Nonprofit External Communications: General Management, Public Relations, or Fundraising Tool?

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In the nonprofit sector, effective communication with stakeholders is pivotal for promoting a good reputation, gaining financial resources and, eventually, pursuing an organization’s mission. Although nonprofits increasingly use and diversify their communication channels, such as social media platforms, existing research falls short of explaining how nonprofits institutionalize their different communication strategies. Drawing on institutional theory, this study attempts to bridge this research gap by exploring how nonprofits invest in their communication channels, both non-social media and social media communications, using a sample of U.S. nonprofit museums. The results of the study provide empirical evidence that nonprofits do not treat their non-social media and social media communication channels in the same way. In particular, a significant positive association between advertising expenses and social media channels indicates that nonprofit museums institutionalize their social media communication as the main function of public relations. Further theoretical and practical implications of the results are also discussed.

Keywords: External Communications, Social Media, Nonprofit Museums

As nonprofit operations and activities largely depend on their external environment and on the support of their funders and stakeholders (Barman, 2008; Callen et al., 2010; Froelich, 1999), nonprofit communication is pivotal to achieving organizational missions due to its significant role in building relationships with stakeholders (Cornelissen, 2004). In general, organizational communication, as Cornelissen (2004) argues, is a management function that coordinates work internally to build a favorable relationship with various stakeholder groups. More specifically, external communication is an important vehicle through which nonprofits can engage with multiple stakeholders to acquire and retain donors and volunteers, to raise support for the organization, and to build and promote its reputation within the community (Carboni & Maxwell, 2015; McCaskill & Harrington, 2017; McKeever, 2013; Waters et al., 2009).

While nonprofits utilize standard types of communication channels (e.g., website, direct mail, email appeals, email newsletters), they have more recently taken to using various social media platforms. For example, Facebook, Twitter, Instagram, and YouTube are the top social media sites used by nonprofits, of which Facebook has emerged as the most popular platform in the nonprofit sector (Nonprofit Marketing Guide, 2020). The 2020 Nonprofit Communication
Trends Report showed that 53% of nonprofits manage an active Facebook group while 42% of them use Instagram on a weekly basis (Nonprofit Marketing Guide, 2020). Donors also consider social media to be a critical communication tool. The 2018 Global Trends in Giving Report found that 29% of online donors claimed that social media was the biggest inspiration for them to donate (Nonprofit Tech for Good, 2018b).

Despite its important role and usage, studies on organizational communication, specifically in the nonprofit sector, have paid little attention to theoretical development (Lewis, 2005). Rather, as Lewis (2005) observed, “these studies have most often left unexamined and untested theories relating to the specific unique features of NPOs” (p. 241). A recent study covering 50 years of organizational communication research also found that the majority of studies in organizational communication have focused mainly on for-profit firms, leaving the nonprofit sector unexplored (Garner et al., 2016).

Furthermore, the aforementioned report shows that the number of full-time employees in communications has not been growing despite the workload in the nonprofit sector continuing to grow (Nonprofit Marketing Guide, 2020). Given the fast growth of new communication tools and demand for better communications in the nonprofit sector, understanding how nonprofit organizations use communication channels is a timely and critical research topic. Scholars have claimed that communications are the key component in marketing strategies. They also have a significant impact on marketing outcomes and satisfaction (Mohr & Nevin, 1990). In contrast, scholars and nonprofit top management may see the communication function as part of administrative spending (Greggory & Howard, 2009).

Given this mixed perspective on the function of nonprofit external communication, along with the lack of academic research on this topic, our research seeks to fill that gap by focusing on nonprofit museums and exploring how they define the function of their communication. Nonprofit museums have long been engaged in communication to increase visitors, product sales, and customer satisfaction (Budge & Burness, 2018; Camarero & Garrido, 2009; Gilmore & Rentschler, 2002; Tobelem, 1997). Gilmore and Rentschler (2002) have emphasized that museums have become more focused on “museum–audience interactions and relationships” to cultivate repeat visitors (p. 745). Recent studies also found that museums use social media to build awareness and to engage with communities and visitors, as social media provide personal connections and experiences (Budge & Burness, 2018; Chung et al., 2014).

Considering that museums frequently communicate with their external stakeholders, including the communities that they directly serve, studying museums provides a substantive insight into the utilization of communication channels in the nonprofit sector. Expanding the boundaries of institutional theory to nonprofit museum communication, this paper focuses on general communication functions (Cornelissen, 2004; Garner et al., 2016) and aims to answer two questions: (a) Do nonprofit museums operate their external communication as a general managerial function or as a specialized function? (b) If external communication is handled as a specialized function, which function is it handled as—public relations or fundraising?

To address these research questions, we begin this paper with a review of the principles of institutional theory and its application to organizational communication. We then present nonprofit communication channels, including social media. This section is followed by our methodology and findings. Lastly, we conclude with a discussion of the implications of the findings and offer a future research agenda.

