



Understanding philanthropy

Fundraising for volunteer organisations:
Why do people give?

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Why do YOU give?

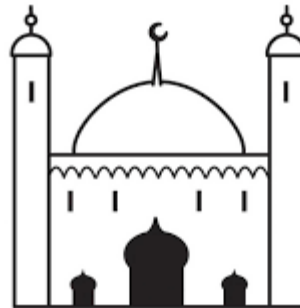


Why do people give (theoretically)?

People may give (more) when:

- They perceive a **need**
- They are **solicitation** to give
- **Costs** are lower, **benefits** are higher
- People care about the **recipients**
- Giving is **altruism**
- Giving is **reputation** rewarded socially
- Giving reinforces their **psych. rewards** self-image
- Causes match their **values**
- Gifts are perceived as more **efficacy** effective

Who gives (more)?



Mechanism: Values

- Idea: People want to change the world in line with their own values, and they can use charitable giving to change the world (a little or a lot)
- Religious values motivate people strongly to give



Other important values:

- Principle of care
- Altruistic values

Who gives (more)?



Mechanism: Solicitation

- Idea: people donate, because they are asked to do so

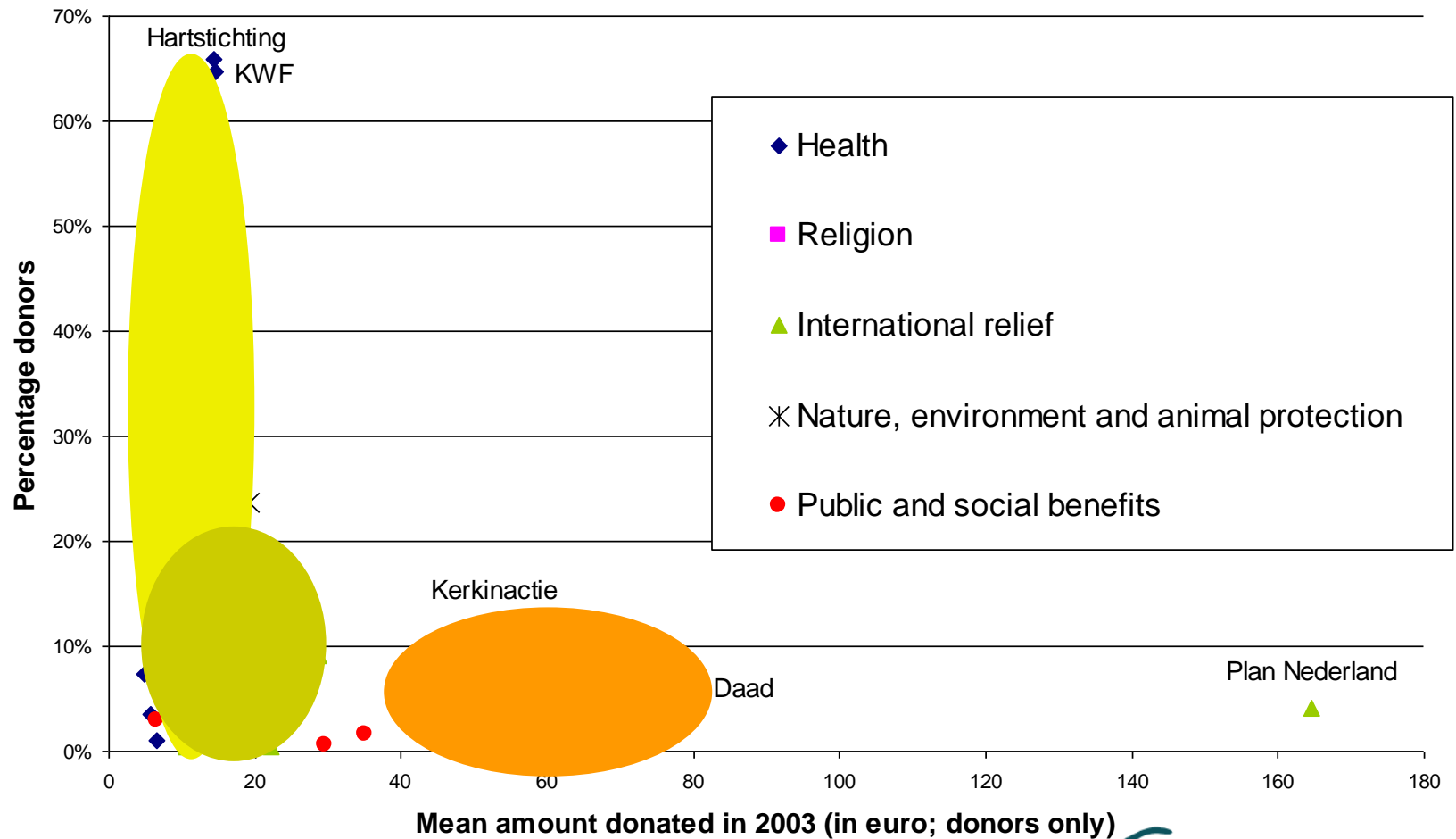


85% of gifts follow solicitation

If asked: \uparrow 20%

In Austria: being solicited for a cause increases likelihood of giving, but not amount

Type of solicitation



Wiepking, 2008

Who gives (more)?



