

Chapter I

Introduction to the Palgrave Research Companion to Global Philanthropy

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December 26, 2004. One of the greatest natural disasters of our recent history destroys everything on its path: The Indian Ocean Tsunami. Over 200,000 lives are lost. Many more lose their homes and livelihoods. Within 24 hours, however—help is on the way. Nonprofit organizations, such as the Red Cross, Doctors without Borders, and UNICEF, rush in their response teams to provide disaster relief. Their efforts are just one example of the significant work nonprofit organizations do in today's society.

Nonprofit organizations provide important public goods and services in societies across the world. If nonprofit organizations did not exist, disaster relief might be harder to coordinate, vulnerable populations might not receive all the services they need, the poorest of the poor would have less access to the basic needs of food and shelter, research on diseases would be conducted at a much slower pace (if at all), and many forms of culture and arts might perish. Especially in times of economic crisis, when governments are forced to decrease public spending, nonprofit organizations are essential in meeting citizen demands for public goods and services.

Nonprofit organizations are also known as philanthropic organizations, or not-for-profit organizations. Although the definition of a nonprofit organization varies between countries, the common denominator is that nonprofit organizations are private (non-governmental), self-governing organizations, which on a voluntary basis distribute goods and services to benefit a public purpose, without the primary goal of making profits for their owners (Salamon & Anheier, 1992).

Because nonprofit organizations do not aim to make profits, they need to have other sources of income to carry out their mission. Typically, nonprofit organizations receive three sources of income: fees, subsidies and philanthropic donations (Salamon, Sokolowski, & Associates, 2004). Fees are generally collected from people using the goods and services provided by the nonprofit organization, such as when visitors pay for a ticket to enter a museum or when people pay a fee to use a particular medical service. Subsidies are received from all levels of government supporting the provision of goods and services by the nonprofit. Last but not least, philanthropic donations are the voluntary financial donations provided to nonprofit organizations by private actors including individuals, for-profit organizations, as well as other nonprofit organizations, including churches and foundations (Schuyt, Gouwenberg, & Bekkers, 2011).¹

Our goal in this edited volume is to explain this last source of income of the nonprofit sector: philanthropic donations, particularly those made by individuals. Why do people voluntarily give away some of their own financial resources to benefit the public good and to enable nonprofit organizations to carry out their work?

We know much about individual motivations for philanthropic donations. In a literature review of over 500 empirical articles studying philanthropic giving, Bekkers and Wiepking (2011a, 2011b, 2011c, 2011d) distilled eight mechanisms that drive why people make philanthropic donations:

Awareness of need. Philanthropy addresses the needs of recipients. But if potential donors and volunteers are not aware of existing needs, they will be less likely to engage in philanthropic behavior. Also, more often than not people respond to a perceived need, rather than an objective need.

Solicitation. In most cases, philanthropy occurs in response to a solicitation from or on behalf of an organization. Whether people are solicited to engage in philanthropic behavior, and how often they receive solicitations, are important factors that increase the level of engagement in philanthropy.

Costs and benefits. Acts of philanthropy are costly for the donor as they require a donation of his/her own resources. In some circumstances, however, the costs are lowered (such as through a charitable deduction), and in many cases acts of philanthropy also yield material benefits for the donor (such as exclusive access to meetings or services of the organisation). Philanthropy will be enhanced when it can be done at lower costs and when it yields more benefits.

Altruism. Acts of philanthropy can be inspired by a ‘true’ or ‘pure’ concern for the well-being of recipients. Knowing that certain needs are addressed already, donors who are motivated by altruism will reduce their giving to these needs.

Reputation. The desire to obtain or maintain a positive social evaluation from others leads people to engage in philanthropy (when such behavior is expected to be viewed positively).

Psychological benefits. Acts of philanthropy typically generate a private internal benefit for the donor, even when the act of philanthropy cannot be observed by others. The psychological benefit is sometimes referred to as ‘warm glow’ or ‘joy of giving’.

Values. People display philanthropic behavior to create a ‘better world’—one that is in line with their own perception of a ‘better world’. Acts of philanthropy thus often express a value held by the donor.

These values include (among others) religious, political, and more general altruistic values.

Efficacy. People are more likely to engage in philanthropic behavior when they perceive their contribution to be more effective.