**Literature Review**

*Institutional Theory and Organizational Communication*
 Organizations have increasingly committed resources to external communication in recent decades (Sandhu, 2009). Explaining this phenomenon, institutionalist scholars have argued that organizations view communication strategies as fundamental to organizational effectiveness because of the demands of their external environments (Grunig & Grunig, 2008; Sandhu, 2009). According to Garner and his colleagues (2016), Institutional Theory was the sixth most employed theory in organizational communication research between 2000 and 2013. However, we still do not know how Institutional Theory applies to nonprofit communications (Garner et al., 2016). In organizational communication research, institutional theory “does not look at a single organization but instead at a specific field of organizations created by social and communicative mechanisms leading to the establishment of new practices” (Sandhu, 2009, p. 74). This theory posits that organizations are influenced by societal norms and expectations (institutional pressure), which lead them to develop structures and practices, including communication strategies (Flanagin, 2000; Meyer, 2008; Sandhu, 2009).

Scott (2008) proposes a three-pillar model of institutions: (1) regulative pillar, (2) normative pillar, and (3) cultural-cognitive pillar. He further argues that, “Institutions are comprised of regulative, normative, and cultural-cognitive elements that together with associated activities and resources provide stability and meaning to social life” (Scott, 2008, p. 48). The underlying mechanisms of institutionalization in these three pillars are ‘requirement by law or rule’ (regulative pillar), ‘demands by publics or other constituents’ (normative pillar), and ‘copying or imitating of successful organizations’ (cultural-cognitive pillar) (Sandhu, 2009). In short, organizations can be forced to institutionalize certain types of practices and behavior by either formal requirements or informal social pressures (Zorn et al., 2011).

The cultural-cognitive pillar posits that such societal expectations and culturally-shared beliefs lead organizations to slowly adopt certain rules and behaviors, and routinize them (Hasselbladh & Kallinikos, 2000). For instance, organizations often observe other organizations and benchmark new systems or practices, such as with social media in recent years (Zorn et al., 2011). Additionally, this pillar includes ‘taken-for-granted’ assumptions that organizations should communicate with their stakeholders (Sandhu, 2009). Organizations possess their own communication functions even if they do not build them strategically.

Drawing on Grandien and Johansson’s (2012) argument that the structure of communication function differs depending on the sector, field, and organizational characteristics, it is important to see how nonprofits’ organizational communication is handled. An institutionalized communication function typically resides in a formal structure, allowing the communication function legitimacy and power (Grandien & Johansson, 2012). Research also argues that when certain communication functions are perceived as valuable assets within an organization, then these functions are formally structured to maximize influence (Cornelissen, 2004).

Similarly, the power-control perspective on organizational communication posits that the structure of communication functions is determined by managerial choices (Cornelissen, 2004; Grandien & Johansson, 2012). By the same token, Ihlen (2007) and Sandhu (2009) have proposed indicators of institutionalization. Specialization and routinization describe how communication functions are organized. An already routinized function does not require many resources, but “[t]he higher the level of specialization, the more institutionalization can be expected” (Sandhu, 2009, p. 85).

In a similar vein, independence is a different but related indicator of institutionalization. If a given function within an organization is independent rather than dissolved in other functions, it is more likely to be institutionalized (Ihlen, 2007). When communication is viewed as specialized and as a highly valuable asset within an organization, it is more likely to be treated as an independent function (separate department) with designated resources, including
personnel and financial supports (Berger, 2005; Cornelissen, 2004). Some nonprofit organizations may view external communication as a general and routinized function, while others may treat it as a specialized and independent practice such as fundraising or public relations.

**External Communication in the Nonprofit Sector**

As donors and funders increasingly demand more information about organizational plans and activities (Salamon, 2002), the utilization of different communication channels enables nonprofits to better provide information to their key stakeholders. Particularly, effectively implementing communication strategies, including the use of social media, enables nonprofit organizations to build trust and engage with stakeholders, to increase donations, and to retain dedicated donors (Kent & Taylor, 1998; Levine & Zahradnik, 2012). Also, the development of the Internet and advanced technology has opened new ways for nonprofits to communicate with communities and stakeholders. Scholars emphasized the need to take advantage of Internet communication channels to communicate missions and programs of nonprofits (Corby & Sowards, 2000; Waters, 2007).

On the other hand, organizational communication also incurs costs, including the expense of hiring professionals or training staff to manage communication strategies. While some nonprofits, especially those with a high level of financial and human resource capacity, are better equipped than others to invest in communication as a means to boost their organizational image and reputation among donors and stakeholders (Zorn et al., 2013), the lack of human resources may be a big hurdle for the adoption of advanced media communication in small nonprofits (Briones et al., 2011). Also, whereas nonprofits may be hesitant to invest in their communication strategies because donors prefer to see nonprofit organizations spend donations on services and programs (Sloan & Grizzle, 2014), they increasingly recognize the importance of marketing communication that encourages action (e.g., donations) (Anheier, 2014; Nonprofit Marketing Guide, 2020).

