Academic Commentary: Individual Giving and Philanthropy – an academic perspective, Dr Beth Breeze, University of Kent

"We as human beings live in a very imprecise world. A world where our perceptions of reality are far more important than actual reality." (Daniel K. Moran)

This quote connects the three papers discussed in this section, each of which highlights how what we think we know about philanthropy, and our commonplace perceptions of how charitable giving works, turns out to be not quite right. And yet those 'perceptions of reality' have a huge amount of influence on policy making as well as on our views of both donors and fundraisers.

Philanthropy is unavoidable in daily life. Private gifts from past and present donors fund many of the institutions that we come into contact with on a daily basis including hospitals, schools, theatres, art galleries, universities, zoos, libraries and hospices. Private contributions fund many activities and clubs that enhance our lives (ranging from the local history society to the brass band, skate park, knitting club and Saturday football league) as well as the philanthropically-funded campaigns that have transformed society and brought benefits to many, from the anti-slavery campaigns of the 18th century to the equality campaigns of the 20th century, as well as the many medical and scientific advances funded by philanthropic support.

Yet the omnipresence of philanthropy in our daily lives is not reflected in any significant presence of philanthropy as a topic of study in our universities and other higher education institutions. People working in the third sector feel ill-served by academia for good reason – there's really not much going on. Until 2008, there was no central research hub in the UK, just a handful of isolated academics in different institutions doing bits of research when they could find some money or some time. From 2008- 2013 there was a national Centre for Giving and Philanthropy (CGAP), funded primarily by government with some support from the Carnegie UK Trust. This funding was not renewed and we are now back to fragmented efforts around the country, albeit with some additional crucial support from enlightened funders such as Pears Foundation. But two of the three papers discussed by the NETSRG in this section are of the CGAP vintage, which is a pleasing tribute to the value of that body.

The first is 'Private giving and philanthropy – their place in the Big Society' by Cathy Pharoah, co-director of CGAP, which was published in 2011 in *People, Place and Policy Online.* Politicians of all the main parties agree that promoting philanthropy is a good thing, though they use different language to make that point. The last Labour government talked of a 'Generous Society' (Home Office 2005) whereas the Conservative partner in the current coalition has made the 'Big Society' its mantra. This latter phrase leads many to speculate that more private giving will be used to justify government spending cuts although, as this paper notes, that charge has been refuted by the Prime Minster and other members of his Cabinet. The paper begins by reviewing a range of coalition government documents and ministerial speeches to identify what the politicians who currently run the country mean by philanthropy and what they hope it can contribute to society. This review points to a gap between political hopes and the reality of donation patterns, as people support the causes they like best, not those that are most in need of funding. This argument was also taken up in a paper that I wrote when I was a colleague of Pharoah's, called 'How Donors Choose Charities', which used evidence from in-depth interviews with 60 committed donors to demonstrate that charitable giving is essentially taste-based, not needs-based. Pharoah's paper busts a few other myths – she demonstrates that most giving comes from individuals rather than from the super-rich or from corporates as many suppose, and she demonstrates that the distribution of donated money differs markedly from the distribution of government spending on charities. For example 7% of philanthropy is spent on animal welfare, which receives nothing from the state, and the state spends a much higher proportion (24%) on arts and cultural charities than do private donors (4%). As Pharoah concludes *"the evidence of this sample indicates that the preferences of philanthropic and statutory donors and funders are very different, and that one would not easily substitute for the other"* (2011:4-5). Coupling this conclusion with evidence that the donor pool is shrinking and increasingly reliant on older, wealthier people leads her to suggest that pinning hopes on a mass, philanthropically-funded Big Society to supplement the state during a time of austerity, is an aspiration that lacks a realistic evidence base.

It may seem quite a leap from 10 Downing Street to the doorway of a US supermarket, but the second paper continues the theme of questioning what we think we know about how charitable giving operates in our society. ‘Avoiding the Ask: a field experiment on altruism, empathy and charitable giving’ by James Andreoni, Justin M. Rao and Hannah Trachtman, published in 2012, presents data that questions our assumptions about why some people avoid those trying to raise funds for good causes - is it because they are mean or might there be a more complicated explanation? This study uses an interesting ‘real world experiment’ or ‘natural field experiment’ where the academics worked with fundraisers collecting for the Salvation Army at a shop in Boston. They observed more than 17,000 customers over a period of four days during the Christmas season, during which time they arranged different combinations of having collectors stationed at one or both doors, and making either a silent ask (simply being present with a tin) or a verbal ask (“please give today”) in order to measure how shoppers respond.

The study finds very high levels of avoidance of fundraisers – people will literally walk around the block to avoid a collecting tin. But rather than conclude that avoiders are mean, the authors suggest they may in fact be generous, but because they are not able to give to every single cause they take preventative action. Saying “no” feels uncomfortable, especially for people with high “empathic vulnerability”. Knowing that refusing an ask will make them feel guilty and unhappy they choose to avoid the collector to maintain their private equilibrium or, as the authors summarise: *“avoiding the social interaction with someone asking for support of a worthy cause is a means of self control”* (Andreoni et al 2012:2). This philanthropic self control is described as analogous to a dieter avoiding situations involving chocolate cake. The avoider likes to donate and the dieter likes to eat cake, but they are both using self-preservation to avoid finding themselves in situations that cause them harm. It’s a subtle but crucial distinction – and another good myth-buster – if people are avoiding being asked rather than avoiding giving.

