

DIRECTORY OF SOCIAL CHANGE

INFORMATION AND TRAINING FOR THE VOLUNTARY SECTOR

DSC additional response to the Giving Green Paper (individual giving)

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About the Directory of Social Change

The Directory of Social Change has a vision of a better society through independent voluntary action. We believe that the activities of charities and other voluntary organisations are crucial to the health of our society.

Through our publications, courses and conferences, we come in contact with thousands of organisations each year. The majority are small to medium-sized, rely on volunteers and are constantly struggling to maintain and improve the services they provide.

We are not a membership body. Our public commentary and the policy positions we take are based on clear principles, and are informed by the contact we have with these organisations. We also undertake campaigns on issues that affect them or which evolve out of our research.

We view our role as that of a 'concerned citizen', acting as a champion on behalf of the voluntary sector in its widest sense. We ask critical questions, challenge the prevailing view, and try to promote debate on issues we consider to be important.

Summary of evidence on individual giving in the UK¹

Individual giving accounts for between one quarter to one third of the total income of fundraising charities in the UKⁱ although this proportion obviously varies amongst different charities, some of whom rely solely on individual donations for their funding. Besides being an important source of income individual charitable giving is also an important measure of civil society and is concomitant with personal and national wellbeingⁱⁱ.

Individual giving in the UK is remarkably stable, or another way of looking at it is that it is stagnant. Over the last 20 years the amount given has remained around 0.4% of average household expenditure, while the proportion giving has been declining and currently stands at just over 50% of the population.

Is it possible to achieve a step change in individual giving in the UK? Evidence suggests that previous attempts have been largely unsuccessful, while step changes have been achieved by random events such as the millennium and large disaster appeals. This paper explores the existing evidence about the nature of individual giving in the UK and looks at what measures could be taken to increase giving.

Key recommendations

- Listen to the experts around what works and what doesn't, at all stages;
- Any 'campaign' to increase giving should have clear goals about what exactly it wants to achieve (e.g. greater amounts or more people giving or both);

¹ This response deals largely only with individual giving as this is the author's primary expertise

- More evidence of the ‘millennium effect’ and disaster appeals is needed to understand what aspects of these phenomenon could be used to encourage more giving;
- Better understanding of how young people prefer to give will enlighten policy and practice in this area;
- Behavioural nudges should be implemented with care, and endorsed (conveyed) largely by charities rather than government with an understanding of how they fit with other motivations for giving;
- Any ‘giving campaign’ might be best waiting until the cuts have done their worst and the economy picks up, or if not, at least after the government and big business have made some sign of their willingness to contribute;
- A ‘giving campaign’ based on the same principles as Green campaigns might have a lot of traction.

A word of warning at the beginning

Why another government Giving Campaign won’t work

Let’s start with what we know, and learning from our past (mistakes and successes). Having been involved with the research team working with The Giving Campaign 2001-2004 we concur with another former member who commented in Civil Society recently on its failure to raise giving in a “major, sustainable” wayⁱⁱⁱ. Furthermore, ‘Gift Aid’, the major branding exercise presided over by The Giving Campaign, despite nominal success, is now thought to be levelling off^v and in need of a new digital overhaul^v. There is now a mass of evidence that no ‘man-made’ initiatives have had a major or lasting effect on giving and growing evidence that behavior change solutions touted by some as the answer may have little effect either (see below for evidence on these points).

This said, we should not do nothing! However, we should also not set out on another major government campaign which will be bound to fail. This calls for another way of working and an approach which has several prongs.

What is the goal of ‘a more giving society’?

But from the start the goals need to be clear – are we looking for greater participation rates or greater amounts given? The evidence is clear that the drivers behind these two goals are different and therefore to achieve both would take a greater and more varied effort than concentrating on one or the other².

² And there are consequences of the choices made. If it is decided that it would be easier to raise more money from a few big givers it should be borne in mind that, as Cathy Pharoah points out in ‘The New State of Donation’: “increased major giving would not necessarily bring additional funding to all causes, or to the most needy.”