Communication scholars posit that public relations and marketing communication are distinctive functions, and argue that “marketing deals with markets, while public relations deal with all the publics” (Cornelissen, 2004, p. 38). Likewise, marketing scholars also agree that marketing communication is directly related to company profits, while public relations enhances a firm’s reputation and image (Kotler & Mindak, 1978). Specifically, in the case of museums, Gürel and Kavak (2010) argue that “while public relations is responsible for generating favourable publicity, images and attitudes in relation to patrons, sponsors, visitors and other stakeholders, marketing is responsible for attracting and satisfying the same publics” (p. 44). Such a traditional view of the distinction between public relations and marketing communications has been widely accepted by scholars.

However, the distinction between public relations and marketing communications is particularly challenging in nonprofit studies. Existing research considers communication as the result of problem recognition and involvement between the public and the organization (McKeever, 2013; McKeever et al., 2016). According to McKeever (2013), when people are aware of an issue or connect with the issue, they seek more information from organizations that share their concerns. The desire to get involved or to seek information may lead individuals to form an emotional bond with those organizations. Therefore, active involvement such as volunteering or donating can be strengthened by continuing communications. As such, organizational communications can be involved in both public relations and marketing simultaneously as these practices are closely intertwined. Notwithstanding, the distinction between public relations and fundraising is important because it enables scholars and practitioners to better understand the strategic view of communications that are held by nonprofits.
In the nonprofit sector, communication in fundraising activities is generally considered a marketing communication because of its donation-solicitation activities, while advertising is regarded as an essential part of public relations (Andreasen, 2012; Cornelissen, 2004). Several decades ago, Kotler and Mindak (1978) specifically argued, “[i]n nonprofit organizations particularly (e.g., hospitals, colleges, and museums), where public relations is a well-established function, marketing is emerging as a ‘hot’ topic” (p. 13). However, ever since Kotler and Mindak’s argument, scant research has explored how nonprofit organizations institutionalize their external communication along with technological advances such as social media platforms.

**Nonprofit Social Media Communication**

In recent years, the for-profit sector has paid great attention to social media platforms. Companies widely utilize social media, and scholars have endeavored to explore the theoretical and practical implications of these media channels (Khang et al., 2012). According to Khang et al. (2012), the majority of social media research in the field of business considers social media to be a marketing and advertising tool. As is consistent with the distinction of definitions between marketing and public relations, scholars have argued that “compared to marketing, advertising places greater emphasis on the persuasive power of social media (e.g., how to grab consumers’ attention, build brand image, and garner greater attention, interests, and desire), while marketing is more interested in social media’s potential for action” (Khang et al., 2012, p. 292).

Nonprofit scholars also have been increasingly considering social media as a research topic, including in terms of building relationships (Briones et al., 2011; Campbell et al., 2014; Clark et al., 2016; Svensson et al., 2015; Waters et al., 2009), fundraising (Castillo et al., 2014; Saxton & Wang, 2014; Zhong & Lin, 2018), advocacy (Guo & Saxton, 2018), and accountability (Saxton & Guo, 2011). The stream of research focusing on stakeholder relationships generally uses theoretical frameworks in public relations. Furthermore, it claims that social media provides a variety of ways for organizations to encourage the public to become involved with organizations (Clark et al., 2016; Waters et al., 2009).

In contrast, studies focusing on fundraising or marketing use various theories stemming from the fields of psychology and microeconomics (Hausmann, 2012; Zhong & Lin, 2018). Further, some scholars make a linkage between the two research streams – stakeholder relationship and marketing efforts (Levine & Zahradnik, 2012; Waters et al., 2009). Their research has shown that nonprofits increasingly utilize social media and other Internet-based communication channels to engage with stakeholders as part of their entrepreneurial management and a market-oriented approach to increasing organizational responsiveness and financial viability. Given that previous studies have been narrowly-focused, it is worth noting that we still need a deep understanding of external communication that is theoretically grounded.

**Hypotheses: Nonprofit Museums Communication**

Museums, generally, provide services to the public through essential activities such as collection, preservation, and education (Camarero & Garrido, 2009). Unlike commercial museums that produce mass culture, nonprofit arts organizations “produce high culture, which involves labor-intensive technologies” (DiMaggio, 1987, p. 200). Therefore, although some nonprofit museums require an admission fee, a significant number of museums charge no fee for exhibitions not only as “a way to fulfill social responsibility but also as a strategy to cultivate future audiences in an environment of declining participation in the arts” (Kim et al., 2018, p. 140).
This study examines the relationship between nonprofit organizations’ expenses and external communications by specifically focusing on nonprofit museums in the U.S. The selection of nonprofit museums advances this study on numerous fronts. The nonprofit sector covers a wide variety of fields (e.g., social service, religion, health care, and education). Moreover, the scope of the arts and culture subfield contains various types of organizations such as symphony orchestras, dance companies, theaters, museums, and zoos that have different internal and external environments (O’Neill, 2002). Considering that the structure of communication function may vary depending upon the field, it is necessary to focus on a specific type of organization (nonprofit museums in this paper’s case) rather than expanding the type of organizations (all arts and culture nonprofits), or including auxiliary organizations (DiMaggio & Powell, 1983; Grandien & Johansson, 2012; O’Neill, 2002).

