

**WHAT MOTIVATES WA PUBLIC TO GIVE
MONEY TO NOT-FOR-PROFIT ORGANISATIONS**

Ivana Oroz

Tekle Shanka¹

Brian Handley

School of Marketing, Curtin Business School
Curtin University of Technology

2008002

Editor:

**Associate Professor Ian Phau
School of Marketing**

**MARKETING
INSIGHTS
Working Paper Series
School of Marketing**

ISSN 1448 – 9716

¹Corresponding author:

Tekle Shanka
School of Marketing, Curtin Business School
Curtin University of Technology
GPO BOX U1987
Perth, WA 6845
Australia
Tel (+61 8) 9266 2839
Fax (+61 8) 9266 3937
Email: Tekle.shanka@cbs.curtin.edu.au

WHAT MOTIVATES WA PUBLIC TO GIVE MONEY TO NOT-FOR-PROFIT ORGANISATIONS

ABSTRACT

This study presents the results of an exploratory investigation of the giving behaviour among Western Australians (WA) using an established scale (Sargeant, Ford and West, 2006) to ensure comparability with earlier research. A convenience sample of 400 members of the general public in WA voluntarily participated in a survey to explore motivations behind giving money to charities and non-profit organisations. The survey results provide important new insights into giving patterns in WA. Trust has been highlighted as a significant motivational factor in the commitment to continue to give. The level of commitment is also linked to the performance of the organisation and its ability to communicate with its stakeholders. Results also indicate a positive causal link between the degree of commitment and intention to give in the future. Results are discussed and further research directions are suggested.

KEYWORDS: Giving behaviour; Motivation; Not for profit organisations; Western Australia

INTRODUCTION

Attempts have previously been made to develop a broad perspective on why individuals might give to certain charities and non-profit organisation (Sargeant, Ford and West, 2006; Burnett and Wood, 1988; Guy and Patton, 1989). Helping others and giving to the needy is recognised as a universal trait by most countries in the world (Bierhoff, 1986; Maner & Gailliot, 2007). In Australia, the value of the volunteering sector is estimated at \$42 billion per annum with 4.4 million Australians contributing a total of 740 million hours each year (Volunteering Australia, 2001). In addition, 87 per cent of all adult Australians (13.4 million people) donated an average of \$424 each in the year to January 2005. The rate of giving and the generosity of Australians is increasing (AusAID, 2005; Giving Australia, 2005). Despite this research shows that levels of charitable giving in Australia are lower than in many other developed countries such as the US and the UK (Industry Commission Report, 1995; Giving Australia 2005). For example, giving as a proportion of Gross Domestic Product (GDP) in the USA was 1.6% compared with 0.6% of GDP for Australia (Giving Australia 2005). A number of studies consider giving to be motivated by altruism (Hernandez-Murillo & Roisman, 2005; Hall, 2006; Maner & Gailliot, 2007; Polonsky, 2003; Sargeant, 1999; Sargeant, Ford & West, 2001; Smith & McSweeney, 2006). Altruism was found to be an important factor that helps to predict frequent and generous giving, whereas electing a definite type of charity to support gives people the opportunity to express their personal values (Bennet, 2003).

LITERATURE REVIEW

Individuals seem to derive more benefits from the act of giving itself than from the benefits that their gifts generate for others. Donors may care about the total amount of goods or services that charities provide to those in need, or they may enjoy the simple act of giving (Hernandez-Murillo & Roisman, 2005; Smith & McSweeney, 2006). For some people, a great satisfaction is achieved when they ensure that others have what they did not have when they were a child and when they support communities that have helped them turn their business into great wealth (Sargeant, 1999; UK Giving, 2006; Giving Australia 2005). Amounts given can be modest and only rarely are claims for tax

purposes made. Altruists choose to align their wellbeing with others, so they are happy when others thrive and sad when others are suffering (Giving Australia, 2005; Hernandez-Murillo & Roisman, 2005; Smith & McSweeney, 2006).

