

Running Head: AWARENESS AND CONFIDENCE IN THE NONPROFIT SECTOR

Getting to Know You:

Awareness and Confidence in the Nonprofit Sector

Lindsey M. McDougale

University of San Diego

School of Leadership and Education Sciences

Institute for Nonprofit Education and Research

lmcdougale@san Diego.edu

DRAFT: PLEASE DO NOT CITE OR REPRODUCE WITHOUT PERMISSION.

Getting to Know You:

Awareness and Confidence in the Nonprofit Sector

The legitimacy of the nonprofit sector is built on trust and confidence.¹ From a theoretical perspective the very existence of the sector has been attributed to perceptions of greater trustworthiness in nonprofits than in for-profit organizations (Hansmann, 1980; Hansmann, 1987; Holtmann & Ullman, 1993; Weisbrod, 1988; Rose Ackerman, 1996; Anheier & Ben-Ner, 1997). In practical terms trust and confidence can affect governance, involvement, and regulation of nonprofits. Thus, trust and confidence have often been viewed as crucial elements in evaluating the performance and overall health of the nonprofit sector—and ultimately among two of the sector’s most important commodities (Toppe & Kirsh, 2002; Sargeant & Lee, 2002; Fukuyama, 1995).

Indeed, Salamon (2002) has proclaimed that the entire “edifice of the nonprofit sector” stands on trust (p. 19). And it is largely because of such confidence, many believe, that we charge nonprofits with responsibility for overseeing some of society’s most important functions—caring for our health, watching our children, and protecting our environment. Consequently, when public belief in the nonprofit sector is lost the resulting dismay is often great. As Herzlinger (1996) has noted, “when nonprofit organizations fail, the breach of public trust is devastating” (p. 107). However, even though trust and confidence are undoubtedly important commodities to the nonprofit sector, there may be a more fundamental, and potentially, an even more foundational commodity to the sector: awareness.

¹ Although it is recognized that the concepts of trust and confidence, sociologically, are two separate concepts (see for example, Seligman, 1998), most of the literature on public trust and confidence in the nonprofit sector have ignored this distinction. As such, in this article trust and confidence will be used as interchangeable concepts.

There has been some evidence to suggest that awareness may be one of the most important factors in influencing public attitudes toward nonprofit organizations (Schlesinger, Mitchell, & Gray, 2004a, 2004b; Light, 2004b). This evidence has shown that individuals who have an awareness of the nonprofit sector are significantly more likely to express favorable perceptions of performance in nonprofits (Schlesinger, Mitchell, & Gray, 2004a; Light, 2004b). Potentially, then, issues of charitable confidence may be minimal in comparison to issues of charitable awareness. Indeed, if individuals have limited, or even no, awareness of what a nonprofit organization is, then it is difficult to believe that their perceptions of the sector truly reflect their attitudes toward nonprofits—as they may actually be expressing a belief in government or for-profit organizations, while thinking that they are expressing a belief in nonprofit organizations.

Despite this seemingly important relationship, remarkably there have been few studies that have directly examined the personal characteristics of those who have, or do not have, an awareness of nonprofits, or any relationship that may exist between these characteristics, awareness, and confidence; however, this is an area deserving of much attention. In the world of practice understanding what populations are most able to distinguish nonprofit organizations from organizations in other sectors of society, or even at all, could allow nonprofit administrators the ability to direct outreach efforts more strategically—ultimately raising awareness among the populations that are the least aware of the nonprofit sector.

The purpose of this article, then, is to determine the characteristics of those who have an awareness of nonprofit organizations, and to understand the relative significance of awareness and individual characteristics in influencing public confidence in the performance of nonprofits. Using data from a survey of public attitudes toward nonprofits in Southern California, this study

examines the relationship between sociodemographic and contextual characteristics to public awareness of nonprofit organizations and public confidence in two areas of nonprofit performance: effectiveness and efficiency. The article is organized in the following manner. First, background information is presented on public expectations of performance in nonprofit organizations and on public understanding of the nonprofit sector. Next, a description of the conceptual framework for the article is provided, followed by the methodology and the data. Finally, the findings are presented and a discussion of the results concludes the article.

Background and Related Literature

Assessing performance in the nonprofit sector is inherently difficult. There are no agreed upon metrics or indicators on which to reliably evaluate the performance of charitable organizations. Yet, despite this difficulty nonprofits are frequently under pressure from funders and donors to be effective in service delivery and efficient in fiscal operations. Findings from a recent public opinion poll, for instance, have reported that nearly 62% of Americans believe that nonprofit organizations spend too much money on administrative costs and overhead expenses (Ellison Research, 2008). Additionally, Bradley, Jansen, and Silverman (2003), have suggested that nonprofit organizations may be able to increase productivity and potentially save Billions of dollars simply by changing aspects of their operating strategies. But, what does it mean for a nonprofit organization to be *effective* or *efficient*?

Efficiency in the nonprofit sector is often measured as a ratio of inputs to outputs. Or more specifically, efficiency asks, “At what cost can the nonprofit sector do its work, and are these costs justified by the ends?” Effectiveness is often viewed as the extent to which nonprofit organizations are able to satisfy their missions and successfully deliver their programs and

services. However, given the absence of a single criterion for success in the nonprofit sector, comparing the effectiveness and efficiency of nonprofit organizations across the many dimensions of the sector is complicated—leading many to question: how *best* to assess the effectiveness and efficiency of nonprofits? In reality, the answer to this question may never fully be known—enough, that is, to satisfy the demands of multiple stakeholders. However, *public confidence* in the effectiveness and efficiency of nonprofit organizations has provides insight into public expectations of performance in the nonprofit sector.

Indeed, much of what we know about public expectations of performance in nonprofit organizations has been framed in terms of confidence (Light, 2002, 2003, 2004a, 2004b, 2008; Toppe & Kirsh, 2003; Wilson & Hegarty, 1997). As a result, confidence has often been believed to be a crucial barometer of the level of public satisfaction in nonprofits. Sargeant and Lee (2002), for instance, have noted that “the concept of trust lies at the heart of charity” (p. 68), and Light (2003) has argued that “confidence clearly affects the public’s willingness to donate time and money, shapes the political and regulatory environment that governs charitable organizations, and has at least some influence on morale within the charitable workforce” (p. 1). Fukuyama (1995) has made even grander claims that link the health of the voluntary sector with the functioning of larger society. In particular, he has suggested that trust in voluntary organizations can affect overall social trust in our national economy.

