

AN OVERVIEW OF LITERATURE ON DETERMINANTS OF CHARITABLE GIVING: DONORS' MOTIVATIONS

VICTOR OTIENO OKECH - DENISA JAKUBCOVÁ - ZUZANA KRÁĚOVÁ

ABSTRACT

Charitable giving is the engine that drives voluntary sector. Through it, financing of activities pertaining to religion, health, science and education, art and culture, environmental conservation and provision of basic human needs, becomes possible. Organizations in the voluntary sector of economy that depends on charitable giving to finance their activities, do face a myriad of challenges in recruiting and maintaining donors. Thus our aim of writing this article, is to review literature on donor's behaviour, more specifically on factors that determines whether they will or will not give to charitable causes.

We employed a narrative style of literature review to write this article. It entailed a search of articles from the following databases: JSTOR, Springer link, SAGE premier, DeGruyter Emerald Insight, and Cambridge Books Online. During the search, we paired the word charitable giving, using the Boolean operator AND, with the following key words each at a time; donor behaviour, demographics, psychology, human capital OR human resource, human finance, and religiosity.

We concluded that there are 6 determinants that influence donor behaviours in giving to charitable causes. We further recommended that fundraisers and administrators of charity organizations should always factor in the 6 identified determinants when recruiting donors or when designing fundraising strategies or appeals.

Key words

Donor Behaviour, donation and motivation, Charitable giving, determinants of charitable giving

Introduction

Voluntary sector, sometimes referred to as the 3rd sector, is one of the three sectors of economy that complements the roles of the government in providing goods and services to its citizens. Goods and services that the voluntary sector provide range from: Scientific and academic activities, Healthcare, Environmental protection, advocacy for humans and animal rights, to provision of basic human needs such as clothing and food items. Though the other two sectors of economy, public and private sectors, have stable sources of income to finance their activities, i.e. through tax and profits, the voluntary sector does not. The voluntary sector mostly relies on the following sources to finance its activities; private donations, grants from the State, fee for services or goods granted, and Investment incomes (Marudas & Jacobs, 2004; Lesňáková, Hudáková, & Šutvajová, 2020; Neszméry & Zámková, 2019; Degasperi & Mainardes, 2017). Private donations constitute the largest single source of finance for voluntary sector (Herzog & Yang, 2018). Private donations mostly come from Individuals, Corporates, and, Trusts and Foundations. Though, organizations in the voluntary sector primarily rely on private donations, these sources of funds come with their own share of challenges. One of these challenges is how to recruit and maintain donors. Thus, our aim of writing this article is to review literature on the supply side of fundraising, i.e. donors side, and more specifically examine determinants that motivate them to give to charitable causes.

There are three types of giving behaviours: helping a stranger, donating money to charitable institutions, and volunteering time. Globally, according to (Strečanský, 2012), 21% do volunteer their time for a charitable cause, 29% of people donate to charities, and 47% do offer help to strangers. In Slovakia, 25% of the citizens donates money to charitable causes, approximately 16 % offer their time for voluntary work, while 33% help strangers

Determinants of Charitable giving

Charitable giving is the engine that drives the voluntary sector. Without donor support, the voluntary sector will literally grind to a halt. According to Paxton (2020), 31% of donations go to assist religious activities, 14% education, 12% Human services, 11% Healthcare, 7% Public benefit societies, 6% international affairs, 5% Arts, culture and Humanity, 3% Environment/Animals, and 2% to Individuals. Various strategies are normally used in sourcing funds from individuals to finance these activities. One of these strategies is the use of charitable crowdsourcing, which normally aims at harnessing the power of crowd by soliciting small amounts of donations from a large pool of people. The small donations are then summed up to

form a big budget capable of executing a mega project (Liu, Suh, & Wagner, 2018). According to Wang & Gradd, (2008) there are 6 factors that determines whether individual donors will engage in charitable giving or not. These determinants are: Demographics characteristics of the individual donors, Financial Resources, Human Resources, Religiosity, Psychological inclination, Individual's social capital and Volunteering.

