Playing the percentages

Re-evaluating the ethics of paying fundraisers by commission

Ethics

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Contents

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Foreword

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'Fundraisers may never be paid by commission.'

That was one of the first things I was taught when beginning my fundraising career. When I asked why, the answer was, 'It's unethical'. When I asked why it was unethical, I was told, 'Because it's prohibited by the code of ethics'.

At the time, I was in a salaried role and I must admit that I didn't think much more about it. As I progressed in my career, however, the question began to come up more frequently. An organisation wanted to outsource a particular fundraising function and had limited budget to do so, and it wondered if commission-based pay would be a solution. A consulting firm received enquiries from organisations that asked if it would accept fees as a percentage of funds raised. In both scenarios, the answer was no, doing so would be unethical.

But the question remained: Why was commission-based pay unethical, particularly in situations where there was not an applicable association or regulatory code prohibiting it?

That lingering question is why Rogare has undertaken the work of writing this paper. It is a in-depth exploration of the ethical reasoning around commission-based pay for fundraisers. The purpose is not to argue for nor against commission. Rather, it is an exercise to generate better thinking and arguments around the issue.

We don't have the answers, but we do have the questions. These questions are geared towards encouraging more robust thought and discussion about commission. The sector needs to do better than saying 'because the code says so', when someone asks why commission-based pay is not permitted. 'It's unethical because the code says so' is a response that fails to provide a rationale for the reason the code has taken such a position, and it fails to address situations for which there is no applicable code.

This conversation is long overdue and we are pleased to offer this paper as a way of jumpstarting critical thinking around the issue.

Executive summary

In fundraising all round the world, it is generally accepted that paying fundraisers by commission – a percentage of the money they raise – is unethical, and it is prohibited under the codes of practice of many countries (s1).

Yet despite (or perhaps because of) this near-ubiquitous moral disapproval of commission-based remuneration, the ethical arguments against it are rarely put forward, and when they are, they can be weak, or at least not as strong as they could/should be (ss1 and 3).

But in a way, this doesn't matter, because if the ethical arguments fail, people can point to the code of practice and say that it's banned. However, because commission-based pay was deregulated by the Fundraising Regulator in the UK in 2025 and Fundraising Institute of Australia in 2021, that argument is not available in those countries. And so to convincingly argue against commission will require stronger arguments than we currently have.

The purpose of this green (discussion) paper, is to:

- Understand the weaknesses of the ethical arguments against commission payments (s3)
- Set out how those arguments might be strengthened (ss3.6 and 5)
- Understand the ethical arguments in favour of commission payments (s4)
- Suggest safeguards and conditions to ensure that any time commission is paid, it is done so fairly and appropriately (s6).

In this paper we are not arguing for commission-based pay; but neither are we arguing against it.

We consider 14 arguments against commission-based pay in five categories. Those that focus on:

1) Donors (s3.1)

- Encourages abuses and puts undue pressure on donors (s3.1a)
- Donors' wishes/interests are not paramount/not served (s3.1b).

2) Nonprofit organisation and its beneficiaries (s3.2)

- Short-term decision making could result in less money being raised (s3.2a)
- Non-fundraising staff could feel resentful if fundraisers receive rewards that they don't get (3.2b)
- Contravenes particular values of the nonprofit organisation (3.2c).

3) Philanthropy and fundraising (s3.3)

- Undermines philanthropic values (s3.3a)
- Undermines donor trust (3.3b)
- Crowds out volunteers from a fundraising role (3.3c).

4) Fundraisers (s3.4)

- Motivates fundraisers to put personal gain above other factors (s3.4a)
- Brings disproportionate and unearned reward (3.4b)
- Makes it harder for fundraisers to resist donor dominance (3.4c)
- Harms fundraisers' wellbeing (3.4d).

5) An 'Other' category (s3.5)

- Breaches the 'no inurement' rule (s3.5a)
- While commission might be appropriate for the commercial sector, it is not appropriate for the voluntary sector (s3.5b).

'We conclude that many anti-commission arguments are cases of special pleading (could – and should – apply in other contexts), and beg the question by using circular reasoning, while many that foretell of the harm that would result from paying commission are highly conditional and hypothetical and rarely supported by strong evidence.'

For each argument, we consider four things (see s2):

- What the ethical argument is
- Whether it is supported by evidence
- Whether this argument is consistently applied or represents a case of special pleading – i.e. is it applied only to commission-based pay but not other, similar ethical issues, such as paying bonuses?
- Whether it 'begs the question' – i.e. uses circular reasoning that already assumes that commission-based pay is unethical, and then uses this assumption as a part of the argument.

And we then present an analysis of each argument.

We conclude (s3.6) that many anti-commission arguments are indeed cases of special pleading (could – and should – apply in other contexts) and beg the question by using circular reasoning, while many that foretell of the harm that would result from paying commission are highly conditional and hypothetical and rarely supported by strong evidence. Further, many arguments also set up a straw man by presenting a worst case scenario that can be easily circumvented by avoiding that worst case scenario.

We recommend that anti-commission arguments should be strengthened by reformulating them to provide evidence (where that is relevant) and avoid question begging, special pleading and straw men. We also recommend steering clear of anti-commission arguments that rely on moral principles – for example, that it undermines nonprofit values – because these can simply be gainsaid by saying 'no they don't' (s3.6).

Because almost all the discussion around the ethics of paying commission focuses on the arguments against it, ethical arguments in favour of commission-based pay are ignored. In s4, we analyse three such arguments. Paying commission:

- Raises more money
- Enables fundraising by small organisations
- Benefits fundraisers.

Because there are ethical arguments for and against paying fundraisers by commission, and that paying commission results in potentially both good and harmful outcomes for various stakeholders, this sets up classic ethical dilemmas. We work through two such ethical dilemmas in s5:

- Extra money raised vs psychological harm to fundraisers
- Small organisations undertake fundraising vs damage to public trust.

Now that commission-based pay is deregulated in the UK and Australia, if commission is to be paid, we recommend it be subject to a set of stringent safeguards. Our recommendations (s6) are:

1. Commission should never be part of the remuneration package for salaried fundraising staff working at a nonprofit. Instead it should only be paid to agency or freelance fundraisers contracted by/to a nonprofit organisation.
2. Commission should never be the sole form of remuneration; instead, it should always only be part of a mix of types of remuneration.
3. That a fundraiser is partly remunerated by commission should always be disclosed to donors.
4. Commission should only ever be due where there is a demonstrable audit trail between the ask and the gift.
5. Commission should never be due on unsolicited gifts (e.g. windfall gifts).
6. Commission payments should always be capped.
7. All fundraising that is paid by commission should be time-limited; the duration of commission payments should not be open-ended.
8. Nonprofit organisations that intend to pay commission should decide which fundraising methods/income streams will attract commission payments, and those that will be ineligible for commission.
9. The initial decision to pay commission to fundraisers should be approved by the trustee board.
10. A risk assessment of potential harms should be completed.
11. Nonprofit organisations that intend to pay commission to agency and/or freelance fundraisers should institute a written policy.
12. Commission should only be paid if there are safeguards in place to protect fundraisers' psychological wellbeing; and it should never be paid if those safeguards are not in place.

A further safeguard we moot (but do not go so far as to recommend) is a self-regulatory one, whereby a professional body or institute would issue a permit for nonprofit organisations to pay commission, contingent on required safeguards being in place.

1

Introduction – the universal truth about the ethics of commission

It is a truth universally acknowledged that a fundraiser should not be remunerated by a percentage of the money they raise, otherwise known as 'commission'. It's one of the two default answers you get if you ask fundraisers for an example of something that's unethical in fundraising (the other being some variation of the 'tainted money' dilemma).

Payment by commission is prohibited by almost all codes of practice around the world. For example, clause 24 of the Association of Fundraising Professionals' Code of Ethical Standards states that AFP members are "expected to decline receiving or paying finders' fees, commissions, or compensation based on a percentage of funds raised"[1] (which eagle-eyed observers of semantics will notice doesn't say they 'must' decline these things, leaving wriggle room for an ethical justification of why a fundraiser might have deviated from the expectation).[2]

Despite this almost total acceptance that paying by commission is a bad thing, one scholar – who has called for the orthodox view of commission to be re-evaluated – says that while this position is "often asserted, it is seldom defended" (Hanson 2022, p217), a point previously made by fundraising ethicist Albert Anderson in 1999 (quoted in Beem 2018, p28).

Perhaps the reason it is seldom defended is because it is so widely accepted – what's the point in ethically justifying a position almost everyone already agrees on? However, just because it is *seldom* defended doesn't mean it is *never* defended (the literature that does so is described in the box on p7).

One of the standard defences is that commission is banned by the relevant code of practice – a pretty watertight, knockdown argument against paying by commission, notwithstanding the challenge to make this apply to non-members.[2] Since it is unethical – by definition – for a fundraiser (or any professional) to do something that is prohibited by their code of practice, then paying by commission when this is expressly prohibited by the code of practice *is* unethical.

However, consider these two questions:

1) Is payment of commission unethical because it is banned by the code of practice?
   Or…
2) Is payment by commission banned by the code of practice because it is unethical?

In statement 2) the ethicality of commission payment has already been decided before its incorporation into the code of practice. The reasons why it is considered unethical need to be argued and defended rather than simply 'asserted', because if anyone asserts that any particular thing is 'unethical', someone else can simply 'assert' the opposite – that is perfectly fine and ethical.

In statement 1) the ethicality of commission payment is undecided before its incorporation into the code, but immediately becomes unethical once it is incorporated. Its unethicality may be asserted by reference to the code of practice.

However, what would happen if the prohibition on payment by commission were removed from the code of practice? Such deregulation would mean there were now no prohibition on payment by commission and so fundraisers could be paid

1 https://afpglobal.org/ethics/code-ethical-standards.

2 As is the case with all matters of self-regulation, the prohibition on commission in codes of practice applies only to people and organisations of the self-regulatory system. However, the ethics of paying commission is applicable to all fundraisers, irrespective of their membership status vis-à-vis self-regulation.

a percentage of the money they raise and still be perfectly code-compliant. As well as now being permissible under the code, would this therefore also mean that payment by commission was now 'ethical'?

One thing is for certain – the defence of 'it's unethical because it's banned by the code' is no longer available. And so anyone maintaining a position that payment by commission *is* unethical is going to need better arguments than those that are often put forward – many arguments against payment by commission are quite weak and susceptible to strong counter-arguments, as we'll explore in s3.

This is precisely the situation in which fundraisers in the UK find themselves as of November 2025, with the introduction of the new version of the Fundraising Regulator's Code of Practice (though the Fundraising Institute of Australia beat the UK in deregulating commission by four years – see p10).

The previous version of the UK code, introduced in November 2019, stated in s2.5.4 that commission payments must not be used unless three conditions had been met (this is the same as saying commission may only be used provided three conditions are met). These were:

1. All other sources of fundraising investment have been "explored" and "exhausted"
2. The board or senior executives have approved any payments
3. There are measures in place to make sure excessive payments are not allowed.

All this has been removed in the new version of the code (as of November 2025) and replaced

'Seldom defended'

As American academic and charity director Craig Hanson (2022) (left) points out, the arguments against payment by commission are often asserted but seldom defended. Very few articles attempt to present a considered ethical argument against paying fundraisers by commission. It is those that do that we have used as the basis for this paper, with the arguments presented in s3 chiefly drawn from:

- A 1992 position paper (revised many times since, the latest revision being in 2024) by the Association of Fundraising Professionals
- A blog by American fundraising consultant Tony Poderis from 2000
- A 2021 position paper by Roewen Wishart
- A short section in Marilyn Fischer's (pp169-172) 2000 book *Ethical Decision Making in Fundraising*
- Craig Hanson's 2022 journal article calling for a reappraisal of the ethical objections to payment of commission, which rehearses many of the ethical arguments against it.

Other literature that has considered the ethics of commission payments that we have used to a lesser degree include Beem (2018), and Grossnickle and Aldrich (2004).

While there are many blogs and other literature that argue against commission, many of these simply restate established objections (often drawing from the AFP position paper) rather than make their own case.[3] Many of these blogs often present practical objections to the payment of commission, for example that by Money Tree Fundraising (2023) in the UK (for the distinction between 'practical' and 'ethical' objections, see s2.3).

Finally, some outputs use 'commission' to describe and encompass all costs of fundraising rather than a payment based on a percentage of the donation (e.g. Sandberg 2006; Frost & Sullivan 2017), so we have excluded these from this analysis.