Public Confidence in the Nonprofit Sector

In recent years there has been considerable concern regarding the level of confidence the public has in charitable organizations (Fleishman, 1999; Herzlinger, 1996, Light, 2003, 2004a, 2004b, 2008; Salamon, 2002). These concerns have been fueled by reports indicating that public

confidence in nonprofit organizations has been on the decline. According to a series of national surveys, for instance, between July 2001 and September 2002, the percentage of Americans expressing “a lot” of confidence in charities declined from 25% to 18%, while the percentage expressing no confidence at all (“none”) nearly doubled from 8% to 15% (Light, 2004a; Light, 2004b).² Subsequent surveys have continued to show a decline in the level of confidence the public has in charitable institutions. In 2004, Light (2004a) found that the level of confidence Americans expressed in charities stood approximately 10% to 15% lower than levels expressed in July of 2001. Additionally, results from this same survey indicated that only 11% of respondents thought that charitable organizations spent money wisely (which was down from 14% only one year prior); and just 15% expressed “a great deal” of confidence in charities overall (which was down from 18% only one year prior) (Light, 2004a).

Findings such as these have led to warnings of a “crisis” of confidence in America’s nonprofit sector. However, the validity of this “crisis” has not gone without challenge. Most recently, O’Neill (2009), in examining national attitude and behavioral data toward nonprofit, for-profit, and government sector organizations found that the “crisis” of confidence facing the nonprofit sector is not supported by longitudinal data. In fact, even regional reports of public perceptions toward nonprofit organizations have indicated that public attitudes are either steady or on the rise (Keirouz, 1998; Wilson & Hegarty, 1997; Maryland Association of Nonprofit Organizations, 2002; ASU Center for Nonprofit Leadership and Management, 2003). Regardless, however, whether or not confidence in the nonprofit sector is declining, rising, or remaining

² Although the percentage of respondents expressing “some” confidence during this period remained statistically unchanged (ranging from a high of 65% to a low of 62%), according to a test of how this question was worded, “some” confidence actually included both positive and negative perceptions of the sector (Light, 2002). That is, results from this test concluded that only 47% of those initially responding as having “some” confidence were actually expressing “a fair amount” of confidence in charitable

steady, a more important question is: does the public even have an awareness of what a nonprofit organization is—enough to form an accurate opinion of the sector?

Public Awareness of Nonprofit Organizations

Ultimately, whether individuals truly have confidence in the performance of nonprofit organizations is, in large part, dependent upon whether or not they can even meaningfully discriminate between organizations in different sectors of society. However, surveys have shown that the public does not always know the ownership type of the organizations they interact with, and quite often the public does not even have an understanding of ownership in and of itself (Mauser, 1993; Mauser, 1998; Permut, 1981; Van Slyke & Roch, 2004). Public opinion polls, for instance, have revealed that upwards of 25% of the American public is unfamiliar with the term “for-profit health care” (Schlesinger, Mitchell, & Gray, 2006). Furthermore, evidence has indicated that some individuals may be unfamiliar with the nonprofit sector in general.

In their survey experiment on public legitimacy in health care organizations, for example, Schlesinger, Mitchell, and Gray (2004a) found that nearly one-third of survey respondents had difficulty providing a coherent definition of the term *nonprofit*. This difficulty was even after applying a “low” standard of coherence. Those that were able to provide a definition, however, were significantly more likely to express favorable perceptions of the relative performance of nonprofit health care organizations.

Likewise, in one (out of a series of) national survey conducted to assess public confidence in charities, Light (2004b) found that when asked to state what the term *charitable organization* meant, nearly 11% of respondents could not, or would not, answer the question,

organizations, while the other 26% of those initially responding as having “some” confidence were actually expressing “not too much” confidence in charitable organizations (Light, 2002).

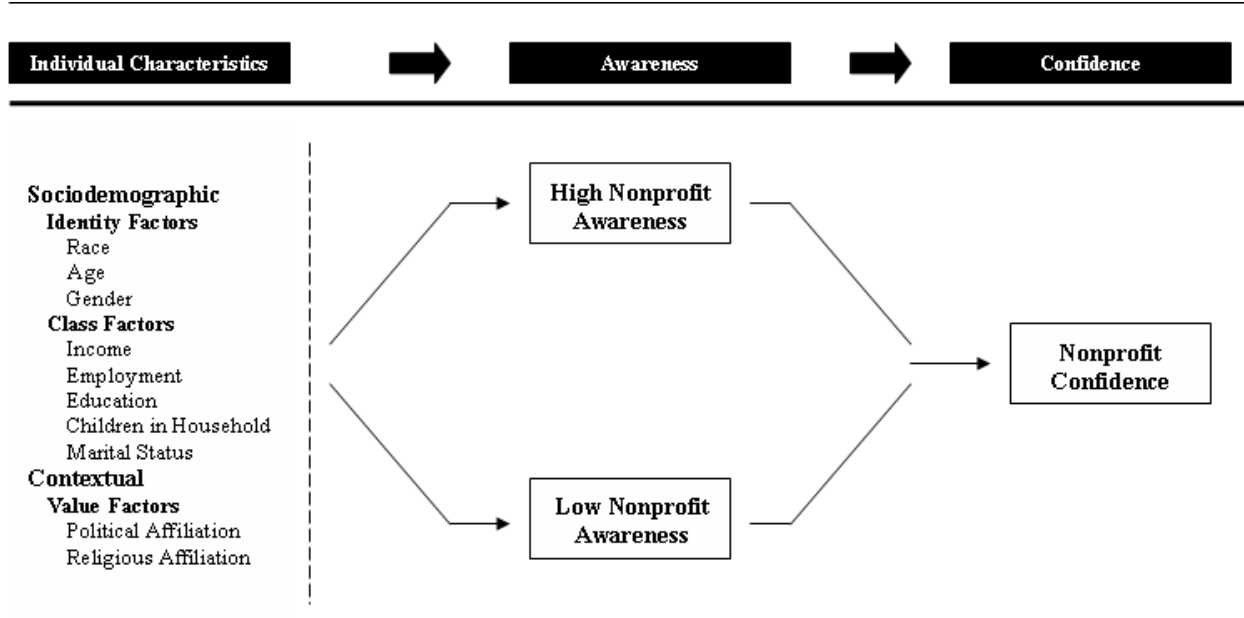
another 39% named a specific organization, and 50% provided a description. Those that were able to name an organization, he found, were significantly more likely to express higher confidence in charitable institutions.

