Understanding Donor Motivation and Behaviour
Among Middle – Class Americans

"First they open their hearts, then their minds and then they will open their wallets"
Maud Randel (2008) - Swedish Fundraising and Charity Marketing Specialist

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ABSTRACT

The primary purpose of this study is to gain further insight into why donors give money to charitable organizations, looking particularly at American middle class households. The study examines the giving patterns, priorities, attitudes, and motivations of American households for the year 2014. This research has three major goals: (1) to obtain further insight into why Middle - Class Americans give money to charitable organizations, what they want from their giving and what drives them, (2) to compare charitable giving motivations and behavior amongst middle class and wealthy households, 3)) to create segments to help understand donor behavior. The intent is to create segmentations based on underlying motivations to help charities understand not just how and when donors give, but why.

The most recent Internal Revenue Service records of Americans show that middle-class Americans give a far bigger portion of their discretionary income to charities compared to their wealthy counterparts (How America Gives, 2014; Stern, 2013). Academic literature has little to no content on the American middle – class donor group. This study attempts to bridge the gap in the literature by exploring empirically class difference in motives for charitable giving.

The study was conducted in the United States during August, 2015 and consisted of a 30 question web survey. 211 subjects participated via online platforms. The main statistical methods used to analyze survey data include; cluster analysis, cross tabulation, classification tree analysis, analysis of variance, and significance testing.

This study reveals that 92.5 percent of middle class households gave to charity in 2014. Middle class donors are impact driven, and are consistently motivated to give because they feel moved about how their gift can make a difference, they want to give back to

the community, make the world a better place, and they feel that those who have more should help those with less.

The survey data illustrated that income and education are significant characteristics when understanding differences in donor motivation and behavior, including preferences for cause, level of charitable commitment and knowledge on charitable giving. Furthermore, classification tree analysis was used to identify the variables that are most related to level of charitable giving. It was concluded that average annual donation increases with 1) household income, 2) religious attendance, 3) knowledge about charities, and 4) age.

The survey results identified four distinctive segments of donors based on differences in attitudes and motivations. The analysis clustered people based on the things that matter to them, which gave us insight into why they give and what they want from charities. The segmentation provides a rich resource for understanding and influencing donors.

This thesis hopes to provide new information and insight into donors' underlying motivations for giving, and opportunities to influence it, whilst providing the nonprofit sector with useful data needed to produce marketing strategies that are more efficient at both targeting and retaining donors.

This study is an initial attempt to investigate the relationship between giving motivations, behavior, marketing strategies and fundraising efforts. I expect the findings from the research to provide a platform for further research and discussion, thus make a small contribution to improving marketing efforts among charities. In particular, the results of this study will enable researchers to "test" the findings and put the segmentation in practice while gathering evidence on the impact of doing so. The aim is to increase quantity and quality of giving worldwide.

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CHAPTER 1: INTRODUCTION

This chapter will introduce the reader to the investigated topic of this thesis.
The chapter begins with a background introduction and further presents the problem
that is to be investigated. Furthermore, the aim of the thesis, and the research questions
that are to be answered are presented to the reader. This is followed by a short
introduction to the main concepts that are used in the thesis, which will give the reader
a broader understanding of the following chapters.

1.1 Background

Philanthropy is fashionable, following stars such as Oprah Winfrey and Bill Gates; there is a new enthusiasm for giving away money among the extremely wealthy. However, long before this trend among the rich and famous, the vast majority of ordinary Americans made monetary contributions to registered charities. (Andreoni & Petrie, 2004; Vesterlund, 2006) So why do so many people voluntarily give away their hard-earned money to charity? This is one of the enduring questions that have fascinated behavioral scientists for decades.

Researchers have looked into why people donate and propose that charitable giving is like a purchase of any other goods, where donations are subject on how much we earn and how much it costs to give for the donor. Tax deductibility, personal motives, and status have been shown to influence the level of giving. (Andreoni & Petrie, 2004; Vesterlund, 2006) But selfish motives do not explain all giving. What about the donor who each month anonymously supports a starving child in Africa?

Academics in the field have produced a vast body of literature examining how and why Americans make charitable contributions to the nonprofit sector. (Andreoni, Brown, & Rischall, 2001; O'Neil, 2001; Havens, O'Herlihy, & Schervish, 2006; Steinberg & Wilhelm, 2003) According to the Center on Philanthropy Panel Study (COPPS, 2014), 95.4% of American households gave money to charity in 2013, which added up to $335,17 billion in total, accounting for 2 % of gross domestic product that year.

From previous studies, we have learned whether or not people give and how much they give vary by factors such as gender, age, wealth, education, religiosity, income, and others (Center on Philanthropy at Indiana University, 2012; Havens &

Schervish, 2006; Mesch et al., 2006; Andreoni et al., 2001; Gittel & Tebaldi, 1998) However, donors' underlying motivations for giving are a lot more complicated. It appears the explanations for charitable giving fall into three broad categories: 1) from the purely altruistic (want to contribute to the social good), 2) the "impurely" altruistic (donor feel good about giving & want to contribute to the social good) and 3) the not at all altruistic. (show off to others)

Psychologists, economists, and sociologists have identified many motivations for giving, often emerging from a mix of both intrinsic and extrinsic concerns. However, existing theories of the motives appear insufficient in providing the nonprofit sector with practical data needed to benchmark giving to help fundraisers develop more effective marketing strategies and messages. (Van Slyke & Brooks, 2005; Vesterlund, 2006; Burnett & Wood, 1988; Sargeant & Woodliffe,2007)

People most often help worthy causes in two ways: giving money and volunteering time. Volunteerism in the United States is an important and growing component of charity. However, in this thesis, the focus will be on gifts of money by U.S. citizens to charitable causes. Although the focus will be on monetary donations from individuals, it should be noted that charitable donations arise from four central entities: individuals, bequests, corporations, and charitable foundations. Each provides considerable resources, but the most significant is by far individual givers. Individuals make up the bulk of philanthropy in America, giving approximately $241.32 billion in 2013, 72 % of total giving. (Van Slyke & Brooks, 2005; The foundation Center, 2014) That makes a focus on who is donating, why they are doing so, and how to get them to donate even more, crucial. Understanding donors' underlying motivations for giving is fundamental to charities' survival, as it will help design fundraising campaigns that maximize the response among individual donors.

At the same time, the size and importance of the nonprofit sector in the US has burgeoned in recent years. (Bureau of Labor Statistics, 2014) In 2013, there were approximately 1,536,084 charitable organizations (501(c)3) registered in the United States and an estimated 321,839 congregations in July 2014. This is a 70 percent increase in the number of nonprofit organizations in the US since 1995. (National Center for Charitable Statistics, 2014, Bureau of Labor Statistics, 2013) This growth in charitable organizations coupled with the economic downturn at the beginning of the twenty – first century has raised concerns about intense fundraising competition among

charities. As a result, strategic marketing has become a crucial fundraising function, which enables an organization to compete effectively for donor dollars.

Sargeant & Woodliffe (2007) suggest that understanding people's motivations lead to marketing strategies that are more efficient at both targeting and retaining donors. By gaining insight and understanding factors involved in motivating potential donors, fundraisers can more effectively attract and tailor their messaging for specific target groups. (Charities Aid Foundation, 2006) In this context, understanding the factors and underlying motivations that promote an individual's willingness to give is critical to the growth and financial strength of charitable organizations in the US and worldwide. If the sector doesn't comprehend why people give, then how can they encourage people to become donors? Insightful marketing is vital to be able to create and keep relationships with potential and existing donors.

According to recent studies, wealthy and middle-class households differ widely in their giving patterns to charities. (How America Gives, 2014; Stern, 2013) The How America Gives 2014 study, based on the most recent available Internal Revenue Service records of Americans who itemized their deductions, illustrates that Middle-class Americans give a far bigger share of their income to charities compared to the wealthy. The study demonstrate that households that earn between $50,000 to $75,000 give an average of 7.6 percent of their yearly income to charitable organizations, compared with an average of 4.2 percent for people who make $100,000 or more, and 2.8 percent of people making $200,000 or more a year. The study suggests that Middle-class Americans give a far bigger share of their yearly income to charities than their more wealthy counterparts. But high – income earners still account for the largest share of giving in absolute terms. Although, this makes "middle class" Americans the most generous target group in the US, and, therefore, becomes of high importance to charity organizations.

FIGURE 1.1: AVERAGE GIVING AS A PERCENTAGE OF MIDDLE CLASS HOUSEHOLD INCOME IN 2012 (%)
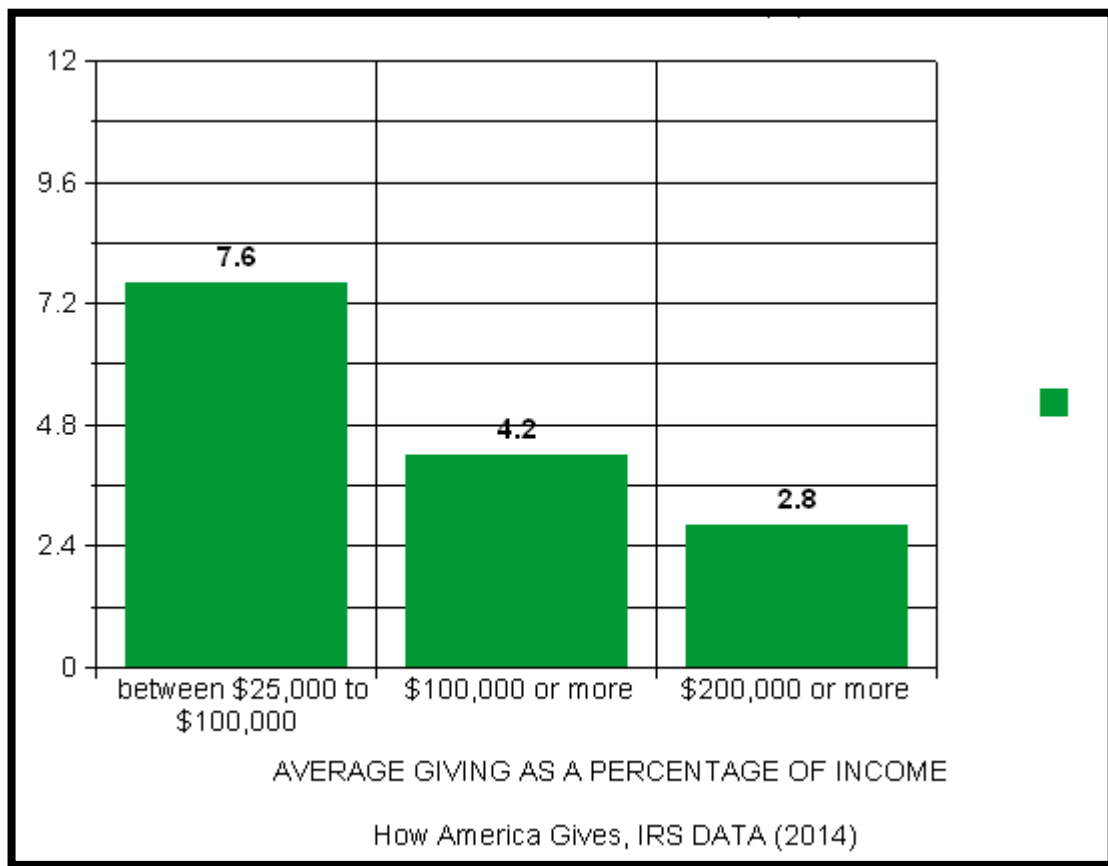
Despite the growing body of research on charitable giving in philanthropy, academic literature has little to no content on the American middle – class donor group. Hence, there is a real need for research to be undertaken to help the non - profit sector enhance understanding of this donor group as well as evaluate donor behavior across social classes. Whatever people's motivations for donating to charitable causes, if research into donor behavior is to progress it needs to look at the group of individuals who are currently the most generous. Class difference may be critical for understanding planned giving decisions.

To date, researchers have not explored the differences in motivations for charitable giving between middle class and wealthy households, and the variations in charitable giving across all social classes have received scant attention. Academics have previously looked at motivations for giving by higher income households (Bank of America Study of High Net Worth Philanthropy, 2008; Schervish & Havens 2001), but these studies concentrate only on high net worth households, with yearly incomes of

$200,000 or assets in excess of \$1,000,000, as opposed to contrasting motivational patterns across the class and income spectrums.

The goal of this study is to obtain further insight into why middle - class Americans give money to charitable organizations, what they want from their giving and what drives them. In particular, the aim is to compare charitable giving motivations and behavior amongst middle class and wealthy households, which offer insights for fundraisers hoping to influence planned giving decisions. The findings of the study will provide information to facilitate charities' engagement with these important donor groups.

In the following sections, we first review the background literature on the topic of motivations for giving, identify an understudied area in the current literature, and then discuss the chosen methodology of the study. Within the findings section, we first explore and identify donors' self-reported motivations for giving overall, middle-class donors' motivations, and wealthy donors' motivations. Then create a segmentation (based on survey findings) to help understand and compare motivations for giving and behavior. This dataset also allows cross-tabulations statistical testing between groups to be tabulated. Regression analyses will be conducted in order to understand the predictors for donor motivation by income level, and by educational level. Lastly, the study will use the results from the research to consider how giving levels can be increased, and how the knowledge on donor motivations can be connected with marketing strategy and brand building. The aim is to illuminate which marketing strategies work best with different donor segments.

This study provides critical insights and implications both for nonprofit organizations wanting to expand their philanthropic footprint as well as for all stakeholders involved with the sector.

In the following sections, we first review the background literature on the topic of motivations for giving and then discuss the methodology of the paper. Within the findings section we first explore middle class donors' overall, then by income and education. All data tables are included in the Appendix.

1.1.1 Topic

Main Research Question: What motivates middle – class Americans to give money to charity? In particular, the aim is to compare charitable giving motivations and behavior amongst middle class and wealthy households, which offer insights for fundraisers hoping to influence planned giving decisions. To the best of my knowledge, there are no studies that are either investigating this particular combination of conditions, or studying middle – class American households' giving motivations.

1.1 .2 Who is this thesis for?

The findings of this thesis will mainly benefit non-profit organizations in the US and other countries with the similar set of social structure and level of trust. For fundraisers it provides a useful and practical segmentation of donors, and a greater understanding of middle class donors.

Policymakers and those trying to influence giving behavior more broadly will be interested in findings about motivations for giving, giving methods, incentives for giving, and the opportunity to increase giving.

In addition, charity sector infrastructure bodies, will be interested to hear how they can best support charities to meet donor needs. The thesis will also benefit the area of business research in the non-profit sector. I also hope that the raw data from the research presents opportunities for further analysis from researchers to reveal additional insights.

1.1 .3 HYPOTHESES

Based on the research studies to date, this study tests the following assumptions:

Motivations for giving to charity vary by income and social class:

- Higher income people (with an annual household income of over $100,000) frame motivations for giving in terms benefiting society as a whole due to altruism. In this survey, higher income donors may be

more likely to report motivations for giving such as "improve my community," and "address problems in the world".

- Middle-income people frame motivations for giving in terms that provide a context for giving despite budget constraints. Their motivations may be more focused towards helping those in dire need or receiving direct benefits from giving.

1.2 Aim

The aim of this research is to investigate and gain further insight into our understanding of why donors give money to charitable organizations, mainly focusing on the American middle – class population.

1.3 Research Problems

The survival of charities depends on the received donations from individuals, which indicates that there is a need to better understand donors' motivations for giving to charity in order to maintain the goals of the non-profit sector. With today's competition among charities for donors' dollars, many organizations use marketing as a way of attracting donors, but few organizations have the knowledge and resources to use these marketing tools efficiently. (Van Slyke & Brooks, 2005) Still, there is a gap in the literature focusing on this part of empirical discussions of data, which indicates the need to investigate the relationship between donor motivations and nonprofit marketing strategies. It appears underlying motivations might influence how donors respond to marketing and fundraising campaigns.

Furthermore, recent studies illustrate that middle-class Americans give a far bigger share of their yearly income to charities than their more wealthy counterparts, which makes this target group of high importance to charity organizations. However, academic literature has little to no content on the American middle – class donor group. Therefore, the following research questions are to be answered in the thesis:

1.What motivates Middle – Class Americans to give away their hard – earned money to charitable causes? **2.** How do individuals choose which charities to donate to?

3. What factors influence their philanthropic decision-making? **4.**What attributes do individuals look for in a charity organization?

1.4 Objectives

• *Increase understanding of American middle – class donors.* Most existing research focuses on mainstream donors or is qualitative research exploring the attitudes of small numbers of wealthy donors. The proposed research aims to provide information to facilitate charities' engagement with the important middle – class donor group.

• *Understand middle – class donors' underlying motivation for giving money to charity and create segments to help understand their behavior.* The intent is to create segmentations based on underlying motivations to help charities understand not just how and when donors give, but why. Charities can build on this to create better marketing strategies and inspire more giving.

• *Investigate what middle – class donors think about impact, and the process they go through before making a donation to a particular charity.* The research will also look at the different factors that donors say sway their decisions on giving, whether they do research, what they look for, and how they use this information to help them make a donation decision. This information aims to help charities understand what to communicate to donors to influence their giving.

• *Use the results from the research to consider how giving levels can be increased.* This research will be a starting point for further discussion about how the findings can be used in practice, how marketers and experts in the field can use this information for fundraising purposes.

1.5 Reasons for Study

With the number of donors declining and an increase in the number of charitable organizations worldwide, (Sargeant, Ford, & West, 2000) the nonprofit sector ought to gain knowledge about donor behavior to survive this new landscape. If the sector was informed about donors' motivations and reasons for giving, then organizations could use this information to attract and connect with more donors.

This research area is fascinating to me because I run two charity organizations in Kenya, (www.martensafrica.org & www.aid-trak.org), and I am always fundraising for the next big project. Connecting with donors has become a big part of our work. And I have come to realize that running a nonprofit organization is not much different from running a for - profit business. After all, customers (donors in my case) come first. If we focus on what donors want, everything else seems to fall into place. In the past couple of years, I have changed my focus to better understand what donors want out of giving. As a result, I have been able to attract many new supporters and donors by using this new approach; connecting with donors on a personal level while providing full transparency and accountability.

This research area provides me with an exciting opportunity to gain insight from and use this information in my marketing campaigns, as well as daily operations of Martens Africa and AidTrak.

However, many nonprofits are not aware of why people give and, therefore, their fundraising efforts do not produce. There is a real need for research to be undertaken to help the sector understand how they can effectively evaluate donor behavior and incorporate that into their marketing strategies and brand building.

1.6 Disposition

The thesis is introduced by briefly describing the background and the problem to the investigated area. The literature review included is an objective, critical summary of published research literature, covering all the major theories and findings in detail. The purpose for the literature review is to create familiarity with current research on this particular topic, which helps justify research into a previously understudied area. After that, the 'Method' chapter describes the scientific approach to the generated and accumulated knowledge. The 'Method' chapter also introduces the practical approach to the research area and aims to describe how the study was completed and how the area was investigated. Other important aspects discussed in this chapter are research ethics, and validity.

The empirical findings that are obtained from the surveys are presented in the chapter 4 'Results.' Then analyzed in chapter 5 'Discussion,' and main findings are discussed and compared. The 'Conclusion' chapter finalizes the thesis, where findings

will be reflected upon and used to consider how giving levels can be increased. There will also be some recommendations for further research where gaps were found.

1.7 Definitions & Concepts

I hereby present a brief presentation of the common concepts used in the thesis. These definitions will provide the reader with basic knowledge about the concepts used throughout the paper.

1.7.1 NPO

NPO is an abbreviation for non-profit organization. A registered charitable organization is a type of non – profit organization (NPO) under section 501 (c)(3) of the Internal Revenue Code. A NPO is exempt from federal income tax under the Internal Revenue Code. In addition, this status permits donations to charities to be tax-deductible to the donor.

Organizations described in section 501(c)(3) are commonly referred to as charitable organizations, charities, non - profit organizations (NPO) and not – for – profit organizations. "Charitable" is broadly defined as being established for purposes that are religious, educational, charitable, scientific, literary, testing for public safety, fostering of national or international amateur sports, or prevention of cruelty to animals and children. (IRS, 2015) For the purpose of this thesis, the following terms; *charitable organization*, *charity*, and *non - profit organization (NPO)* will be used interchangeably throughout the paper.

1.7.2 Philanthropy

Philanthropy refers to the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes either by individuals or organizations. At times, philanthropy commonly overlaps charity. However, the difference commonly cited is that charity relieves the pains of social problems, whereas philanthropy attempts to solve those problems at their root causes.

1.7.3 Fundraising

Fundraising refers to the activity of raising funds from various sources (e.g., individuals, businesses or organizations) for the support of a non – profit organization, a specific project or a political party. (The AFP Fundraising Dictionary, 2015) In other words, fundraising is the pull/push version of donations/gifts.

1.7.4 Donate vs. Give

Donate and give are synonymous and carry the same meaning. Therefore, the verbs donate (donating) and give (giving) will be used interchangeably throughout the thesis.

TABLE 1.1: Donate vs. Give meaning

Give/ Verb: To transfer one's possession or holding of (something) to (someone) *She gave to charity this year* *I gave my coat to the homeless man*	**Donate/** Verb: To make a donation; to give away something of value to support or contribute towards a cause or for the benefit of another. *He donated $3000 last year to the Red Cross.* *I donate because it makes me feel good to help other.*

Source: www.thesaurus.com

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION; Who Gives Money to Charity in America?

Through good and bad economic times, participation in charitable giving is high in the United States, with a steady 90 percent of American households making donations to charity every year over the past half century. At the same time, the US has observed a dramatic increase in the number of charitable organizations in the past 20 years. In 2013, there were approximately 1,536,084 charitable organizations (501(c) 3) registered in the Internal Revenue Service's (IRS) official roster. This is a 70 percent increase in the number of non profit organizations (NPO) in the US since 1995. (National Center for Charitable Statistics, 2014, Bureau of Labor Statistics, 2013) Currently, approximately ten percent of the US workforce is employed by the NFP sector. (National Council of Nonprofits, 2013)

In 2013, 95.4% of American households gave money to charity, which added up to $335,17 billion in total, accounting for 2 % of gross domestic product that year. (The Center on Philanthropy at Indiana University; Giving USA 2014, The Annual Report on Philanthropy) Individuals give the largest share of charitable contributions to nonprofit organizations. Private donors (individuals) accounted for $241.32 billion in 2013, or 72% of total giving to charities; followed by foundations ($50.28 billion/15%), bequests ($26.81 billion/8%), and corporations ($16.76 billion/5%). (The Foundation Center, 2014) All individual giving, inclusive of bequests and family foundations, combined accounts for an estimated 87% of all giving. If current giving trends continue among individuals, the future looks encouraging for philanthropy. Researchers estimate that by year 2055, some $41 trillion will be given to charity. (The 2012 Bank of America Study of High Net Worth Philanthropy, The Center on Philanthropy at Indiana University) The majority of charitable dollars in 2013 went to religion (31%), education (16%),

human services (12%), and grantmaking foundations (11%). (The foundation Center, 2014) It's important to note that religious organizations have received the largest share of charitable dollars from 1972 to 2013. (Giving USA, 2014)

FIGURE 2.1: AMERICAN GIVING IN 2013 ($)

Where The Money Came From In 2013

Americans Gave
$335.17 Billion
In 2013

	2013 Giving	2012 vs 2013
Individuals	$240.60	+4.2%
Bequests	$27.73	+8.7%
Foundations	$48.96	+5.7%
Corporations	$17.88	-1.9%
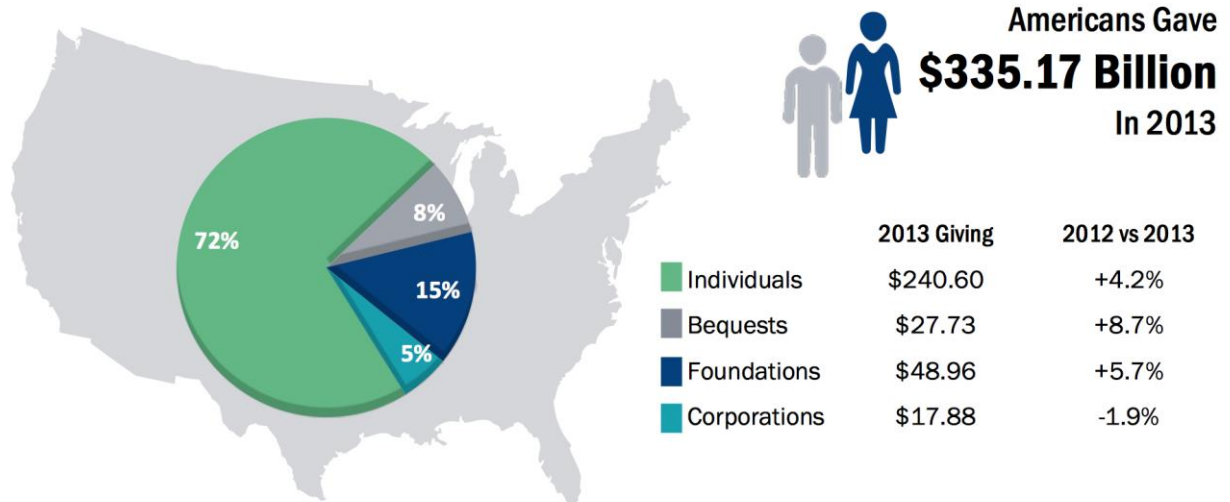
Where The Money Came From Over The Last 3 Years

In Billions	2011	2012	2013
Individuals	$221.39	$234.19	$240.60
Bequests	$26.07	$25.86	$27.73
Foundations	$45.37	$47.00	$48.96
Corporations	$16.13	$18.48	$17.88
Total	$308.96	$325.53	$335.17
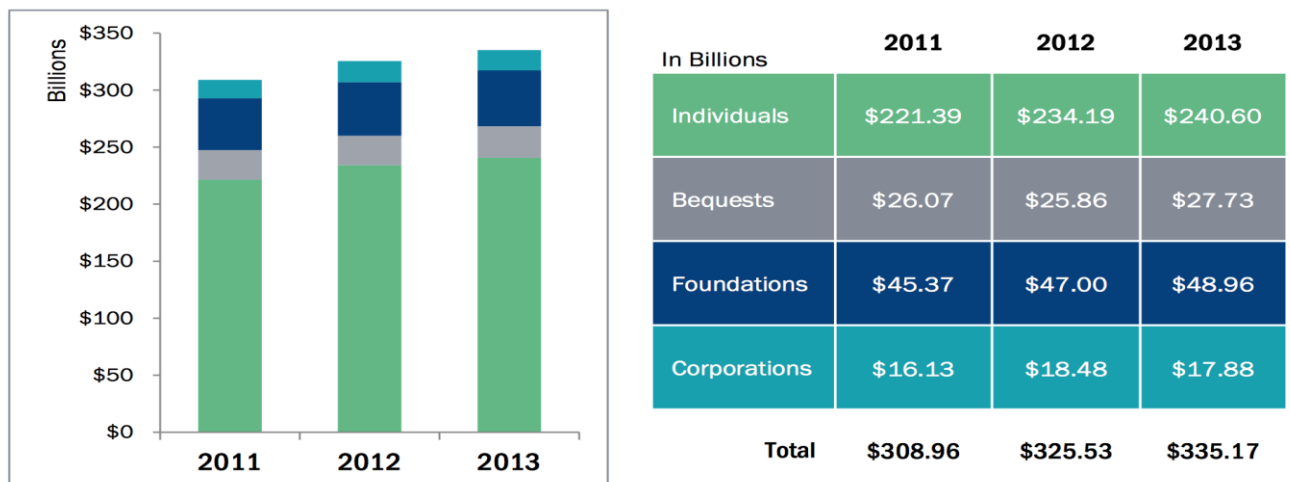
Source: Giving USA Foundation (Giving USA 2014)

The United States has been the top-ranked nation in terms of monetary donations to the non-for profit sector for the past decade based on Gallup data collected across 135 countries. (World Giving Index 2012, 2013, 2014; Charities Aid Foundation, 2014) A

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recent study found that Americans give, on average, about 3 percent of their income to charity, a figure that has not changed for decades. However, that figure illustrates big differences in giving patterns between the rich and the poor. (How America Gives 2014, The Chronicle of Philanthropy)

A 2014 study, based on the most recent available Internal Revenue Service records of Americans who itemized their deductions, illustrate that middle-class Americans, households that earn between $50,000 to $75,000, give a far bigger share of their discretionary income to charities than do the wealthy. Middle - class households give on average 7.6 percent of their discretionary income to charity every year, compared with an average of 4.2 percent for people who make $100,000 or more, and 2.8 percent of people making $200,000 or more a year. (How America Gives 2014, The Chronicle of Philanthropy) However, other demographics and psychographics also play a key role in giving patterns. For example, overall giving correlates to stock market performance. When the market is doing well, households and corporations are more likely to give. Other factors include income, religion, politics, the unemployment rate, consumer confidence, and corporate earnings. (Philanthropic Landscape Snapshot, 2014) According to a recent Gallup poll (Gallup Poll, 2013) 86 percent of middle class households donated money to a charitable cause in 2012.

All the recent data suggest that middle-class Americans are giving more than ever in proportion to their incomes. The Chronicle of Philanthropy study looked at how giving patterns have changed from 2006-2012. It illustrated that poor and middle-class Americans (those making under $100,000/year) donated 4.5 percent more of their income in 2012 than in 2006. The rich (those making $200,000 and more), meanwhile, did just the opposite: they decreased giving by 4.6 percent while their incomes went up, according to most recent IRS tax data. (How America Gives, 2014) These numbers

suggest that as the recession has lifted, middle-class Americans have given even more to charity, while wealthy Americans have held back. In other words, the study shows that the share of income donated consistently falls as incomes rise. (The Center on Philanthropy at Indiana University; Giving USA 2014, The Annual Report on Philanthropy) However, even though high-income earners (the rich) give smaller percentage of their revenues compared to that of the middle class their contributions still account for the largest share of dollars giving. Taxpayers with incomes over $100,000 make more than half of all donations every year, and those in the top one percent of the income distribution provide 1/3 of all charitable dollars given in the U.S. (How America Gives, 2014) So for charities, when it comes to looking for big money, high income donors are still the most valuable target group. However, the middle-class donor group appears to be a close second due to their generous nature. (Stern, 2013; Giving USA, 2014)

2.2 *Introduction* to GIFT GIVING MOTIVATIONS IN THE LITERATURE

Nonprofit organizations deliver critical social good services in our society and are in a continues expansion in the last two decades in the United States, playing an essential role in various sectors such as social services, educational, professional, leisure activities and environmental services, previously cared for by government bodies.

The non - profit sector is being asked to perform an ever-expanding role as the US government withdraws financial support from a whole set of areas and social programs, leaving the sector to pick up the slack. (National Council of Nonprofits, 2013) The decline in government funding has resulted in an increased demand for services, as individuals continue to struggle and look to non-profit organizations to provide basic needs. For example, when the US federal government cut the Supplemental Nutrition Assistance Program (SNAP) food stamps program in 2013, 47 million Americans

suddenly needed more assistance for their families, leading them to seek help from local NPOs and churches. (U.S Department of Agriculture, 2014)

At the same time, many nonprofits are receiving less income from government grants, which forces them to raise funds elsewhere to meet their missions, thereby increasing competition for scarce resources from private donors. (National Council of Nonprofits, 2013; Nonprofit Finance Fund, 2013; Sargeant et al., 2000; Bureau of Labor Statistics, 2014) In this current climate, gift giving and funding from individual donors plays a particularly valuable role.

This competitive landscape demands higher efforts in communication from the organizations to its donors and has opened many questions for practitioners and researchers within the nonprofit field. What motivates individuals to give to charitable causes? How do individuals choose which charities to donate to? What factors influence their philanthropic decision-making? What attributes do individuals look for in a charity organization? Donor motivation and personal motives are crucial in understanding charitable giving. (Schervish, 1997) Motivation can be defined as the driving force within individuals that drives them to action. Motives are often divided into two different motives; utilitarian and hedonic motives. Utilitarian motives form desires to achieve functional benefits while hedonic motives are those that based on emotional, pleasurable and experiential rewards (Engel, Blackwell, and Miniard 1995).

Gift giving has received considerable research attention among consumer researchers and social psychologists during the past two decades. Various gift-giving topics have concerned scholars, in different disciplines, including search time and effort of givers, joy from giving, and various self-concept theories. (Wolfinbarger & Yale 1993) Social psychologists have focused on gift giving as an opportunity to express the giver's perception of both him/herself. (Cheal 1988, Schwartz 1967, Schieffelin 1980).

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However, a topic in the gift giving literature that has received scant attention is that of why people give gifts to others, including charitable donations. Sherry (1983) conceptualized gift-giving motivations as ranging from altruistic to agonistic. Ever since, the reality of these two motivations for giving have been discussed back and forth in academic conversations all over the world, and both motivations have been confirmed valid. Some suggest that the motive for giving include the negative motivation of feeling obligated to give. (Caplow, 1982; Cheal, 1988)

According to the gift giving literature on consumer giving behavior, gift giving has been associated with experiential/positive motivations and practical/obligated motivations. (Hartsook, 1998; Amos, 1982) In addition, three types of motivations for gift giving have been identified in the literature; a) altruism giving, b) compliance with social norms and c) self-interested giving.

Giving money to charity origins from countless motivations to a combination of economic, demographic and social factors, from deep-rooted empathy to a more calculated desire for public recognition and self - interest. (Burk, 2003) Academics have identified a lot of ways in which charitable giving can lead to personal gains for the giver, both economically through tax breaks (Reece & Zieschang 1985; Clotfelter, 1985, 1997;), socially via flagging one's status (Becker 1974; Glazer & Konrad 1996; Griskevicius et al., 2007) or psychologically via experiencing well-being and satisfaction from giving and serving others. (Andreoni, 1989, 1990; Dunn, Aknin, & Norton, 2008)

De Chernatony et al. (2004) argue that identity congruency theory plays a role on charitable donations. Charity donors are drawn to organizations that are perceived as having personalities encompassing values congruent to their own, actual or aspired, which would suggest that the delivery of a suitable brand personality would be

especially useful in stimulating donor support for nonprofits. Rogers (1959) underlined the importance of alignment between the ideal self (e.g., how we want to be) and the actual self for individuals to feel a sense of mental wellbeing. People want to feel, experience and behave in ways that are consistent with their self-image. (Rogers, 1959) The closer self-image and ideal-self are to each other, the more congruent. For example, a person's ideal self – image might include helping others. So when this person gives money to charity, he/she feels a sense of mental well – being. However, if the person decides not to give money to charity, then the misalignment between the real and ideal self will result in negative feelings. De Chernatony et al. (2004) suggest that a charity appeal is more powerful when its motives and values are harmonious with the (potential) donor's motivating strategies.

Currently, the vast majority of nonprofit organizations survive via individual contributions, giving approximately $241.32 billion in 2013, 72 % of total charitable giving. (Van Slyke & Brooks, 2005; The foundation center, 2014) The other means come from bequests, corporations, and charitable foundations. As a result of competing dollars from individuals, it's becoming critical for nonprofit organizations to gain knowledge about individuals' underlying motivations and attitudes towards charitable giving. Understanding donors' intrinsic and extrinsic motivations can lead to fundraising strategies that more effectively target and retain donors. (Sargeant & Woodliffe, 2007) So the central question is; Why do so many people choose to give away their hard-earned money, even at a cost to oneself, and sometimes even anonymously?

Most people would say they give because they want to help others who are less fortunate. But is such altruism the only reason for people's generous giving? Some of the existing research suggests it is not. In fact, much of the literature suggests that

psychological reasons for donating are often more egocentric and connected to ego - identification than most of us would acknowledge. (Gneezy & List, 2013)

From a fundraising point of view, it's important to understand exactly why people give away their money to charity. Individuals who raise funds for charities would certainly benefit from knowing the underlying motivations for giving, why donors remain committed to the cause and why some people don't give at all. Currently, many fundraising and marketing campaigns for charities are driven by anecdotes instead of scientific knowledge about the underpinnings for why people give. (Gneezy & List, 2013) There is a significant need of research in identifying reliable models regarding factors influencing individuals' giving to charities. The existing literature implies that there is a gap in non-profit marketing in need of applicable theories.

Since most charities rely heavily on donations from private donors, the focus in the following literature review will be on the determinants of charitable giving among individuals, broken down in theory research areas. (Van Slyke & Brooks, 2005)

2.3 Psychological motivations: Extrinsic and Intrinsic factors

Kottasz (2004), and other researchers (Sargeant et al., 2006) tend to separate determinants of donor behavior into two groups: extrinsic and intrinsic factors. Extrinsic determinants are mainly demographic variable. For example, better-educated people are more likely to give to charity; higher income earners donate more in terms of dollar value, and men are less likely, in general, to give than women. Previous research suggests a number of extrinsic factors that influence donating behavior among individuals such as age, social status, gender, educational level, income, tax incentives, and religiosity. (McBride, 2006; Kottasz, 2004; Carroll, McCarthy, & Newman, 2005: Baruch & Sang, 2012)

Academics have studied various areas of psychology that might motivate people to give. Strahilevitz & Myers (1998) identify guilt as one of the main driving emotions that make people give. According to Small et al. (2007) sympathy and empathy are the two key emotions that make us give, and Dunn et al. (2008) argue that people give money to charities because it has a positive impact on happiness rather than spending money on oneself. Other studies have shown that non-givers were found to exhibit lower levels of internal personality traits such as sympathy, empathy, and helpfulness than givers (Kottasz, 2004). Academics describe empathy as understanding another person's condition from their perspective (Small et al., 2007). Merchant, Ford, and Rose (2011) propose that there is a strong relationship between personal nostalgia and charitable giving. In fact, their research suggests that nostalgia is among the main drivers of charitable giving.

