the relationships.

First, for *Balance—Magnitude*, we assigned a community foundation a score of “1” when it had 3 or more content areas targeting donors, grantseekers, and the community alike; the logic is that “balanced” organizations devote at least 10% of their content (i.e., at least 3 out of 38 relevant pieces of content) to each of their three core stakeholders. Our aim was to select some meaningful threshold indicating balanced relationships that could serve to differentiate organizations in our

sample. Interestingly, we found that even the 10% threshold was sufficient to achieve separation: As shown in Table 2, only 12% of organizations were “balanced” according to this measure.

For our second measure, we wanted to operationalize the concept of balance in terms of the intensity of the relationships afforded by the content targeted at each of the three core stakeholders. Two logical choices would be to differentiate organizations according to whether all core stakeholders are targeted by, one, any content (including simple information), or, two, by more interactive content. The coding decision here generally depends on the sample of organizations one is studying. In most cases, organizations would likely have at least some information targeted at each of their core stakeholders, which obviates the utility of the former choice. As a result, for our measure of *Balance—Intensity*, we assigned values of “1” to those organizations that had either transactional or interactive content targeted at all three groups. Table 2 shows that only 5% of the organizations were “balanced” in this sense.

Inter-group inequities in online targeting can also be measured via “slant” variables, or measures that tap disproportionate amounts of content targeted at any one stakeholder group. We thus operationalized *Donor Slant*, *Grantseeker Slant*, and *Community Slant*, binary variables that measure whether an organization provides greater intensity of content (in terms of the information-transaction-interaction scale) at, respectively, donors, grantseekers, and the community. We found (see Table 2) that 38% of the organizations had a “donor slant” to their Web content, 24% a “grantseeker slant,” and only 1% a “community slant.” The remaining 37% of organizations had content that was balanced across two or more of the three key stakeholder groups.

The Outcomes of Online Stakeholder Communication

Our previous analysis concentrated on operationalizing and measuring web-based stakeholder communication and exploring organizational variation in web-based stakeholder communication practices. Now we turn to an investigation of the real-world consequences of

organizations' website-based stakeholder relations practices. The range of potential outcomes of stakeholder communication for nonprofit organizations is considerable. Web-mediated stakeholder engagement is an important vehicle for relationship- and community-building with key internal and external stakeholders; organizations' utilization of web-based stakeholder communication can as a result be used as an effective feedback and collaboration tool. Managers can also use web-based stakeholder communication tools for "damage control" (to help discover and contain the negative effects of Web-based rumors) or to help spark "viral marketing" campaigns. Even more promising are uses of "Web 2.0" applications, which are ideal for "crowdsourcing" (e.g., Saxton, Oh, & Kishore, 2013), engendering "co-production" processes, harnessing stakeholders' collective intelligence, and helping create and disperse community knowledge. All of these outcomes are worthy of empirical investigation. For the present study, though, we concentrate on a single tangible outcome: charitable donations. We test here whether an organization's web-based stakeholder communication, particularly in terms of its relationship with donors – community foundations' "definitive" stakeholder – can have a significant impact on subsequent levels of charitable contributions. This will serve as a strong initial investigation of the potential outcomes of variation in web-based stakeholder communication.

Model Specification – Economic Model of Giving

The base set of control variables in this test is the well established "economic model of giving" (Weisbrod & Dominguez, 1986) that has been employed in more than two dozen studies (see Jacobs & Marudas, 2009 for a review). Using an analogue to for-profit models, the model posits demand as a function of price, quality, and advertising. Specifically, donations serve as the proxy for demand for the nonprofit organization's output; an "advertising," or informational, role is filled by fundraising; quality is proxied by the age of the organization; and the "price" of donations is the cost to the donor to buy one dollar of output. Price is measured as the inverse of

the well known “program expense ratio” (Program Expenses / Total Expenses) and takes into account the fact that an organization can devote resources to programs (i.e., output) only after expenditures are made on fundraising and general administration. For example, in an organization that devotes 20% of expenses to fundraising and administration, leaving 80% for program expenses, the “price” for the donor to buy \$1 of output will be \$1.25. Together, price, age, and fundraising serve to determine the aggregate level of charitable contributions a nonprofit organization receives.