3 This is not a criticism of those blogs: Since it has been accepted wisdom in the fundraising profession that commission ought not be paid, these blogs have been disseminating that received wisdom.

Following lobbying by agencies during consultations on the Fundraising Regulator's Market Inquiry into F2F fundraising, *all* fundraisers in the UK can now be paid commission

with a new section (s2.4.1) that states that nonprofit organisations…
"…must give appropriate consideration to the approach [they] choose for paying fundraisers and whether this fits the values of [their] charitable institution."

The change has resulted from lobbying by face-to-face fundraising agencies, who argued that commission wouldn't necessarily lead to high-pressure tactics if safeguards were in place (Fundraising Regulator 2024, p15) – the potential for putting pressure on donors is one of the standard arguments against paying commission (see Argument 3.1a).

So now, F2F agencies in the UK will be permitted to pay the staff with a percentage of the money they raise. What doesn't have appeared to have occurred to the Fundraising Regulator, though, is that it is not just for F2F that this new wording permits the payment of commission: consultants, grantwriters, and DM and telephone agencies can now all charge and be paid commission, and staff at charities may also be paid commission, perhaps as an extra incentive on top or their salary, or to replace a portion of the salary. In the future, forms of fundraising done by AI might be paid for using commission to remunerate those who have designed various LLMs and algorithms.

And even though commission has been subject to the three conditions in the UK, at least one F2F agency has always paid commission as part of the mix for remunerating fundraisers, while receiving a percentage of donations is the standard charging method for fundraising platforms. Members of Rogare's Critical Fundraising Network who contributed to this paper reported that they had often come across arrangements for grantwriters (in the USA) that propose remuneration by commission. Even though this method of payment is prohibited by the professional standards of the American Grant Writers' Association,[4] as explained in footnote 2, this prohibition applies only to AGWA members, and so we can infer that paying grantwriters on commission is, if not common, then regularly practised in the USA.

The purpose of this green (discussion) paper, is to:

- Understand the weaknesses of the ethical arguments against commission payments
- Set out how those arguments might be strengthened
- Understand the ethical arguments in favour of commission payments
- Suggest safeguards and conditions to ensure that any time commission is paid, it is done so fairly and appropriately, without causing harm.

Let us also clearly state that our purpose in writing this paper is not to argue either for or against commission-based remuneration for fundraisers, nor is it making any case for the effectiveness or ineffectiveness of commission-based remuneration. And just because we have called for a re-evaluation of the ethics of paying by commission doesn't mean – and it should not be inferred that – we are trying to smuggle commission in under the radar or shift

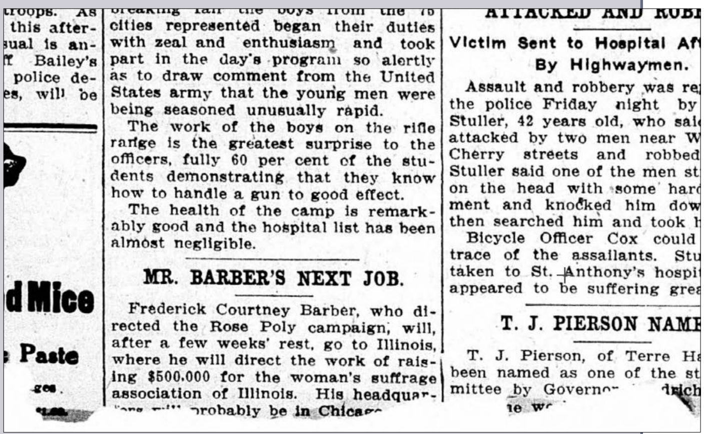
4 Standard 23, which also prohibits retainers, bonuses and other forms of contingency-based remuneration – https://www.agwa.us/ethics

Where does the prohibition on commission come from?

Fundraising's origin myth is that the modern profession was created by a few men running campaigns for the YMCA in the first 20 years of the 20th Century, particularly Charles Sumner Ward and Lyman Pierce, both of whom were driven by a "missionary fervour" and who considered their fundraising to be an "expression of moral stewardship". As Ward famously said: "I would leave this work immediately if I thought I were merely raising money. It is raising men that appeals to me."

However, there was "another side" to fundraising at the YMCA, which was embodied by former newspaperman Frederick Courtney Barber. In 1913, Barber formed what has been described as the first professional fundraising agency, Barber and Associates, drawing the ire of the Pierce-Ward school for placing himself at the centre of appeals and revelling in his status as a celebrity fundraiser. He drew further scorn for calculating his salary on a percentage basis of anywhere between five and 15 per cent (even though Ward sometimes took payment in the form of commission).

Ward formed his own agency in 1919, the same year that another fundraising agency was established by John Price Jones – a publicist who had promoted US government Liberty Bonds during the First World War and who, after running two successful college fundraising campaigns, decided there was money to be made from conducting fundraising full time (Cutlip 1994, p226).


cities represented began their duties with zeal and enthusiasm and took part in the day's program so alertly as to draw comment from the United States army that the young men were being seasoned unusually rapid.

The work of the boys on the rifle range is the greatest surprise to the officers, fully 60 per cent of the students demonstrating that they know how to handle a gun to good effect.

The health of the camp is remarkably good and the hospital list has been almost negligible.

MR. BARBER'S NEXT JOB.

Frederick Courtney Barber, who directed the Rose Poly campaign, will, after a few weeks' rest, go to Illinois, where he will direct the work of raising $500,000 for the woman's suffrage association of Illinois. His headquar-

Victim Sent to Hospital Af

By Highwaymen.

Assault and robbery was re

the police Friday night by

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taken to St. Anthony's hospi

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T. J. PIERSON NAM

T. J. Pierson, of Terre H

been named as one of the st

mittee by Govern

Frederick Barber's new campaign makes the news in Indiana in 1917

By the mid-1920s the Jones and YMCA schools began to come together to define the field of professional fundraising. High on their agenda was "the elimination of commissions as an acceptable form of compensation" and, by the end of the decade, the fixed fee had become "professional dogma" – something that was fundamental to making fundraising "more dignified and worthy of respect" – and payment of commission was out, where it remains to this day, with the reasons for its elimination now "seldom defended" (Hanson 2022, p217).

See p10 for further historical context on the payment of commission in the USA.

- *All details in this box are summarised from Harrah-Conforth and Borros (1991), unless stated.*

perception on the ethicality of paying commission (some of the authors of this paper are open to the possibility that commission could be used more often; others are staunchly against it).

Our purpose is to take something that is often held up as a paradigm example of unethical fundraising and shine a light on how weak these ethical arguments often are, and how, if the ban on commission is to be maintained and defended, these arguments need to be strengthened – such an exercise has implications for all fundraising ethics.

Deregulation of commission in USA and Australia

The UK is not the first country to deregulate paying by commission, having been beaten to the punch by USA and Australia

USA
Paying a percentage-based commission had been considered unethical since the 1920s (see box on p9), and while this method of remuneration was not banned by the National Society of Fundraising Executives (which later changed its name to AFP) in the first iteration of its code in 1964, it was added several years later (we don't know precisely when).

The niceties of most US states' laws also influenced attitudes to commission, as anyone receiving commission would have been classed as a 'fundraising solicitor' (rather than a 'fundraising counsel'), which incurred a hefty insurance bond (sometimes tens of thousands of dollars) and higher registration fees. To avoid these costs, flat or hourly rates were used.

However, in the mid-1980s, states began dropping the requirement for bonds for solicitors and the distinction between fundraising counsel and fundraising solicitor faded away. In 1989 the board of directors of the NSFRE decided to remove the ban on commission payments from the US code, a decision that Harrah-Conforth and Borros (1991) describe as taking place "behind closed doors", with no warning to members (Brown 2022).

We understand that this followed a similar decision by the American Association of Fund-Raising Counsel because they no longer considered a ban on commission to be enforceable, as did NSFRE. NSFRE's move was also to bring fundraising into line with other industry sectors such as real estate, direct marketing and political fundraising. There were also concerns that the ban constituted a restraint of trade and would lead to lawsuits (Brown 2022).

However, there was considerable pushback and "heated debate" from NSFRE's membership, and the ban on commission payments was reinstated in 1992 (ibid). The Donor Bill of Rights made its first appearance the following year.

- *Acknowledgements to Roger Craver, Paulette Maehara, and Bob Carter for helping us piece this section together.*

Australia
In the version of its code dated 2018, the Fundraising Institute of Australia removed the former section (s4.5) that expressly prohibited paying fundraisers a percentage of the money they raise, replacing it with a new clause (s6.3) that stated that "supplier costs incurred…are proportionate to the funds raised and represent fair market value for services provided" (Wishart 2021). While a practice note accompanying the change in 2018 did state that suppliers should not be remunerated as a percentage of money raised, by 2021 this had been replaced with a version that reiterated s6.3 and removed the recommendation not to pay a percentage (ibid).

Note that, while the pre-2018 FIA code referred to 'fundraisers', the 2018 version refers only to 'suppliers', meaning, on a strict interpretation of the code, that the provisions about remuneration being proportionate to the amount raised don't apply to staff fundraisers.

Since deregulation, there does not appear to have been a massive increase in the numbers of fundraisers being paid by commission, nor has there been a rash of complaints or negative publicity.

International Statement of Ethical Principles in Fundraising
An explicit ban on payment by commission was also removed from the International Statement of Ethical Principles in Fundraising, with the version that was introduced in 2018 removing the wording – "fundraisers should not accept commissions or compensation based upon a percentage of the funds raised" – from the 2006 version.

However, the International Statement is not a regulatory code of practice (although some countries, Belgium,[5] for example, have adopted it as their regulatory code), and as such the previous wording did not create a ban on paying by commission, only a strong moral recommendation not to.

5 Fundraisers Belgium still uses the 2006 version of the International Statement – https://www.fundraisersbelgium.be/en/ethical-principles2

2

Ethical arguments *about* paying commission to fundraisers

Before we delve into the arguments against commission-based payment, we need to think about how these arguments are structured, and how we can assess them.

2.1 Classifying the arguments

There are different ways to make sense of the arguments against commission-based payment.

One way to understand those arguments is to separate them into consequentialist and deontological positions (Wishart 2021).

Consequentialist ethics mandates that the right (i.e. ethical) thing to do is the one that has the best outcomes, by maximising good and minimising harm. Because consequentialism is focused on actual or likely outcomes, the best consequentialist arguments are those that are supported by evidence about those outcomes, and so can be confident a particular outcome would result from the ethical decision. Weaker consequentialist arguments lack that evidence and are more conditional or hypothetical – they argue that something 'may' or 'could' occur.

Under deontological ethics, the right (i.e. ethical) thing to do would be something that conforms to a pre-existing moral principle, irrespective of the outcomes – good or bad – that would result.

In fundraising, a consequentialist approach to using negative emotions such as guilt might be that some guilt is permissible if it doesn't cause significant harm to donors but does raise more funds. The rationale would be that the relatively minor harm to donors by feeling guilty is offset by the greater good that can be achieved for beneficiaries with the money raised this way. This is the idea of Rights-Balancing Fundraising Ethics as developed at Rogare (MacQuillin and Sargeant 2019; Rogare 2024, pp6-9).

But a deontological approach to using guilt as a fundraising tactic might be that it is never appropriate to make donors feel bad or awkward about whether or not to give, as a matter of principle, irrespective of whether doing so would raise more money for beneficiaries.

Regarding commission, a consequentialist argument against commission could be that paying commission would damage trust in fundraising to such an extent that people gave less money. But consequentialism cuts both ways, and so a consequentialist argument in favour of paying commission could be that more money is raised this way.

A deontological argument against paying commission could be that commission allows a person to receive a reward that is not commensurate with the effort they have put in – in other words, it has not been earned (this argument is considered in s3.4b).

Another way to categorise anti-commission arguments is to consider which or what stakeholder is the main focus of the anti-commission argument

'A consequentialist argument against commission could be that paying commission would damage trust in fundraising to such an extent that people gave less money. But consequentialism cuts both ways, and so a consequentialist argument in favour of paying commission could be that more money is raised this way.'

(for consequentialist arguments, which stakeholder is most likely to be harmed). In this case, there are four stakeholder loci:

1. Donors – e.g. paying commission leads to harms, such as increased pressure to donate
2. The nonprofit organisation and, by extension, its beneficiaries – e.g. paying commission results in short-term decision making by fundraisers to maximise their cut at the expense of a larger longer-term gift
3. Philanthropy – e.g. paying commission undermines trust in fundraising and philanthropy
4. Fundraisers – e.g. paying commissions adds to fundraisers' stress and harms their psychological wellbeing.