Additionally, nonprofit museums present similarities and dissimilarities with other nonprofits that make studying their communication strategies interesting. Similar to other nonprofits, nonprofit museums have multiple stakeholders and their communication strategy can be affected by organizational priorities, resource allocation, the public, communities, and institutional structure (Gainer & Padanyi, 2002; Lee, 2005; Liao et al., 2001). However, among nonprofit sectors, nonprofit museums have demonstrated remarkable growth, and are unique in terms of the services they provide and the clients they serve (Camarero & Garrido, 2009; Tobelem, 1997). Museums provide a variety of programs, ranging from exhibitions and displays, educational programs, to preserving history, culture, and the arts.

Unlike other types of nonprofits, nonprofit museums often compete with other museums, including for-profit organizations that provide similar services, for more attention and participation (O’Neill, 2002). At the same time, nonprofit museums serve not only local communities but also all visitors including travelers. Under these circumstances, communications play critical roles in building organizational images, connecting with visitors, volunteers, and customers, as well as in gaining reputation. Therefore, understanding the relationship between resource allocation and communication strategies helps explain how nonprofit museums institutionalize their communication functions.

Non-Social Media Communication

As communication is an important way for nonprofit museums to connect with the public and stakeholders to fulfill their operating purposes, the resource allocation or spending decisions are essential to ensure that these organizations have enough resources to carry out their missions (Weikart et al., 2013). Therefore, one way to understand how nonprofit museums institutionalize their organizational communication is to examine the types of expenditures they use for communication. Scholars agree that accounts quantify organizational practices and reflect realities when an organization institutionalizes rules and structures (Carruthers, 1995; Liguori & Steccolini, 2012). As the regulative pillar of institutions, the Financial Accounting Standards Board (FASB) sets standards of financial accounting for nonprofit organizations (Scott, 2008; Weikart et al., 2013). Based on these standards, nonprofit organizations identify and allocate budgets into categories: administration (support), fundraising, and program (Weikart et al., 2013).

Nonprofit museums may use administrative costs for communication when they treat certain channels as a part of general management, not as a specialized function. Non-social media channels (e.g., phone, e-mail, and e-newsletters) deliver a wide variety of content and encounter all types of stakeholders from the board to the public. For instance, some may call a museum when they have a general question (e.g., admission fee, open hours), while others make more specific inquiries (e.g., donations). Also, museums use e-newsletters for varied purposes: sending welcome messages, delivering information about new exhibitions or activities, and soliciting donations. Besides, non-social media channels often do not target a specific group or audience. Therefore, we hypothesize that non-social media channels are
treated as a support function and that museums are more likely to use money from their administrative budgets for these channels.

**Hypothesis:** Administrative expenses ratio will be positively associated with the number of non-social media channels.

### Social Media Communication

Nonprofit museums may utilize advertising expenditures or fundraising expenditures for external communication if they operate certain communication channels as a specialized function. As Gilmore and Rentschler (2002) found, museums not only focus on the traditional (custodial preservation) roles but also recognize the significance of market-orientation. Previous research has found that institutional pressure is one of the factors leading organizations to adopt communication technologies such as websites or social media (Flanagin, 2000; Zorn et al., 2011). In particular, Zorn and colleagues (2011) argue that normative pressure (normative pillar of institutional theory) leads nonprofits to adopt communication technologies by benchmarking other organizations (cultural-cognitive pillar of institutional theory). In this sense, nonprofit museums’ adoption of social media can also be explained by institutional theory as they are under pressure of social trends and expectations (Gilmore & Rentschler, 2002; Kotler et al., 2008).

As government grants to museums have been decreasing, museums have been engaging in more customer-oriented approaches to gain more revenues (Kotler et al., 2008). Yet, previous research has found that museums’ customer-oriented activities and events were merely successful in building awareness and that these activities do not necessarily promote revenues (Camarero & Garrido, 2009). Likewise, nonprofit organizations primarily use social media channels to provide information and to build awareness rather than to request actions such as donations that require a higher level of engagement with organizations (Lovejoy & Saxton, 2012). Scholars have considered social media platforms as the cornerstone of building relationships by two-way communications (Getzendanner, 1999; Grunig & Hunt, 1984; Lovejoy & Saxton, 2012; Waters, 2007). Thus, we hypothesize that nonprofit museums utilize social media channels for public relations rather than fundraising.

**Hypothesis:** Advertising expenses ratio will be positively associated with the number of social media channels, the number of Facebook posts, and the number of Facebook engagements.

**Hypothesis:** Fundraising expenses ratio will not be associated with the number of social media channels, the number of Facebook posts, and the number of Facebook engagements.

