

Donors aren't dopes: the impact of the recession on charitable giving

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It has clearly been a tough year for charities. The new figures on UK giving reflect the fact that the country has been in recession for the past 12 months, and was in a state of severe economic crisis for some time before. But research conducted in the Centre for Giving and Philanthropy by staff based at the University of Kent indicates that blanket pictures of philanthropic doom and gloom are misleading.

The widespread belief that charities are reeling from a 'double whammy' of declining donations and increased demand is based on two assumptions: that people have less money so will inevitably decrease or stop their donations, and that in a recession more people will be in need of support so demand for non-profit services will rise.

We conducted a media analysis that demonstrated the extent of these assumptions. Newspaper coverage of philanthropy and the recession between September 2008-to April 2009 contained eight pessimistic portrayals of a 'vulnerable' sector for every one article that depicted the sector as robust and resilient in the face of the recession.

But do these assumptions stand up to scrutiny? What we know about donor motivations clearly indicates that the size of one's bank balance is not the sole determining factor behind philanthropic decisions. If giving were simply a function of how much money an individual has, then every rich person would be a philanthropist, but there is clearly a difference between having the *capacity* to give and the *desire* to give.

Research shows that philanthropic acts do not occur simply as a consequence of an individual having spare money². People give because they are motivated by their passion for a cause and hope to make something significant happen, because they want to explore and develop a new part of themselves, because they recognise they are fortunate and wish to give something back and because they want to build relationships with charity staff, beneficiaries and fellow donors.

People are not economic dopes. They do not donate purely as a direct consequence of the possession or lack of wealth. Instead, philanthropy should be understood primarily as a social act that involves many non-economic factors such as the search for a positive identity, bringing meaning to life and creating a lasting impact.

¹ I acknowledge input from Professor Gareth Morgan of Sheffield Hallam University in the development of the argument presented in this article.

² For example, these findings are evident in T. Lloyd (2005) *Why Rich People Give*. London: ACF

The second assumption - that demand for charity services inevitably rises during recession - also lacks an empirical basis. Many studies have demonstrated that only a minority of charitable benefit is directed to the poor and needy³. Whilst the distributional consequences of contemporary charity have not been fully researched in the UK, statistics on the numbers of charities focusing on different subsectors indicate that only 23% of general charities are operating in the 'social services' field⁴, which is the sub-sector where poverty and disadvantage are most likely to be key determinants of demand.

Despite the wide reach of the recession, organisations delivering services to the economically disadvantaged constitute only a fraction of the whole charity sector and there is no reason to expect increased pressure on every type of charitable organisation. Charities conducting medical research, defending the nation's heritage, protecting the environment or promoting the arts should not be experiencing any recession-related increase in demand. It is misleading to suggest that demand has gone up in every part of the non-profit sector. As with the recessionary impact on donations, the true picture is one of great variability across the sector.

The recession is undoubtedly a huge issue for UK charities in 2009 and it is entirely understandable that they worry about not having the necessary resources to fulfill their mission. Yet there is a danger in allowing pessimism to fuel panic. Charities of all sizes and in all sub-sectors are engaged in efforts to understand the implications for their organisation and to put in place strategies to secure their income during this period. Undoubtedly some non-profits will suffer significantly, but our research shows there is no basis for assuming that all charities will experience reduced income and increased demand, despite this being the dominant theme in media coverage. The sector is simply too diverse for such assumptions to be meaningful and philanthropy is more than just a simple financial transaction. People give to pursue their passions, to support causes they believe in and to meet their own need to live a successful, significant and meaningful life that is affirmed by others. Such passions, beliefs and needs do not disappear during a recession, so charities should take heart and keep asking because most people want to keep giving.

³ For example, see N. Jagpal (2009) *Criteria for Philanthropy at its best: Benchmarks to assess and enhance grantmaker impact*. Washington DC, National Committee for Responsive Philanthropy; and C. Clotfelter, Ed. (1992). *Who Benefits from the Nonprofit Sector?* Chicago, Chicago University Press.

⁴ D. Kane, J. Clark, S. Lesniewski, J. Wilton, B. Pratten and K. Wilding (2009). *The UK Civil Society Almanac*. London, NCVO.