A third way to think about anti-commission arguments is in the context of the three main lenses of fundraising ethics outlined by Rogare (see MacQuillin 2022).

This is the approach taken by Australian fundraising consultant Roewen Wishart (2021):

- Donorcentric – Donorcentrism is the idea that ethical fundraising is predicated on prioritising donors (similar to the donor-harm model above)
- Trustist – what's ethical in fundraising is that which maintains and protects public trust in fundraising (similar to the philanthropy-harm model above)
- Beneficiary-centric (analogous to Rights-Balancing Fundraising Ethics, by considering how much extra benefit or harm is caused to beneficiaries by paying commission).

2.2 Analysing the arguments

We need some criteria by which to assess how good the arguments against payment by commission are. The criteria we are using in this paper are:

Is it supported by evidence? Are any claims about outcomes (bad or good) backed by evidence about the likelihood of said outcomes and the scale of the harm? For deontological arguments – which are about moral principles – evidence is not required.

Is it consistently applied or is it special pleading? Is this argument applied to similar cases, or is it something that is only applied to commission payments, and if that is so, is it a case of 'special pleading' – making an exception to a rule or principle to mark out commission as unethical while similar things, such as bonuses, are considered to be OK and thus ethical.

Does it beg the question? 'Begging the question' is a type of fallacy in critical thinking (it doesn't mean to ask the question) that involves a kind of circular reasoning whereby the desired conclusion of an argument is used as one of the reasons for accepting the conclusion. To put it another way, the reason for supporting the conclusion already assumes that the conclusion is true. For example:
A: "God clearly exists."
B: "How do you know?"
A: "Because it says so in the Bible?"
B: "So what…how does that prove God exists?"
A: "Because the Bible is the word of God."

The existence of God (the conclusion of the argument) is presented as one of the reasons (the Bible is the word of God, which cannot be true unless God exists) why we should accept the conclusion that God exists.[6]

Here is an example of a question-begging argument that relates to fundraising:

Fundraisers should always put the interests of donors first, because donors are the most important stakeholder in fundraising, and the most important stakeholders should always have their interests prioritised.

It may be true that donors are the most important stakeholder in fundraising, but a defence of that proposition has to first be made before we decide to prioritise their interests above those of other stakeholders.

6 For more on begging the question (which absolutely does not mean to invite something to be questioned), see – https://en.wikipedia.org/wiki/Begging_the_question

2.3 What is an 'ethical' objection to payment by commission…

…as opposed to a merely practical objection?

There is sometimes confusion about whether an argument against commission is 'ethical' or 'practical'. For example, the argument that most donors would decline to give if they knew some of their donation would be paid as a commission to a fundraiser might be thought of as a 'practical' argument that is not connected to 'ethics'.

Any such confusion stems from two things.

The first is the idea that 'ethics' is some vague or metaphysical thing that is concerned with values, often subjective ones – this often belies a feeling that ethics is all about deontology and moral principles. However, a consequentialist reading of ethics (of any subject matter) requires us to consider outcomes, while applied professional ethics is about the application of ethics – whether consequentialist or deontological – to professional practice. In professional ethics, ethics is never divorced from practice.

The second cause of confusion relates to perceptions about the role of ethics in fundraising, which in turn relates to what the purpose of fundraising is. If that purpose is to ensure nonprofit organisations have sufficient voluntary income to deliver their missions and help their beneficiaries (see MacQuillin 2017, p16) – although this is a contested matter that not everyone will agree with – then the role of fundraising ethics is to help fundraisers make the best decisions to that end.

Making the wrong choice is a practical failure; but as it potentially results in harm to beneficiaries, it could also be an ethical failure.

The argument that paying commission would result in less money being raised to help beneficiaries *is*, therefore, an ethical argument.

However, arguments against commission of the type that, for example, it would be difficult to budget for paying out commission, are practical but not ethical objections; they are management problems for which there are management solutions. Purely practical objections to paying commission are set out the box on this page. ❻

Practical anti-commission arguments

There are many arguments against paying commission that are purely practical rather than ethical. Some of these are:

- Many donations are in the form of pledges – how could commission on pledges be calculated and paid? Would commission need to be repaid if a pledge were not fulfilled?
- How would commission be paid on in-kind donations or other non-monetary gifts?
- How would commission be paid on staged or multi-year donations?
- It is difficult to know how much commission will need to be paid, or when, so this complicates the budgeting process.
- It makes it harder to respond to criticism about 'misuse' of admin costs, e.g. diverted from the cause or used to 'line fundraisers' pockets'.

Since these are practical objections, they all, in theory, have practical solutions and could be solved through innovative management and leadership.

❻ *'One way to categorise anti-commission arguments is to consider which or what stakeholder is the main focus of the anti-commission argument (for consequentialist arguments, which stakeholder is most likely to be harmed).'*

3
Ethical arguments *against* paying commission to fundraisers

Paying fundraisers by commission is generally considered to be unethical. That much is pretty clear. But how good are the arguments that make this claim? This chapter analyses those arguments by testing them against the three criteria set out in s2: evidence, wide applicability/special pleading, question begging.

We've collated the arguments from the literature outlined in the 'Seldom defended' box on p7, and grouped them according to which stakeholder is the focus of the argument (and the harm that might be caused to them): 1) donors, 2) nonprofit organisation and its beneficiaries, 3) philanthropy/fundraising and 4) fundraisers – bearing in mind that sometimes there will be allegations of harm against more than one stakeholder. There is also an 'other' category for arguments that don't fall into these four categories. The arguments analysed in this chapter are:

3.1 Focus on donors
3.1a Encourages abuses and puts undue pressure on donors
3.1b Donors' wishes/interests are not paramount/not served.

3.2 Focus on nonprofit organisation and its beneficiaries
3.2a Short-term decision making could result in less money being raised
3.2b Non-fundraising staff could feel resentful if fundraisers receive rewards that they don't get
3.2c Contravenes particular values of the nonprofit organisation.

3.3 Focus on philanthropy and fundraising
3.3a Undermines philanthropic values
3.3b Undermines donor trust
3.3c Crowds out volunteers from a fundraising role.

3.4 Focus on fundraisers
3.4a Motivates fundraisers to put personal gain above other factors
3.4b Results in disproportionate and unearned reward
3.4c Makes it harder for fundraisers to resist donor dominance
3.4d Harms fundraisers' wellbeing.

3.5 Other
3.5a Breaches the 'no inurement' rule
3.5b While commission might be appropriate for the commercial sector, it is not appropriate for the voluntary sector.

For the avoidance of doubt, let's state that our intention in this chapter is not to dismantle arguments against commission, but to genuinely test them to assess whether they present the strongest possible arguments why payment by commission ought to be considered unethical. If they fail these tests, then we need stronger arguments.

'Many types of fundraising practice 'could' or 'may' put undue pressure on donors and result in abuse by fundraisers. These include other forms of performance-related pay such as bonuses, as well as behavioural science nudge techniques and intrusive forms of fundraising such as face-to-face.'

3.1 Focus on donors

3.1a Encourages abuses and puts undue pressure on donors

What is the ethical argument? The notion that fundraising that puts undue pressure or leads to bad practice is unethical is a standard argument in fundraising's professional ethics and, because it is based on outcomes, it is a consequentialist ethical position.

Supported by evidence? No. Whenever this argument is presented, it is always couched in conditional and hypothetical language such as it 'could' or 'may' lead to bad practice. This is not to say that there is *no* evidence that paying fundraisers by commission leads to abuses, only that we haven't found it. Evidence of abuses in commercial practice may exist, which would support this argument, but we haven't looked for it. Finding such evidence would strengthen this argument.

Consistently applied or special pleading? Special pleading. Many types of fundraising practice 'could' or 'may' put undue pressure on donors and result in abuse by fundraisers. These include other forms of performance-related pay such as bonuses (which are permitted by codes that prohibit commission). And they also include behavioural science nudge techniques and intrusive forms of fundraising such as face-to-face.

Does it beg the question? No – see analysis.

Analysis By definition, any and all fundraising that places 'undue' pressure on donors is unethical, because that pressure cannot be ethically justified. Phrased this way, this objection to commission does not beg the question. However, as ever with this matter, the question is how much pressure is 'undue'?

If commission leads fundraisers to put some pressure on donors, but not pressure that is undue, then Argument 3.1a does not stand. Further, because the ethical objection is contingent on the harm caused to donors, if there is robust evidence that harm is not caused, or that any harm is not significant, then this argument does not stand.

This is not the same as saying there is no evidence of harm, and in the absence of that evidence, the precautionary principle[7] should be invoked; there would still need to be good reasons – based on evidence and sound reasoning – to invoke the precautionary principle (which is not meant to be deployed based on hunches). Further, this should not be a case of special pleading: if the precautionary principle is invoked for commission-based pay, should it not be invoked for other types of performance-related pay, such as bonuses?[8]

Pressure as a result of paying commission, even if due (i.e. it is not an abuse and there does not fall foul of Argument 3.1a), could nonetheless undermine public trust in fundraising and philanthropy – Argument 3.3b.

7 https://en.wikipedia.org/wiki/Precautionary_principle

8 One possible response to this rhetorical question is that percentage-based compensation directs a fundraiser's conduct to a specific donor to receive a specific remuneration. In contrast, a bonus-based plan both has a base compensation, and also puts pressure on raising funds overall, rather than on a specific large gift. However, if compensation is also paid on top of base salary – as we recommend in s6.1 (we also recommend commission should never be the sole form or remuneration), this would bring commission more in line with bonuses.

3.1b Donors' wishes/interests are not paramount/not served

What is the ethical argument? While this might seem like a consequentialist argument (harm results to donors from not having their wishes/interests prioritised), it is actually a deontological position – as a point of principle, donors' wishes/interests should be prioritised.

Supported by evidence? NA – as this is not a consequentialist argument, no evidence is required. However, see analysis.

Consistently applied or special pleading? Consistently applied. This is a standard tenet of donorcentrist fundraising ethics (see MacQuillin 2022).

Does it beg the question? Yes.

Analysis This argument rests on the idea that a) donors' interests are paramount, and b) commission-based pay does not prioritise those interests. The second statement requires evidence/argument that paying by commission is contrary to donors' wishes.

Some evidence for this can be found in a paper published in 2025, which found that donors believe that fundraisers put self-interest above the needs of beneficiaries – two the examples given being street face-to-face fundraisers being paid, "especially on commission", as this, so donors think, comes at the expense of beneficiaries; and when fundraisers appear to be motivated by money and take opportunities to earn more money, such as frequently moving between jobs (Faseur, De Bock and Timmermans 2025, pp11-12).

However, other donors think commission is acceptable because it rewards those fundraisers who bring in the most money (ibid, p23).

'If commission-based pay can be shown to help raise more money, then that would be an argument for using it. If it is not true that donors' interests are paramount, then the argument that commission does not prioritise the interests of donors is irrelevant.'

The first part of the argument (statement a) begs the question that it actually *is* donors who are the primary stakeholder, and that it *is* their interests that ought to be paramount, i.e. prioritised over the interests of other stakeholders (this is a contested issue, and the interests of beneficiaries may be equally, if not more important [MacQuillin 2022], so if commission-based pay can be shown to help raise more money, then that would be an argument for using it). If the statement a) (donors' interests are paramount) is not true, then the second statement b) (commission does not prioritise the interests of donors) is irrelevant.

Another version of this argument runs that commission would encourage fundraisers to recruit as many donors as possible, even when it would be in the interests of a donor to give to a different charity altogether (Sargeant and George 2022, pp496-497). The security of a salary, it is said, removes this temptation, allowing fundraisers to solicit only those donors who have a genuine interest in donating to that charity.[9]

This aligns with 'Service of Philanthropy' school of thinking in fundraising ethics (see MacQuillin 2022, pp8-12), which posits that the ethical purpose of fundraising is to facilitate donors' philanthropic objectives, even to the extent of directing donors to give to a different charity to the one the fundraiser works for (Gunderman 2010, pp591-592).

This ethical position against paying commission holds if, and only if, it is true that fundraisers ought not solicit donations from people whose needs are not served by giving to the charity that employs the fundraiser. The counter-argument is that fundraisers make a case for support to donors, who are then responsible for deciding for themselves what is in their own philanthropic interest.