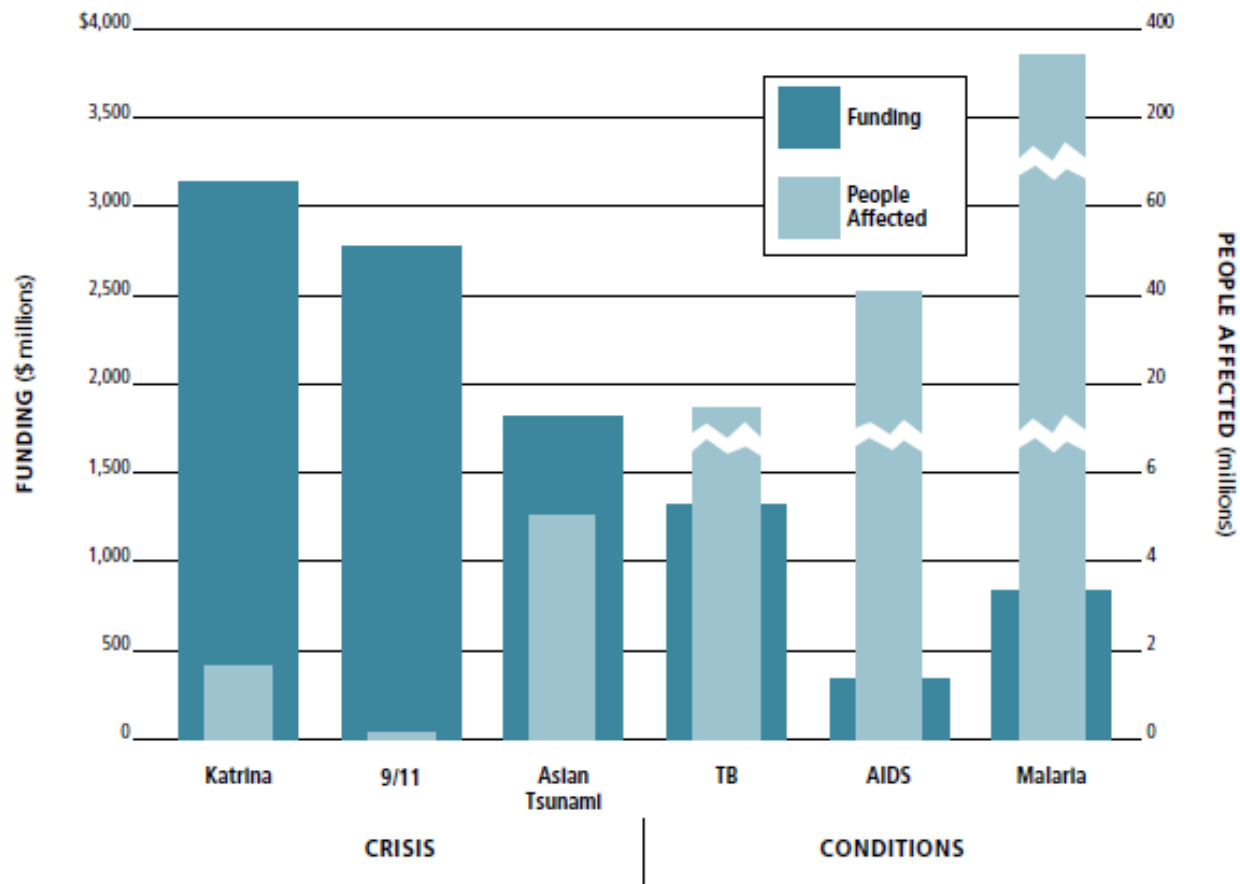
Mechanism: Awareness of need



- Idea: If the need is perceived to be higher, people are more likely to give
- Higher educated more often aware of needs, and of complexities
- Mechanism: Objective of subjective need?

