




# A Stakeholder Management Process for Ethical Fundraising



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## What do you think?

- The most ethical choice a fundraiser can make is to:
  - (a) follow legal regulation & GAAP (Generally Accepted Accounting Principles)
  - (b) bring in the highest dollar amount possible for the fiscal year
  - (c) consider all the stakeholders involved in the gift



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Ethical theories of management turn on whose interests are considered. In this session, we will engage a process of identifying, prioritizing, mapping claims, engaging with, and monitoring stakeholders. This pragmatic method helps fundraisers and executives ensure their fundraising efforts align their best with their organization's mission, values, and long-term strategy.

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- Examine the contours of stakeholder theory
- Consider the implications of applying a stakeholder approach to ethical fundraising management decisions
- Learn a process for applying a stakeholder management approach to fundraising decisions
- Identify and differentiate primary and secondary stakeholders
- Discuss stakeholder prioritization
- Learn an approach for stakeholder visualization and mapping
- Discuss approaches for stakeholder engagement and stakeholder monitoring

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## What is Stakeholder Theory?

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**ORIGIN STORY**

Stakeholder Theory: The Origin Story

Initially developed for use by for-profit firms to incorporate values into how we view "doing business" (Freeman, 1994; Freeman et al, 2004)

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**Stakeholder Theory Shifts the Focus**

Initially developed for use by for-profit firms to incorporate values into how we view "doing business" (Freeman, 1994; Freeman et al, 2004)

What is the purpose of the firm?  
What responsibility does management have to stakeholders?

Engages with the "end" and the "means", grounded in "mission."

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**Applied to Ethical Fundraising**

For fundraising to be ethical, its activities must:

- Be aligned with the charitable mission of the organization
- Take into account the legitimate interests of those groups and individuals who can affect, or be affected by, its activities.

Source: Hansen, 2021

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## Implications of a Stakeholder Approach



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## Alignment with Charitable Mission

The mission of the organization suggests larger commitments than merely meeting budget goals.

Charity	Mission
Human Rights Watch	Human Rights Watch defends the rights of people worldwide. We scrupulously investigate abuses, expose the facts widely, and pressure those with power to respect rights and secure justice. Human Rights Watch is an independent, international organization that works as part of a vibrant movement to uphold human dignity and advance the cause of human rights for all.
Oxfam (Oxfam, n.d.)	We fight inequality to end poverty and injustice.
Monterey Bay Aquarium (Monterey Bay Aquarium, n.d.)	The mission of the nonprofit Monterey Bay Aquarium is to inspire conservation of the ocean.
Wounded Warrior Project (Guidestar, n.d.)	The mission of Wounded Warrior Project® (WWP) is to honor and empower Wounded Warriors. Our vision is to foster the most successful, well-adjusted generation of wounded service members in our nation's history.



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## Consideration of stakeholder interests

- Who affects our fundraising activities?
- Who is affected by our fundraising activities?
- What does each group care about?
- How do we prioritize their interests?
- What do we do when interests conflict?



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## Process for Using a Stakeholder Management Approach

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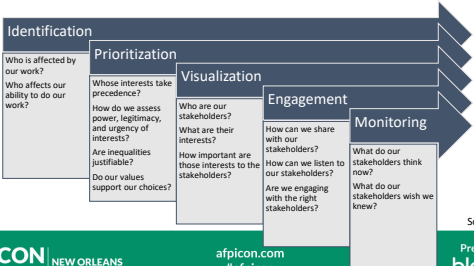
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Source: Hansen, 2021

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## Identifying Stakeholders

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**Guiding Questions**

- Who is affected by our work?
- Who affects our ability to do our work?