One frequently sees charitable organizations emotionally engage consumers when appealing for donations. (Merchant et al., 2010; Basil et al., 2008) This is often facilitated through the identification of emotional constructs that drive commitment and charitable giving within a specific donor target group. For example, in recent studies, nostalgia shows to evoke a variety of emotions and effectively influence preferences for charities. (Merchant et al., 2011) Charity organizations could integrate nostalgia by associating warm childhood memories around the charity, and that would set the stage for future giving opportunities.

Numerous research studies (Vesterlund, 2006; McBride, 2006) found that age, identifying oneself as Christian, being married, having earned a bachelor's degree or equivalent was positively linked with an individual's level of charitable giving. However, it should be noted that "age" – and particularly the age of the household head (or primary income earner) — has shown itself to be the variable most consistently

linked to giving. (Kitchen 1992; Kitchen and Dalton, 1990) Research suggests that families with an older primary income earner donate more money to charity relative to younger families, this due to financial security. In a report of differences in charitable giving between the United States 50 states, charitable giving was found lower in states with larger share of the population between the ages of 35 and 54 in comparison to younger or older groups of people. (Gittell & Tebaldi, 2006) These conclusions hint that middle-aged families have many obligations specific to this stage of life, such as caring for young children and paying off home loans, which hinder them from giving to charity.

According to Vesterlund (2006) simple cross-tabulations show that those who give money to charity do so mainly because they were asked by someone they know well, they have volunteered at the organization previously, or heard a story with a moving call to give.

Yu – Kang & Chun – Tuan (2007) research studies illustrate that determinants affecting monetary donations are often extrinsic while those concerning volunteerism are mostly intrinsic.

Studies suggest five significant extrinsic variables in explaining the donor behavior of monetary donation: 1) Older people were more inclined to give than were their younger counterparts. 2) Females were more likely to donate compared to males. 3) People with one or more children had a strong positive association with donating. 4) Married individuals donate more than those who do not. 5) Empathy was the only significant psychographic factor identified. The higher a participant rated himself/herself as empathic, the more likely it was that he/she would opt for donating (Yu – Kang & Chun – Tuan, 2007).

According to Barry (2007) and others (Yu – Kang & Chun – Tuan, 2007) the single most precise pointer of an individual's level of charitable giving is religious affiliation and church attendance. According to a 2014 survey conducted by The Chronicle of Philanthropy, donors who attend church display higher levels of charitable giving and give a much greater percent of their income. The study shows that regions of the country that are deeply religious are more generous than those that are not. For example, Utah, has a high Mormon population with a tradition of giving away at least 10 percent of their income to the church. However, in New Hampshire, where levels of church attendance are among the lowest in the country, average giving rate was down at 1.7 percent. (How America Gives, 2014) This is because many religions advocate charitable giving as a moral duty. (Gittell and Tebaldi, 2006) The recent 2014 study suggest that religious affiliation is a significant indicator of whether people will donate to charity or not (Jackson et al., 1995). Fortunately, the churchgoers' higher level of giving is not confined to their own churches but extends to all types of charities and causes (Barry, 2007).

FIGURE 2.2: CHARITABLE GIVING MOTIVATIONS MAP

Charitable Giving GIVING MOTIVATIONS

Extrinsic Factors

Intrinsic Factors

Financial variables
- Tax Relief
- Flag Social Status
- Public recognition
- Social Rewards
- Political Gains
- Peer Pressure
- Gifts

Demographic variables
- Gender
- Family stage of life
- Social Status
- Age
- Religiosity
- Marital Status
- Educational level
- Income

Underlying Motives for Giving

Familial Utility
- Benefit Family
- Benefit Friends
- Being part of a community

Impure altruism model
- Altruism
- Warm Glow Giving

Experiential/Positive Motivations
- Identification
- Personal Motives
- Psychological Wellbeing
- Enhancing self esteem
- Givers' Level of Trust
- Sympathy
- Nostalgia
- Empathy
- Givers' Personality Traits

Emotional Utility

Practical/Obligated Motivations
- Relief from emotions of Guilt and Obligation
- Compliance with social norms

2.4 Altruistic and Joy of Giving ("Warm glow") Motivations

A central question in public economics involves the motivations underlying voluntary donations to charitable organizations. One of the most common motivations discussed and analyzed among academics is altruism, the motive that explains how donors are motivated by altruistic concern over the well-being of the recipients of charitable causes. (Burns et al., 2006; German, 1997; Solomon, 2012) Leeds (1963) defines an altruistic act as an act that a) is an end in itself, not aimed at gain, b) is issued voluntarily, and c) does good. While altruism is reasonable, this theory implies that recipients' wellbeing is a public good among other individuals who are similarly motivated (Roberts 1984; Hochman and Rodgers 1969; Warr 1982). However, much of economic theory suggests that individuals often are driven by their own interest. To work hard, make wealth and then give it away does not make any sense in terms of economics. So is altruistic behavior, such as giving money to charity, hidden selfishness?

Researchers have noticed that people derive enjoyment from the act of giving itself, and numerous scholars have proposed linking a "joy-of-giving" motive with an altruistic motivation to create a model of what's called impure altruism (Cornes and Sandler 1984, 1994; Steinberg 1990; Andreoni 1989, 1990). One possibility is that individuals give to charities that give them something back, such as naming rights. Or one might give to the cancer society with the thought that a family member might benefit from this research in the future. Another alternative is that the organization offers a service that the donors use, or some might donate to the church one attends every Sunday, or the museum one often visits. A third possibility is that people give to gain status in society, or might not want to seem frugal and selfish. These people feel

pressure from family and friends around them to give. For example, it can be hard to say no when a colleague's child is selling Girl Scout cookies, and, therefore, one decides to give. (Breman, 2006) However, these examples cannot explain all types of giving. For example, how can the phenomenon of anonymous giving be explained? Do people give away money because it gives them a feeling of contentment to help others? Andreoni (1989; 1990) called this motive for giving, warm glow giving, and he shows theoretically how this can motivate people to give money to charity.

Andreoni's (1989) theory has become the dominating theory used by scholars explaining why people give money to charity. Much of the cognitive psychological literature on why people give, indicate the likely importance of warm - glow as a determinant of charitable giving (Cornes & Sandler 1984, 1994; Steinberg 1990). The theory of warm - glow giving attempts to explain that people engage in impure altruism. In other words, instead of being motivated to give to charity purely for interest in the welfare of the recipients (pure altruism), warm - glow givers also receive some form of positive emotional feelings from the act of giving. (Mayo & Tinsley, 2009) It appears the majority of people who give money to charity do so for both 1) "selfish" economic or social reasons and rewards; in order to feel good and get rid of any guilt, and for 2) purely altruistic reasons; to help others. (Collard, 1978; Martin, 1994) The rewards experienced by the giver includes cognitive and psychological outcomes, as well as solid benefits. These rewards may be experienced by the person (e.g., pride) or society. (e.g., praise) Motivations extend to such issues as recognition, a sense of belonging, peer pressure, tax advantages, and political gains. (American Association of Fundraising Council, 1994)

The concept of warm - glow has advanced the understanding of central dimensions of charitable giving as well as the underlying economics of charitable

giving. For example, donors giving to needy children in Africa might think of themselves as selfless and socially responsible. As a result, their self-esteem improves. Therefore, they will continue to give to charity in the future because it makes them feel good.

Henke and Fontenot (2009) established that the warm – glow feeling that comes with giving is a vital predictor of giving to specific causes for children and the elderly, while a sense of civic duty is a leading analyst of giving to give medical assistance to the poor and helping teens get involved in the community.

According to Andreoni's research (1990) the impure altruism model is consistent with observed patterns of giving, which suggests that, people are motivated to give for reasons that appear to be selfish in nature. Guy and Patton (1989) and Bruce (1995) emphasize that an individual's motives for donating seem to be encouraged by the promise of internal benefits. Bruce (1995) proposes "if there were one over-arching reason for giving ...it is because individuals feel better as a person afterward".

Purely altruistic motivation, in contrast, has the ultimate goal of enhancing the welfare of the needy even at the cost of a person's own gain. There is, however, an ongoing debate in the academic literature as to whether true altruism exists (Batson, 1991). Certain social scientists argue that the motivation for altruism is that it increases the chances of survival of the human species (Silver, 1980; Wilson, 1978). Others propose that it is not a genetic motive but is a learned behavior, which results from socialization (Bar-Tal and Raviv, 1982; Grusec, 1982; Rushton, 1982). Econometric crowd-out analyses of cross-section tax return and survey data suggest a weak to moderate altruistic component in giving (Steinberg, 1991). On the other hand, various public-goods analyses (Andreoni 1993; Bolton and Katok 1998) and historical descriptions of the decay in private social welfare contributions that accompanied the

rise in publicly funded (charities) poverty relief in the United States (Roberts, 1984),

provide evidence of a strong altruistic component among Americans.

2.5 Wellbeing Motivations

Recent work suggests that giving has a beneficial effect on people's lives all

around (Harbaugh et al., 2007). For example, people who give their time via

volunteerism, as well as monetary gifts, tend to report greater well-being than their

counterparts. Stimultaneosly, individuals who express greater well-being also give more

of their time and money. The relationship between giving and well-being is bi –

directional (Thoits & Hewitt, 2001).

Researchers define happiness (Diener, 2008; Peterson & Seligman, 2004) as

"subjective well-being" - a combination of life satisfaction and having more positive

emotions than negative emotions. Peterson & Seligman (2004) describes happiness as

having three parts: pleasure, engagement, and meaning. Pleasure is the "feel good" part

of happiness. Engagement refers to living a "good life" of work, family, friends, and

hobbies. Meaning refers to using our strengths to contribute to a larger purpose.

Seligman says that all three are important, but that of the three, engagement and

meaning make the most difference to living a happy life.

One of the first studies to demonstrate that happiness increases charitable giving

was led by researchers Isen and Levin (1972). They showed that after experiencing

positive events, such as receiving delicious food, participants were more likely to help

others and give money to charitable causes. This study suggests that participants in a

positive mood are more likely to show altruism. Recent research has examined how

naturally occurring moods influence helping behavior. Wang and Graddy (2008) report

that happy people are both more emotionally more able to help and have more

optimistic personalities, which fosters charitable giving behavior. Konow and Earley (2008) also demonstrated that happier individuals give more to charity because they are fueled by their positive sentiments. In the setting of playing a dictator game, where a fixed donation was divided between two recipients, individuals who were happier at the beginning of the game were more likely to give to the recipient. The existing literature suggests that happier people do indeed help more in a variety of contexts, including charitable giving.

The next section, will consider the alternative propistion, ie, whether giving behavior results in feelings of well-being and happiness. This theory dates as far back as early Greece, where Aristotle claimed that the goal of life was to enter "eudaemonia," which is closely tied to our modern ideas of happiness and comfort. According to Aristotle, eudaemonia is higher than just an enjoyable hedonic practice; eudaemonia is a state in which a person experiences happiness from the successful act of fulfilling their moral duties in society (Ryff, 1989). In recent years, popular culture, has endorsed the notion that helping others brings happiness. Although these claims sometimes go beyond the evidence base, a growing body of research supports the hedonic benefits of giving behavior.

Current research (Dunn, Aknin, & Norton, 2008) proposes that altruistic financial behavior, such as gift giving and charitable giving may promote happiness. In a recent study by Dunn and collegues (2008) Americans were asked to rate their general happiness, and give monthly estimates of personal and prosocial (gift for others /charity donations) spending. Analyses revealed that individuals who spent more money on others, reported elevated feelings of happiness and satisfaction. In contrast, personal spending was irrelevant to happiness. Even controlling for income, higher prosocial spending was associated with greater levels of happiness. During the study, Elizabeth

Dunn (2008) and others sent out a comprehensive survey asking participants how much they give to charity, what their salaries were, and a self-estimation scale from 1 – 10. The outcomes from this study propose that there is a strong positive linkage between giving to charity and wellbeing. The causality that would indicate if happy people give more or if giving makes people happier is still unclear. In another step of the same study, the researchers followed a group of individuals who had received a (monetary) bonus at their workplace. They researched how satisfied these participants were with their lives before the bonus and compared with after they received the bonus. This gave the researchers some insight into the participants' general wellbeing. Then, they related how the participants' spent their bonus to changes in their wellbeing. The research found that people who spent the bonus on themselves were less satisfied/ happy than those who spent money on other people, including charitable causes. These conclusions held true when initial wellbeing was controlled.

The last step of the study involved an experiment. In the experiment, in a dictator game, the participants received an amount of money. The participants were randomly put in two evenly number groups. In the one group, participants were told to spend the money on themselves. In the second group, they were told to spend the money on charity. Researchers measured self – estimation before and after the experiment. They found that level of happiness increased in the participants who spend their money on others, but not so for individuals who spent the money on themselves. This is the first study that seriously tries to test the relationship between giving to charity and wellbeing. The results provide support for the case that spending money on others, leads to greater happiness than spending money on oneself.

Previous research on wellbeing and charitable motivations suggests that happy people give more, that giving makes people happy, and that prosocial spending and happiness fuel each other in a circular fashion.

FIG 2.3: PROSOCIAL SPENDING & HAPPINESS CIRCULAR RELATIONSHIP
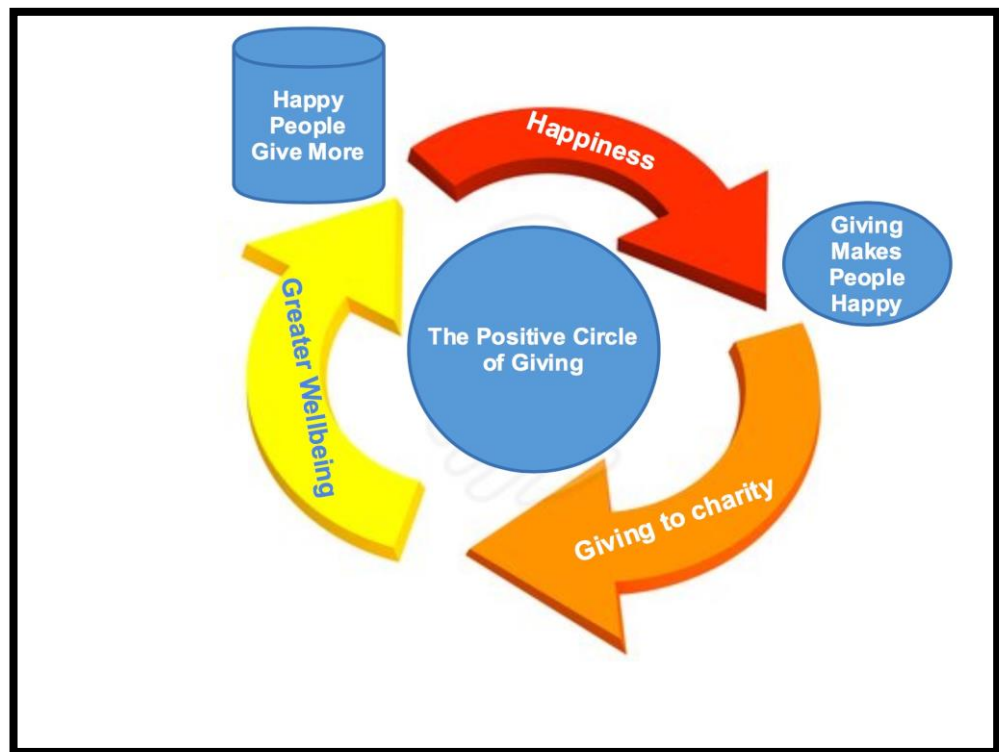
Arvin & Lew (2010) show that giving to charity leads to greater happiness than spending on oneself. And Dunn et al. (2008) illustrated that people, in general, believe that spending money on themselves makes them happier than spending money on others. These conclusions suggest that there is room for people to be "educated" to the contrary. It appears that one way of increasing charitable donations is simply to inform individuals of this positive circle, making a logical appeal that self-interested giving can lead to higher well-being, in general.

More recently, numerous of the most successful charities around the world are engaging in efforts to link charitable donations with feel-good messages directed to the

donor. For example Bono's recent slogan for his newest campaign RED: "(RED) is about doing what you enjoy and doing good at the same time." CARE asks contributors to "Help us empower women around the world" with the motto "I am powerful" appealing to both donors and recipients, and The American Red Cross's tells prospective blood donors that "The need is constant. The gratification is instant. Susan G. Komen for the Cure asks donors: "Are you inspired to save a life?" These advertisement campaigns all display the personal emotional benefits of giving, which may encourage people to give more if delivered to the appropriate target audience. This instead of more classic advertisement campaigns where needy individuals are designed to evoke sadness and guilt, such as the charity WATERisLife's video "First World Problems Anethem (url: https://www.youtube.com/watch?v=fxyhfiCO_XQ) The video presents people from one of the poorest countries in the world, Haiti, reading a series of tweets under #FirstWorldProblems. This reminds viewers that the problems of Haitians are life threatening and highlights that the viewers aren't, e.g., evokes guilt.

Empowerment, enjoyment, and instant satisfaction all offer powerful emotional incentives for people to donate. However, it appears further research is needed to disentangle the possible costs and benefits of self-interested giving (Dunn et al., 2009).

2.6 Social Exchange Motivations

Previous research suggests that often donating money to charity involves an exchange relationship, implying some form of exchange between the charity and the individual that gives money (Belk, 1979). The relationship may develop in a short time, or it could take years until the individual manifests the donating behavior (German, 1997). A common term used in non-profit academic literature is: social exchange. This term has been used by researchers to gain a better understanding of the exchange that happens between the charity and the individual as well as exploring multiple ways of

donating regarding charitable contributions. (Wilson, 2000; Hudson & Hassay, 2009)

Blau (1964) defined social exchange theory as negotiated exchanges between parties.

Individuals often enter into social exchanges because they perceive that the other party

in the relationship has something to contribute. The purpose of this exchange is to

maximize benefits and minimize costs, according to Blau. (1964)

Attracting donations for non-profit organizations requires an exchange. In return

for gaining its donations non-profit organizations may offer economic incentives as tax

breaks and gifts, but more often the charity might offer social rewards and recognition

including psychological wellbeing, emotional satisfaction, and the sharing of ideals.

(Arnett et al., 2003) The concept could be extended to include status or distinction.

Social exchange theory implies that individuals engage in particular activities

when they perceive their outcome to be at least equal to the costs of engaging in those

activities. Both inputs and outcomes can be either material or psycho - social (Dowd,

1975). Principles of exchange theory hold that individuals: a) attempt to maximize

rewards and minimize costs; b) predict present outcomes from past experiences; c)

maintain interactions in which rewards exceed costs; and d) lose power when they

become dependent upon another individual (Blau, 1964). The social exchange theory

suggests that altruism only exists when the benefits outweigh costs (Blau, 1964: Kelley,

1979).

Most of the motivations in supportive behavior are based on non-physical

benefits and rewards. Motivations include altruism, psychological wellbeing, being part

of a community, communication and socializing, and developing responsibility while

enhancing self-esteem via giving.

TABLE 2.1: LITERATURE REVIEW FINDINGS ON SOCIAL EXCHANGE MOTIVATIONS IN CHARITABLE GIVING

Stakeholders:	Social Exchange Motivations:	Authors:
Donating	The sense of community	Powers & Yaros, 2013
	Belonging commitment	Hoff & Ridder, 2004
	Communication climate	Hoff & Ridder, 2004
	Altruism	Burns et al.2006/ Solomon 2012
	Responsibility	D'antonio & Jocelyn, 2014
	Tax breaks	Kottasz, 2004
	Egoistic motivations	Peloza et al., 2009
	Value and Beliefs	Burns et al. 2006, Miller, Mundey & Hill, 2013
	Identification	Laverie & McDonald, 2007
	Perceived self – esteem	Lindenmeier, 2008, Burns et al.2006

Source: Marcela Sefora, 2014

2.7 Neuroscience Research Give Insight into Charitable Giving

In recent years, researchers have studied what happens in the brain when we give away money to charity. This is done via neuroimaging studies and functional magnetic resonance imaging (fMRI), to gain further insight into current charitable giving behavior (Camerer, 2003; Moll et al., 2006; Harbaugh et al., 2007). This fairly new area of research is called neuroeconomics, which combines national economics with neuroscience. Donations to charity represent a complex decision in which the benefits for the giver are abstract and indirect, unlike decisions involving primary reward where the benefit is concrete.

For decades, neuroscientists have studied people's brain activation patterns to understand how our brains work. And scientists all seem to agree that people make decisions based on emotional reactions as opposed to intellect. It is in fact the emotional part of our brain that governs the decision making process. (Klein, 1999; Camerer, 2003) Therefore, as NFP marketers, the focus ought to be on generating the required response via emotional attachment and meaning rather than large amount of informative text.

The first original fMRI study on charitable giving was conducted in 2008 and led by Moll. (2006) The researcher established that giving to charity engaged mesolimbic reward systems in the same way as when subjects experienced pleasure and received monetary rewards. In addition, the choice to give money or not was precisely mediated by activation in areas which perform fundamental roles in social attachment and aversion (Moll, et al., 2006).

Furthermore, the relationship between neuroscience and giving is reflected in numerous studies using functional magnetic resonance imaging (fMRI) while people

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engaged and played a charity-focused game. Researchers developed a dictator game to study altruism, where volunteers have been recruited to be a part of the experimental study. In the trial, participants received $100 each. The participants choose if they wanted to give it all to charity, keep it to themselves or give some away and keep some. Since participants make the final decision alone, the experiment is called the dictator game (Camerer, 2003). The dictator game has been tested hundreds of times in different countries and on different amounts of money. Camerer (2003) suggests that how much the participants' give depends on the scenario and the receiving organization. Even though the decisions made by participants are anonymous, most people (around the world) choose to give some money away to charity. The majority of people decided to give money away even if the receiver is an anonymous person they will never meet, and who will never find out where the donation came from. When participants choose to give away money to charitable causes or to keep it for themselves, the MRIs reveal that the parts of the brain that are linked to wellbeing is stimulated when giving. Researchers argue that this support the theory that people are not only altruistic to close family members but also to strangers in need (Camerer, 2003).

Harbaugh and colleagues (2007) investigated the relationship between pure altruism and wellbeing from giving. This study, uses MRIs, but in contrast, researchers compared brain activity between participants who freely gave money to charity and participants who were forced to give away money to charity. Economic theory suggests that purely altruistic individuals only care where the money goes. Therefore, according to theory, altruistic individuals feel good when money goes to charity even if the donations were forced. The theory of warm-glow giving suggests that it's the active free choice to donate that produces a sense of wellbeing and not where the money goes. The 2007 study results showed that the rewards central part of the brain was activated during both forced and optional donations, which suggests that people are purely altruistic and

have a genuine interest in where the money goes. However, the individuals who freely increased their giving showed more joy and happiness indicators on their MRIs than forced contributions, which suggest again that Andreoni (1989; 1990) was correct in suggesting that individuals are motivated by both pure altruism and to feel good by the free choice of deliberate giving. Hence, these results infer that giving, in the form of charitable contributions, is intrinsically fulfilling, forced or not. The theory of warm-glow giving is also supported by other results from multiple surveys where individuals who give money to charity have shown to be happier than individuals who don't give money at all. (Dunn et al., 2008)

A group of researchers added perceived observation in their experiment. (Izuma, Saito, & Sadato, 2009) In this trial, participants were asked to make charitable choices both in the visible absence and presence of observers. As the researchers expected, the presence of observers increased the inclination to give to charity. Consequently, activation in the ventral striatum was elevated before the decision to donate when observers were present as opposed to when they were not present. Activation was elevated before the decision to keep funds (not to give to charity) when observers were not present as compared to when they were observed. The results imply that individuals care about perceived social costs and benefits.

In addition, Zak (2012) advocates that brain chemistry might offer a key to giving. In a recent research trial, a nasal spray containing oxytocin was given to half of the participants in the test group, and a nasal spray containing salt and water was given to the other half. In humans, the hormone oxytocin acts as a neurotransmitter in the brain and has been shown to be important in recognition and bonding, often times released during hugging, touching and orgasm in both sexes. (Domes et al., 2006) During the study trial, the subjects played a game asking them to make a decision on

whether or not to give money away to charity. The subjects who used the oxytocin spray increased their giving by 80 percent compared to the others. This implies that when oxytocin is present in our brains and blood streams, we are happier, more generous and more trusting.

These above findings are scientific evidence suggesting the importance of being donor-centered in non-profit fundraising efforts.

2.8 Impact Motivations

Donors give based on the impact of their gifts. Analysis of interview results of 32,000 + non – profit stakeholders since 2011 suggest that it's crucial for organizations to clearly communicate the effect of donations and well as a straight forward model of impact. (CCS, 2014)

FIGURE 2.4: IMPACT OF GIVING (%)
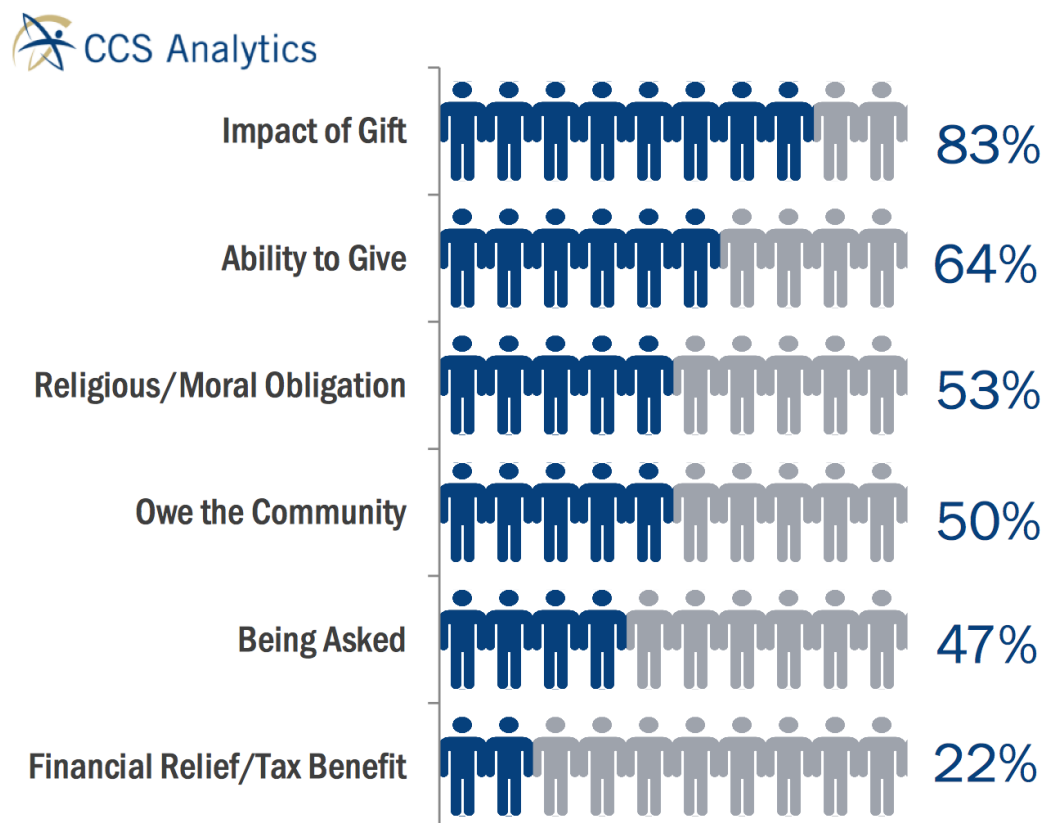
Recent studies suggest (Sims, 2011) that a new era of philanthropy has emerged, which has greatly expanded the practice of giving. Individuals are making philanthropy a priority in their lives, more so than ever before. In addition, the generations of new donors expect higher standards and requirement of accountability of non-profit organizations. Donors want to know that their donations will have an impact, before giving support. (Sagawa, 2001; Sims, 2011) People are more inclined to give to charity when they are convinced that they will make a lasting and tangible change as a result of their contribution. (Sims, 2011)

2.9 Appreciation Motivations

Researchers who have considered the motivational aspect of donor behavior have identified numerous of perceived perks of making a donation, including feelings of self-esteem and importance, public recognition, one's own well-being, and relief from emotions of guilt and obligation (Amos, 1982; Dawson, 1988; Haggberg, 1992; Kotler & Andreasen, 1987). People may be motivated by personal recognition and benefits, in which they hope to seek out public acknowledgement to satisfy a psychological or emotional need. (Sims, 2007) For this reason, organizations often devote part of their resources to credit donors with gifts of recognition and other signs of appreciation. This emphasis by NPOs to positively reinforce donor support helps to encourage further commitments to giving.

A recent study discovered that "awareness of tax advantages" ranked the third most significant motivator for making a charitable donation (Hopkins, 2005). However, Barry (2007) argues that tax incentives are not a priority motivator that determines why people give money. The strongest proof that tax incentives have a trivial effect on

individual charity is the consistency over a long period of giving to philanthropy as a percentage of household income. Giving as a share of personal income in the United States has hovered around 3 percent for the past three decades (Barry, 2007). Kottasz (2004) argues that tax breaks are not considered relevant in the current literature. However, Arnett et al (2003) suggest that tax breaks motivate individuals in sustaining giving to charitable causes over time.

It appears that the majority of research on charitable giving and tax breaks suggests that tax incentives are not viewed as a significant driver of giving decisions. However, that is not to say they are unimportant (Kottasz, 2004; Arnett et al., 2003; Steinberg, 1990). The existence of such stimuli signals that philanthropy is a socially favored act supported by the general population and the government. In addition, tax breaks are a useful vehicle for motivating donors to give larger donations since tax credits offer greater opportunities to reduce the amount of personal income taxes paid by individuals. In other words, a lower after-tax cost of donating tends to encourage more and larger contributions. (Kitchen & Dalton, 1990; Kitchen, 1992; Randolph, 1995; Tiehen, 2001; Auten et al., 2002).

2.10 Identity Theory Motivations

Aaker & Satoshi (2009) argue that one of the principal drivers that predicts giving to charity involves one's identity: who the donor is and how the givers view themselves. The authors used the identity-based motivation (IBM) model (Oyserman, 2009) to help advance the research on the psychology of giving. Oyserman (2009) suggests that identity-based motivation focuses on the pull toward identity-congruent action. His argument is three-fold: first, identities are highly flexible and context responsive. Second, identity influences what actions people take. And third, identity

helps make understanding of the world. These three insights (Aaker & Satoshi, 2009) shed light on whether people give at all and an indirect light on why people give.

The concepts of identity and identification have gained a lot of interest in recent academic research. Researchers are interested in the way individuals perceive themselves in the context of the larger community they are part of and how that affect their behavior (Ravasi and Rekom, 2003). The definition of the concept of identification includes the multiple roles an individual has between the self, personalized roles, society, and role performance (Arnett et al., 2003). The concept of identification comes from identity theory (Ashforth and Mael, 1989; German, 1997; Arnett et al., 2003) which is based on the hypothesis that an individual manifests many characters that comprise his or her self.

Research shows that if an individual sees himself as a "giver" then that person is more likely to give. (donate or volunteer) There are three different "identities" that impact our decisions to give: 1) family identity, ("my sister died of breast cancer so I will support the breast cancer society") 2) community identity ("my son's soccer club") and 3) personal identity ("I am a giver"). However, the setting in which one is requested to give to charity also plays a vital role in the outcome, according to Aaker & Satoshi (2009). Breeze & Dean's (2012) investigation into how individuals pick their charities reveals that donors most often choose charitable causes where they have a personal connection. The average donor prefers to help people with whom they feel some connection and attachment to, which helps clarify why much of the money donated by individuals stays within a specific geographic region or group. Much of the current research suggests that donations are not driven by the needs of the people but rather driven by the taste of the donors. (Breeze & Dean, 2012)

Some of the most frequent testimonials from donors who give to charity include: 1) They are personally affected by the cause. (e.g., heart disease) 2) They are thankful that they are not affected by the cause (e.g., cancer/ poverty) 3) They want to have fun and be part of something in the community (e.g., beach cleanup) 4) They share the values and ideals of the organization (e.g., human rights) 5) They empathize with the victims (e.g., earthquake) 6) They can get a bargain (e.g., charity shops) 7) They want to help their community (e.g., school fundraising) 8) They trust or like the person asking (Gneezy & List, 2013).

When analyzing giving behavior, identity is evaluated by the measure the individual see themselves in a particular role, and it is related to a higher frequency in giving and getting involved (Laverie and McDonald, 2007). Researchers place identification as a mediator factor in analyzing giving behavior in the non-profit context (German, 1997).

2.11 Social Trust Motivations

Social trust is a faith in the honesty, sincerity and devotion to others. Research suggests that a higher level of general trust is associated with more confidence in charitable organizations and charitable giving (Havens & Schervish, 2007, 2005; Anft & Lipman, 2003). Often the level of giving is one indicator of the strength of social trust and civil society within a country. (Voluntas, 2008)

A recent Pew Social Trends cross – National Survey (2012) found that Americans ranks in the upper middle range of trust globally. The highest levels of social trust were found in the homogeneous, well off nations of Scandinavia (Norway, Sweden, Finland, and Denmark). The lowest levels of social trust were found in unstable parts of the world such as Africa and South America.

As for the US population as a whole, individuals are closely split on the following topic: "Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?" Approximately 45 percent of respondents in the Pew survey say most people can be trusted while 50 percent say the latter.

The 2012 Pew Survey found that 1) Whites are more trusting than Blacks or Hispanics; 2) people with higher household incomes are more trusting than those with lower household incomes; 3) the married are more trusting than the unmarried; 4) the middle-aged and the elderly are more trusting than the young; 5) people living in rural areas are more trusting than those residing in cities. In addition, the questionnaire found that there are some characteristics that have zero bearing on social trust such as political and religious views among respondents. In line with Havens and colleagues (2007), Uslaner (1999) observed that people holding higher levels of social trust are more likely to have confidence in charitable organizations and give money. To the extent that levels of general social trust vary by region and culture, charitable giving might also differ.

Prior literature has confirmed that there are differences in charitable giving levels by region due to the issue of social trust. (Anft & Lipman, 2003; Havens & Schervish, 2007, 2005; Wolpert, 1995). Studies (Wolpert, 1995) report that place and context matter in donor behaviors. Americans living in the southern states might have lower levels of general social trust because they are more "collectivist" than other regions. Collectivism, contrary to individualism, is regarded as a social pattern of closely linked individuals who describe themselves as interdependent members of a strong, cohesive group. (e.g., family or co - workers) (Hofstede, 1993; Vandello & Cohen, 1999). Hofstede (2003) has been the leading thinker on the dimensions of cultural differences since the 1970s. His research suggests that collectivism leads to a

lower level of trust in people outside the collective and a lower level of helping

behaviors aimed at those not part of the collective group. Vandello and Cohen (1999)

found the states in the "Deep South" (such as Georgia and Tennessee) were

significantly more collectivist than the Midwest/Plains region and Great Lakes states

(such as Michigan, Indiana, and Illinois), and the Northeast. In contrast, the Mountain,

West, and Midwest/Great Plains regions were significantly more individualist and, as a

result, charitable giving levels were higher in these states. (Kemmelmeier, Jambor, &

Letner, 2006) These findings suggest a positive relationship between individualism and

level of charitable giving. However, the studies did not necessarily take into account

differences within households, such as family culture, that could account for the

differences found within regions.

2.12 Differences in Motivating Factors by Segments

Research suggests that individual or household income significantly influences

charitable giving. Studies have shown that, in the United States, higher income earners

tend to give more monetary donations to charity in absolute terms than their lower

income counterparts. (Greene and McClelland, 2001; Tiehen, 2001; Bakija and Heim,

2008). At the same time, recent data show that American middle-class households

donate more as a percentage of income. (Gittell and Tebaldi, 2006; Tiehen, 2001)

Research illustrate that individuals with graduate degrees typically earn higher incomes

and consequently contribute more to charitable causes. Gittell and Tebaldi's

jurisdictional analysis (2006) of the 50 US states observed that with a higher share of a

state's population holding higher degrees (either masters or doctoral degrees) comes an

increase in average giving. However, there is insufficient prior research on the

differences in motivations for charitable giving by income and education.

Based on data from a registered arts charity in the United Kingdom, Buraschi and Cornelli (2002) found that the income level of donors seemed to affect the relative importance of two specific motivations for their charitable giving. These motivations were to 1) fund a public good (i.e. to support the production of new arts) and 2) to have access to a private good (i.e. to obtain fringe benefits). Individuals with higher incomes were more likely to donate for the public good motive, whereas those with lower incomes were more likely to give to obtain fringe benefits, i.e. obtaining the access to a private good, probably due to the constraint of their budget. The 2008 Bank of America Study of High Net Worth Philanthropy also found that high-net-worth households were more likely to self-report more altruistic motivations for giving, while obtaining public recognition and benefits (e.g., tickets, gifts) were rated very low.

Several studies examined the income differences by a few factors related to motivations, such as altruism, trust, and responsibility. The degree of altruism appears to vary by income level. Andreoni's study (1990) suggests that people become less altruistic as income rises from 0 to $100,000, and then get more altruistic as income increases above $100,000.

2.13 Non Profit marketing / Segmentation

Several studies in psychology and marketing have examined the effectiveness of various fundraising techniques used to request contributions, (Thornton, Krichner, & Jacobs, 1991) and the relationship between different feelings among givers and their behavior (Carlson & Miller, 1987). Some studies in marketing have also focused on "Cause-related Marketing" (Ross et al., 1992; Varadarajan & Menon, 1988). However, these studies did not address the factors that influence and motivate individuals' contribution to charity.