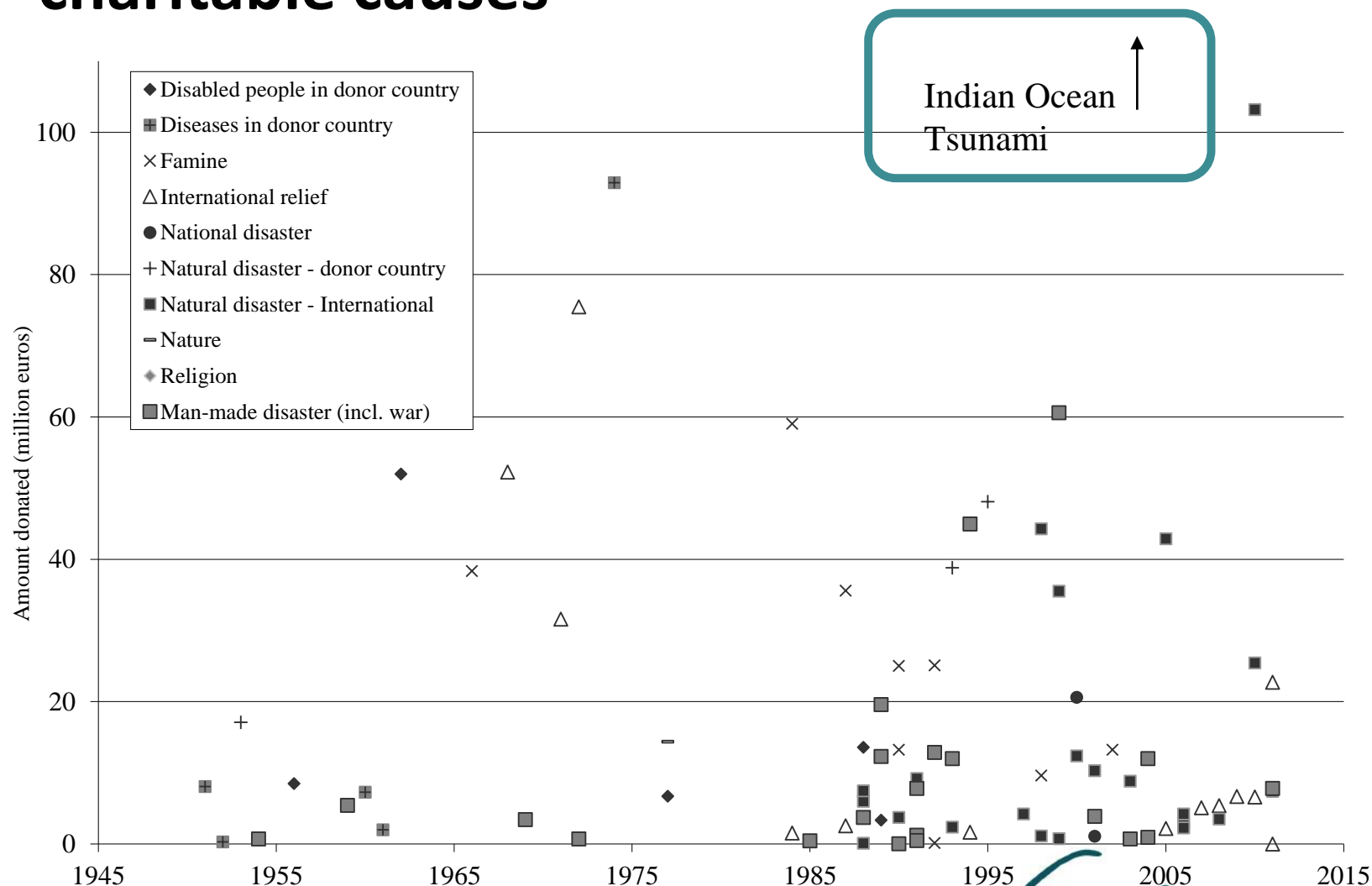


MISMATCHING MONEY AND NEED



Epstein, 2006

National mass media campaigns for charitable causes



Wiepking and Van Leeuwen, 2013; Van Leeuwen and Wiepking, 2013

Back to “need” mechanism..

- ..how important is awareness of need for giving?
 - Many moderators, some examples:
 - Personal and political values and preferences
 - (Perception of) efficacy
 - Deservingness
- In the end, awareness of need is often only modestly related to giving



Syrian refugees in Lebanon

Who gives (more)?



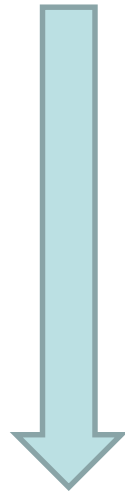
Mechanism: Costs/benefits

- Idea: People give more if the costs are lower and the benefits higher
- Many, many studies on effect of income and tax benefits (price of giving; mostly US based)
 - Costs lower
- Selective incentives
 - Benefits higher
 - However: Is that still philanthropy?
 - Or is it a transaction?



Absolute income is not all that matters

feelings of financial security	% donors	Amount donated	Yearly after tax household income
1	81%	217	36.008
2	75%	246	72.071
3	82%	266	46.698
4	88%	448	70.683
5	89%	307	48.363
6	87%	522	50.987
7	91%	767	87.792
8	94%	1.678	138.951
9	94%	2.583	193.373
10	91%	3.250	246.859
Total	90%	1.210	108.711