9 Although does it, really, because salaried fundraisers may still be under immense pressure to meet their targets?

10 It's not just commission payment that some funders will wash their hands of. The UK's National Lottery Community Fund will not accept grant applications written by an external consultant or freelance, no matter how they are remunerated - https://www.tnlcommunityfund.org.uk/funding/funding-programmes/people-and-places/who-cannot-apply#. Others will put a cap on how much overhead they will pay.

3.2 Focus on nonprofit organisation and its beneficiaries

3.2a Short-term decision making could result in less money being raised

What is the ethical argument? Because the amount of money raised *is* an ethical outcome (more money enables more good delivered for beneficiaries, while less money is a potential harm to beneficiaries – see s3.3), if paying fundraisers by commission would result in less money raised, then paying commission would be unethical. This is a consequentialist argument.

Supported by evidence? Uncertain, but needs to be – see analysis.

Consistently applied or special pleading? Consistently applicable. This argument could be made about any form of performance-related remuneration.

Does it beg the question? No.

Analysis Because this is a consequentialist argument, it requires evidence to support it. While there is little research looking at the relationship between commission payments and money raised (see Argument 4.1a for details), what we are looking for here is evidence of short-term decision making at the potential expense of more money over the longer term.

Perhaps the starkest example of potential adverse consequences could be a fundraiser's incentive to encourage a donor to make a donation now, rather than to make a gift in a will (which could be much larger, albeit far in the future).

Another possibility is that commission-based systems incentivise going after big wins, while stable fundraising programmes require focusing on gifts and donors of all levels. This could be because the job security of the fundraisers is dependent upon meeting revenue goals. They also are likely only working one job, whereas an external fundraiser on a commission-based contract may be working for multiple organisations and therefore going for the perceived 'easy wins' at each rather than cultivating donors to give more or bringing in new donors.

Another explanation might be that a fundraiser might try to secure a short-term donation because that would guarantee them a commission on the donation now; rather than pursue a longer-term relationship that might get them a larger commission in the future, but also might never happen (perhaps because by the time the donation is made, the fundraiser has left the organisation). In fact, fundraisers paid by commission could eschew many forms of long-term relationship building to chase quick wins.

We have not looked for evidence from the commercial sector that this type of thing happens, but we have heard anecdotal evidence that estate agents/realtors will accept a lower asking price for a property to secure their commission, rather than negotiate for a better price for their clients. Even though a higher price results in more commission for the estate agent/realtor, the potential extra commission is deemed not worth the uncertain wait compared to the guaranteed commission of the sale at the lower price.

Any evidence of these types of things happening would, if found, strengthen this anti-commission argument, but would not be a knockback, since safeguards could be put in place to prevent short-term decision making (see s6).

A further reason why paying commission might result in less money raised concerns how donors might view fundraising costs, particularly when it comes to grantwriting. If a funder has already received a funding proposal, the work in producing it has already been done. So what incentive do they have to pay for work they already have in their hands (Hanson 2022, p221)? In a case such as this, there might be some truth in the old canard that 'fundraising costs divert funds from being spent on service delivery', and a grant funder might decide not to award funding on this basis. UK trust fundraising consultancy Money Tree Fundraising (2023) reports that many funders have told them they would not make a grant if their fee were to be calculated as a percentage of the grant.[10] This is, once again, something that requires evidence to turn it from practical guidance and advice for organisations thinking of paying a commission to freelance grantwriters, into a normative moral precept. However, there might be safeguards to this danger – see s6.

Finally, research in the commercial sector has shown that the stresses imposed on sales staff through performance-related remuneration reduces the anticipated benefits of improving their performance (Habel at al 2021, p145). However, this study still found a positive effect from performance-related pay, and the authors' recommendation is to put in place safeguards to better manage its use and to protect the wellbeing of sales staff.

If such measures are not in place in nonprofits that pay fundraisers by commission, then the negative effect could be that less money is raised, particularly considering all the other workplace-related stresses experienced by fundraisers (Reynolds 2025). ❻

3.2b Non-fundraising staff could feel resentful if fundraisers receive rewards that they don't get

What is the ethical argument? Fundraising relies on the rest of the organisation delivering the mission and supporting fundraisers with information and stories to present to donors. If fundraisers received extra financial reward for what is perceived as a group effort, this could cause resentment and division within nonprofits. This is a consequentialist argument as it is predicated on harmful outcomes that could cause the nonprofit to work less effectively. But it also feels deontological – non-fundraising staff *ought not* be made to feel resentful as a point of principle.

Supported by evidence? No. As with Argument 3.1a, the language is usually conditional and hypothetical – it 'could' result in resentment, but is rarely stated that it does cause resentment and/or division.

Consistently applied or special pleading? Special pleading. There are many things that could – and sometimes do – cause division and resentment between fundraising and the rest of the organisation, and some of these could conceivably be related to remuneration. This argument ought to equally apply to fundraisers earning higher salaries than programmes staff (in cases where they do).

Does it beg the question? No.

Analysis This argument needs to be supported by the best evidence and reasoning that a) paying commission does cause division and resentment and b) harm results from this that impacts the organisation's effectiveness. If neither can be satisfied, this anti-commission argument falls. ❻

3.2c Payment of commission could contravene fundamental values of a nonprofit

What is the ethical argument? Nonprofits rely in part on the values-based motivations of volunteers and staff to contribute their labour and time, as well as offering them suitable payment and conditions of work. However, a nonprofit may have specific values – for example, a religious belief or an egalitarian moral value – which preclude or discourage additional remuneration for additional financial results.

While this is a deontological argument, a related consequentialist position would be that paying commission would disrupt the workplace culture and practice, ultimately affecting programme delivery and harming beneficiaries (see Arguments 3.2a and 3.2b).

Supported by evidence? N/A for the deontological argument; we are not aware of any evidence relating to the consequentialist position, which is not to say it doesn't exist.

Consistently applied or special pleading? Consistently applied. Discussion and debate within and outside nonprofits regularly invokes the argument that fundamental values are an appropriate basis to guide standards, standards that might not apply to for-profit or government entities. Examples include: participation of beneficiary groups in governance (as a right), time and spaces for prayer in the workplace of faith-based organisations, and principles about representation of marginalised or oppressed people in fundraising communications.

Does it beg the question? If the ethical argument is consequentialist, no. If the argument is deontological, then possibly (see analysis of Arugment 3.3a), but who are we to say what a nonprofit's values ought to be.

Analysis As a deontological argument, this view warrants critical examination. It's an argument for which the basis could be characterised as 'commissions are for people who are greedy and motivated by money, and we don't want people like that in our charity'. It is more likely to be a sincere argument when the 'aversion' for commission payment at the charity is linked to more general principled aversions (e.g. not using commercial practices - see Argument 3.5b). ❻

3.3 Focus on philanthropy and fundraising

3.3a Undermines philanthropic values

What is the ethical argument? AFP (1992/2024) states that paying fundraisers on commission "undermines the very philanthropic values on which the voluntary sector is based". Note that they don't say 'may' or 'could' undermine these values, using the conditional language used for other anti-commission arguments where evidence is required to stand them up (see 3.1a, 3.1b and others). This is because this is a deontological argument.

Supported by evidence? NA – this is not a consequentialist argument that requires evidence.

Consistently applied or special pleading? Special pleading, possibly. Many people are convinced that paying fundraisers at all via any remuneration method goes against the voluntary values of the sector. Why should commission be singled out as contrary to those values? A plausible reason is that some people might consider that commission pay brings unearned reward (see Argument 3.4b). But that invites the question as to *why* this contravenes and undermines philanthropic values.

Another line of argument relates to the no-inurement rule (Argument 3.5a). But if paying commission breaches the no inurement rule, this makes it illegal, and an argument that it goes against philanthropic values is redundant.

Does it beg the question? Abso-bloody-lutely!

Analysis It might well be true that paying commission goes against the moral values of the philanthropic sector, but phrased this way it simply begs the question that going against those values is wrong. What we really want to know is *why* it goes against those values, and to make this assessment, we need to know which particular values paying by commission undermines.

As with any deontological position, it is always open to a deontological counter-argument: someone could simply argue that it does not undermine their concept of philanthropic values, but actually upholds them, for example, a value such as: 'The wellbeing of charity beneficiaries should always be paramount' (see Argument 4.2). So, this argument could stand up, but even if it does, is it a sufficiently convincing argument to defeat arguments in favour of paying by commission (see s4, and particularly Argument 4.2)? ❻

3.3b Undermines donor trust

What is the ethical argument? One of the main lenses of normative fundraising ethics is something known as 'Trustism' – the idea that anything that undermines trust in fundraising is unethical (see MacQuillin 2022). So, if payment by commission undermines donor trust in the nonprofit and/or the fundraising profession and/or philanthropy, then it would be unethical.

Supported by evidence? No – see analysis.

Consistently applied or special pleading? Consistently applied to many types of ethical dilemmas in fundraising.

Does it beg the question? No.

Analysis As with other anti-commission arguments (see 3.1a and 3.1b) the language used to present this position is often conditional and hypothetical. AFP (1992/2024) says donor trust "can be unalterably damaged".

That is a big claim: not only that donor trust can (i.e. could, but equally might not) be damaged, but that any damage done could be irreparable: once commission payments have harmed donor trust, that harm is for ever and will never be reversed (but then again, it might not).

Is this true? Is it even likely? And even if it is both true and likely, would the damage to trust cause a significant reduction in charitable giving?

As far as we know, there is no evidence that directly relates paying fundraisers commission with a decline in public trust. New Zealander fundraiser-turned-academic Cassandra Chapman has conducted two meta-reviews of the research on trust and giving. In the first she and her team could find no causal relationship between trust and giving (Chapman, Hornsey and Gillespie 2021).

In the second, they could not find any relationship between negative media coverage of fundraising/charity scandals and a decline in charitable giving (Chapman et al 2023).[11] So, even though some donors disapprove of paying commission for moral reasons (Faseur et al 2025 – see Argument 3.1b), it cannot be said with any degree of confidence that this will translate into a loss of trust, nor a fall in giving.

Without evidence that public trust *is,* or is likely to be, undermined or damaged by paying commission to fundraisers – or, an even stronger case, that it causes *no* harm to public trust – anti-commission Argument 3.3b falls.

3.3c Crowds out volunteers from a fundraising role

What is the ethical argument? This is a deontological argument that fundraising ought to be something

that is the preserve of volunteers and that paying commission crowds out volunteers from this process. This argument seems to mostly apply to major donor fundraising (see Poderis 2000). You would think there should be a consequentialist component of this argument, something along the lines of volunteers being more effective in securing big gifts from their major donor peers. However this is not articulated.

Supported by evidence? No – though this is a deontological principle, it is contingent on whether paying commission really does crowd out volunteers, and we are not aware of any such evidence.

Consistently applied or special pleading? Special pleading. Almost all forms of paid fundraising can come at the exclusion of a volunteer doing the same role.

Does it beg the question? Yes – it assumes fundraising ought to be done by volunteers and uses the (unevidenced) argument that commission crowds out volunteers as a reason not to pay commission.

Analysis There is a huge 'so what?!' to this question-begging argument. Paying commission crowds out volunteers, you say? So what? If the answer to this question is simply that volunteers ought to have a role in fundraising, the response to this can be a simple 'Why should they?'. If the answer to that question is related to a moral principle about volunteers and philanthropic values, we are back to another round of question begging.

If the response is that volunteers provide peer influence and personal connection in securing peer-to-peer gifts that would be lost if they are crowded out, then this is a much stronger argument against commission. Rather curiously though, this is not how this argument is phrased by either AFP (1992/2024) or Poderis (2000), who both use the deontological argument outlined here.

If paying by commission does not crowd out volunteers, this argument does not stand, in either deontological or consequentialist versions.

The purely deontological variant is open to the counter-argument that fundraising ought to be done by paid professionals, who have more expertise and accountability to the charity which employs them, than do volunteers.

11 If you don't have the time to read Chapman's papers, this *Third Sector* blog by Ian MacQuillin provides an overview – https://www.thirdsector.co.uk/ian-macquillin-ethical-considerations-fundraisers-owed/fundraising/article/1919355

12 In Australia, legislation which commenced in 2013 created a ban on so-called 'trailing commissions' to advisors and brokers for many financial services, which are deducted from customers' accounts or concealed in asset management fees, and sometimes continued for many years after the original advisory service or financial product was provided.

13 For example, the Australian federal government's National Fundraising Principles (see No16 – https://ministers.treasury.gov.au/ministers/andrew-leigh-2022/media-releases/agreement-reached-reform-charitable-fundraising-laws).