We are interested in whether our measures of web-based stakeholder communication have an impact above and beyond the core economic model of giving. To test for the effects of web-based stakeholder communication regarding, respectively, donors, grantseekers, and the community, on aggregate levels of charitable contributions, we specify the following model,

$$\ln DONATIONS_{it+1} = \beta_0 + \beta_1 \ln PRICE_{it} + \beta_2 \ln FUNDRAISING_{it} + \beta_3 \ln AGE_{it} + \beta_4 WSC_{it} + \varepsilon_{it}$$

where $\ln DONATIONS$ = the natural log of total donations in 2006; $\ln PRICE$ = the natural log of the price of donations in 2005; price is defined as *total expenses/program expenses*;

$\ln FUNDRAISING$ = the natural log of 2005 fundraising expenses; and $\ln AGE$ = the natural log of the age of the organization in years. Consistent with prior studies, data for these three variables are derived from the organizations’ publicly available IRS Form 990 tax returns. “WSC” refers to our series of 11 distinct measures of web-based stakeholder communication as described in the prior section—six measuring the online targeting of individual groups and five tapping the organization’s overall “balancing” of content across stakeholder groups. Each is included in a separate test of the above model, allowing us to examine the effects of the magnitude and intensity of the targeting of individual stakeholder groups along with the balance of organizations’ portfolio of online stakeholder relationships.

In line with prior research, the base economic model of giving is in log-log form, which allows us to view the coefficients as elasticities. For instance, we interpret β_1 as the percent change in *DONATIONS* associated with a one-percent change in *PRICE*, holding all other variables constant. Since the WSC measures have not been logarithmically transformed, we interpret β_4 as the expected change in \ln DONATIONS for a one-unit change in WSC, holding other variables constant.

Results – The Effects of Web-based Stakeholder Communication on Charitable Contributions

Table 3 shows the results of the 11 ordinary least-squares regressions employing the above model. Table 2 contains descriptive statistics and Appendix B zero-order correlations. In all cases, subsequent-year donations was the dependent variable and price, fundraising, and age were common control variables. What varied in each test is the specific measure of web-based stakeholder communication, denoted by column heading. For instance, the first column showed results of the regression of *Donations* on *Price*, *Fundraising*, *Age*, and website-mediated *Donor Targeting (Magnitude)*

As expected, in all regressions the base “economic model of giving” behaved as expected: in each case the level of donations was negatively associated with the “price” of giving and positively associated with fundraising expenditures and the organization’s age. Where the results got interesting was with regard to our 11 indicators of web-based stakeholder communication. Both indicators of donor targeting (Models 1 and 2) were positively related to donations, as was one of the grantseeker targeting variables (Model 3). However, the measure of the intensity of grantseeker targeting (Model 4), both measures of community targeting (Models 5 and 6), and the two indicators of “balance” (Models 7 and 8) all failed to obtain significance. Lastly, we found that organizations whose websites had a “donor slant” in terms of the intensity of the content targeted at their core stakeholders (Model 9) were more likely to have greater levels of subsequent-year .

Table 3

Regressions of the log of Subsequent-Year Donations on Price, Fundraising, Age, and Web-based Stakeholder Communication

