

## **Why Give? A Multi-Charity Study of Motivation**

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### **Abstract**

Australian charities have experienced intense competition in recent times, with greater numbers of charities competing for the limited donor dollar. Thus, understanding what motivates people to give money is important. The purpose of this research was to determine the relationship between financial donors' motivations and their donation amount across multiple charity types comprising animal and environmental charities; health and health research; disability charities; welfare charities; international aid charities; and children's charities. A qualitative study (n = 32) provided preliminary insights and formed the basis of the subsequent national quantitative main study (n = 400). Multinomial logistic regression revealed that various combinations of esteem, fear, guilt, social justice and empathy were significant predictors of the financial donations made across the six charity types.

### **Introduction**

Social marketing has enjoyed a growth in interest and research in recent years with its focus on issues regarding the welfare of society, such as nonprofit marketing. The nonprofit sector employs close to 900,000 people and contributes \$34 billion annually to the national economy whilst providing a valuable range of community services. Today nonprofit organisations (NPOs) face intense competition with greater numbers of NPOs competing for the limited donor dollar. In this competitive environment, marketing has a crucial role to play in the development of fundraising strategies. This being the case, the research question of interest in this study was '*Are esteem, fear, guilt, social justice and empathy motivations significant predictors of financial donation amounts across six types of Australian charities?*' The six charity types of interest included: animal and environmental; health and health research; disability; welfare; international aid; and children's charities.

### **Nonprofit Sector**

Over the last few decades, the role of marketing in social service organisations has become increasingly important. The notion of social marketing first emerged in the 1970s to describe the use of marketing to advance a social cause or to promote social change (Fine, 1990b; Kotler and Lee, 2008). One aspect of social marketing that has gained in research interest in recent years is the application of marketing principles to the nonprofit sector and how marketing may be used in motivating financial donations to nonprofit organisations (Sargeant and McKenzie, 1999; Shelley and Polonsky, 2002).

Charities are couched within the social sector which is comprised of government agencies and nonprofit organisations (NPOs), whose role is to provide a range of individual and community services. The services provided by NPOs address a diversity of social needs such as healthcare, education, religion, social services, civic services and arts and recreation (Salamon and Anheier, 1999; Lyons, 2009). Australian charities are fee income dominant,

receiving a large component of their incomes from fees and memberships, with only 14% of funding provided by private philanthropy and government providing a sizeable 34% (Australian Bureau of Statistics, 2009b). The environments within which charities operate have undergone dramatic transformations. Changes in political, economic and social contexts of operating environments have impacted on these organisations (Schlegelmilch and Tynan, 1989; Hibbert, 1995). They are faced with providing an ever greater range of services to increasing populations, within a constricting resource base from both government and traditional sources of finance (Dawson, 1988; Cnaan and Goldberg-Glen, 1991; Balabanis et al., 1997; Clohesy, 2000; Kottasz, 2004). In this competitive environment, where encouragement of financial contributions from the donating public is so vital to survival, it is imperative to fully understand why people donate funds. While the charitable impulse may be an intrinsically human endeavour (Maner and Gaillot, 2007), understanding donor motivations to give funds is a more complex phenomenon.

The fundraising function has evolved from a primarily voluntary unprofessional activity to a competitive and often professionally managed marketing operation (Schlegelmilch, 1988). It is imperative for fundraisers to reach potential donors, make them aware of the need and their own ability and opportunity to help (Guy and Patton, 1989). While charities continue to develop more creative fundraising techniques to attract donors, a general trend indicates that financial donors need to be more strategically involved in the process (Burnett, 2002) and provided with greater choices (Bendapudi et al., 1996). Any fundraising strategy must stem from an understanding of why donors give money.

### **Motivations to Give Money to Charity**

The motivations for philanthropic behaviours have been explored from a number of different perspectives – from psychology and sociology, to philosophy and marketing (Themudo, 2009). There is very little research addressing key issues of philanthropic motivation other than its economic foundations (Amos, 1982; Guy and Patton, 1989; Bendapudi et al., 1996; Mathur, 1996; Wright, 2000; Brooks, 2002; Bennett, 2003). The charitable impulse – the urge to reach out to another in need – is recognised as a universal human trait (Maner and Gaillot, 2007). Subject to greater debate is the understanding of what lies behind this urge. From the extant literature, there are profiles of motivation for helping behaviour (see Dawson, 1988; Krebs 1982; and Amos 1982). Among the motives for pro-social behaviour – such as donating money to a charity – are esteem, fear, guilt, social justice and empathy.