3.4 Focus on fundraisers

3.4a Motivates fundraisers to put personal gain above other factors

What is the ethical argument? AFP (1992/2024) says fundraisers "must accept" the principle that "charitable purpose, not self-gain", is paramount. This is a deontological moral principle. But it is also argued that if fundraisers *do* put their self-gain above charitable purpose, this can lead to harms to donors (see s3.1), to the organisation (see 3.2) and undermine trust (see s3.3b), also making this a consequentialist argument.

Supported by evidence? The deontological variant does not require evidence; we are not aware of any evidence that supports the claim that putting personal gain above other factors leads to the harms specified (which does not mean it does not exist).

Consistently applied or special pleading? Special pleading – see analysis.

Does it beg the question? Yes, it assumes that putting personal gain first is wrong (as well as stating that fundraisers "must accept" this principle – why must they?).

Analysis The deontological principle clearly states that fundraisers' self-gain is secondary to charitable purpose and strongly implies that fundraisers ought to subjugate their self-gain to that charitable purpose.

If this normative principle is to be applied consistently, then many other things fundraisers do for self-gain should also be considered unethical. For example moving to a better job with more money and more responsibility while leaving tasks unfinished or objectives unreached at the current charity would be unethical under this principle (and maybe it is!). We've already seen how some donors think it is unethical that fundraisers put self-gain first by moving to better paid jobs (see Argument 3.1b).

However, if commission is a special case, then the reasons why it is, and why the prohibition on self-gain does not apply to other actions taken by fundraisers in pursuit of their self-gain, need to be set out, which they are not.

3.4b Results in disproportionate and unearned reward

What is the ethical argument? This is a deontological argument that fundraisers ought not receive reward for which they are not entitled because they have not earned it or do not deserve it. This can happen when an unsolicited windfall gift materialises or a large legacy is left. It can also be when a donation is made but the fundraisers who did most of the work to secure the donation have left the organisation; their successors reap the rewards, having done none of the work. And it could also be the case that a fundraiser puts in a similar level of work for a £10,000 donation as they do for a £100,000, but their commission on the larger donation is 10x as much as it is on the smaller one – the reward is not commensurate with the effort.

Supported by evidence? N/A.

Consistently applied or special pleading? Consistently applied – even though we can't think of any other practice in fundraising this would apply to, this doesn't mean this argument wouldn't be used against such practices if they existed.

Does it beg the question? Yes – it assumes disproportionate reward is wrong. It may well be, but the way the arguments are advanced don't explain *why* it is wrong.

Analysis Though this argument begs the question, as question-begging anti-commission arguments go, this is one of the least serious offenders. A stronger version of this argument would set out *why* receiving unearned reward is unethical, not assume that it is. Outside of the charity sector, commissions on financial products have been the subject of severe criticism for the disproportionate reward they bring.[12] However other forms of work that can also bring unearned and disproportionate reward don't attract moral criticism: investors in companies and intellectual property owners can accrue benefits that amount to significantly more than the time and effort they initially expended. Some jurisdictions[13] advise against the payment of "excessive" remuneration to third-party fundraisers, but that can apply to all forms of remuneration, not only percentage commission, and the challenge then is to delineate what counts as 'excessive'.

3.4c Makes it harder for fundraisers to resist donor dominance

What is the ethical argument? Making remuneration contingent on how much donors give creates a conflict of interest for fundraisers, who may therefore not be able to exercise appropriate moral judgement in confronting inappropriate donor behaviour, an argument advanced by Fischer (2000, pp170-171).

Supported by evidence? No – but see analysis.

Consistently applied or special pleading? Uncertain. It has taken fundraising professions a long time to recognise the harmful effects of donor dominance, and to take steps to prevent it. In theory then, measures to confront inappropriate behaviour would apply to all types of donor behaviour. However, it is possible/plausible that it could be singled out as applying to commission-based payments because it provides an extra arrow in the anti-commission quiver, rather than being a tool to redress donor-fundraiser power imbalances per se.

Does it beg the question? No.

Analysis 'Donor dominance' occurs when donors use their power to exert undue influence over a fundraiser and/or a nonprofit to further their own interests or agenda (Hill and MacQuillin 2019). This can cause harm to the organisation's various stakeholders – for example, donor-driven mission drift can move the nonprofit away from its core focus and thus not maximise good to beneficiaries, while inappropriate behaviour towards fundraisers is, of course, harmful to fundraisers (their psychological wellbeing, career prospects, etc.).

The conflict of interest created by making their remuneration contingent on how much a donor gives means that if confronting a donor's bad behaviour means they don't make further donations, then the fundraiser will earn less by doing an ethical thing (calling out and confronting inappropriate behaviour). The temptation will be to enable (and perhaps cover up) the inappropriate behaviour, which risks perpetuating it and harming other fundraisers.

As far as we can tell, there is no evidence that supports this assertion, but that is almost certainly because no-one has thought to look for the connection. However, there is undoubtedly a power dynamic in the relationships between donors and fundraisers/charities that is already weighted in donors' favour, and which some donors exploit to their advantage. Paying commission could tilt that even further towards donors by unintentionally granting them more power in the relationship.

Or, it could have the opposite effect. If a fundraiser being paid by commission is subjected to inappropriate behaviour from a donor, they are free to simply stop engaging with that donor and move on to someone else (particularly if they are working for more than one organisation and earning commission from their combined contract roles, versus only one). This is in contrast to salaried fundraisers, who are often required to achieve a fixed revenue goal and may not feel as free to report or disengage from such behaviour.

3.4d Harms fundraisers' wellbeing

What is the ethical argument? It is possible that paying by commission could result in harm to fundraisers via several routes – see analysis.

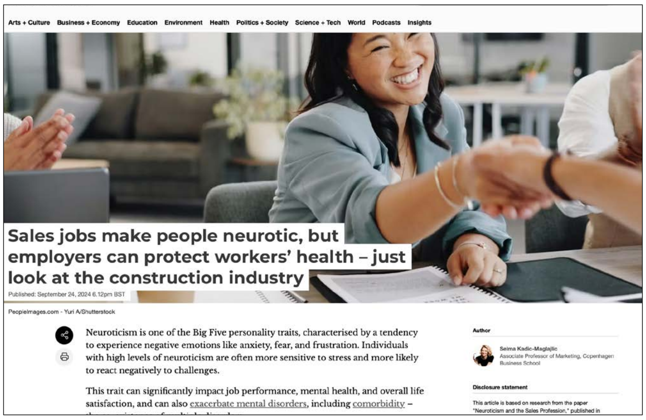
Supported by evidence? Not yet – see analysis.

Consistently applied or special pleading? We don't think this is applicable to this argument, since possible harm to fundraisers' wellbeing is rarely taken into account, at least, not as much as it ought to be.

Does it beg the question? No.

Analysis There are several ways that paying commission could have the unintended consequence of causing harm to fundraisers, both to individual fundraisers, and at a structural level through changing the way the fundraising profession operates.

Argument 3.4c has already outlined one way that harm could result to individual fundraisers, by making it harder for them to resist inappropriate donor behaviour. Fundraisers could also be more likely to be blamed by organisations if they fail to hit targets, which could lead to fundraisers counter-blaming organisations for failing to help them (fundraisers) meet their targets (Poderis 2000), and so could contribute to the division/resentment between



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Sales jobs make people neurotic, but employers can protect workers' health – just look at the construction industry

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Neuroticism is one of the Big Five personality traits, characterised by a tendency to experience negative emotions like anxiety, fear, and frustration. Individuals with high levels of neuroticism are often more sensitive to stress and more likely to react negatively to challenges.

This trait can significantly impact job performance, mental health, and overall life satisfaction, and can also exacerbate mental disorders, including comorbidity –

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Disclosure statement

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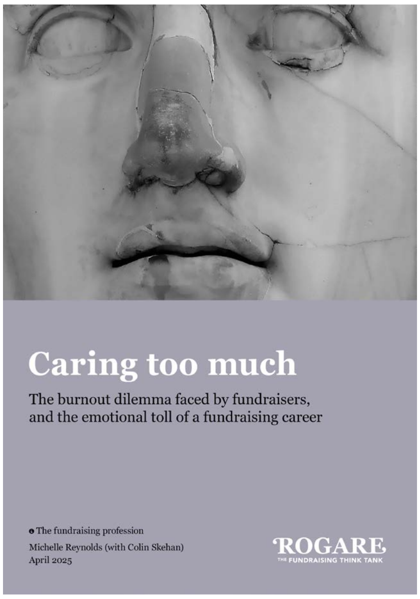


Paying commission to commercial sales staff has been shown to lead to neurotic behaviour. It could add to the many stresses already felt by fundraisers, as explored in Rogare's 2025 paper on burnout in the fundraising profession

fundraisers and others (Argument 3.2b). However, this might not be all that different to some relationships between fundraisers and the rest that already exist at many nonprofits.

There are perhaps more serious harms that could result to fundraisers were commission-based pay to become standard practice. Whereas consultants and freelance grantwriters are currently mostly paid a flat fee, if commission became widespread, it could turn this part of the fundraising supplier environment into something like a gig economy, with fundraisers never knowing how much they might earn. This might be even more marked for field force fundraising (F2F, telephone) which already has similarities to a gig economy. If fundraisers were only paid by commission rather than wages and bonuses, then some might work for days while earning very little, while some may take on a number of commission-based gigs to ensure they can make ends meet, leading to burnout.

Also, it could not be ruled out that, if commission becomes a standard practice in agency fundraising, then it wouldn't also become commonplace for staff fundraisers, with salaries becoming lower but with the opportunity to top up though commission (or other forms of performance-related pay). It could lead to fundraiser remuneration packages being advertised using the term familiar in sales recruitment – OTE (overall total earnings), indicating a mix of low basic salary and commission for hitting targets. In the 1970s, some staff fundraisers in the UK were paid through this mix of basic salary topped up by commission.[14]

There is plenty of research that shows variable compensation leads to greater stress among sales staff, resulting in high levels of emotional exhaustion and more sick days taken (Habel et al 2021), and that it also leads to neurotic tendencies (Kadic-Maglajlic 2024). It is a reasonable assumption that we would see these findings replicated in fundraising if commission became commonplace.

Not only could this make life very difficult for fundraisers, making a very stressful job even more stressful and thus becoming yet another contributory cause of burnout (Reynolds 2025), it could diminish the status of the fundraising profession, reducing it even further in the perception of those at charities who already hold it in low esteem (the 'necessary evil'). In the long run, it might make it more difficult to attract new entrants into fundraising if the perception is that its status is that of commercial sales.

These are, of course, conditional arguments that require evidence and further argument to support them, if only to a degree needed to invoke the precautionary principle.

What we find notable is that none of the previous defences of the prohibition on commission payments has ever considered the harm that paying commission could cause to fundraisers (instead, potential harm to donors, philanthropy, trust and organisations are considered). To the best of our knowledge, this is the first time an argument against commission payment based on potential harm to fundraisers has been advanced.

14 Personal communication from consultant Valerie Morton.

3.5 Other

3.5a Breaches the 'no inurement' rule

What is the ethical argument? In the UK, USA, Australia and many other countries, charities are prevented by law from using their financial resources for the private benefit of individuals connected to them. It is argued that commission payments fall into this category of private benefit (NB salaries, wages and fees do not breach the no inurement rule). This is a legal argument, not an ethical one.

Supported by evidence? No. The type of evidence that would support this would be some kind of legal ruling or opinion that paying a commission to someone employed by a charity is an illegal use of funds because it is diverting money meant for charitable causes to make an individual better off. But what is presented in support is a line of reasoning only that commission to fundraisers *might* be a breach of the no inurement rule – AFP (1992/2024) says it "believes" it to be such a breach. However, since commission is permitted in the UK and Australia, we can infer that neither the Fundraising Regulator nor the Fundraising Institute of Australia believes commission breaches those countries' no inurement rules.

Consistently applied or special pleading? See analysis.

Does it beg the question? No.

Analysis If it is true that paying commission breaches the no inurement rule, then this is a knockback argument against it. If true, it trumps any argument in favour of paying commission (s4) and renders ethical arguments against commission redundant and unnecessary (there is no need for an ethical argument against doing something that is illegal).

However, this is contingent on whether commission payments really do breach the no inurement rule, and no-one (including AFP) has yet categorically stated that they do. It is presented only as an opinion or interpretation that the no inurement rule is breached, and of course, this is open to an alternative opinion that the rule is not breached by paying commission.