However research suggests that people are not entirely altruistic when giving, but their actions are egoistically motivated (Bennet & Sargeant, 2003; Hernandez-Murillo & Roisman, 2005; Maner & Gailliot, 2007). That is, if one helps another because one experiences a sense of shared self with that person, then that action cannot be viewed as truly selfless as helping that person would (Maner & Gailliot, 2007). For some individuals, giving can reinforce or be manifestation or expression of religious, social justice, environmental, aesthetic or other values. The return to the individual is often intangible, in the form of feelings. Social and other relationships are seen as important factors in reinforcing such values (Bennet & Sargeant, 2003; Sargeant & Woodlife, 2005).

The extent to which individuals are connected with communities seems to be another factor of giving (Amos, 1982; Sargeant, 1999; Bennet & Sargeant, 2003; Sargeant, Ford & West, 2005; Sargeant & Woodlife, 2005). That is, involvement in nonprofit organisations and its activities is a means of connecting, which is, in addition to family and religion, a strong motivation for giving (Cugliari, 2005). According to Hall (2006) there are four main themes that relate to giving to nonprofit organisations: these are passion, involvement, respect for the organisation, and quality of communication. Hernandez-Murillo and Roisman (2005) reiterate that dominant motivation for giving behaviour is actually the internal satisfaction that individuals derive from the act of giving.

Trust has also been highlighted as a significant issue for the nonprofit organisations and the voluntary sector (Burnett, 1992; Sargeant & Lee, 2001). It can play a critical role in the relationship a fundraising organisation might have with its donors as it attempts to build a relationship and 'special bond' between the organisation and its donors. It was found that motivations for giving often reflect a mix of factors (Amos, 1982; Sargeant,

1999; Sargeant, Ford & West, 2005; Shelley & Polonsky, 2001; Sargeant & Jay, 2001). An understanding of these factors can lead to better ways to strengthen giving to nonprofit organisations. Sargeant (1999) stated that nonprofit organisations also need to understand far more about giving behaviour and factors that motivate giving behaviour in order to tailor their approach to ensure that as wide as possible a segment of any society can be persuaded not only to give but also to sustain that giving. The extent to which altruistic versus egoistic motives differentially promotes giving within different relationship contexts remains relatively unexplored. Whether there may be additional factors also remains unclear (Manner & Gailliot, 2006). Having assessed the nature and applications of giving behaviour examined by previous studies, the current study attempts to explore the motivating factors for giving behaviours in the context of WA publics. Sargeant et al (2006) identified six constructs that predict giving behaviour. These were: emotional, familial, performance, communication, commitment, and trust. The current study seeks to explore whether these six constructs are applicable to WA donors.

STUDY METHODS

This study used Sargeant et al's; (2006) scale to explore what motivates people in WA to give money to non-profit organisations. The survey instrument consisted of three sections. Section one contained 22 items from Sargeant et al; 2006 and section two contained one item from Söderland (2003) that assesses future intentions. A seven-point Likert scale (*1 = strongly disagree; 7 = strongly agree*) was used to measure the responses. Section three included socio-demographic questions such as gender, age, education, beneficiary, and frequency of such donations.

Participants of the survey were selected from the Perth central business district, the Claremont Showgrounds Royal Show 2007, and from two shopping centres located north (Whitfords) and south (Success) of the River. These locations were selected because a cross-section of the community could be found to represent the general population of WA. Management approval from the two shopping centres was obtained prior to administering the questionnaire. Ethical issues were considered at every stage of the research process and ethical clearance was obtained from the Ethics Committee of a large

WA university. Verbal consent was also obtained from participants and their involvement was completely voluntary. For those who agreed to participate, the purpose of the study was explained, including the nature of the research and the need for it. Participants were assured confidentiality and were given an opportunity to decline to participate at any time.

Potential participants were approached and screening questions were asked to determine their eligibility. These questions included their age, their residential status, and whether they have donated money to not for profit organization in the last six months. Between the 8th and 19th of October 2007, 400 people were intercepted and interviewed. and questionnaires were completed on time. The survey participants consisted of 58% females and 42% males, aged between 18 and 55⁺. Twenty seven percent of participants were in the 35-44 age bracket whilst 32% of the sample was tertiary educated. 48% live north of the River, 44% live south of the River while 8% come from regional/country WA. The largest percentage of donations (61%), were mainly to Cancer Foundation (Table 1).