The evidence: Individual giving over the last 30 years

New research just published by CGAP/CMPO^{vi} demonstrated that trends in amounts given are remarkably stable over time and quite resistant to efforts aimed at achieving great change.

“While average donations have increased, the rise in giving over the past two decades has only broadly been in line with GDP growth. As a share of their total spending, households today give 0.4 percent – this is the same as it was in 1988.”

Source: *The New State of Donation, 2011. Executive Summary.*

There have been some changes within this picture, most notably at the millennium and to a lesser degree at the time of the Asian tsunami disaster of 2004/05. Other disaster appeals have had a short-lived positive effect on giving but have not provided any step changes:

“some – but not all – disaster appeals coincided with increases in the proportion of households giving and in the amounts given. This is important in that it suggests that disaster giving does not completely crowd out other giving. However, there is also little evidence that giving in response to a disaster appeal causes any long-term change in people’s giving behaviour. The effect of a disaster – if any – on total household giving is short-lived.”

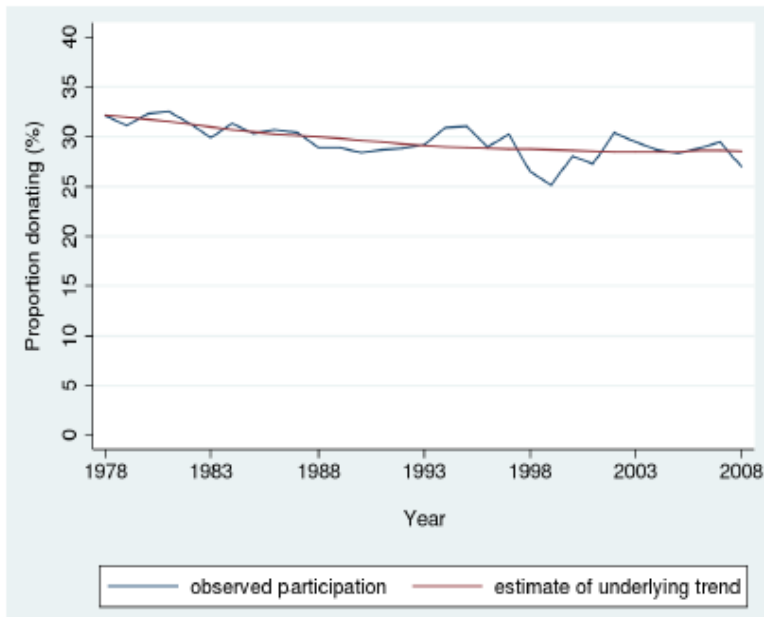
Source: *The New State of Donation, 2011.*

The millennium, on the other hand, did provide the only step change in the proportion of people giving observed over the last 30 years, even if this was to halt a decline:

“The Millennium year marked a turning point in the proportion of households giving to charity. The proportion of households giving to charity during a two-week period fell from 32 per cent in 1978 to 25 per cent in 1999. Over the period 2000-2008, participation has averaged over 28 per cent with little evidence of any clear trend. Further analysis indicates that rising participation among younger age-groups may help to explain the change.”

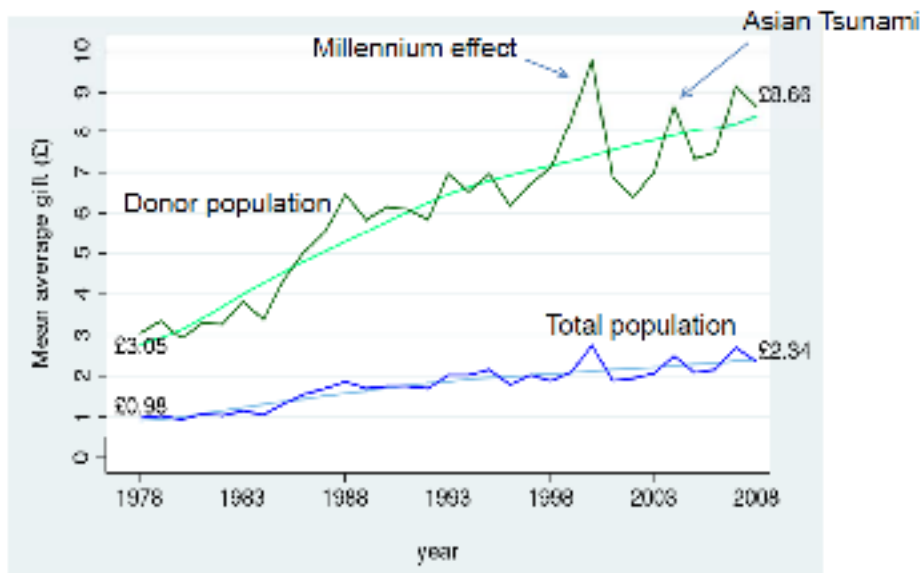
Source: *The New State of Donation, 2011.*

