Towards Fundraising Excellence in Museums -
Linking Governance with Performance

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ABSTRACT / MANAGEMENT SUMMARY

This article presents an empirical analysis of the relationship between fundraising governance and fundraising performance in a sample of 244 Swiss Museums. We propose a fundraising governance model that reflects the level of an organizations' successful fundraising. Being inspired by research on business excellence, the proposed fundraising governance model extends the mostly qualitative and theory-based concepts of dynamic organization cycle models that are found in Non-profit research, by using a quantitative approach. We explore five fundraising governance factors: 'boards' activities', 'boards as symbolic decision makers', 'board as donor', 'fundraising strategic planning and controlling', and 'fundraising techniques'. Museums are classified into fundraising governance levels "zero", "awareness", "composition", and "integration". The model is shown to be positively related to fundraising income.

KEYWORDS: Fundraising, Museums, Governance, Management Practices, Performance, Excellence

INTRODUCTION

The search for excellence in the field of fundraising management has become over the last years a more and more important issue in fundraising research and practice (Tempel, Seiler, and Aldrich 2011).

One approach to developing successful fundraising within an organization offered Kay Williams (2000) more than ten years ago with a five stages model. For this purpose, she interviewed 30 charities and analyzed them by using a grounded theory approach (Kay-Williams 2000, p. 220). Fundraising development reaches its top stage when it "incorporated the ethos of marketing" by putting the donor first, integrated in an overall marketing strategy (Kay-Williams 2000). Another prominent model in NPO research focusing the development of board governance is proposed by Miriam Wood (1992).She finds out, that, boards and staff play different roles and fulfill different tasks on different stages of organization development.

Both approaches allow the location determination of each organization and foster the understanding of development of fundraising or governance respectively, from one stage to the other. The shortcomings of those models as on all of the life cycle models (Greiner 1972; Wood 1992; Kimberley 1980; Rand and Krecker 1990; Mayhew 1982; Whetten 1987) lie in their pure descriptivism and the missing evidence, of if more mature development stages lead to success. At this point insights from business excellence research becomes interesting, where the linkage of performance measures to bundles of characteristics of organization actually is being investigated (Kanji and Moura 2007). So far, no such excellence model exists for fundraising.

The aim of this research project is to statistically analyze the relationship between fundraising governance characteristics, and fundraising performance. Our approach is, to learn from Business Excellence research while integrating insights of previous nonprofit research on museums, governance, and fundraising. We propose a fundraising governance model that reflects the level of an organizations' successful fundraising, here, of Swiss museums exemplarily.

Swiss Museums are for our research purpose a suitable object of study. They are expected to increase their fundraising activities in the coming years, because their funding provided by the public is slightly under pressure. This recent development raises questions on fundraising excellence. Specific museum research provides, with few exceptions (Alexander 1996; Anderson 2004; Hughes and Luksetich 1999), just little information basis on museum fundraising. To gather more information on their fundraising situation, an on-line questionnaire was sent to the Swiss Museums.

In this paper, we first outline the current state of research concerning fundraising governance factors and fundraising performance, and of the link between those. We then present the research methodology. The results are outlined in three steps and discussed. Finally, we offer several conclusions for research and practice.

FUNDRAISING GOVERNANCE AND PERFORMANCE

In the following section we first define 'governance' and then review existing literature for the evidence of the theoretical link between fundraising governance factors, and performance. Reduced to the least common denominator, governance' can be defined as a denotation for the different mechanisms that create order among a population of actors (Mayntz 2009). Thus, governance research is closely related to 'social mechanism explanation', a concept receiving

considerable attention in the social sciences at present (for an overview see Hedström and Ylikoski 2010). Mechanisms are defined as "…entities and activities organized such that they produce regular changes from start to finish" (Machamer, Darden, and Craver 2000). In other words, input leads to an outcome by intended, changeable, organized, structure and action. The outcome of fundraising governance is commonly described by measures of fundraising performance (Yi 2010, for the dicussion of the use of fundraising performance measures in the present study, see chapter 'results'). Concerning the input of fundraising governance we first look at the activity side; at the implementation of certain management practices. These establish mechanisms of collective action to fulfill or reach requirements, targets or outcomes (1). Second, entities, understood as structures of collective activities, have to be analyzed. We look at boards, because they play a crucial role on Nonprofit Organizations, and because they influence activities of fundraising in an important way (2).

(1) Fundraising Management Practices in Museums

Within the field of fundraising management practices which is, compared to for example fundraising communication, fairly underrepresented in fundraising research, two major themes are identified: the use of fundraising techniques, and strategic fundraising management (see especially publications in 'Nonprofit Management and Leadership and 'International Journal of Nonprofit and Voluntary Sector Management).