Table 1. Profiles of Respondents (N = 400)

Demographics	Categories	Percent*
Gender	Female	58
	Male	42
Age	18-24	7
	25-34	17
	35-44	27
	45-54	36
	55+	13
Educational qualifications	High school	30
	Apprenticeship	10
	TAFE	28
	First degree	26
	Masters/PhD	6
Donated money to:	Cancer	62
	Heart	11
	Children	7
	Others	20

* Percentage rounded off for clarity.

RESULTS AND DISCUSSION

The mean scores of the 22 scale items ranged from a high of 6.44 to a low of 2.15 with eight items falling below 4.50. These were feel guilt; fee bad; memory of loved one; benefit; family link; informed; communications; and belonging (Table 2).

Table 2. Descriptives (N = 400)

Scale Items	Mean*	Std. Dev
I will be giving more money in the future	6.44	1.04
I donate money because I trust they will always use donated money appropriately	6.24	0.96
I give money because I trust they will always conduct their operations ethically	6.24	0.97
I give money because I trust they will always act in the best interest of the cause	6.22	0.99
I give money because I believe that organisation is most likely to have an impact on a particular cause	6.13	1.04
I would trust the organisation to use fundraising techniques that are appropriate and sensitive	6.13	1.07
I give money because I trust they will never exploit their donors	5.97	1.29
I give money because I feel comfortable in dealings with that organisation	5.93	1.21
I give money because the organisation spends a high proportion of its income on a particular cause	5.92	1.22
I give money because I care about the long-term success of this organisation	5.79	1.25
I give money because the organisation's communications are always courteous	5.77	1.34
I give money because the organisation's communications make me confident it is using my money appropriately	5.58	1.37
I would describe myself as a loyal supporter of the organisation of my choice	5.24	1.60
I give money because the organisation's communications are timely	5.20	1.67
I give money because the organisation keeps me informed about how my monies are being used	4.28	2.03
I give money because I feel a sense of belonging to that organisation	3.96	2.15
I look forward to receiving communications from a nonprofit organisation of my choice	3.65	1.92
If I never donated I would feel bad about myself	3.44	1.97
I donate money because I feel that someone I know might benefit from my support	3.32	2.36
I often donate money because I would feel guilty if I didn't	2.80	1.80
I give money to the nonprofit organisations in memory of a loved one	2.77	2.39
I give money to a nonprofit organisation because my family had a strong link with it	2.15	2.07

*1 = Strongly disagree; 7 = Strongly agree

Factor Analysis

The 22 scale items from Sargent et al (2006) instrument (see Table 2) were factor analysed. Principal Components with Varimax rotation using eigen values ≥ 1 and factor loadings $\geq .40$ as a minimum criteria were applied. Six factors with a total of 17 items accounting for 74% of total explained variances were extracted; however, one factor consisting of two items (*give more money in future* and *success of the organisation*) reporting Cronbach's alpha (α) = .534, which according to Hair et al. (2006:102) was below the 'values of .60 to .70 deemed the lower limit of acceptability', hence was removed and further factorisation has led to the extraction of four factors (14 items) accounting for 68.5% of the explained variances (Table 3).

Table 3. Rotated Component Matrix

Scale Items	1 Trust	2 Communication	3 Family	4 Guilt
Appropriate use of donations	.871			
Behave Ethically	.869			
Exploit Donors - Trust	.847			
Sensitive Fundraising Techniques	.836			
Informed		.848		
Communications - Confident		.665		
Receiving Communications		.664		
Belonging		.635		
Income - Cause		.547		
Memory of a loved one			.816	
Benefit			.787	
Family Link			.785	
Feel Bad				.917
Feel Guilty				.907
<i>Eigen value</i>	4.258	2.476	1.532	1.329
<i>Variances explained %</i>	30.417	17.685	10.944	9.491
<i>Cronbach's alpha (α)</i>	.896	.740	.745	.846

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with KMO = .771;

Bartlett's Test of Sphericity $\chi^2_{(df=91)} = 2508.907, p = .000$; Cronbach's alpha (α) = .85.

Groups Means

Independent samples t-test was conducted to determine whether respondents differed on their perceptions of the four factors on the basis of gender. With the exception of Factor 1 (trust) all other factors indicated statistically significant differences between males and females (Table 4). On the communication, family, and guilt factors male respondents indicated significantly higher mean scores compared with female responses. The *t*-values ranged from 4.4 to 4.7 with significant *p*-values being .000.

