The Personal Philanthropy Project: Research Helps Move the Dial on Charitable Giving Attitudes and Behaviours (Part 1)

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Author: Michèle Benoit

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Illustration by Paul Dotey

The Philanthropist *will publish this article, which is the second in a* series *of three about the Personal Philanthropy Project, in two consecutive issues. Part 1 explores the results of the Project's online survey and Part 2 will present research collected from focus groups across the country.*

On June 15, the second richest man in the world asked his more than 220,000 Twitter followers to suggest ways that he could give some of his fortune away. Jeff Bezos, founder and CEO of Amazon, whose reported net worth is more than $80 billion, is interested in making a difference sooner rather than later. “I want much of my philanthropic activity to be helping people in the here and now — short term — at the intersection of urgent need and lasting impact,” he stated in his message to the masses, adding “I’m thinking about a philanthropy strategy that is the opposite of how I mostly spend my time – working on the long term. For philanthropy, I’m drawn to the other end of the spectrum: the right now.”

As one might imagine, people flooded Bezos’s Twitter feed with a myriad of worthy causes and areas to consider for giving back. A *New York Times* reporter (Frank, 2017) has suggested that his approach challenges conventional wisdom, seeking the “wisdom of the market.” That Bezos’s public appeal “failed to answer a question that is likely to follow him more often, if and when he becomes the richest man [in the world]: What are his plans to give away some, or all, of his wealth?”

Fair enough. But is this the only question we really want to be asking?

Research recently conducted by Imagine Canada (Benoit, 2017) has shown that most Canadians whose earnings are above average do not plan for their charitable contributions. Many put very little thought into annual giving levels. Is it possible to move away from this seemingly random approach to giving to one that digs deeper and is less spontaneous: a process that is intentional, personal, and consistent?

Current research suggests that it is.

Following a proprietary research study involving key informant interviews with affluent Canadians as well as an evaluation of Canadian tax-filer data, including those earning more than $4 million annually, Imagine Canada conducted additional quantitative and qualitative research over the past two years. Probing for any measure of success that could potentially “move the dial” in giving attitudes and behaviours, we deployed an online survey and carried out focus groups across the country.

Online survey

Using an experimental design, researchers developed an online quantitative survey for those with above-average earnings and investable assets. It engaged participants in a “Standardized Approach” intended to help guide them on “appropriate” annual donation amounts relative to their personal and financial circumstances. It included interventions intended to alter their giving patterns, aiming to, in turn, increase charitable giving. In essence, researchers designed the study with three goals in mind: to leverage individual annual giving habits; to inspire a giving level paradigm; and to encourage an entrenched planning process that, in theory, would positively impact giving levels. The study had four areas of intervention:

- **A giving calculator** provided an “appropriate” amount to give based on personal key variables such as income, net worth, life stage, age, debt, etc. It can be used as a stand-alone tool or as a support tool for professionals working with donors and clients.
- In another intervention, the donor is provided with a recommended **percentage of income**, “does the math” and then makes an informed donation decision. This could

serve as a social norming intervention.
- **Predetermined tiers** provide the donor with an opportunity to gauge where they “fit in” compared to others. For instance, a platinum, gold, and silver model shared with the donor (such as in an article or newsletter) will allow them to weigh their personal giving against the accepted standard.
- The **peer influencer model** allows the donor to learn, either directly or indirectly, of a financial peer’s annual giving. Knowing that individuals want to match up to their peers when they become aware that “people like me do this,” this intervention can be effective in the workplace, in social groups, or in public campaigns.

Imagine Canada launched the survey in February 2017. It had 2027 participants from across the country who researchers screened for a minimum annual income of $150,000 and minimum investable assets of $200,000 per year – a group representing about 2% of the Canadian population. The overarching objective was to determine how each of the interventions could advance behaviour change to increase personal giving levels. It was important for Imagine Canada to create a scenario in which respondents could make decisions in the study that would be as close as possible to those they’d make in real-life – we did not simply want to generate another opinion survey. Thus, we developed a quasi-experimental design and, in an effort to downplay the charity angle, the survey also asked about participants’ planning and spending around discretionary income, incorporating identical questions about dining out and vacations as it asked about charitable giving. Background and baseline behaviour information such as age, gender, income, assets, current charitable giving levels, and attitudes towards charities and personal giving responsibilities qualified respondents to participate in the survey and move to their assigned intervention.

