

THE PALGRAVE HANDBOOK OF GLOBAL PHILANTHROPY

Edited by Pamala Wiepking and Femida Handy



The Palgrave Handbook of Global Philanthropy

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Edited by

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Summary: "The Palgrave Handbook of Global Philanthropy is a comprehensive reference guide to the practice of philanthropy across twenty-six nations and regions. In addition, thematic chapters examine cross-national issues to provide an indispensable guide to the latest research in this field. Drawing on theoretical insights from sociology, economics, political science, and psychology, and including a stellar international line-up of leading philanthropy scholars, this essential reference work describes the non-profit sector and analyzes philanthropic endeavours country by country, providing a global overview that covers Asia, Europe, the Middle East, Australia and the Americas. In addition, thematic chapters examine cross-national issues, including the social origins of the non-profit sector and charitable giving; the influence of government support; the role of religion; fiscal incentives; and fundraising to outline how major country-specific differences in governmental, economic, and legal policies for philanthropic actors and nonprofit organizations shape philanthropic giving, demonstrating how country-specific factors may facilitate or inhibit charitable giving. Nonprofit organizations provide important public goods and services in societies across the world. In times of economic crisis, when governments are forced to decrease public spending, these organizations become even more important in meeting demands for these goods and services. But what motivates individuals to voluntarily give away portions of their own financial resources to benefit the public good and to enable nonprofit organizations to carry out their work? Why do people in one country give more frequently and more generously to nonprofit organizations than those in another? The Palgrave Handbook of Global Philanthropy provides an indispensable guide to the latest research in philanthropy, the non-profit sector and charitable giving."-Provided by publisher.

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Part I Introduction

1 Introduction

Pamala Wiepking and Femida Handy

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, such as 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 people to 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 and Wiepking (2011b, pp. 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 the conditions under which 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 Handbook of Global Philanthropy provides a comprehensive overview of the nonprofit sector and philanthropic giving across 25 countries and one region, the Caribbean. 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.