Important in fundraising management is the professional and fitted use of fundraising techniques. We found numerous literature discussing the use of fundraising techniques in all kinds of nonprofit-organizations, but no such study within the museum sector. Noticeable is the study of Sargeant and Kähler (Sargeant and Kähler 1999) that analyzes the effect on fundraising performance: By investigation of the United Kingdom's five hundred charities, they measured each use and efficiency of a range of popular fundraising tools. According to them, major gift, trust and corporate fundraising generate the highest returns and the fundraising performance does not depend on the organizational size (Sargeant and Kähler 1999, p. 16). We found no study, that quantifies how many techniques were applied within each organization, that measures the intensity of use of fundraising management techniques.

Another central aspect of fundraising management practices is strategic management. The practical relevance of strategic planning (Lindahl and Winship 1992; Hanson 1997; Bush 2003; Ferson 1996) and performance measurement (Paton 1999; Yi 2010; Ritchie and Kolodinsky 2003; Aldrich 2009; Brooks 2004) in fundraising was perceived by Nonprofit

research early on. Conversely, in his research on arts organizations, Turbide et. al. (2008) found out empirically that governance was actuated more spontaneously than planned (Turbide et al. 2008, p. 7). Also, Holmes attested to the museums in the U.K. a low status of management (Holmes and Hatton 2011). These two indications conform with the mutually exclusive relationship between planning and creativity (McCain 1992). But, considering the fundraising task, which is not a genuinely creative task, fundraising planning in museums might also be relevant for fundraising success. In Nonprofit Research, some investigation has looked at the relationship between certain planning practices in general, and organizational outcome (see Mazzarol 2008; Siciliano 1997; Herman and Renz 2004; Odom and Boxx 1988; Crittenden, Crittenden, and Hunt 1988). For example, Sicilianos' study (1997) of 240 YMCA organizations revealed that organization using a formal approach to strategic planning achieve higher levels of financial and social performance compared to those with less formal processes, regardless of organization size (Siciliano 1997, p. 387). Thus, we found no study that explored statistically the relationship between fundraising planning explicitly, and fundraising success.

(2) Board Governance and Fundraising in Museums

In Nonprofit Governance research and practice, the board is seen as "a subject of enormous importance"; being given "ultimate responsibility" for their organizations (for an overview see Ostrower and Stone 2006, p. 612). Board composition, the boards' different roles and different tasks, and the shaping of the relationship with the executive management (Herman and Heimovicz 1990) define different governance models or typologies, within which organizations perform (Bradshaw, B., and R. 2007; Brown 2000; Conforth 2001; Dickenson 1991; Duca 1996; Fletcher 1999; Hung 1998; Murray 1998; Ostrower and Stone 2006; Herman and Heimovicz 1990). Especially in private funding, governing boards play an important role (Tempel 2003; Hodge and Piccolo 2005; Carver 1997; Greenfield 2009; Hung 1998; Ostrower and Stone 2006; Green and Griesinger 1996). This is also the case for museums (Bieber 2003; Griffin 1991; Griffin and Abraham 2000; Ostrower 2002). However, Des Griffin (1991) sees the museum boards' role is not primarily on the financial side but on the strategic considerations (Griffin 1991, p. 301).

The Boards' funding and fundraising role starts to change when staff is engaged in fundraising. According to Wood (1992) at some point, the executive director gains the boards' confidence and performs task more and more independently (Wood 1992, p. 144). In this

situation, the board approves decision memos of the managing directors without detailed review. Consequently, the governing body develops into a symbolic decision maker. In theory, models of governance suggest two ideal-typical forms of board-staff relationship: First, a harmonious partnership with the leadership core or second, a hierarchical authority relationship with the board in a superordinate position (Ostrower and Stone 2006). Empirical research of arts boards however reveals numerous different, complex patterns of relationships moving between those ideal types (see for examples Ostrower and Stone 2006, p. 617). In mid-range and in smaller arts institutions, the relationship between board and executive management is often not clearly defined (Zehnder 2002). To explore boards' fundraising role, the involvement of the staff in fundraising has to be considered.

Ostrower (2002) reveals an important structural governance aspect concerning board composition. She observes that board members serve as donors themselves feeling moral pressure to donate (Ostrower 2002, p. 67). Moreover, she observes that the incorporation of donors within the boards is one of the most powerful fundraising tools (Ostrower 2002, p. 68). It seems that this point might be museum-sector-specific. Maecenas, wealthy patrons, often play a central role as major donors of museum buildings, as founders of the museum organization and as donators or permanent loaners of their arts collections. They often have an enormous influence on museum boards as a board member reports from a Swiss Museum of modern and contemporary arts (Darier 2010).

Herman and Renz (2008) list studies that confirm a relationship between board effectiveness and organizational effectiveness (Herman, Renz, and Heimovics 1996; Brown 2005; Jackson and Holland 1998). However, as yet, no literature can be found about the relationship of board governance, with regard to fundraising success.