Non-profit organizations are not selling products. Instead, they are selling their organization's ideas and mission. If the public does not have an awareness of the good work that a non-profit does, it is unlikely that they will contribute and give money. For nonprofit organizations, a strong image is the key to awareness. (Andreasen & Kotler, 2003) Therefore, developing and maintaining a strong image through marketing will increase support for the organization. In addition, non-profit organizations are operating in a competitive environment with limited resources (Yorke, 2007) and consist of multiple stakeholders with various needs (Bruce, 1995). Kotler and Levy (1969) argued that marketing plays a crucial role in the lives of non-profit organizations. More recently, as Andreasen and Kotler (2003) claim, since nonprofit organizations need to increase their income in order to fulfill their mission, the principles and practices of marketing are increasingly being applied by NFP. However, it remains an unfamiliar concept for a significant number of non-profit organizations still today (Andreasen & Kotler, 2008; Bennett, & Barkensjo, 2005)

Kotler and Andreasen (1996) suggest that the nonprofit sector has been skeptical of marketing for decades due to an adverse connection to the for - profit sector. However, as the sector have had to face new and complex marketplace problems, such as diminishing support from government, charitable organizations have looked to marketing to increase income from donations. When the use of marketing for fundraising goals first became fashionable, charities most often adopted marketing techniques that proved to be successful of consumer goods and services in commercial contexts. However, in the past two decades, fundraisers attempting to recruit and retain donors have realized that it is not enough simply to use marketing techniques. (Lee & Kotler, 2011) Rather, they must seek knowledge of why people give to charity, specifically their cause. That way, the organization can produce a marketing strategy that will encourage the long-term commitment of donors to their organization (Guy and

Patton, 1989). According to Bulla (2006), non-profit organizations although they generally agreed that customer profiling and market segmentation might be helpful, they did not actually do this.

A study conducted by Akchin (2001) to determine the state of marketing in non-profit organizations in the USA, highlighted a trend to perform one or more marketing functions instead of the adoption of a comprehensive marketing strategy. And studies by Dolnicar and Lazarevski (2009) showed that many NFPs still demonstrate a distinct lack of understanding of what the principles of marketing are, hence mainly focus their efforts on sales and promotional activities. As Lake (2008) suggests, it is critical for non - profit organizations to understand that marketing is more than just making a sale or obtaining a donation, it is a way to satisfying the donors' needs.

Andreasen and Kotler (2008) recommend NFPs to adopt a strategic marketing plan, and emphasized the adoption of a marketing mindset, termed a "customer-centered" mindset, which focuses on understanding customers' needs, wants and perceptions, as opposed to an "organization-centered" mindset. A "customer-centered" mindset means the organization places the customer (donor) at the centre of the outreach activities of the organization. The authors (2008) stress the importance of market research in understanding the needs of non- profit customers, so as to better satisfy these unique consumer needs.

Other researchers such as Maynard (2008), Lake (2008) and Ojiambo (1994) agreed that segmentation strategies are crucial for the sustainability of nonprofit organizations and should define their target markets, identify their customers and maintain regular communication with them. However, as Yorke (2007) mentioned for the majority of non-profit organizations, primary data cannot be afforded due to limited

budget. Thus, they make less use of segmentation strategies, and they attempt to reach the whole market, which is not a good strategy.

Marketing researchers have started to look at the effectiveness of certain solicitation techniques and market segmentation approaches in connecting donors with causes. (Heidrich, 1990; Prince, File, & Gillespie, 1993) The authors suggest that by partitioning a market into groups with similar motivations and needs, market segmentation allows an organization to determine which segments are appropriate targets and the optimal communications and promotional vehicles for reaching them. They suggest that segmenting donor markets provides an opportunity to efficiently use an organization's resources. Further work also discovered that that advertising which emphasizes the proven effectiveness of the charity does not increase giving, (Karlan & Wood, 2014) which suggest that when it comes to charitable giving, people are often ruled by their hearts and not their heads.

Van Slyke and Brooks (2005) took on a multi - method approach to data collection and interviewed NFP vice presidents to better understand practitioners' uses of data on individual giving for fund – raising purposes. In other words, to what extent they collect and analyze data about donors for the purpose of cultivating marketing and fundraising strategies.

The results from the interviews illustrated that the NFP individuals were all looking at developing relationships with high – wealth donors rather than the "average" donors. It appears they had a better understanding of how to attract high wealth donors compared to "average" donors. The interview data also illustrate that a significant amount of an organization's fund-raising resources and capacity was consumed trying to influence the giving patterns of the wealthy from the organization's perspective, rather the the donors' perspective. The NFP individuals all agreed that they should use

more of their resources to 1) cultivate relationships with average donors and 2) focus more on what donors want out of giving. However, they did not have enough information on how to strengthen the development approaches to target the "average" donors and build the appropriate fund-raising infrastructure to support it. This due to a lack of understanding "average donor" behavior.

2.14 Conclusion; Literature Summary

Participation in charitable giving in the United States is higher than any other country in the world, (World Giving Index, 2014) with a steady 90 percent of American households making donations to charity every year. Individuals give by far the largest portion of charitable contributions, which accounts for about 72 percent of total giving to charities. (The Foundation Center, 2014) That makes a focus on who is donating, why they are doing so, and how to get them to donate even more, utterly crucial. Understanding donor preferences and underlying motivations for giving will help the non-profit sector design fundraising strategies that more effectively target and retain donors. (Sargeant & Woodliffe, 2007)

Current research confirms that giving patterns belies big differences between middle – class and wealthy Americans. According to a 2014 study based on the most recent available Internal Revenue Service records of Americans who itemized their deductions, middle – class Americans give a far bigger share of their discretionary income to charities compared to their wealthier counterparts. (How America Gives 2014, The Chronicle of Philanthropy) Households that earn between $50,000 to $75,000 give on average 7.6 percent of their discretionary income to charity every year, compared with an average of 4.2 percent for people who make $100,000 or more, and 2.8 percent of people making $200,000 or more a year. This makes middle – class Americans the most generous target group, in proportion to their incomes. Currently, academic literature has

little to no content on the American middle – class donor group. Scholars have previously looked at motivations for giving by higher income households (Bank of America Study of High Net Worth Philanthropy, 2008; Schervish & Havens 2001) but have not yet explored the differences in motivations' for charitable giving between middle class and wealthy households. (The Foundation Center, 2014) Hence, there is a real need for applied research to be undertaken to help the non - profit sector enhance understanding of the middle – class American donor group. Class difference may be critical for understanding planned giving.

According to previous research, giving money to charity springs from countless motivations to a combination of economic, demographic and social factors. The literature confirms that philanthropy is not simply a monetary activity; it concerns much more than cash. Particularly, it has transformative potential for donors, contributing to one's identity work, status, satisfaction level, and the pursuit of modern standards of success, happiness and connection to a cause. (Andreoni, 2004; Vesterlund, 2006; Solomon, 2012; Dunn et al., 2008; Aaker & Satoshi, 2009) Psychologists, economists, and sociologists have identified many motivations for giving, often resulting from a mix of both intrinsic and extrinsic concerns. (Kottasz, 2004; Sargeant et al., 2006; Griskevicius et al., 2007; Dunn, Aknin, & Norton, 2008; Bruce, 1994)

Several researchers propose combining a "joy – of – giving" motive with altruism to create a model of what's called impure altruism, also known in the literature as "warm glow giving." (Cornes and Sandler 1984, 1994; Steinberg 1987; Andreoni 1989, 1990; Mayo & Tinsley, 2009) This theory explains why people give to charity and points out two main rewards; 1) the interest in the welfare of the recipient and 2) the warm glow/ positive feelings the donor may derive from the act of giving. (Andreoni 1989, 1990) Sometimes people are motivated by a desire to gain recognition, win prestige, respect,

friendship, and other social and psychological pressure. This is also considered "impure altruism" because it involves a self-interest. However, acting in a self – interested manner does not mean acting selfish. By and large, people give because they care about others but donors often experience personal pleasure and well being in knowing they have contributed to a good cause. Often, a donor experiences social rewards such as public recognition, being part of a community, enhancing self – esteem via giving and relief from feelings of guilt and obligation. (compliance with social norms) Thanks to a combination of neuroscience and economic theories, we know that most people's motives for giving away money involve a mix of numerous motivations.

Academics have studied various areas of psychology that might motivate people to give. Some of the main driving emotions identified in the literature include 1) guilt (Strahilevitz & Myers,1998) 2) sympathy and empathy (Small et al.,2007) 3) happiness. (Dunn et al.,2008) 4) nostalgia (Merchant et al., 2011) 5) emotionally stable and have a higher self – esteem (Bekker, 2004). Empathetic predisposition has been identified as the most potent emotion positively associated with charitable giving, making it the perfect emotion to play upon when marketing for a charity. Tax incentives are not commonly viewed as a primary driver of giving decisions but could motivate individuals in sustaining giving to charitable causes over time. (Kottasz, 2004; Arnett et al., 2003)

To conclude, researchers in this area seem to agree that people are motivated to give to charity both due to altruism and selfish reasons. It appears it's not so much about the charity itself but the donor's own visions, experiences, and values. Donors want to feel a sense of closeness to the cause, and they want something back, even if it's merely a good feeling from giving. It's important for the nonprofit sector to seek an understanding of why people give to their cause so they can adopt a donor-centered

approach and develop a marketing strategy that will encourage and effectively enhance giving. In the light of the current literature, researchers have not compared charitable giving motivations and behavior amongst middle class and wealthy households. Such a study would offer significant practical data needed to benchmark giving and offer insights for fundraisers hoping to influence planned giving decisions.

2.15 GAP IN THE LITERATURE

Although donor behavior and motivations have received significant attention in the academic literature, most research to date focuses on extremely wealthy donors or small representations of the general population. Seminal authors and research studies provide a solid groundwork on giving motivations, but there is a significant gap in the knowledge devoted to understanding charitable gift giving behavior among middle - class Americans. This growing target group is crucial to the nonprofit sector because for the past five years, they are by far, America's most generous target group in terms of donations to charity. Middle-class individuals give more of their incomes to charity organizations compared to both wealthy and poor Americans. (How America Gives 2014, The Chronicle of Philanthropy) This contradiction is the starting point of this research and interest for further investigation.

In order to further increase charitable contributions of middle – class donors, it is important to understand their underlying reasons for giving. Currently, there is a lack of research on the topic of middle class giving motivations and behavior in the literature. In fact, to the best of my knowledge, no research has looked at middle - class Americans giving behavior and motivations. However, it now merits exploration due to the most recent giving trends illustrated by IRS data, which shows that middle – class Americans give more to charity than others. (How America Gives, 2014) Filling this gap is critical due to many societal benefits including the increased demand for services by NPOs to provide basic services, previously cared for by the government. (National Council of Nonprofits, 2013) Knowledge on middle – class donors is relevant to a wide range of stakeholders involved with the non – profit sector, including; NPOs, donors, policymakers, board members, volunteers, and, of course, the 15 percent of the American workforce that are employed by the non – profit sector. (Labor Statistics,

2014) Hence, there is a real need for empirical research to be undertaken to help the non - profit sector increase understanding of middle – class donors.

The information provided on giving motivations by existing research in the field appears insufficient because little effort has been aimed toward understanding the motivation that underlie the giving process across classes and incomes. In addition, the current literature on donor motivations and behavior does not link with how this information can be useful by the nonprofit sector. The correlation between knowledge on donor motivations and marketing strategy has not yet been acknowledged and presented in a useful way. Notably lacking is empirical research to illuminate which marketing strategies work best depending on donors underlying motivations for giving. In other words, using the results from the donor research to consider how overall giving levels can be increased. To date, research is quiet on the degree to which these underlying motivations might influence how donors respond to marketing and fundraising campaigns. Therefore, it's important to identify donor segments in the proposed research to assist in this progression.

The proposed study aims to shed light on middle – class American donors' motivations for giving, their behavior and thought process when making a donation. The intent is to create segmentations based on underlying motivations to help charities understand not just how and when donors give, but why. The research will also look at the different factors that donors say sway their decisions on giving, whether they do research, what they look for, and how they use this information to help them make a donation decision. In particular, the aim is to compare charitable giving motivations and behavior amongst middle - class and wealthy households, which offer insights for fundraisers hoping to influence planned giving decisions. This information aims to help charities understand what to communicate to different donor segments to influence their

giving. Charities can build on this to create better marketing strategies and inspire more giving.

The importance of closing the gap in the literature is critical due to the competitive landscape that NPOs function in today. In order for organizations to survive, they ought to adopt a plan that offers a reasonable opportunity of improving marketing strategies and communication with potential donors and current donors. In this context, understanding middle – class Americans becomes crucial for survival.

This research strives to bridge the gap in the literature by exploring class differences in motives for charitable giving. The results from the study will offer insights and valuable information about middle class donors to be used by fundraisers hoping to influence planned giving decisions, nonprofit professionals, donors, and others interested in philanthropy and the nonprofit sector. In addition, the results from the study could improve existing practice and will hopefully contribute to existing theory and have valuable practical and theoretical implications for the non – profit sector.

This study will be a starting point for further discussion about how the findings can be used in practice, how marketers and experts in the field can use this information for fundraising purposes. Future studies could employ experimental designs to elaborate upon and isolate specific donor motivations to understand better how to target donors. Longitudinal studies could also be undertaken that gauge the long-term impact of specific marketing strategies and fundraising efforts to better understand the link between underlying motivations, behavior, and fundraising.

Chapter 3: Research Methodology

The purpose of this research thesis is to address the gap in the literature and provide comprehensive information on charitable giving and giving motivations among American middle − class households. The key objective of this study is to determine which underlying motivations drive charitable giving among members of the target group. The study will consist of web surveys distributed to middle − class individuals across the US focusing on underlying motivations, behavior and factors that influence giving levels. Furthermore, this research aims to improve our understanding of why donors give money to charitable organizations, and explores how individuals make decisions when giving to a particular charity. It extends the work of Andreoni's research (1990), Van Slyke & Brooks (2005), Vesterlund (2006), Sargeant & Woodliffe (2007), Kotler & Andreasen (1987), Dunn, Aknin, & Norton (2008), and Aaker & Satoshi (2009) and illuminates, through survey data gathering and critical analysis, charitable giving motivations and behavior amongst middle class households. The data will offer insights for fundraisers hoping to influence planned giving decisions via more effective marketing strategies.

The four objectives of this chapter are to (1) outline the research methodology of this research, (2) describe the sample selection, (3) explain the procedure used in designing and collecting data, and (4) present an explanation of the statistical methods used to analyze the data.

3.1 Research Design

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┌─────────────┐   ┌─────────────┐   ┌─────────────┐   ┌─────────────┐
│  Scoping    │   │             │   │ Survey of 209│   │Data Analysis│
│ Literature  │ > │Survey Design│ > │ Individuals │ > │      &      │
│   review    │   │             │   │             │   │Segmentation │
└─────────────┘   └─────────────┘   └─────────────┘   └─────────────┘
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3.1.1 General Overview of the Chosen Methods

Scientific research can be performed via two methods, qualitative and quantitative (Bryman, 2012). Qualitative research "properly seeks answers to questions by examining various social settings and the individuals who inhabit these settings" (Berg, 2001). Quantitative methods are used for studies that aim to measure information numerically (Björklund & Paulsson, 2003). This thesis will look at breadth and depth as well as causality and meaning. The data needed for this study can be gathered via a variety of research methods. However, only a few research designs correspond well with the research problem that's being investigated. After contrasting and comparing various methods (See APENDIX 1), a quantitative design was developed.

The data will be collected via online survey and analyzed via various methods and statistical software. The purpose of the design is to use a range of analytical methods to measure and analyze information about the population of interest (Middle – class and wealthy Americans) and explain phenomena by collecting this data.

Quantitative research is useful at presenting knowledge in breadth, from a large number of respondents, and by using qualitative data analysis methods, we can better understand the conditions of this phenomenon. This method will allow me to gain detailed insight into why middle – class Americans give money to charity and also get an overview of giving behavior among a larger population. The survey will offer insights into different aspects of the issue. The results will be analyzed and then

presented in a meaningful way that would be useful to the NPOs, as well as researchers in the field. Outlined below is the proposed research methodology including procedures and my sample (participants) selection:

3.2 SURVEYS

Surveys are the principal method of quantitative research, and this method provides a means of measuring a population's characteristics, attitudes, needs and motivations. In selecting the best survey method, I considered best way of communicating with respondents, sample size, timing, and budget.

My survey target population is middle – class Americans, and the best way to reach this sample group is to use an online survey. Middle – class Americans are busy people who prefer online surveys to traditional methods. (Sterne, 2001) For that reason, I intend to use an online survey to gather my statistical data.

This survey has pre-defined criteria for inclusion, such as education, household income and savings. In addition, our respondents ought to fall in what's been defined as the middle class in terms of income, between $25,000 - $100,000. Respondents will also be asked whether they donated to charity in 2014, to find out donor status. (Donor vs. non-donor)

Proper sampling is crucial in the survey process because I want to reach the correct audience in large enough numbers to be certain that I know what they feel and think about charitable giving. Currently, I have access to a couple of different avenues where I could find the sample group that I am interested in: 1) The Society of Professional Journalist, based in the USA, which I am a member of, 2) University of Hawaii student database, USA, and 3) US Army databases.

3.2.1 SURVEY OVERVIEW

The purpose of this survey study is to provide comprehensive information on the charitable giving activities of middle-class households and make comparisons to wealthy households motivations for giving. The study consists of web surveys distributed to American households around the United States. Qualtrics implemented the survey. Charlotte Marten, master's student at the University of Waikato Management School, oversaw analysis procedures with the assistance and guidance of supervisors.

3.2.2 THE QUESTIONNAIRE

The survey will ask about giving in 2014. For this study, respondents will be asked to report about their donations and giving of personal assets.

The approximately 30 survey questions in the 2015 study include many that were modeled after those found in the Center on Philanthropy Panel Study (COPPS) conducted at the University of Michigan. COPPS biennially assesses the giving and volunteering behavior of the typical American household. In particular, the questions about middle-class donors' motivations for giving were modeled after questions asked in surveys for the Center on Philanthropy's regional giving studies in 2011 in collaboration with Bank of America. Also, the principal motivation question used in the 2007 Charity Survey conducted by Knowledge Networks was also used in our survey. This modeling is designed to provide comparable national averages on giving data among, middle-class, high net worth, and general population households.

Survey results will provide information about giving trends, demographic trends, charitable categories, size of monetary donations, giving strategies, decision making, methods used to make donations, confidence in social institutions and last but not least,

overall motivations behind charitable giving behavior among respondents. In addition, the survey results will be used to identify motivational differences and factors by income and by education level. In particular, the focus will be on differences in donor motivations among middle – class and wealthy households.

3.3. PARTICIPANT SELECTION– OVERALL SAMPLING

The target population for my study will be middle – class Americans, defined as those households living in the middle 60 percent of the income distribution. (incomes between $25,000 - $100, 000/year) The study consisted of web surveys distributed to 3000 households via online platforms, including facebook, business/student forums and blogs. Qualtrics implemented the survey, and the invited participants had the entire month of August, 2015 to complete the questionnaire. Out of 3000, only 211 participated in the study; a 7 percent response rate. However, two of the respondents did not fill out most of the questions so they were excluded from the final sample. The final sample for the majority of the analysis is 209.

3.3.1 SAMPLE SIZE

In terms of sample size, an appropriate size for sample depends on the research topic, population, aim of the research, sample measurement in similar studies, the number of the subgroups (Davies, Williams & Yanchar, 2004), population variability and design (Hedeker, Gibbons & Waterneux, 1989; Davies, 2004). Although sample size between 30 and 500 at 5% confidence level is generally satisfactory for many researchers (Altunışık et al., 2004), the choice on the size should match the quality of the sample in this extensive interval (Morse, 2000; Thomson, 2004).

Borg and Gall (1979) present the following criteria for determining sample size in relation to the research method (Cohen et al., 2000, p. 93):

- If the research has a relational survey design, the sample size should not be less than 30.
- Causal-comparative and experimental studies require more than 50 samples.
- In survey research, 100 samples should be identified for each major sub-group in the population and between 20 to 50 samples for each minor sub-group.

After considering all the factors, the determined survey sample size ought to be at least 100 respondents (middle – class Americans) to be able to represent the whole target population. (Confidence level of 95 percent) The sample should be selected carefully and not only from those who volunteer to participate. In a statistically valid survey, the sample is accurately chosen so that each participant of the population will have a known non-zero chance of selection. (Evans, 2005) I intend to use probability sampling so that the results are projectable to the population segment with confidence.

Regarding the time frame of the research, an online survey can provide fast results and a large volume of data back within a few weeks. It saves both time and money, which is helpful when you are a student and finishing your master's thesis. My budget and time is limited, and, therefore, an online survey would work very well, both for research purposes but also time constraint purposes.

According to a recent study, response rates are declining and most surveys have a return rate between 2- 10 percent, (Tourangeau, Groves & Redline, 2010) which means I would have to recruit at least 500 participants to fill out the survey to get the minimum of 50 respondents. Due to low response rates, it's important to design the study in a way to encourage completion. For example length of survey, money/gifts, personalization, and a definite deadline with raffle/drawing. (Evans, 2005)

Objectives with the survey include: 1) gather information about the population of interest, 2) segment the population based on difference in attitude and motivation, driven by questions around giving behavior, and 3) to use survey results to nuance new approach to the way charities approach donors and what they communicate.

The analysis of the survey results will be a crucial part of using such a method. The survey data will be analyzed via SPSS, Excel and Qualtrics.

3.3.2 FINAL Dataset/ Sample:

Two hundred and eleven surveys were filled out, returned and submitted online during August, 2015. However, two of the 211 participants did not fill out most of the survey, therefore they were excluded. New total sample for the study is 209. The total sample includes participants of all income levels and classes..

This study's foremost objective is to present an understanding regarding the philanthropic patterns of middle-class households. In the study, any household with an income between $25,000 - $100,000 was included in the analysis. In addition, primary residence for all respondents had to be in the United States. After excluding households that did not qualify because they did not meet the middle class criteria, the final sample for middle class households was 121. This sample is used for all analysis focusing on middle class households only.

Survey sample 209 is used for analysis including all participants used in the comparative study where the objective is to look at motivational differences by income, by education level and class status.

3.4 MEASUREMENT OF THE MIDDLE CLASS

Despite copious studies on the American middle class, there is no single, widely recognized definition of the middle class in academia, but numerous definitions have been suggested.

The American middle class has been defined in terms of relative income, consumption pattern, means of production, occupational status, educational levels, pre-determined sociological characteristics or even by using self-identification. (Frank, 2007; The Drum Major Institute, 2013; Gilbert, 2008; Sullivan, et al., 2000) The measurement of the middle class, used for this research, will be linked closely to the most prominent research in the field.

When defining the middle class, economists use income as the sole determinant. (Frank, 2007; Isaacs, et al., 2008). The United States Census Bureau divides household income into quintiles or groups of 20 percent. Some economists define the middle class as those in the middle 20 percent of the distribution. (Frank, 2007) Others, including the U.S. Census Bureau, define it more broadly to cover the middle 60 percent of the income distribution, between $20,600 and $102,000. (U.S. Census Bureau, 2012) Because that's a broad income range, other factors such as home ownership and college education come into play. Other studies described the middle class as between $32,900 and $64,000 a year (Pew Charitable Trusts study, 2013), and between $50,800 and $122,000. (U.S. Department of Commerce study, 2012)

Reich (2011) defines middle class as those with income levels 50 percent above and below the median income that year. (0.5 and 1.5 times the national median) Median is a term that means the "middle of the middle," and according to Reich median wages are a key indicator of how the middle class is doing. For example, year 2013, U.S

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median household income was $52,250, (U.S Census data, 2013) which would suggest that middle-class income ranges between $26,125 - $78,375, using Reich's definition.

A household's income can be measured many different ways but the US Census as of 2013 measured it the following way: "the income of every resident over the age of 15, including wages and salaries, unemployment insurance, disability payments, child support payments received, as well as any personal business, investment, or other kinds of income received routinely." (United States Department of Housing and Urban Development, 2013)

Another method when establishing who belongs to the middle class has been to ask individuals to self-identify their social class. Respondents choose from the following options: lower class, middle class, and upper class. A 2008 Congressional Research Service report compiled results from three questionnaires in which individuals were asked about both their earnings and their class standing. The report gathered that the self-defined middle-class consists of people with household incomes approximately from $40,000 to $250,000. (Cashell, 2008)

A Pew Survey observed that there was not always a suitable match between a respondent's class identification and reported earnings. (Pew Research Center, 2008) In the Pew survey, 40 percent of respondents with incomes below $20,000 considered themselves to be middle class, as did 33 percent of those with incomes above $150,000. These findings suggest that income alone do not define the middle class.

Some researchers strive to create indexes that aggregate occupation, income, education, and other observable characteristics in order to rank people by social standing. (Gilbert, 2008; Nam and Boyd, 2004) Such rankings could be used to indicate middle-class status in academia.

Other social scientists explain the middle class even more broadly by incorporating non-monetary traits like emotional state and morale. (Chen and Newman, 2007; Sullivan, et al., 2000; Newman, 2006) This is based on the perception that particular values and hopes, primarily about economic security and protection, are profoundly connected with the middle class. Examples of middle-class values discussed in the literature include: 1) strong orientation for planning for the future, 2) control over one's identity, 3) movement up the socio-economic ladder through hard work and education, 4) a well-rounded education for the children. 5) Access to homeownership and financial assets such as a savings account and 6) respect for the law. One feature that stands out in academia concerning the middle class is that middle-class families emphasize their expectations about the future; they work hard, plan ahead, and expect to save in order to attain these goals. (U. S. Department Of Commerce Economics and Statistics Administration, 2010)

The literature suggests that members of the middle class are defined more by their values and expectations than their income level. A recent study (U. S. Department Of Commerce Economics and Statistics Administration, 2010) concludes, "Middle-class families are defined more by their aspirations than their income." The report lists typical American middle-class aspirations as "home ownership, a car for each adult, health and retirement security, college education for their children, and occasional family vacations."

Historically, the conceptual roots of social class, particularly middle class, can be found in the work by Max Weber and Karl Marx. The Marxian way described class in terms of general structural positions within the organization of production. (Grusky, 2008) The Weberian view, on the other hand, identified the middle class as those owning education and those individuals with common economic "life chances" which

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determine their opportunities for income. (Gilbert, 2015) Neo-Weberian and neo-Marxist theories of class represent two prominent views on the middle class. Both viewpoints stress the influence of market capacities in shaping life chances. Neo-Marxist discussions differ fundamentally in their focus on the relationship to the means of production as a key dimension of the class structure. (Grusky, 2008)

3.4.1 MEASUREMENT DEFINITION USED FOR THIS RESEARCH

For the sake of this study, the middle class is defined as those households living in the middle 60 percent of the income distribution. Based on 2014 census data, the middle class would have incomes from $25,000 to $100,000 a year. (U.S. Census Bureau, 2014) However, the study will take on a multidimensional definition to include factors such as education, primary source of wealth, working professional status, and savings, etc., to help indicate middle-class status among survey respondents. Rankings and principal findings used for the purpose of this research have been gathered from the current literature on members of the middle class. (Gilbert, 2008; Sullivan, et al., 2000; Nam and Boyd, 2004; Newman, 2006; U. S. Department Of Commerce Economics and Statistics Administration, 2010)

3.5 INFORMED CONSENT (Appendix B)

Participants were invited to participate in the study online, and an informed consent was included in this invitation as well as in the survey itself.

3.6 CONFIDENTIALITY

All answers in the study are kept confidential and the survey kept no identity record.

3.7 GEOGRAPHIC LOCATION

The research was carried out in Hawaii, USA. However, since the survey was shared via online platforms, the majority of American participants were located on the mainland US, across the 50 states.

3.8 DEMOGRAPHIC METHODOLOGY (Measured antecedents)

The demographic summary of individuals who responded to the survey will include basic demographics such as gender, age, ethnicity, religious attendance, home ownership, employment status and marital status. Educational attainment levels, total annual household income and primary source of income will also be included in this section.

3.9 DATA ANALYSIS METHODS

This section provides an analysis plan of the statistical techniques used to understand the survey findings. The statistical techniques used include: One way figures, correlations, analysis of variance, cluster analysis, z tests, t– tests, radar graphs, regression analysis, significance testing, classification tree analysis, cross tabulation and chi – square analysis.

3.9.1 One-Way Figures

First, we will start with the most straightforward form of analysis, and one that will provide much of the basic information needed about the middle class donor group, is to tabulate results, question by question, as one way tables and figures. This will be done using Qualtrics reports, and analyzing tools. Of course this does not identify which respondents produced particular combinations of responses, but this gives us all the essential information about middle class households. One – way figures are a great way to grasp the big picture of survey

3.9.2 Correlations

Correlation analysis measures the relationship between two items, for example, *charity giving level* and *income*. The resulting value (called the "correlation coefficient") shows if changes in one item (e.g., income) will result in changes in the other item (e.g., giving level).

When comparing the correlation between two items, one item is called the "dependent" item (Charitable giving) and the other the "independent" item. (Income) The goal is to see if a change in the independent item will result in a change in the dependent item. This information helps make sense of indicator's predictive abilities.

The key goal of a correlation analysis involves identifying the relationship between a dependent variable and one or more independent variables. (Myers, Well, & Lorch Jr, 2013)

3.9.3 Analysis of variance

Analysis of Variance (ANOVA) is a statistical method used to test differences between three or more means. (such as "variation" among and between groups) This method allows the researcher to determine if differences in mean values between groups are by chance or if they are indeed significantly different. (Doncaster & Davey, 2007)

3.9.4 Cluster Analysis

This type of analysis recognizes that respondents are not just a homogeneous mass. For that reason, cluster analysis is concerned with the similarity of the subjects– that is, the similarity of their profiles over the whole set of variables. The goal of cluster analysis is to find similar groups of subjects. This analyzing method can draw out – and thence characterize – groups of respondents whose response profiles are similar to one another. (Punj & Stewart, 1983)

We will use k – means cluster algorithm in SPSS to create donor segmentations, which will give insight into features of the groups, their sizes, patterns and why they give to charity. However, cluster analysis does not characterize respondents but instead assists in identifying homogenous groups within the survey population. One has to study each cluster to see what they have in common, and to determine if there are indeed distinct groups.

3.9.5 Z – tests

A Z-test is a hypothesis test, which tests the mean (or proportion) of a normally distributed population with known variance. One can also use Z-tests to test difference between two independent samples, and to determine whether predictor variables in probit analysis and logistic regression have a significant effect on the response. (Myers, Well, & Lorch Jr, 2013)

3.9.6 Radar Graphs

A radar graph is a graphical method of displaying data in the form of a two-dimensional chart of three or more variables described on axes starting from the same point. Considerable amount of research, data gathering, and analysis goes into creating a meaningful radar graph.

3.9.7 Regression Analysis

Regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables (or 'predictors') Regression Analysis assumes that one variable is dependent upon: A) another single independent variable (Simple Regression) , or B) multiple independent variables (Multiple Regression). For example, do age and income impact giving levels to charity? It's important to note that this analysis is sensitive to outliers, and it's important to standardize the scores. If the plot shows random scatter, the assumptions are met. But if it shows a U- shape, then linearity is not met, then constant variance of the regression analysis is not met.

3.9.8 Significance Testing

Statistical significance is the probability that an effect is not due to just chance alone. It is an integral part of statistical hypothesis testing where it is used as an important value judgment. The significance level for a given hypothesis test is a value for which a P-value less than or equal to is considered statistically significant. Typical values for are 0.1, 0.05, and 0.01. These values correspond to the probability of observing such an extreme value by chance.

3.9.9 Classification Tree Analysis

Classification trees are methods for constructing prediction models from data. In this study it's used as an informative method to determine the best predictors of higher charitable donations. It starts with a dependent variable, in this case charitable giving, and looks across all independent variables included in the study survey (including all demographic variables, giving motivations, charitable information, decision making, attitudes, values, charitable categories, payment methods, social confidence, tax impact, frequency of religious attendance) and identifies the variables that are most related to level of charitable giving. Trees explain variation of a single response variable by repeatedly splitting the data into more homogeneous groups, using combination of variables that are mostly related.

Trees can be used for description and prediction of patterns and processes. Advantages of trees include: 1) the flexibility to handle a broad range of response types, including numeric, categorical, ratings and motivational data, 2) ease of construction, 3) ease of interpretation. Trees complement or represent an alternative to many traditional statistical techniques, including multiple regression, analysis of variance, logistic

regression, log-linear models, linear discriminant analysis, and survival models. (De'ath & Fabricius, 2000) Trees can uncover patterns that linear models fail to identify.

3.9.10 Cross Tabulation

Cross-tabulation analysis, also known as contingency table analysis, is most often used to analyze categorical data. When conducting survey analysis, cross –tabs are a quantitative research method appropriate for analyzing the relationship between two or more variables. A cross-tabulation is a two (or more) dimensional table that records the number (frequency) of respondents that have the specific characteristics described in the cells of the table. Cross-tabulation tables provide a wealth of information about the relationship between the variables.

We will make use of cross – tabulations analysis throughout the study data. At the most basic level, cross-tabulations break down the sample into two-way tables showing the response categories of one question as row headings, those of another question as column headings. For example, a cross tab between giving and income. In other cases, we will be using a three way table; giving level, age and income.

Cross tabulations allow for observation of relationships within the data that might not be readily apparent when analyzing total survey responses.

3.9.11 Linear discriminant analysis

Linear Discriminant Analysis (LDA) does data classification and look for linear combinations of variables which best explain the data. This analyses method can easily handles the case where the within-class frequencies are unequal and their performances have been examined on randomly generated test data. This method maximizes the ratio of between-class variance to the within-class variance in any particular data set thereby guaranteeing maximal separability. (Fukunaga, 1990)

In this study, we will use linear discriminant analysis to reclassify the respondents who had standard deviation less than 0.5, and then put them into the different segments depending on findings.

3.9.12 Chi – Square Analysis

The Chi-square statistic is the primary statistic used for testing the statistical significance of the cross-tabulation table. Chi-square tests whether or not the two variables are independent. If the variables are independent (have no relationship), then the results of the statistical test will be "non-significant", meaning that there is no relationship between the variables. If the variables are related, then the results of the statistical test will be "statistically significant" and there is some relationship between the variables. In this study, chi – square analysis is used to find any substantial relevance between groups in addition to Probit regression analysis. Probit regressions will allow for testing of the hypothesis that income and class status are important characteristics when understanding differences in donor motivation. The Probit regression models will test income, education and class status on the probability of being motivated by each of the top five motivations from the Knowledge Network

dataset, (Knowledge Networks' 2007 Charity Survey) while controlling for other human and social capital variables such as demographics, socioeconomic status, and religiosity.

3.10 LIMITATIONS OF SURVEY DATA

Some of the findings will provide significant insight into differences in donors' motivations for giving by income level, by educational level and social status; however, the limitations of this study may affect the estimation of these differences.

Like many attempts to study motivations, this survey relies on self-reporting by donors. Several considerations would seem to raise doubt about the reliability of self-reporting, for donor motivations in particular. For example, respondents may misinterpret the question or the respondent may be unaware of his or her subconscious motivations for giving.

Further, motivation questions are asked of all charitable giving, but respondents may have different motivations depending on the particular gift. For example, they may be religiously motivated to give to their church, but seek to make their community better when they give to a community charity.

3.11 RESEARCH ETHICS

Discussing ethics is important in order to protect the participant who leaves information to research and also which information is relevant to publish or not. The recording of survey data online will enhance the reliability (Kvale, 2007) since I will have the possibility of going back to the collected material to minimize misinterpretations at any point. However, it's important to inform the survey participants about their rights, and inform them that the survey keeps no identity record. (Högberg & Engstrand, 2013).

3.12 LEVEL OF VALIDITY

Validity is according to Bryman (2012) in many ways one of the most important criteria's in research. In what way can one prove that the findings in the thesis are "true" and that the outcomes of the thesis actually do arise from the specific factors that have been investigated. Bryman (2012) discusses the reach of validity in both qualitative and quantitative research and states that validity is most applicable and most important in quantitative research. However, validity is important in qualitative research as well, and is divided into internal and external validity (LeCompte & Goetz, 1982; Bryman, 2012). In this research thesis, I chose to use the concepts internal and external validity. (Guba & Lincon, 1994, Bryman, 2012).

Internal validity concerns the match between the researcher's observations and theoretical concepts. A way to strengthen the internal validity is to study the observed area over a period of time to minimize misinterpretations and obtaining the potential to ensure a higher level of congruence between observations and concepts (LeCompte & Goetz, 1982). To strengthen the internal validity in this thesis, many theories were studied to increase the quality of the authors' knowledge. (my knowledge) More knowledge about the theories and concepts will give me the potential of obtaining more transparent insight. Moreover, the survey will be prepared in advance, which will provide a higher level of congruence between concepts, theories, and observations.

External validity concerns the level of generalization and to what extent research can be generalized beyond the specific context (Bryman, 2012). It has often been suggested that the scope of the findings from qualitative research are restricted in a manner, which could indicate less generalizability. The lower level of generalizability is due to a lower number of observations, which is the opposite of quantitative research. (Bryman, 2012; Björklund & Paulsson, 2003). However, when dealing with

generalizability, in both qualitative and quantitative research, it is important to distinguish between the two scopes of generalizability. "The findings of qualitative research are to generalize to theory rather than to populations." (Bryman, 2012:406). Moreover, since this thesis focuses on USA, the generalization is further diminished, and not to be fully generalizable to all countries, markets, and organizations.

3.12 LEVEL OF RELIABILITY

As with validity, reliability is also divided into internal and external reliability, where the former concerns the agreement among researchers and the latter concerns the problem of replication (LeCompte & Goetz, 1982; Bryman, 2012; Tell, 2013). Some scholars have suggested that qualitative research reliability needs to be evaluated in another way than quantitative research reliability (Guba & Lincon, 1994, Bryman, 2012).

Internal reliability concerns the agreement among researchers (Bryman, 2012) and their conformity with each other. It is unlikely that two people have the same set of previous assumptions and experiences. As Heidegger (1996) argued, the importance is not only to speak about the same thing but also to speak, in the same way, when observing a phenomenon. According to the philosopher, this is the only way we can evaluate similarities and differences between things (Heidegger, 1996).

