

# THE AMID PAPERS

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## WHY DO PEOPLE DONATE TO CHARITY?

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Flashback to summer 2014, when the Ice Bucket Challenge went viral. Within the span of a few weeks, social media became flooded with videos of people either dumping a bucket of ice water over their own head or having it done by another person, after which they would nominate other people to do the same. The idea was that the nominated people would have to proceed to post a video of having a bucket of ice water poured on their heads within 24 hours, or donate money to the ALS Association, in the United States, or its equivalent in other countries.

Soon, even celebrities and politicians started participating in the Ice Bucket Challenge, which even accelerated its popularity and the amount of awareness that was raised about ALS. Also, donations for charity foundations dedicated to ALS started pouring in, even by people who reported to usually not donate money to charities. What was the rationale behind this? And how thought out were these donations?



## USING EVIDENCE-BASED DECISION-MAKING TO DONATE

In the summer in which the Ice Bucket Challenge gained ground, Dutch researcher and founder of Effective Giving NL Kellie Liket wrote an opinion piece for De Volkskrant, in which she reflected on exactly the questions posed above (1). She argued that most people give money to charity foundations without questioning the impact of their donation, simply because there is a hype or because they are asked to donate money, such as in the case of the Ice Bucket Challenge.

However, she stressed that even though ALS is a serious disease which leads to 500 deaths in the Netherlands per year, annually one million people worldwide die of malaria, which can be prevented by rather simple interventions such as vaccinations and clean drinking water. Whereas the donation of money for ALS medication prolongs the lives of patients with a few months, the donation of money for the distribution of malaria nets can prevent children from dying at a young age, meaning that donating money to the latter cause can have as much as 500 times more effect.

Therefore, even though all human lives are equally important, donations for a certain charity foundation may unmistakably have a greater impact than donations for another charity foundation. This so-called high impact philanthropy (2) is exactly the idea behind effective giving: “to help major donors to find - and fund - the most promising solutions to the world’s most pressing problems”(3).

Simply put, effective giving is a social movement that is about making rational decisions about which cause to donate to. The idea is “to optimise the social impact of a donation, either in kind or money, by considering all other alternatives” (4). Numbers are of great importance in this regard, as preference should be given to donations which are proven to reach the greatest number of people and have the highest return on investment (5). Therefore, it is premised upon evidence-based decision-making (6).

**'Donations to distribute malaria nets is 500 times as effective as donations for ALS medication'**

# WHY PEOPLE GIVE TO THE "WRONG" CAUSES

However, people rarely take rational decisions when it comes to donating money. Why do people engage in charitable giving then? And why do they give money to what some, including staunch supporters of the effective giving movement, may call the "wrong" causes? (7)

## 1 Temporary emotions

First of all, the willingness to donate is often driven by emotions which are temporary in nature. A good mood can positively affect the willingness to donate, so oftentimes trying to ensure that someone will donate money to a certain cause is simply a matter of making this request at the right time (8).

## 2 Identifiable victim effect

Second, the identifiable victim effect plays a key role (9). This effect is observed when people both administer punishment and offer aid. In the context of donations, it means that we are more willing to donate to an identifiable person than an anonymous group of people. Many charity foundations and NGOs seem to take this effect into account, to a greater or lesser extent, in their marketing and PR. As argued by psychologist Nathalie Nahai: *"The public now responds much better if they can follow a concrete and tangible impact in a charity advert. The most effective charity adverts feature just one person. If the advert shows just one single person, it feels more real*

*and therefore has more of an impact"* (10). In other words, statistics about the magnitude of the problem matter less than the extent to which people can identify with the beneficiaries of the charity foundation (11).

## 3 Urgent issues

Third, we are more prone to donate to urgent issues rather than chronic ones (12). This explains people's inclination to give money in the case of natural disasters or other sudden crises such as the fire that affected the Notre Dame cathedral in Paris. These causes can be contrasted with more structural or ongoing problems such as poverty or malnourishment.

## 4 Power of solicitation

Finally, people also donate money when someone asks them to do so, known as the power of solicitation (13). As identified by Dutch scholars René Bekkers and Pamala Wiepking, in the case of more than 85 percent of charitable donations, people gave money because they were asked to (14).



*'We are more prone to donate to urgent issues rather than chronic ones'*



## EFFECTIVE GIVING & ITS LIMITATIONS

As aforementioned, the effective giving philosophy runs counter to how many people are used taking decisions, namely intuitively rather than rationally. Stressing the proven effectiveness of a charity rarely leads to an increase in the number of donations, as most people who are motivated by the so-called “*warm glow giving*” are not susceptible to appeals based on evidence (15).

### *'Charities receive fewer donations in the Netherlands'*

If we now have a look at the giving trends in the Netherlands between 1999 and 2015, the absolute amount of donations increased to 5.7 billion euros. However, research has shown that relatively seen, generosity declined. In 1999, the Netherlands donated 0.96 percent of its GDP to charity, while in 2015 this number was at 0.85 percent (16). Recent research by De Volkskrant also confirms the decline in generosity: the total revenue of the 25 biggest good cause organisations in the Netherlands decreased by 2.6 percent in 2018 (17). These facts underline the importance of understanding effective giving, and people's ever-changing donation behaviour.

Next to the fact that adopting the effective giving approach may not come easily to most people, this philosophy also has other limitations.

First of all, cause partiality is problematic, because when we try to compare charity foundations to each other, we are actually comparing apples and oranges. The objectives that charity foundations have may differ from lives saved, to quality of life, to happiness, and therefore determining what is the preferred objective to be met is a highly subjective undertaking (18).

Second, connected to the first point, the effects when implementing a programme on a small scale may be different from the effects arising from implementation on a large scale (19). That makes it once again more difficult to compare programmes and charity foundations. An overarching problem is that generally, limited information is available on the impact of charity foundations. This indeed makes it difficult to establish which cause has the greatest impact.

### *'Decisions are ruled by our hearts rather than our heads'*

Finally, effective giving presumes that decision-makers are rational (20). However, as we have seen, benefactors are rarely driven by rational considerations themselves. In short, there is a strong case to be made for effective giving. However, as long as these decisions are ruled by our hearts rather than our heads, charitable giving will remain to be an emotional rather than a rational undertaking.

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