The survey found that participants’ average annual household income was $270,400 and their average investable assets were $729,700 per household. The total sample comprised people from all provinces, in a relatively equal split between males and females, in the age range of 35 to 64. Researchers aligned various demographics into national totals for the participant sample to be divided equally into one of the five discrete and matching cells, representative to population.

This is what we learned.

Untapped potential

Most affluent Canadians say they make some kind of charitable contribution every year, with the size of the gift varying from year to year. The baseline giving data shows that 43% of this cohort claim to give less than $500 annually and about an equal number claim to give $1000 or more. This equates to approximately $2060 per household annually – an amount equal to less than 0.9% of this group’s stated income level. This shows that middle- to higher-earning Canadians are punching below their weight when it comes to giving, especially if one considers earlier findings that show Canadian donors earning $50,000 or less give more to charity as a percentage of their income than those earning between $100,000 and $900,000 (Benoit, 2017).

It is against this backdrop that researchers facilitated the study interventions. Sector leaders on the Personal Philanthropy Project (PPP) steering committee and some leaders in the business community note 1% of annual household income as a potential benchmark for annual giving in Canada. This latest study looked to unpack that premise.

Intentionality

Research conducted as part of the PPP has highlighted that many affluent Canadians do not think about, nor plan for, personal giving on any measurable level. Almost half of the participants from this study (47%) say they have no process for determining the size of their annual charitable allocation, thus exhibiting an absence of intentionality. The bigger the giver, however, the more likely he or she has a process for determining their giving amount. While the data clearly shows that these Canadians have the capacity to give more, a majority do not see themselves as wealthy. Meanwhile, 25% say they have a number in mind and keep a mental tally of their giving, but they cannot articulate how they come to that amount. One-on-one in-depth interviews with this cohort of Canadians produced a similar finding (Benoit, 2017). However, most participants do recognize the benefit of a formal, structured approach to giving, with many noting that they see value in understanding where they "fit in" relative to other Canadians in the same income bracket, reinforcing the notion that this information might encourage these individuals to give more.

Impact

The survey asked respondents to report on their giving in the 12 months prior to the study, as well as their anticipated discretionary spending in the 12 months following the study (i.e. each for charitable gifts, personal vacations, and dining out). Participants were then presented with one of the "real-life" interventions: a giving calculator; 1% or 1.5% of income; predetermined tiers using platinum, gold, and silver levels; or "peer" levels (also known as "people like me do this"). After exposure to one of these, the study asked individuals for an appeal rating. Finally, it took them through some behaviour modification questions in which the study asked each participant to reconsider their initial anticipated gift for the 12 months following the study and indicate a final – and potentially adjusted – giving amount. The good news is that all interventions performed better than no intervention in terms of increasing potential giving levels, ultimately resulting in a net positive impact.

One in four offered a higher gift after exposure to one of the interventions. In other words, 504 of the 2027 participants raised their first stated giving level. In this sample, overall giving as a percentage of total income rose from an average of 0.87% to 0.93%. This range still sits below the 1% target for annual household income, but it is worth noting that those individuals who demonstrated a post-intervention increase in giving had a lower than average starting point: an average of 0.77% increased to more than 1.13%, which is a significant lift. Exposure to one of the interventions pushed these individuals above the 1% target, including 22% who started off with a $0 giving commitment and ended up giving an average donation of $569 post-intervention. Exposure to the "1% of income" intervention registered the largest increase in charitable giving, with a 25% change or a $609 increase on average. Further, those exposed to this intervention who already gave at or above 1% of their household income increased their charitable contribution, on average by $1400.

This research suggests that a more disciplined giving paradigm seems to make sense. At minimum, there is a need to build a broader process of engagement for affluent Canadians around giving and using the concept of a "standard" giving percentage based on income as a guide. But it is important to bear in mind that the particular approach is not as important as ensuring that these giving interventions reach affluent donors and are perceived as helpful, relevant tools that help them solve a problem.

We know that many affluent Canadians do not plan or budget for their giving, and most do not have a sense of appropriate giving amounts. With that in mind, and armed with these research findings, there seems to be a tremendous opportunity to establish some type of guideline or informational framework rooted in a new social norm for giving, at least for this cohort of higher-earning Canadians.

Please stay tuned as we share Part 2 on September 19. One more article that outlines next steps for the Project will follow in the coming months: the final piece in this series published in The Philanthropist*. We will be updating [our website] with relevant Project research, information, and data as it becomes available.*

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