### Data and Method

#### Sample and Data Collection

We collected nonprofit museum data from several sources: (1) the 2013–2014 fiscal year of NCCS data, (2) official museum websites, and (3) six social media platforms. First, financial data from the 2013–2014 fiscal year were obtained from the NCCS: Statement of Income Statistics (SOI) – GuideStar National Nonprofit Research Database. The museums in the sample have net assets over $10 million. The initial sample contains 505 museums, of which 27 museums were dropped over the course of cleaning the data. One museum with total fundraising expenses exceeding total expenses was excluded, resulting in a sample size of 477 museums.
We acknowledge that some researchers are dubious about the credibility of the NCCS data derived from the IRS 990 forms. Although research has found that the “IRS 990 Return to be a generally reliable source of financial data” (Froelich & Knoepfle, 1996, p. 50), nonprofit organizations might shift their expenses into other items due to a lack of guidelines and due to the pressure to reduce overhead expenses (Froelich & Knoepfle, 1996). Furthermore, financial regulations are a significant challenge encountered by nonprofits, as small nonprofits are particularly unlikely to have employees who have extensive knowledge of financial management, tax-exempt status, and tax returns (St. Clair, 2016).

Despite such internal and external predicaments that might challenge the validity of the NCCS data, we used these data in our analysis for two reasons. First, as Froelich & Knoepfle (1996) argued, the data are a reliable source of financial data. Researchers have been using the NCCS data for decades to conduct nonprofit financial studies and it “has been the only source of data on nonprofit organizations that vary by type and size” (Kim & Charles, 2016, p. 338). Second, the museums that we use for this study are relatively large nonprofits with more than 10 million dollars of net assets. Large nonprofits are more likely to be regulated by federal and state governments. They are also more likely to be assessed by their boards, charity watchdog groups, and donors (Calabrese, 2011; St. Clair, 2016; Ott & Dicke, 2012). Consequently, they are more likely to report the correct financial statements to the IRS.

Information regarding the external communication channels of organizations was collected mainly from the official websites of the museums in our sample and from their social media pages. To collect information on communication channels, such as phone, e-mail, and e-newsletter, from the official museum websites in the 2013 fiscal year, we used an approach established in the literature (Levine & Zahradnik, 2012; Nah & Saxton, 2012; Saxton & Wang, 2014), using the Internet Archive’s Wayback Machine to determine whether or not each organization was using such channels. All museums have their own official websites in the sample.

To collect each museum’s official social media profiles on platforms including Facebook, Twitter, Instagram, YouTube, Flickr, and Google Plus, we first identified a museum’s profile account through its website and Google search interfaces. Then, it was determined whether each museum operated such social media channels during the 2013 fiscal year. The number of Facebook posts, likes, comments, and shares were collected by the Facebook application programming interface (API) using a customized R code.

For this study, we chose the 2013–2014 fiscal year, because that is the fiscal year for which the most up-to-date nonprofit financial data are available (e.g., NCCS: Statement of Income Statistics (SOI)). Although there might be some skepticism given that social media has been changing rapidly since 2014, and that social media usage in the 2013–2014 fiscal year might not reflect current social media trends, previous research has found that there are some similarities and consistencies in the types of social media that museums have utilized over the years. Facebook and Twitter are the two main platforms that are utilized the most by nonprofits and museums, with YouTube and Instagram the next most used platforms (Budge & Burness, 2018; Chung et al., 2014; Nonprofit Marketing Guide, 2020; Nonprofit Tech for Good, 2018a). Our data also reflect these ongoing trends (see Figure 1).

**Dependent Variables**

This paper uses six dependent variables. The first dependent variable is the number of non-social media channels that a given institution utilized. The channels include phone, e-mail, and e-newsletter that are typically used by museums. We did not count the organizational official website as a communication channel because all museums in the sample have their own websites. The second dependent variable is the number of social media channels utilized, including Facebook, Twitter, Instagram, YouTube, Flickr, and Google Plus. Facebook was the
most popular social media platform (421 museums, 88.3% of the sample), followed by Twitter (385 museums, 80.7% of the sample) as shown in Figure 1. Due to its popularity among the museums in the sample, we chose Facebook to be the basis for the other dependent variables. The third variable is the total number of Facebook posts, while the remaining three variables are the total number of Facebook likes, comments, and shares, respectively, during the 2013 fiscal year.

**Independent Variables**

To test Hypothesis 1, we use the administrative expenses ratio. The administrative expenses ratio is defined as total administrative expenses divided by total expenses (Calabrese, 2011; Frumkin & Kim, 2001). As to the second independent variable to test Hypothesis 2, we use the advertising expenses ratio to measure organizational public relations efforts. This variable is calculated using advertising expenses divided by total expenses. Lastly, to test Hypothesis 3, we use the fundraising expenses ratio to measure organizational marketing efforts. This is calculated using fundraising expenses divided by total expenses (Frumkin & Kim, 2001). These three independent variables were transformed using natural logarithms to address positive skewness.