Organization development models for governance and fundraising

So far, we summarize that existing research indicates some possible clues about the connection between factors of fundraising governance, and fundraising success. However, the correlations we have found relate to individual, isolated factors and form no overall picture on the governance of fundraising within an organization. Approaches that combine various factors and describe the evolution of an organization at different stages, are the ones of Wood (1992) focusing on board governance, and of Kay Williams (2000) focusing on fundraising:

Woods' dynamic organizational lifecycle model for governance of nonprofit organizations follows on the tradition of cycle dynamic models of various authors (Greiner 1972; Wood 1992; Kimberley 1980; Rand and Krecker 1990; Mayhew 1982; Whetten 1987). This approach assumes that the governance practices within an organization over time are changing (Duca 1996, pp. 89-90), each stage of development being described by certain bundles of governance characteristics. Wood (1992) distinguishes between four phases: the founding phase, the supermanaging phase, the corporate phase, and the ratifying phase. In the founding phase, the governing board is the core of the organization and its values, it "…*is* the agency" (Wood 1992, p. 144). Board members often are personally motivated and actively decide mostly, without differentiating between policy and administration. In this phase board members often donate to cover deficits. At the end of this phase, a paid executive officer is being hired, and most tasks are left to him. This is the start of the supermanaging phase, that is dominated by the conflicts of the professional executive officer who overtakes the administration, and a decision-making board that has to get adapted to more professional work. The subsequent corporate phase is characterized by the clear division of tasks: The Board decides policies that are implemented by the executive director. The then following ratifying phase is highly formalized, and the decision-making processes become ritualized. Here, the executive director represents the organization, and pushes the board to a recruit higher prestige members, to enhance reputation, and fundraising capacity (Wood 1992, p. 149).

Kay-Williams (2000) designed a five stages model for the development of fundraising. Therefore, she interviewed 30 charities and analyzed them by a qualitative, grounded theory approach (Kay-Williams 2000, p. 220). In contrast to the present model, she used 'position of founder', 'paid staff/volunteer dominance', 'position of founder', and 'reliance on voluntary income' as descriptive variables for modeling. Kay Williams distinguishes between three major phases: Appeal phase, Fundraising phase, and Marketing phase. In the early appeal phase, fundraising is chiefly run by a few core volunteers, with some involvement of the executive staff. So far, no fundraising targets are set. In the late appeal phase, more volunteer groups are involved, supported by staff members responsible for fundraising. In the early stage of the fundraising phase, a fundraising department is established, volunteers and the founder are less involved. In this phase, a growing need for fundraising is noted. In the late fundraising phase, fundraising is more strategic, volunteers are deployed well-directed, and fundraising income becomes essential for core work of the organization. The final stage is the

marketing phase with a large team of fundraisers running a one-to-one marketing approach and a marketing orientation across the whole department. Volunteers are involved merely selectively. Long-term reliable fundraised income has to be generated.

Both approaches foster the understanding of development of fundraising or governance respectively, from one stage to the other. They bundle organization characteristics to explain the respective stages of organization development. But, methodically seen, both approaches are purely descriptive and the links between the identified factors is not proven statistically. Furthermore, Kay-Williams and Wood do not link the stages of development with measures of success and we have no evidence, of if the development stages lead to fundraising success. In this research project we first bundle fundraising governance factors and second, link them to measures of fundraising success. The more mature fundraising governance is, respectively, the higher the level of fundraising governance, the better is fundraising performance. That is the thesis of the present research project.

METHODOLOGY: data collection, sample and methods
Data collection
Data were collected in 2010 among a population of 1,065 contacts of about 730 museums which the Swiss Museum Association has made available. In emails sent by the Association we called for participation and supplied a link leading to an online questionnaire. After two callings and partial consulting by phone calls we received responses from 244 museums, a response rate of approximately 33 percent.

Collecting data from the museum was a difficult proposition, in terms of the data relating to fundraising. Due to implausible results, especially the scale variables such as operating income, fundraising revenue or fundraising budget, we did a follow up with 64 museums of 244) by email and telephone (a total of 2 times). 23 museums did not respond, 20 museums were corrected in their details and 21 museums said they had responded correctly despite implausible data. For example, ambiguous data in fundraising income was due to a single donation, or missing operating income was due to a museums' renovation. To estimate the accuracy of the fundraising revenue figures, a check was incorporated into the questionnaire to determine whether the figures are estimated or based on accounting. 63 percent said that they estimated their fundraising revenue only.