And, if commission is a breach of the no inurement rule, then would some other forms of discretionary performance-related pay, particularly bonuses, also breach this rule?

> *'Why is commission considered unacceptable, but other commercial practices such as paying bonuses, not to mention commercial marketing techniques, such as behavioural science, are permitted? Fundraisers use practices borrowed from commercial marketing ALL THE TIME.'*

3.5b While commission might be appropriate for the commercial sector, it is not appropriate for the voluntary sector

What is the ethical argument? This is a deontological argument that because payment by commission is a practice that is common in the commercial sector, it is therefore not appropriate for the voluntary sector.

Supported by evidence? N/A.

Consistently applied or special pleading?
Special pleading – why is commission considered unacceptable, but other commercial practices such as paying bonuses, not to mention commercial marketing techniques, such as behavioural science, are permitted? Fundraisers use practices borrowed from commercial marketing ALL THE TIME.

Does it beg the question? Massively.

Analysis Arguing – even proving – that fundraising is different to sales does not lead to the conclusion that, therefore, fundraisers should not receive the type of remuneration that commercial sales people receive. If this were the case, then fundraisers ought not receive bonuses either, which many codes of practice permit. Rather, the argument needs to be advanced why, given that they are different, commercial forms of remuneration are not appropriate.

> *'Many arguments against commission payments, as they are written and presented, are weak arguments that don't present sufficiently strong a priori arguments why commission payments ought to be prohibited by the code of practice. In fact, they often feel like they are post hoc justifications of that prohibition: commission has been prohibited by the code, and now we need to justify why.'*

3.6 Summary and analysis

On the face of it, many, if not most, of the arguments against commission feel totally plausible, which is perhaps one of the reasons why they are "seldom defended". However, as the analysis in this chapter shows, many of them have serious flaws.

- First, many make claims about the harmful consequences of using commission, even though these claims are not supported by evidence that these harms will or are even likely to happen. Though not explicitly stated, many arguments seem to be invoking the precautionary principle. But the precautionary principle is not intended to be deployed on a hunch; it still requires a level of evidence and argument to justify its use.

- Second, many are cases of special pleading. They describe potential harmful outcomes from paying commission, but fail to consider (or ignore) that similar harms could result from similar practices, particularly other forms of performance-related pay, such as bonuses. The ethical arguments treat commission as an exception rather than part of a general rule that applies to many other forms of fundraising, a general rule that is not being consistently applied.

- Third, many anti-commission arguments beg the question. They assume that something is wrong about paying commission, and then use that assumption to argue why paying commission is wrong.

- Fourth, some arguments set up as a straw man (a deliberately weak argument that is constructed to be easily defeated). Some of the anti-commission arguments (practical as well as ethical) assume that commission is a monolithic, all-encompassing thing that is applied to all fundraised income or none. For example, the argument that paying commission brings unfair rewards (Argument 3.4b) if a windfall gift comes in assumes that commission would always be due for such a gift, whereas a nonprofit might set up its system of commission payments only for certain types of gift (see s6). Similarly, the argument (3.2b) that non-fundraising staff might feel resentful if they don't have the chance to earn commission has less weight if a nonprofit limits commission payments to donations that are less likely to cause resentment.

This analysis does not mean that the conclusion of these arguments – that paying commission is unethical – is not true. It only means that the unethicality (if true) of commission payments cannot be reliably inferred from the way the premises to many of these arguments have been set out.

In short, many arguments against commission payments, as they are written and presented, are weak arguments that don't present sufficiently strong a priori reasons why commission payments ought to be prohibited by the code of practice. In fact, they often feel like they are post hoc justifications of that prohibition: commission has been prohibited by the code, and now we need to justify why.

This is important because, if they are weak arguments, then they can be easily defeated by someone arguing for commission-based pay – we'll look at what those arguments might be in s4. Therefore, the lobby that maintains that commission is unethical will need to strengthen its position. It can do this by following the recommendations on p26.

Recommendations for strengthening anti-commission arguments

1. Find the evidence that supports claims of harm and/or justifies use of the precautionary principle. Some of that evidence is most likely to be found in the research literature relating to commercial sales and marketing.[15]

2. Avoid special pleading. Either set out a plausible argument why commission should be an exception – for example, make a case why paying commission is likely to undermine public trust, but paying bonuses is not. Or simply drop these arguments altogether.

3. Avoid framing a straw man argument that presents the worst case scenario under commission, particularly that commission is a binary option: it can be either paid on all donations or no donations, but not on some donations in some circumstances. Try to conceptualise the strongest justification in favour of paying commission (see s4), and then frame your argument against those much stronger arguments.

4. Don't beg the question. If you are constructing an argument why commission-based pay is wrong, don't include reasons that already assume it is wrong. Anti-commission arguments that beg the question have a strong whiff of post hoc justification about them – their proponents already intensely dislike and disapprove of commission, and so their existing dislike is invoked as a reason why others ought to dislike it too, and so…

5. Keep personal opinions about commission payments – however strongly held – out of the process. Focus instead on sound ethical theory and argument, and find evidence where appropriate.

6. Consequentialist arguments about potential harm are stronger than deontological arguments about moral principle, because any moral principle can simply be gainsaid by someone who doesn't agree with it. If you argue that, as a point of moral principle, fundraisers ought not use commercial remuneration practices because these are inappropriate (Argument 3.5b), someone can simply say they think they are perfectly appropriate, and you have no common ground on which to build consensus. But if you present evidence that using commercial remuneration practices actually causes harm, then opponents have to find contrary evidence to overturn your claims.

7. Perhaps the potentially strongest anti-commission argument is the one that has not been explored at all in the small volume of literature that looks at the ethics of commission – that it causes harm to fundraisers (Argument 3.4d).[16] This could be strengthened with evidence about the harm that commission causes in the commercial world.

15 We have not explored this literature to collate this evidence because, as stated in s1, we are not arguing either for or against commission in this paper, only analysing the strengths and weaknesses of the ethical arguments for and against.

16 And the fact that this has never previously been considered speaks to how little fundraisers' welfare has been prioritised over the years.

4
Ethical arguments *in favour of* paying commission to fundraisers

This section explores the ethical arguments in favour of remunerating fundraisers with a percentage of the donations they bring in. We believe there are three reasons:

1. More money is raised
2. Enables fundraising by small organisations
3. Benefits fundraisers.

We'll look at each of these in turn.

4.1 More money is raised

Because…

…the moral ideal of fundraising is to ensure nonprofit organisations are sufficiently resourced through voluntary income, and…

…the role of fundraising ethics is to help fundraisers make the right decisions in the furtherance of that moral ideal, then…

…the amount of money raised is always a material consideration in any ethical dilemma in fundraising, because money enables good to be delivered to/for beneficiaries.

That does not mean the amount of money is the deciding factor in any ethical dilemma, and the good that can be done with extra money raised might be overridden by the harms that might be done while raising it. But it does mean that the amount of money raised has to be considered, even if it is ultimately discounted.

So, if paying by commission would result in more money being raised for good causes, which in turn would enable more good to be delivered for beneficiaries, then that is a very good ethical argument in its favour. This is the conclusion that Rights-Balancing Fundraising Ethics would almost certainly lead to, and Australian consultant Roewen Wishart (2021) has argued that the rights of beneficiaries to expect effective fundraising from charities "give weight" to permitting commission payments.

If using this argument, the threshold of evidence need not be absolute certainty that more money will be raised. As the summary below shows, there is no clear, generalised evidence. Rather, each charity's management and board should be free to test, seek evidence, and undertake their own decisions based on their preferred ethical approach. The overarching requirement is that they are acting lawfully and consistently within the voluntary codes that they have agreed to follow.

However the two contingent questions are:

a) Does it result in more money being raised?
b) And if it does, is this extra money offset any harm that might be caused by paying commission?

The first of these questions is answered by consulting the evidence. Does the evidence exist that paying fundraisers by commission results in more money raised? It does not. In fact, there is very little research on the relationship between how fundraisers are remunerated, including commission, and their performance (Beem 2018, p37). Matt Beem's doctoral research – which explored the link between all types of performance-related pay and fundraising performance – demonstrated a link between the two, while an earlier study had shown a statistically significant positive relationship between paying bonuses to fundraisers and their performance (Mesch and Rooney 2008). The only study we are aware of that directly looks the effect of commission payment on fundraising performance showed that fundraisers earning a fixed fee generated significantly more donations and delivered greater returns for charities than those paid by commission (Greenlee and Gordon 1998).

The paucity of research linking commission to increased performance could be because, as a practice that is/was prohibited by self-regulation and generally considered to be unethical, few will admit to using it and making their results public.

However, commission is regularly used as a way to remunerate commercial sales staff, and there is a slew of academic research that shows that different types of performance-related pay, including commission, motivate sales staff to perform better (e.g. Kishore et al 2013; Bommaraju and Hohenberg 2018; Claro et at 2023). It might therefore be reasonable to extrapolate that paying commission to fundraisers might have a similar positive effect on their performance.[17]

We now get to the second contingent factor – does the extra money raised offset the potential harms described in s3.

Argument 3.2a presents a plausible case (which needs to be developed further with supporting evidence) that paying commission would result in less money raised, particularly if funders would not make a grant if a percentage of that grant would be used to pay fundraisers (Money Tree Fundraising 2023).

Yet, perhaps the most important of these potential harms is the harm that could be caused to fundraisers (Argument 3.4d). Any organisation considering paying commission would have to decide whether the extra money raised was worth the harm it might cause to the fundraiser who brought in that extra money. We'll look at how to resolve this dilemma further in s5.

'Perhaps the most important potential harms is the harm that could be caused to fundraisers. Any organisation considering paying commission would have to decide whether the extra money raised was worth the harm it might cause to the fundraiser who brought in that extra money.'

4.2 Enables fundraising by small organisations

The vast majority of nonprofit organisations are tiny, without the financial resources to pay a fee for fundraising that might not be successful, and could fail to raise any money at all. Embarking on fundraising is a massive financial commitment for such small organisations, and they may not be able to afford not to recoup their costs.

Some form of payment by results, including commission, would permit fundraising to be conducted by a whole swathe of organisations that cannot currently take the financial risk. By paying commission (or other payment by results methods) not only can small organisations raise the money they need, they are also able to compete with much better-resourced larger nonprofits.

This is the crux of the argument presented by Craig Hanson, director of the international development department at Palm Beach Atlantic University (as well as being the executive director of The Child and Parental Rights Campaign) in a 2022 paper in *The International Journal of Community and Social Development*.

Hanson uses the case study of a hospital in Africa that paid for a fundraising professional to apply for a grant from USAID. They were unsuccessful, but told they had come close and were invited to reapply. However, they had used all their resources and could no longer afford a second round of grantwriting. But worse than this, the payment for the first fundraiser had come at the expense of buying new medical

17 Just as we haven't looked for the evidence that supports anti-commission arguments (see footnote 15), we haven't examined in detail the evidence that might support the payment of commission. That's because, as we have previously said, we are not in this paper arguing either for or against commission, and it will be the responsibility of anyone making the case for commission-based pay to amass the evidence in its favour.

> *'By paying commission not only can small organisations raise the money they need, they are also able to compete with much better resourced larger nonprofits…Even those who are strongly opposed to paying commission must acknowledge this is a strong moral argument in its favour'*

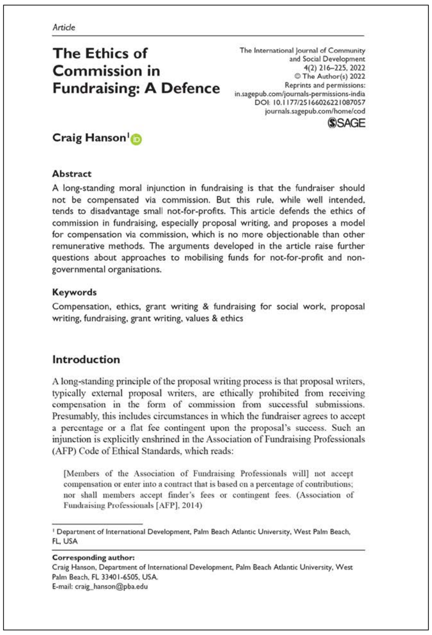
equipment, which is a direct harm to the people who needed this. This is how Hanson (2022, p219) describes this situation:

"We are therefore faced with an uncomfortable moral observation. Stated provocatively, the AFP ethical code of conduct insists that a world with guaranteed payment for fundraising professionals is morally preferable to one with effective social services. While this line of reasoning invariably prevails in the USA, it is a tough sell for the rural African mother with a sick child."