1. Demographics of giving

Demographic, specific characteristics of individual donors, have been found to influence how donors behave in the face of fundraising appeals. Some of these demographic characteristics are: Gender, Age, Social class, and Marital status

i) Gender

Gender, social roles one plays in the society, is one of the demographics that greatly influences donor behaviours. Though most studies have combined the effect of gender on giving process with marital status, in this section we will review literatures that have studied its effects without combining it with marital status. Whether married or not, women are more like to give donations compared to men. This is because, according to Einolf (2011) most women prefer to channel their donations to activities geared towards 'caring, relationships, and helping than to activities that are focused on impersonal reasoning and rulemaking. However, women give less amount of donations to a single recipient compared to men. This is because women tend to spread their donations to several recipients, making the amount of donation to be less per recipients, compared to men who focus their donations to a single recipient (Piper & Schnepf, 2008). In addition, gender also influences the kind of organization that will be given donations by individuals. Men are more likely to donate to organizations such as those that deal with, sports, security, fire and rescue while women are more likely to give to organizations that provide education, palliative care or care for orphaned children and other human services.

ii) Age

Age also influences the acts of giving for a charitable cause. Young people are less likely to donate compared to older people. Approximately 60% of donations come from individuals aged between 60-76 years (Sargeant & Jay, 2004). According to Kottasz (2004), young people tend to spend a huge proportion of their income on buying things they consume themselves rather

than give donations. Young couples also find it difficult to give generous donations, because most of them are either stabilizing financially or are using a huge proportion of their incomes either paying mortgages or paying school fees for their children. These leaves them with little to give to charities. Though, this might be the case with most young families, there are young people who always harbour suspicions, whether founded or unfounded, over activities being carried out by charity organization or have reservations over integrity of most fundraisers (Mačkinová & Zámková, 2020).

iii) Social class

Social class is another donor characteristic that greatly influences the charitable giving. Charitable giving generally increases with income, a relationship often described as U, where both extremes of social class spectrum, i.e. upper and lower classes, give their donations to charitable causes with exception of the middle social class, who don't give to charitable causes (Paxton, 2020). Reasons that motivate donors to give also varies with the positions of their social classes. Donors from lower socio-economic classes tend to give their donations because they empathize with the recipients of their donations. They are more likely to donate to activities that address homelessness and children's charity. On the other hand, donors from uppers socio-economic class tend to donate to organizations that run programs that are geared towards bringing long term social change such as education, ecological and cultural causes (Kottasz, 2004).

v) Marital status

Studies show that there is a strong relationship between marital status and charitable giving, where married couples have a higher probability, especially older couples, of giving out donations compared to those who are not. This is because married couples are more likely to pull resources together and make joint decisions when it comes to giving donations than those who have never been married. Further still, those who are widowed are more likely to give donations than those who are not (Einolf, 2011; Eagle, Keister, & Read, 2018).

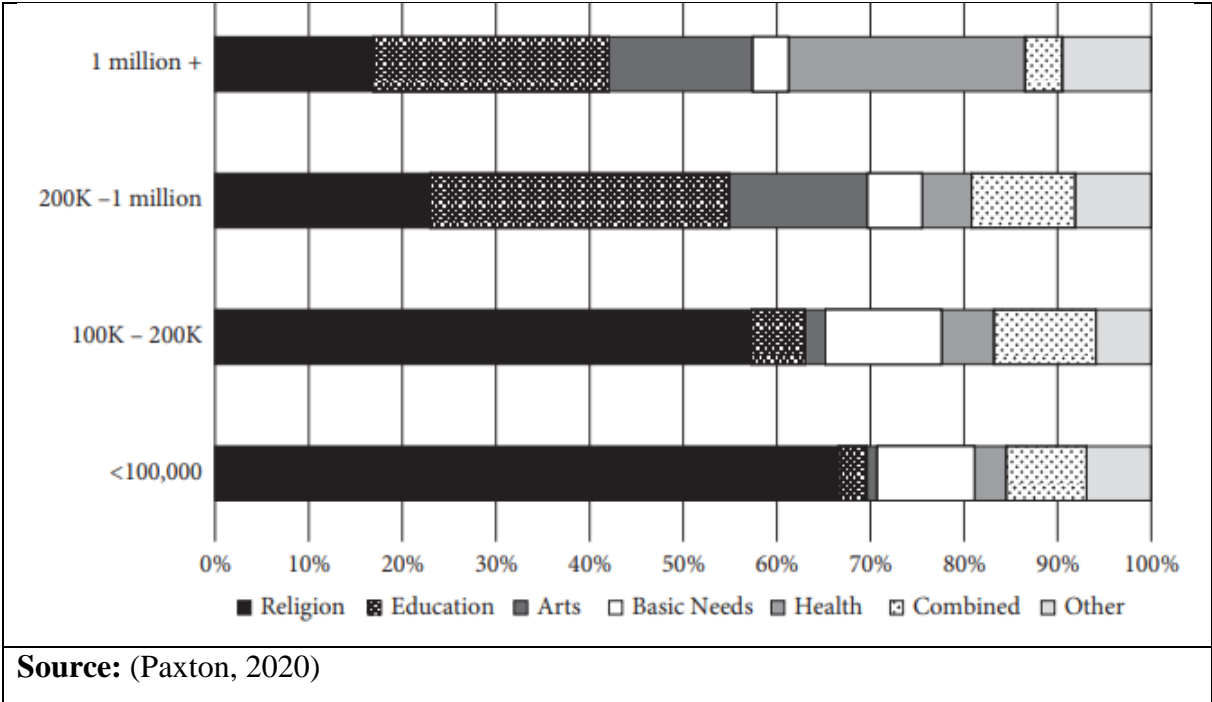
2. Financial Resources and Charitable Giving