Conceptual Framework

Although it appears that awareness of the nonprofit sector can influence public confidence in the performance of nonprofits, we know very little about the individual level factors that influence awareness of nonprofits or the relative importance of awareness and personal characteristics in influencing public confidence in the nonprofit sector. The premise of this article, then, is that sociodemographic and contextual characteristics can determine the level of awareness individuals have of nonprofit organizations. This awareness can, in turn, influence the level of confidence placed in the performance of nonprofits. Figure 1 presents the conceptual model.

The theoretical literature on nonprofit organizations has long suggested that certain populations will value trustworthy practices more than others (Hansmann, 1980; Hansmann, 1987). Scholars have speculated that consumers who perceive themselves to be vulnerable to exploitation will trust nonprofit service providers over for-profit providers (Hansmann, 1980; Hirth, 1997; Holtmann & Ullman, 1993). However, this trust may be, in part, determined by awareness. Findings from the previously identified literature have shown that individuals with greater familiarity, understanding, and awareness of nonprofit organizations are more likely to perceive nonprofits favorably. However, what is lesser known are the personal characteristics associated with those who have an awareness of nonprofits.

Figure 1. Conceptual Model



Although the individuals characteristics presented in the model are disaggregated by factors (i.e., identity, class, and values), this analysis focuses on the aggregated influence of these factors.

Only one study appears to have examined the relationship between personal characteristics and public awareness of the nonprofit sector. The findings from this study suggest that, not surprisingly, individuals with higher levels of education and those who work in the nonprofit sector both tend to have a greater nonprofit awareness (Schlesinger, Mitchell, & Gray, 2004a). A handful of studies have examined the relationship between personal characteristics and public perceptions of performance in the nonprofit sector. This evidence indicates that women, Democrats, individuals with higher educational attainment, individuals with higher income, and Whites all tend to have more favorable perceptions of the nonprofit sector, while racial minorities, and in some cases, married and younger individuals all tend to have less favorable perceptions of nonprofits (Keirouz, 1998; Wilson & Hegarty, 1997; Schlesinger, Mitchell, & Gray, 2004a; Light, 2005).

The sociodemographic and contextual characteristics proposed in the present model are derived from these findings. These characteristics are classified into three categories: a) sociodemographic identity factors – characteristics that are predetermined at birth; b) sociodemographic class factors – characteristics that influence social status; and, c) contextual value factors – characteristics that are often chosen by individuals and typically reflect moral beliefs.

Data and Methods

The objective of this article is to broaden our knowledge about the personal characteristics that influence public awareness of nonprofit organizations and drive public confidence in the nonprofit sector. This objective is addressed by employing both bivariate and multivariate analysis of survey data. The focus of the bivariate analysis is two-fold: first, this analysis is intended to create a sociodemographic and contextual profile of those most likely to have an awareness of what a nonprofit organization is; second, this analysis is intended to determine how public confidence in the nonprofit sector differs by level of awareness and by personal characteristics. The simple statistical tests used in the bivariate analysis are intended to establish when a relationship exists that is significantly different from what would expect should there be no differences in the population. The results of the bivariate analysis are extended using logistic regression procedures in order to determine the magnitude and the direction of the relationship between personal characteristics and awareness, as well as to determine the relative significance of the relationship between individual characteristics and awareness on public confidence in the nonprofit sector.

The data for this analysis come from a survey of public attitudes toward nonprofit

organizations in a large county in Southern California. The population included all residents of the County—with over sampling for African American and Native American populations.³ The survey, which included 1,002 respondents (representing an overall cooperation rate of 78%), was conducted during a period of two months (November 08, 2007 to January 09, 2008) using a simple random sampling design. The survey was administered using random digit dialing technology. The average length of the interviews was 20.34 minutes. Table 1 provides a descriptive assessment of respondents.

Measuring Nonprofit Awareness

Previous studies that have looked at the relationship between public awareness and public perceptions of the nonprofit sector have relied, primarily, on definitional familiarity (Schlesinger, Mitchell, & Gray, 2004a, Light, 2004b). However, understanding the definition of terms and actually being able to discriminate among the objects representing those terms are two different issues. It is possible, for instance, for someone to provide a coherent definition to the term nonprofit while still being unable to identify an actual nonprofit organization (indeed, the term itself provides much insight into the meaning).

As a result, at the beginning of this survey after completing only screening and a few background questions, respondents were asked to identify three local nonprofit organizations that came to mind. Responses were verified by searching online nonprofit databases and organizational websites. Of interest in this study were individuals who had higher and lower levels of nonprofit awareness. Therefore, individuals who were able to correctly identify two or three nonprofits were combined to represent those demonstrating *high* awareness (coded as 1).

³ Although African Americans and Native Americans were over sampled, the number of Native Americans in the sample still remained low. Therefore, Native Americans were included in the “Other”

Individuals who were only able to correctly identify one nonprofit organization or no nonprofit organizations at all were combined to represent those demonstrating *low* awareness (coded as 0).

Measuring Nonprofit Confidence: Effectiveness and Efficiency

Information on public confidence in the effectiveness of nonprofit organizations was based on a survey question that asked respondents to state their level of confidence in the ability of local nonprofits to effectively provide quality services. Information on public confidence in the efficiency of nonprofit organizations was based on a survey question that asked respondents to state their level of confidence in the ability of local nonprofits to spend money wisely. In both areas, respondents were asked whether they had: a *great deal of confidence*, a *fair amount of confidence*, *not too much confidence*, or *no confidence at all*. Due to a skewed frequency distribution, responses of *not too much confidence* and *no confidence at all* were combined to form a group of no/low confidence individuals.⁴

Bivariate Analysis Results

Characteristic Differences in Nonprofit Awareness

Earlier studies have shown that those who have an awareness of nonprofit organizations are significantly more likely to express favorable perceptions of nonprofit performance.

However, this research has not examined the personal characteristics of those who have an awareness of nonprofits. This section provides a profile of the sociodemographic and contextual

race category.

⁴ Cross tabulation analysis revealed that—given the low number of *no confidence at all* responses for either area (~2% for providing quality services, and ~4% for spending money wisely)—when *no confidence at all* and *not too much confidence* were treated as separate categories, zero cell frequencies resulted in some cases. In other cases more than 20% of cells had expected counts less than five and some had expected counts less than 1. Collapsing these categories solves this issue.

characteristics associated with high nonprofit awareness.