Hanson has, indeed, stated this provocatively. But it does describe a very real ethical and moral challenge – that the deontological principle that fundraisers should not receive a commission takes precedence over any other consideration, even the welfare of charity beneficiaries.

This can be looked at from consequentialist or deontological perspectives. Deontology is sometimes called 'non-consequentialism', because moral principles are in no way contingent on the outcomes that result from their application. So in this case, even though good outcomes to beneficiaries can be achieved by paying commission to a fundraiser, this is totally irrelevant to the moral principle that commission should never be paid.

A deontological perspective would pit two moral principles against each other. In this case the principle that fundraisers should never be paid by commission, against a principle along the lines of 'people have a right to appropriate medical care'. This right to medical care is subordinated to the duty not to be paid commission. Even fundraisers who hold a strong, almost intuitive, dislike – disgust might not be too strong a word – of commission-based pay surely must acknowledge this is a strong moral argument in its favour.


Article

The Ethics of Commission in Fundraising: A Defence

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Craig Hanson[1]

Abstract

A long-standing moral injunction in fundraising is that the fundraiser should not be compensated via commission. But this rule, while well intended, tends to disadvantage small not-for-profits. This article defends the ethics of commission in fundraising, especially proposal writing, and proposes a model for compensation via commission, which is no more objectionable than other remunerative methods. The arguments developed in the article raise further questions about approaches to mobilising funds for not-for-profit and non-governmental organisations.

Keywords

Compensation, ethics, grant writing & fundraising for social work, proposal writing, fundraising, grant writing, values & ethics

Introduction

A long-standing principle of the proposal writing process is that proposal writers, typically external proposal writers, are ethically prohibited from receiving compensation in the form of commission from successful submissions. Presumably, this includes circumstances in which the fundraiser agrees to accept a percentage or a flat fee contingent upon the proposal's success. Such an injunction is explicitly enshrined in the Association of Fundraising Professionals (AFP) Code of Ethical Standards, which reads:

> [Members of the Association of Fundraising Professionals will] not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees. (Association of Fundraising Professionals [AFP], 2014)

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In his 2022 paper, US academic Craig Hanson makes a strong case for small nonprofits to be able to pay commission. His argument is explored in s4.2

4.3 Benefits fundraisers

If it could be shown that paying by commission is something that would benefit fundraisers – to the extent that it offset any possible harms it caused (Argument 3.4d) – that would be an ethical argument in its favour.

Some research has demonstrated that fundraisers want their remuneration linked to their performance, though not specifically commission (Beem 2018, p5), but, in 2003, 82 per cent of AFP members recorded their objection to the payment of commission (Maehara 2013, p114).

The chief benefit to fundraisers would be that it enabled them to earn more money. But rather than thinking of this solely in terms of financial self-gain, it could be viewed as giving them more control over their earnings, and giving them a greater sense of ownership and autonomy of their role, and Matt Beem's study of US fundraisers (2018, pp70-72) shows how few of them have any meaningful input into their pay and remuneration packages, and how few of them believe their remuneration is fair.

Having said this, we do feel that we are reaching to find the benefits to fundraisers, and whatever benefits there might be could well be offset by the potential harms to them and their peers (Argument 3.4d), particularly the increased vulnerability to power abuses by donors (Argument 3.4c).

5
Comparing arguments and resolving dilemmas

Chapter 3 sets out 14 ethical arguments against paying fundraisers by commission (though many of these are not without their flaws and weaknesses). Some of these are consequentialist arguments, predicated on the harm to various stakeholders that could result from paying commission; others are deontological arguments, stating a moral principle against the payment of commission. Chapter 4 sets out three consequentialist ethical arguments (though one of these is, as currently formulated, incredibly weak) in favour of paying commission, because doing so will deliver good to various stakeholders. This creates a classic ethical dilemma, whereby the two conflicting actions (pay or don't pay commission) have both good and bad implications. How can these dilemmas be resolved?

5.1 Consequentialist dilemmas – harm caused vs good delivered

Many of the arguments against commission rest on the potential harm it will cause. The three potential goods described in chapter 4 need to be weighed against these harms to determine if this good – extra money, fundraising by small organisations, or benefits to fundraisers – outweigh these harms. This is the essence of consequentialist ethical decision making.

They thus set up a classic ethical dilemma where the two horns of the dilemma have both good and bad outcomes. We won't go through all the possible permutations of these ethical dilemmas, but instead consider just two:

1. Extra money raised (s4.1) vs harmful outcomes to fundraisers (s3.4d) – shown in Fig 1.
2. Enabling small organisations to fundraise (s4.2) vs damage to trust (s3.3b) – shown in Fig 2.

In the first ethical dilemma, the two stakeholders are charity beneficiaries and the fundraisers raising money for them, and decision makers need to weigh these goods and potential harms. Rights-Balancing Fundraising Ethics – the normative ethical lens of fundraising devised by Rogare (MacQuillin and Sargeant 2019, MacQuillin 2022, Rogare 2024) – is designed to balance harms and goods in ethical dilemmas in which the main stakeholders are donors and charity beneficiaries. However, it was always intended that it would be applied to other stakeholders (MacQuillin 2016, p21), and the core of this lens can be applied to this dilemma by substituting 'fundraisers' for 'donors'.

One possible resolution would be if measures and safeguards were in place to protect fundraisers (see s6). It might be deemed that any harm would not be significant compared to the good the extra money raised would be put to. Alternatively, it might be decided that fundraisers could not be sufficiently well protected and that it is not worth putting fundraisers at risk of their diminished psychological wellbeing.

A contingent factor here would be the amount of money raised. If the extra amount raised by paying commission would be significant (i.e. it allowed much more good to be delivered for beneficiaries), the risk to fundraisers though the extra stress of this form of performance-related pay might be considered acceptable. However, if the extra money raised is negligible or only incremental, that risk might be considered unacceptable.

It might be thought that fundraisers should never be put at risk of psychological harm, in any context, particularly in the pursuit of extra money. That would be a deontological moral principle along the lines of:

- *Fundraisers should never be put at risk of psychological harm when carrying out their job.*

Fig 1 – Ethical dilemma 1: Extra money raised vs harmful outcomes to fundraisers	**Good (ethical) outcome**	**Bad (potentially unethical) outcome**
Pay commission	More money raised with which to deliver a good to beneficiaries.[18]	Fundraisers experience work-related stress, impairing their psychological wellbeing and leading to burnout.
Don't pay commission	Fundraisers' psychological wellbeing is protected.	Less money raised with which to deliver a good to beneficiaries.[18]

However, it is not possible not to subject fundraisers to *any* risk of *any* psychological harm. Fundraising is a hugely stressful job: fundraisers are responsible for securing the voluntary income needed to keep the charity operating to deliver its mission: if fundraisers fail, the charity fails. That is a huge responsibility. Fundraisers are also vulnerable to other potential psychological harms, such as the secondary trauma that results from encountering harrowing text and images relating to beneficiaries (Reynolds 2025).

The ethical/moral issue is not whether fundraisers are exposed, or not exposed, to potential psychological harm, but whether all possible steps have been taken to mitigate and minimise potential harm. Two things follow from this.

The first is that commission payments should only be paid where steps have been taken to protect fundraisers from harm (s6), irrespective of how much extra money commission payments might bring in.

The second is that it would be a reasonable resolution to this dilemma that paying by commission added so much to the stresses faced by fundraisers that it would only rarely be considered acceptable or appropriate. In this case, the default position would be that commission would not be offered unless there were *very* good reasons to believe that a significant amount of extra money would be raised, *and* safeguards were in place.

The stakeholders to the second dilemma (see Fig 2, p32) are:

a) Beneficiaries of the charity – who benefit from commission being paid to fundraisers; but are potentially harmed if it is not paid
b) Trust in the organisation – which may be harmed if commission is paid (and so by extension this could also result in harm to beneficiaries); but which is not harmed (but neither is it improved) by not paying commission.
c) Trust in the fundraising profession – which may be harmed by paying commission; but is left untouched by not paying it.

This dilemma is contingent on whether paying commission really is likely to undermine public trust so much that people stop giving to charity (see Argument 3.3b). If it is not, then this dilemma will resolve in favour of paying commission, because no harm would result. But let's – for the sake of exploring this dilemma – assume that it could harm trust.

In the dilemma a) vs b), the issue is whether paying commission to fundraisers working for or on behalf of a charity would undermine trust in the charity, to the extent that people stopped giving to it, or it had other

18 It should be caveated that there isn't much evidence for or against the efficacy of commission-based pay in generating more fundraising income. If it raises less money, then this ethical dilemma is a bit of a non-starter – it is an ineffective and inefficient way to raise money. If, in future, evidence shows that commission payments do raise more money, then Fig 1 shows the ethical dilemma that ensues.

Fig 2 – Ethical dilemma 2: Small organisations fundraising v harm to public trust

	Good (ethical) outcome	Bad (potentially unethical) outcome
Pay commission	Smaller organisations are able to undertake fundraising to expand capacity, thus helping more beneficiaries or better helping their current beneficiaries. They can also now compete with better resourced organisations.	Public trust in the nonprofit and/or the fundraising profession/voluntary sector is undermined, leading to fewer people to give.
Don't pay commission	Public trust in the NPO and/or fundraising profession/voluntary sector is unchanged (neither harmed nor improved).	Smaller organisations are unable to fundraise, therefore cannot expand their capacity to help more beneficiaries or better help their current beneficiaries.

negative effects, such as people stopped using its services. Either way, this dilemma actually represents two outcomes to the same stakeholder – charity beneficiaries, who:

- benefit from paying commission because more money is raised,
  but…
- could be harmed by paying commission because lower trust means less money will be raised.

Squaring this circle is simply a matter of doing the maths – working out how much more or less money will be raised and how much good or harm will result to beneficiaries. For example, if this is about one discrete round of grantwriting that will not attract much public attention, then the resolution may well be to proceed and pay commission.

However, what if this relates to remunerating doorstep F2F/direct dialogue fundraisers only by commission (not even topping up a basic wage, but only paying them a percentage of any gifts they secure)?

Since F2F has such a high profile, this could easily find its way into the media, leading to negative publicity around admin costs and money being 'pocketed' from agencies and 'stolen' from service delivery (which is often a fallacious argument), and/or concerns about the treatment of fundraisers (Argument 3.4d and Dilemma 1 in this section). Even if there are safeguards in place to protect fundraisers, this might not be sufficient to protect the charity from reputational damage. In this case, it might be decided the risk is too great and likely to seriously undermine fundraising efforts and, as a result, harm beneficiaries in the longer term.

The second formulation of this dilemma – a) vs c) – considers the effect that payment by commission by one NPO might have on trust in all NPOs. For the sake of argument, let's assume that the focal NPO suffers no reputational harm or that the harm it suffers is worth the good of the extra money. In this case, good accrues to the NPO but potential harm accrues to different organisations. Or, by pulling this apart further, good accrues the NPO's beneficiaries, but potential harm accrues to the beneficiaries of different organisations.

The key issue is what, if any, responsibilities do the trustees of one charity have to those other charities and their beneficiaries – responsibilities that could lead them not to do something that would benefit their own beneficiaries?

This is not an easy question to answer. It is one that the fundraising profession is grappling with in the context of the climate emergency: is it ethical to refuse donations from those connected to fossil fuel extraction, even when this line of work is not in direct conflict with the relevant nonprofit's mission (see MacQuillin 2024, pp19-20)?

There is perhaps a parallel with the position that some charities adopt when they tell donors that none of their donation will be put towards fundraising or admin costs, because those costs have already been met by a different type of donors (see, e.g. MacQuillin 2014; Scriver 2014; Mittendorf 2022).

Such statements arguably present a distorted position of the true cost of fundraising and make it harder for other charities to justify their fundraising costs. But that doesn't prevent that trustees of those charities pressing ahead with their zero-overheads messages, which sets a possible precedent for charities that wish

> *'Perhaps the most important potential harm is the harm that could be caused to fundraisers. Any organisation considering paying commission would have to decide whether the extra money raised was worth the harm it might cause to the fundraiser who brought in that extra money.'*

to pay commission at the potential expense of those charities that do not.

If you are thinking that the cost: benefit analysis in this section is too speculative because of lack of clear evidence or certainty about the severity of harms or benefits, we fully acknowledge these uncertainties.

However if you agree with a consequentialist approach, we simply advocate conscientious effort to try to test or measure, and identify ways to mitigate possible harms.