Table 4. Independent Samples Test

Factors	Male	Female	t	Sig.
1. Trust	6.19	6.08	1.118	.246
2. Communication	4.91	4.36	4.447	.000
3. Family	3.09	2.27	4.533	.000
4. Guilt	3.46	2.64	4.730	.000

One-way ANOVA was conducted to determine any statistically significant differences between age groups on the four motivation factors. Statistically significant differences were reported across age groups on the trust and communication factors. On trust factor the mean score for the 18-34 age group was significantly lower than the mean scores for all other age groups. On the communication factor, two sets of differences were noted. Firstly, the 18-34 age group mean score was significantly lower than that of 45-54 and 55+ age groups. Secondly, 35-44 age group scored significantly lower compared with 55+ age group (Table 5).

Table 5. Motivations for giving by age (means)

Age group	Trust	Communication	Family	Guilt
18-34	5.81 ^a	4.23 ^a	2.92	3.47
35-44	6.24 ^a	4.58 ^b	2.44	2.81
45-54	6.26 ^a	4.86 ^a	2.74	3.13
55 ⁺	6.23 ^a	5.16 ^{ab}	3.05	3.09
Total	6.14	4.68	2.75	3.12
<i>F</i>	5.414	8.555	1.715	2.401
<i>ANOVA sig.</i>	0.001	0.000	0.163	0.067

Means with different letters are significantly different from each other at $p \leq 0.05$.

Multiple regressions were conducted to determine the predictive ability of the four factors on the intention to donate money in the future. The model consisting of trust, communication, family, and guilt as a whole was a significant predictor of future intentions to give ($R = .448$; $R^2 = .163$; $Adjusted R^2 = .155$; $F change (4, 395) = 19.301$; $sig. = .000$). At the univariate level, only trust emerged as significant predictor for future intentions to give ($beta = .369$; $sig. = .000$) (Table 6).

Table 6. Future intentions to give

	Unstandardised Coefficients		Standardised Coefficients		
	B	SE	(Beta)	t-values	Sig.
(Constant)	4.752	.238		19.931	.000
Trust	.298	.041	.369	7.210	.000
Communication	.041	.032	.066	1.266	.206
Family	-.019	.020	-.046	-.959	.338
Guilt	-.040	.021	-.093	-1.920	.056

Regression analysis of the items making up the trust factor indicated a model that significantly predicted intention to give in the future. ($R = .459$; $R^2 = .211$; $Adjusted R^2 = .203$; $F change (4, 395) = 26.420$; $sig. = .000$). At the univariate level, only appropriate use of donations was reported as the significant predictor for future intentions to give ($beta = .388$; $sig. = .000$) (Table 7).

Table 7. Future intentions to give (Trust dimension)

	Unstandardised Coefficients		Standardised Coefficients		
	B	SE	(Beta)	t-values	Sig.
(Constant)	4.212	.248		17.124	.000
Appropriate use	.309	.069	.388	4.468	.000
Ethical	.116	.066	.147	1.754	.080
Exploit donors	-.087	.045	-.147	-1.917	.056
Fund raising	.041	.051	.057	.799	.425

CONCLUSION, LIMITATIONS AND FURTHER RESEARCH

The results of the current research clearly show that many personal values have the potential to influence the specific genre of charity that an individual might choose to assist. But limitations of the study must also be recognised. Firstly the sample was limited to Perth, Western Australia. A convenience sample was selected for the purpose of the study, with respondents recruited from the Perth central business district, at the Claremont Showgrounds (Royal Show 2007), and two shopping centres located north and south of the City of Perth. A second limitation was that of the possibility of bias associated with social desirability. A tendency could exist for a participant to present him/herself in a manner that would be viewed favourably by others (Fisher, 1993). The current research did not include questions relating to social desirability. It is believed that this study has implication for academic researchers and could be employed in different geographical locations and specific organisations. Other research involving participants from various demographic backgrounds could be used to examine differences and similarities in giving behaviour. In conclusion, it is recommended that researchers consider examining antecedents of the likelihood of future donations.