**Control Variables**

This paper includes several control variables. Since larger organizations are more likely to adopt advanced online practices than smaller organizations, this paper takes the natural logarithm of total assets to control for organization size, as per previous studies (Calabrese, 2013; Clark et al., 2016; Saxton & Guo, 2011; Yan et al., 2009). Organization age is the number of years since museums were granted 501(c)(3) status. Metropolitan is a dummy variable indicating whether a museum is located in a metropolitan area (1 = metropolitan area, 0 = otherwise). Report is also a dummy variable indicating whether museums disclose their performance and activities in the annual report on their official website (1 = annual report, 0 = otherwise). Nonprofit organizations that post their annual reports on their websites are
Table 1. Communication Channels

<table>
<thead>
<tr>
<th>Number of Channels</th>
<th>Non-Social Media (Phone, E-mail, E-newsletter)</th>
<th>Social Media (Facebook, Twitter, YouTube, Instagram, Flickr, Google plus)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>0.21</td>
</tr>
<tr>
<td>1</td>
<td>16</td>
<td>3.35</td>
</tr>
<tr>
<td>2</td>
<td>141</td>
<td>29.56</td>
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<tr>
<td>3</td>
<td>319</td>
<td>66.88</td>
</tr>
<tr>
<td>4</td>
<td>97</td>
<td>20.34</td>
</tr>
<tr>
<td>5</td>
<td>29</td>
<td>6.08</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
<td>0.63</td>
</tr>
<tr>
<td>Total</td>
<td>477</td>
<td>100.00</td>
</tr>
</tbody>
</table>

more likely to respond to their stakeholders and to disclose financial and operational information (Saxton & Guo, 2011).

Model Specification

All three independent variables (administrative expenses ratio, advertising expenses ratio, and fundraising expenses ratio) and one control variable (organizational size) were transformed using natural logarithms since they are not normally distributed and are severely right-skewed. We use a Collin Test, a preliminary test that confirms that there is no multicollinearity issue among the independent variables. We use Poisson and negative binomial regression for the analysis. The first two dependent variables (the number of non-social media channels and the number of social media channels) are counts, and the Collin Test confirms that Poisson regression better fits with these dependent variables than negative binomial regression. For the latter four dependent variables (the number of Facebook posts, likes, comments, and shares), we use negative binomial regression since these variables are over-dispersed count data. Another preliminary test using a likelihood ratio (LR) Test also confirms that negative binomial regression better fits with these dependent variables (Long & Freese, 2014).

Findings

Descriptive Statistics

As shown in Table 1, 319 museums (approximately two-thirds of the sample) had all three types of non-social media channels, while one museum did not have any of these channels in the 2013 fiscal year. Table 1 also reports that approximately 55% of museums operate two or three social media channels. The average number of social media channels is 2.65, with a low value of 0, indicating that the museum does not use social media, and a high value of 6, indicating that the museums use all six social media channels, including Facebook, Twitter, Instagram, YouTube, Flickr, and Google Plus (see Table 2).

Table 2 shows that the average number of Facebook posts is 369 per nonprofit, indicating that a museum uploads a post per day. The average number of users’ engagement via Facebook contained several extreme values as we expected, ranging from zero to 18,806,494 for likes, zero to 98,092 for comments, and zero to 569,702 for shares per organization. The average percentage of administrative expenses, advertising expenses, and fundraising over total expense is 18%, 2.5%, and 7.8%, respectively. The average age of the museum is 40 years old.
Table 2. Descriptive Analysis (dollars in thousands, %)

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
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<td></td>
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<tr>
<td>Number of non-social media channels</td>
<td>2.63</td>
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<td>0.56</td>
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<tr>
<td>Number of social media channels</td>
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<td>3</td>
<td>1.33</td>
<td>0</td>
<td>6</td>
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<td>Number of Facebook posts</td>
<td>369</td>
<td>304</td>
<td>315</td>
<td>0</td>
<td>2,040</td>
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<tr>
<td>Number of Facebook engagements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likes</td>
<td>28,209</td>
<td>4,467</td>
<td>135,626</td>
<td>0</td>
<td>1,880,694</td>
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<tr>
<td>Comments</td>
<td>1,310</td>
<td>320</td>
<td>5,335</td>
<td>0</td>
<td>98,092</td>
</tr>
<tr>
<td>Shares</td>
<td>6,886</td>
<td>1,069</td>
<td>38,172</td>
<td>0</td>
<td>569,702</td>
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<td>Administrative expenses</td>
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<td>703</td>
<td>10,451</td>
<td>0</td>
<td>209,649</td>
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<td>Administrative expenses ratio</td>
<td>18.00</td>
<td>15.40</td>
<td>14.90</td>
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<td>100</td>
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</tr>
<tr>
<td>Advertising expenses</td>
<td>339</td>
<td>104</td>
<td>1,248</td>
<td>0</td>
<td>23,665</td>
</tr>
<tr>
<td>Advertising expenses ratio</td>
<td>2.50</td>
<td>2.00</td>
<td>2.70</td>
<td>0</td>
<td>24.20</td>
</tr>
<tr>
<td><strong>Fundraising</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>865</td>
<td>339</td>
<td>2,562</td>
<td>0</td>
<td>47,143</td>
</tr>
<tr>
<td>Fundraising expenses ratio</td>
<td>7.80</td>
<td>6.70</td>
<td>6.60</td>
<td>0</td>
<td>47.50</td>
</tr>
<tr>
<td>Total expenses</td>
<td>14,494</td>
<td>4,364</td>
<td>61,549</td>
<td>47</td>
<td>1,162,330</td>
</tr>
<tr>
<td><strong>Size (natural log of total assets)</strong></td>
<td>17.50</td>
<td>17.10</td>
<td>1.13</td>
<td>16.10</td>
<td>22.10</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>40</td>
<td>35</td>
<td>24</td>
<td>0</td>
<td>92</td>
</tr>
<tr>
<td><strong>Metropolitan area</strong></td>
<td>0.71</td>
<td>0.45</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Annual report</strong></td>
<td>0.35</td>
<td>0.48</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Observations</strong></td>
<td>477</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

71% of museums are located in metropolitan areas, and 35% of organizations disclose annual reports on their websites.