	WSC = "Donor Targeting"		WSC = "Grantseeker Targeting"		WSC = "Community Targeting"		WSC = "Balance"		WSC = "Stakeholder Slant" (Intensity)		
	Magnitude (Model 1)	Intensity (Model 2)	Magnitude (Model 3)	Intensity (Model 4)	Magnitude (Model 5)	Intensity (Model 6)	Balance – Magnitude (Model 7)	Balance – Intensity (Model 8)	Donor Slant (Model 9)	Grantseeker Slant (Model 10)	Community Slant (Model 11)
Price	-3.00*** (0.73)	-3.12*** (0.79)	-3.12*** (0.84)	-3.12*** (0.79)	-3.41*** (0.81)	-3.41*** (0.80)	-3.40*** (0.81)	-3.40*** (0.81)	-3.34*** (0.78)	-3.49*** (0.81)	-3.40*** (0.81)
Fundraising	0.05*** (0.03)	0.05** (0.03)	0.07* (0.03)	0.08*** (0.03)	0.10*** (0.03)	0.10*** (0.03)	0.09*** (0.03)	0.09*** (0.03)	0.07** (0.03)	0.09*** (0.03)	0.09*** (0.03)
Age	0.50*** (0.17)	0.49*** (0.17)	0.46*** (0.17)	0.52*** (0.18)	0.55*** (0.18)	0.55*** (0.18)	0.54*** (0.18)	0.54*** (0.19)	0.47*** (0.17)	0.56*** (0.18)	0.58*** (0.18)
(WSC)	0.37*** (0.06)	0.52*** (0.10)	0.25*** (0.08)	0.29 (0.20)	-0.11 (0.09)	-0.11 (0.21)	0.08 (0.30)	0.00 (0.35)	1.07*** (0.21)	-0.43* (0.25)	-0.99* (0.52)
intercept	12.51*** (0.64)	12.50*** (0.66)	12.59*** (0.70)	12.61*** (0.72)	13.04*** (0.72)	13.04*** (0.72)	13.00*** (0.72)	13.00*** (0.72)	13.02*** (0.68)	13.12*** (0.71)	12.94*** (0.72)
Adjusted R ²	0.51	0.50	0.45	0.42	0.41	0.41	0.41	0.41	0.50	0.42	0.44
F	28.17***	23.14***	19.99***	19.07***	16.48***	16.61***	16.49***	16.39***	23.11***	16.72***	18.01***

p < .1 ** p < .05 *** p < .01, n = 117, robust standard errors in parentheses

Note: Results shown are from a series of 11 ordinary least-squares regressions, which vary only in the measure of WSC used as an independent variable (denoted by column heading). In all cases, subsequent-year donations is the dependent variable and price, fundraising, and age are common independent variables; e.g., column two shows results of the regression of Donations on Price, Fundraising, Age, and website-mediated Donor Targeting (Magnitude). Model: $\ln DONATIONS_{it+1} = \beta_0 + \beta_1 \ln PRICE_{it} + \beta_2 \ln FUNDRAISING_{it} + \beta_3 \ln AGE_{it} + \beta_4 WSC_{it} + \varepsilon_{it}$

donations, while organizations whose website content was slanted toward grantseekers (Model 10) or the community (Model 11) were more likely to see lower levels of charitable contributions.

We can summarize the implications of these results as follows. The more content an organization targeted at donors, the “definitive” stakeholder (Mitchell et al., 1997), the more likely it was to see a return on that targeting in the form of subsequent donations. By contrast, in no case here were greater levels of content targeted at the “discretionary” stakeholder, the community, associated with increased levels of subsequent-year donations. Moreover, as seen in the last two models, the disproportionate targeting of either the community or grantseekers was associated with *lower* levels of donations in the following period.

Table 4
Expected Aggregate Annual Donations at Various Levels of Web-based Stakeholder Communication

	Min.	Max.
Donor Targeting (Magnitude)	\$2,159,910	\$19,800,000
Donor Targeting (Intensity)	\$2,151,793	\$10,200,000
Donor Slant (Intensity)	\$3,667,424	\$10,700,000
Grantseeker Slant (Intensity)	\$6,831,520	\$4,480,755
Community Slant (Intensity)	\$6,140,836	\$287,884

Note: Entries show the expected level of charitable contributions at minimum and maximum values of *Donor Targeting (Magnitude)*, *Donor Targeting (Intensity)*, *Donor Slant*, *Grantseeker Slant*, and *Community Slant*, holding all other variables in the respective regression (models 1, 2, 9, 10, and 11 from Table 1) constant at their means. The dependent variable, $\ln\text{DONATION}_{t+1}$, is given an exponential transformation to yield the dollar amounts shown. The results were derived using *Zelig*, an R package that uses Monte Carlo simulation to better estimate quantities of interest (Imai, King, and Lau, 2007, 2008).

To show the practical impact of our findings, Table 4 shows a series of “counterfactual,” or expected, effects of web-based stakeholder communication on charitable contributions. Based on regressions 1, 2, 9, 10, and 11 in Table 3, the table entries show the expected level of donations at

the minimum and maximum levels of *Donor Targeting (Magnitude)*, *Donor Targeting (Intensity)*, *Donor Slant*, *Grantseeker Slant*, and *Community Slant*, respectively, holding the price, fundraising, and age controls constant at their means.