References

- Amos, O.M. (1982). Empirical analysis of motives underlying contributions to charity. *Journal of Economics*, Vol.10, 45-52
- AusAID Resources, (2005). Australian Response to Disaster. Disaster Information and Resources. Available On-line:
<http://www.developmentgateway.com.au/jahia/Jahia/pid/3533> and
<http://www.usaid.gov.au/hottopics/tsunami/images.cfm>
- Bennett, R. (2002). Factors underlying the inclination to donate to particular types of charity. *International Journal of Nonprofit and Voluntary Sector Marketing*, 8(1)
- Bennett, R. & Sargeant, A. (2003). The nonprofit marketing landscape: Guest editors introduction to a special section, *Journal of Business Research*, Vol.58, 797-805.
- Bierhoff, H.W. (1986). Donor and recipient: Social development, social interaction, and evolutionary processes. *European Journal of Social Psychology*, Vol. 17, 113-130
- Burnett, J.J. and Wood, V.R. (1988). A proposed Model of the Donation Process. *Journal of Consumer Behaviour*, Vol. 3, Iss. 1, 1-47.
- Cugliari, C.W. (2005). A post-positivist qualitative study of philanthropic donors to Appalachian Ohio. Doctoral Dissertation, Graduate School, Ohio State University.
- Fisher, R. J. (1993). Social desirability bias and the validity of indirect questioning. *Journal of Consumer Research*, Vol. 20, 303-315.
- Department of Family and Community Services, The Government of Australia and ACOSS, (2005), *Giving Behaviour - Summary of Key Data*. Sydney.

- Guy, B.S. & Patton, W.E. (1989). The Marketing of Altruistic Causes: Understanding Why People Help. *Journal of Services Marketing*, Vol. 2, Iss. 1, 5-6
- Hall, H. (2006). Coming Strong: Gifts in 2005 nearly matched all-time high of 2000. *Chronicle of Philanthropy*, CFN Bulletin No. 49. Available On-line: <http://www.philanthropy.com>
- Hays, R. D., Hayashi, T., & Stewart, A. L. (1989). A five-item measure of socially desirable response set. *Educational and Psychological Measurement*, Vol. 49, 629-636.
- Hernandez-Murillo, R. & Roisman, D. (2005), *The Economics of Charitable Giving: What Gives?* *Regional Economist*, Vol.10, p.12
- Industry Commission Report, (1995). Annual Report. Available On-line: <http://www.developmentgateway.com.au/jahia/Jahia/pid/3533>
- Manner, J.K. & Gaillot, M.T. (2007). Altruism and egoism: Prosocial motivations for helping depend on relationship context. *European Journal of Social Psychology*, Vol. 37, 347-358.
- Polonsky, M.J. (2003). Editorial: Who receives the most help? The most needy or those with the best marketers? *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol. 8, No.4
- Smith, J.R. & McSweeney, A. (2006). Charitable Giving: The Effectiveness of a Revised Theory of Planned Behaviour Model in Predicting Donating Intentions and Behaviour. *Journal of Community and Applied Social Psychology* DOI2 10.1002/906

Sargeant, A. (1999). Charitable Giving: Towards a Model of Donor Behaviour. *Journal of Marketing Management*, Vol. 15, 215-238.

Sargeant, A., Ford, J. & West, D.C. (2001). The Role of Perceptions in Predicting Donor Value. *Journal of Marketing Management*, Vol. 17: 407-428.

Sargeant, A., Ford, J. & West, D.C. (2006). Perceptual Determinants of Nonprofit Giving Behaviour. *Journal of Business Research*

Sargeant, A. & Woodliffe, L. (2005). The Antecedents of Donor Commitment to Voluntary Organisations. *Nonprofit Management and Leadership*, Vol.16, No. 1

Söderlund, M. (2003), The retrospective and the prospective mind and the temporal framing of satisfaction, *European Journal of Marketing*, Vol. 37, No.10, pp.1375-90.

UK Giving (2006), Results of the 2005/06 Survey of Individual Charitable Giving in the UK. Available On-line:

<http://www.ncvovol.org.uk/uploadedFiles/NCVO/Research/UK%20giving%202005-06.pdf>