Poisson and Negative Binomial Regression Results

Our Poisson and negative binomial regression results are presented in Table 3. Since our models use natural logarithms for all three independent variables (administrative expenses ratio, advertising expenses ratio, and fundraising expenses ratio) and one control variable (organizational size), the sample size was reduced to 369 museums. The first three models demonstrate the relationship between administrative, advertising, and fundraising expenses and the number of non-social media channels, social media, and Facebook posts. The last three models reveal the effects of the changes in organizational administrative, advertising, and fundraising expenses on the count of Facebook engagement activities, including likes, comments, and shares.

We found that an increase in administrative expenses is not significantly related to the number of non-social media channels, but is negatively associated with the expected count of social media channels (Hypothesis 1 not supported). Conversely, an increase in advertising expenses is positively associated with the expected count of social media channels and the count of Facebook posts (see Table 3). As these findings suggest, an increase in advertising expenses is positively correlated with social media usage, which implies that museums often consider their communication channels, especially social media, to be part of their advertising efforts (Hypothesis 2 supported).
Interestingly, the results show that an increase in fundraising expenses is negatively associated with the expected count of Facebook engagement activities, including Facebook likes, comments, and shares, while there is no significant relationship between either administrative expenses and the number of Facebook engagement activities nor between advertising expenses and Facebook engagement activities. This finding suggests that as a fundraising budget increases, a nonprofit museum might favor other fundraising activities or events in order to raise donations. However, considering that social media offers nonprofits a tool to communicate and to engage with their stakeholders for fundraising without additional costs, organizations might increasingly turn to social media platforms to solicit donations when their budget for fundraising is decreasing. In addition, larger museums, which often have higher levels of financial capacity and human resources, are more likely to invest in their communication, including both non-social media channels and social media. These organizations are also more likely to engage with their stakeholders on social media platforms.

In sum, our study’s findings shed the light on how nonprofits operate their communications. First, we found that there is a positive relationship between social media usage (number of channels and Facebook posts) and advertising expense. Second, the results show that fundraising expense is negatively associated with the number of Facebook engagements (likes, comments, and shares). Lastly, we found that larger nonprofit museums tend to use more communication channels, both non-social media and social media, and engage more on Facebook.
Discussion

Drawing on Institutional Theory (Hasselbladh & Kallinikos, 2000; Meyer, 2008), and extending this theory to nonprofits' communication (Sandhu, 2009; Zorn et al., 2011), this study provides insights into how nonprofits institutionalize their communication functions. Using data from a sample of 477 U.S. nonprofit museums, this study examines the relationship between different nonprofits' expenditures and their communication strategies—both non-social media and social media communications—an angle not being paid due attention in recent studies (e.g., Budge & Burness, 2018; Carboni & Maxwell, 2015; Clark et al., 2016; Guo & Saxton, 2018; Maxwell & Carboni, 2016; McCaskill & Harrington, 2017; Svensson et al., 2015; Xu & Saxton, 2019; Zhong & Lin, 2018).

The results of the study show widespread use of social media and a diffusion of social media platforms among the majority of the museums in our sample. Findings also indicate that these digital communication strategies have not replaced non-social media communication channels. Even though the use of social media has become more common, the usage of non-social media channels such as mail, email, phone or newsletters still plays an important role in organizational efforts to reach out to donors, visitors, and the general public. We found that in about two-thirds of the museums, non-social media communication strategies are alive and coexist with the newly emerged communication platforms. This hybridization of communication strategies is critical to the survivability of organizations. This is particularly true for nonprofits that target different age groups. While these organizations strive to appeal to the younger, digital generation from which future donors, volunteers, and activists could be recruited, they do not want to risk alienating “the older generation which makes up the majority of the volunteer and donor base” (Briones et al., 2011, p. 40).

The findings further reveal that the museums do not use their non-social media communication channels in the same way as they use their social media communication platforms. These museums treat their social media communications as specialized, independent functions (namely, public relations), not as part of a broader, general management function. This is evidenced by the use of advertising expenditures to fund social media activities. Moreover, because specialization and independence are both viewed as indicators of institutionalism (Ihlen, 2007; Sandhu, 2009), this finding further implies that the public relations of social media activities are more likely to be institutionalized by the museums in our sample.

Despite the importance of fundraising as a proactive marketing tool, the museums in our sample seem to place greater emphasis on advertising as the “persuasive power of social media” (Khang et al., 2012, p. 292). This observation is confirmed with the significant, positive relationship between advertising expenditures and the number of social media platforms and the number of Facebook posts. Thus, in line with previous research (Briones et al., 2011; Hackler & Saxton, 2007; Kent & Taylor, 1998; Levine & Zahradnik, 2012; Waters et al., 2009), this study accentuates the critical role played by social media in boosting the image and reputation of nonprofits, building social capital, and cultivating relationships with nonprofits’ stakeholders and the general public.