In table 2 we find that identity, class, and value factors are all significantly associated with the level of awareness an individual has of nonprofits. Crosstabular analysis of awareness against each individual characteristic reveals that there were a significantly greater percentage of Whites with high nonprofit awareness than any other racial group, and a significantly lower percentage of Hispanics with high nonprofit awareness than any other racial group. There were no significant differences in awareness by any other racial categories.

Each category of age was significantly associated with awareness. Though as a group, 18 – 25 year olds were the least aware of what a nonprofit organization was. Approximately 60% of all respondents in this age group were unable to correctly identify two or three nonprofits. In general, though, as age increased, the level of nonprofit awareness an individual demonstrated increased as well.

As could be expected, and consistent with previous research, there were significant differences between the percentages of high and low nonprofit awareness individuals at higher levels of education. There were also significant differences in nonprofit awareness at higher levels of income. In addition, significant differences in nonprofit awareness existed by marital status, employment status, and the presence or absence of children in the household. Differences in value factors revealed that significantly fewer individuals who were not registered to vote demonstrated a low awareness of the nonprofit sector than any other political group, while Catholics demonstrated a lower awareness of nonprofits than any other religious group.

From this profile, then, it appears that awareness of the nonprofit sector differs significantly by a number of (if not most) sociodemographic and contextual characteristics. The only characteristic that showed no significant difference was gender. There were no significant

differences between the percentage of men and women who demonstrated an awareness of what a nonprofit organization was.

Characteristic Differences in Nonprofit Confidence

From the pattern of responses in Table 3, it is interesting to note the differences in confidence the public has in terms of effectiveness and efficiency. In the ability of nonprofit organizations to spend money wisely (efficiency), in nearly each category the percentage of respondents expressing no/low confidence nearly doubled from the percentage expressing the same level of confidence in nonprofit effectiveness. This could suggest that although the public believes that nonprofit organizations are fairly effective in meeting social needs, they may also believe that the resources used to achieve these needs are inefficient.

Sociodemographic and contextual characteristics. Crosstabular analysis of public confidence in nonprofit effectiveness and efficiency against sociodemographic and contextual characteristics revealed few significant differences, and of those that were significant, many were only minimally so ($p < .10$).⁵ In public confidence in nonprofit effectiveness, there were significant differences by race (Whites), religious affiliation (none, “Other,” and Protestant), education (technical degree and graduate degree), income (\$50 – \$74,999k), and marital status (married/living with partner). In public confidence in nonprofit efficiency, there were significant differences by education (high school degree or less), income (less than \$25k), and employment status (full-time). Overall, however, it appears that public confidence in the effectiveness and efficiency of the nonprofit sector does not differ by very many personal characteristics.

⁵ In the area of effectiveness, the minimally significant differences ($p < .10$) included: Whites ($p = .082$), “Other” religiously affiliated individuals ($p = .53$), Protestants ($p = .058$), technical degree ($p = .056$), and married/living with partner ($p = .091$). In the area of efficiency, the minimally significant differences ($p < .10$) included: full-time employed individuals ($p = .064$)

Level of nonprofit awareness. The findings in Table 3 also show that there were significant differences in the percentage of confidence placed in nonprofit effectiveness and efficiency by level of nonprofit awareness. These differences, however, varied by area of performance. A greater percentage of high nonprofit awareness individuals expressed a great deal of confidence in nonprofit effectiveness, than did those who demonstrated a low awareness of nonprofits. The reverse was true when it came to perceptions of efficiency in the nonprofit sector. A greater percentage of low nonprofit awareness individuals expressed a great deal of confidence in nonprofit efficiency, than did those who demonstrated high awareness of nonprofits. This finding seems to reaffirm the lack of confidence the public appears to have in the efficiency of the nonprofit sector.

Multivariate Analysis Results

Who has an awareness of nonprofit organizations?

From the bivariate analysis results it is clear that there are significant differences in the level of awareness the public has of nonprofit organizations by a number of sociodemographic and contextual factors, but it is important to also understand the magnitude and the direction of the relationships. Table 4 displays odds ratios for a binary logit regression of sociodemographic characteristics against nonprofit awareness. These findings indicate that, when controlling for all other personal characteristics, Blacks, Hispanics, and “Other” race individuals were all significantly less likely to demonstrate a high awareness of nonprofits than were Whites. Blacks and “Other” race individuals were both 43% less likely to demonstrate a high awareness, while Hispanics were 52% less likely to demonstrate a high awareness.

Individuals who did not affiliate with a major political party (nonpartisan/other) and those who were not registered to vote were also significantly less likely to demonstrate a high awareness of nonprofits than were Republicans when holding all other factors constant. Indeed, nonpartisan/other politically affiliated individuals were 46% less likely to demonstrate a high awareness. In addition, individuals not registered to vote were 73% less likely to demonstrate a high awareness. Younger respondents were also significantly less likely to demonstrate a high awareness of nonprofits. The results in Table 4 show that 18 – 25 year olds were 60% less likely to have a high awareness of nonprofits, and 26 – 35 year olds were 42% less likely to have a high awareness.

Respondents with higher educational attainment levels were significantly more likely to demonstrate a high awareness of nonprofits than those with less than a high school diploma. Indeed, as educational attainment increased, individuals became nearly four times more likely to demonstrate a high awareness of nonprofits. Similarly, individuals with higher levels of income were significantly more likely to demonstrate a high awareness of nonprofit organizations than were those with lower levels of income. As income increased, individuals were approximately two to three times more likely to demonstrate an awareness of nonprofits than were those with income levels less than \$25,000.⁶

Who has confidence in nonprofit performance?