Table 4 shows that expected donations were considerably higher for organizations that targeted donors than for those that did not. *Ceteris paribus*, the expected level of annual contributions to an organization with no content targeted at donors was, on average, just over \$2 million, while it was almost \$20 million for an organization that targeted donors with the maximum amount of content (6 content items from Appendix A) and over \$10 million for an organization that targeted donors with the maximum level of intensity (interactive/dialogic content). Similarly, for the three “slant” variables, organizations with more interactive content available for donors than for any other group (as indicated by *Donor Slant*) had an expected level of donations of \$10.7 million, while for organizations with a *Grantseeker Slant* or a *Community Slant* expected donations were \$4.5 million and \$0.3 million, respectively. Overall, there appeared to be a strong association between the magnitude and intensity of website content targeted at donors and subsequent levels of charitable contributions.

Discussion and Conclusions

We have argued above that an organization’s website facilitates intense and meaningful interactions with organizations’ multiple stakeholders in ways not possible in other situations or through other media. Specifically, the website has great strategic potential for organizations to engage core stakeholders in organizational activities and be responsive to each stakeholder group’s individual needs—in relaying information, building relationships, educating clients, targeting services, sharing information, gathering data, and solving organizational and community problems. We have further argued that how organizations use and distribute web-based technologies is both a symbol and a reflection of their priorities and primary stakeholder orientations. Our study thus

makes several important contributions to the literature on stakeholder relations and organizational communication. Our findings also have important practical implications for nonprofit organizations' stakeholder management.

First, we have provided a useful set of conceptual, operational, and theoretical tools for investigating organizations' website-mediated stakeholder communication. Conceptually, we developed a multi-dimensional notion of web-based stakeholder communication for application to organizations in the nonprofit sector. One of the key conceptual insights put forth in this paper is that, to understand nonprofits' online stakeholder interactions, we have to examine organizational communication at two levels: first, in terms of the organization's interactions with individual stakeholder groups (website-mediated stakeholder targeting); and, second, in terms of the organization's complete "portfolio" of online stakeholder relationships (balance). We argued that the employment of these conceptual innovations should help spark new insights among organizational communication and public relations scholars.

Second, our study represents the first effort to empirically examine an organization's web-based stakeholder communication and, more importantly, the performance implications of such communication. Specifically, we have presented several empirical innovations in creating a set of measures with which we can operationalize the key dimensions of web-based stakeholder communication. At the heart of our measurement procedure is the idea that we should focus on *whom* an organization is targeting via the provision of specific content. We have concentrated on two means of classifying the content made available for each individual stakeholder group: the amount (magnitude) of content and the intensity of interactions afforded by that content. This led us to develop distinct measures for the "magnitude" and "intensity" of the Web content targeted at each stakeholder group. We then argued that, based on these measures of website-mediated stakeholder targeting, scholars can construct derivative measures of organizations' overall

portfolio of online stakeholder relationships. These variables are, we believe, readily applicable to different types of organizations and to different forms of new media.

Third, we have presented the first communication research that situates online organizational communication within the management-based stakeholder relations theory. The connection of the two literature streams is reflected not only in the empirical measures we have chosen but also in our model of the outcomes of online stakeholder communication. We believe that our core concept of web-based stakeholder communication can be generalized to different settings other than non-profit organizations. Scholars should look at how for-profit and governmental organizations engage in online stakeholder relations, and might wish to extend our research by examining whether and how online communications are affected by the unique attributes of individual stakeholder groups. The concept of web-based stakeholder communication could even be extended to the level of inter-personal communication. Overall, communication scholars should strive to build on these insights by developing hypotheses that extend, modify, and challenge our hypotheses.

Finally, our empirical findings on the outcomes of online stakeholder communication may give rise to interesting practical insights. For example, one important generalization is that targeting “definitive” stakeholders (donors) on the website appears to help strategically, or at least financially; targeting other stakeholders, in contrast, does not carry such benefits. The implications of this finding are considerable for those concerned with charitable organizations’ broad community-engagement practices, especially if organizations are overly investing in donor-oriented strategies at the expense of other stakeholders and the organization’s non-financial outcomes. In any case, our data show that web-based stakeholder communication appears to *count*. There are real-world implications arising from both the amount and quality of the website content targeted at key stakeholders, as well as the nature of the organization’s overall portfolio of online

stakeholder relationships. Scholars should therefore aim to explore how broad the outcomes of web-based stakeholder communication are in practice.

