

Research Insights

Will isolation and social distancing make us less generous?

An unintended consequence of the COVID-19 pandemic has been a decrease in prosocial behaviour, but there are ways that governments, charities and individuals can effectively continue and encourage philanthropy during a global economic crisis.

What motivates philanthropy in Australia

Philanthropy: This is a challenging topic to study because it involves understanding the value we place on giving to others. We see a need to help others, so we address it. Yet, basic economic models focus on our own consumption or benefit. Historically we have modelled philanthropy by treating it as a privately provided public good (Andreoni and Payne, 2013). The conclusions from this type of model, however, are that we should free ride from others and give nothing. Such a conclusion is contrary to what we observe. In Australia, many households give something – be it through a monetary donation, as a volunteer, or an in-kind gift such as a blood donation. With respect to tax receipted charitable giving alone, approximately 30 per cent of Australian taxpayers report making a donation to registered charities on their tax returns (McGregor-Lowndes and Crittal, 2019). According to the 2016 Australian Bureau of Statistics Census and the annual Household, Income and Labour Dynamics in Australia (HILDA) Survey, at least 20 per cent of the population report volunteering for an organisation or a group.¹ According to a 2016 report by Volunteering Australia, approximately 46 per cent of survey respondents report undertaking informal volunteering activities.²

These facts suggest that simply treating philanthropy as a privately provided public good is wrong. Today, most economic models accept that philanthropy involves motives other than simply a pure interest in the charitable output itself. One motive is commonly referred to as ‘warm-glow’ coined by James Andreoni in a seminal paper published in 1990. Warm glow can be broadly defined as a personal satisfaction (or dissatisfaction if pressured to give) derived from the act of donating. Incorporating the warm glow effect into economic models allows us to assume there is a personal benefit gained from the philanthropic act. This benefit could be something as simple as a smile on our face when we help another, or the satisfaction we derive from others observing our generosity.

With the coronavirus pandemic causing us to stay at home and engage in social distancing, we wanted to explore whether these activities could affect our philanthropic behaviour. If we’re not around others, they cannot see us giving. If we are focused on our own wellbeing, maybe we become less concerned about others. If we feel alone and separated from our community, maybe the importance of giving back diminishes.

In the Melbourne Institute’s Taking the Pulse of the Nation survey, we asked respondents about their willingness to donate blood in the first three weeks of the survey (6–23 April). Understanding that the current crises has constrained our finances and limited opportunities to volunteer and support local organisations, our question focused on the willingness to donate blood if there was a shortage, to capture potential changes in philanthropic behaviour in Australia.³ In the absence of a perfect measure, we thought it was a good metric to capture perspectives on the willingness to help others through philanthropy.

The first week of the survey coincided with the lead up to Good Friday and Easter – the results did not surprise us. A high proportion of respondents indicated a willingness to donate blood (approximately 40%). The surprise came in week two and again in week three when there was a reversal of sentiment, with over 45 per cent of the respondents indicating that they were unlikely to donate blood (Figure 1).

A change in sentiment towards philanthropic behaviour from positive to negative is troubling. Maybe – let’s hope – this is simply a short-term phenomenon. Time will tell whether restrictions on community involvement and the need for social distancing will have a long-run detrimental effect on philanthropy. Even if we treat this change in sentiment as a short-term blip, however, why would we see such a reversal in sentiment over such a short period? Are attitudes about giving changing? Do we not see a need?

The role of visibility in motivating philanthropy

Australia has faced two major crises in 2020: the bushfires and COVID-19. Both crises have victims. We know that during the period when the bushfire damage was the greatest, Australians and individuals around the world stood up – we donated and volunteered. The pictures and videos that we saw daily provided a stark reminder of the need to help when things get beyond our control. By mid-January, it was reported that more than \$500 million (AUD) had been raised for bushfire relief.

With COVID-19, the victims in need of help are not as visible. It’s not easy to see those who are struggling to pay their bills or cannot afford to put food on their table. Maybe philanthropy and the willingness to give is different during the current crisis because we just simply do not see it.

1 Author’s own calculations using Table Builder provided by the Australian Bureau of Statistics.

2 The data used by Volunteering Australia is based on a survey that sampled of 31 per cent males and 68 per cent females.

3 Some of us are not permitted to donate blood. Even if we could donate, giving blood is a specific act. A challenge of asking a more general question about a willingness to give if there is a need on a survey is that there is a potential bias that all will say yes because they would not want to be perceived as a scrooge.