Source: Wiepking, P. (2010). High Net Worth donor study

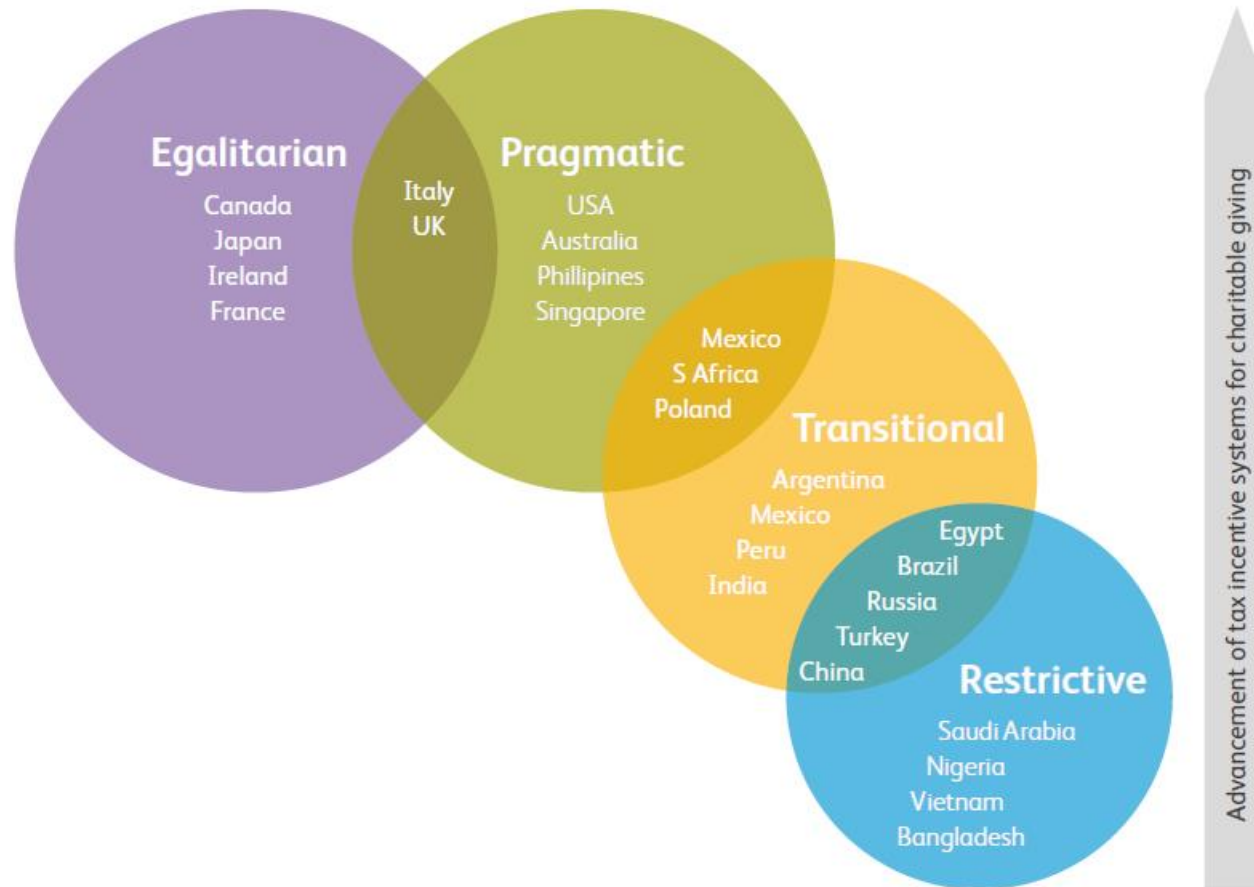
Some wealthy people feel extremely financial insecure

‘Wealthy? It’s £50 million and upwards as far as I’m concerned. £50 million is the point at which you don’t have to panic anymore’