First, *esteem* motivations are often cited in the literature and appear as a factor in the Sargeant (1999) model of the decision process (Amos, 1982; Hibbert and Horne, 1996; Sargeant, 1999; Burnett, 2002; Yeung, 2004). These can act as motivators from both internal and external perspectives. The rewards for financial giving behaviour can be conferred by the self in the form of pride or by society in the form of praise (Batson et al., 2002). Esteem motivation is also referred to as ‘helpers’ high’ (Kottasz, 2004; Bennett and Ali-Choudhury, 2009). Second, *fear* is a motive to financially give to charity from a number of perspectives. A person may fear criticism, punishment or censure if they do not give (Piliavin, 1990; Sargeant, 1999; Batson et al., 2002; Burnett, 2002). There is, in some instances, a case of fear playing a role in reciprocity, or ‘forward reciprocity’ (Peloza and Hassay, 2007); that is, donating to ward off the fear of being afflicted with the problem or of not being helped if the situation were reversed (Burnett, 1981; Guy and Patton, 1989).

Third, *guilt* has been cited as a motivation to give to charity from three perspectives (Heiser, 2006; Sargeant et al., 2006), namely as a) guilt over one's own good fortune; b) based on feelings towards the predicament of those in need; and/or c) from an egoistic perspective aimed at the anxiety caused by feelings of guilt (Amos, 1982; Guy and Patton, 1989; Andreoni, 1990; Hibbert and Horne, 1996). It can also arise as a result of donors' attribution of responsibility for the situation, with arousal of guilt usually involving a disposition to help the victim (Amos, 1982; Hoffman, 1982; Burnett, 2002; Basil et al., 2006). Fourth, *social justice* is presented as a motive to donate to NPOs. A person's belief in a just world can be shaken if they see too much suffering such that some action is required in order to restore their faith and sense of balance in society (Sargeant, 1999). Accordingly, social psychological and economic literature suggests that moral obligation and concern are powerful determinants of donations, especially to overseas charities (Ray, 1998). Social justice as a motivator can also be linked to an expression of personal values in acknowledgement of being personally fortunate, thus having a duty or obligation to help those less advantaged (Guy and Patton, 1989; Bendapudi et al., 1996; Hibbert and Horne, 1996; Bennett, 2003).

Finally, a number of researchers have highlighted the important role of *empathy* in motivating financial giving behaviour (Hoffman, 1982; Guy and Patton, 1989; Piliavin and Charng, 1990; Sargeant, 1999; Clohesy, 2000; Freat, 2004; Sargeant et al., 2006; Mesch, 2009). People's orientation to help all in need has also been brought into question with the suggestion that the role of empathy is restricted to those individuals most like ourselves (Batson et al., 2002). There is evidence that people respond more empathetically to others of the same race, sex, and to those more similar to them in abstract terms such as personality traits (Hoffman, 1982; Piliavin and Charng, 1990). Empathy can also pertain to a sense of personal relevance or familial utility (Sargeant et al., 2006), aroused by the situation and motivated by some sense of kinship based on a personal link to the cause through family or friends. This can also be associated with backward reciprocity (Peloza and Hassay, 2007), that is, paying back the support received by self or kin (Lawson and Ruderham, 2009).

## Method

A two stage research methodology was utilised for this research. Using quasi-snowballing sampling techniques, a total of 32 interviews with self-identified financial donors to charities were procured in the first stage of this study. Adhering to a case-based approach, founded on convergent interviewing, case analysis was conducted both across and between cases thus creating a fuller picture of the phenomenon under investigation. Furthermore, the choice of an interview technique addressed the potential sensitivity of respondents to discuss their financial donation amounts and decision processes. The semi-structured interview data were analysed using the nVivo software program. Six categories of charities were of interest to this study being animal and environmental charities (e.g. RSPCA, Greenpeace); health and health research charities (e.g. Leukaemia Foundation); disability charities (e.g. Fred Hollows Foundation); welfare charities (e.g. Salvation Army, Lifeline); international aid charities (e.g. World Vision, UNICEF); and children's charities (e.g. Variety, Starlight).