External reliability regards the extent to which the research can be replicated (Bryman, 2012). Bryman (2012) argues that this is a quite difficult criterion to meet since the surrounding environment is always changing. Another barrier, which reduces reliability, is whether the interviewee would change the answers during the interview and if he or she would provide different answers depending on who was interviewing him or her (Kvale, 2007). Therefore, researchers ought to be fully aware of this

potential dilemma and have therefore used as non-emotional and as objective questions as possible in the interviews, in order to not influence the interviewee. Issues of reliability could also emerge in the analyzing phase. (Kvale, 2007) The perception of words and data may differ between individuals, which in turn could lead to false outcomes.

3.13 CRITICISM TO METHOD

The thesis is based on a technique called triangulation, which implies that the researcher uses more than one source to collect data. The data in this thesis will be obtained through literature studies and surveys. This thesis investigation will only focus on middle-class and wealthy participants, which might give misleading results in terms of generalizability. This potential consequence could in turn lead to influence the external reliability due to few investigated objects and may lead to lower the replicability of the thesis. I am aware that the conclusions of this thesis may not replicate the entire segment of middle – class Americans but it is still a starting point to investigate why middle – class are so generous, for which there is a lack in theories today.

3.14 ASSUMPTIONS

There are many assumptions that will be made in the progression of the investigation and there are also plenty of limitations to be faced. It will be assumed that the selected sample represents the nature of the actual population of middle - class households. In this regard, the selected population will be expecting to give data that can be linked to the whole population. It has also been assumed that participants fill in the survey and return them in time.

3.15 EXPECTED FINDINGS

The survey tests the assumption that motivations for giving to charity vary by income, social class and education. We would expect that higher income people (with an annual household income of over $100,000) frame motivations for giving in terms benefiting society as a whole due to altruism, rather than personal reasons. In this survey, higher income donors may be more likely to report motivations for giving such as "improve my community," and "address problems in the world". While, middle class individuals might frame motivations for giving in terms that provide a context for giving despite budget constraints. Their motivations may be more focused towards helping those in dire need or receiving direct benefits from giving.

3.16 SUMMARY

This chapter has provided a general overview of the methodology and justified the decision to use an online survey method to gather the data. Thus, the main reason for this choice of methodology is our need to look at a combination of causation factors (motivations) in developing recipes for charitable giving decisions, rather than the net effect of a set of independent variables. Given the complexity of the outcome under examination, the chosen statistical tests and methods are appropriate for this study. A key objective of this study is to examine who will donate and why, which will offer predictive recipes for development of charitable decision making. This research thus takes up the challenges highlighted in this section by considering several combinations of antecedents (variables, including motivations) likely to associate with high levels of giving.

The collected data from surveys will be analyzed in order to make it accessible for evaluation. The data will be analyzed using means, percentages, standard deviation, and others. Then, collected information will be examined and once analyzed; data will be presented in the following chapter 4 as results.

Chapter 4. Results

In this chapter the results of the data analysis are displayed. The data were gathered and then processed in response to the problems posed in chapter 1 of this thesis. Two primary goals drove the collection of the data and the subsequent data analysis.

Those goals were to (1) obtain further insight into why Middle - Class Americans give money to charitable organizations, what they want from their giving and what drives them, and (2) to compare charitable giving motivations and behavior amongst middle class and wealthy households, which offer insights for fundraisers hoping to influence planned giving decisions. These objectives were accomplished. The findings presented in this chapter confirm the potential for merging theory and practice; supported by tables, figures and charts.

Two hundred and eleven surveys were filled out, returned and submitted online during August 2015. However, two of the 211 participants did not fill out most of the survey, therefore they were excluded. New total sample for the study is 209. The total sample includes participants of all income levels and classes. Out of 209 responses, 121 fell under American middle class households. Survey sample 209 is used for analysis including all participants, while survey sample 121 is used for all analysis focusing on middle class households only.

This study analyzed giving patterns, perceptions, motivations, decision making and values. Together these analyses shed light on middle class household philanthropic activity.

Results indicate that middle class donors are impact driven, and motivated to give because they feel moved about how their gift can make a difference, they want to give back to the community, make the world a better place, and they feel that those who have more should help those with less. The highest proportion of donors reporting these motivations in the survey.

The following sections provide detailed report of all results about giving behaviors and motivations of middle class individuals and households:

READING THE REPORT

This report is divided into six main sections and many subsections.

The report begins in *Section I* with overall demographic data for responding households.

Section II reports on trends in middle class household philanthropy, including giving and demographic information. Giving trends are followed by a series of findings about the largest gifts these households made in 2014.

Section III discusses findings on middle class donor strategies, decision making, motivations for giving, and gift outcomes.

Section IV focuses on a series of findings about public policy and the middle class household. This section includes the issues middle class individuals cite as important to them, as well as results about the influence of tax policies on household giving decisions, among others.

Section V looks at the differences between middle class and high income donors. Analysis of the findings in this section allows us to draw some interesting comparisons between middle class and high income donors. Specifically, we will look at motivational difference by income and by education level. In addition, classification tree analysis will be used to identify the best predictors of higher charitable donations among all responding households.

Section VI identifies donor segmentation based on differences in attitudes and motivations, driven by survey questions about underlying motivations for giving to charity. The segments of donors are based on the things that matter to them, which will give us insight into why they give and what they want from charities.

A note on terms used in this report: In some cases, respondents were asked to report about the giving behaviors of their household. These questions relate most often to how much households gave, the types of organizations to which they gave, and decision making within households. In other instances, respondents were asked to report on their own individual giving behaviors. These questions relate most often to giving behaviors related to strategy, motivation and outcomes, and policy. In most instances, the figures presented throughout this report display the percentage of respondents reporting positively to the survey questions. In other instances, data is in terms of dollar amounts or numerical amounts. The survey questions used for this study are provided, when applicable, below the figure heading.

Statistical significance is a term used to explain results that are unlikely to have occurred by chance. The test statistic helps us decide whether or not to call the numbers different. We call them "significantly different' when there is less than a 5% chance that we got the 'high' test statistic when the populations actually don't differ.

I: DEMOGRAPHIC SUMMARY

This section includes a demographic summary of the middle class individuals who responded to the motivations survey.

The population for this survey is Americans who donated money to charity during 2014. The primary focus of this research is middle class individuals/households. However, statistical tests of differences between population groups (based on income & education) are presented in this chapter.

We surveyed **209** respondents during August 2015:

- Middle class donors: people with a household income between $25,000 - $100,000 /year, who donated money during 2014.

- High-income donors: people with a household income above $100,000, who donated money during 2014.

- Low – income donors: people with a household income below $25,000, who donated money during 2014.

- Non-donors: people who donated zero dollars during 2014. (covering all income/class levels).

Those who completed the survey were split into three income groups and two donor groups (donor and non – donor) making six groups in all.

Table 4.1: Survey Sample Population: (respondent categories)

N= 209 respondents		Donors	%	Non-donors	%
Income level	$ Band	Number		Number	
High	(>$100,000)	74	35.4%	1	0.5%
Middle		112	53.6%	9	4.3%
Low	(<$25 000)	12	5.7%	1	0.5%
TOTAL		198	94.7%	11	5.3%

Table 4.2: DEMOGRAPHIC SUMMARY OF *MIDDLE CLASS* & *ALL* SURVEY RESPONDENTS

BASIC DEMOGRAPHICS	MIDDLE CLASS RESPONDENTS	ALL RESPONDENTS
White	83%	87%
Married or Living with a Partner	68%	72%
Female	78%	78%
Attend Religious Services at Least Once a Year	68%	71%
Retired or retired within next 5 years	3.5%	5%
Employed	63%	57%
Age between 25 - 44	70%	68.5%
Owns a Home	60%	68%

EDUCATIONAL ATTAINMENT	MIDDLE CLASS RESPONDENTS	ALL RESPONDENTS
Some College or less	35.5%	35%
Bachelor's Degree	40.5%	37%
Postgrad Degree	24.3%	28%

PRIMARY SOURCE OF INCOME	MIDDLE CLASS RESPONDENTS	ALL RESPONDENTS
Earned Income	64.5%	62%
Investment Asset Growth	2.5%	2%
Spouse Income	27.3%	28%
Family or Startup Business	3.31%	5%
Other Assets	0.83%	1%
Real Estate	1.65%	1%
Inheritance	0%	0%

ANNUAL INCOME	MIDDLE CLASS RESPONDENTS	ALL RESPONDENTS
Between $25,000 - $50,000	26%	15%
Between $50,000 - $75,000	41%	24%
Between $75,000 - $100,000	33%	19%
Between $100,000 and above	0%	36%

Final Dataset

This study's main purpose is to provide understanding about the philanthropic patterns of middle class donors and households. In the study, any household with an income between $25,000 - $100,000 was included in the analysis. In addition, primary residence for all respondents had to be in the United States. After excluding households that did not qualify because they did not meet the middle class criteria, the final sample for middle class households was 121.

II: OVERALL TRENDS IN MIDDLE CLASS RESPONDENTS

This section reports the responses of 121 American middle class households to questions about their philanthropy in 2014. It includes rate of giving, the organizations to which they gave, giving amounts, and analysis by specific demographic categories such as income, education, employment and religious attendance.

MIDDLE CLASS HOUSEHOLD GIVING TRENDS

Percentage of Middle Class Households That Give to Charity

The vast majority of middle class donors give to charity each year. In 2014, 92.5 percent of these donors gave to a charity. These figures are consistent with previous research.

Middle Class Giving by Charitable Category

In 2014, middle class households were most likely to give to a combination organizations (28 percent), basic needs (17 percent), health (15 percent) and education (12 percent). Fewer middle class households gave to international aid organizations, giving vehicles and the arts.

FIGURE 4.1: MIDDLE CLASS HOUSEHOLDS REPORTING GIVING TO CHARITABLE CATEGORIES IN 2014^ (%)

"In 2014, did you or your household make a donation to any of these causes?"
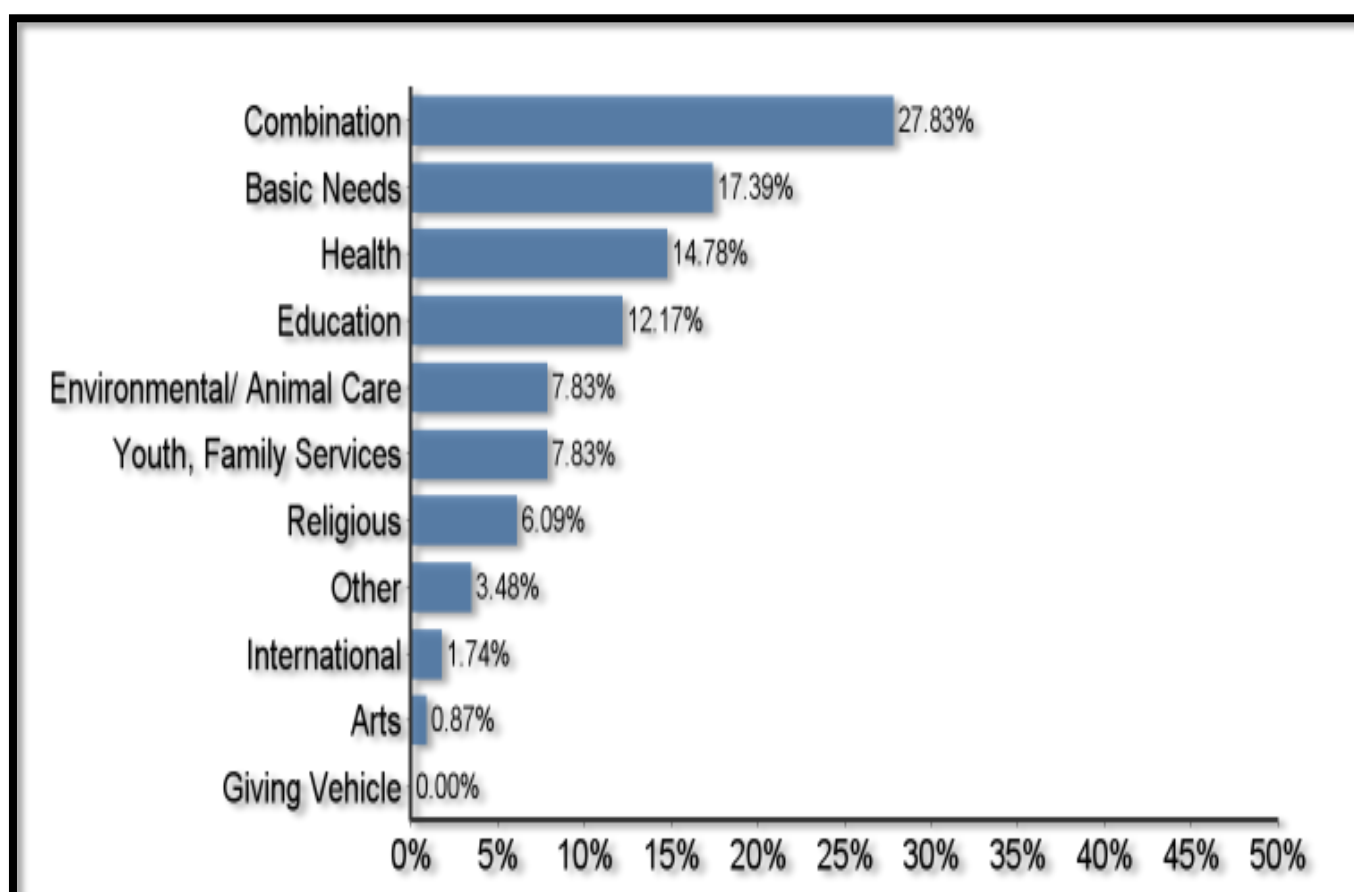
^*Combined* organizations include charities that assist in various charitable categories including basic needs, arts, health, religious, youth & family services, environmental/animal care, international, giving vehicles and other. *Basic Needs* organizations focus on providing basic needs such as food & shelter. *Health* organizations focus on providing health care in various settings. "Giving Vehicle" represents gifts to private foundations, charitable trusts, and donor – advised funds.

Middle Class Giving by Size of Total Gift Dollars

In 2014, the highest percentage of middle class households reported their total giving to be in the range of $1 –$2000 (79 percent). The second highest percentages of these households reported total giving in the range of $2,000–$5,000 for 2014 (15 percent), Six percent of middle class households gave in the range of $5000–$10,000.

FIGURE 4.2: MIDDLE CLASS GIVING BY SIZE OF TOTAL GIFT DOLLARS IN 2014 (%)

"What was the dollar amount of your donations in 2014?"
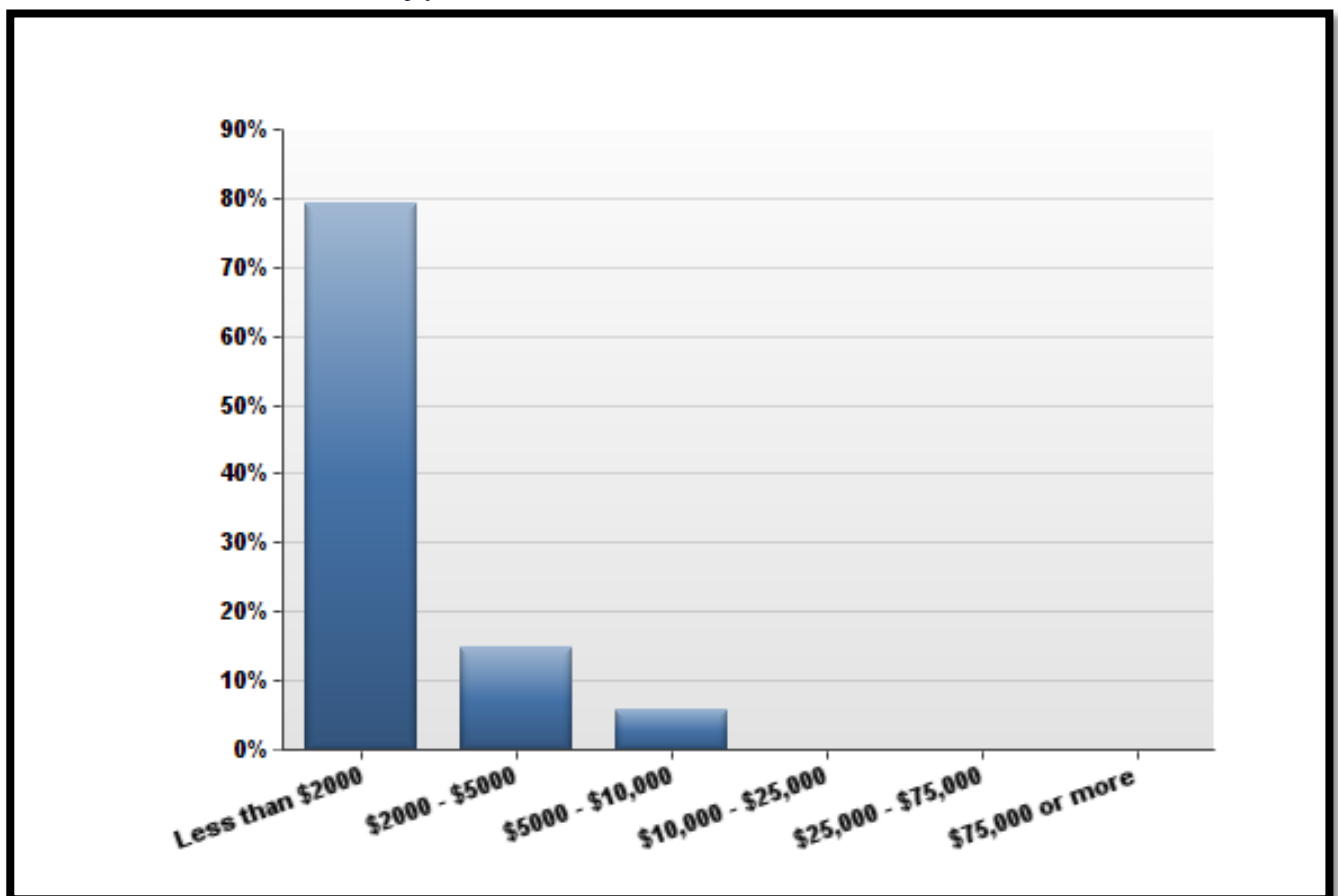
Middle Class Household Primary Source of Household Income

In 2014, middle class households reported that their primary source of wealth was obtained via earned income (64, 5 percent), followed by spouse income (27.3 percent) and investment asset growth. (2.5 percent)

FIGURE 4.3: PRIMARY SOURCE OF HOUSEHOLD INCOME AMONG MIDDLE CLASS HOUSEHOLDS IN 2014 (%)

"What's your primary source of household income?"
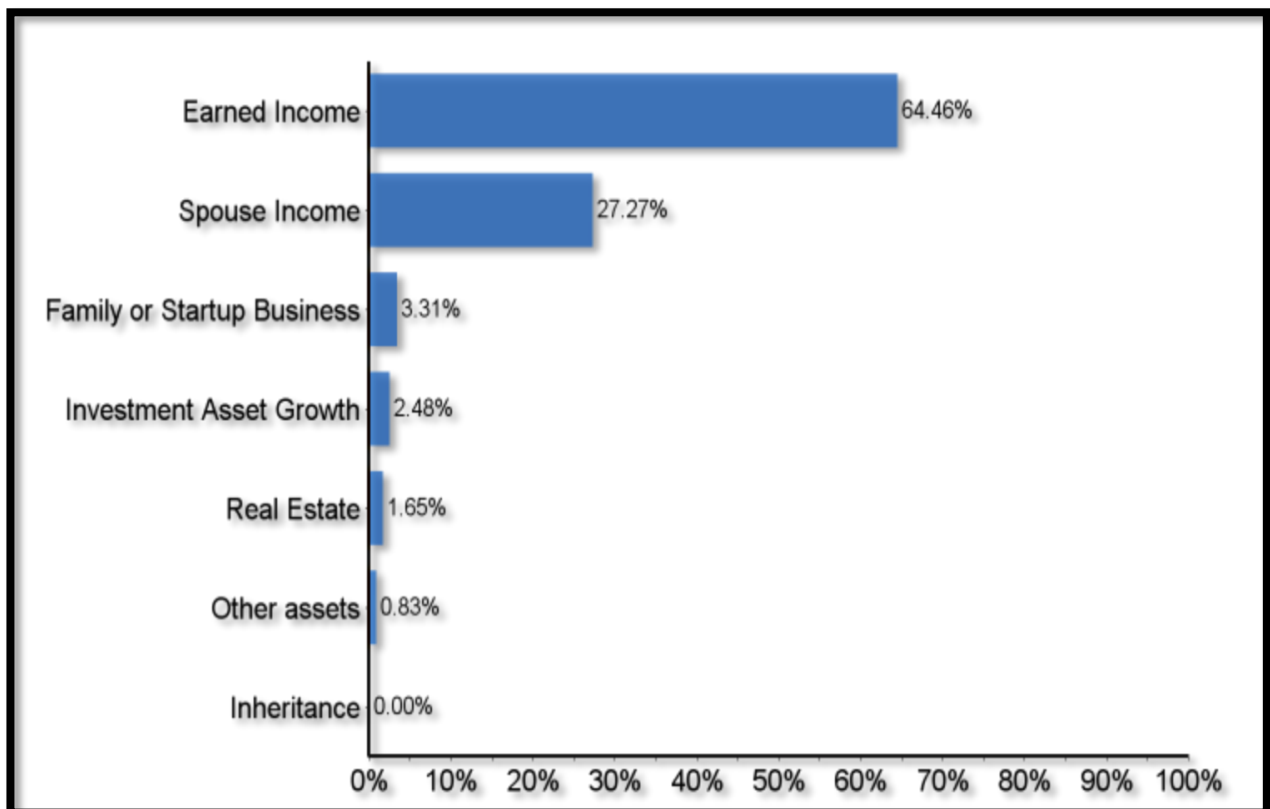
Middle Class Household Education

40.5 percent of middle class donors have received their Bachelor's, 35.54 percent some college or less, 20.66 percent have a Master's degree and 3.31 percent of middle class donors have a doctorate degree.

FIGURE 4.4: EDUCATION RECEIVED BY MIDDLE CLASS DONORS IN 2014 (%)

"What's your education level?"
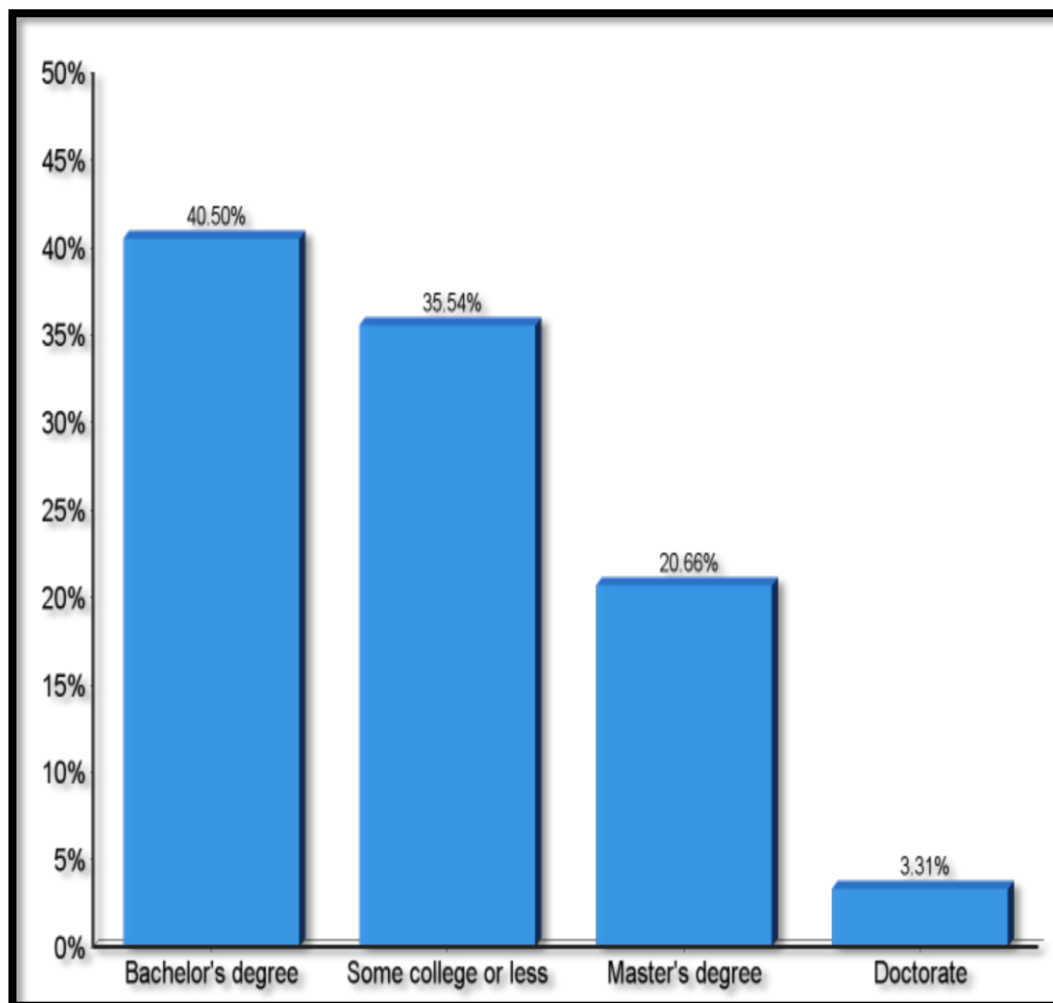
Middle Class Donors Employment Status

62.71 percent of middle class donors are employed, 28.81 percent are self employed, followed by managing business (5.08 percent), retired and retied within 5 years. (1.69 percent respectively)

FIGURE 4.5: EMPLOYMENT STATUS, MIDDLE CLASS DONORS IN 2014 (%)

"What's your employment status?"
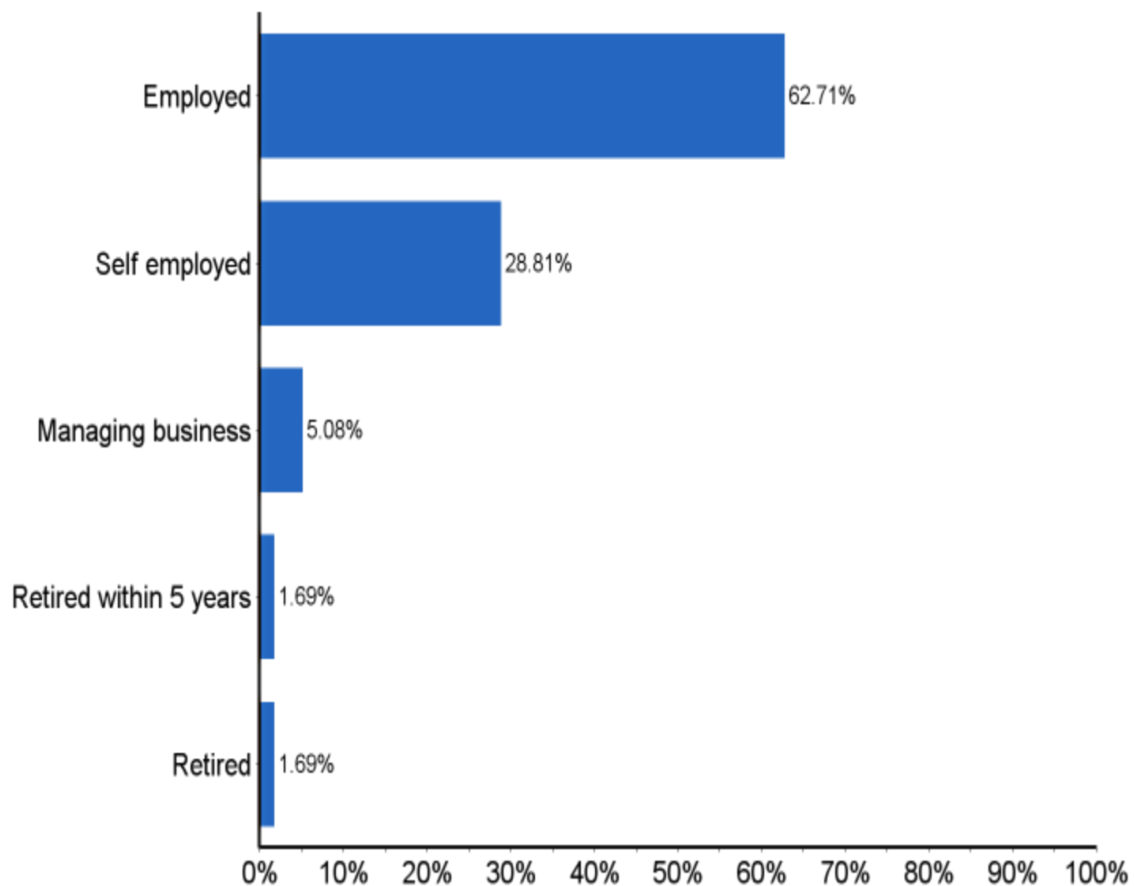
Middle Class Household Religious Attendance

In general, the majority of middle class donors attend religious ceremonies from more than once a week to once or twice per year (67.5 percent) and the rest do not attend at all. (32.5 percent)

FIGURE 4.6: RELIGIOUS ATTENDANCE, MIDDLE CLASS DONORS IN 2014 (%)

"What's your frequency of religious attendance?"
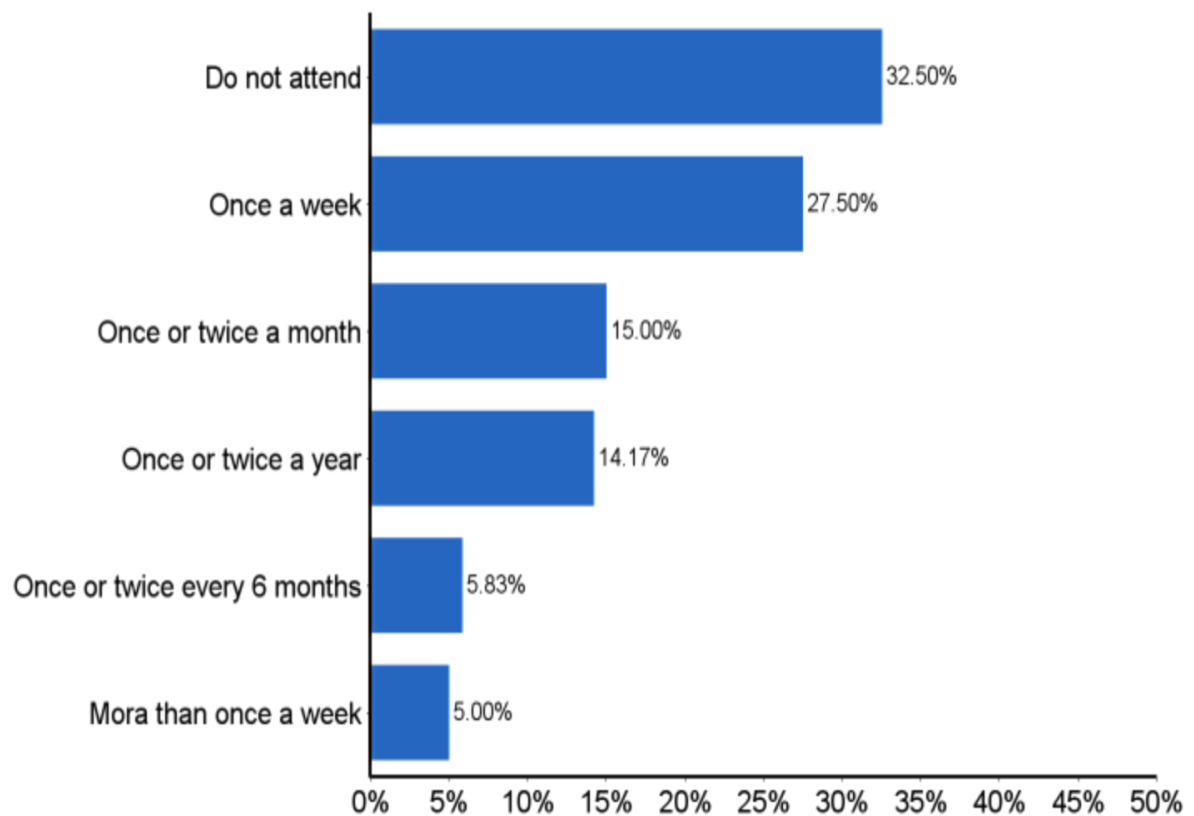
TRENDS IN GIVING OF LARGEST GIFT BY MIDDLE CLASS HOUSEHOLDS

In 2014, middle class households prioritized giving to religious organizations with their largest gift, with 21 percent reporting. Ranking second, 19 percent of middle class households gave their largest gift to basic needs. Education ranked third, (13.33 percent) health fourth, (12.5 percent) and youth and family services fifth. (11.67 percent) The remaining middle class households (22.5 percent) gave their largest gift to each of the other causes, including arts and culture, public society benefit, environmental/animal, international and others.

FIGURE 4.7: DISTRIBUTION OF THE TYPES OF ORGANIZATIONS FUNDED BY MIDDLE CLASS HOUSEHOLDS' LARGEST GIFTS IN 2014 (%)

"What type of organization did you give your largest gift to?
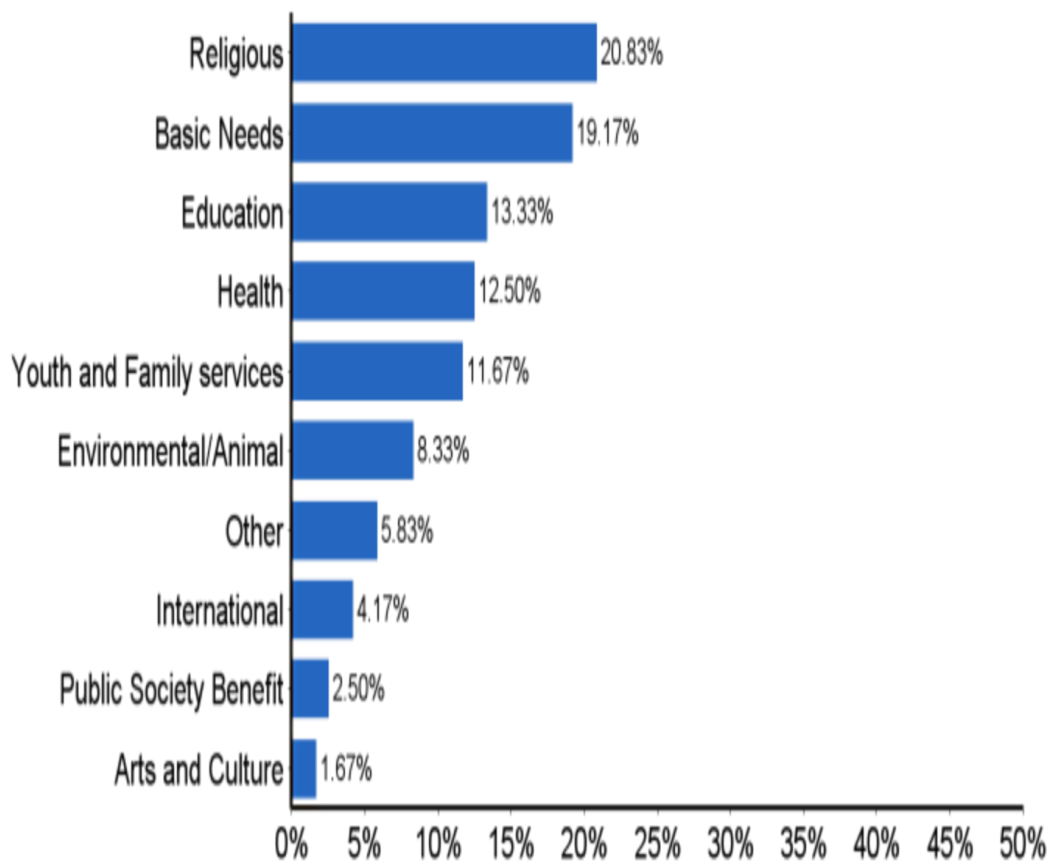
III: GIVING STRATEGIES, DECISION MAKING, MOTIVATIONS AND OUTCOMES

This section begins with data about the strategies that middle class donors use for their charitable giving, starting with an assessment of their levels of experience with the giving of charitable gifts and the types of strategic activities in which these donors engage.

Further in this section are analyses of decision making within middle class households about their charitable giving practices, including questions about who makes the decision about giving, and factors considered important after making the charitable gift.

An analysis of the motivations that drive middle class donors to give, as well as the outcomes that these donors derive from their giving, follows the results on decision-making practices.

This subsection includes data on the personal fulfillment and satisfaction these donors derive from their giving.

GIVING STRATEGIES OF MIDDLE CLASS DONORS

Levels of Charitable Giving Knowledge

For 2014, 54.55 percent of middle class donors rated their level of knowledge about charitable giving and philanthropy as novice, while 39.67 percent rated their level of knowledge as knowledgeable. The smallest proportion (5.79 percent) of middle class donors rated their level of knowledge as expert.