In order to assess the relative significance of individual characteristics and awareness on public confidence in the performance of nonprofits, ordered logit regression models were estimated. Two separate equations were estimated for both areas of nonprofit performance. One

⁶ Correlation analysis revealed that none of the sociodemographic and contextual characteristics were highly correlated (>0.60), indicating that there is no concern for issues of multicollinearity.

pair of models was estimated including only social background and contextual characteristics, while a second pair of models was estimated including awareness along with sociodemographic and contextual characteristics. The tests of the proportional odds assumption for all models were nonsignificant indicating that ordered logit analysis was appropriate.⁷

The findings in Table 5 suggest that, when controlling for all other characteristics, differences in identity, class, and value factors are unlikely to influence whether or not individuals express confidence in the performance of nonprofits. Indeed, very few sociodemographic or contextual characteristics had a significant influence on the level of confidence individuals placed in the effectiveness or the efficiency of the nonprofit sector. In the pair of models excluding awareness, for instance, only individuals with higher educational attainment significantly expressed increasing confidence in the efficiency of nonprofit organizations, while non-religiously affiliated individuals were the only group significantly less likely to express increasing confidence in nonprofit efficiency. With regard to public confidence in the ability of nonprofit organizations to effectively provide quality services, we find that when holding all other factors constant, only part-time employed individuals significantly expressed increasing confidence, while "other" religiously affiliated individuals⁸ and non-religiously affiliated individuals were significantly less likely to express increasing confidence in this area.

When awareness is included into the models, we continue to find that few personal characteristics are significantly associated with confidence in nonprofit performance. Only

⁷ The test of parallel lines for public confidence in the effectiveness of nonprofits, excluding awareness, was nonsignificant, $\chi^2(31, n=833) = 35.951, p=0.248$. The test of parallel lines for public confidence in the efficiency of nonprofits, excluding awareness, was also nonsignificant $\chi^2(31, n=801) = 36.920, p=0.214$. Including awareness, the test of parallel lines for public confidence in the effectiveness of nonprofits was nonsignificant, $\chi^2(32, n=833) = 40.919, p=0.134$. Additionally, the test of parallel lines for public confidence in the efficiency of nonprofits, including awareness, was also nonsignificant $\chi^2(32, n=801) = 39.804, p=0.162$. Table 5 presents the results.

individuals who were in the age range of 56 – 65, and those who had no or “other” religious affiliations were significantly less likely to express increasing confidence in the effectiveness of nonprofit organizations, while individuals who were employed part-time were significantly more likely to express increasing confidence in nonprofit effectiveness. Furthermore, non-religiously affiliated individuals were, again, significantly less likely to express increasing confidence in nonprofit efficiency, while individuals with a Bachelors degree were significantly more likely to express increasing confidence in nonprofit efficiency.

Thus, from the findings in Table 5 we find that consistent with previous research, public awareness of nonprofit organizations is the key predictor of public confidence in nonprofit performance. However, awareness of nonprofit organizations appears to have a much stronger influence on public confidence in the effectiveness of nonprofit organizations than it has on public confidence in the efficiency of nonprofit organizations. Indeed, individuals with higher nonprofit awareness were more than two times as likely to express increasing confidence in nonprofit effectiveness, while they were only 62% more likely to express increasing confidence in the efficiency of nonprofits. Nonetheless, these findings clearly show that awareness is, in fact, a crucial determinant of public confidence in nonprofit organizations; however awareness of the nonprofit sector is likely to exist among certain populations more than others.

Discussion

The level of confidence the public has in the ability of nonprofits to be both effective and efficient shapes perceptions of legitimacy within the nonprofit sector. But, public perceptions of the sector are not always based on an accurate understanding of what a nonprofit organization is.

⁸ “Other” religiously affiliated individuals include all respondents who did not classify as: having no religion, being nondenominational, Protestant, or Catholic.

This study has established that (a) there are significant differences in the level of awareness individuals have of nonprofit organizations by sociodemographic and contextual characteristics, (b) public confidence in the performance of nonprofit organizations differs in terms of effectiveness and efficiency; however, (c) there are few significant differences in the level of confidence the public has in the nonprofit sector by any of the sociodemographic or contextual characteristics that influence awareness, and (d) the key driver of confidence in the nonprofit sector is awareness, which, as stated in (a) differs by personal characteristics.

The multivariate findings in this study help to better understand these differences. The findings reveal that racial minorities, younger people (18 – 35), and individuals who do not affiliate with a major political party all have little to no awareness of what a nonprofit organization is. The findings also reveal that as income and educational attainment levels increase, individuals become significantly more likely to have an awareness of nonprofits.

Although the public expressed greater confidence in the effectiveness of nonprofit organizations than they expressed in the efficiency of nonprofit organizations, individuals who had an awareness of nonprofits were significantly more likely to express increasing confidence in both areas of performance. Indeed, public awareness of nonprofit organizations was considerably more significant in influencing public confidence than were any of the sociodemographic or contextual factors that influenced awareness. Public awareness of nonprofit organizations, then, appears to be the most significant factor in influencing the level of confidence individuals place in either the effectiveness or efficiency of the nonprofit sector.

As distinctions between nonprofit, for-profit, and government sector firms slowly begin converging, it can be assumed that the public will have increasingly greater difficulty in

identifying nonprofit organizations from organizations in other sectors of society. As

Schlesinger, Mitchell, and Gray have argued (2004):

As growing numbers of nonprofit organizations become involved in the delivery of newly created services (Powell & Owens-Smith, 1998), experiment with unprecedented hybrids that combine non-profit and for-profit arrangements (Gray, 1991; Kramer, 2000), or serve newly emerging populations or social needs (Diaz, 2002), the conventional public image of nonprofit activity can become ever more discordant with the evolving nature of the sector. (p. 674)

This difficulty may have important implications on public perceptions of performance within the nonprofit sector. Indeed, in recent years, questions have already been raised about the legitimacy of nonprofit organizations. These concerns have prompted calls for greater accountability and oversight of nonprofits, which have led charity watchdog organizations to develop accrediting standards (e.g., BBB Wise Giving Alliance) and advocate for greater nonprofit transparency. However, these efforts to increase legitimacy within the sector potentially fall secondary to an even more fundamental approach: increasing the level of awareness individuals have of nonprofit organizations.

Accountability efforts intended to build and maintain legitimacy within the nonprofit sector should focus first, and foremost, on building an awareness of nonprofit organizations among the populations that are the least aware of the nonprofit sector. After individuals become familiar with the sector, their perceptions of the sector are then more likely to be based on accurate assessments. And, as shown in this study, the more awareness individuals have the more favorable perceptions are likely to be. Ultimately, this increased awareness could lead to increased confidence, which could in turn affect public perceptions of legitimacy within the

nonprofit sector.

