

Ignoring Intent: Study Confirms Donors Feel Betrayed

02.18.20 | Linda J. Rosenthal, JD



“Respecting a donor’s intent is an ethical issue and also a legal matter,” according to the National Council of Nonprofits on its website section on “ethical fundraising.”

And a recent study confirms what is certainly a matter of common sense: A donor whose intent about a charitable contribution is not carefully followed feels “betrayed” and is unlikely to continue supporting that donee financially or in any other way. Even if the organization uses the donation for a different – but still worthy – purpose or cause, the benefactor still feels a sense of disappointment.

Donor Intent: Ethics and Law

A fundamental “tenet of ethical fundraising and accountability” is making clear “how a contribution will or will not be used and respecting the donor’s intention about it.” Board and staff need to know and understand the importance of maintaining donor trust as well as specific legal or fiduciary obligations to honor an express request or restriction that the organization acknowledges and undertakes.

A “restricted gift” is one that the donor offers and the organization accepts for a specific purpose. In certain circumstances, a verbal agreement about how to use a donation can be legally enforceable; the best practice, though, is to put the agreement in writing. The document helps to “manage potential donors’ expectations” and reduce ambiguities and uncertainties. It can also be the evidentiary basis for pursuing legal rights and remedies in court.

A threshold issue, though, is whether to accept at all a gift with requests or restrictions. Even when funds are low and an organization is tempted by any and all offers of help, a restricted gift may be more trouble than it’s worth. We wrote about a prudent organization taking this course in *Thanks, but No Thanks (For the Donation)* (July 3, 2018). The board of the Barry-Lawrence Library system in Missouri “gratefully acknowledged and carefully considered a \$3-million donation offer but – in the

end – politely turned it down.”

All organizations, large or small, should have a gift-acceptance policy. In the case of the board of the Barry-Lawrence Library system in Missouri, it “did everything right, including having a gift acceptance policy already in place that helped guide a difficult decision.”

Donor Intent & Betrayal

“When people learn that a charitable contribution they earmarked for a specific project was used for another cause, they feel betrayed – and often punish the charity,” according to Becky Kramer writing for the Washington State University Insider.

In *You did what with my donation? When donors feel betrayed by charities* (December 13, 2019), Ms. Kramer describes the key finding of new research from WSU published in the January 2020 issue of the Journal of the Association for Consumer Research (available online). Not only were those donors “... less likely to give money to the charity in the future or do volunteer work for the organization, the study revealed that “...they were more likely to say negative things about the charity.”

The research conclusions arose from three studies conducted at WSU’s Center for Behavioral Business Research. The work was headed by WSU Professor Jeff Joireman who teamed up with researchers from several other universities. Study participants were asked to make \$1 donations to certain rural projects in Indiana or Peru. These donors were then informed that the donee-charity “used their money for a different purpose.”

Respondents reported feeling “most upset when their money was directed away from projects considered essential for survival.” For instance, if these donors chose a drinking-water project but the money was used for a library instead, “they had higher feelings of betrayal” than if they had donated to a library project but the money was diverted over to a drinking-water fund. It’s noteworthy, though, that in both scenarios, the participants turned away entirely from the diverting charity in the next round of “donations” in the course of that study.

Professor Joireman observes that the sense of betrayal is heightened because “...charities are viewed as ‘moral actors’ by the public and held to high standards....” He adds that “...the whole idea that a charity could activate a sense of betrayal is quite novel!” And the bottom-line conclusion holds “... true even when their contribution was directed to another worthwhile cause.” Unlike a diversion in the case of fraud or embezzlement, “... the donor’s money was still being used for good.” Nevertheless, “... because the expectations were so high, they were upset when their donation was redirected.”

Conclusion

This new research makes a strong case for how important the element of transparency is for the nonprofit sector, especially at a time when polls show that trust in philanthropic institutions – along with other elements of our civic society – is dropping significantly.