Sample characteristics

The 244 surveyed museums represent eight different museums categories based on the official category system of the Swiss Museum Association. The largest group that responded was the regional and local Museum group with a share of 36.1 percent. Second largest was the group of thematic museums with a share of 19.7 percent followed by art museums with a share of 14.8 percent. The remaining 29.4 percent are shared by following museum groups: Historic museum (9.8), technical museum (9.4) and natural science museum (7.0), archaeological (2.5) museum and ethnographic museum (0.8). The distribution of the legal form of the 244 surveyed museums' management, are associations (31.5 percent), private foundations (24.6 percent), centralized public administration (20.1 percent), decentralized public administration (16.8 percent) and profit oriented private legal forms (like ltd., joint-stock companies) with 7 percent. The museum size ranges measured by operational expenditure are tremendous and range from 150 CHF to 28 Mio. CHF. While 28 percent of the museums are under 20,000 CHF, 46.7 percent lie between 20,000 CHF and 0.5 Million CHF annual expenditure. The sample shows very similar characteristics concerning category, legal form, and annual operational income, to those found by the Swiss case study of the Johns Hopkins Comparative Nonprofit Sector Project (CNP) (Helmig, Bärlocher, and Lutz 2007). Thus, the present sample appears to represent the population of Swiss museums well.

The mean relative fraction of the overall funding of the investigated museums are 40.14 percent for state subsidies, 39.74 percent for self-generated income, and 19.72 percent for fundraising. Similar results were found in a research project on the financing of Swiss Museums in 2003 with almost equal results for the fundraising income (18.8 percent), a little lower self-generated income (36.2 percent) and a slightly higher state subsidies share of 45 percent (Beccarelli 2005, p. 231 - 232).

The four major fundraising activities found in our study were management of friends associations (50.4 percent), trust fundraising by project submissions (46.3 percent), organizing of events (43.9 percent) and acquisition of volunteers (40.2 percent). If one takes into account the important role of Maecenas in the museum sector, it is surprising to find out that targeted requests for patrons with at 27.5 percent is currently not a dominant fundraising activity in Swiss museums.

With the question "Is Fundraising carried out at your museum?", we separated those museums that consciously raise funds from those that are not aware of fundraising. Sixty percent (146 of 244 museums) indicate that they do not raise funds actively. They are labeled as

fundraising governance level "zero". Forty percent (98 out of 244 museums) indicated that they conduct fundraising consciously. These are chosen for further statistical analysis.

Methods

Given our theoretical perspective and substantial interests, our questionnaire was designed to collect data on two aspects: (1) items for board governance, (2) items for the application of fundraising management practices (see table 1). Furthermore, we collected data to develop indicators for fundraising performance, for example fundraising income and expenditures. Plus, we collected data of other museum characteristics like museum category, annual operating expenses, voluntary fundraising engagement and legal form, which are used as descriptive and as control variables.

In step one, we used the selected items for explorative factor analysis and formative index engineering. In step two, we classified museums into three clusters by cluster analysis and then mapped each class to a fundraising governance level by theoretical considerations. In step three, we verified our fundraising governance model with fundraising performance measures by means of analysis of variance and by linear regression analysis. All variables were z-standardized and logarithmic transformed (if necessary) to obtain Gaussian normal distributed histograms.

RESULTS

Step I: Identification of Fundraising Governance factors

Factor analysis serves to draw from empirical observations of many different manifest variables (items) to a few underlying latent variables (factors). We undertook factor analysis with items describing board governance and describing fundraising management practices. With items describing fundraising techniques we developed a summative index as described later. An overview of research dimensions and items can be found in table 1:

Research Aspects	Items	Factor
Fundraising Management Practices	1. Fundraising strategic	F ManPrac I
	2. Fundraising performance	
	3. Fundraising strategy	Fundraising strategic planning and controlling
	4. Performance Measurement	
	5. Annual Performance	
	6. Quality standards for the	No Factor
	7. Fundraisers visit	
	8. Project submission (trusts)	F ManPracII
	9. Capital campaign	
	10. Management of a friends'	Fundraising techniques
	11. Requests for patrons	
	12. Corporate donations	
	13. Collection campaigns with	
	14. Internet fundraising	
	15. Telephone fundraising	
	16. Events	
	17. Systematic collaborations	
	18. Legacy fundraising	
	19. Acquisition of volunteers	
	20. Requests for benefit in	
	21. Merchandising	
Board Governance	1. Active in fundraising:	F Gov I
	2. Fundraising strategy	
	3. Achievement of	Boards' fundraising activity
	4. Board mobilizes private	
	5. Patron or/and businessman	F Gov II
	6. Targeted co-option of (potential) donor into Board	Board as donor
	7. The decision-making documents prepared by the fundraising representative signed unchanged by the board	F Gov III Board as symbolic decision maker

(Table 1: research aspects, items and resulting factors from factor analysis and formative index engineering)