Income inequality is at the heart of charitable giving. It influences the amount donors are willing to give to charitable causes. According to Payne & Smith, (2015) as income inequality rises so does the amount donors are willing to give as donations. If looked from a different angle, donors from lower social classes tend to give a larger proportion of their incomes to charitable causes

compared to those from upper classes. Income inequality also influences the type of activities donors are willing to fund with their donations. As shown in the **figure 1** below developed by Paxton, (2020), the upper and middles social classes are more likely to give their donations to Healthcare, Arts and Culture, and Educational activities, while the working and lower classes are more likely to direct their donations to religious and provision of basic needs such as cloths and food items.

Tax incentive is also another financial factor that influences charitable giving. Favourable income tax treatment encourages donors to give to charitable causes. This is because favourable tax treatments lower the cost of giving. According to Brooks, (2007), favourable tax treatment splits the costs of supporting provision of goods and services between citizens and their governments. It also allows citizens to have a direct control over ‘what is funded, by creating what amounts to a ‘matching grants’’ through tax discounts for private gift’.

Figure 1: Percentages of donor contributions according to recipient categories



3. Human Resources and Charitable Giving

Human resources (or capital) refers to ‘the personal resources that enable people to be economically productive’. Quality of human resource is normally improved through formal education. As the number of people who receive higher levels of formal education increases so does the quality of human capital. Researchers have linked quality of human capital with

charitable giving behaviour, where those with higher levels of education tend to be more generous when it comes to giving for charitable causes compared to those who have lower levels. Wiepking & Maas, (2009) offered two explanations to account for this observation: first, educational process makes people to ‘develop prosocial attitude towards situations or people not directly related to themselves’. This prosocial attitude makes educated people to be open to providing care to people from all background as well as to environment and animals. Secondly, higher levels of education provide, to their holders, access to higher levels of financial resources. With higher levels of cognitive capabilities and financial resources at their disposal, highly educated people have no difficulties in giving donations to charitable causes.

4. Religiosity and Charitable Giving

Religiosity refers to the extent to which individuals participate in religious activities (Li, 2017). The ideology behind charitable giving has its origins from the teachings of major world religions like Christianity, Judaism, Buddhism, Islam and Hinduism among many other. All these religions stress on the importance of helping those in need (Ranganathan & Henley, 2008). According to Li, (2017) people who are highly committed to religion have higher tendencies of giving higher donations than those who are not. Though, according Paxton, (2020), only 12 % of donors who fund religious activities come from extremely wealthy individuals. For the remaining social classes, religion is a strong motivator for charitable giving.

The extent of motivation to give, among religious donors, also varies from one individual to another due to differences in levels of commitment to the teachings of their faiths (Eagle, Keister, & Read, 2018). Septianto et al, (2020), in their article identified two types of motivations, with varying degrees, that coexist in religious donors: Intrinsic and Extrinsic motivations. By intrinsic motivations, they meant a kind of motivation that drives individuals to lead lifestyles that comply with teachings of their religion, while by extrinsic motivation they meant motives that make individuals to see religion as a means of achieving their personal and social goals. They thus concluded that individuals who have higher levels of extrinsic motivations are more susceptible to donation appeals than those who have higher levels of intrinsic motivations. For instance, conservative protestants are more likely to give handsome donations due to their belief that earthly possessions belong to God, including money. According to Showers, et al., (2011), the reason that motivates people to give to charitable causes, due to their religious convictions, is the need to maximize lifetime and afterlife utility. Christianity and other major religions teach

that on the final day people will be judged based on their actions during their life time. Thus, donors strive to be on the good books when the judgment day comes (Tůma, Pátý, Nová, & Laca, 2020; Kopinec, 2020).