Due to its strategic role in fulfilling mission-related goals, the advertising function of public relations can be regarded as part of the nonprofits’ entrepreneurial management and market-oriented approach, designed to promote organizational responsiveness and to enhance financial viability (Levine & Zahradnik, 2012; Waters et al., 2009). In this sense, the use of social media as a market-oriented activity offers nonprofits the opportunity to manage their financial challenges by attracting and maintaining donors and generating more earned income, while at the same time expanding their social impact and becoming more flexible in responding to the needs of their stakeholders and the general public.
The added value of this study lies in the fact that this study went beyond the narrow distinction between public relations (advertising) and fundraising (marketing) communication activities. Based on the finding that the fundraising expenses ratio is negatively related to the number of Facebook engagements (likes, comments, and shares), one can argue that nonprofit museum advertising communication may complement the fundraising activities or vice versa (Cornelissen, 2004). It may be even possible that social media has become an attractive resource for nonprofit museums when operating on a tight budget, as social media channels effectively enhance the communication between museums and their stakeholders while costing little.

As to organizational size, results show that organizational size was found to be positively related to the adoption and use of social media platforms and engagement activities. This finding is consistent with the organizational innovation literature (Damanpour, 1991, 1992, 1996; Damanpour & Schneider, 2006; Rogers, 1995) that views organizational size as a "surrogate measure of several dimensions that lead to innovation" (Rogers, 1995, p. 379). The size of an organization tells us about its financial, technical, and human resources capabilities. In this sense, larger organizations are more likely to adopt new practices and tools because they possess more sophisticated capacities and varied facilities that enable them to adopt new ideas and practices and, ultimately, to put them into effect (Damanpour, 1991, 1992, 1996; Damanpour & Schneider, 2006). Moreover, large organizations are more likely to tolerate the potential loss associated with unsuccessful innovations (Damanpour, 1991, 1992).

Limitations, Future Research, and Contributions

Like any other studies, this study has its own limitations. One limitation regards the cross-sectional nature of the data, which makes it hard to infer causality. Future research may replicate this study using longitudinal data that allow researchers to track over time the spending behavior of U.S. museums as it relates to communication strategies. Secondly, there is a concern stemming from the lack of accurate financial information reported in the 990 form. Nonprofit organizations might have a different understanding of reporting expense measures in their Form 990s, or different motives to underreport overhead expenses that can cause misleading analysis that, ultimately, results in biases. The use of a subset of large-sized museums can increase the accuracy of financial reports because these organizations have more capacity to hire external professional firms to complete their financial statements and Form 990s. More importantly, these museums are put under the watch of more regulated agencies at the federal and state levels. These practices may limit the generalizability of this study to smaller museums with net assets of less than 10 million dollars.

Likewise, although the sample size covers a wide range of museums from arts museums, science museums, history museums, to children’s museums, the emphasis on museums precludes generalizing this study’s findings to other types of nonprofits. Repeating the study at a more diversified scale would provide insights into how different nonprofits (e.g., health, education, social services, etc.) vary in the way they institutionalize their communication strategies. Also, triangulating the data collection methods by adding a qualitative component to the study, such as conducting in-depth interviews with nonprofit CEOs or board members, or observing how nonprofits routinize the institutionalization of their communication functions (e.g., having an independent department to oversee these activities), would strengthen the validity of results.

However, these limitations are not meant to undermine the importance of the study and its contribution to the theory and practice of both the nonprofit and the communication literature. Theoretically speaking, this study extends institutional theory to nonprofit sector communication, and attempts to bridge a gap in the literature by examining how nonprofits institutionalize their communication strategies. In terms of practice, the results of the study encourage practitioners to increase their organizational ability to "communicate with,
strategically engage, and respond to their constituents” (Hackler & Saxton, 2007, p. 484) if their ultimate aim is to promote their organizations and to impact the way through which they carry out their mission-related goals. This can be achieved by strategically using and investing in social media communication platforms.

Conclusion

This study uses an institutional theory perspective to examine how nonprofit organizations institutionalize their communication strategies including social media. Examining nonprofit museums’ expenditures, this study reached the conclusion that nonprofit museums institutionalize their social media communication by treating these channels as a specialized function—namely public relations function—rather than as part of a general management function.

This study provides empirical evidence that promoting nonprofit communication strategies that reach out to the public and stakeholders is not a passive phenomenon but, rather, depends to a large extent on a market-oriented strategy that requires real investment in these communication channels. The importance of this study lies in the fact that nonprofits today are operating in an environment characterized by fewer resources, greater demands, and increased competition for donors, volunteers, and clients (Hackler & Saxton, 2007; Levine & Zahradnik, 2012). To obtain sustained competitive advantages (Barney, 1991) and to remain sustainable in our vexing times, nonprofits are called upon to pay more attention to their social media communication strategies and to better mobilize their communication resources.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

References


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