For the factor analysis, the following settings were chosen: Extraction Method: Principal Component Analysis, Rotation method: Varimax with Kaiser Normalization, missing values replaced with mean. All factors were saved as regression factor scores, which meanwhile has become a commonly used method to compute latent factors in explorative factor analysis (DiStefano, Zhu, and Mindrila 2009).[i]

Referring to the research aspect *'fundraising management practices'*, we conducted an exploratory factor analysis with using items 1-7. The Kaiser-Meyer-Olkin Measure of sample adequacy shows a result of 0.818 which can be rated as "meritorious" (Kaiser and Rice 1974). That means, the data is well suitable for this factor analysis. All communalities are between 0.59 and 0.69 showing a good reliability of each item. We identified two components which explain 63.8 percent of total variance. Items 1-5 constitute a factor defined as 'Fundraising strategic planning and controlling' (F ManPrac I). Because items 8-21 constitute a formative factor we computed an additive index by calculation of the means of all 14 items. The

resulting Factor 'Fundraising techniques' (F ManPrac II) measures the number and intensity of the use of fundraising techniques.

To find factors within the research aspect, *'Board Governance'*, we conducted an exploratory factor analysis with the corresponding items 1-7 (see table 1). Kaiser-Meyer-Olkin Measure of sample adequacy shows a result of 0.627 which can be rated as "middling" (Kaiser and Rice 1974). That means, the data is relatively suitable for this factor analysis. All communalities are between 0.5 and 0.9 showing a good reliability of each item. We identified three components which explain 64.7 percent of total variance. Items 1-4 constitute factor defined as 'Boards' fundraising activity' (F Gov I). The second factor is constituted by item 5-6 defined as 'Board as donor' (F Gov II). Item 7 creates a factor named as 'Board as symbolic decision maker' (F Gov III). For further details see appendix 1.

Step II: Classification into fundraising governance levels

The 98 museums that are consciously raising funds are now classified into three clusters using clustering techniques. Subsequently, we map the clusters to a fundraising governance model.

(1) Statistical classification of the museums

We used all factors as cluster variables (see table 1) and applied the common method of hierarchical clustering. The advantage of the hierarchical clustering method is among other things its stability when running a test repeatedly. Furthermore, it is exclusive, each museum is assigned to a single cluster. As proximity measure we applied Wards' method. Wards' method attempts to minimize the sum of the squared distances of points from their cluster centroids (Tan, Steinbach, and Kumar 2005). Further settings were: squared Euclidian distance measure and single solution of three clusters. Clusters were saved as variables. In the first cluster we found 41 museums, in the second cluster we found 35 museums and in the third cluster we found 21 museums.

(2) Mapping Clusters to fundraising governance levels

To map clusters to fundraising governance levels we first calculated the factors' mean of all cases per cluster. The factors items' scales were constructed as such, that the higher the factors' mean the more pronounced, or prominent, it is (see table 2). For example, Factor F ManPrac I has the highest mean (1.13) in cluster 3. Therefore museums belonging to cluster 3 have a very high level of strategic fundraising management. For cluster 2 the development of

the museums' strategic fundraising management is middle (0.17). The museums with the lowest strategic fundraising activities can be found in Cluster 1 (-0.69; compare table 2, columns on the left).

	Factor mean				
	F ManPrac I: Fundraising strategy and controlling	F ManPrac II: Fundraising Techniques	F Gov I Boards' fund-raising activity	F Gov II Board as donor	F Gov III Board as symbolic decision maker
Cluster 1	-0.69	-0.58	-0.02	-0.49	-0.43
	low	low	middle	low	low
Cluster 2	0.17	0.21	-0.46	0.07	0.51
	middle	middle	low	middle	high
Cluster 3	1.13	0.78	0.87	0.86	-0.03
	high	high	high	high	middle

(Table 2: cluster means, factor ranks "low, "middle", "high")

Museums within Cluster 1 realize fundraising governance factors the least well (see table 2). They are aware of the fundraising task but not yet purposefully governing their activities. We call this level "awareness". Museums within Cluster 2 realize governance factors on a medium level of building up fundraising activities. They are on the level of "composition". Museums within Cluster 3 realize governance factors strongly. This level we name "integration", where museums established fundraising within their organization and perform commonly to reach fundraising goals. In the following we give a more detailed description of the levels:

Cluster "awareness"

The museums are aware that they raise funds and start applying fundraising management and governance. Fundraising strategic planning and controlling is still low (F ManPrac I): In accordance with Kay-Williams (2000), no fundraising targets are set yet: organizations on this level are „grateful for anything" (Kay-Williams 2000, p. 228). The fundraising at this stage is chaotic and uncontrolled, or at best self-coordinated. So far no, little or at least some paid staff is involved in fundraising (Kay-Williams 2000, p. 228). Accordingly, the intensity of the use of fundraising techniques (F ManPrac II) is low as well. Whereas boards' fundraising activity is middle (F Gov I): In analogy to Woods "Founding Period" the boards are relatively active in fundraising (Wood 1992). However, the boards are rarely purposefully staffed with donors (F Gov II) yet. In compliance with Woods' founding phase, the boards are active decision

makers and far from making symbolic decisions (F Gov III). It should be noted that the fundraising awareness level should not be confused with the founding period of museums themselves, where Maecenas in the boards may play a more significant role (Beccarelli 2005).