The subsequent Australia wide survey was administered online, yielding 396 usable responses (12.7% response rate). The majority of respondents to the main study were aged 35 and over, with an even balance of male (n = 201, 50.2%) and female (n = 199, 49.8%) donors reflective of the general Australian population (Australian Bureau of Statistics, 2009a). Income categories were comparable to population data from the Australian Bureau of Statistics (2009a).

Established scales were adapted following the first stage of the study (e.g. Sargeant et al., 2006) and underwent exploratory factor analysis followed by confirmatory factor analysis. Respondents indicated their level of agreement/disagreement for items on a seven point bipolar semantic differential scale. Esteem comprised three items ‘self-fulfilment’, ‘satisfaction’, and ‘feel good’ ( $\alpha = 0.90$ , loadings 0.75-0.84). Fear comprised three items ‘protecting myself’, ‘forward reciprocity’ and ‘find myself in need’ ( $\alpha = 0.78$ , loadings 0.54-0.69). Guilt comprised two items ‘more fortunate’ and ‘should help others’ ( $\alpha = 0.57$ , loadings 0.42-0.44). Social justice comprised four items ‘obliged’; ‘share prosperity’; ‘collective obligation’; and ‘social responsibility’ ( $\alpha = 0.77$ , loadings 0.52-0.69). Empathy comprised six items ‘return good fortune’; ‘giving back’; ‘important’; ‘helping’; ‘compassion’ and ‘genuine concern’ ( $\alpha = 0.87$ , loadings 0.53-0.72). Respondents completed the survey based upon their selection of a charity type that they most regularly support. The amount they donated was assessed using categorical scales in \$50 increments ranging from less than or equal to \$50 up to \$801 or more. Next, multinomial logistic regression was conducted as there were six groups of charity. Notably, these logistic regression techniques do not require each group to be equal in size, and scale types can vary (Tabachnick and Fidell, 2007).

## Results

The results of the multinomial logistic regression are summarised in Table 1.

**Table 1: Summary of Results**

	Animal n = 54	Health n = 110	Disability n = 33	Welfare n = 106	International n = 40	Children’s n = 53
<b>H1.</b> <i>Esteem</i> is a significant predictor in differentiating between donation amounts.	Unsupported $\chi^2 = 19.41$ , $p > 0.05$	Unsupported $\chi^2 = 9.86$ , $p > 0.05$	Supported $\chi^2 = 14.13$ , $p < 0.05$	Unsupported $\chi^2 = 4.65$ , $p > 0.05$	Unsupported $\chi^2 = 14.67$ , $p > 0.05$	Supported $\chi^2 = 25.93$ , $p < 0.05$
<b>H2.</b> <i>Fear</i> is a significant predictor in differentiating between donation amounts.	Supported $\chi^2 = 27.80$ , $p < 0.05$	Unsupported $\chi^2 = 13.05$ , $p > 0.05$	Supported $\chi^2 = 14.85$ , $p < 0.05$	Unsupported $\chi^2 = 14.27$ , $p > 0.05$	Unsupported $\chi^2 = 10.21$ , $p > 0.05$	Supported $\chi^2 = 15.67$ , $p < 0.05$
<b>H3.</b> <i>Guilt</i> is a significant predictor in differentiating between donation amounts.	Supported $\chi^2 = 48.78$ , $p < 0.05$	Unsupported $\chi^2 = 12.18$ , $p > 0.05$	Unsupported $\chi^2 = 4.24$ , $p > 0.05$	Supported $\chi^2 = 21.41$ , $p < 0.05$	Unsupported $\chi^2 = 10.03$ , $p > 0.05$	Supported $\chi^2 = 17.44$ , $p < 0.05$
<b>H4.</b> <i>Social Justice</i> is a significant predictor in differentiating between donation amounts.	Unsupported $\chi^2 = 19.30$ , $p > 0.05$	Unsupported $\chi^2 = 16.52$ , $p > 0.05$	Unsupported $\chi^2 = 5.15$ , $p > 0.05$	Unsupported $\chi^2 = 11.09$ , $p > 0.05$	Supported $\chi^2 = 19.90$ , $p < 0.05$	Supported $\chi^2 = 32.52$ , $p < 0.05$
<b>H5.</b> <i>Empathy</i> is a significant predictor in differentiating between donation amounts.	Supported $\chi^2 = 30.36$ , $p < 0.05$	Unsupported $\chi^2 = 9.80$ , $p > 0.05$	Unsupported $\chi^2 = 1.00$ , $p > 0.05$	Supported $\chi^2 = 25.65$ , $p < 0.05$	Supported $\chi^2 = 28.74$ , $p < 0.05$	Supported $\chi^2 = 19.79$ , $p < 0.05$