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Appendix A

Content Targeted at Core Stakeholders, by Level of Interaction

Information (Donors)	Transaction (Donors)	Interaction/Dialogue (Donors)
<ul style="list-style-type: none"> ▪ Main Section for Donors ▪ Main Section for Financial Advisors 	<ul style="list-style-type: none"> ▪ Cash Donations ▪ Special Content available via E-mail Sign-up ▪ Donor Forms ▪ E-Newsletter for Advisors 	<ul style="list-style-type: none"> ▪ Donor Extranet ▪ <i>Planned Giving Design Center</i> (personalizable third-party software for donors and advisors)
Information (Grantseekers)	Transaction (Grantseekers)	Interaction/Dialogue (Grantseekers)
<ul style="list-style-type: none"> ▪ Main Section for Grantseekers ▪ Online Library for Grantseekers ▪ Links for Grantseekers ▪ Grant Instructions ▪ Grantwriting Assistance and/or Tips ▪ “Grantee Stories” (profiles of grant recipients) 	<ul style="list-style-type: none"> ▪ Grantseekers’ Forms ▪ Grant Application Forms Submittable Online ▪ Grant Alert Sign-Up ▪ Project Evaluation Forms (downloadable or submittable online) 	<ul style="list-style-type: none"> ▪ Nonprofit Listserv ▪ Grantseeker Extranet
Information (Community)	Transaction (Community)	Interaction/Dialogue (Community)
<ul style="list-style-type: none"> ▪ Asks for Volunteers or Community Involvement ▪ Main Section for Volunteers ▪ Requests for Volunteer Involvement ▪ Research posted on Community Issues or Needs ▪ “Report to the Community” ▪ “Community Convening”-type content ▪ Calendar of Community-Oriented Events ▪ Main Section devoted to Community Information ▪ Community Resources, Links, and/or Library ▪ Community-Oriented Projects or Initiatives ▪ Community Impact Data or Reports 	<ul style="list-style-type: none"> ▪ Volunteer Sign-Up Form (downloadable) ▪ Volunteer Sign-Up Form (submittable online) ▪ Online Stakeholder Survey ▪ Online Needs Assessment ▪ Event Information submittable online ▪ Online Registration for Community Events 	<ul style="list-style-type: none"> ▪ Volunteer Extranet

Note: Shown above are all relevant categories of website content – categorized according to stakeholder targets and level of interaction – as found via an inductive analysis of all content found on the 117 organizations’ websites.

Appendix B

Table B1

Zero-order Correlation Matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. log of Donations	1														
2. log of Price	-0.56**	1													
3. log of Fundraising	0.41**	-0.27*	1												
4. log of Age	0.36**	-0.23	0.15	1											
5. Magnitude – Donors	0.53**	-0.26*	0.40**	0.14	1										
6. Intensity – Donors	0.49**	-0.22	0.38**	0.15	0.840*	1									
7. Magnitude – Grantseekers	0.43**	-0.26*	0.31**	0.23	0.42**	0.41**	1								
8. Intensity – Grantseekers	0.39**	-0.40*	0.33**	0.18	0.38**	0.39**	0.83**	1							
9. Magnitude – Community	0.10	-0.10	0.20	0.09	0.24	0.20	0.27*	0.19	1						
10. Intensity – Community	0.05	-0.07	0.18	0.06	0.23	0.19	0.33**	0.22	0.80**	1					
11. Balance – Intensity	0.02	-0.05	0.14	-0.14	0.24*	0.19	0.21	0.18	0.35**	0.49**	1				
12. Balance – Magnitude	0.13	-0.10	0.24*	0.04	0.36**	0.31**	0.28*	0.23	0.58**	0.45**	0.63**	1			
13. Donor Slant	0.42**	-0.10	0.23	0.14	0.61**	0.77**	0.08	-0.006	0.08	0.07	0.06	0.20	1		
14. Grantseeker Slant	-0.07	-0.09	0.06	0.05	-0.44**	-0.54**	0.09	0.23*	-0.03	-0.08	-0.13	-0.21*	-0.44**	1	
15. Community Slant	-0.21	0.09	0.008	-0.04	0.03	0.01	-0.13	-0.09	0.40**	0.34**	-0.02	-0.03	-0.07	-0.05	1

*p<.01, **p<.001