Cluster "composition"

In this phase, structures and fundraising management practices are in the building phase as the ranking of the following factors shows: The representation of donors in the board is ranked middle (F Gov II), as well as the measure of fundraising strategic planning and controlling (F Man Prac I) and the use of fundraising techniques (F Man Prac II). 'Boards' fundraising activity' is low (F Gov I) and 'Board as symbolic decision maker' (F Gov III) are ranked highly. This combination of factor characteristics is similar to either an „Executive Centered Governance Model" (Herman and Heimovicz 1990; Fletcher 1999; Brown 2000; Drucker 1990); or a „Staff dominant Model" (Murray 1998). In these governance models, the supervisory bodies are less involved in operative fundraising activities, as these tasks were now delegated to the management or employees in charge. The role of the board is reduced to blind approval only. The composition level resembles in a way Woods' late founding phase (Wood 1992, p. 144), where the board is relying much on the executive director and thus is not fulfilling its responsibilities (Wood 1992, p. 144).

Cluster "integration"

In the phase of integration, 'Fundraising strategic planning and controlling' (F ManPrac I) is high as expected: fundraising strategic performance goal is set, fundraising strategy is established, performance measurement is implemented. Accordingly, the intensity of the use of fundraising techniques (F Man PracII) is high as well. This phase is comparable to the phase of "adulthood" . Fundraising tasks are strategically managed, board and managers govern, the system is well established and reporting and accounting are clear (Hudson 1995, in Kay-Williams 2000: 224). If compared with Kay-Williams' Fundraising development model, "integration" may show parallels to stage four "leave it to us" with a high level of professionalization in performing fundraising tasks (Kay-Williams 2000, p. 227). Concerning governance, 'Boards' fundraising activity' (F Gov I) is ranked high, as well as 'Board members as donors' (F Gov II) is high as well. This factor rank combination indicates a strong performance of the board. 'Board as symbolic decision maker' (F Gov III) is ranked as middle which indicates that board and staff are pulling together, ideally into the same

direction. This phase resembles the "partnership model": CEO and Board decide together and both overtake responsibility for the organizations' performance (Hung 1998; Conforth 2001; Pfaffenzeller 2003; Drucker 1990; Conforth 2004). Parallels are given to Woods' corporate phase, where tasks and decisions of board and executive staff go hand in hand (Wood 1992).

Step III: Linking Fundraising Governance with Fundraising Performance

A proven Fundraising excellence model is given, if the proposed fundraising governance model is linked with fundraising performance (Kanji and Moura 2007). First, we undertake an analysis of variance to evaluate the relation between the clusters, and fundraising performance. Second, we identify relations between each of the five fundraising factors and fundraising performance, to further evaluate and discuss the cluster method that bundles factors, in contrast to the identification of individual success factors (Kanji 1998)(see figure 1).

(Figure 1: Fundraising Excellence)

Fundraising performance

In fundraising research and practice, many different measures of fundraising outcomes have been used. "There is no commonly agreed method of calculating return on investment by charities" (Aldrich 2009, p. 358). Numerous studies on the measurement of fundraising performance can be found (see for example Aldrich 2009; Ferson 1996; Greenfield 1999; Ritchie and Kolodinsky 2003; Sargeant and Kähler 1999; Yi 2010; Brooks 2004; Paton 1999). One of the most common fundraising performance measures are the ratio of income from fundraising activities compared to fundraising costs, and compared to operational expenditure (or income). Aldrich (2009) notes rightly that the problems of the construction of measures lie in the detail. For example, it is not clearly defined what activities can be subsumed under fundraising: Is the distribution of a newsletter to the museums' friends association a genuine fundraising task or a public relationship effort? The interpretation of the measures of fundraising performance but should be done carefully, because still, (fundraising) success is whatever museums judge it to be (Anderson 2004). So far, no comparable, commonly accepted benchmarking methodology of fundraising efficiency of museums exists. And as the museums are highly diverse organizations, it may not be recommended to strive for benchmarks in the near future. So, if these measures are used internally, it might be legitimate

to take fundraising income as an absolute number for fundraising performance. According to these considerations we apply the following fundraising performance ratios: Annual fundraising income to annual operational expenditure (1, see table 3), Annual fundraising income to annual fundraising expenditure (2). Third, we apply absolute values of annual fundraising income (3).