References

- Anheier, H., & Ben-Ner, A. (Eds.) (2003). *The study of nonprofit enterprise: Theories and approaches*. New York: Kluwer Academic/Plenum.
- ASU Center for Nonprofit Leadership and Management (2003). 2003 Arizona giving and volunteering report. Available for download at:
<http://www.asu.edu/copp/nonprofit/res/Arizona%20Giving%20and%20Volunteering.pdf>
- Bradley B., Jansen P. & Silverman L. (2003). The nonprofit sector's \$100 Billion opportunity. *Harvard Business Review*, 81(5), 94-103.
- Ellison Research (2008). Americans' perceptions of the financial efficiency of non-profit organizations.
- Fleishman, J. L. (1999). Public trust in not-for-profit organizations and the need for regulatory reform. In C. T. Clotfelter & T. Ehrlich (Eds.), *Philanthropy and the nonprofit sector in a changing America*. Bloomington, IN: Indiana University Press.
- Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. New York: free Press.
- Hansmann, H. (1980). The role of the nonprofit enterprise. *Yale Law Journal*, 89, 835-899.
- Hansmann, H. (1987). Economic theory of nonprofit organizations. In W. Powell (Ed.), *The Nonprofit sector a research handbook*. New Haven: Yale University Press.
- Herzlinger, R. (1996). Can public trust in nonprofits and government be restored? *Harvard Business Review*, 74(2), 97-107.
- Hirth, R. A. (1997). Competition between for-profit and nonprofit health care providers: Can it help achieve social goals? *Medical Care Research and Review*, 54, 414-438.
- Holtmann, A., & Ullmann, S. G. (1993). Transaction costs, uncertainty and not-for-profit

- organizations: The case of nursing homes. In A. Ben-Ner & B. Gui (Eds.), *The nonprofit sector in the mixed economy*. Ann Arbor: University of Michigan Press.
- Keirouz, K. (1998). Public perceptions and confidence in Indiana nonprofit organizations. Indianapolis: Indiana University Center of Philanthropy.
- Light, P. C. (December, 2002). Trust in charitable organizations. Policy Brief #6. Washington: Brookings Institution Press.
- Light, P. C. (December, 2003). To give or not to give: The crisis of confidence in charities. Policy Brief #7. Washington: Brookings Institution Press.
- Light, P. C. (2004a). Fact sheet on the continued crisis in charitable confidence. Washington: Brookings Institution Press.
- Light, P. C. (2004b). *Sustaining nonprofit performance: The case for capacity building and the evidence to support it*. Washington: Brookings Institution Press.
- Light, P. C. (2005). Rebuilding public confidence in charitable organizations. Public Service Brief #1. Available for download at http://wagner.nyu.edu/news/wpb1_light.pdf.
- Light, P. C. (2008). Issues in governance studies. Governance Studies at Brookings # 13. Available for download at: http://www.brookings.edu/papers/2008/04_nonprofits_light.aspx.
- Maryland Association of Nonprofit Organizations. (2002). Protecting the trust: Revisiting public attitudes about charities in Maryland. Available for download at: <http://www.mdnonprofit.org/cromerweb.pdf>.
- Mausser, E. (1993). *Is organizational form important to consumers and managers?: An application to the day care industry*. Ph.D. dissertation, Department of Economics, University of Wisconsin-Madison.
- Mausser, E. (1998). The importance of organizational form: Parent perceptions versus

- reality in the day care industry. In W. Powell & S. Clemens (Eds.), *Private Action and the Public Good*. New Haven: Yale University Press.
- O'Neill, M. (2009). Public confidence in charitable nonprofits. *Nonprofit and Voluntary Sector Quarterly*, 38(2), 237-269.
- Permut, S. (1981). Consumer perceptions of nonprofit enterprise: A comment on Hansmann. *Yale Law Journal*, 90(7), 1623-1632.
- Rose-Ackerman, S. (1996). Altruism, nonprofits, and economic theory. *Journal of Economic Literature*, 34(2), 701-728.
- Salamon, L. M. (2002). The resilient sector: The state of nonprofit America. In L. Salamon (Ed.), *The state of nonprofit America*. Washington, DC: Brookings Institution Press.
- Sargeant, A., & Lee, S. (2002). Improving public trust in the voluntary sector: An empirical analysis. *International Journal of Nonprofit and Voluntary Sector Marketing*, 7(1), 68-83.
- Seligman, Adam B. (1998). Trust and sociability: On the limits of confidence and role expectations. *American Journal of Economics and Sociology*, 57(4), 391-404.
- Schlesinger, M., Mitchell, S., & Gray, B. (2004a). Restoring public legitimacy to the nonprofit sector: A survey experiment using descriptions of nonprofit ownership. *Nonprofit and Voluntary Sector Quarterly*, 33(4), 673-710.
- Schlesinger, M., Mitchell, S., & Gray, B. (2004b). Public expectations of nonprofit and for-profit ownership in American medicine: Clarifications and implications. *Health Affairs*, 23(6), 181-191.
- Schlesinger, M., & Gray, B. H. (2006). Nonprofit organizations and health care: Some paradoxes of persistent scrutiny. In W. W. Powell & R. Steinberg (Eds.), *The nonprofit sector: A research handbook* (2nd ed.). New Haven, CT: Yale University Press.

- Toppe, C., & Kirsh, A. D. (2003). Keeping the trust: Confidence in charitable organizations in an age of scrutiny. Washington, DC: Independent Sector.
- Van Slyke, D., & Roch, C. (2004). What do they know, and whom do they hold accountable? Citizens in the government-nonprofit contracting relationship. *Journal of Public Administration Research and Theory*, 14(2), 191–209.
- Weisbrod, B. A. (1998). Conclusion and public policy issues: Commercialism and the road ahead. In B. A. Weisbrod (Ed.), *To profit or not to profit: The commercial transformation of the nonprofit sector*. New York: Cambridge University Press.
- Wilson, M., & Hegarty, N. (1997). Public Perceptions of nonprofit organizations in Michigan. State of the state survey. Lansing, MI: Institute for Public Policy and Social Research.