FIGURE 4.8: MIDDLE CLASS DONORS REPORTING LEVELS OF CHARITABLE GIVING KNOWLEDGE IN 2014 (%)

"Generally speaking, how would you rate your knowledge about charitable giving and philanthropy?" (pick one of the three options)
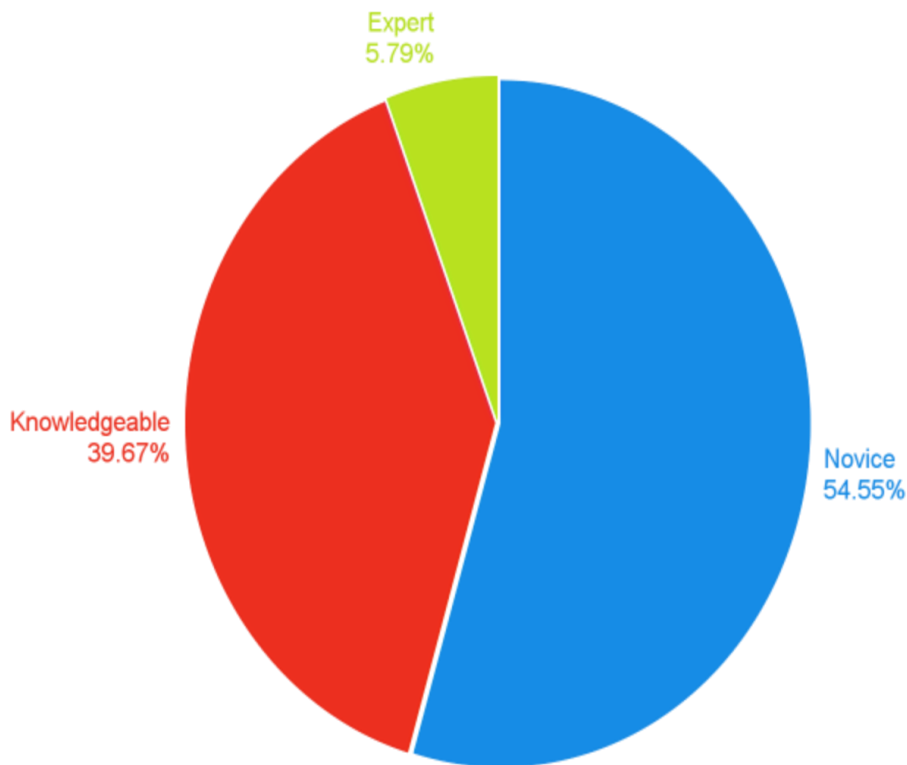
Where Middle Class Donors Focus Their Giving

About half (49.2 percent) of middle class donors reported to be at least somewhat focused in their giving in 2014, among which 15.8 percent were highly focused in their giving on a few issues or geographical areas. About 33.3 percent of middle class donors were somewhat focused in their giving in 2014. 15.8 percent gave widely with no focus on particular issues or geographical issues, and 35.0 percent did not keep track of where they focused their gifts.

FIGURE 4.9; LEVELS OF FOCUS OF MIDDLE CLASS GIVING IN 2014 (%)
"Generally speaking, how would you categorize your charitable giving in 2014?"
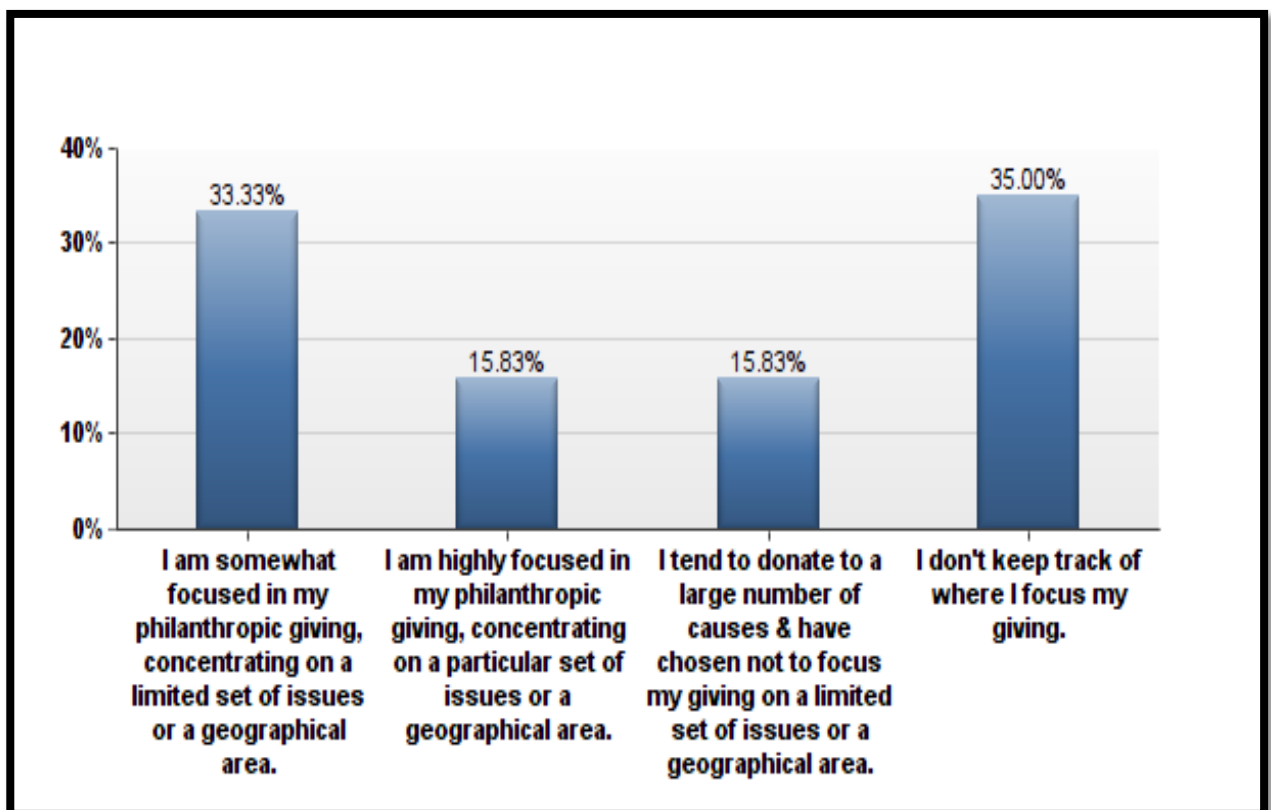
How Middle Class Households Make Charitable Giving Decisions

In 2014, 38 percent of respondents from middle class households made their
charitable giving decisions jointly with their partner rather than made them separately
(44 percent), whether or not partners conferred. 17 percent of respondents from middle class
households reported that charitable decisions were made separately without conferring, while less
than one percent noted that their spouse or partner was the sole or primary decision maker.

**FIGURE 4.10: HOW DECISIONS ABOUT CHARITABLE GIVING WERE MADE IN THE
HOUSEHOLD IN 2014 (%)**

*"Thinking about your overall giving in 2014, how were charitable decisions typically
made?" (Check only one option)*
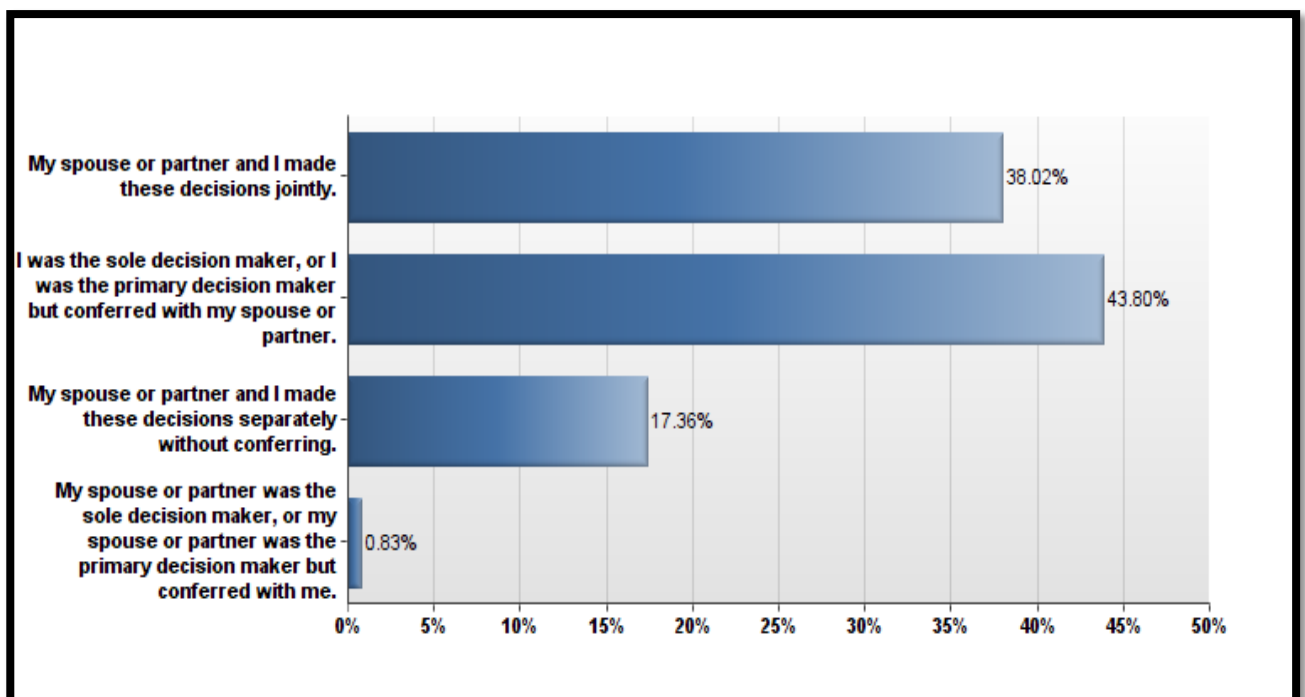
Factors Middle Class Households Consider Important After Making a Charitable Gift

FACTORS DONORS PAY ATTENTION TO
After members of the middle class household have made a gift to an organization, several factors remain important to them it regarding the behavior of the recipient organization. The highest percentage (23.14 percent) of middle class households believes that the organization receiving their gift should spend only an appropriate amount of the donation on general administrative and fundraising costs. Middle class households also believe that it is a very important for the organization to demonstrate sound business/operational practices, (20.66 percent) and 10 percent reported that the organization should provide nothing in return.

FIGURE 4.11: IMPORTANT FACTORS TO MIDDLE CLASS HOUSEHOLDS AFTER MAKING A CHARITABLE GIFT (%)
"After you make a gift to an organization, how important is it to you that the organization will ?"(respondents were asked to pick one)
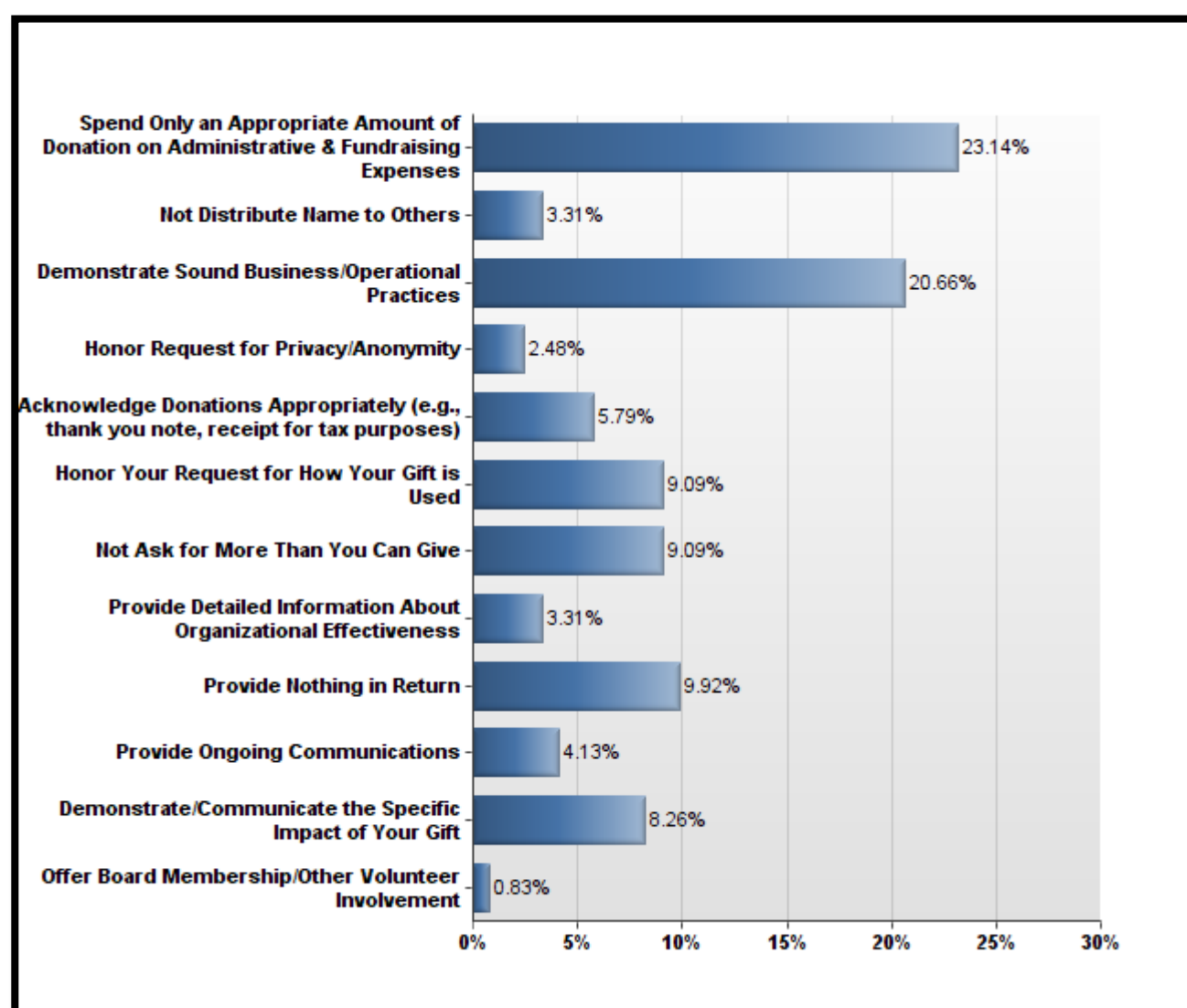
MOTIVATIONS AND OUTCOMES FOR GIVING BY MIDDLE CLASS DONORS

1. Motivations Behind Charitable Behavior

The largest proportion of middle class donors reported giving to charity in 2014 because they were moved at how their gift could make a difference. (*mean 4.2*) This motivation was followed by giving back to the community (*mean 4.1*), to spontaneously support a need (*mean 3.9*) and giving to an efficient organization (*mean 3.8*).

FIGURE 4.12: MIDDLE CLASS DONORS REPORTING GIVING BASED ON MOTIVATION TYPE IN 2014 (MEANS)

"On a scale of 1 to 5, do you usually give

because of or to?

	MEANS
Being Moved at How a Gift Can Make a Difference	4.2
Feeling Financially Secure	3.4
Support Same Organizations or Causes Annually	3.6
An Organization is Efficient	3.8
Give Back to My Community	4.1
Volunteering for the Organization	3.4
Political/Philosophical Beliefs	3.5
Remedy Issues Affecting Me Personally	3.2
Religious Beliefs	3.2
A Need (i.e., giving spontaneously)	3.9
Tax Benefit	2.6
To Set Example for Young People	3.6
Being Asked	3.1
Further Legacy of Others	3.0
Other (e.g., social norms)	2.9
Business Interests	2.7

^Respondents were asked to rate answers from 1 to 5, with 1 being "strongly disagree" and 5 being "strongly agree." Responses shown in the above left figure represent those respondents who were collapsed into the agree and strongly agree categories.

2. Motivations Behind Charitable Behavior

The largest share (37.2 percent) of middle class donors reported giving to charity because they feel that those who have more should help those with less. This motivation was followed by the belief that a charity can actively change or bring about a desired impact (30.5 percent), to help individuals meet their material needs (8.3 percent).

FIGURE 4.13: % MIDDLE CLASS DONORS REPORTING GIVING BASED ON MOTIVATION TYPE ^ (%)

"How much of your motivation is?" (Pick one answer)
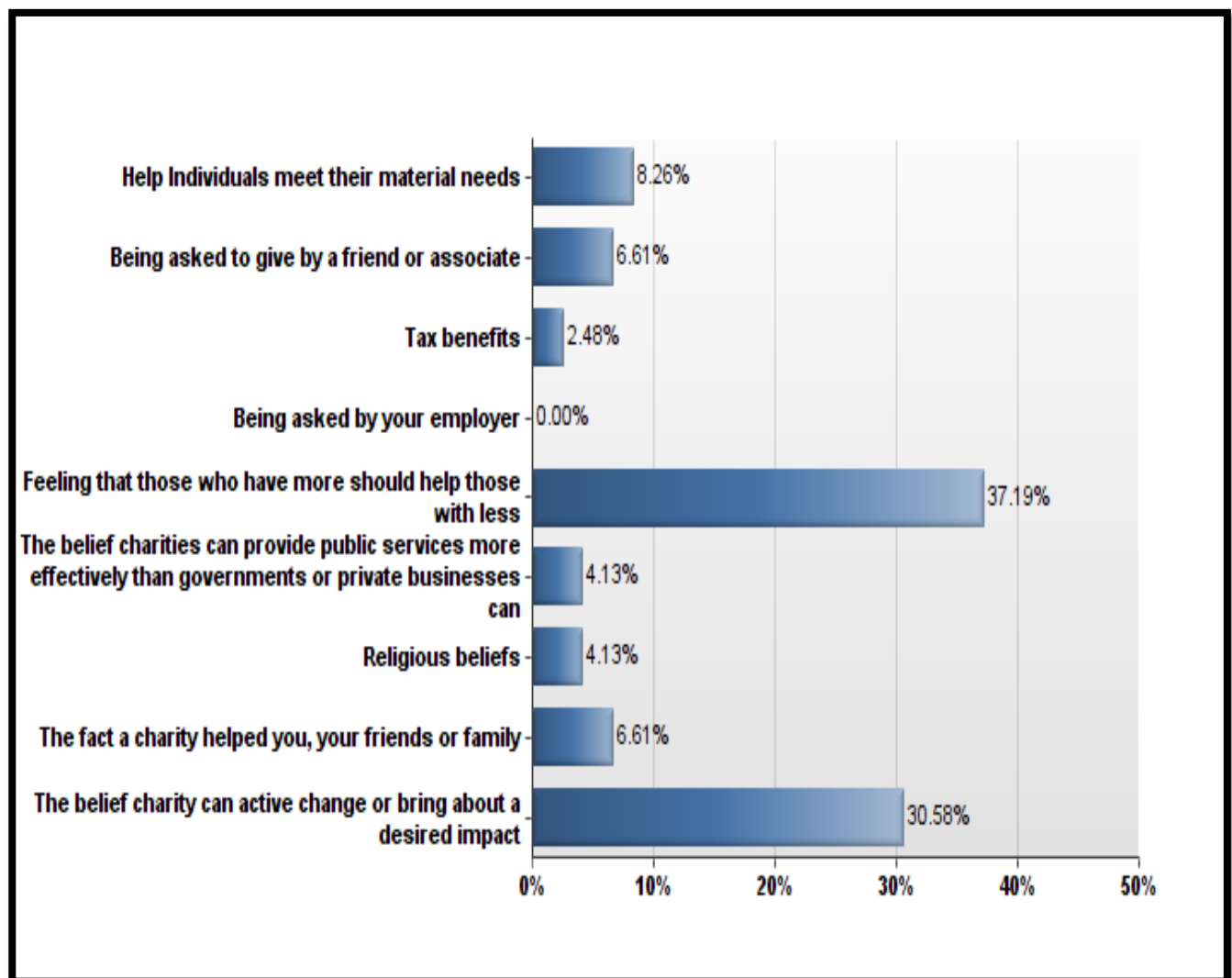
3. Motivations Behind Charitable Behavior

The survey asked respondents to identify statements that correspond with their motivations for giving. It first asked each respondent to report which three of the 13 statements were most important to them in their goals for charitable giving. Then from those three, the respondents selected ONE that was the most important to them in deciding to whom and how much to give to charity. The largest share (26.5 percent) of middle class donors reported giving to charity they desire to make the world a better place to live, followed by feeling that those who have more should help those with less (15 percent) and a desire to make the community (which the donor resides) a better place to live (14 percent).

FIG 4.14: MIDDLE CLASS REPORTING GIVING BASED ON MOTIVATION TYPE (%)

"Which THREE of the following are the most important to you in deciding to whom and how much to give?" / "Which of these would you say is the single most important reason to give?"
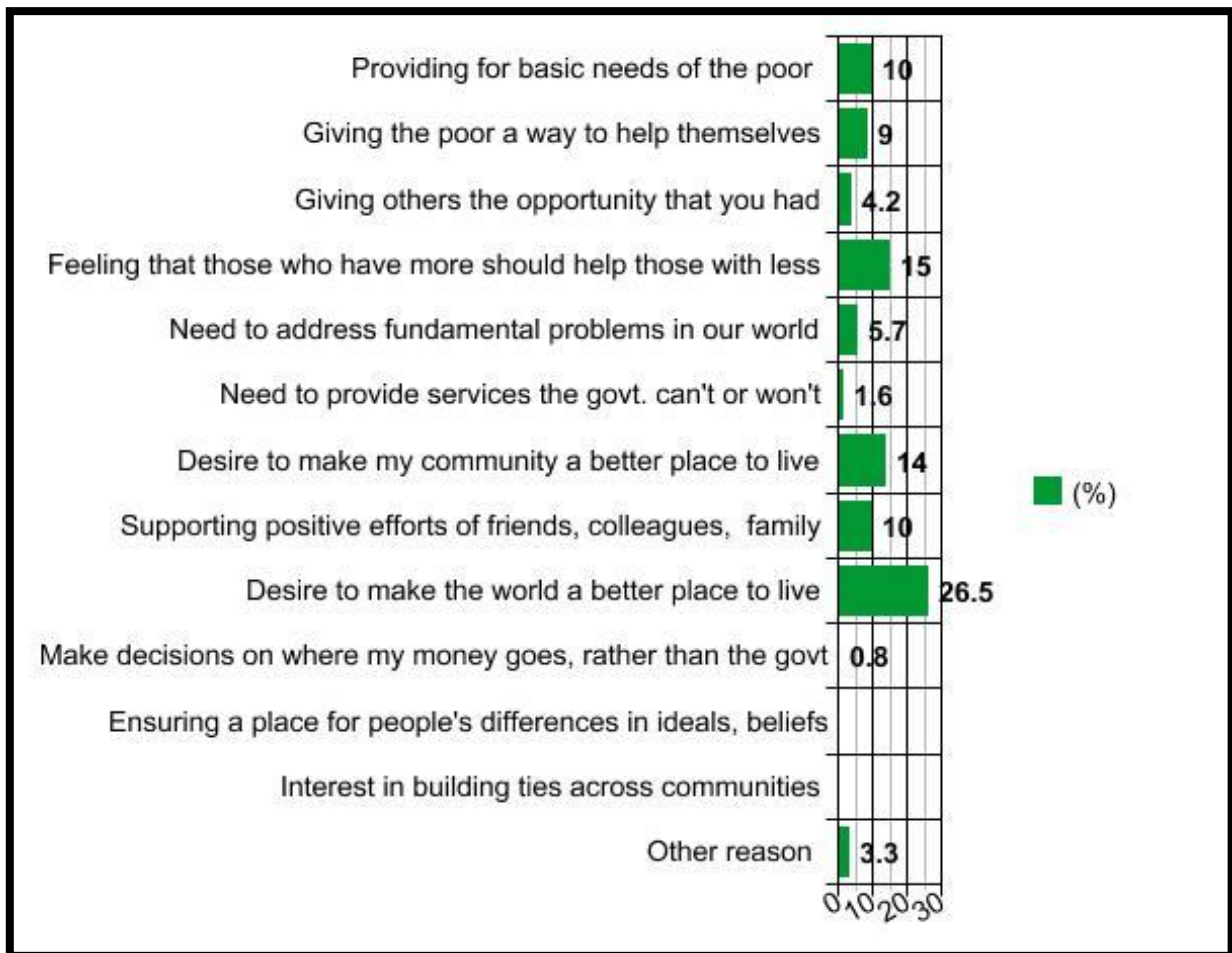
^Respondents were asked about the three most important factors and the single most important factor. Responses shown in the above figure represent those respondents who were collapsed into the THREE most important factors and the SINGLE most important factor.

Personal Fulfillment Through Charitable Activity

Donors often report being personally fulfilled through their philanthropic engagement. Fulfillment relates to the feelings that a donor's own charitable activity engenders. In this study, most of the respondents indicated that their charitable activity is personally fulfilling, with an average response rate of 3.97 (standard deviation 0.76).

TABLE 4.3: LEVELS OF FULFILLMENT THROUGH CHARITABLE ACTIVITY AMONG MIDDLE CLASS DONORS^ (MEANS)

"On a scale of 1 to 5, how personally fulfilling is your charitable giving?"

#	Question	Not at all fulfilling	Not fulfilling	Neutral	Fulfilling	Very fulfilling	Response	Average Value
1	How personally fulfilling is your charitable giving?	-	2	30	58	30	121	3.97

^Respondents were asked to rate answers from 1 to 5, with 1 being "not at all fulfilling" and 5 being "very fulfilling." There were no responses for "Not at all fulfilling" and only two responses for "not fulfilling," which tells us that the central tendency of the response is fulfilling.

Statistic	How personally fulfilling is your charitable giving?
Min Value	2
Max Value	5
Mean	**3.97**
Variance	0.57
Standard Deviation	0.76
Total Responses	121

Benefits Derived from Charitable Activity

Middle class donors were asked a range of questions concerning the benefits they derive from their charitable activity. The greatest proportion of middle class donors reported feeling a sense of accomplishment when the organization benefiting from their gift creates results or impact. (**Mean 3.96**) The second-highest proportion of middle class donors reported that they were able to learn about organizations and causes through their giving. (**Mean 3.45**) This suggests that donors derive benefits from engagement opportunities provided by nonprofit organizations.

FIGURE 4.15: MIDDLE CLASS DONORS REPORTING BENEFITS DERIVED FROM CHARITABLE ACTIVITY^ (MEANS)

*"Which of the following statements do you agree or disagree with related to your charitable activity?"*
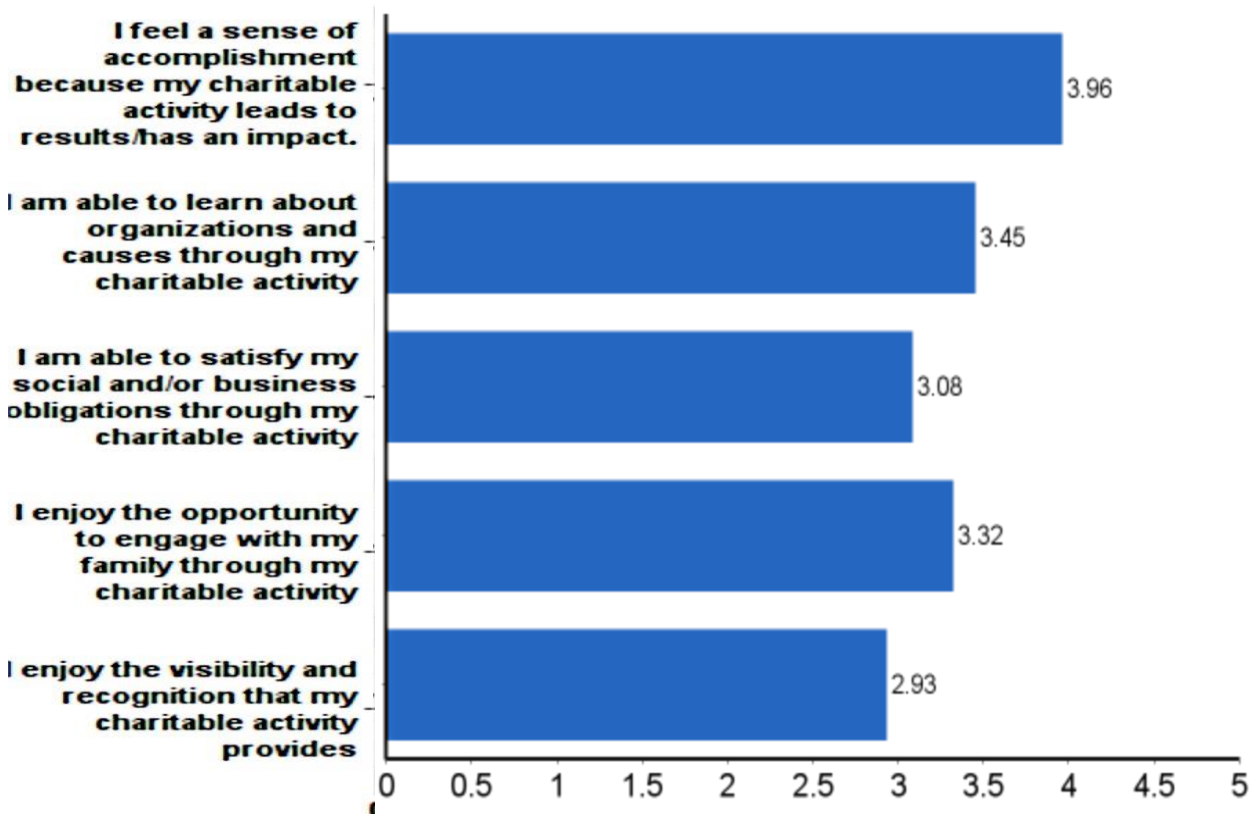
^Respondents were asked to rate answers from 1 to 5, with 1 being "strongly disagree" and 5 being "strongly agree." Responses shown in the above figure report mean responses for each answer. Min value: 2. Max value; 5.

HOW MIDDLE CLASS HOUSEHOLDS MAKE THEIR GIFTS

In 2014, the majority of middle class donors made donations using cash or checks (56.57 percent), followed by donations made online (21.7 percent). The method least likely to be used for charitable giving was in the form of stocks or mutual funds (0 percent), followed by non-financial assets, like real estate or collectibles (5.8 percent).

FIGURE 4.16: HOW DONORS GAVE IN 2014 (%)

"How do you and your household make donations?"
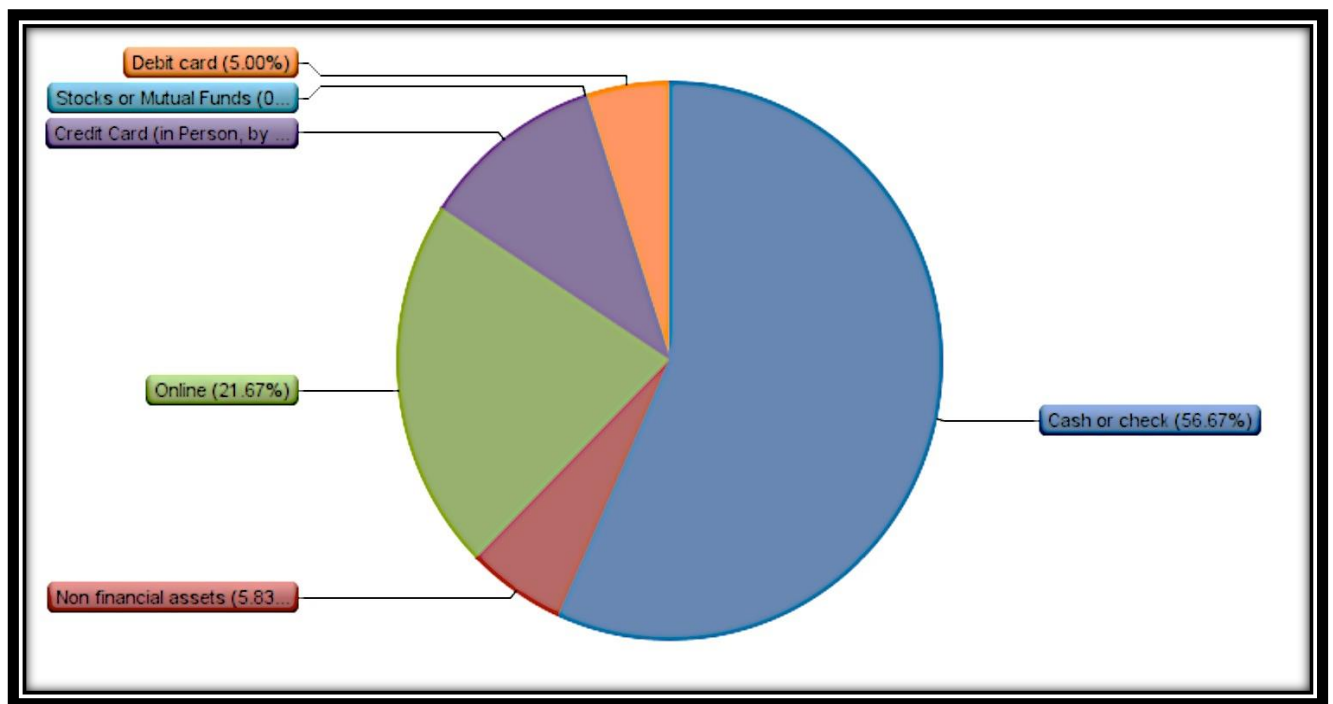
IV: PUBLIC POLICY AND THE MIDDLE CLASS DONOR

This section provides a series of findings about public policy and the middle class donor. It begins with a question that assesses middle class donors' choices for the policy issues that are most important to them, followed by an analysis of the confidence levels that these donors have in individuals and various types of societal institutions for solving today's issues.

Finally, middle class households were asked about how potential tax policy changes would impact their charitable.

TOP PUBLIC POLICY ISSUES FOR MIDDLE CLASS DONORS

Middle Class donors were asked to select the three most important public policy issues.

The highest percentage of donors reported education at 75 percent, while health care was cited by 57 percent. Concerns about poverty were reported the third most often — by 55 percent of middle class donors — followed by the environment (36 percent), human rights (33.33 percent) and the economy (19.8 percent). Interest in international issues and the housing crisis ranked low, with 2.7 percent respectively of middle class donors reporting this class of issues to be of importance to them. Terrorism ranked the lowest with only 1.8 percent of middle class donors ranking this issue among their top three issues.

FIGURE 4.17: MIDDLE CLASS DONORS REPORTING THE THREE MOST IMPORTANT ISSUES THAT MATTER TO THEM IN 2014 (%)

"Please select the three issues that matter the most to you."

THREE MOST IMPORTANT ISSUES

Issue	%
Education	74.77
Health Care	56.75
Poverty	54.95
Environment	36
Human Rights	33.33
Economy	19.81
Arts & Culture	7.2
Federal Deficit	5.4
Crimr	4.5
Housing Crisis	2.7
International Issues	2.7
Terrorism	1.8
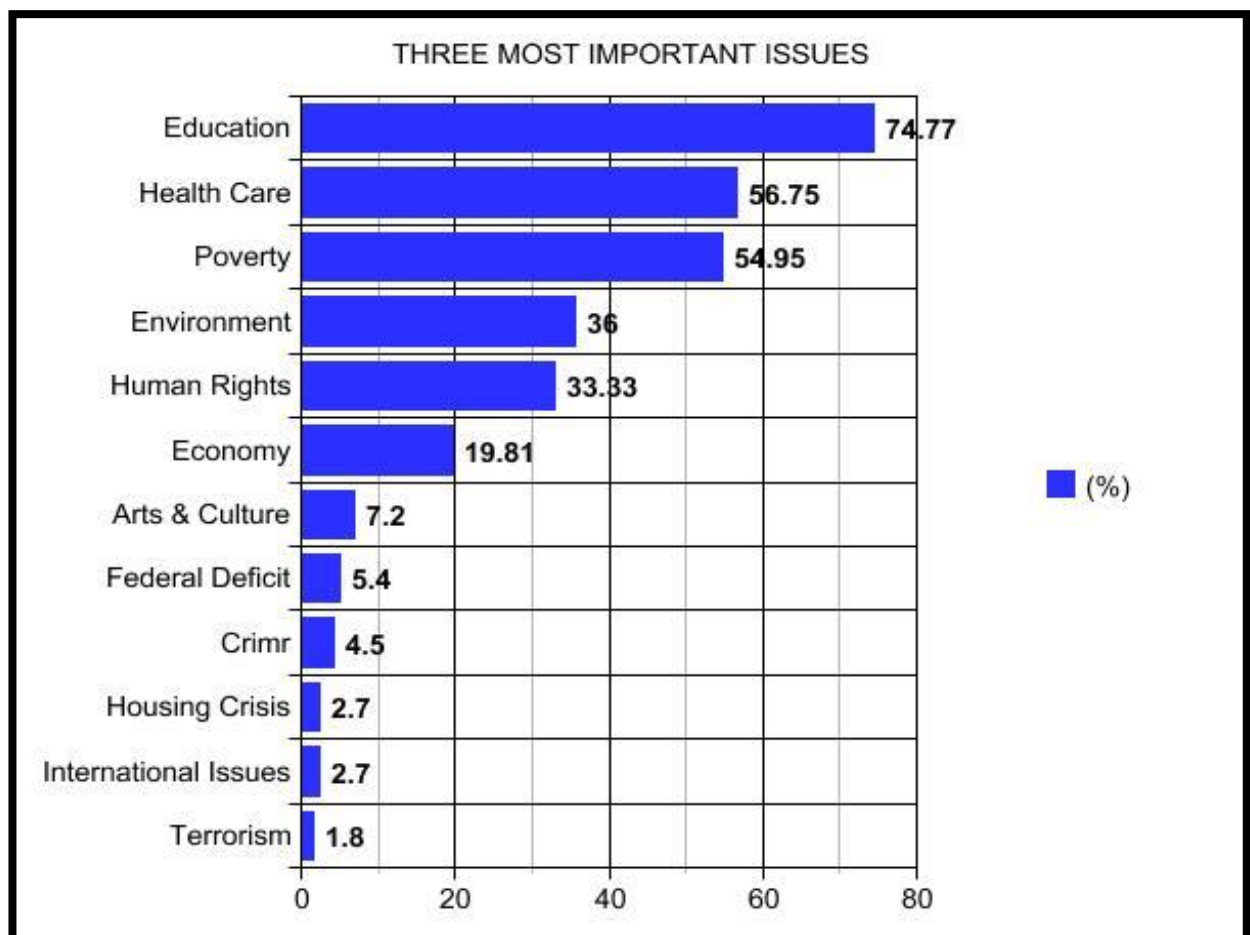
CONFIDENCE IN SOCIETAL INSTITUTIONS

When asked about their confidence in individuals and various societal institutions to solve domestic and global problems, middle class individuals reported the highest levels of confidence in nonprofit organizations, (**mean 2.5**) and religious institutions (**mean 2.28**), followed by individuals (**mean 2.25**). Middle class individuals reported the lowest levels of confidence in government institutions, particularly Congress, with about half of all respondents stating they have hardly any confidence in Congress's ability to solve social or global problems, now and in the future.