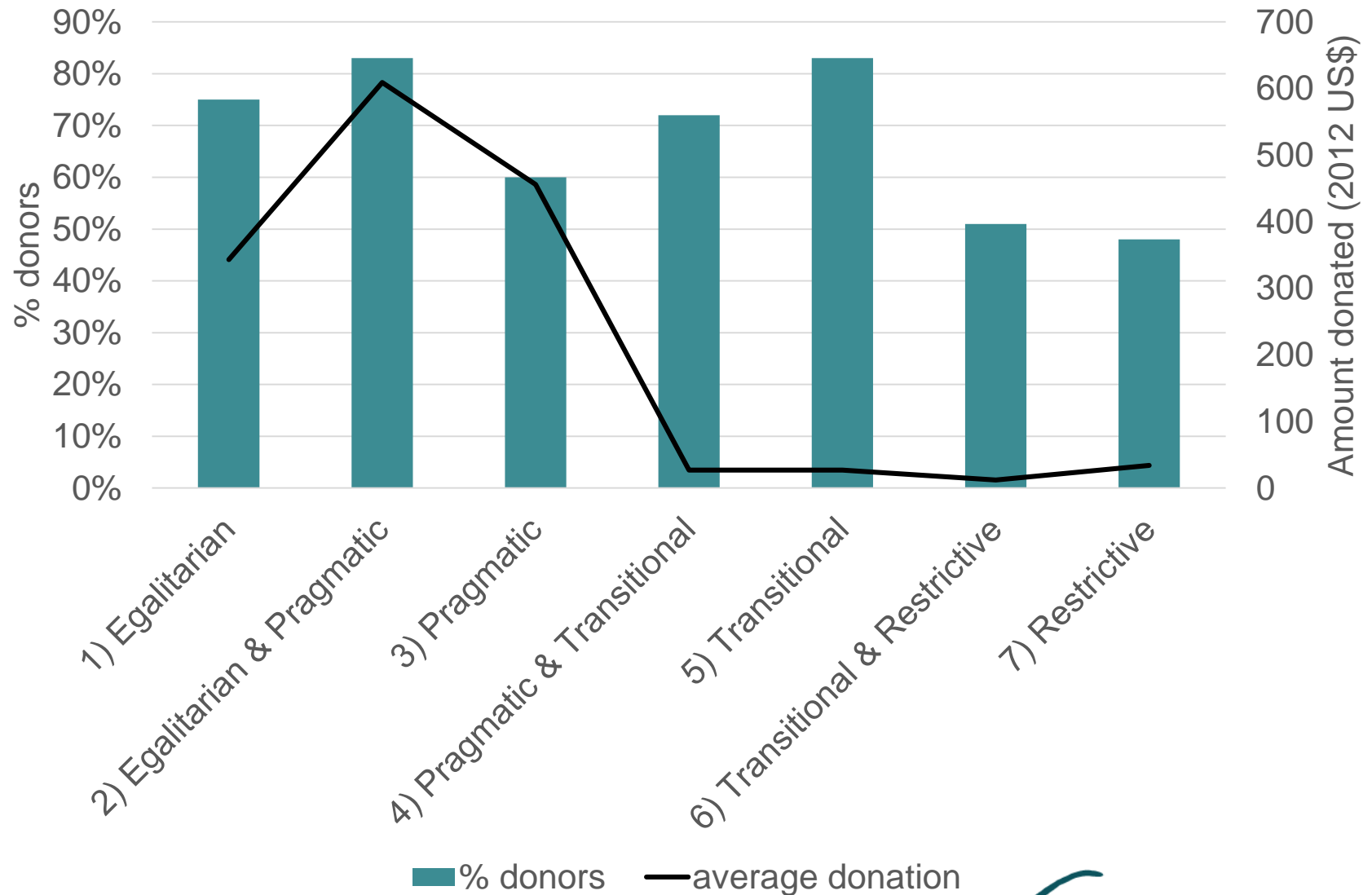


Fiscal incentives for giving

Figure 8 Typologies of tax incentive regimes



Fiscal incentives for giving



CAF, 2016; IIPD, 2016

Who gives (more)?

Back to:



Mechanism: Reputation

- Idea: People give to strengthen their social reputation
- Giving is socially rewarded, and people care about what others think of them
- If asked by a strong tie, it's hard to refuse
- Moderators: public observability (+), liking of solicitor (+), group size (-), positive social norms (+)

Reputation



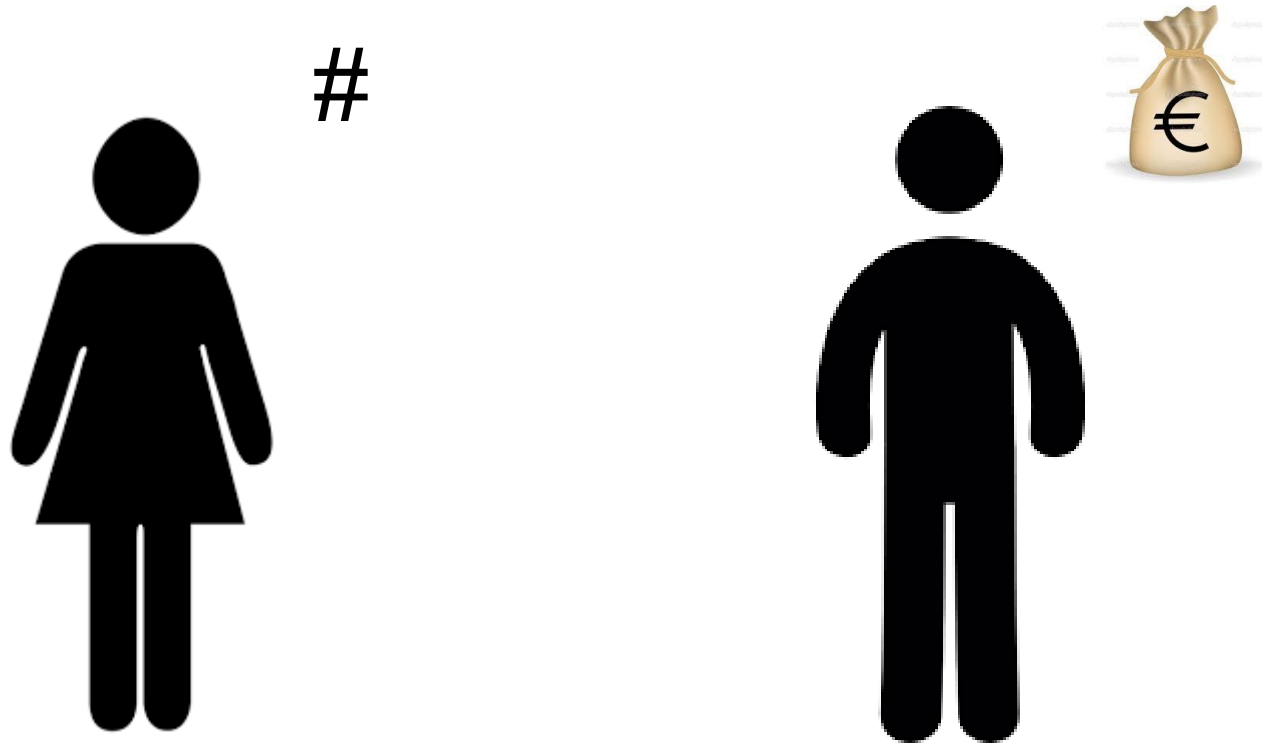
Rijksmuseum
Donor wall
(window)