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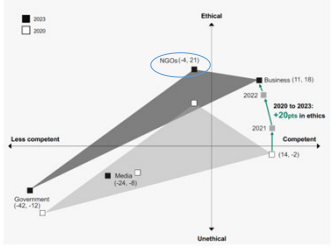
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**Trustworthiness affects our ability to fundraise**

Elements of trust:  
 Ethics (about 76%)  
 Competence (about 24%)

Source: Edelman Trust Barometer reports, 2020, 2023  
<https://www.edelman.com>



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**Ethical Guidelines for Fundraisers**

- AFP Code of Ethics (Association of Fundraising Professionals)
- AHP Statement of Professional Standards and Conduct (Association for Healthcare Philanthropy)
- International Statement of Ethical Principles in Fundraising
- Donor Bill of Rights
- Community-Centric Fundraising
- Fundraiser Bill of Rights (AFP project in process)
- Beneficiary Bill of Rights (proposed by Bergeron & Tempel, 2021)





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Back to our Guiding Questions...

- Who is affected by our work?
- Who affects our ability to do our work?







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	Is Affected by Our Work	Affects Our Work
Organization		
Donors		
Current beneficiaries		
Broader population w/in issue		
Trustees		
Fundraisers		
Community		
...?		





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Primary and Secondary Stakeholders

- Primary stakeholders
  - Formal relationships
  - E.g., trustees, donors, beneficiaries, employees
- Secondary stakeholders
  - Less formal relationships
  - Less extensive obligations





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## Prioritizing Stakeholders



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## Guiding Questions

- Whose interests take precedence?
- How do we assess power, legitimacy, and urgency of interests?
- Are inequalities justifiable?
- Do our values support our choices?





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## “Presumption of equality”



- Freeman (1994) presumes equality among stakeholders, rather than presumption of shareholder/ owner rights
- BUT, inequalities among stakeholders are justified if they raise the level of the least well-off stakeholder



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**Applying this approach**

- No one's starting point is, *by definition*, preferred
- Modify by considering effect on all stakeholders
- Use organizational values to set priorities and define "fair"


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**Power, Legitimacy, & Urgency**



- Heuristic for prioritizing stakeholders (Parboteeah & Cullen, 2019)
- Assess each stakeholder for
  - Power – ex: major donor
  - Legitimacy – ex: beneficiary
  - Urgency – ex: employee preparing for parental leave

Generally, stakeholders with all three attributes are high priority


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**Stakeholder Visualization and Mapping**


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**Guiding Questions**

- Who are our stakeholders?
- What are their interests?
- How important are those interests to the stakeholders?



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**Visualization & Mapping**

	Increase capacity of homeless program	Update landscaping	Professional development	...?
Organization				
Donors				
Current beneficiaries				
Broader population w/in issue				
Trustees				
Fundraisers				
Community – close residents				
Community – alderman				
...?				

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**Example of Conflicting Interests**

- Tainted money/ tainted donors
- Does the organization's interest in its reputation outweigh
  - Its interest in financial support?
  - The interests of the donors?



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### Examples of Conflicting Interests (continued)

- Offensive views/ actions
  - Potential conflict between fundraiser, donors, organization
- Attracting first time donors amidst ingrained systemic issues
  - Potential conflict between financial resources, building relationships, perpetuating stereotypes (beneficiaries, both current and broadly)
- Equity in hiring and promotion
  - Potential conflict between short-term goals and long-term equity





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## Stakeholder Engagement and Stakeholder Monitoring





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### Engagement: Guiding Questions



- How can we share with our stakeholders?
- How can we listen to our stakeholders?
- Are we engaging with the right stakeholders?





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**Monitoring : Guiding Questions**

What do our stakeholders think now?

What do our stakeholders wish we knew?

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**The Big Ideas**

*"Don't rest on the assumption that you're in good shape."*

- Set aside time periodically
- Reflect
- Engage with the five-step process
- Consider the interests and needs of those who can affect, or be affected by, the organization's ability to achieve its mission
- ...And identify the implications for managing your fundraising activities

Identification > Prioritization > Visualization > Engagement > Monitoring

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Questions? Comments? Thoughts?

E-mail me at [hansenru@uww.edu](mailto:hansenru@uww.edu)

**Thank You**

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