(Based on: Bekkers & Wiepking, 2011b: 292-293)

What we know much less about is how the context in which people live influences their willingness to make donations to nonprofit organizations. Why do people in one country give more frequently and more generously to nonprofit organizations than people in another country? In this volume, we build on theoretical insights from sociology, economics, political science, and psychology to examine under which conditions people are more or less generous when it comes to making philanthropic donations. We are particularly interested in gaining a better understanding of how major country-specific differences in governmental, fiscal, and legal policies for philanthropic actors and nonprofit organizations shape philanthropic giving. So far, very little research (if any) has focused on understanding how to shape a society with the best conditions for philanthropic giving. Hence, this volume aims to achieve that understanding.

The Palgrave Research Companion to Global Philanthropy provides a comprehensive overview of the nonprofit sector and philanthropic giving across 26 countries. Rather than merely describing differences between philanthropic behaviors across these nations, this volume contributes to the understanding of the contextual, country-specific factors that may facilitate or inhibit philanthropic giving. Renowned philanthropy scholars have contributed to this project by carefully describing the nonprofit sector and analyzing philanthropic giving in 26 countries. These scholars also explain which factors unique for their country of expertise facilitate or inhibit philanthropy and the nonprofit sector.

Our goal in this endeavor is to provide the reader country-specific information as well as an explanation as to why we might see differences in philanthropic giving across these 26 countries. Thus the book will put individual level findings into country context. In this our book complements

preexisting research by Lester Salamon, Helmut Anheier, and their colleagues in the John Hopkins' Comparative Nonprofit Sector Project (see for example Salamon & Anheier, 1997; Salamon, Sokolowski, & List, 2003). Their macro-level findings encouraged us to look deeper into the country-level differences at the micro level, to better understand how individuals may respond to differing incentives to participate. We examine only one facet of philanthropic behavior—philanthropic giving by individuals—and exclude other forms of participation or prosocial behavior such as volunteering or paid employment in the nonprofit sector. We also do not explicitly focus on philanthropic giving by other types of actors, such as for-profit organizations, churches, and foundations. As editors, we rely extensively on the collaboration of all the authors, experts in their countries who provide access to their data, and deep knowledge about the context of their data.

Chapter II lays out the theoretical overview and conceptual framework necessary to answer the principal question of this book: why do some people in some countries donate more often and higher amounts to nonprofit organizations than others? Using theories from economics, sociology, political science, and psychology, we provide an overview of possible explanations for country-level differences.

We next provide 26 country-specific chapters. Each chapter is written by country specialists who provide the context for philanthropic giving in their country. The country specialists describe in detail the role of the government, fiscal and legal policies dealing with philanthropic donations, and the professionalization of fundraising in their countries; additionally, they describe the historical and religious context for philanthropy. Each chapter is organized around common themes and sub headings to ease comparisons by the interested reader.

For countries for which representative national-level surveys on philanthropic donations are available, the authors also report on the participation rates and levels of giving and relate these to socio-economic background variables available across all national-level surveys. This reporting enables the reader to compare the individual predictors for philanthropic donations across countries. A methodological note is warranted, however, as the national-level surveys are different in nature, and methodology and measures vary between surveys. More detailed information about the methodology of these surveys is included in the respective country chapters.

The 26 countries included in this volume are primarily selected based on the availability of representative national-level surveys. This means that certain parts of the world are more strongly represented, as data on philanthropic donations is most often collected in North-America, Europe and Asia. In order to also provide information about regions for which no empirical data was available, we attempted to involve authors from other parts of the world, thus letting go of the criteria of the availability of a national survey. Unfortunately, within the timeframe of this project, we were unable to include work from the Arab world, Africa, and South America. Therefore, the results of this volume only pertain to the countries and regions included, which are mainly developed countries.

The 26 country chapters are followed by five concluding chapters which synthesize the overall findings, showing how differences in the social origins of the nonprofit sector (Chapter IV), government support (Chapter V), tax regimes (Chapter VI), religious culture (Chapter VII), and the organization of fundraising (Chapter VIII) shape the nonprofit sector across countries, and how these different contexts influence philanthropic donations. As editors, we conclude the volume with an overall summary of the findings and present the eight contextual factors facilitating philanthropy (Chapter IX). These eight factors can be instrumental to shaping a society with the best conditions for philanthropic giving.

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Notes

- ¹ In the definition by Schuyt, Gouwenberg, & Bekkers (2011), philanthropic donations also include donations in the form of time and resources. In this edited volume we will only focus on philanthropic donations in the form of money made by individuals.

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