Linking fundraising governance clusters with fundraising performance indicators

Among the identified fundraising performance indicators we now select the appropriate one for further analysis. With analysis of variance we ask: Do the identified indicators of fundraising performance differ in a significant way between the three clusters "awareness", "composition", and "integration"? The Analysis of variance shows two significant performance indicators: (3) fundraising income (sig 0.00). (2) the ratio of fundraising income to fundraising expenditure (sig. 0.006). No significance is detected in the case of fundraising income to operational expenditure (1).

Analysis of Variance		
Fundraising performance indicators	F	Sig.
(1) Fundraising income / operational expenditure in 2009	0.867	0.424
(2) Fundraising income / fundraising expenditure in 2009	5.591	0.006
(3) Fundraising income in 2009 (log)	18.948	0.000

(Table 3: Analysis of variance, cluster variable is given factor)

To test the difference of fundraising performance indicators (2) and (3) between each cluster we employ pairwise t-tests. For indicator (2) the Levene-test shows inhomogeneity of variance (sig. < 0.05) for all cluster combinations. All pairwise t-tests for equality of means are not significant. Consequently, this indicator is discarded. For performance indicator (3), the Levene-test detects inhomogeneous variance between cluster 1 and 2 (sig. 0.017) and between cluster 2 and 3 (sig. 0.648). But, all pairwise t-tests for equality of means with indicator (3) show high significance (all of them ≤ 0.003). The box plot shows nicely that fundraising income increases with each level of fundraising governance (Figure 2). Because of this result we decide to proceed with fundraising performance indicator 'fundraising income'.
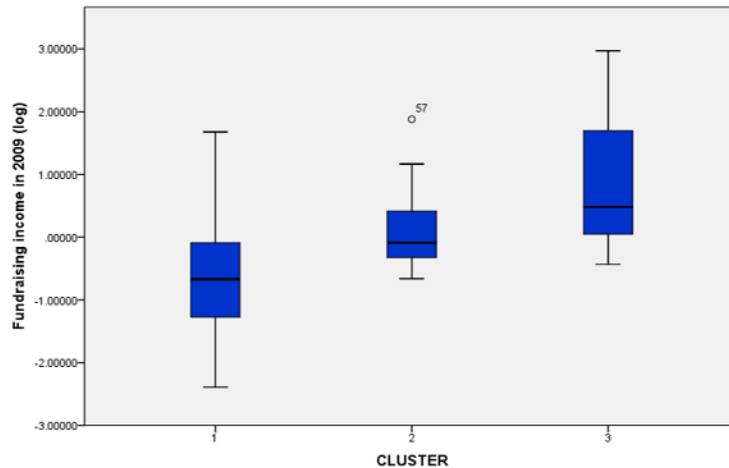
(Figure 2: box plot. Fundraising income is z-transformed and in logarithm scale)

Yi (2010) identified a relationship between fundraising performance and organization size. Therefore, we test the additional influence of the organization size, expressed by operational expenditure, by means of a covariate analysis, that shows that though the covariate 'operational expenditure (zlog)' has a highly significant influence (sig. 0.000) on fundraising income, it does not destroy the significant relationship between cluster membership and fundraising income (sig 0.000). Furthermore, we test the influence of legal form and museum category by an univariate Analysis in the general linear model with fundraising income (zlog) as dependent variable and cluster affiliation, legal form, and museum category as fixed variables. The model shows no significant relationship to legal form and museum category, and happily, in this model, the significance of the relationship between fundraising income and clusters remains. These results show the robustness of our proposed fundraising governance model.

SUMMARY AND CONCLUSION

The fundraising task at museums in Switzerland is as yet not highly developed: 41 museums of the 98 investigated museums are "aware" of fundraising, 35 are on the level of "composition", and 21 museums are advanced fundraisers to be found on level "integration": By applying the Fundraising Governance Model museums are able to better situate their individual fundraising governance status – also compared to other museum organizations. Furthermore, the defined factors and their characterizations give hints for further organizational development practice: If museums aim to reach level "integration", and thus an

increase of fundraising income, results of this research project suggest, that donors should be included into boards, that different fundraising techniques should be used and that strategic planning and controlling for fundraising should be implemented. Results further suggest that boards should decide actively (not symbolic) on behalf of the decision memo which is prepared by fundraising staff. Board activity should be moderate, coordinated with the engagement of the professional staff. Due to our considerations, fundraising income can be used as a sufficient success indicator concerning this model for Swiss museums. Because of its proven robustness, the proposed fundraising governance model can be applied by all different museums organizations, regardless of organizational size, legal form, and museum category.

Methodically, the fundraising governance model, further develops the mostly qualitative and theory-based concepts of dynamic organization cycle models by using explorative factor analysis and classification methods. By the explorative factor analysis and the classification of similar cases we are able to reveal the specifics of museums in relation to fundraising. But, although the fundraising model is tailored to the museums investigated, the explored factors find theoretical substantiation in the Nonprofit Management and Governance literature, which strengthens our statistical results.