Figure 3.1: Proportion of households giving to charity, 1978-2008, in Great Britain



Source: *The New State of Donation*, 2011.

While participation levels may have been raised to a new level, the average amount given has shown less of a robust lift, and has been quite volatile since the millennium:



Source: CGAP presentation^{vii}

This evidence of a material change since the millennium is not only evident in the CGAP/CMPO study of household giving^{viii} but can also be observed in the surveys of individual giving published by CAF and NCVO^{ix}, which show that some longstanding trends in giving which were holding back the growth of civil society are now showing signs of a reversal.

An analysis of the individual giving surveys shows that the percentage of the UK adult population who give to charity each month has traditionally been falling by very small amounts year on year while the average amount given per person has risen, meaning that private giving to charities has been increasingly propped up by a shrinking group of big givers. Since the millennium and particularly over the last few years the proportion of people giving and the average amount given appear to have levelled out, indicating a slight move towards greater democratization of giving (although there is still an increasing dependence on the larger donations from the most well-off).

While the millennium effect raised the proportion giving, the slight decrease in the size of the average gift may be in response to the recession.

What drives changes in giving behaviour?

Macro-economic factors drive changes in amount given

A report by Donations Foresight 2005^x (a project that was commissioned by CAF, NCVO, and a consortium of eighteen charities) using both household and individual data from 1986-1999/2000, found that:

“It is quite clear from this analysis that over the fourteen-year period under examination growth in size of average gift has been predominately driven by factors within the macro economy, rather than factors inherent to the charity sector itself.”

Macro-economic factors can include income, house prices and unemployment, while inflation had the second biggest effect on giving over the same period. This may also explain why better off donors are giving more (The New State of Donation). However, the same analysis on participation rates found:

“Unlike average gift, the state of the macro economy appears to explain little of the change in participation between 1986 and 1999.”

Generational effects drive changes in participation rates

The New State of Donation report showed that the decline in participation was seen as driven largely by generational effects, with younger households less likely to give than older households. However, as noted earlier, the biggest increases in post-millennium giving have been among younger households, although we don't yet know what might have caused this shift. And it must be emphasised that, despite this, the highest participation rates in giving are still amongst the older age groups and especially in the oldest age group, the over 65s on whom the brunt of giving dependency currently rests.

Household influences

According to the New State of Donation report, over the last 30 years (and particularly since the millennium) other household influences on giving are also more influential on giving:

“Levels of expenditure and age are increasingly strongly and positively related to giving. The presence of women and of children in the household still have positive effects on giving amount and participation, but are reducing. The same is true of higher education. Those with mortgages are giving (relatively) less than they were. Explanations may lie in the increasing number of small, women-only, and single-parent households, the expansion of higher education, and the higher costs of mortgages, but the overall implication is that fundraising targeting and approaches may need to change.”

Source: *The New State of Donation, 2011.*

The millennium effect

- A number of initiatives and campaigns may have contributed to the spike in giving at the millennium, besides its inherent features:
 - Advertising: “A steep increase in advertising in 1999 and 2000 coincided with a pick up in giving, probably as the Millennium was used as a factor to strengthen the case in many charitable appeals.” Donations Foresight;
 - Specific Millennium appeals, such as the Children’s Promise scheme;
 - Significant reform to Gift Aid which meant that all donations made by taxpayers were in theory eligible for tax relief (abolishing the minimum eligibility threshold).