Donor events



Donor circles

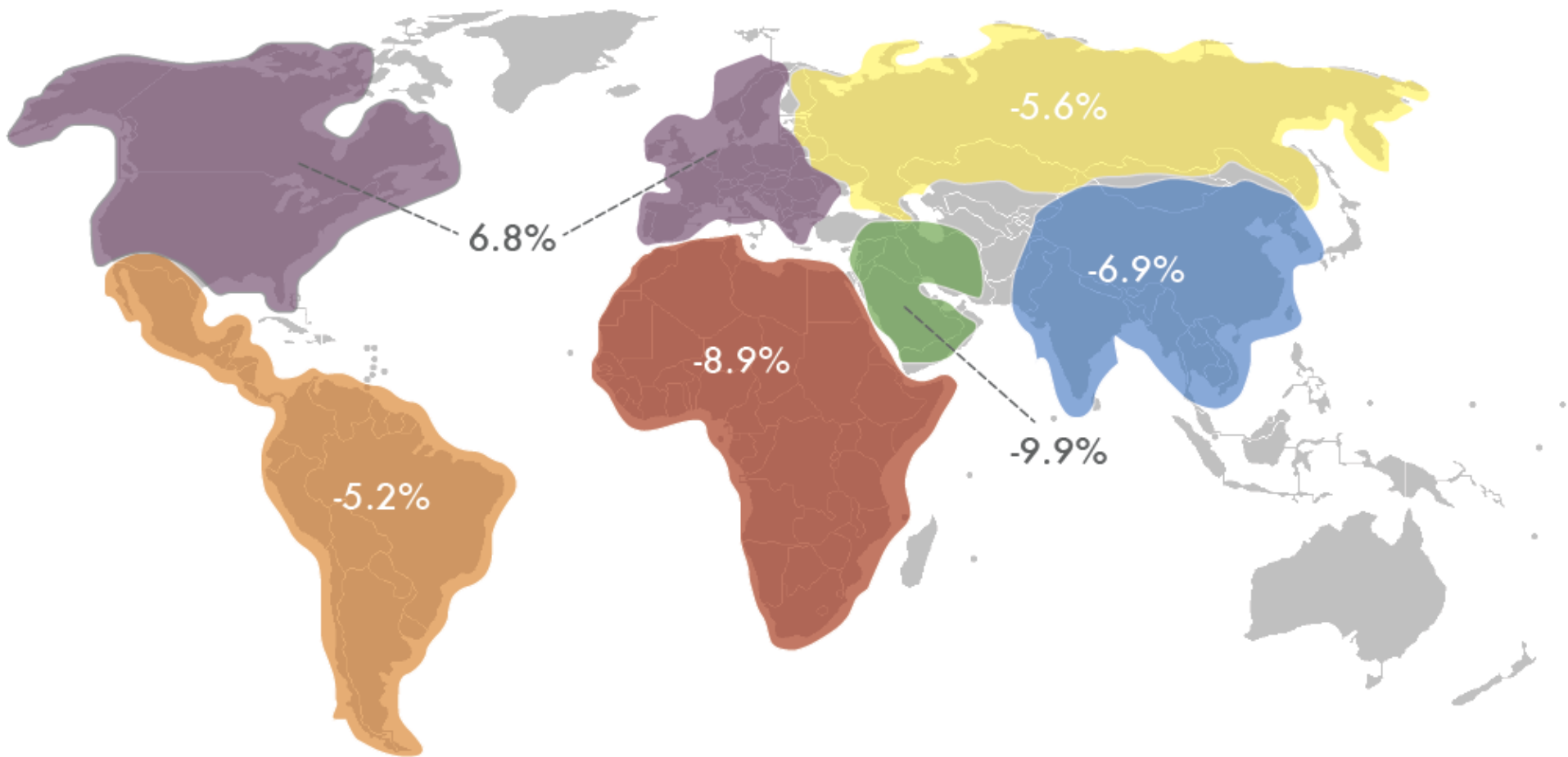
Who gives (more)?



Wiepking & Bekkers, 2010, 2012; Wiepking, Scaife & McDonald, 2012; Einolf, working paper; Wiepking & Einolf, working paper



Regional gender differences in giving



Map design by Joan Pinnell; statistics collected by Simone Gourguechon, based on Gallup World Poll 2010.