Despite finding “dramatic avoidance” of the fundraisers (when only one fundraiser is present, 30 times more people change doors to avoid an ask than change doors in order to give), the authors also conclude that “asking is powerful” because the verbal ask (which is simply drawing attention to the collection and offering no information about the cause or the impact of the gift, which we are often told is so crucial) increases giving by 65%. This means that adding a simple polite request will raise as much additional income as adding a second, silent fundraiser. Stick that in your “what’s the implication for practice” pipe and smoke it!

I co-wrote with Pamala Wiepking the third paper under discussion: 'Feeling poor, acting stingy: the effect of money perceptions on charitable giving', which was published in the *International Journal of Nonprofit and Voluntary Sector Marketing* in 2012. Ours was the first study to empirically (i.e. use data rather than just theory) examine the relationship between people’s financial resources, their attitudes towards money and their charitable giving.

We already knew from existing research that attitudes towards money are largely independent of an individual’s income (Yamouchi and Templer 1982). That finding had been studied in relation to topics such as spending, saving and gambling (Furnham and Argyle 1998), yet the implications for philanthropy and fundraising had not yet been explored.

Anyone who has ever asked for donations will know that people with similar wealth levels have very different views on how much they can afford to give. In part this is because different people incur different levels of expenditure depending on factors such as how many dependents they are responsible for and the local cost of living. But attitudes towards money are deeply rooted in subjective soil and pay little regard to objective factors such as prices. As Edwards found in her study of why people don’t give, even the objectively wealthy can believe themselves to be poor, citing one rich respondent exclaiming: *“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”* (Edwards 2002:35). Equally, there are donors who reject such attitudes, believing themselves to be rich enough to be substantially philanthropic. I also write the annual 'Coutts Million Pound Donor Report' and one of my favourite case studies of a 'million pound donor' was of an upper-middle class woman (comfortable but by no means entirely financially secure) who inherited £2.6 million and promptly put the full amount into a charitable trust.

We can't predict how much anyone thinks they have available for philanthropic spending, yet we continue to make assumptions about their capacity to give. I've lost count of the number of well-meaning fundraisers who fire off a letter to everyone named in the annual Sunday Times Rich List, expecting to receive a donation by return post because "s/he can afford it". More sophisticated fundraisers understand that capacity to give must be coupled with a connection to the cause, and yet that approach still omits the crucial factor of 'perceived capacity to give'.

We wrote our paper because we believe that a deeper understanding of the role of attitudes towards money can help generate better explanations of philanthropic behaviour. We studied two sorts of money attitudes. Firstly 'retention', which refers to the degree to which people have a careful approach to wealth and a preference not to spend money on anything; retentive people feel guilty about spending, and have difficulties making spending decisions regardless of the amount involved or their ability to afford it. And secondly 'inadequacy', which refers to those who worry about their financial situation most of the time, who believe they have less money than most of their friends and believe that others overestimate the amount of wealth they hold.

As with the Salvation Army fundraising study, our paper eschews 'lab experiments' and instead uses data on actual gifts made by donors, who also supplied information on their money attitudes. We used Furnham's Money Beliefs and Behaviour Scale (1984) and data on giving by 1,866 donors, gathered in a bi-annual longitudinal study of charitable giving and volunteering in households in the Netherlands, to test whether different money attitudes affect the incidence and scale of charitable giving, regardless of actual financial resources. We found statistically significant relationships between actual giving levels and both of the money attitudes under investigation, with feelings of 'inadequacy' having the strongest negative effect on donations. The more people worry about their finances, the less they donate (regardless of whether objectively they have anything to worry about); we also found a negative relationship between retention and giving as preferring not to spend money results in lower donating levels.

These findings lead us to argue for greater attention to be paid to the psychological mechanisms involved in giving, and to suggest that these factors should be considered as important dispositional characteristics for predicting donations, in a similar way to factors such as altruistic values and empathic concern. One main implication is for prospect research (the task of identifying potential donors and assessing their likely level of gift) which can fall into the trap of segmenting donors with too much regard for the contents of their bank account, and too little regard for how rich they feel, and how strongly they feel about the cause. Erring in either direction – assuming a donor will give because "they can afford it" or not realising a donor is willing and able to give far more than the conservative predictions typically used by prospect research – would result in either wasted time or foregone income, neither of which are in abundance in most third sector organisations.

These three papers are different in many ways – they examine different aspects of philanthropy (political rhetoric, fundraising activity and donor deliberation); they use different methodologies (literature review, field experiment and quantitative analysis) and they generate findings relevant to distinct audiences (policy makers, fundraising managers and prospect researchers). But they share commonalities in questioning perceived wisdom, highlighting the consequences of making assumptions and the importance of making appropriate, audible and appropriate asks. Given the immaturity of the field of philanthropic studies in the UK, these three papers help to shed light on an aspect of social life that is greatly in need of more illumination.

References

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