Whatever the millennium effect was, it provided a step change in the participation rates for giving which have since been sustained, and a spike in giving amounts which has not had a long-lasting effect. However, it also seemed to usher in an age of greater volatility and uncertainty in giving participation:

“Since 2000 participation also seems to have become more volatile. This is in spite of an increase in the use of “pre-committed” methods of giving (sometimes called ‘planned giving’), including standing order, direct debit, payroll giving schemes and other direct deductions from pay.”

Source: *The New State of Donation, 2011.*

Part of this volatility may be due to the greater prevalence of younger donors who may prefer to give in different ways – dipping in and out of giving in a more sporadic way than older donors? This may signal the need to approach giving participation in more enlightened ways, acknowledging that regular giving may not be the best vehicle for all givers.

A new approach to increasing giving – behavior change – nudge theory

First off, there needs to be a lot of caution around thinking that government can create a ‘culture change’. Viz: “The government can play a role in creating the choice architecture and entrenching norms for giving, and we invite views on whether we should be looking to establish social norms around the giving of time and money, and what those norms should be.”

The Green Paper itself acknowledges that “Social action is not something that government can, or should, compel people to do”^{xii}, and giving is a personal act which government (or anyone else) should not compel people to do. So while ‘supporting’ giving and making it easier is good, you do need to be careful to maintain that balance of free will and not shove people too hard or be too in their faces about their ‘civic duty’ or they’ll rebel.

That said, there are a lot of positive ideas outlined in the Green Paper. Economic psychology and behavioural economics have a lot to offer in terms of understanding human behavior of all kinds, including giving to charity, which is why we are very glad to see its appearance in this Green Paper. There is much to be encouraged about, and much to be cautious about as well.

As we have seen in the evidence above, history teaches us that man-made giving campaigns have traditionally done little to change giving behavior in the UK. This should not discourage us from trying, but it should inform how we try. Government should not be the driver but the supporter, however “support” is a difficult act to achieve. Government support for any behavior change ‘programme’ must not too overbearing or directive, but not too distant or intangible either.

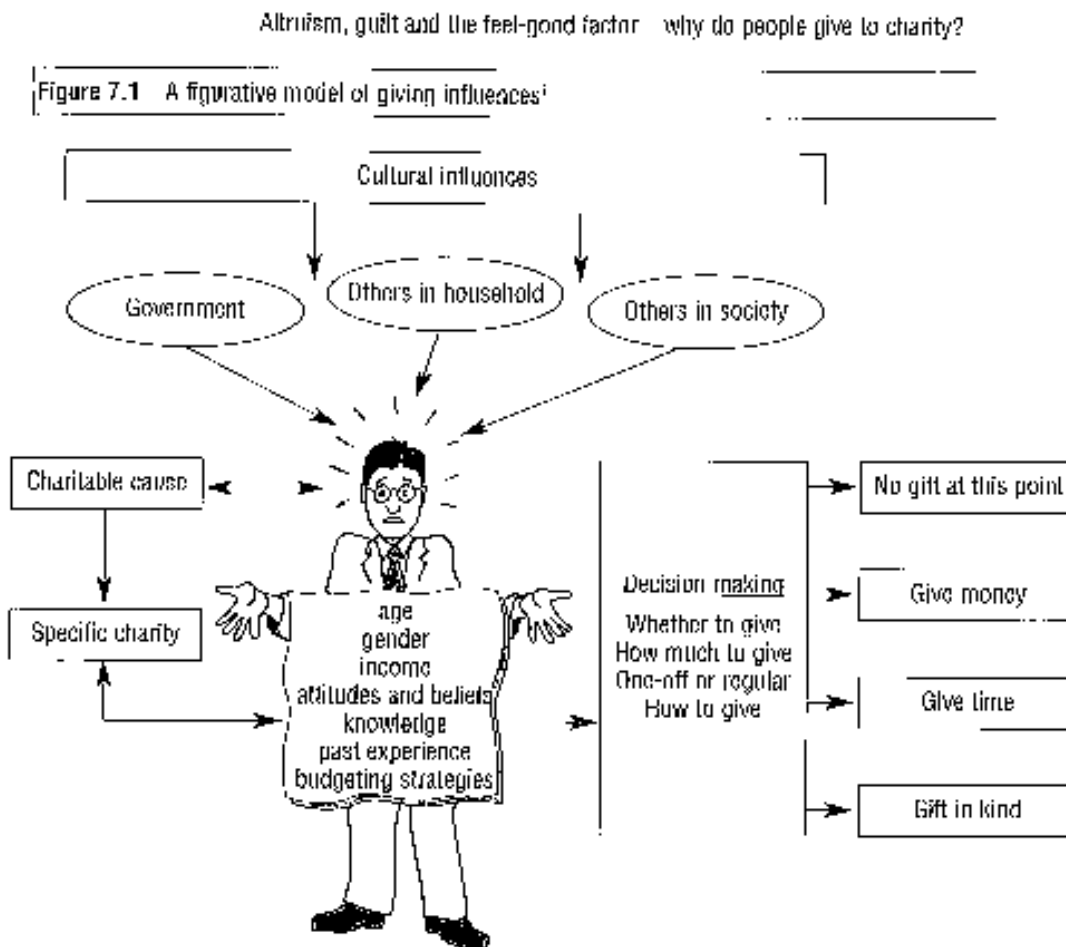
We have considered the behavioural economic approach to encouraging giving in some depth and note the following points and recommendations for how any nudges/behaviour change are implemented:

