Thought Piece:

In a Saturated Donor Market, is Data Sharing Essential or a Threat?

Niamh Carruthers

"In God we trust. All others must bring data." – W. Edwards Deming

The Irish not-for-profit sector is a powerful industry, comprising over 29,000 organisations and bringing in almost €11 billion in 2016[1], with €1 billion of that coming from philanthropy.[2] Despite consecutive increases in fundraised income over the last several years, though, transparency continues to falter, even in the wake of the charity scandals of 2013/2014.

With the proportion of not-for-profit organisations filing abridged reports reaching 48% in 2017[3] and a donor marketplace that is increasingly oversaturated, the sector is at a critical crossroads. The decline in transparency, paired with anxiety-inducing competition in what some see as a crowded philanthropic space begs the question: how can not-for-profit organisations win back public trust while remaining competitive?

According to a recent study by Amárach, only 12% of the Irish public feel that charities are doing enough to build trust[4]. Unless more data is shared by the sector, this lack of trust will not change.

For many organisations, particularly those with more developed donor bases, useful data is already made public in the form of annual accounts, reports, infographics and so on. One of the greatest challenges, then, is collating and meaningfully analysing data that is not uniform, according to Barry Hoolwerf, Director of ERNOP, Europe's Research Network on Philanthropy[5].

While it is essential to ensure that data sharing does not breach ethical or privacy guidelines when relating to donors, service users and other stakeholders, the sector-wide sharing of relevant data has the potential to bring about much-needed professionalisation while addressing the public's doubts surrounding overheads and other ethical issues.

Ultimately, the reliability of the sector risks stagnating in the absence of abundant, reliable data. It is crucial that charitable organisations in particular overcome their wariness over data sharing and recognise the potential to elevate the sector as a whole with a baseline of information that has the potential to change outcomes and increase impact for causes and programmes across Ireland.

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[1] Benefacts, *Nonprofit Sector Analysis* (2018): 14.
[2] 2into3, *The Irish Not-for-Profit Sector: Fundraising Performance Report* (2018).
[3] Benefacts, '*Less doesn't equal more in nonprofit disclosure*' 2019. <https://en.benefacts.ie/2019/01/18/less-doesnt-equal-nonprofit-disclosure/>
[4] Amárach, *Fundraising Research: Charities Institute Ireland Breakfast Series* (2019): 6.
[5] European Fundraising Association, *How to capture donor trends – and why that's important* (2019). <https://efa-net.eu/features/how-to-capture-donor-trends-and-why-thats-important>