The multinomial logistic models for animal and environmental charities ( $\chi^2 = 86.81$ ,  $p < 0.05$ ); welfare charities ( $\chi^2 = 98.29$ ,  $p < 0.05$ ); international charities ( $\chi^2 = 107.72$ ,  $p < 0.05$ ); and

children's charities ( $\chi^2 = 72.55$ ,  $p < 0.05$ ) outperformed the constant only models unlike health and health research charities ( $\chi^2 = 56.12$ ,  $p > 0.05$ ); disability charities ( $\chi^2 = 48.13$ ,  $p > 0.05$ ) which were not significant. In terms of motives, empathy was a significant differentiator across four charities; while fear and guilt were predictors of financial donation amounts across three charities. Esteem and social justice were significant predictors of financial donation amounts across two charities each. Interestingly, none of the five motives were significant predictors of financial donation amounts for health and health research charities. In contrast, all five motives were significant predictors in differentiating between donation amounts for children's charities.

## Discussion

It can be concluded from the research that no one specific motivation is a significant predictor of financial giving across charity types. Rather, the nuances of giving motivation and the number of salient motivations vary by charity type. A significant contribution of this research to the theory of donation behaviour stems from the empirical evidence that different motives are significant predictors of financial donation amounts across six Australian charity types. The dearth of studies addressing the salience of various motivations upon financial giving for particular types of charities was not restricted to the Australian context.

This information provides guidance to the fundraising manager in terms of segmentation strategy and marketing communications. Esteem is associated with donation to disability and children's charities thus marketing communications to these financial donors would best be targeted as such, to elicit financial giving on the basis of this motive. For example, a charity such as the Oncology Children's Foundation focussing on new cancer treatments for children might create messages that bring forth a sense of esteem (that with their help a solution can be found). Similar strategies can be applied to the remaining categories of charity. For example, as fear was found to be significantly associated with donations to animal, disability and children's charities, this may indicate that messages should focus on (say) the effects of particular disabilities (for both adults and children) on daily life that might motivate a donor to give to these charities. In relation to guilt which was found to be a significant indicator for animal, welfare and children's charities, messages could focus on emphasizing the plight of others less fortunate (than the donor) in these categories. For social justice which was found to be a significant indicator for international and children's charities, messages could emphasize potential donors' social responsibility. Finally, as empathy was found to be associated with animal, welfare, international and children's charities, perhaps the messages here could focus on compassion and giving something back to the local and global communities.

As with all research, this study had limitations that restrict the generalisability of the findings. The study was cross-sectional in nature, applied solely to the Australian nonprofit sector, and the six charity categories excluded religious organisations, sports, art and culture. Further, the research focussed solely on financial donations and relied on self reported measures of donation amount similar to that used by Schlegelmilch et al., (1997); Bennett, (2003); Srnka et al., (2003) and Giving Australia (2005). The research specifically precluded disaster giving to enable the focus to be restricted to typical financial giving situations rather than the atypical requests for crisis giving. Future research that is longitudinal, seeks to make country comparisons; explores other forms of giving (e.g. blood donation) and crisis and disaster giving is encouraged.

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