- At the EAPG seminar^{vii} the message was very clear that: “government should not be the messenger” (Gerry Stoker, Professor of Politics and Governance at the University of Southampton and founding Chair of the New Local Government Network), charities are more ideally placed to be the messengers in this scenario;
- The effect of the majority of nudges is modest^{xii};
- Most nudges need to be repeated over time to remain effective;
- Opt-in schemes appear to have greater effects on people, but setting a one-size-fits-all amount to opt-in to may bring down total giving by curbing more generous individuals;
- There is a lot of suspicion about nudge theory, verging on conspiracy theories and fears about ‘government brainwashing’ – these suspicions need to be handled sensitively and having government at one remove may help with this so long as the suspicion does not then revert to the charity messenger;
- Nudges should not be viewed as a silver bullet but should accompany other strategies;

Motivations for giving

There are many different reasons why individuals give to charity, and many influences which can come to bear on these decisions. As figure 7.1 below shows, just some of these influences are within the scope of any campaign to change the culture of giving,

including behavioural change aspects. Clearly any 'campaign' which can act on as many of these variables as possible will stand a much better chance of success. Therefore a campaign which is endorsed both by government and by ones family and peers and by the voluntary sector as a whole covers a lot of bases in the fight for greater giving. While taking account of the different ways in which different genders, generations, ethnic and income groups prefer to give is just as important.



Source: Walker, C. (2002) *Altruism, guilt and the feel-good factor – why do people give to charity?* Chapter 7 in *A Lot of Give: Trends in Charitable Giving for the 21st Century*, Hodder & Stoughton

Specific comments on suggestions from the Green Paper for schemes to encourage greater giving:

- **Information** - As the Green Paper suggests, information is key to giving – people need to know who to give to, how to give, how to get involved, what the impact will be on their giving, and they need to be able to trust the source of this information. Social media does work well in this way as people tend to have greater trust in those in their social networks and it thus acts as peer

reinforcement and a signal of worth, trust and confidence. Social media sites are also a natural environment for people to show what they care about and so are perfectly in tune with social and community involvement. More charities should enable web apps so that people can signal that they support a charity, and have different 'special' ones to show that they support it financially or as a volunteer, etc. Viral campaigns can and do work on social media but only in moderation – flooding turns people off. More effective reporting on social impact is vital, but only so long as it goes beyond reporting on what is patently obvious.