FIGURE 4.18: MIDDLE CLASS INDIVIDUALS REPORTING CONFIDENCE IN THE ABILITY OF GROUPS TO SOLVE DOMESTIC OR GLOBAL PROBLEMS (MEANS)

"How much confidence do you have in the ability of the following groups to solve societal or global problems, now and in the future?

MIN VALUE: 2 MAX VALUE:5

TAX CONSIDERATIONS FOR MIDDLE CLASS HOUSEHOLDS

Change in Middle Class Household Giving if Income Tax Deductions for Donations Were Eliminated

Middle class households were asked about the potential impact changes in tax policy would have on charitable giving. Respondents were asked about changes the middle class household would make if it received no income tax deduction for charitable giving, the highest percentage of respondents (80 percent) indicated that their household charitable giving would remain the same, followed by somewhat decrease (12.5 percent).

FIGURE 4.19: CHANGE IN MIDDLE CLASS HOUSEHOLD GIVING IF INCOME TAX DEDUCTIONS FOR DONATIONS WERE ELIMINATED IN 2014 (%)

"If you and your family received zero income tax deductions for charitable giving, would your household charitable giving increase, decrease, or stay the same?"

CHANGE IN MIDDLE CLASS HOUSEHOLD GIVING IF INCOME TAX DEDUCTIONS FOR DONATIONS WERE ELIMINATED

- Dramatically Increase: 0.83
- Somewhat Increase: 4.17
- Stay the Same: 80
- Somewhat Decrease: 12.5
- Dramatically Decrease: 2.5

(%)
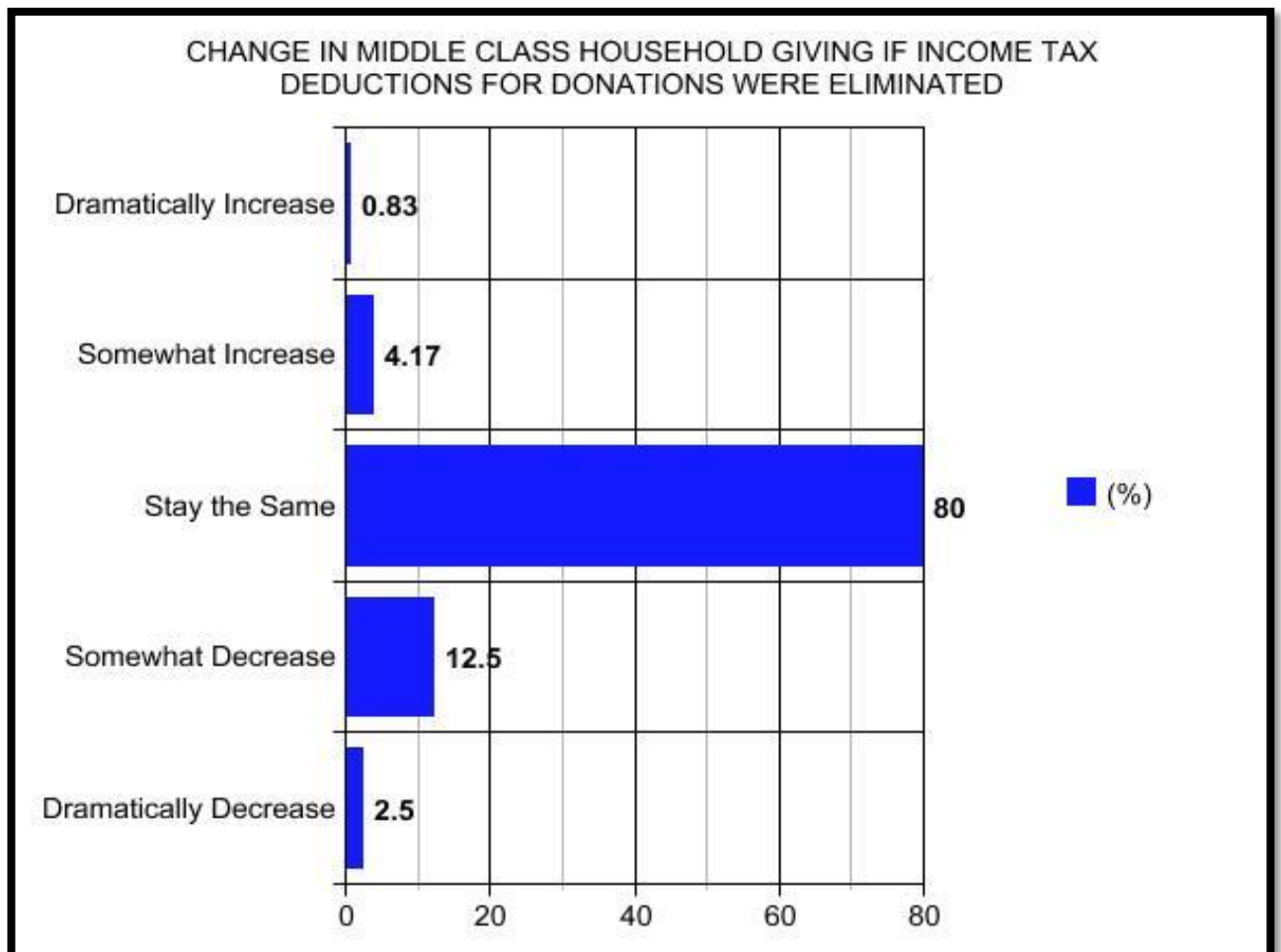
V: COMPARING MIDDLE CLASS & HIGH INCOME DONORS
Motivational difference by income & education level

In this section we will look at the differences between middle class and high income donors. In particular we will look at motivational difference by income, as well as motivational difference by education level.

Also, classification tree analysis will be used to identify the best predictors of higher charitable donations among all donors; identifying the most important variables related to giving levels.

Analysis of the findings in this section allows us to draw some interesting comparisons between middle class and high income donors, including significant predictors of the probability of selecting a particular motivation.

CROSS TABULATION REPORT BETWEEN INCOME VS. GIVING

The Relationship Between Income & Giving Levels to Charity

Cross-tabulation analysis is most often used to analyze categorical data, and provides a wealth of information about the relationship between variables. In this case, we wanted to find out whether there's a link between income and giving.

The cross tab identified that annual household income is highly related to giving levels, and that the cutoff point $100,000 annually (family household income) is the threshold where giving changes most dramatically. This is not a surprising result, although it is a nice result to confirm and to quantify.

The cross tabulation shows that almost 80 percent of low income and middle class households give less than $2000/ year to charity. While 43 percent of high income households give less than $2000, 33 percent give between $2000 - $10,000, and 24 percent give between $10,000 and $75,000 a year to charity.

The cells of the table below report the frequency counts for the number of respondents in each cell.

TABLE 4.4: RELATIONSHIP BETWEEN INCOME & GIVING IN 2014

TAB BETWEEN E & GIVING		recorded		
		Income 25k)	e-Class k-$99k)	Income 00k+)
	n=	13	121	75
as the dollar amount donations in 2014 ?	than $2000	77	79	43
	) - $5000	23	15	25
	) - $10,000	0	6	8
	00 - $25,000	0	0	15
	00 - $75,000	0	0	9
	00 or more	0	0	0

The Relationship between Giving Level, Age & Income

The cross tab identified that older donors give more on average than younger donors. Older donors (45 +) gave larger average amounts to charity in 2014 across both middle class and high income households. But, among low income donors, the younger (age group 35 – 44) have the highest average donation.

The cells of the tables below report the frequency counts for the number of respondents in each cell:

TABLE 4.5: DONATION LEVEL AND DONATION BY AGE IN 2014 ^ (%) (ALL DONORS)

		Age Group		
		18-34	35-44	45+
	n=209	75	74	60
as the dollar t of your ns in 2014 ?	than $2000	77.0%	68.9%	48.3%
	) - $5000	10.8%	17.6%	31.7%
	) - $10,000	8.1%	4.1%	6.7%
	00 - $25,000	2.7%	5.4%	8.3%
	00 - $75,000	1.4%	4.1%	5.0%
	00 or more	0.0%	0.0%	0.0%

TABLE 4.6: DONATION LEVEL AND DONATION BY AGE & INCOME IN 2014 ^ (%)

		Income								
		1 Low Income (<$25k)			2 Middle-Class ($25k-$99k)			3 High Income ($100k+)		
		Age Group			Age Group			Age Group		
		1 18-34	2 35-44	3 45+	1 18-34	2 35-44	3 45+	1 18-34	2 35-44	3 45+
n=209		7	2	4	48	39	34	20	33	22
What was the dollar amount of your donations in 2014 ?	1 Less than $2000	85.7%	50.0%	75.0%	87.2%	84.6%	61.8%	50.0%	51.5%	22.7%
	2 $2000 - $5000	14.3%	50.0%	25.0%	4.3%	10.3%	35.3%	25.0%	24.2%	27.3%
	3 $5000 - $10,000	0.0%	0.0%	0.0%	8.5%	5.1%	2.9%	10.0%	3.0%	13.6%
	4 $10,000 - $25,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	12.1%	22.7%
	5 $25,000 - $75,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	9.1%	13.6%
	6 $75,000 or more	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

BEST PREDICTORS OF HIGHER CHARITABLE DONATIONS – CLASSIFICATION TREES ANALYSIS

Classification trees are methods for constructing prediction models from data. In this study it's used as an informative method to determine the best predictors of higher charitable donations. It starts with a dependent variable, in this case charitable giving, and looks across all independent variables included in the study survey (including all demographic variables, giving motivations, charitable information, decision making, attitudes, values, charitable categories, payment methods, social confidence, tax impact, frequency of religious attendance) and identifies the variables that are most related to level of charitable giving.

In this analysis, the Classification Tree has identified *Annual Household Income* to be the most related to giving, which means that household income accounts for the most variance of charitable giving among all the variable we have in this study. The tree indicates the cutoff point of $100,000 annually (household income) as the threshold where giving changes most dramatically, and where giving levels increase considerably. This means that average annual donation increases with household income.

Secondly, respondents who have an annual household income of less than $100,000, and also attend a religious service at least once or twice a month, are identified as the next highest demographic of givers. So among middle class donors, regular religious attendees are most likely to be higher donators. The classification tree illustrates that *regular religious attendance* is more related to giving levels to charity compared to all other variables included in the study survey, including motivations for giving, attitudes, and other demographic information.

Thirdly, taking out income and religious attendance, *knowledge about charities* is the most related to giving. Specifically, those with more than novice knowledge are higher givers.

MOST IMPORTANT VARIABLES TO ANNUAL CHARITABLE GIVING LEVELS
The three variables that predict giving levels best among all variables:

1. Annual Household Income
2. Religious attendance at least once or twice a month
3. Knowledge about charities, those with more than novice knowledge are higher givers

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The results are represented graphically in the following decision trees:

FIGURE 4.20 : CLASSIFICATION TREE 1 - BEST PREDICTORS OF CHARITABLE GIVING LEVELS IN 2014 (%)(n)
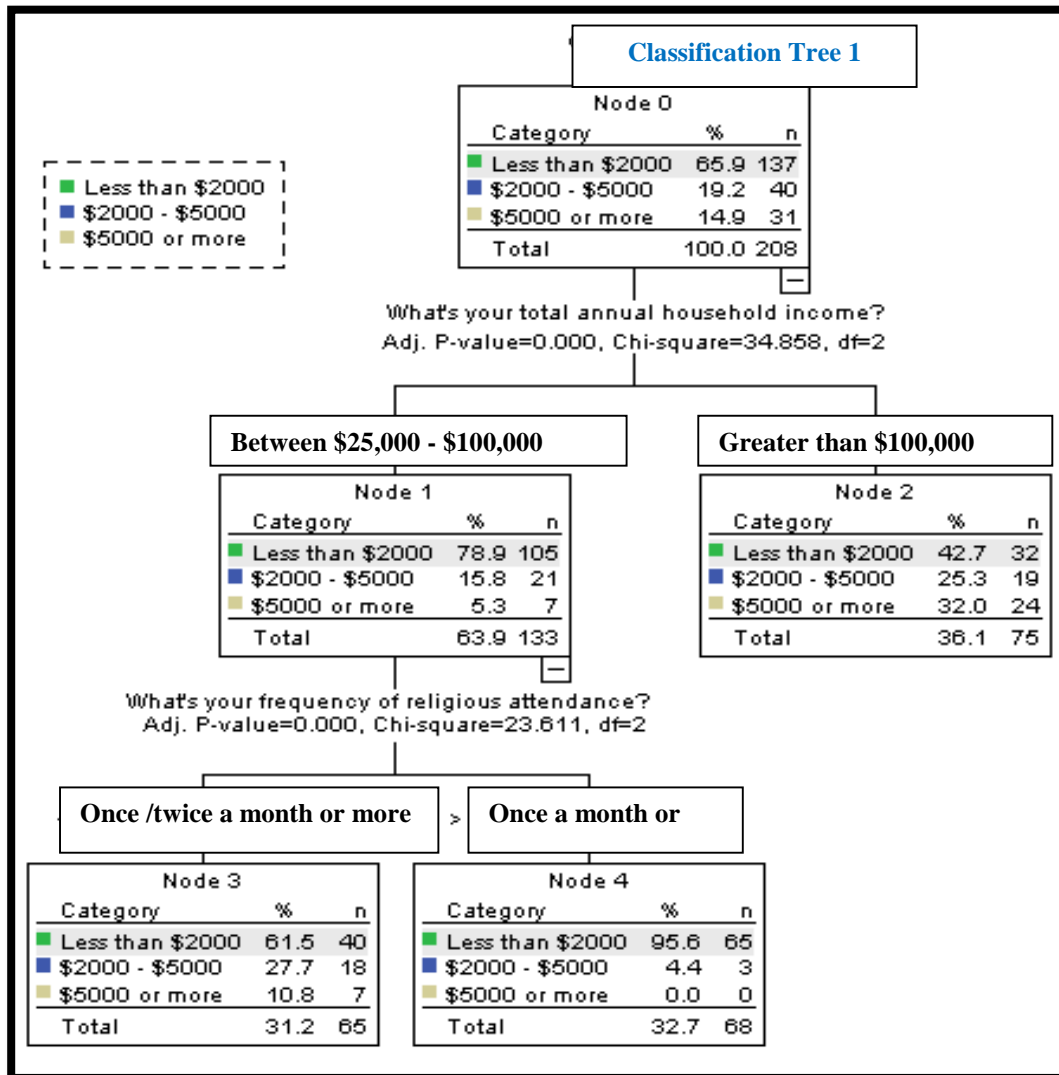
Overall, 66 percent of respondents gave less than $2000 to charity in 2014. Among middle class households, about 80 percent gave less than $2000 in 2014. Whereas, 43 percent of higher income households (greater than $100,000/year) gave less than $2000, 25 percent gave between $2000 – 5000, and 32 percent gave more than $5000 that year.

Looking at frequency of religious attendance, out of the respondents who attend church less than once a month, 96 percent of them reported giving less than $2000 / year to charity. While, more frequent churchgoers (once/twice month or more) reported higher giving levels: 61 percent gave less than $2000/year, 28 percent gave between $2000 - $5000, and 11 percent gave more than $5000 to charity during 2014.

FIGURE 4.21: CLASSIFICATION TREE 2 - BEST PREDICTORS OF CHARITABLE GIVING LEVELS IN 2014 (%)(n)
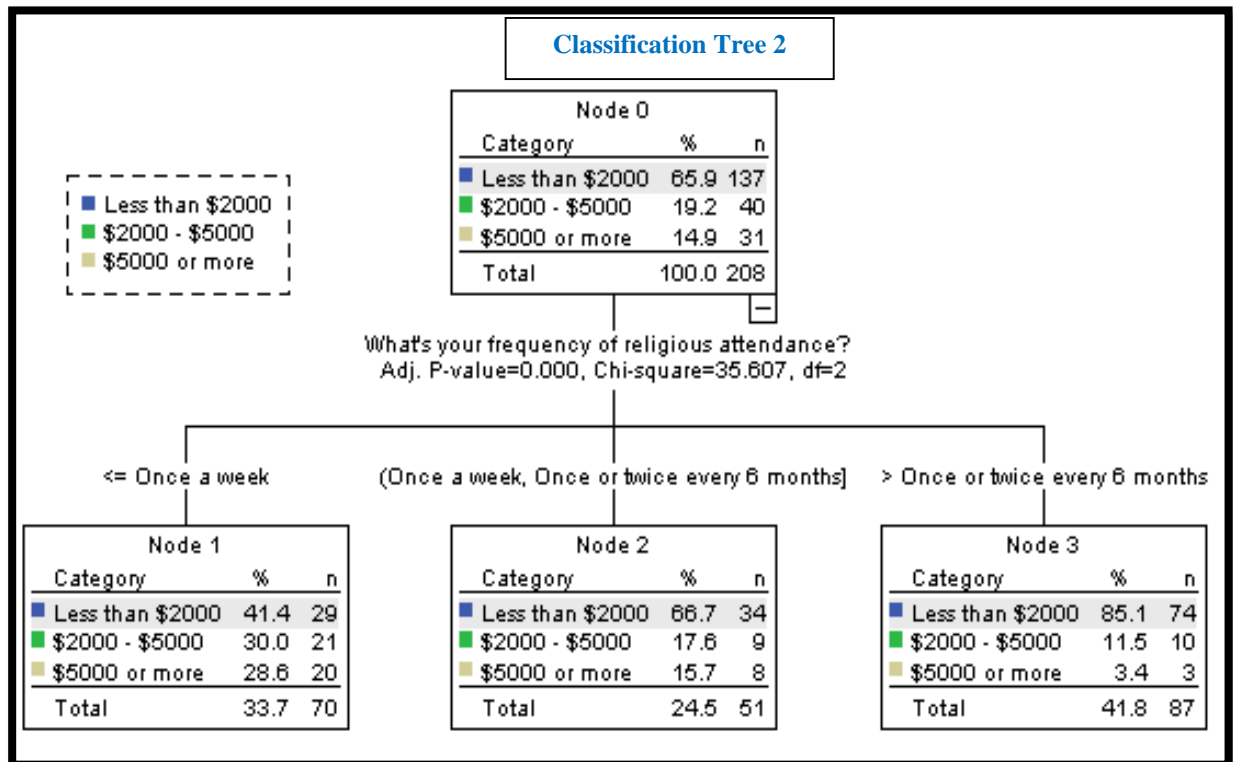
^ Took out income and then re – ran another classification tree and found that religious attendance predicts giving best across all respondents, including all income levels. The above tree illustrate that people who attend church more than once a week give a lot more money to charity; 41 percent gave less than $2000 in 2014, 30 percent gave between $2000 - $5000, and 29 percent gave more than $5000.

**FIGURE 4.22: CLASSIFICATION TREE 3 - BEST PREDICTORS OF CHARITABLE GIVING LEVELS IN 2014 (%)(n)**
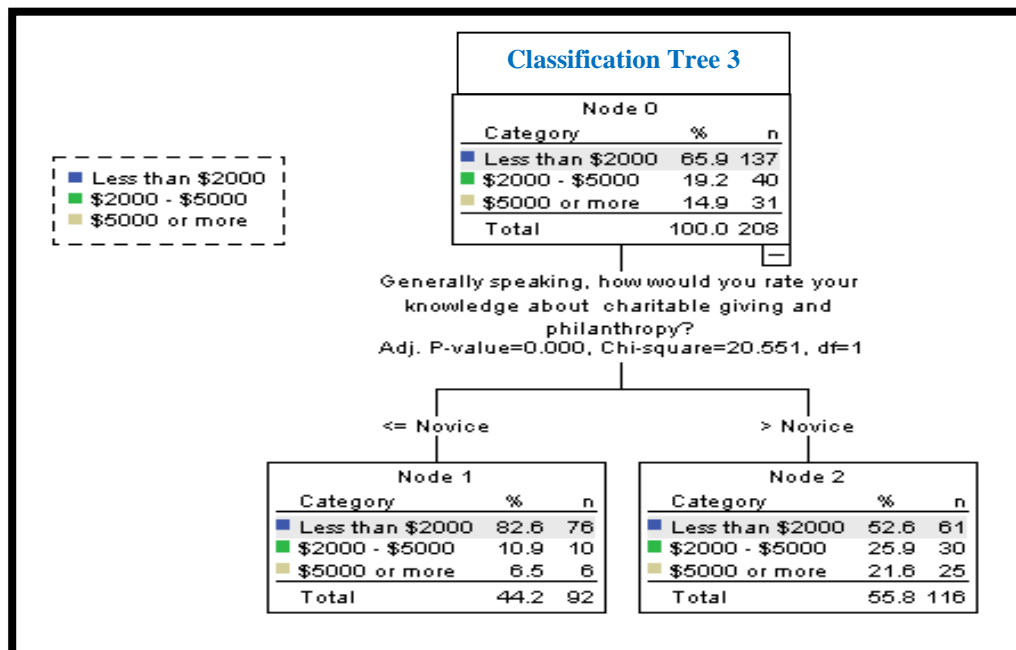
^ Taking out income and religious attendance, knowledge about charities is the most related to giving. Specifically, those with more than novice knowledge are higher givers.

FIGURE 4.23: CLASSIFICATION TREE 4 - BEST PREDICTORS OF CHARITABLE GIVING LEVELS IN 2014 (%)(n)

Classification Tree 4

Legend:
- ■ Less than $2000
- ■ $2000 - $5000
- ■ $5000 or more

Node 0

Category	%	n
■ Less than $2000	65.9	137
■ $2000 - $5000	19.2	40
■ $5000 or more	14.9	31
Total	100.0	208

What's your total annual household income?
Adj. P-value=0.000, Chi-square=34.458, df=1

<= **Between $25,000 - $100,000**   bwe **Greater than $100,000**

Node 1

Category	%	n
■ Less than $2000	78.9	105
■ $2000 - $5000	15.8	21
■ $5000 or more	5.3	7
Total	63.9	133

Node 2

Category	%	n
■ Less than $2000	42.7	32
■ $2000 - $5000	25.3	19
■ $5000 or more	32.0	24
Total	36.1	75

What type of organization did you give your largest gift to?
Adj. P-value=0.000, Chi-square=37.589, df=1

Basic Needs; Religious; International   Youth and Family services; Health; Education; Environmental/Animal; Other; Arts and Culture; Public Society Benefit

Node 3

Category	%	n
■ Less than $2000	56.7	34
■ $2000 - $5000	31.7	19
■ $5000 or more	11.7	7
Total	28.8	60

Node 4

Category	%	n
■ Less than $2000	97.3	71
■ $2000 - $5000	2.7	2
■ $5000 or more	0.0	0
Total	35.1	73

^ When basic needs, religious attendance and international (for largest gift) are lumped together, then this group is even slightly higher than regular religious attendees. (However, it's mostly the same people, just a more exclusive group)

COMPARING MOTIVATIONAL DIFFERENCES BY INCOME & EDUCATION LEVEL

Statistical analysis of the findings in this section allows us to draw some interesting comparisons between high-income and middle class donors, as well as between donors with different educational backgrounds. The finding that high-income donors give more on average is unsurprising, but it is nice to be able to quantify that difference backed up with solid data.

Statistical analysis allowed for testing (using motivation survey questions 15 & 16) of the hypothesis that income and education were important characteristics when understanding differences in donor motivation, while controlling for other variables. The below table categorizes results of analysis, and presents several interesting distinctions between the middle class and high-income donor population, including different preferences for cause and level of charitable commitment.

COMPARING MIDDLE CLASS AND HIGH INCOME DONORS

TABLE 4.7: Similarities & differences between Middle class, low income and high income donors

SIMILARITIES	SIGNIFICANT DIFFERENCES
The top 3 motivations for giving are the same (but in different order) "Being Moved at How a Gift Can Make a Difference", "Give back to my community," and "a need."	High-income donors are more likely to give to charity because they feel financially secure compared to middle class and low income donors, a statistically significant difference (P -value; 0.0127)
The preferred method of giving is committed: via cash or check	High-income donors are more loyal to the organization they give to compared to middle class donors (P - value: 0.006)
Indicate that their charitable activity is personally fulfilling	Low income respondents care more about " a need" in the community and compared to middle class and high income donors (P – value; 0.021)
Combination organizations is the most popular cause	High-income donors are more likely to give due to tax benefits compared to middle class and low income donors (P – value: 0.001)
Earned Income is the primary source of household income	Low income donors does not give to charity for business interests at all (P – value: 0.030)
They give to charity because they desire to make the world a better place to live	Middle class donors attend church more frequently than low income and high income donors (P – value: 0.05)
They feel that those who have more should help those with less	High income donors are more focused in their giving (P- value: 0.01)
Donors care about impact	High income donors care more about causes that involve education and health care compared to middle class and low income (P – value: 0.040)
Cause is a defining factor for a majority of donors	Higher income donors were significantly less likely to report "basic needs" as a motivation for giving (P – value: 0.01)

^ T – tests were performed to identify statistical significance, reported as P - value in table.

EDUCATIONAL LEVEL DIFFERENCES

Statistical analysis of the data in the following section allows us to identify some education level differences as well as similarities.

The below table categorizes results of analysis, (using motivation survey questions 15 & 16 below) and illustrate that education is an important characteristics when understanding differences in donor motivation, and behavior.

COMPARING MOTIVATIONS BETWEEN EDUCATIONAL LEVELS

TABLE 4.8 : Similarities & differences between donors with "Some College or less", "Bachelor's Degree", "Master's Degree" and "Doctorate"

SIMILARTIES	SIGNIFICANT DIFFERENCES
They all give to charity due to related motivations including: "Being Moved at How a Gift Can Make a Difference" "Give back to my community," "a need."	Overall, donors with more education are more concerned about "making world better" and "for equity," but less concerned about "basic needs" (P – value: 0.001)
They believe charity can actively change or bring about a desired impact	Donors with master's degrees are more loyal to the organization they give to compared to others. (P – value: 0.025)
They feel that those who have more should help those with less	Donors with college degrees were significantly more likely than other donors to select "make community better" as a motivation for giving (P – value: 0.033)
They want to help individuals meet their material needs	Donors with master's degrees care a lot about an organization's efficiency compared to all other donors (P – value: 0.035)
They all selected religious beliefs in the top 3 motivations for giving	Donors with doctorates selected "Feeling financially secure" as a top motivation (P – value: 0.001)
They give to charity because they desire to make the world a better place to live	Donors with college degrees or above were significantly more likely to report a concern about "for equity" than those less educated (P – value: 0.001)
Donors care about impact	The least educated (some college or less) place value on setting good examples for young people (P – value: 0.030)
Cause is a defining factor	Donors with Bachelor's degrees were more likely to select "further legacy of others" as an important motivation for giving compared to donors with master's degrees (P – value: 0.001)
	Donors with Bachelor's degrees and doctorates were more likely to select "being asked" as an important motivation for giving compared to donors with some college or less (P – value: 0.023)

^ T – tests were performed to identify statistical significance, reported as P - value in table.

Q 15: On a scale from 1 – 5, do

		Income recorded				
	TOTAL	1 Low Income (<$25k)	2 Middle-Class ($25k-$99k)	3 High Income ($100k+)	F	P – value
	209	*13*	*121*	*75*		
Being Moved at How a Gift Can Make a Difference… …….	4.2	4.1	4.1	4.3	.695	.500
Feeling Financially Secure	3.4	2.6	3.4	3.7	7.435	.001
Support Same Organizations or Causes Annually …………..	3.6	3.6	3.4	3.8	2.836	.061
An Organization is Efficient ……………………………………..	3.9	3.7	3.9	3.9	.313	.731
Give Back to My Community…………………………………….	4.1	4.1	4.0	4.1	.005	.995
Volunteering for the Organization…………………………..	3.4	3.8	3.4	3.4	1.332	.266
Political/Philosophical Beliefs …………………………………	3.5	3.8	3.4	3.5	1.234	.293
Issues Affecting Me Personally…………………………………	3.2	2.8	3.2	3.2	.837	.435
Religious Beliefs ………………………………………………………	3.2	3.8	3.1	3.3	1.808	.167
A Need (i.e., giving spontaneously) ……………………….…	3.8	3.9	3.8	3.9	.090	.914
Tax Benefit ………………………………………………………….	2.6	1.9	2.6	2.8	3.584	.030
To Set Example for Young People ………………………….	3.6	3.8	3.5	3.6	.450	.638
Being Asked ………………………………………………………….	3.1	2.1	3.1	3.1	6.862	.001
Further Legacy of Others………………………………………..	3.0	3.3	3.0	2.9	.995	.371
Other (e.g., social norms) ……………………………………..	2.9	2.9	3.0	2.8	.716	.490
Business Interests…………………………………………… …	2.7	2.0	2.7	2.7	2.181	.116

The above mean summary table was used for the scaled data analysis (ANOVA).

HOUSEHOLD INCOME ANOVA: The ANOVA analysis found the means of three motivations (out of all 15 motivations asked in Q15) to be significantly different. (**see in green in table above**) The mean difference is significant at the 0.05 level. Most of the differences were not statistically significant.

TUKEY'S POST HOC TEST: We ran a post hoc test to help identify significant difference between income levels; The test found that the motivation **1) "feeling financially secure"** differ significantly between income levels; higher income donors were significantly more likely to report that they give to charity because they feel financially secure (69%), than were middle class (50%) and lower income donors. (8%) The test also found that **2) "tax benefit"** vary significantly between income levels; higher income donors put more value on charitable tax benefits, compared to middle class donors, and **3) "being asked"** differ significantly between income levels; lower income donors were less likely than higher or middle class donors to report this motivation.

TABLE 4.10: MEAN SUMMARY OF MOTIVATIONS TABLE BY EDUCATION + ANOVA

Q 15: On a scale from 1 – 5, do

	TOTAL	What's you education level?			F	P – value
		1 Some college or less	2 Bachelor's degree	3 Master's/Doctorate		
	209	72	77	59		
Being Moved at How a Gift Can Make a Difference… …….	4.2	4.2	4.0	4.3	1.651	.194
Feeling Financially Secure ……………………………………………	3.4	3.3	3.4	3.6	1.189	.307
Support Same Organizations or Causes Annually …………..	3.6	3.6	3.4	3.8	2.869	.059
An Organization is Efficient …………………………………….….	3.9	3.7	3.8	4.1	2.175	.116
Give Back to My Community…………………………………………	4.1	4.0	4.1	4.0	.081	.922
Volunteering for the Organization……………………………….	3.4	3.5	3.5	3.3	.509	.602
Political/Philosophical Beliefs ……………………………………..	3.5	3.4	3.4	3.6	1.336	.265
Issues Affecting Me Personally……………………………………..	3.2	3.2	3.3	3.1	.384	.682
Religious Beliefs ………………………………………………………..	3.2	3.3	3.0	3.3	1.223	.296
A Need (i.e., giving spontaneously) …………………………..	3.8	3.9	3.9	3.7	1.220	.297
Tax Benefit ……………………………………………………………….	2.6	2.5	2.8	2.7	1.040	.355
To Set Example for Young People …………………………..	3.6	3.7	3.6	3.5	.716	.490
Being Asked ……………………………………………………………..	3.1	2.9	3.2	3.0	2.237	.109
Further Legacy of Others…………………………………………	3.0	3.1	3.1	2.7	**3.421**	**.035**
Other (e.g., social norms) ………………………………………….	2.9	3.0	3.1	2.7	2.578	.078
Business Interests……………………………………………………….	2.7	2.8	2.7	2.5	1.279	.281

^ The above mean summary table was used for the scaled data analysis (ANOVA):

EDUCATION ANOVA: The ANOVA analysis found the means of only one of the 15 motivations (asked in Q15) to be significantly different by Education level; **Further Legacy of Others (see in green in table above)** The mean difference is significant at the 0.05 level. Most of the differences were not statistically significant.

 TUKEY'S POST HOC TEST: We ran a post hoc test to help identify significant difference between education levels; The test found that the motivation **1) "Further Legacy of Others"** differ significantly between education levels; Donors with Bachelor's degrees were more likely to select "further legacy of others" as an important motivation for giving compared to donors with master's degrees. (p-value: 0.035)

Q15 - Motivational Differences By Income ---- Key Findings:

Top 3 motivations for each income group:

Low Income: 1) A need (83%), **2)** Being Moved at How a Gift Can Make a Difference (77%), **3)** give back to my community, an organization is efficient, volunteering for the organization. (Respectively 69%)

Middle Class: 1) Being Moved at How a Gift Can Make a Difference (82%), **2)** Give back to my community (81%), **3)** a need (66%)

High Income: 1) Being Moved at How a Gift Can Make a Difference (87%), **2)** Give back to my community (80%), **3)** a need (73%)

It appears, overall, all donors (across incomes) reported giving to charity due to 3 similar motivations: "Being Moved at How a Gift Can Make a Difference", **"**Give back to my community," and "a need." However, the most frequently cited motivated for those with incomes less than $25,000 was "basic needs. Also, while not in the top three motivations for all respondents, higher income donors were significantly more likely to report being motivated by concerns "for equity" than were those with lower or middle incomes.

Significant Findings in Motivational Differences By Income

- Higher income donors (income greater than $100,000) were significantly more likely to report that they give to charity because they feel financially secure (69%), than were middle class (50%) and lower income donors. (8%)
- Higher income donors were more likely to select "support same organizations or causes annually" as an important motivation (65%) for giving compared to middle class donors (48%).
- Higher income donors put more value on charitable tax benefits (34%), compared to middle class donors.(21%)
- Lower income donors were significantly less likely (0% respectively) than higher or middle-income donors to report "being asked" (37%) and "business interests"(27%) as a motivation for giving.

Q15 - Motivational Differences By Education Level ---- Key Findings

Top 3 motivations for each education level group:

Some College of less: 1) Being Moved at How a Gift Can Make a Difference (79%), **2)** give back to my community, an organization is efficient, volunteering for the organization (78%), **3)** A need (70%).

Bachelor's Degree: 1) Give back to my community (84%), **2)** Being Moved at How a Gift Can Make a Difference (82%), **3)** a need (73%).

Master's Degree: 1) Being Moved at How a Gift Can Make a Difference (91%), **2)** An organization is efficient (82%), **3)** Give back to my community (75%).

Doctorate: 1) Give back to my community (87%), **2)** Being Moved at How a Gift Can Make a Difference (87%), **3)** feeling financially secure (73%).

Overall, all donors (across education levels) give to charity due to related motivations including: "Being Moved at How a Gift Can Make a Difference"**, "**Give back to my community," and "a need." However, 82 % of donors with master's degrees selected "An organization is efficient" as an important motivation, and 73 % of donors with doctorates selected "Feeling financially secure" as an important motivation.

Significant Findings **in Motivational Differences By Education level:**

-   Donors with some college or less (58%) or a master's degree (70%) were significantly more likely than those with a Bachelor's degree (42%) to support the same organizations and causes annually.
-   Donors with master's degrees were more likely to select "An Organization is Efficient" (82%) as an important motivation compared to donors with doctorates (54%) or some college. (64%)
-   The least educated (some college or less) place value on setting good examples for young people (64%), especially in comparison to donors with doctorate degrees. (33%)
-   Donors with Bachelor's degrees (43%) and doctorates (53%) were more likely to select "being asked" as an important motivation for giving compared to donors with some college or less (24%).
-   Donors with Bachelor's degrees were more likely to select "further legacy of others" (32%) as an important motivation for giving compared to donors with master's degrees. (14%)

TABLE 4.12: Motivations differ by income & education

Q16 **How much of your motivation is? (pick ONE)**

	HHInc3 Income recorded			Q6 What's you education level?			
	Low Income (<$25k)	Middle-Class ($25k-$99k)	High Income ($100k+)	Some college or less	Bachelor's degree	Master's degree	Doctorate
	13	121	75	72	77	44	15
Help Individuals meet their material needs	15%	8%	8%	7%	12%	7%	7%
Being asked to give by a friend or associate	0%	7%	7%	6%	5%	7%	13%
Tax benefits	0%	2%	3%	4%	1%	2%	0%
Being asked by your employer	0%	0%	0%	0%	0%	0%	0%
Feeling that those who have more should help those with less	23%	37%	25%	28%	35%	30%	47%
The belief charities can provide public services more effectively	8%	4%	4%	4%	4%	7%	0%
Religious beliefs…	15%	4%	9%	8%	6%	5%	7%
The fact a charity helped you, your friends or family	0%	7%	3%	1%	8%	7%	0%
The belief charity can active change or bring about a desired impact	38%	31%	41%	42%	29%	36%	27%

^ The above table illustrates percentages of respondents that fall under each motivation, looking at both household income and education.

Q16 - Motivational Differences By Income ---- Key Findings:

Top 3 motivations for each income group:

Low Income: 1) The belief charity can actively change or bring about a desired impact (38%), **2)** Feeling that those who have more should help those with less (23%), **3)** Help Individuals meet their material needs / religious beliefs (15% respectively)

Middle Class: 1) Feeling that those who have more should help those with less (37%), **2)** The belief charity can actively change or bring about a desired impact (31%), **3)** Help Individuals meet their material needs (8%)

High Income: 1) The belief charity can actively change or bring about a desired impact (41%), 2) Feeling that those who have more should help those with less (25%), **3)** religious beliefs (9%)

Donors were asked to pick ONE motivation (out of 9 motivations) and it appears that the majority of donors (across incomes) picked the same four top motivations, including: "The belief charity can actively change or bring about a desired impact" **– "Feeling that those who have more should help those with less"** - "Help Individuals meet their material needs" - "religious beliefs."