If you are thinking that these types of cost: benefit analysis can't possibly be how you approach matters of ethics – though it absolutely is if you are taking a consequentialist approach – then that might be because you are in a deontological mindset, and consider ethics to be a matter of moral principles. So let's turn to that now.

5.2 Deontology vs consequentialism – moral principle vs good delivered

Some of the arguments outlined in s3 lay out moral principles against the payment of commission to fundraisers, for example: it is contrary to philanthropic values (Argument 3.3a) or it does not put donors' interest first (and those interests are the ones that ought to be prioritised) (Argument 3.1b).

A strong deontological principle will be built on consistent internal logic: for example, it will be universal, and not only applied to exceptions (special pleading). As s3 argues, many of the anti-commission arguments exhibit these internal flaws and weaknesses.

But that doesn't mean that opponents of commission won't continue to use them. And when they do use them, they will come up against the consequentialist counter-arguments outlined in s4.

One type of critique deontological positions is that in their application they ignore real human consequences, by permitting or not preventing harm. Let's consider this in the context of the argument that paying commission enables small charities without a budget to conduct fundraising (Argument 4.2).

Deontological opponents would maintain that, yes, paying commission would deliver good outcomes for small charities and their beneficiaries, but this can only be done by committing a moral wrong (Hanson 2022, p218). We've already explored this scenario when considering Argument 4.2, which leads to the conclusion that it is better that fundraising professionals in the anglophone world continue to abide by the morally correct way of receiving remuneration than it is for people in need to be able to use new medical equipment.

Further, deontological arguments can also be gainsaid by a different deontological position. If someone argues that paying commission is wrong in principle because it is contrary to the principles of philanthropy, someone else could propose that the principles of philanthropy are to ensure that those who need help always receive it. This second moral principle would allow payment of commission if it did, indeed, ensure those who needed help received it.

It is precisely because deontological arguments are not contingent on outcomes that they are vulnerable to strong consequentialist rebuttals. The best way to defeat a consequentialist argument (which all three of the pro-commission arguments are) is with a stronger consequentialist argument, which is why in s3.6 we recommend dropping deontological positions from the pantheon of anti-commission arguments and focusing on consequentialist positions instead.

6
Mitigating harms – a way forward for paying commission

We believe that many of the anti-commission arguments are internally-flawed and thus weak arguments that can be defeated by at least two (4.1 and 4.2) of the pro-commission positions. That's why we have recommended (in s3.6) dropping deontological anti-commission arguments and focusing instead on the potential harms that might be caused by paying commission.

If these consequentialist anti-commission arguments hold – i.e. their predicted harms are likely to come to pass – then the ethical response by those in favour of paying commission is to accept these arguments to be true and then take steps to mitigate those harms.

Importantly, these mitigation steps don't ignore the existence of consequences to public trust of paying commission; but they deal with maintenance of trust (of charities in general, or a specific charity) as an insurance policy against potential harms to beneficiaries, rather than a moral value for the benefit of donors.

The two chief potential harms are to:
- Beneficiaries – because paying commission could ultimately leads to less money being raised with which provide help
- Fundraisers – whose psychological wellbeing could to be damaged if they are remunerated by commission.

In this section we present our recommended safeguards (on p35), which we think will go a long way towards mitigate these potential harms. We also stress the need to protect the livelihoods of grantwriters (below), discuss a possible loophole about what counts as 'commission' (p36), and propose a self-regulatory solution (p36). Mitigations have previously been set out by Craig Hanson (2022), Roewen Wishart (2021) and the Institute of Fundraising (before it was chartered) in a consultation paper in 2009. Our recommendations in this chapter draw from this previous work, and add some of our own.

Protecting grantwriters' livelihoods

As part of his recommendations, Craig Hanson (2022, p222) argues that only nonprofits with an income below a certain threshold should be permitted to pay commission.

Hanson's arguments are predicated on commission being paid to grantwriters, and this would certainly protect their livelihoods. However, commission is also likely to be paid to field force fundraisers, and many will be employed, via their agencies, by large charities.

Therefore, having a universal upper limit on voluntary income beyond which commission is not allowed to be paid would not be appropriate, since it would mean commission would not be permitted for field force fundraisers, and allowing it to be paid to F2F/ direct dialogue fundraisers is precisely the reason for its deregulation in the UK (Fundraising Regulator 2024, p15).

Therefore, the safeguards will need to include some form of cap specifically for freelance grantwriting. One possible solution would be through a relevant professional body setting the income threshold as a condition for being allowed to offer commission payments for grantwriting (see s6.2).

6.1 Recommended safeguards for paying commission

1. *Commission should never be part of the remuneration package for salaried fundraising staff working at a nonprofit. Instead it should only be paid to agency or freelance fundraisers contracted by/to a nonprofit organisation. Professional bodies could consider making this a condition of organisational membership.*
2. ***Commission should never be the sole form of remuneration; instead, it should always only be part of a mix of types of remuneration (we strongly recommend a fixed fee wherever possible). Small charities with little budget that plan to pay a fundraiser by commission should nonetheless include a fee component to cover some of the initial work the fundraiser does. Field force fundraisers should never be paid commission as their only source of income.***
3. *That a fundraiser is partly remunerated by commission should always be disclosed to donors, even if it is known this will discourage a donor from giving. Consideration should be given to making this part of the relevant code of practice. It should, of course, be included in all legally-required solicitation or disclosure statements.*
4. **Commission should only ever be due where there is a demonstrable audit trail between the ask and the gift, for example, F2F/direct dialogue fundraising, or freelance grantwriting.**
5. *Commission should never be due on unsolicited gifts (e.g. windfall gifts) – partly because no clear audit trail between ask and donation would exist.*
6. **Commission payments should always be capped. For example, the cap could be something like 'x per cent of the donation, up to a maximum of £xxxx'. In this way, commission payments take on more the form of a variable bonus payment (see box on p36).**
7. *All fundraising that is paid by commission should be time-limited – for example, a particular campaign or a specific grant application or round of grant applications, or for a specified contractual period – and regularly reviewed; the duration of commission payments should not be open-ended.*
8. **Nonprofit organisations that intend to pay commission should decide which fundraising methods/income streams will attract commission payments, and those that will be ineligible for commission. For example, an NPO may decide that legacies will not attract commission.**
9. *The initial decision to pay commission to fundraisers should be approved by the trustee board.*
10. **A risk assessment of potential harms should be conducted.**
11. *Nonprofit organisations that intend to pay commission to agency and/or freelance fundraisers should institute a written policy, detailing things such as:*
    a. the process for approving the payment of commission
    b. risk assessment
    c. the fundraising methods/income streams it will apply to
    d. cap levels
    e. duration of the campaigns for which commission will be paid
    f. review process.

    Professional bodies could draft template policies that nonprofit organisations could use or adapt.
12. **Commission should only be paid if there are safeguards in place to protect fundraisers' psychological wellbeing; it should NEVER be paid if those safeguards are not in place.**

Commission…or 'variable bonus'?

Consider the case of a small nonprofit that intends to employ a freelance grantwriter.

Under our proposed safeguards (s6.1), the fundraiser's remuneration would need to be a mix of commission and another form of remuneration, preferably a fixed fee, and the commission payment would need to be capped. Let's say this is a fixed fee of £500 plus 10 per cent (to keep the maths simple) of the grant received, up to a maximum of £5,000.

This means the fundraiser can earn up to £5,500.

Suppose they apply for a £100,000 grant. The fundraiser earns the full £5,000 commission on top of the £500 fee, so the RoI on the grant is 18:1 (100 ÷ 5.5). If the funder makes a lower award of £45,000, the fundraiser receives £4,500 in commission making their fee £5,000 at an RoI of 10:1. If no grant is made, the charity has lost £500.

The cap can be set at the level of the fixed fee the charity would pay or the fundraiser would charge for the work they need to do, effectively turning this into a payment by results method that costs a charity no more than had they paid a fee to the fundraiser, and possibly less.

Paying commission as a variable bonus could also solve the practical uncertainty around budgeting (because the budget allocation is the same as it would be if the fundraisers were hired on a fixed fee).

And it would also be a way around the problem that funders would not make a grant if they knew a percentage of it would be used to pay the fundraiser, because the portion use to pay the fundraiser would already have been allocated out of unrestricted income. Is framing commission this way any more ethically dubious than claiming to a donor that 100 per cent of their donation goes to service delivery because the costs of fundraising have been paid by a different donor?

6.2 A self-regulatory solution

We recommend that in countries where commission-based pay is not expressly prohibited by the relevant code of practice, that the relevant professional institute publish guidance setting out their position on commission-based pay. If this position includes ethical and practical anti-commission arguments, they should be presented in their strongest formulations (see s3.6). Their position paper should also recommend safeguards to mitigate harms to beneficiaries and fundraisers.

Can professional bodies go further than this? One possibility would be to issue some kind of permit to nonprofit organisations that would give them permission to pay commission.

Under such a system, the NPO would need to demonstrate to the professional body that it met all its stipulated safeguards (of the type we have set out in s6.1). The body could then issue a permit for commission to be paid. Obtaining such a permit would be mandatory for the body's organisational members.

This could be a way to mitigate issues of trust by demonstrating that safeguards have to be met, with consultancies/agencies declaring they would not work on a commission basis with organisations that had not secured the permit. Making an income cap a condition of being granted a permit – i.e. not issuing a permit if the organisation's income were above a certain level – would also protect the livelihoods of freelance grantwriters.

Of course, all self-regulatory systems are voluntary, and non-member charities may not accept that they need to obtain such a permit, and non-member consultants/agencies may decide to work for NPOs that don't have a permit. But if permitting were normalised as best practice (and thus the ethical norm), organisations that did not obtain a permit would risk reputational harm, particularly if it were perceived they were treating fundraisers unfairly.

Any self-regulatory permitting system would be bureaucratic and time consuming and possibly (maybe even probably) not necessary, and so it would need to be seriously considered – factoring in the risks/harms that it would be designed to mitigate, and whether it would actually do so – before being implemented.

So, we would like to stress that we are not recommending that professional bodies should issue permits for paying commission. We are only floating this as an idea. That's all.

7
Summary – if you can't protect against harm, don't pay commission

It's almost an article of faith in the fundraising profession that remunerating fundraisers with a percentage of the money they raise is unethical. There is such almost-universal opposition to it that accepting commission is thought of as one of *the* most unethical things a fundraiser could do.

The ethical objection to paying commission dates back a century or more, and it has been prohibited by most codes of practice written in English-speaking countries. Those arguing against the practice of paying fundraisers by commission have been able rely on this regulatory prohibition as the cornerstone of their position.

Ethical arguments against commission are moral icing on the regulatory cake. But it is the regulation that has done the heavy lifting, and many of the ethical arguments are actually quite weak, presenting cases of special pleading, begging the question, or being far too conditional or hypothetical and not supported by evidence. They often read like post hoc justifications for its regulatory prohibition, rather than strong a priori moral arguments against paying commission.

However, if and when the prohibition is removed from the code of practice – as has happened in Australia and the UK – or there is a proposal to pay commission where it is not covered by a code, then it is the ethical reasoning that is going to have to step up to the plate.

As we have argued in this paper, many of those arguments are not up to the task. So we have recommended the ways in which these can be strengthened (see s3.6). We have also advanced new arguments against the payment of commission: while most of the ethical arguments have focused on the effects and impacts it could have on donors and public trust, we have pointed out how it could adversely affect fundraisers' psychological wellbeing. And we are disappointed (though not surprised) that protecting fundraisers has not be a key factor previously.

Having said that, there are two very good ethical arguments in favour of paying commission: it could raise more money; and it could enable small nonprofits to do more fundraising, allowing them to compete with larger organisations. That there are both ethical arguments for and against paying commission sets up a series of ethical dilemmas (we worked through two in s5).

Throughout this paper, we have stressed that although we wish to re-evaluate the ethics of paying commission, we are not arguing in favour of it (but neither are we arguing against it). However, now that commission is no longer prohibited in at least two countries (it could be more), those ethical arguments *do* need re-evaluating, if only to strengthen the anti-commission position.

If commission is to be paid, we are adamant that safeguards to protect fundraisers and mitigate harms to all stakeholders must be put in place, and we set out our 12 recommendations in s6.1 on p35. If charities cannot put these safeguards in place – especially to exercise their duty of care to protect the psychological wellbeing of their fundraisers – then they should not be using commission as part of their remuneration packages, irrespective of whether the relevant code of practice permits it.

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