- **Greening giving** - People need to know what really happens to their money, how much goes on admin and further fundraising and why and what happens to the money that goes to the cause. Maybe people need to know what would happen if they didn't 'do the right thing', in the same way that 'The Age of Stupid' film did for the Green movement – a whole information and public awareness campaign. The Green movement probably has a lot to teach us about making it easier for people to 'do the right thing' – think how recycling has gone from a loony fringe behavior to an everyday way of thinking – mainly through providing easy-to-use facilities (and sometimes by making other options unavailable or less attractive e.g. having to pay for the amount of rubbish you generate or having to take your own rubbish to the tip. The thing to work out would be how to make not giving more (psychologically or socially) costly?
- **Local impact** - Seeing the impact of your donations is very important, and giving locally could make this easier. Information and reciprocity are key, but people are very down on charities spending any money on factsheets, pencils or anything which is not seen as core to their central work so this needs to be done sensitively and at very low cost. But being more 'involved' does cost money. Electronic means/social media lend themselves to this better, as does adding the cost of informing into other activities e.g. fundraisers generally inform the donor of what their pounds will buy/achieve. You just won't please all of the people all of the time! Maybe charities could be more upfront and say: "If you add an extra £5 to your donation we'll send you an update about what your money achieved – many charities do this already via membership / subscriptions.
- **GIVES** - Agree with all the G I V E S in principle – the practice will be harder!
- **Great Opportunities** - Care needs to be exercised in how some of these 'opportunities' are presented so as not to lead to a backlash of resentment in these straitened times. People might be confused at trying to work out a tip and a round-up with the Pennies idea; and while Everyclick is great people need to be reminded to use it rather than going direct to their favourite online shop, to form new habits it has to be so easy and everyone has to be doing it – if you get the big boys like Amazon and Ebay on board then it becomes more of a norm; Justgiving, etc. are brilliant but the worry is about diminishing returns in a saturated market – if everyone's doing it, getting you to sponsor them, then donations start to decline and people get sick of it.

- **Visibility** - Many people, us included, get a bit uncomfortable when people start suggesting we should be more like the Americans and going around shouting about how much we do for charity is no exception. On the other hand we can see the value in 'normalising' giving and volunteering and agree with celebrating those that exemplify these activities, but you can't just 'establish' a social norm. Agreed social media are key but not everyone is online and people need the right information delivered to them where they are – at home or at work – not just left to chance or a stand at the library.
- **Exchange & Reciprocity** - David Halpern's comments here seem to have been taken slightly out of context. What he says is that people are hard-wired to respond / reciprocate to acts of kindness done unto them, not that they do things in order to receive kindness. This is the principle behind the 'emotional blackmail' of sending a 'free' pencil / pen / calendar / diary / address labels, etc. in return for a donation. The schemes he therefore commends for reciprocity are those which ask someone to do something in return for a kindness they have received. Some charities are very adept at using (nay manipulating) human behaviour in their fundraising techniques, e.g. many use the classic foot-in-the-door technique of getting people to agree to something very small and then building up to a bigger ask. What Halpern also says though is that people respond biologically/psychologically to an act of their kindness being acknowledged and/or reciprocated in some way – this seems to me to be the most fruitful way forward.
- **Support** - The Community First programme seems a good idea to help fund small, local programmes, while the Community Organisers, whilst sounding good, DSC has already criticised for not taking into account what's already happening on the ground. Indeed the principles of better information and visibility surely apply here, rather than new schemes! The Volunteering Match Fund sounds like a good idea but would need to be made sound in practice. Opening up the government estate will be great for London-based charities only, or for those wishing to hold national meetings there.

Conclusions

There are no silver bullets when it comes to giving. The UK has a remarkably stable individual giving environment which has proved pretty resistant to all manner of positive and negative changes. However, a programme of changes, taking into account a number of factors which have been proven to have some effect on some people may be the best way forward.