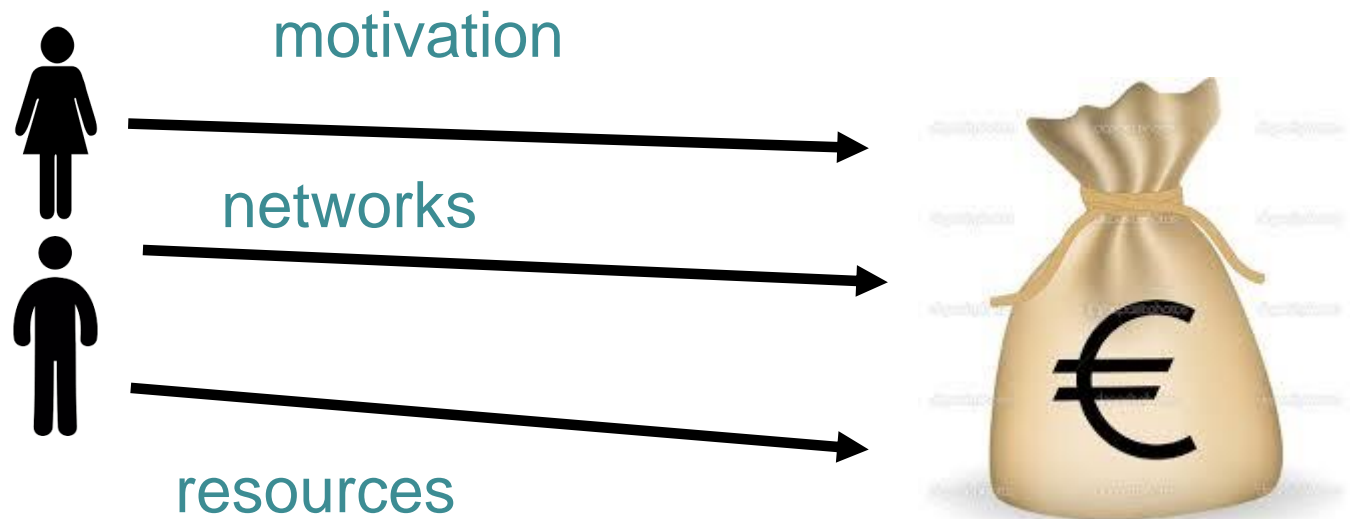
Giving to different causes

Organization type	Female %	Male %
All	45.2	43.7
Charities	21	19
Disabled/patients	8	6
Environment	7	6
Religious	16	12
Cultural	4	4
International	7	7
Professional	1	1
Political	1	2
Union	2	3
Recreational	4	9

Eurobarometer 62.4, 2004

Gendered pathways of giving

Talk about **values**: motivate to give through altruistic values (and empathy)



Talk about lower
costs

Three mechanisms left

Psychological
rewards

altruism

efficacy

Mechanism: Psychological rewards

- Idea: People give (more) to feel good about themselves and to confirm their positive self-image
- Economists: The 'warm glow' or 'joy of giving' effect
- The consistency motive: people want to live up to a self-image of helpfulness
- Other self-images: being a good citizen, an influential person (self-esteem)
- Other self-rewards: (anticipated) mood-effects and expectation of guilt



Neurofysiology of the 'warm glow' feeling

Harbaugh WT, Mayr U, Burghart DR. 2007. Neural Responses to Taxation and Voluntary Giving Reveal Motives for Charitable Donations. *Science* 316:1622-4

Fig. 3. Neural response in the ventral striatum to mandatory payoffs for the subject (yellow), the charity (blue), and both (green).



Mechanism: Altruism

- Idea: people are **PURE** altruists when they give **ONLY** to contribute to a public good or service and **NOT** because of “private benefits”



Victims of famine, Africa, 2017;
source: giro555

Key private benefits:

- warm glow



- reputation

Experiment on special type of altruist



Andreoni et al., 2011

Purely altruistic person



Andreoni et al., 2011



Purely selfish person

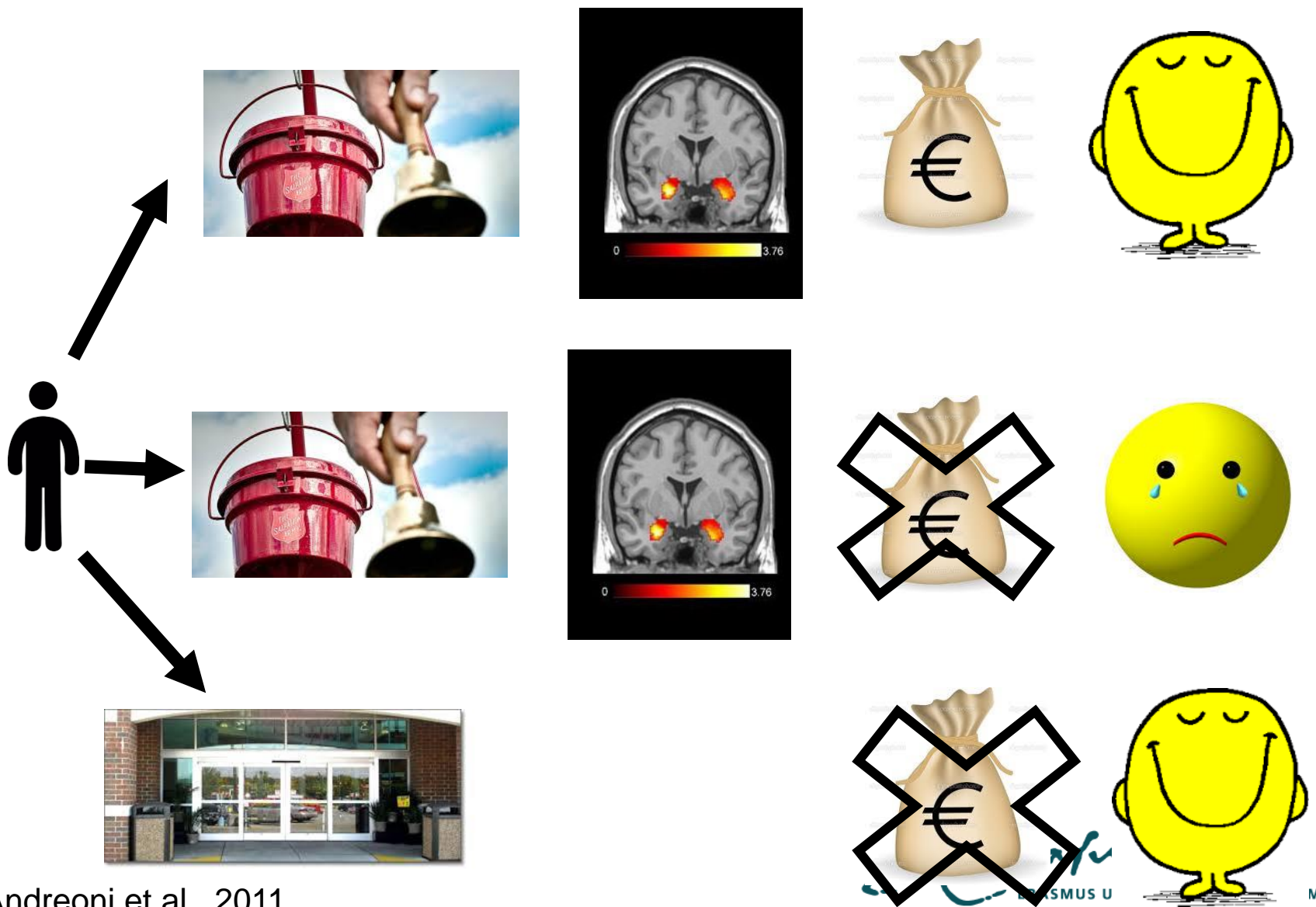


Andreoni et al., 2011

“Sophisticated” altruist



Sophisticated altruist

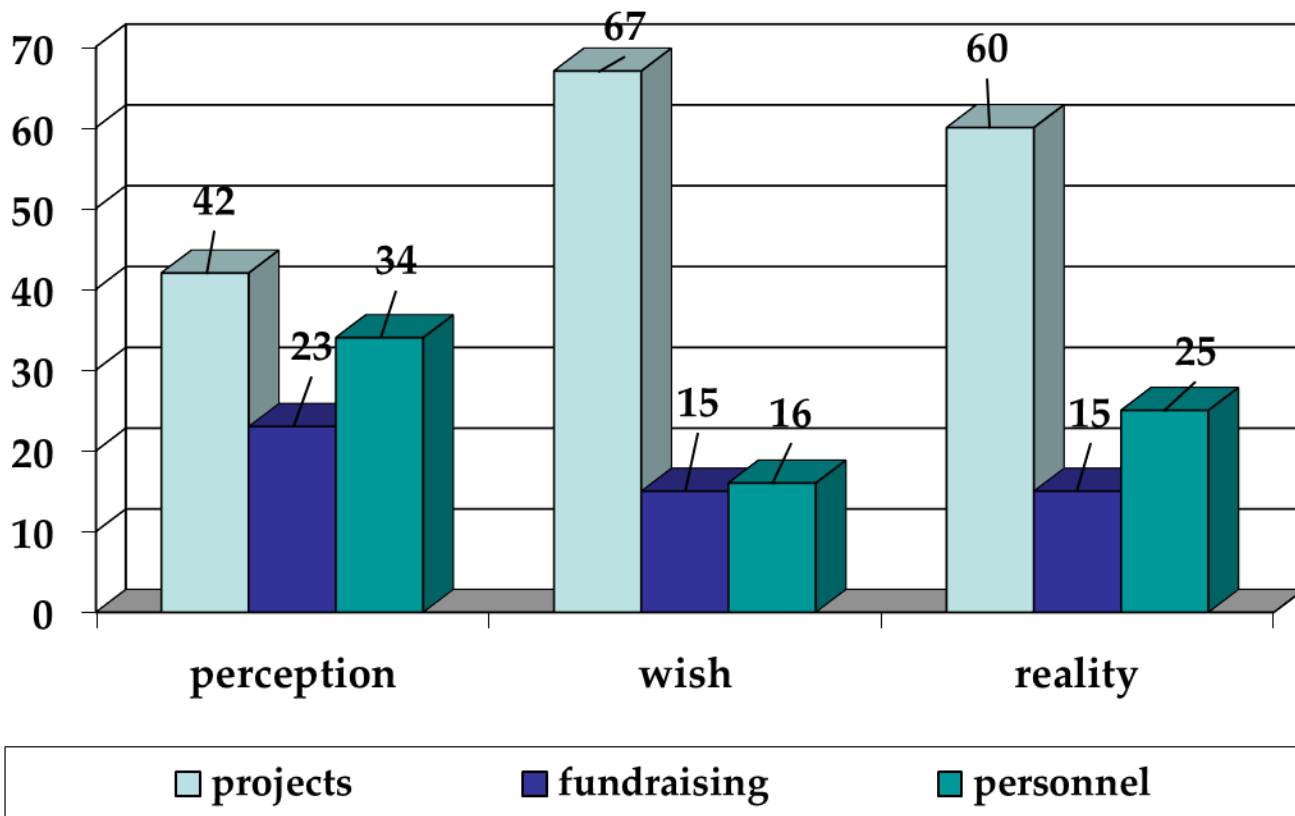


Andreoni et al., 2011

Mechanism: Efficacy

- Idea: If people believe their gift makes more of a difference, people are more likely to give
- Great uncertainty about efficacy; lack of trustworthy information

Efficacy



WWAV, 2007; Bekkers, 2009

Efficacy

- All organizations need to be able to tell a story about their efficacy and in particular impact
- What organizations actually do may prove difficult to communicate to smaller donors
- But motivated, structural and committed donors are open to learning more



Effective Altruism

The most important mechanisms for fundraisers

solicitation

- Ideally people donate to an organization out of intrinsic motivation

Intrinsic motivation

Values

Altruism

Extrinsic motivation

Reputation

Costs/benefits

The most important mechanisms for fundraisers

- Ideally people donate to an organization out of intrinsic motivation
- When (potential) donors:
- Care about the beneficiaries and;
- The values of the cause are aligned with their own values

**Recipe to build relationship
resulting in motivated,
committed and structural donor**

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