5. Psychological inclination and Charitable Giving

Several studies have pointed out a close relationship between psychological inclinations and charitable giving. More so the following psychological factors have been found to influence charitable giving behaviours: guilt, sympathy and empathy, happiness, identity, (Aaker & Akutsu, 2009).

6. Social Capital and Charitable giving

Social capital, according to Wang & Gradd, (2008), is a concept that refers to both an 'individual's social network of friends, families and organizations, and his/her **trust** to others and authority'. According to Einolf, (2011), Social capital encourages charitable giving in the following ways: i) *Social networks*, where Person-to-person appeals is more likely to yield to donations among people who have broad social networks compared to those who have a leaner social networks. In addition, informal social networks foster sense of reciprocity and caring among its members, which are 'deemed to be virtues that lead to philanthropy'. ii) *Social trust*, where those who have a strong 'sense of trust feels more in solidarity with others' and thus are more inclined to helping than those who don't have. iii) *Civic engagement and volunteering ('associational social capital')*, where involvement in organizations such as religious and educational institutions help individuals build sense of connectedness. These institutions also aid in sharing and spreading norms of helping among their members. These institutions, further increases awareness, of their participants, to public needs which in turn increases their chances of positively responding to appeals for charitable causes (Weiss & Kusin, 2020; Schervish & Havens, 1997; Wang & Gradd, 2008).

Conclusion

We conclude that determinants of charitable giving are demographic characteristics of donors, human capital, financial resources, religiosity, psychological inclinations and social capitals. We thus, recommend that fundraisers and administrators of organizations in voluntary sectors

should always focus on these determinants when recruiting donors as well when designing fundraising strategies or appeals

Contacts

Mgr. Victor Otieno Okech, PhD
Department of Social Work
Comenius University in Bratislava
Šoltésovej 4
811 08 Bratislava
Slovenská republika
Email: okech1@uniba.sk

Denisa Jakubcová –
Zuzana Kráľová
Trnava University in Trnava,
Faculty of Healthcare and Social Work,
Trnava, Slovak Republic

ZOZNAM BIBLIOGRAFICKÝCH ODKAZOV

- Aaker, L. J., & Akutsu, S. (2009). Why do people give? The role of identity in giving. *Journal of Consumer Psychology, 19*(3), 267–270. doi:10.1016/j.jcps.2009.05.010
- Brooks, C. A. (2007). Income tax policy and charitable giving. *Journal of Policy Analysis and Management, 26*(3), 599–612. doi:10.1002/pam.20267
- Degasperi, N. C., & Mainardes, E. W. (2017). What motivates money donation? A study on external motivators. *Revista de Administração(52)*, 363–373. doi:10.1016/j.rausp.2017.08.002
- Eagle, D., Keister, A. L., & Read, J. G. (2018). Household Charitable Giving at the Intersection of Gender, Marital Status, and Religion. *Nonprofit and Voluntary Sector Quarterly, 47*(1), 185–205. doi:10.1177/0899764017734650
- Einolf, J. C. (2011). Gender Differences in the Correlates of Volunteering and Charitable Giving. *Nonprofit and Voluntary Sector Quarterly, 40*(6), 1092–1112. doi:10.1177/0899764010385949
- Herzog, P. S., & Yang, S. (2018). Social Networks and Charitable Giving: Trusting, Doing, Asking, and Alter Primacy. *Nonprofit and Voluntary Sector Quarterly, 47*(2), 376–394. doi:10.1177/0899764017746021
- Kopinec, P. (2020). Sociálna Práca, Sociálne Média a Digitálna Gramotnosť I. *Revue Spoločenských A Humanitných Vied, 8*(2), 1–9.