Of course, this explorative model needs some further development as this study has an explorative, museum-specific character. More studies on other NPO sector segments with carefully collected data on fundraising expenditures, income and fundraising governance items could shed more light onto the relevance of the proposed fundraising governance model. Furthermore, more factors relevant to fundraising governance should be identified and included and more stability tests of the classification methods have to be undertaken.

Regarding Governance research, we confirm some researchers that stress the importance of the inclusion of donors, seen as important stakeholders, into boards (Ostrower 2002; Brown 2002). Vice versa, our research shows that 'board activity' in fundraising is not monotone ascending by fundraising governance level and fundraising income which is opposed to what is read in NPO governance literature (Green and Griesinger 1996; Ostrower and Stone 2006). The factors 'fundraising strategic planning and controlling' and 'fundraising techniques' strongly point to further intensification of research on management practices within NPO governance research. Being linked up with the social mechanism perspective, Governance

research focuses on activities and entities and how they are related to organizational

outcomes. Within this conception, we contribute the present Fundraising Governance Model.

APPENDIX 1: Factors

Research Aspects	Items	Rotated Component Matrix Factor Loadings			Factor	Cronbach Alpha	Notes
		1	2				Rotation converged in 3 iterations.
Fundraising Management Practices	1. Fundraising strategic performance goal	0.819	.0083		F ManPrac I Fundraising strategic planning and controlling	α = 0.821	Cronbach alpha reliability coefficient indicated a good level of internal consistency (α = 0.821).
	2. Fundraising performance targets set	0.768	0.110				
	3. Fundraising strategy established	0.735	0.259				
	4. Performance Measurement of each fundraising activity	0.690	0.348				
	5. Annual Performance Measurement of fundraising success	0.683	0.348				
	6. Quality standards for the management of fundraising activities set	0.101	0.829		No Factor	none	The factor resulting from items 6 and 7 are not considered because the histogram of the factor is too far from normal distribution.
	7. Fundraisers visit Fundraising Training	0.194	0.811				
	8. Project submission (trusts)				F ManPracII Fundraising techniques	none	Because Factor V is formative we did not perform a factor analysis but computed the means of all 14 items (see items 8-21). The resulting Factor V 'Fundraising techniques' measures the number and intensity of the use of fundraising techniques.
	9. Capital campaign						
	10. Management of a friends' association		Mean				
	11. Requests for patrons						
	12. Corporate donations						
	13. Collection campaigns with traditional mailings						
	14. Internet fundraising						
	15. Telephone fundraising						
	16. Events						
	17. Systematic collaborations with other organizations						
	18. Legacy fundraising						
	19. Acquisition of volunteers						
	20. Requests for benefit in kind						
	21. Merchandising						
		1	2	3			Rotation converged in 4 iterations.
Board Governance	1. Active in fundraising: The board members	0.615	-0.036	0.047	F Gov I Boards' fundraising activity	α = 0.64	Cronbach alpha reliability coefficient indicated a mediocre level of internal consistency (α = 0.64). Nevertheless, this measure is acceptable considering the factor shows reasonable unidimensionality (Schmitt 1996; Miller 1995).
	2. Fundraising strategy decided by board	0.751	0.162	-0.057			
	3. Achievement of fundraising goals is controlled by board	0.643	0.254	0.272			
	4. Board mobilizes private donors	0.746	0.058	0.103			
	5. Patron or/and businessman participant of board	0.114	0.854	-0.081	F Gov II Board as donor	α = 0.65	Cronbach alpha reliability coefficient indicated a mediocre level of internal consistency (α = 0.65). As we argued above, this result still can be regarded as acceptable to be used for further investigations.
	6. Targeted co-option of (potential) donor into Board	0.088	0.844	0.134			
	7. The decision-making documents prepared by the fundraising representative signed unchanged by the board	0.004	0.028	0.973	F Gov III Board as symbolic decision maker	none	

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[i] There's some discussion about biases in factor score regression. One problem of using regression scores is "indeterminacy" of the scores (DiStefano, Zhu, and Mindrila 2009; Grice 2001). "Indeterminacy arises from the fact that, under the common factor model, the parameters are not uniquely defined, due to the researcher's choice of the communality estimate" (DiStefano, Zhu, and Mindrila 2009, p. 7). According to Grice (2001) we run the validity and the univocality tests. In the validity test all factor scores show high multiple correlation values with the proposed items (all tests ≥0.611) and thus are interpreted as valid. Univocality tests show good results as well (all tests ≤.0.250). Here, we checked multiple correlation values of the proposed items of other factors scores of the same factor analysis. Thus, the use of the regression factors for further research seem to be sensible.