Table 1. Descriptive Assessment of Respondents

	<i>n</i>	%
Sociodemographic: Identity Factors		
Gender		
Male	500	49.9
Female	502	50.1
Race		
White	578	57.7
Black	101	10.1
Hispanic	224	22.4
Other	99	9.9
Age		
18 - 25	64	6.5
26 – 35	111	11.2
36 – 45	181	18.3
46 – 55	240	24.2
56 – 65	186	18.8
66 – 75	118	11.9
76 +	91	9.2
Sociodemographic: Class Factors		
Education		
HS Degree or <	215	21.5
Technical Degree	373	37.3
Bachelors Degree	180	18.0
Graduate Degree	233	23.3
Income		
< \$25k	177	19.1
\$25 – \$49,999k	218	23.5
\$50 – \$74,999k	189	20.4
\$75 – \$99,999k	169	18.2
\$100k >	174	18.8
Marital Status		
Single	163	16.4
Married/Living with Partner	624	62.7
Separated/Divorced	176	17.7
Widowed	87	8.7
Employment Status		
Full-Time	461	46.2
Part-Time	132	13.2
Retired	238	23.8
Other	167	16.7
Children in Household		
Yes	394	39.4
No	605	60.6
Contextual: Value Factors		
Political Affiliation		
Democrat	254	26.8
Republican	319	33.7
Nonpartisan/Other	163	17.2
Not Registered	211	22.3
Religious Affiliation		
None	96	9.8
Nondenominational	173	17.6
Catholic	295	30.0
Protestant	332	33.8
Other	86	8.8

Table 2. Percentage of High Nonprofit Awareness Individuals

	%
Sociodemographic: Identity Factors	
Gender	
Male	70.6
Female	70.7
Race	
White	82.7***
Black	70.3
Hispanic	42.4***
Other	64.6
Age	
18 - 25	39.1***
26 - 35	50.5***
36 - 45	63.5**
46 - 55	77.1**
56 - 65	81.7***
66 - 75	77.1*
76 +	81.3**
Sociodemographic: Class Factors	
Education	
HS Degree or <	40.5***
Technical Degree	71.8
Bachelors Degree	81.7***
Graduate Degree	88.4***
Income	
< \$25k	40.1***
\$25 - \$49,999k	65.1*
\$50 - \$74,999k	81.5***
\$75 - \$99,999k	80.5***
\$100k >	84.5***
Marital Status	
Single	58.9***
Married/Living with Partner	74.2***
Separated/Divorced	73.3
Widowed	78.2
Employment Status	
Full-Time	71.1
Part-Time	62.9**
Retired	81.5***
Other	59.9***
Children in Household	
Yes	60.7***
No	77.4***
Contextual: Value Factors	
Political Affiliation	
Democrat	78.3***
Republican	84.6***
Nonpartisan/Other	71.2
Not Registered	35.5***
Religious Affiliation	
None	67.7
Nondenominational	78.0**
Catholic	59.0***
Protestant	78.0***
Other	70.9

Table 3. Percentage of Respondents Expressing Confidence in Nonprofit Performance*

	<i>Provide Quality Services (Effectiveness)</i>			<i>Spend Money Wisely (Efficiency)</i>		
	%			%		
	NLC	FAC	GDC	NLC	FAC	GDC
Awareness						
High	8.7***	61.4***	30.0***	19.5**	65.0**	15.4**
Low	22.4***	54.1***	23.5***	27.9**	55.0**	17.1**
Sociodemographic: Identity Factors						
Gender						
Male	12.5	61.9	25.6	22.8	61.2	16.1
Female	12.6	56.7	30.7	21.1	63.2	15.7
Race						
White	10.6*	61.5*	27.9*	20.9	64.7	14.4
Black	17.2	57.6	25.3	25.8	60.8	13.4
Hispanic	14.4	55.0	30.6	22.5	58.8	18.6
Other	15.1	58.1	26.9	22.0	57.1	20.9
Sociodemographic: Class Factors						
Education						
HS Degree or <	14.1	55.3	30.7	26.7**	54.5**	18.8**
Technical Degree	15.4*	59.5*	25.1*	23.4	63.2	13.5
Bachelors Degree	10.2	63.6	26.1	21.1	60.8	18.1
Graduate Degree	8.1**	59.5**	32.4**	15.4**	69.2**	15.4**
Income						
< \$25k	14.3	55.3	30.4	24.2**	52.9**	22.9**
\$25 – \$49,999k	14.7	56.4	28.9	21.8	61.7	16.5
\$50 – \$74,999k	8.6***	69.7***	21.6***	20.4	66.9	12.7
\$75 – \$99,999k	11.2	57.1	31.7	22.5	62.3	15.2
\$100k >	12.8	56.7	30.5	18.3	67.3	14.4
Marital Status						
Single	16.2	59.1	24.7	21.2	61.0	17.8
Married/Partner	10.7*	60.3*	29.0*	21.5	62.7	15.8
Separated/Divorced	14.7	57.1	28.2	24.5	61.6	13.8
Widowed	16.2	51.2	32.5	27.5	60.0	12.5
Employment Status						
Full-Time	13.0	61.6	25.4	21.3*	65.6*	13.1*
Part-Time	9.4	61.4	29.1	17.9	61.8	20.3
Retired	12.8	55.3	31.9	23.2	59.2	17.5
Other	12.8	57.1	30.1	24.7	57.3	18.0
Children in Household						
Yes	12.4	58.2	29.4	19.8	61.7	18.5
No	12.3	60.2	27.5	23.0	62.7	14.3
Contextual: Value Factors						
Political Affiliation						
Democrat	11.0	58.8	30.2	19.4	64.6	16.0
Republican	12.7	59.8	27.5	24.6	61.9	13.5
Nonpartisan/Other	13.4	58.4	28.2	21.9	63.7	14.4
Not Registered	13.7	58.9	27.4	20.5	61.1	18.4
Religious Affiliation						
None	21.1**	54.4**	24.4**	30.6	56.5	12.9
Nondenominational	13.7	61.9	24.4	22.8	61.7	15.4
Catholic	11.1	59.1	29.7	18.7	64.8	16.5
Protestant	10.7*	56.2*	33.1*	22.0	59.9	18.1
Other	11.2*	71.2*	17.5*	18.9	71.6	9.5

* NLC = No/Low Confidence; FAC = A Fair Amount of Confidence; GDC = Great Deal of Confidence

Table 4. Odds Ratios, Sociodemographic and Contextual Influences of Nonprofit Awareness