In our opinion, though, such a campaign would probably not be successful in the current climate – both economically and politically – as people are suffering the economic consequences of both the cuts and the recent banking crisis. The prevailing mood amongst the populace is "why should I step in to fill the void made by the rich bankers

and the government?” A giving campaign of any sort is not going to work in these times. There are two solutions to this:

1. Some sign from the government and banking sector that they are both willing to also step in to protect and serve the voluntary sector (something that goes beyond the Big Society Bank (seen as pointless and meaningless));
2. Current issues do not mean that the groundwork cannot be laid. Behavioural change does not happen overnight. And perhaps as the economy recovers and people’s moods lift, then is the time to launch something bigger and better. Come back to us then to talk about a “Feel Good Giving Campaign”!

***About the author: Dr. Catherine Walker, Head of Sector Trends, DSC**

Dr. Catherine Walker has a PhD in Economic Psychology. Her particular interest is why people do the financial things they do – e.g. saving, investing, spending, giving. She has worked in the voluntary sector since 1998 with small charities as well as large national charities, including 7 years as Head of Research at the Charities Aid Foundation. Since leaving CAF Catherine has worked as an independent consultant before joining the Directory of Social Change in 2010. She has been deeply involved in researching individual giving to charity over the last 12 years, including helping to design and analyse the CAF/NCVO individual giving surveys, exploring different individual’s motivations for giving, and how tax incentives incentivise giving.

Endnotes

ⁱ CGAP, CAF, NCVO, Almanac and UK Giving surveys.

ⁱⁱ CAF World Giving Index 2010 (<http://www.cafonline.org/pdf/WorldGivingIndex28092010Print.pdf>)

ⁱⁱⁱ Simon Hebditch commenting on Martin Brookes 22nd December 2010
(www.civilsociety.co.uk/fundraising/news/content/7980)

^{iv} “Gift Aid was used by 40% of donors in 2009/10, a similar proportion to 2008/09. Before that there had been a gradual increase in the proportion of donors using Gift Aid, from 32% in 2005/06 to 38% in 2007/08.” UK Giving 2010, CAF/NCVO

^v Digital giving: modernising Gift Aid; taking civil society into the digital age (ResPublica, 2010)
(www.respublica.org.uk/sites/default/files/Digital%20Giving.pdf)

^{vi} ‘The new state of donation: three decades of household giving to charity 1978-2008’
<http://www.cgap.org.uk/uploads/Presentations/SmithCowleyMcKenzie%20New%20state%20of%20donation.pdf>

^{vii} **Responding to the ‘Giving’ Green Paper**, Seminar to help inform responses on The Giving Green Paper. Organised by: Centre for Charitable Giving and Philanthropy (CGAP), the Centre for Market and Public Organisation (CMPO), The National Council for Voluntary Organisations (NCVO) and the European Association for Philanthropy and Giving (EAPG) Tuesday 15 February 2011.

^{viii} The CGAP/CMPO “New State of Donation” report analyses household-level data on charitable donations from the Living Costs and Food (LCF) survey over the period 1978 – 2008. The LCF survey is the UK’s largest detailed survey of household expenditure and has existed since 1957, although much of the information of interest is available on a consistent basis since 1978. The LCF survey is the only survey to have collected household-level information on charitable donations on a consistent basis over such a long period, allowing us to analyse long-term trends in giving. The survey samples nearly 6,500 households annually,4 on a rolling basis over the year. Our final sample, which pools data from 31 waves of the survey,5 includes information on 205,925 households.

^{ix} See surveys of giving by CAF/NCVO 2004/05-2009/10 (www.ncvo-vol.org.uk/research/giving; www.cafonline.org/ukgiving)

^x The core of this project was a time series model built with data from the Family Expenditure Survey (FES) over the period 1986 to 1999/2000. The FES was selected as it provides the best source of long run historic data, collected in a broadly consistent manner. Data from the FES were reconciled with the NOP omnibus survey produced for NCVO from 1995 onwards. <http://www.cafonline.org/pdf/DonationsForesight.pdf>

^{xi} Giving Green Paper, HM Government, 2011, Introduction p5.

^{xii} Peter John et al., "Nudge, Nudge, Think, Think: Using Experiments to Change Civic Behaviour" Bloomsbury Academic, 2011.