Q16 - Motivational Differences By Education Level ---- Key Findings:

Top 3 motivations for each Education level group:

Some College of less: 1) The belief charity can actively change or bring about a desired impact (42%), **2)** Feeling that those who have more should help those with less (28%), **2)** Religious beliefs (8%)

Bachelor's Degree: 1) Feeling that those who have more should help those with less (35%), **2)** The belief charity can actively change or bring about a desired impact (29%), **3)** Help Individuals meet their material needs (12%)

Master's Degree: 1) The belief charity can actively change or bring about a desired impact (36%), **2)** Feeling that those who have more should help those with less (30%), **3)** Help Individuals meet their material needs (7%) **Doctorate: 1)** Feeling that those who have more should help those with less (47%), **2)** The belief charity can actively change or bring about a desired impact (27%), **3)** Being asked to give by a friend or associate (13%).

For survey Question 16, it appear issues driving charitable giving are pretty much the same across all education levels, which means there was no statistical significance found. The four most popular motivations include: "The belief charity can actively change or bring about a desired impact" "Feeling that those who have more should help those with less" "Help Individuals meet their material needs" "Religious beliefs"

VI: CLUSTERING & DONOR SEGMENTATION

In the above sections we have analyzed giving among middle class Americans and also compared middle class and high income donors. In this section, we take the analysis further, looking at how motivations for giving influence donor behavior by producing a segmentation based on the underlying motivations of donors.

The segmentation presented here is based on differences in motivations. The cluster analysis groups people based on similarities in their results for question 15 about underlying motivations for giving to charity. This principal motivation question (Question 15) was modeled after the Center on Philanthropy Panel Study (COPPS) and also used in surveys conducted by Bank of America and Knowledge Networks. The question is regarded as insightful across non profit academia. (COPPS, 2011) The question was used in this study to provide comparable national findings, and useful data.

To identify donor segments within the data, cluster analysis techniques were used. This analysis method helped organize respondents in a few clusters with similar observations within each cluster. The reason why we want to create segments of donors is to better understand their giving behavior, and preferences in communication with the organizations to which they give.

The following process was used to identify segments within the survey data in SPSS:
First, standard deviation was computed for all motivations included in Question 15 and data was filtered on standard deviation>0.5. The goal was to include all motivation variables for clustering. Secondly, K – means cluster was used to segment them. Then, the original filter was removed and linear discriminant analysis (LDA) was used to include all respondents into the segmentation. This allows us to come up with a segmentation based on people who showed higher variance when answering Q15 (which helps to produce more differentiated segments) while also allowing us to look at all respondents.

From the analysis, four segments clearly stood out. They are based on the things that matter to them, which will give us insight into why they give and what they want from charities.

Once the data was split into segments, a subsequent analysis was performed within each segment in order to develop more refined segment specific insights. This need/benefit segmentation may be useful for target marketing.

The segmentation assigns each person to one of the four segments: 1) Thoughtful philanthropist, 2) Pleasing Responder, 3) Good Citizen and 3) Faith based Giver. However, if a participant did not answer all questions, they were excluded from the segmentation and not analyzed in context of the segmentation.

FIGURE 4.24: DONORS BY SEGMENT (%)

Donor Segments

- Thoughtfil philanthropist
- Pleasing Responder
- Good Citizen
- Faith Based Giver

22%

30.5%

12.5%

35%

Thoughtful philanthropist
"I give to make an impact"

Good Citizen
"I give because it's the right thing to do"

Pleasing Responder
"I give because I'm asked"

Faith based Giver
"I give for my community"
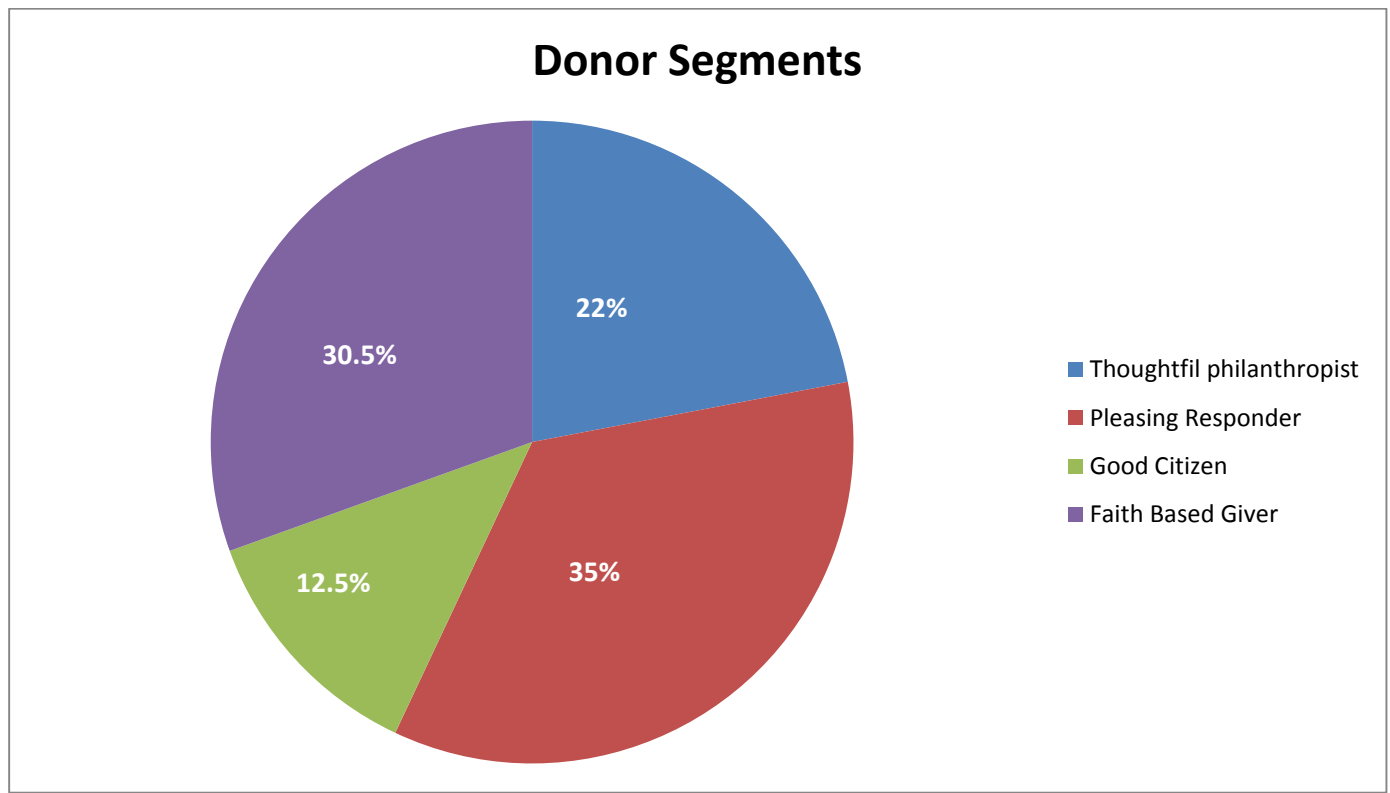
Table 4.13: Cluster Analysis

Q 15: On a scale from 1 – 5, do

	Total	Predicted Group for Analysis				Indexes			
		Thoughtful philanthropist	Pleasing Responder	Good Citizen	Faith Based	Thoughtful philanthropist	Pleasing Responder	Good Citizen	Faith based
	201	45	70	25	61	45	70	25	61
Issues Affecting Me Personally	36%	13%	44%	20%	59%	34	114	52	152
Religious Beliefs	25%	58%	20%	16%	61%	143	50	40	151
Political/Philosophical Beliefs	16%	31%	54%	24%	72%	61	107	47	142
Support Same Organizations or Causes Annually	58%	56%	47%	28%	74%	102	86	51	135
Volunteering for the Organization	70%	13%	49%	76%	56%	29	105	164	120
A Need (i.e., giving spontaneously)	46%	58%	70%	84%	75%	82	99	119	107
Being Moved at How a Gift Can Make a Difference	68%	96%	69%	100%	87%	114	82	119	103
Tax Benefit	80%	40%	19%	16%	23%	164	76	66	94
To Set Example for Young People	84%	31%	73%	80%	52%	53	125	137	90
Give Back to My Community	53%	78%	83%	96%	72%	97	103	120	90
Feeling Financially Secure	50%	67%	57%	44%	43%	125	107	83	80
An Organization is Efficient	54%	93%	67%	72%	49%	137	99	106	72
Further Legacy of Others	39%	7%	46%	24%	16%	26	180	95	65
Business Interests	23%	44%	30%	0%	10%	190	128	0	42
Being Asked	24%	47%	54%	20%	13%	130	152	56	37
Other (e.g., social norms)	40%	13%	27%	20%	3%	84	170	126	21

^Respondents were asked to rank answers from 1 to 5, with 1 being "strongly disagree" and 5 being "strongly agree." Responses shown in the above figure represent those respondents who were collapsed into the agree and strongly agree categories.

^That right table shows the indices compared to the results to total (i.e., all people who have answered the same questions). With indices, we can help see what subgroups are higher or lower for each motivation compared to overall population as opposed to simply which variables are highest or lowest overall. An index of "100" means the subgroup is exactly the same as the total. Anything over 100 means it is greater (above 120-140 is meaningful, but not a statistical test) and anything below 100 is lesser (anything below 80-60 is meaningful, but not as a statistical test) This helps us understand the segments better.

SEGMENT PROFILES

The following part presents a profile of each of the four segments. Each profile details:

• The proportion of the segment in the middle class and high-income donor population.

• A brief description of the segment.

• The demographic profile, including key characteristics such as cause, method of giving and volunteering.

• Radar graphs showing the strength of that segment's response to a number of factors that were tested.

Thoughtful Philanthropist

'I give to make an impact'

64% of middle class donors; 33% of high-income donors;

• Charitable tax benefits are important to this group of donors.

• These are the kind of donors who give faithfully to their chosen causes and charities over several years.

• They give higher average annual donation, tend to give to fewer charities, but high levels of committed giving.

• These donors care a great deal about impact. They will give as long as money is put to good use, and spend only an appropriate amount of donation on administrative and fundraising expenses

Profile:
Large proportion of the middle class population.
Tend to be older donors (45+) and most likely Self Employed
Likely to be religious, and highly educated
Most likely to be male (out of all segments)
The most generous segment identified
Most likely married
Most often give to religious, basic needs, and combination causes
Very likely to give via cash or check
Less than average likelihood of volunteering for a charity

Figure 4.25: Thoughtful Philanthropist
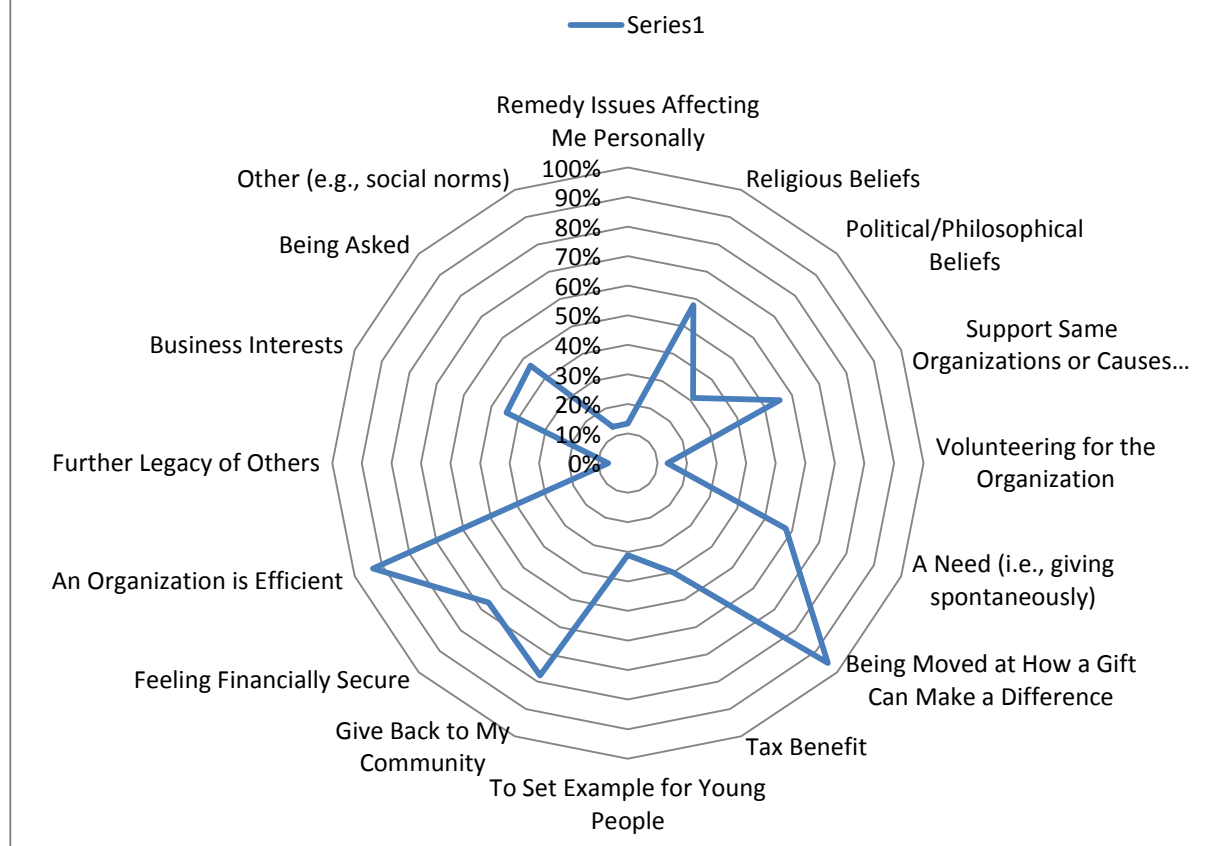
Pleasing Responder

'I give because I am asked'
67% of middle class donors; 30% of high-income donors;

• The kind of donors who are easiest to reach through social networks
• Lowest average annual donation of all segments

• They are motivated to give by personal reasons, existing relationships, and requests from peers.
• They care about an organization's efficiency and operational practice.

> **Profile:**
> **Bigger proportion of the middle class population.**
> **Tend to be younger donors (18 – 24yrs)**
> **Less likely to be religious**
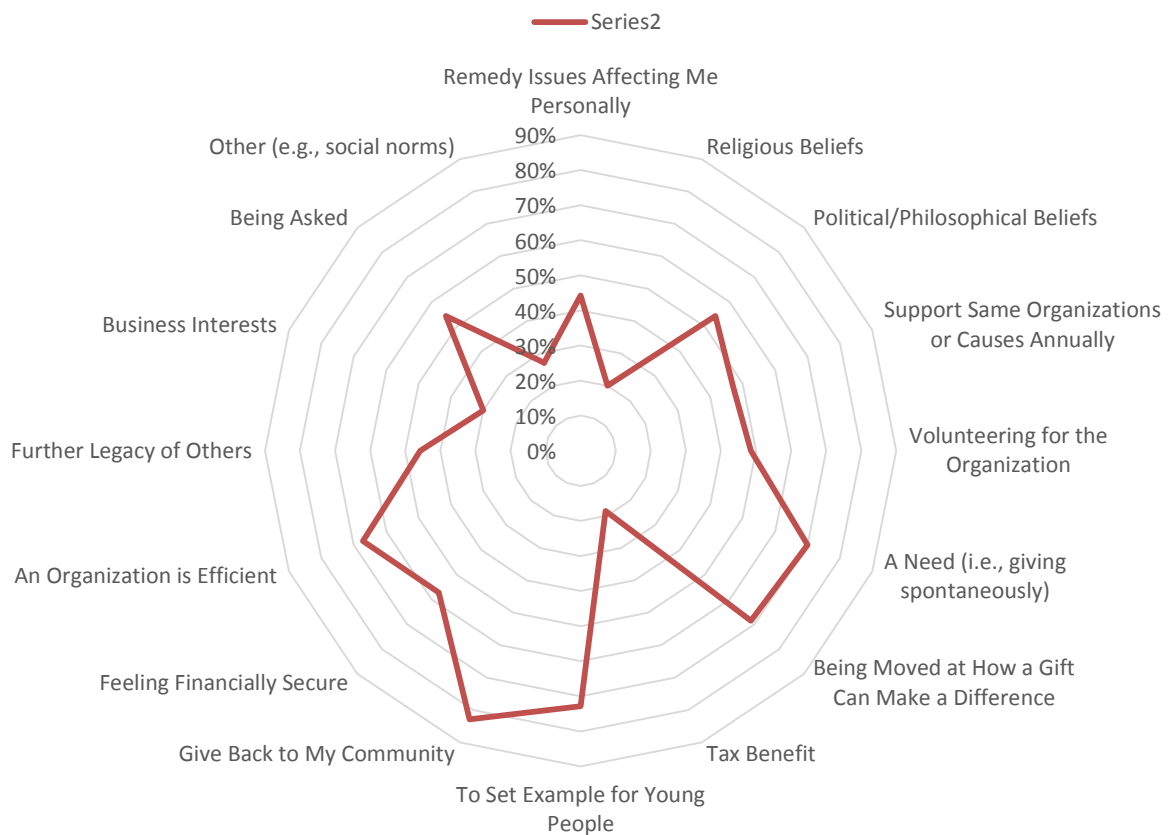> **More likely to be female**
> **Most likely employed**
> **Most often give to health, education, and combination causes**
> **Likely to give via cash or check**
> **Average likelihood of volunteering for a charity**


Figure 4.26: Pleasing Responder

Good Citizen

'I give because it's the right thing to do'

56% of middle class donors; 32% of high-income donors;

• The kind of people who give in a community context.

• This group is most motivated by a sense of public duty, and they want to give back to their community due to their position in society.

• Medium level of annual donation, but most likely out of all segments to volunteer and give time.

• Care a great deal about efficiency, and the way a charity spends only an appropriate amount of donation on administrative and fundraising expenses

Profile:
Bigger proportion of the middle class population.
Largest segment of young donors (18 – 24)
Least likely to be religious
Least educated of all segments
More likely to be female
Most likely married
Most often give to youth and family services and basic needs
Most likely to give via cash or check
More than average likelihood of volunteering for a charity

Figure 4.27: Good Citizen
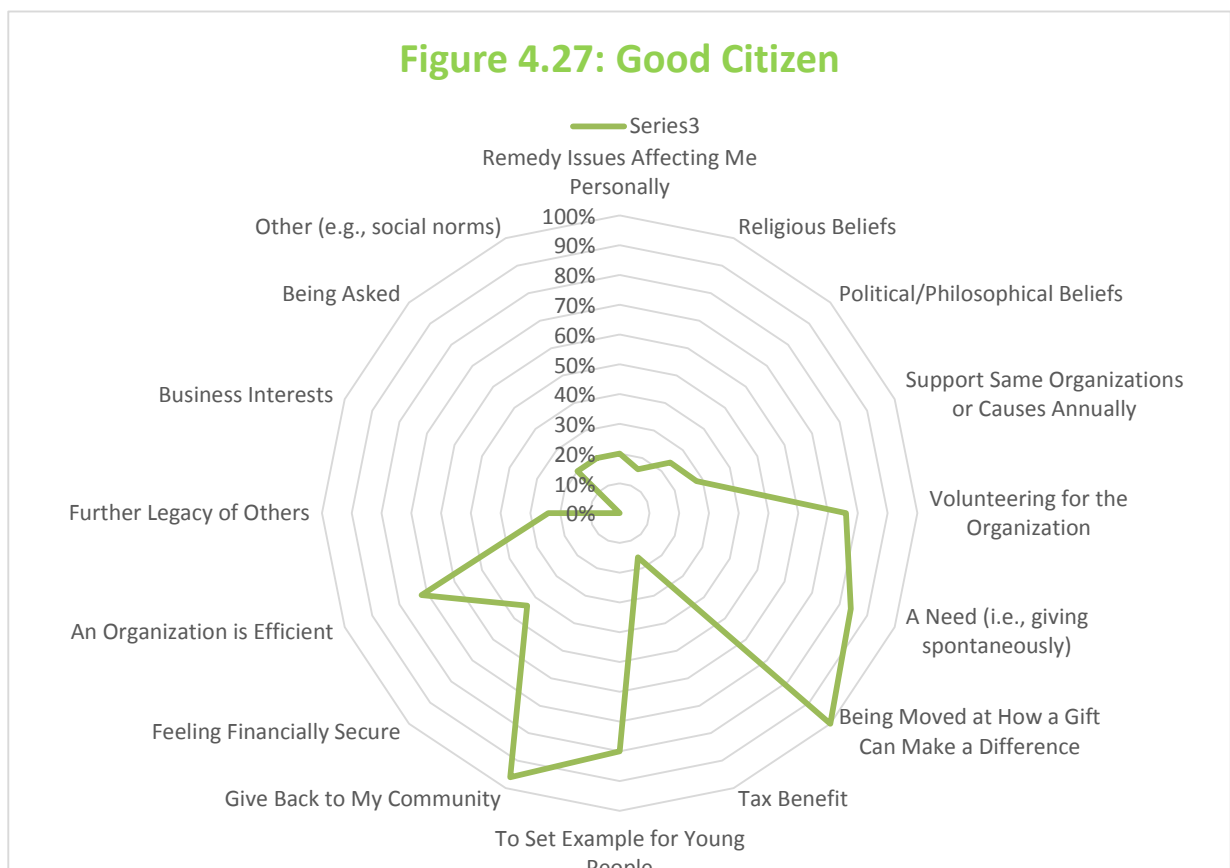
Faith Based Giver

'I give for my community'
48% of middle class donors; 43% of high-income donors

• They care about integrity in an organization and it's important to them that a charity only spends an appropriate amount on admin costs etc.

• Personal faith and community are major motivating factors

• 2nd highest average annual donation, and tend to give at their place of worship.

• Care a great deal about loyalty, and will support the same organizations and causes year after year.

Profile:
Tend to be between 34 – 44 years old
Most likely to be employed
80 % religious
More likely to be female
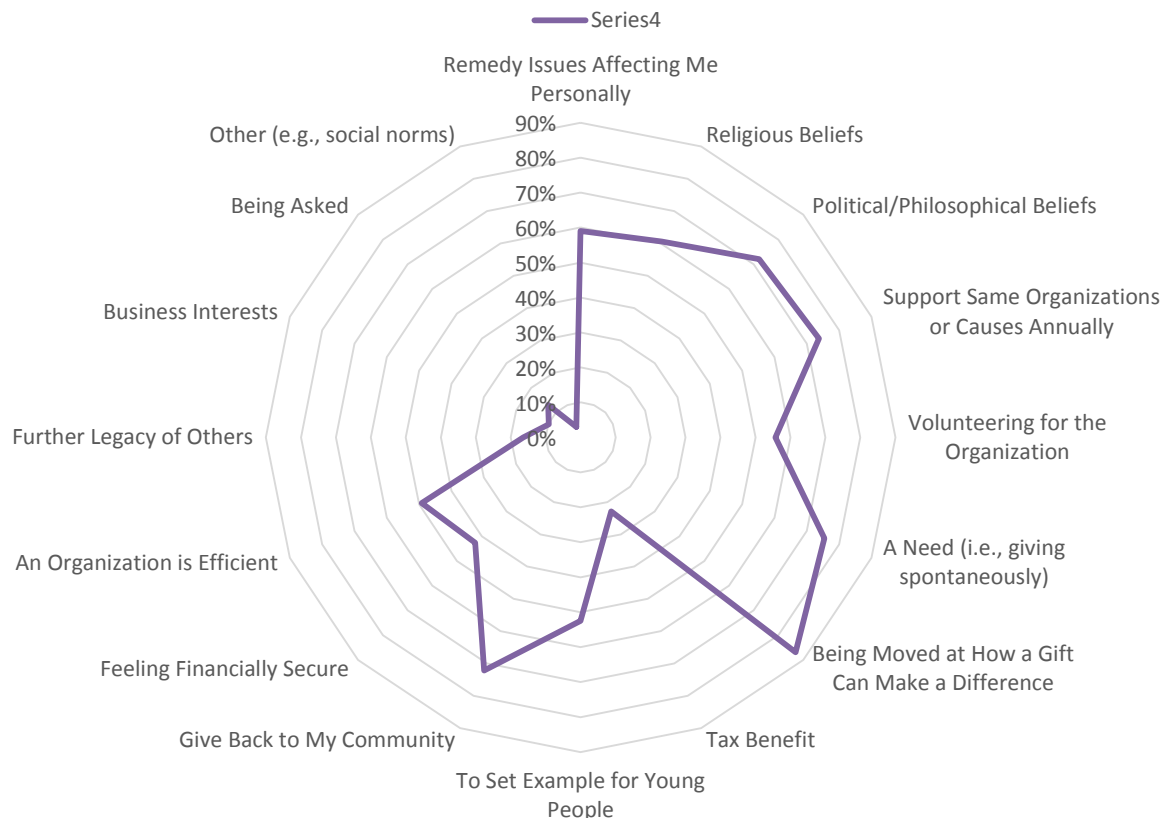The 2nd most generous segment identified
Most likely married
Most often give to religious, basic needs, health
Most likely to give via cash, check or online
Higher than average likelihood of volunteering for a charity

Figure 4.28: Faith Based Giver

KEY THEMES

Through the analysis, we have identified a number of cross – cutting themes that describe basic differences within the donor population. Some issues are vital (or trivial) to all of the segments. However, the segments also overlap in other areas. The chart below illustrates relative importance of different factors to different segments. These provide insights into the population data, and have implications for how charities can influence their donors.

FIGURE 4.29: IMPORTANCE OF DIFFERENT MOTIVATIONAL FACTORS TO DIFFERENT SEGMENTS IN 2014 (%)

Figure 4.29: Importance of different factors to different segments
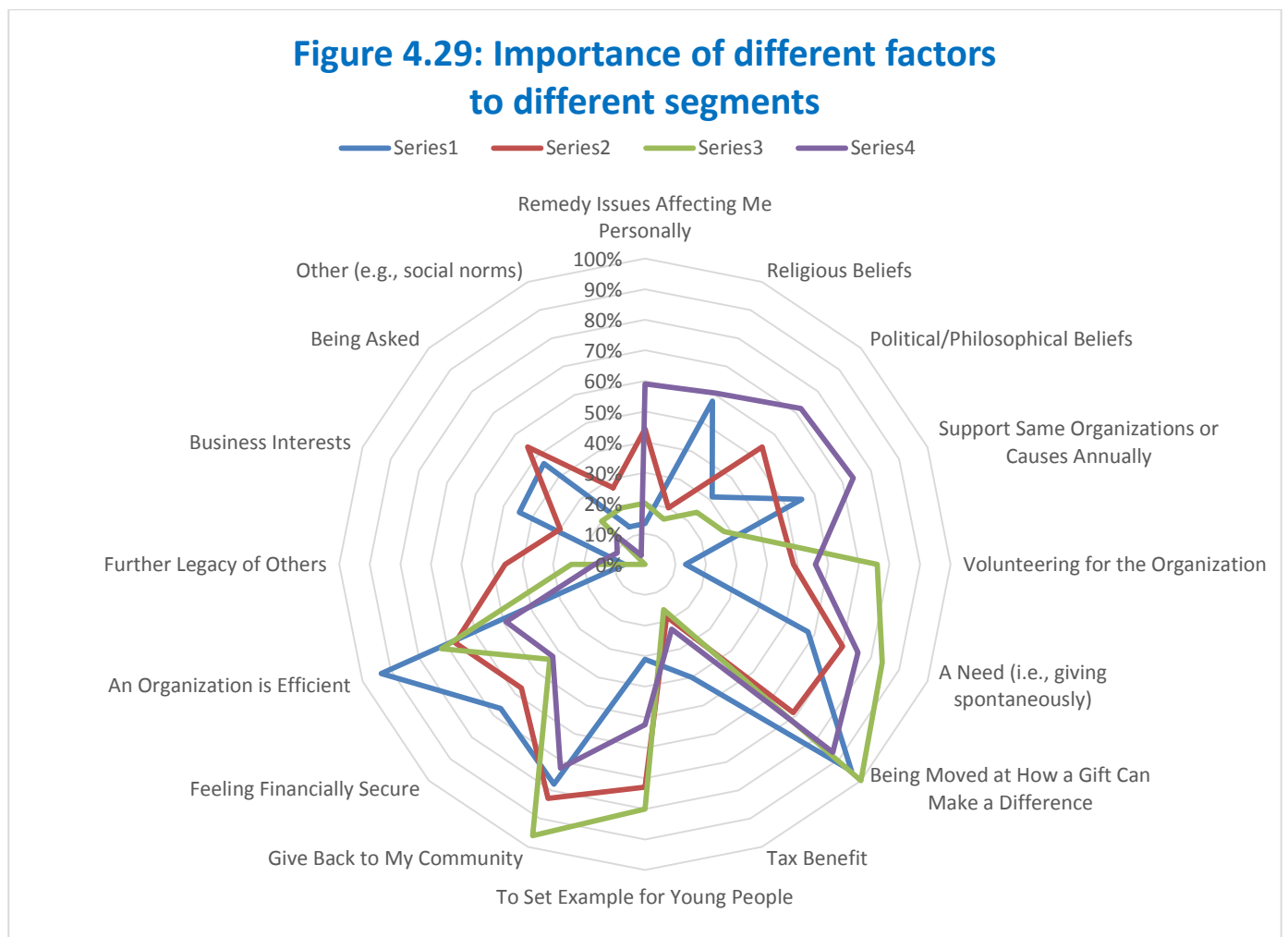
^ Series1 = Thoughtful philanthropist.   Series2 = Pleasing Responder
Series3 = Good Citizen.   Series4 =   Faith based Giver
.

RESULTS CONCLUSION

The study sets out to better understand charitable giving, by examining the giving patterns, priorities, attitudes, strategies and giving motivations of American households for the year 2014. In particular, the study sought to gain further insight into why American middle class households give to charitable organizations, to be used by nonprofit professionals, charitable advisors, donors, and others interested in philanthropy and the nonprofit sector. In general, the hope is to assist organizations in framing appropriate fundraising messages.

More specifically, this thesis seeks to address the research question
– *What motivates Middle – Class Americans to give money to charity?*

Further, the aim was to accomplish three main goals:

(1) to obtain insight into why Middle - Class Americans give money to charitable organizations and what they want from their giving,

(2) to compare charitable giving motivations and behavior amongst middle class and wealthy households, which offer insights for fundraisers wishing to influence donors' giving decisions,

(3) to create segments to help understand donor behavior. The intent is to create segmentations based on underlying motivations to help charities understand not just how and when donors give, but why.

We also look at best predictors of higher charitable donations among all variables included in the study.

Findings

This current study represents a comprehensive analysis of survey data gathered from a 30 - question survey fielded to charity donors in America. In particular, the study on middle class Americans is the most comprehensive of its kind. In fact, it appears to be the first study focusing on the issues driving charitable giving among middle class households.

All main empirical findings were reported within the previous chapter. (Chapter 4 – Results) This section will synthesize the empirical findings to answer the study's research question, and achieve the three research goals.

This first part will deal with the research question and our first goal, both focusing on middle class giving motivations and behavior:

RESEARCH Q: *What motivates Middle – Class Americans to give money to charity?*

GOAL 1:
- *to obtain insight into why Middle - Class Americans give money to charitable organizations, what they want from their giving and what drives them.*

Middle Class Households Motivations for Giving

A variety of motivations drive middle class philanthropy. The survey asked donors about their motivations for charitable giving. Five motivations for charitable giving (across all motivation questions in the survey) stand out statistically as being most important for middle class donors, presented in order of importance:

• Feeling moved about how a gift can make a difference
• Providing for the basic needs of the very poor
• Desire to make my community a better place to live
• Desire to make the world a better place to live
• Those with more have a responsibility to help those with less

Motivations not considered important to middle class donors include:

• Tax benefits
• Business interests
• Further legacy of others
• Being asked by your employer
• Feel a need to provide services that government can't provide

Outcomes of Giving

Most middle class donors derive great satisfaction and fulfillment from their charitable giving.

Middle class donors' satisfaction correlates to the understanding that these donors have about the outcomes and effects of their charitable activity, while achievement relates to the feelings that their charitable activity produces. A little over three-quarters (77 percent) of middle class donors feel that their philanthropic practices are fulfilling or very fulfilling, while 21 percent of respondents reported feeling neutral. Only 2.4 percent reported that their personal charitable activity is not fulfilling. These findings have important meanings for the nonprofit sector, as positive personal engagement with a cause is linked with increased charitable giving (Lake, 2008).

In turn, middle class donors are more likely to give to organizations both where they believed their contribution would have the largest impact and that the organization receiving their gift ought to spend only an suitable amount of the donation on administrative and fundraising expenses. In addition, about three-quarters (79 percent) of middle class donors derive a personal sense of accomplishment because their charitable activity leads to results. This suggests that donors receive benefits from engagement opportunities given by nonprofit organizations.

Factors Middle Class Donors Pay Attention to

After members of the middle class household have made a gift to an organization, several factors remain important to them it regarding the behavior of the recipient organization. The highest percentage of middle class households believes that the organization receiving their gift should spend only an appropriate amount of the donation on general administrative and fundraising costs. Middle class households also believe that it is a very important for the organization to demonstrate sound business/operational practices. However, further research is needed to explore exactly which business/ operational practices donors care about, besides unreasonable spending on fundraising and administrative costs.

Overall Giving Among Middle Class Americans

American middle class households revealed a strong commitment to charitable causes in 2014. That year, 93 percent of middle class households donated to at least one charity. Analysis of the size of gifts made in 2014 reveals that 80 percent of middle class households gave less than $2000 to charity that year, 15 percent gave between $2000 - $5000 and 5 percent gave between $5000 - $10,000.

In 2014, middle class households were most likely to give to basic needs, health and education. In addition, they focused their largest gifts on 1) religious organizations, 2) basic needs, 3) education, 4) health.

General Knowledge about Charitable Giving & Giving Strategies

In 2014, the majority of middle class donors rated their general knowledge about charitable giving as novice (55 percent), knowledgeable (40 percent) and expert (6 percent).

35 percent of middle class donors reported that they don't keep track of where they focus their giving, and 33 percent report a focus on giving to support a particular set of issues or geographical areas, followed by 16 percent of donors who report they are highly focused in their giving, and 16 percent who donate to a large number of causes.

Approximately half (49.2 percent) of middle class donors reported to be at least somewhat focused in their giving in 2014, among which 15.8 percent were highly focused in their giving on a few issues or geographical areas. 15.8 percent gave widely with no focus on particular issues or geographical issues, and 35.0 percent did not keep track of where they focused their gifts.

Decision Making Within Households

American middle class households were evenly split regarding how giving decisions were made within the home in 2014. Couples in about half of these households made these decisions jointly. The majority (68 percent) of all responding middle class households were married or in a domestic partnership.

Public Policy and the Middle Class Household

Individuals were asked to report the top three public policy issues that matter to them. The greatest percentage (75 percent) of respondents reported education, followed by health care (57 percent) and concerns about poverty (55 percent).

The greatest proportions of middle class individuals reported having some confidence or a great deal of confidence in the ability of nonprofit organizations (55 percent), religious institutions (40.5 percent), and individuals (35 percent) to solve societal problems. In comparison, confidence in businesses and corporations was markedly low, while confidence in various levels of government was especially low.

Middle Class Household Religious Attendance

American middle class households revealed a strong commitment to religious attendance. Analysis show that the majority of middle class donors attend religious ceremonies from more than once a week to once or twice per year (67.5 percent) and the rest do not attend at all. (32.5 percent)

Middle Class Tax Considerations

Middle class donors rated tax advantages low in the survey. In fact, 80 percent reported that they would maintain or increase their current charitable giving levels even if income tax deductions for donations were eliminated.

- to compare charitable giving motivations and behavior amongst middle class and wealthy households, which offer insights for fundraisers hoping to influence planned giving decisions.

KEY FINDINGS, MIDDLE CLASS & WEALTHY DONORS

This research goal deals with motivation for giving based on class status; however, for an accurate analysis, we must take into account a number of other control variables that has shown to have significant explanatory power for understanding charitable giving.

These other variables are: • Income • Education • Religious attendance • Age

Statistical analysis reveals that differences in giving levels exist specifically due to household income, religious attendance, knowledge about charities, and age.

Comparing Middle Class & High Income Donors

Analysis shows that annual household income is highly related to giving levels, which means total giving increases with income. Of particular interest, giving levels significantly increases at the cutoff point $100,000 annually (family household income).

The finding that high-income donors give more on average than middle class donors is unsurprising. However, it turns out class status is also important when understanding differences in donor motivation for giving, preference for cause, level of charitable giving, while controlling for other variables.

In particular, significant findings illustrate that high income donors are 1) more focused in their giving, 2) more loyal to the organization they give, 2) more likely to give to charity because they feel financially secure, 3) more likely to give due to tax benefits 4) more likely to give because they are being asked. *5)* high income donors are more likely to give to education causes rather than basic needs. *(all compared to middle class donors)*

Comparing Motivations between Educational Levels

Statistical analysis identified some education level differences. In particular, significant findings reveal that overall, donors with more education are more concerned about "making world better" and "for equity" but less concerned about "basic needs." Donor's with master's degrees are more loyal to the organizations they give, but also care a lot more about an organization's efficiency than less educated donors. Donors with doctorates selected "feeling financially secure" as a top motivation why they give to charity. In addition, donors with bachelor's degrees were more likely to select motivation "further legacy of others."

Comparing Religious Attendance & Motivations For Giving

Religious attendance is one of the important drivers of the probability than an individual will be a donor to secular and to religious causes. It is also an important determinant of the giving amount of charitable giving overall. Analysis reveals that people who attend religious services, even as seldom as once per year, are more likely than those who never attend to give to charity.

Regarding motivations for giving among church goers, analysis show that people who attend once a week or more often are less likely than non attenders to select "make my community a better place" or "make the world a better place."

Age & Giving Level

Statistical analysis identified that younger adults are less likely to give, and when they do give, they give less on average than older adults. (across income levels)

Overall BEST predictors of higher charitable donations

Statistical classification trees analysis identified the variables (out of all variables included in the study) that are most related to level of charitable giving.