	Exp(B)	(S.E.)
Sociodemographic: Identity Factors		
Gender	1.12	(0.19)
Race		
Black	0.57*	(0.31)
Hispanic	0.48***	(0.26)
Other	0.57*	(0.30)
Age		
18 - 25	0.40**	(0.40)
26 - 35	0.58*	(0.31)
36 - 45	1.01	(0.28)
56 - 65	1.15	(0.31)
66 - 75	0.60	(0.41)
76 +	0.74	(0.47)
Sociodemographic: Class Factors		
Education		
Technical Degree	2.13***	(0.23)
Bachelors Degree	3.22***	(0.30)
Graduate Degree	3.90***	(0.31)
Income		
\$25 - \$49,999k	1.61*	(0.27)
\$50 - \$74,999k	3.10***	(0.32)
\$75 - \$99,999k	2.28**	(0.33)
\$100k >	2.59**	(0.37)
Marital Status		
Single	1.60	(0.29)
Separated/Divorced	0.86	(0.32)
Widowed	1.21	(0.46)
Employment Status		
Part-Time	1.28	(0.29)
Retired	1.66	(0.35)
Other	1.37	(0.26)
Children in Household	1.15	(0.22)
Contextual: Value Factors		
Political Affiliation		
Democrat	0.95	(0.26)
Nonpartisan/Other	0.54**	(0.26)
Not Registered	0.27***	(0.26)
Religious Affiliation		
None	0.63	(0.32)
Nondenominational	0.81	(0.27)
Catholic	0.75	(0.24)
Other	0.80	(0.34)
- 2LL	823.557	
Model χ^2	254.612***	
df	31	
n	875	

Reference categories = gender (women); race (White); age (46 - 55 years); education (HS degree or <); income (< \$25k); marital status (married/living with partner); employment status (full-time); children in household (yes); political affiliation (republican); religious affiliation (Protestant)

Table 5. Ordered Logit Model, Sociodemographic and Contextual Characteristics, Awareness, and Public Confidence in Nonprofit Performance

	<i>Provide Quality Services (Effectiveness)</i>		<i>Spend Money Wisely (Efficiency)</i>		<i>Provide Quality Services (Effectiveness)</i>		<i>Spend Money Wisely (Efficiency)</i>	
	Exp(B)	(S.E.)	Exp(B)	(S.E.)	Exp(B)	(S.E.)	Exp(B)	(S.E.)
High Awareness	--	--	--	--	2.07***	(0.18)	1.62***	(0.18)
Sociodemographic: Identity Factors								
Gender	1.18	(0.15)	1.01	(0.15)	1.19	(0.5)	1.02	(0.16)
Race								
Black	0.77	(0.26)	0.73	(0.26)	0.82	(0.26)	0.76	(0.27)
Hispanic	1.00	(0.22)	0.98	(0.23)	1.09	(0.23)	1.04	(0.24)
Other	0.92	(0.26)	0.88	(0.26)	0.98	(0.26)	0.93	(0.26)
Age								
18 – 26	1.13	(0.34)	1.55	(0.35)	1.28	(0.35)	1.70	(0.36)
26 – 35	0.84	(0.26)	1.22	(0.27)	0.89	(0.26)	1.27	(0.27)
36 – 45	0.96	(0.22)	0.93	(0.23)	0.95	(0.22)	0.93	(0.23)
56 – 65	0.69	(0.23)	1.09	(0.24)	0.68*	(0.23)	1.09	(0.24)
66 – 75	0.66	(0.32)	0.84	(0.34)	0.69	(0.32)	0.88	(0.34)
76 +	0.99	(0.36)	1.04	(0.39)	1.02	(0.36)	1.09	(0.39)
Sociodemographic: Class Factors								
Education								
Technical Degree	0.84	(0.21)	1.09	(0.22)	0.75	(0.21)	1.00	(0.22)
Bachelors Degree	1.12	(0.25)	1.71**	(0.26)	0.97	(0.25)	1.55*	(0.26)
Graduate Degree	1.40	(0.25)	1.63*	(0.26)	1.19	(0.25)	1.45	(0.26)
Income								
\$25 – \$49,999k	1.04	(0.24)	0.85	(0.25)	0.93	(0.24)	0.80	(0.25)
\$50 – \$74,999k	0.92	(0.27)	0.74	(0.28)	0.78	(0.27)	0.67	(0.28)
\$75 – \$99,999k	1.19	(0.28)	0.74	(0.29)	1.04	(0.29)	0.68	(0.29)
\$100k >	0.99	(0.31)	0.77	(0.32)	0.86	(0.31)	0.70	(0.32)
Marital Status								
Single	0.83	(0.23)	0.87	(0.24)	0.80	(0.24)	0.85	(0.24)
Separated/Divorced	0.93	(0.26)	0.89	(0.27)	0.95	(0.26)	0.90	(0.27)
Widowed	0.90	(0.38)	0.80	(0.40)	0.84	(0.38)	0.77	(0.40)

Public Awareness of Nonprofit Organizations

Employment Status								
Part-Time	1.50*	(0.22)	1.38	(0.23)	1.46*	(0.23)	1.36	(0.23)
Retired	1.44	(0.26)	1.33	(0.27)	1.39	(0.26)	1.29	(0.27)
Other	1.26	(0.22)	1.07	(0.22)	1.18	(0.22)	1.03	(0.22)
Children in Household	1.08	(0.18)	1.31	(0.18)	1.07	(0.18)	1.31	(0.18)
Contextual: Value Factors								
Political Affiliation								
Democrat	1.27	(0.19)	1.36	(0.20)	1.29	(0.20)	1.36	(0.20)
Nonpartisan/Other	1.08	(0.22)	1.14	(0.22)	1.18	(0.22)	1.19	(0.22)
Not Registered	0.98	(0.23)	1.24	(0.24)	1.18	(0.23)	1.38	(0.24)
Religious Affiliation								
None	0.55**	(0.26)	0.57**	(0.27)	0.57**	(0.27)	0.58**	(0.27)
Nondenominational	0.71	(0.21)	0.90	(0.21)	0.72	(0.21)	0.90	(0.21)
Catholic	0.88	(0.19)	0.95	(0.20)	0.91	(0.20)	0.97	(0.20)
Other	0.51**	(0.28)	0.77	(0.29)	0.51**	(0.28)	0.76	(0.29)
- 2LL	1476.045		1411.768		1467.879		1412.669	
Model χ^2	33.491		25.510		49.399**		32.351	
df	31		31		32		32	
n	833		801		833		801	

* $p < .10$. ** $p \leq .05$. *** $p < .01$, all two-tailed.

Reference categories = gender (women); race (White); age (46 – 55 years); education (HS degree or <); income (< \$25k); marital status (married/living with partner); employment status (full-time); children in household (yes); political affiliation (republican); religious affiliation (Protestant)