- Kottasz, R. (2004). Differences in the Donor Behavior Characteristics of Young Affluent Males and Females: Empirical Evidence from Britain. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 15(2), 181–203. doi:10.1023/B:VOLU.0000033180.43496.09
- Lesňáková, A., Hudáková, Z., & Šutvajová, M. (2020). Vzťah Pacienta S Demenciou A Sestrou A Špecifiká Ošetrovateskej Starostlivosti O Pacienta S Demenciou V Zariadeniach Sociálnych Služieb. *Svetový Deň Sociálnej Práce VI.: Podpora dôležitosti medzil'udských vzťahov* (s. 78-97). Sládkovičove: Vysoká škola Danubius.
- Li, Y. (2017). Is methodology destiny? Religiosity and charitable giving. *International Journal of Social Economics*(44), 1197-1210. doi:10.1108/IJSE-04-2016-0118
- Liu, L., Suh, A., & Wagner, C. (2018). Empathy or perceived credibility? An empirical study on individual donation behavior in charitable crowdfunding. *Internet Research*, 28(3), 623-651. doi:10.1108/IntR-06-2017-0240
- Mačkinová, M., & Zámková, V. (2020). Problémy Seniorů Při Adaptaci Na Nové Prostředí V Domově Pro Seniors. *Revue Společenských A Humanitných Vied*, 8(2), 1-12.
- Marudas, P. N., & Jacobs, A. F. (2004). Determinants of Charitable Donations to Large U.S. Higher Education, Hospital, and Scientific Research NPOs: New Evidence From Panel Data. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 15(2), 157-179.
- Neszméry, Š., & Zámková, V. (2019). Adaptační Mechanismy Na Nové Životní Podmínky V Domovech Pro Seniors. *Sociálně-zdravotnický horizont*, 6(2), 1-10.
- Paxton, P. (2020). What Influences Charitable Giving? In W. W. Powell, & P. Bromley, *The Non-profit Sector: A Research Handbook* (s. 543-557). Stanford: Stanford University Press.
- Payne, A. A., & Smith, J. (2015). Does income inequality increase charitable giving? *The Canadian Journal of Economics*, 48(2), 793-818. doi:10.1111/caje.12144
- Piper, G., & Schnepf, V. S. (2008). Gender Differences in Charitable Giving in Great Britain. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 19(2), 103-124. doi:10.1007/s11266-008-9057-9
- Ranganathan, S. K., & Henley, H. W. (2008). Determinants of charitable donation intentions: A structural equation model. *International Journal of Nonprofit and Voluntary Sector Marketing*, 13(1), 1–11. doi:10.1002/nvsm.297
- Sargeant, A., & Jay, E. (2004). *Fundraising Management: Analysis, planning and Practice*. London: Routledge.
- Septianto, F., Tjiptono, F., Paramita, W., & Chiew, T. M. (2020). The interactive effects of religiosity and recognition in increasing donation. *European Journal of Marketing*. Cit. 11. 09 2020. Dostupné na Internetu: <https://www.emerald.com/insight/content/doi/10.1108/EJM-04-2019-0326/full/html>

- Showers, E. V., Showers, S. L., Beggs, M. J., & Cox, E. J. (2011). Charitable Giving Expenditures and the Faith Factor. *The American Journal of Economics and Sociology*, 70(1), 152-186.
- Schervish, G. P., & Havens, J. J. (1997). Social participation and charitable giving: A multivariate analysis. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 8(3), 235–260. doi:10.1007/BF02354199
- Strečanský, B. (2012). Darcovstvo na Slovensku – medzi modernitou a tradíciou. In S. e. Arbe, *10 kapitol o vývoji a občianskej spoločnosti na Slovensku* (s. 49-55). Bratislava: PDCS, o. z.
- Tůma, J., Pátý, J., Nová, M., & Laca, S. (2020). Informovanost o Nových Náboženských Hnutích A Sociálně Poradenská Činnost U Středoškolských Studentů. *LOGOS POLYTECHNIKOS*, 11(2), 55-63.
- Wang, L., & Gradd, E. (2008). Social Capital, Volunteering, and Charitable Giving. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 19(1), 23-42. doi: 10.1007/s11266-008-9055-y
- Weiss, P., & Kusin, V. (2020). DÔLEŽITOSŤ BUDOVANIA MEDZILUDSKÝCH VZŤAHOV A ÚLOHA SOCIÁLNEJ PRÁCE V KONTEXTE ZMIEN, KTORÉ PRINÁŠA PRIEMYSEL 4.0. *Svetový Deň Sociálnej Práce Vi.: Podpora dôležitosti medzil'udských vzťahov* (s. 220-228). Sládkovičovo: Vysokej škole Danubius.
- Wiepking, P., & Maas, I. (2009). Resources That Make You Generous: Effects of Social and Human Resources on Charitable Giving. *Social Forces*, 87(4), 1973-1995. doi:10.1353/sof.0.0191