1) *Annual Household Income* was identified as the most related to giving, 2) *religious attendance* second, and 3) *knowledge about charities* came third. Specifically, those with more than novice knowledge are higher givers.

GOAL 3

- to create segments to help understand donor behavior. The intent is to create segmentations based on underlying motivations to help charities understand not just how and when donors give, but why.

Donor Segmentation

From the statistical cluster analysis, four segments of donors clearly stood out. They are based on underlying motivations for giving to charity, the things that matter to them, which gives us insight into why they give and what they want from charities. The segmentation assigns each person to one of the four segments: 1) Thoughtful philanthropist, 2) Pleasing Responder, 3) Good Citizen and 3) Faith based.

These provide insights into the population data, and have implications for how charities can influence their donors. The Insight Section following the discussion will give charities and organizations seeking donations, suggestions on how to communicate with the different donor segments, and how to better respond to the needs of donors. In addition, the segmentation would be highly useful for target marketing by various charities, their advisors and supporters. Understanding how people respond to requests for support within these groups of traits may be more useful than thinking about class difference.

CHAPTER 5 DISCUSSION

5.1 Findings Discussion

This discussion section will look at the findings, compare to prior literature, and discuss how the theory can be used in practice.

This study 1) explores and better understands the motivations and behavior among middle class Americans, 2) compares charitable giving motivations and behavior amongst middle class and wealthy households, and 3) segments the charitable giving of American households into sub – segments in order to aid in understanding donor behavior.

5.1.1 *Middle Class* Findings Discussion

The analysis reveals that middle class Americans are driven by altruistic motivations when giving to charity. However, 79 percent of middle class donors derive great personal satisfaction and fulfillment from their charitable giving. These findings extend Andreoni's research (1990), which suggest that people derive enjoymet from the act of giving itself. He named this phenomenon the impure altrustic model because the donor recives a positive emotional feeling from giving and helping others.

Our study findings are consistent with Andreoni's impure altrustic model, which show that positive personal satisfaction with giving is linked with increased charitable giving. This suggests that there is a need to devleop fundraising models that account for warm glow giving.

The findings of my study contradict several studies investigating middle class Americans charitable giving motivations. Our study illustrates that middle class donors are driven by altruistic motivations. However, this finding is conflicting with some previous work (Kaplow, 1998; Leonhardt, 2008; Steinberg, 1991), which found that middle class Americans were more driven by selfish motives, such as public recognition or a good feeling. Buraschi and Cornelli (2002) suggest that donors with lower incomes (household income of less than $100,000) show less altruistic traits, and instead would frame motivations for giving in terms that provide a context for receiving direct benefits from giving. (i.e. obtaining the access to a private good, probably due to the constraint of their budget.) The 2008 Bank of America Study of High Net Worth Philanthropy also found that high-net-worth households were more likely to self-report more altruistic motivations for giving, while lower income donors were more likely to report public recognition and benefits as motivations for giving.

Andreoni's study (1990) suggests that people become less altruistic as income rises from 0 to $100,000, and then get more altruistic as income increases above $100,000. However, our study

suggests that middle class Americans (with a household income between $25,000 - $100,000) are more driven by altruistic motivations rather than selfish motivations when giving to charity. The findings also show that middle class households were more likely to report altruistic motivations compared to their wealthier counterparts.

Our analysis show that the two factors that matter most to middle class donors are 1) how their donations will be spent, and 2) the impact that the organization is having on the ground. It's crucial to middle class donors' that the money they give to charity is making a difference in the lives of the recipients. This offers a clear message to charities that donors care how donations are used and the impact a charity achieves. To increase donations, charities may need to meet the needs of their donors better, particularly in explaining how donations are used, and providing evidence that they are having an impact on the ground. For example, provide video evidence or interviews with recipients.

American middle class households self reported a strong commitment to religious attendance (67.5%), and 20.8 percent stated that they gave their largest gifts to religious causes in 2014. Statistical findings show that giving levels among middle class donors increased with church attendance, knowledge about charitable giving (those with more than novice knowledge are higher givers), and age. These conclusions support previous research (McBride, 2006; Kottasz, 2004; Kitchen 1992; Carroll, McCarthy, & Newman, 2005: Baruch & Sang, 2012) that also found church attendance and age to be highly linked to giving levels.

Many previous studies (Vesterlund, 2006; McBride, 2006; Feldstein & Clotfelter, 1976) have found that charitable giving increases as education increases. Our study did not confirm this prior finding. Our study found that education level is not a significant variable in determining charitable giving levels for middle class Americans.

Tax advantages have also been recognized in the literature (Kottasz, 2004; Arnett et al., 2003) as an important variable closely linked to level of giving. However, middle class donors rated tax advantages low. In fact, 80 percent reported that they would maintain their current charitable giving levels even if income tax deductions for donations were eliminated. It might be that middle class donors might care less about tax incentives due to lower tax rates and incomes (compared to wealthier donors).

5.1.2 *Income & Education Comparison* - Findings Discussion

The analysis revealed differences in giving levels, preference for cause, and motivations between middle class and wealthy households. In particular, analysis shows that charitable giving increases as income increases. This is not a new concept. Many researchers (Greene and McClelland, 2001; Tiehen, 2001; Bakija and Heim, 2008) argue that charitable giving is just like any other public good, which is dependent of the distribution of income. Tiehen (2001) found that higher income earners tend to give more monetary donations to charity in absolute terms than their lower income counterparts.

The data illustrate that income level is also important when understanding differences in donor behavior. Statistical analysis found that high income donors are more loyal and focused in their giving, which supports the findings in the 2008 Bank of America Study of High Net Worth Philanthropy. The study show that they are also more likely to give due to tax benefits, which stands in contrast to the same study. However, it makes sense that high income donors care a great deal about tax incentives due to high tax rates on their income and wealth.

Careful analysis of the data identified motivational differences when education level is considered. Overall, donors with more education are more concerned about "making world better" and "for equity" but less concerned about "basic needs." Donors with master's degrees and higher are more loyal to the organizations they give, but also care a lot more about an organization's efficiency than less educated donors. These are important insights for charities to be aware of when communicating with donors from various academic backgrounds. However, education level was not a significant variable in determining charitable giving levels even though it highly affects loyalty and cause.

Across classes (middle class & high income households) religious attendance is one of the most important drivers of higher charitable giving. Analysis reveals that people who attend religious

services are not only more likely to give, but they also give larger amounts to charity (compared to non church goers). Many researchers in the field (Jackson et al., 1995) have found this to be true in their studies as well.

Our study illustrated that older donors give more. Clotfelter (1997, p. 17) notes that "age has shown itself to be the variable most consistently related to giving." An interpretation of this finding could be that the trend for younger donors giving less may be a function of lower disposable income, rather than a lower level of charitable commitment. It makes sense in a way that younger people give less to charity on average compared to older donors. Younger people have not been in their careers very long, and the majority of them are starting to invest in their future. (including buying a home, savings) In addition, younger people most likely have lower incomes, but even if they don't they might have higher costs (such as student loan payments, car payments, house payments).

Overall; *household income*, *church attendance*, *knowledge on charitable giving* and *age* are the variables most consistently linked to higher giving. It is critical that more attention is paid to understanding the donors that fall into these categories; high income, church goers, people highly educated on charitable giving, and older donors. The research findings here can be used to consider how giving levels can be increased in practice. Further research is needed to understand if higher givers consider themselves more knowledgeable or if they actually are more knowledgeable.

5.1.3 Segmentation Discussion

The study created a donor segmentation based on motivations for giving to help charities understand not just how and when donors give, but why. The segmentation aims to provide a better understanding of what drives donors' giving and what they want to achieve from it.

Many charities already segment their donors based on information they collect about demographics and donation history (Andreasen & Kotler, 2008). This type of segmentation is useful, but only feasible for large fundraising charities. These segmentations can be limited because they are based on existing behavior, rather than looking at underlying motivations, making it difficult to use them to assess the potential to change giving behavior (Bennett, & Barkensjo, 2005).

Segmenting donor markets allows an organization to determine which segments are appropriate targets and the optimal communications and promotional vehicles for reaching those constituencies. Marketing researchers (Heidrich, 1990; Prince, File, & Gillespie, 1993) suggest for charities to focus on market segmentation approaches in connecting donors with causes. Heidrich (1990) argues that segmenting donors provides an opportunity to efficiently use an organization's resources.

This study takes the insight about donor motivations to the level of practical implications, by partitioning the donor market into groups with similar motivations and needs. These segments provide insights into the data, and have implications for how charities can influence their donors. The following insight section enables charities to take a new approach to the way they communicate with different donors. However, the segmentation needs to be revisited in practice and tested in order to further understand how these donors respond to marketing messages and fundraising efforts.

5.1.4 INSIGHTS FOR CHARITIES

What does this segmentation mean for charities' engagement with donors?

Four segments have been produced based on differences in attitudes and motivations. This gives us hints into why they give and what they want from their charities. The following *Insight Section* will give charities suggestions on how to communicate with the different donors.

This in turn ought to make for more successful donor relationships, and increased giving levels.

INSIGHT "THOUGHFUL PHILANTHROPIST"

These donors are mainly motivated by cause and impact, and they will most likely do their research before giving to a charity to make sure the organization is trustworthy. Once they trust an organization to make good use of their money, they will give loyally to their chosen causes and organizations for years to come.

This segment is the most generous segment and gives higher average annual donation compared to all other donors. However, they are the least likely to volunteer time. They also care a great deal about charitable tax benefits, and consider giving a public rather than private activity.

Members of this segment are more likely to be older, self employed, religious, highly educated, male, married. They most often give to religious, basic needs and combination causes.

Since this segment cares more about impact of the organization when donating (compared to all other segments) it's important for charities to provide a breakdown of how their donations have an impact on the ground.

- They are motivated by impact and look for a wide array of information. Charities should provide high – quality information to meet these needs through a variety of channels. (both traditional and new media)

- A high-value segment, due to their tremendous generosity, commitment, and loyalty. Important to communicate charity's progress on a regular basis. Communication should focus on this idea of cause and impact rather than duty, which they find less motivating.

- They are affluent, educated, and tax incentives rank high among motivating factors.

- They will give as long as money is put to good use.

INSIGHT "PLEASING RESPONDER"

Their main motivations for giving are existing relationships and requests from peers. They are basically motivated by personal reasons, as they very much like to please those around them. Commitment and loyalty are low among these donors, and they also give the lowest average annual donation overall.

They are less likely to be older donors, less likely to be religious than population average, most likely female, and most likely employed. They are the kind of donors who are easiest to reach through social networks.

They have a particular interest in medical causes, but overall cause ranks low as an important factor. They report that they care about an organization's efficiency and operational practice.

• Difficult to engage directly unless through personal experience. Respond to requests and prompts from their peers; potentially a significant source of donation if reached through social networks, such as facebook.

• Impact is less important, but this segment may respond to messages that describe personal involvement

• Although these donors are often less affluent, younger and give lower annual donation than others, they have a strong sense of duty to give when asked by their peers.

• Organization's efficiency and operational practice is important and donors are keen to receive progress reports, possible via social media efforts.

INSIGHT "GOOD CITIZEN"

This segment is motivated by a sense of public duty and obligation to give due to their privileged position in society. Good citizens show less interest in impact and are mostly concerned with the act of giving rather than the results. They seem more interested in the mechanics of donation than what happens once they have donated.

They are the kind of people who give in a traditional setting, and in a community context. They give a medium level of annual donation, but are most likely out of all donors to volunteer and give their time.

Good citizens care a great deal about efficiency, and the way a charity spends only an appropriate amount of donation on administrative and fundraising expenses.

This segment tends to be young donors who are married. However, least educated of all segments and least likely to declare religious affiliation. They have a low overall interest in cause, and no clear preference for a particular cause. Slightly more interest in youth and family services.

• The kind of people who love to give their time and volunteer.

• These donors are perceptive to their standing in society and see giving as a duty. Communication ought to focus on the idea of duty rather than the cause, which they find less motivating.

• This segment will most likely respond to messages that describe an organization's efficiency, and the way a charity spends only an appropriate amount of donation on administrative and fundraising expenses. Charities should provide high-quality information to meet these needs.

• May be encouraged to think more about impact as part of a duty to give responsibly.

•Donor is unlikely to seek personal involvement, and think of giving as a private activity.

INSIGHT "FAITH BASED DONOR"

Personal faith, community and cause are major motivating factors among these donors. They are very likely to state religious affiliation, and tend to select charities based on religious links.

This is an important segment, giving the 2nd highest average annual donation. Faith based donors care about integrity in an organization and it's important to them that a charity only spends an appropriate amount on administrative costs and such. They also care a great deal about loyalty, and will support the same organizations and causes year after year.

This segment is likely to believe people should donate if they have the means, and to suggest a proportion of income people should aim to donate. These donors are also active volunteers, particularly giving time to religious organizations. They are most likely middle ages, employed, religious, married, and they give most their charitable dollars to religious causes at their place of worship.

• The powerful importance of religious affiliation means it will be tricky for many charities to appeal to these donors, unless they can work with and through places of worship or other religious networks.

• Care a great deal about loyalty, and will support the same organizations and causes year after year. Important for charities to build an ongoing relationship with these donors.

• They care that a charity only spends an appropriate amount on administrative costs. Charities should make relevant information accessible.

• Although these donors are often less wealthy, they have a strong sense of duty to give generously.

• Impact seems important but most often these donors know and trust the organizations they give to.

5.2 Implications

To our knowledge, this is the first study of middle class donors that investigates both giving behavior and motivation. Therefore, this research is an important barometer for middle class donors' charitable engagement. It provides new information and insight into donor behavior, and opportunities to influence it, whilst enriching the research base and existing theories.

Whilst, many of the study findings support preceding research of Van Slyke & Brooks (2005), Vesterlund (2006), Sargeant & Woodliffe (2007), Dunn, Aknin, & Norton (2008), and Aaker & Satoshi (2009) it has contributed to existing understanding of middle class donors' priorities and giving behavior. The analysis show that the two things that matter most to middle class donors are 1) how their donations will be spent, and 2) the impact that the organization is having. What donors think about impact is also an important concern for charities as there is a clear demand for information about what charities achieve that needs to be met. There is an opportunity for charities that are able to clearly meet donor expectations in these areas.

It is however, noted from this study that middle class donors give from the heart, and altruism seems to drive their charitable giving behavior. This pattern is consistent with that presented by Andreoni (1989, 1990) but contradicts that of Buraschi and Cornelli (2002). Fundraising efforts therefore need to take this information into consideration in communication efforts with middle class households.

The finding that high-income donors give more on average is unsurprising, but there are several interesting distinctions between the middle class and high-income donor populations. Two differences particularly stand out. First, high income donors are more loyal and focused in their giving compared to middle class donors. Secondly, high income donors are more likely to give due to tax benefits and because they feel financially secure. These findings may reassure charities. But it also suggests that even high-performing charities may find it difficult to tempt

loyal donors away from their existing charity relationships. This is an interesting area for further research: it may be that those who are loyal out of commitment rather than inertia are more likely to respond to other charities demonstrating the good work they do in a field.

One of the key goals of the research was to produce a segmentation based on the underlying motivations of donors to help understand donor behavior. A number of segmentations have been developed in the US, all have only involved high-net-worth individuals, and most are based on interviews rather than surveys. (Brezze, 2010)

Many charities use their own marketing techniques and segmentations (based on simple demographics) to reach their donors, mainly focusing their efforts on sales and promotional activities (Dolnicar & Lazarevski, 2009). However, evidence from several studies, including Lake (2008) and this thesis, seems to point to the fact that it's crucial for charities to understand donors' underlying motivations for giving, in order to successfully win their hearts, brains, and wallets. Marketing is more than just making a sale or obtaining a donation, it is a way to satisfying the donors' needs. (Lake, 2008)

Andreasen and Kotler (2008) recommend NFPs to adopt a marketing mindset, termed a donor-centered mindset, which focuses on understanding donors' needs, wants and perceptions, as opposed to an "organization-centered" mindset. The authors (2008) stress the importance of segmentation in understanding the needs of donors, so as to better satisfy these unique needs.

The segmentation presented in this study will provide fundraisers with a useful and practical segmentation of donors, and a greater understanding of what motivates them. Charities could use the segmentation to identify donors in their own database with the segments they fall into. This could be done using demographic information or identify types of donors more likely to be emphatic to their cause. Then, tailor communication relevant to different segments, for example; *Faith based donors* and *Pleasing Responders* are more likely to respond to personal

communications based on an existing relationship while *Good citizens* and *Thoughtful philanthropists* are more likely to respond to communication not based on existing relationships.

Charities could also look at other clues, such as past giving patterns, and identify types of donors more likely to care about cause, impact, or peer pressure. This will help identify what kind of communications they will respond to, and which segment they fall into. This would enable charities to take a nuanced approach to the way they approach donors, what they communicate, the level of recognition they offer, and so on. This in turn should make for stronger and more successful donor relationships. We really hope charities will use this segmentation as a tool to understand and respond to the needs of donors better.

Understanding how people respond to requests for support within these segments may be more useful than thinking about income difference, especially when connecting with donors. The motivational differences identified across income and educational levels offer important information to the sector but it does not offer practical insights as the motivation segments do. Therefore, the best way for charities to make use of this research is to learn about the four different segments identified in the study and apply these within the organization's own database.

5.3 Future Direction

The findings presented in this study are a starting point. They provide a platform for further research, discussion and practical work to achieve the aim of increased quantity and quality of giving, in the US and worldwide.

The research was designed to provide greater understanding of donor behavior and provide insight for future research, not to offer firm conclusions on whether any particular course of action is right or wrong. However, we believe that there are interesting findings, which raise a range of questions, opportunities and challenges.

Our findings suggest there is opportunity to increase donations, and if charities want to realize this they should try to ensure that they have the information that the donors care about available to donors, including; evidence of impact and break down of how donations are used.

The outputs of this research, including the segmentation, have potential to help the sector fundraise more effectively. We hope that sector bodies will coordinate to consider how best to use and build on the information in this report.

As in any research, there are limitations and these provide insight into areas for further research. To generate more efficient non profit marketing strategies and fundraising efforts, there is a need for further research to allow for evaluation of donor behavior and response to marketing messages. Exploring the following as future research strategies can facilitate the attainment of this goal:

1) Explore ways that the research can be tested in practice, while gathering evidence on the impact of doing so.   2) Putting the segmentation into action – testing and refining the segmentation (using cluster analysis) developing practical ways and applications relevant to charities of different sizes and different level of fundraising expertise. 3) Employ experimental

designs to elaborate upon and isolate specific donor motivations to understand better how to target donors. 4) Longitudinal studies could also be undertaken that gauge the long-term impact of specific marketing strategies and fundraising efforts to better understand the link between underlying motivations, behavior, and fundraising.

We hope that the data from the research presents opportunities for further analysis from researchers to reveal additional insights, and welcome interest if you are interested in using our raw data further, please get in touch by emailing challe_marten@hotmail.com

5.4 Conclusion

This study has provided an insight into charitable giving motivations and behavior among American households. It extends the work of Van Slyke & Brooks (2005), Vesterlund (2006), Sargeant & Woodliffe (2007), Kotler & Andreasen (1987), Dunn, Aknin, & Norton (2008), and Aaker & Satoshi (2009). In particular, the thesis contributes to a new understanding of why Middle - Class households give to charitable organizations, what they want from their giving, and what drives them. Conducting surveys allowed for a wide array of information to be collected, which produced a body of data, providing a thorough view of the issues driving charitable giving.

These results show that middle class Americans are driven by altruism, and they frame motivations for giving in terms of benefiting society as a whole, helping those in dire need, and feeling that those who have more have a responsibility to help those with less. In addition, middle class households care a great deal about impact, and how their donations will be spent. To increase donations, charities need to meet the needs of their donors better, particularly in explaining how donations are used, and providing evidence that they are having an impact.

The analysis also revealed differences in giving levels, preference for cause, and motivations between middle class and wealthy households. Especially, that charitable giving increases as income increases. However, we found that education level was not a significant variable in determining charitable giving levels. The analysis reveals that high income donors are more loyal and focused in their giving compared to middle class donors. But they are also more likely to give due to tax benefits and because they feel financially secure than middle class donors.

Overall, differences in giving levels exist specifically due to household income, religious attendance, knowledge about charities, and age. Nevertheless, it is critical that more attention is

paid to understanding the donors that fall into these categories; high income, church goers, people highly educated on charitable giving, and older donors.

The study created a donor segmentation based on motivations for giving to help charities understand not just how and when donors give, but why. The segmentation assigns each person to one of the four segments: 1) Thoughtful philanthropist, 2) Pleasing Responder, 3) Good Citizen and 3) Faith based donor. These segments provide information into the data, and have implications for how charities can influence their donors. Understanding how people respond to requests for support within these groups of traits may be more useful than thinking about class difference when connecting with donors. Thus, this is an important area for further research.

This study suggests that considerable effort needs to be placed on creating fundraising and marketing efforts around donors' wants and needs. As a result, donations may increase, and charities around the world can do more good work.

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APPENDIX A; APPLICATION FOR ETHICS APPROVAL

Waikato Management School
Te Raupapa

1.1   1. Identify the project.

1.1. **Title of Project:** *Understanding* *Donor Motivation and Behavior*

1.2. Researcher(s) name and contact information: Charlotte Marten – **MKTG593 – 14C (HAM) Marketing Thesis Email: cdm26@ students.waikato.ac.nz**
2.
2.1. Supervisor's name and contact information (if relevant) *A-Prof Carolyn Costley, ext 8648, ccostley@waikato.ac.nz*

2.2. **Anticipated date to begin data collection:** *July,* *2015*

1.2   2. Describe the research.

1.1. Briefly outline what the project is about including your research goals and anticipated benefits. Include links with a research programme, if relevant.

The purpose of this study is to gain further insight into why donors give money to charitable organizations.

My research goals are to answer the following questions:

Why do people give money to charitable organizations?

How do donors make decisions when giving?

What do donors want from their giving?

From previous research and studies, we know a lot about donor motivation and behavior among high – income donor. However, no research to date has looked at American middle – class households.

This study will help us better understand how people make decisions about their charitable giving, what they want from their giving and what motivates them. The results from this research will help the nonprofit sector understand what to communicate to various donor segments in order to increase giving levels.

1.2. Briefly outline your method.

The data will be collected via a mixed method (both quantitative & qualitative methods):

A) *Web Surveys* will be used to measure values and attitudes towards giving, and it will also group motivations among donors and create a segmentation to help understand donor behavior better. Objectives with the survey include: 1) gather information about the population of interest, 2) segment the population based on difference in attitudes, values and motivations, driven by questions around giving behavior, and 3) to use survey results to nuance new approach to the way charities approach donors and what they communicate. Analyzing using Spps software.

1.3. Describe plans to give participants information about the research goals.

A) Participants will be invited to the *web survey* via social media channels. The invitation to participate will outline the research goals. Please see attached survey with invitation.

I anticipate distributing a link via Facebook pages for the web survey:

https://az1.qualtrics.com/jfe/preview/SV_5A5pehXCdZdvril

1.4. **Identify the expected outputs of this research (e.g., reports, publications, presentations), including who is likely to see or hear the reports or presentations on this research**

A) The master's thesis will be published and presented to WMS faculty. It may subsequently be shared with other researchers, with NPOs, and presented at conferences and/or journal publications.

1.5. **Identify the physical location(s) for the research, the group or community to which your potential participants belong, and any private data or documents you will seek to access. Describe how you have access to the site, participants and data/documents. Identify how you obtain(ed) permission from relevant authorities/gatekeepers if appropriate and any conditions associated with access.**

A) Potential participants will be friends and/or acquaintances on facebook, church members at HOPE church, Maui as well as members of The Society of Professional Journalists, nationwide USA. "Physical" location is most likely to be online.

1.3 **3. Obtain participants' informed consent, without coercion.**

1.1. Describe how you will select participants (e.g., special criteria or characteristics) and how many will be involved.

A. Participants will self-select when invited to participate in the web survey. (Please see invitation) Participants will self-select in response to the 'Invitation to Participate' in the survey. Survey sample size aim to be at least 100 respondents to be able to represent the whole target population. Volunteer convenient.

1.2. Describe how you will invite them to participate.

A. Link to web survey will be sent out via email and facebook. The survey will open up with an invitation to participate. Please see attachment with invitation script, research goals information sheet etc.

3.3 Show how you provide prospective participants with all information relevant to their decision to participate. Attach your information sheet, cover letter, or introduction script. See document on informed consent for recommended content. Information should include, but is not limited to:

- **what you will ask them to do;**
- **how to refuse to answer any particular question, or withdraw any information they have provided at any time before completion of data collection;**
- **how and when to ask any further questions about the study or get more information.**
- **the form in which the findings will be disseminated and how participants can access a summary of the findings from the study when it is concluded.**

We do not coerce participation; they volunteer. We inform them that their answers will be kept confidential, and if for any reason they want to opt out of the study, they can. However, in regards to the survey, once answers have been submitted, participant cannot opt out because the survey is anonymous and I cannot find out who filled out which survey. There will be no record kept of identity in the survey. See the information sheet and survey.

1.3. Describe how you get their consent. (Attach a consent form if you use one.)

A. We invite to participate in the survey. People consent by following the instructions and filling out the survey. If they take those actions, we will assume they consented to participate. The final question in the survey is: "I agree for the researcher to use all these responses for research purposes and presentations." YES or NO.

3.5 Explain incentives and/or compulsion for participants to be involved in this study, including monetary payment, prizes, goods, services, or favours, either directly or indirectly.

None.

1.4   4. Minimise deception.

1.1. If your research involves deception – this includes incomplete information to participants -- explain the rationale. Describe how and when you will provide full information or reveal the complete truth about the research including reasons for the deception.

No deception.

1.5   5. Respect privacy and confidentiality

1.1. Explain how any publications and/or reports will have the participants' consent.
A.The questionnaire explicitly asks for consent and reminds participants that their

identities will not be shared. There will be no record of identity.

1.2. Explain how you will protect participants' identities (or why you will not).
A. The web survey will have no record of identity.

1.3. Describe who will have access to the information/data collected from participants.   Explain how you will protect or secure confidential information.
Charlotte Marten (and supervisors) will have access to all the data. Data will be available

if asked for.

1.6   6. Minimise risk to participants.

'Risk' includes physical injury, economic injury (i.e. insurability, credibility), social risk

(i.e. working relationships), psychological risk, pain, stress, emotional distress, fatigue,

embarrassment, and cultural dissonance and exploitation.

1.1. **Where participants risk change from participating in this research compared to their daily lives, identify that risk and explain how your procedures minimize the consequences.**

A. Values regarding charitable giving and underlying motivations for giving are often

private and not so often shared with others. Sharing the contents could be embarrassing.

However, the survey will keep no identify record.

1.2. **Describe any way you are associated with participants that might influence the ethical appropriateness of you conducting this research – either favourably (e.g., same language or culture) or unfavourably (e.g., dependent relationships such as employer/employee, supervisor/worker, lecturer/student). As appropriate, describe the steps you will take to protect the participants.**

A. Master's student Charlotte Marten will be inviting people online to participate. Familiarity is favorable when asking someone to share personal views. There is unlikely to ever be dependent relationships between researchers and invitees in this research. Speak same language/come from same culture.

1.3. **Describe any possible conflicts of interest and explain how you will protect participants' interests and maintain your objectivity.**

No conflicts of interest envisioned.

1.7 **7. Exercise social and cultural sensitivity.**

1.1. Identify any areas in your research that are potentially sensitive, especially from participants' perspectives. Explain what you do to ensure your research procedures are sensitive (unlikely to be insensitive). Demonstrate familiarity with the culture as appropriate.

I will be sensitive and mindful of embarrassing topic during personal interviews.

1.2. If the participants as a group differ from the researcher in ways relevant to the research, describe your procedures to ensure the research is culturally safe and non offensive for the participants.

We do not expect any differences to be relevant to the research. Invitees share Facebook

and online communities culture with researcher.

Appendix B: CONSENT FORM

Consent Form

Please e-mail to cdm26@students.waikato.ac.nz or

hand a signed copy to the researcher Charlotte

Marten.

Project title: Understanding Donor motivation and behavior

Project Supervisors: *Professor* Carolyn Costley & Professor *Rouxelle de Villiers*

Researcher: *Charlotte Marten*

○ I have read and understood the information provided about this research project in the

Information Sheet.

○ I have had an opportunity to ask questions and to have them answered.

○ I understand that I may withdraw myself or any information that I have provided for this

project at any time prior to completion of data collection, without being disadvantaged in

any way.

○ I agree to take part in this research.

○ I wish to receive a copy of the report from the research (please tick one):

Yes ○ No ○

○ I wish to have my decision sheet and the overall results returned (please tick one):

Yes ○ No ○

Participant's signature:

....…………………………………………………

Participant's name:

....………………………………………………………

Participant's e-mail address :

………………………………………………………………………………………….

Date:

……………………………………………………………………………………………

…………………….

Note: The Participant should retain a copy of this form.

Appendix C. FULL SURVEY

The Waikato Management School & Charlotte Marten welcome you to participate in a research study about charitable giving motivations and behavior. The purpose of this study is to investigate and gain further insight into our understanding of why donors give money to charitable organizations, focusing on the American middle – class population. This study will help us better understand how people make decisions about their charitable giving, what they want from their giving and what motivates them. The results from this research will help the nonprofit sector better understand what to communicate to donors, with an aim to increase quantity and quality of giving worldwide. This study should take approximately 10 minutes of your time. Please note that your answers will be kept confidential and the survey will keep no identity record. Thank you for taking the time to participate in my research study. If you have any further questions regarding the survey please contact me. Charlotte

Are you an American citizen/legal resident of the USA?

○ Yes
○ No

Gender

○ Male
○ Female

What is your age?

○ 18 - 24
○ 25 - 34
○ 35 - 44
○ 45 - 54
○ 55 - 64
○ 65 - 74
○ 75 or older

Please specify your ethnicity:

○ White
○ Hispanic/Latino
○ Black or African American
○ Asian/Pacific Islander
○ Other

What is your marital status?

○ Single, never married
○ Married or domestic partnership
○ Widowed
○ Divorced
○ Separated

What's your employment status?

○ Employed
○ Managing business
○ Self employed

- ○ Retired
- ○ Retired within 5 years

What's you education level?

- ○ Some college or less
- ○ Bachelor's degree
- ○ Master's degree
- ○ Doctorate

What's your total annual household income?

- ○ less than $25,000
- ○ between $25,000 - $50,000
- ○ between $50,000 - $75,000
- ○ between $75,000 - $100,000
- ○ between $100,000 - $150,000
- ○ between $150,000 - $200, 000
- ○ between $200,000 - $300,000
- ○ $300,000 or more

What's your primary source of household income?
- ○ Earned Income
- ○ Investment Asset Growth
- ○ Spouse Income
- ○ Family or Startup Business
- ○ Other assets
- ○ Real Estate
- ○ Inheritance

Do you or anyone in your household own a home?
- ○ yes
- ○ no

In 2014, did you or your household make a donation to any cause/charity?
- ○ Yes
- ○ No

Generally speaking, how would you rate your knowledge about charitable giving and philanthropy?
- ○ Novice
- ○ Knowledgeable
- ○ Expert

Thinking about your overall giving in 2014, how were charitable decisions typically made? (Check only one option)
- ○ My spouse or partner and I made these decisions jointly.
- ○ I was the sole decision maker, or I was the primary decision maker but conferred with my spouse or partner.
- ○ My spouse or partner and I made these decisions separately without conferring.

○ My spouse or partner was the sole decision maker, or my spouse or partner was the primary decision maker but conferred with me.

Generally speaking, how would you categorize your charitable giving in 2014?

○ I am somewhat focused in my philanthropic giving, concentrating on a limited set of issues or a geographical area.

○ I am highly focused in my philanthropic giving, concentrating on a particular set of issues or a geographical area.

○ I tend to donate to a large number of causes & have chosen not to focus my giving on a limited set of issues or a geographical area.

○ I don't keep track of where I focus my giving.

After you make a gift to an organization, how important is it to you that the organization will...? (pick one)

○ Spend Only an Appropriate Amount of Donation on Administrative & Fundraising Expenses

○ Not Distribute Name to Others

○ Demonstrate Sound Business/Operational Practices

○ Honor Request for Privacy/Anonymity

○ Acknowledge Donations Appropriately (e.g., thank you note, receipt for tax purposes)

○ Honor Your Request for How Your Gift is Used

○ Not Ask for More Than You Can Give

○ Provide Detailed Information About Organizational Effectiveness

○ Provide Nothing in Return

○ Provide Ongoing Communications

○ Demonstrate/Communicate the Specific Impact of Your Gift

○ Offer Board Membership/Other Volunteer Involvement

How much of your motivation is? (pick ONE)

○ Help Individuals meet their material needs

○ Being asked to give by a friend or associate

○ Tax benefits

○ Being asked by your employer

○ Feeling that those who have more should help those with less

○ The belief charities can provide public services more effectively than governments/private businesses can

○ Religious beliefs

○ The fact a charity helped you, your friends or family

○ The belief charity can active change or bring about a desired impact

On a scale of 1 to 5, do you usually give because of [or to] ...?

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Being Moved at How a Gift Can Make a Difference	❍	❍	❍	❍	❍
Feeling Financially Secure	❍	❍	❍	❍	❍
Support Same Organizations or Causes Annually	❍	❍	❍	❍	❍
An Organization is Efficient	❍	❍	❍	❍	❍
Give Back to My Community	❍	❍	❍	❍	❍
Volunteering for the Organization	❍	❍	❍	❍	❍
Political/Philosophical Beliefs	❍	❍	❍	❍	❍
Remedy Issues Affecting Me	❍	❍	❍	❍	❍

Personally Religious Beliefs	❍	❍	❍	❍	❍
A Need (i.e., giving spontaneously)	❍	❍	❍	❍	❍
Tax Benefit	❍	❍	❍	❍	❍
To Set Example for Young People	❍	❍	❍	❍	❍
Being Asked	❍	❍	❍	❍	❍
Further Legacy of Others	❍	❍	❍	❍	❍
Other (e.g., social norms)	❍	❍	❍	❍	❍
Business Interests	❍	❍	❍	❍	❍

Which THREE of the following are the most important to you in deciding to whom and how much to give: **A.**Providing for basic needs of the poor **B**.Giving the poor a way to help themselves **C.**Giving others the opportunity that you had **D.**Feeling that those who have more should help those with less **E.**Need to address fundamental problems in our world **F.**Need to provide services the govt. can't or won't **G.**Desire to make my community a better place to live **H.**Supporting positive efforts of friends, colleagues, or family **I.**Desire to make the world a better place to live **J.**Make decisions on where my money goes, rather than letting the govt. decide **K.** Ensuring a place for people's differences in ideals, beliefs, and cultures **L.**Interest in building ties across communities **M.**Other reason

Which THREE? (write 3 letters)

Which of these would you say is the SINGLE most important reason you give? (one letter)

In 2014, did you or your household make a donation to any of these causes?

○ Education
○ Basic Needs
○ Arts
○ Health
○ Religious
○ Youth, Family Services
○ Environmental/ Animal Care
○ Combination
○ International
○ Giving Vehicle
○ Other

On a scale of 1 to 5, how personally fulfilling is your charitable giving?

	Not at all fulfilling	Not fulfilling	Neutral	Fulfilling	Very fulfilling
How personally fulfilling is your charitable giving?	○	○	○	○	○

Which of the following statements do you agree or disagree with related to your charitable giving?

	strongly disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
I feel a sense of accomplishment because my charitable activity leads to results/has an impact.	○	○	○	○	○
I am able to learn about organizations and causes through my charitable activity	○	○	○	○	○
I am able to satisfy my social and/or business obligations through my	○	○	○	○	○

charitable activity					
I enjoy the opportunity to engage with my family through my charitable activity	○	○	○	○	○
I enjoy the visibility and recognition that my charitable activity provides	○	○	○	○	○

How do you and your household make donations?

❍ Cash or check
❍ Non financial assets
❍ Online
❍ Credit Card (in Person, by Mail, or by Phone)
❍ Stocks or Mutual Funds
❍ Debit card

Please rank the three issues that matter the most to you:

_____ Education

_____ Health care

_____ Economy

_____ Poverty

_____ Federal Deficit

_____ Environment

_____ Arts & Culture

_____ Human Rights

_____ International Issues

_____ Terrorism

_____ Crime

_____ Housing Crisis

How much confidence do you have in the ability of the following groups to solve societal or global problems, now and in the future?

	Hardly any confidence	Only some confidence	A great deal of confidence
Individuals	○	○	○
Nonprofit Organizations	○	○	○
Religious Institutions	○	○	○
Small to Midsized Businesses	○	○	○
Federal Executive Branch	○	○	○
Large Corporations	○	○	○
State or Local Government	○	○	○
Congress	○	○	○

If you and your family received zero income tax deductions for charitable giving, would your household charitable giving increase, decrease, or stay the same?

	Dramatically Decrease	Somewhat Decrease	Stay the Same	Somewhat increase	Dramatically Increase
If you and your family received zero income tax deductions for charitable giving, would your household charitable giving increase, decrease, or stay the same?	○	○	○	○	○

What's your frequency of religious attendance?

○ Mora than once a week
○ Once a week
○ Once or twice a month
○ Once or twice every 6 months
○ Once or twice a year
○ Do not attend

What type of organization did you give your largest gift to?

○ Religious
○ Education
○ Health
○ Other
○ Arts and Culture
○ Youth and Family services
○ Public Society Benefit
○ Basic Needs
○ Environmental/Animal
○ International

What was the dollar amount of your donations in 2014 ?

○ Less than $2000
○ $2000 - $5000
○ $5000 - $10,000
○ $10,000 - $25,000
○ $25,000 - $75,000
○ $75,000 or more

I agree for the researcher to use all these responses for research purposes and

presentations

○ Yes
○ No

This study is a part of a Master's thesis research study being conducted by Waikato

Management School graduate student Charlotte Marten. Thank you for participating!