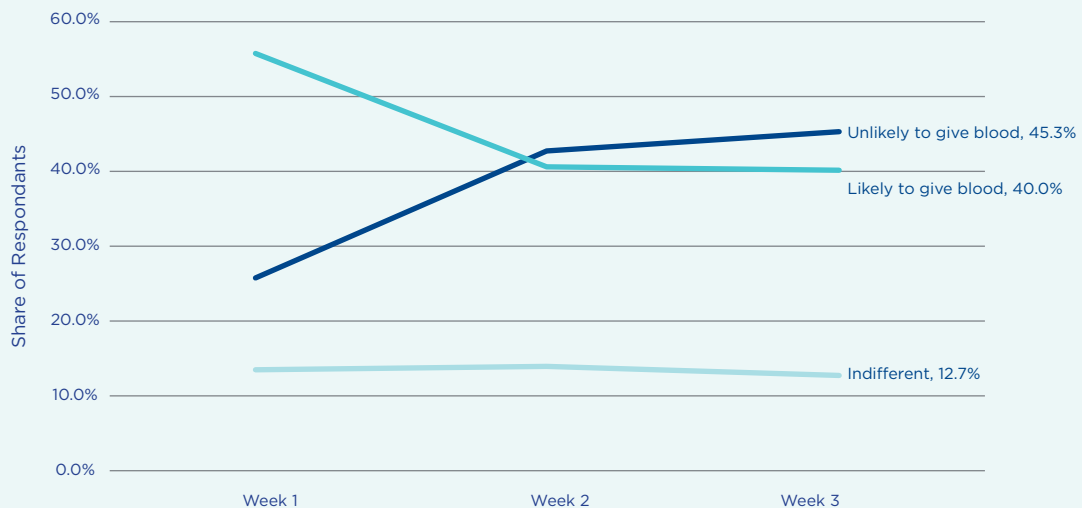
With social distancing restrictions mandating that we stay home, options for fundraising such as the proverbial charity collection tin on the street corner are limited.⁴ Many of us do not give unless we're asked (Andreoni and Payne, 2003). If the avenues for asking are constrained, it is no wonder that we might appear to be less philanthropic.

In addition, not all charities are open or operating on a normal schedule. This leaves us in the dark even more so, because the charities are limited in what they can tell us about the needs and concerns they see in the community.

While the primary focus is on those of who need food, shelter, employment and related help, let us not forget about the charities and nonprofit organisations that are also hard hit during this crisis - e.g. those involved with preserving our heritage, protecting our landscape and promoting culture. Do we know how our inability to engage in these activities is affecting these organisations and how they will be able to move forward once restrictions are lifted?

Philanthropy captures the giving of one's time, money and self. If we are isolating and social distancing ourselves, the options for giving are limited. Around the world we are observing individual and community engagement - e.g. howling in Montana and the conversion of little free libraries to include food and personal care items. Even if we want to help, how can we help others when we are expected to isolate and social distance ourselves?

Figure 1: Willingness to donate blood in Australia if there was a shortage



Source: Results based on weekly responses from 1200 Australian adults per week surveyed over the period 6-23 April. The sample is stratified by gender, age and location to be representative of the Australian population.

⁴ For example, the Victorian State Government topped up the donations for the Good Friday Appeal to ensure the nonprofit raised the same level of funding it raised in 2019. See <https://www.goodfridayappeal.com.au/>

Key Insights

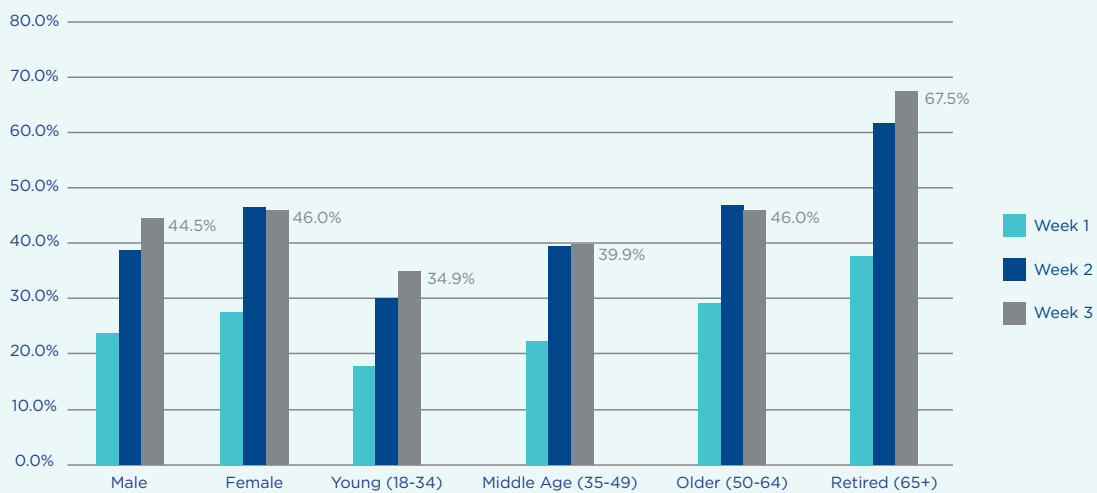
1 Willingness to donate varies by age

Who chooses not to give blood? The proportions are about the same for males and females. The big difference is based on age groups. Those over the age of 65 show the greatest reluctance (>67%) to donate blood. In terms of overall philanthropy, however, most (e.g. charitable giving) is undertaken by those who are older. If those who are older are becoming less engaged with their communities, we should expect their philanthropy will decrease as well. But let us not ignore that there has been an increase in the reluctance to donate blood across all age groups (Figure 2).

2 No correlation with financial stress or social distancing

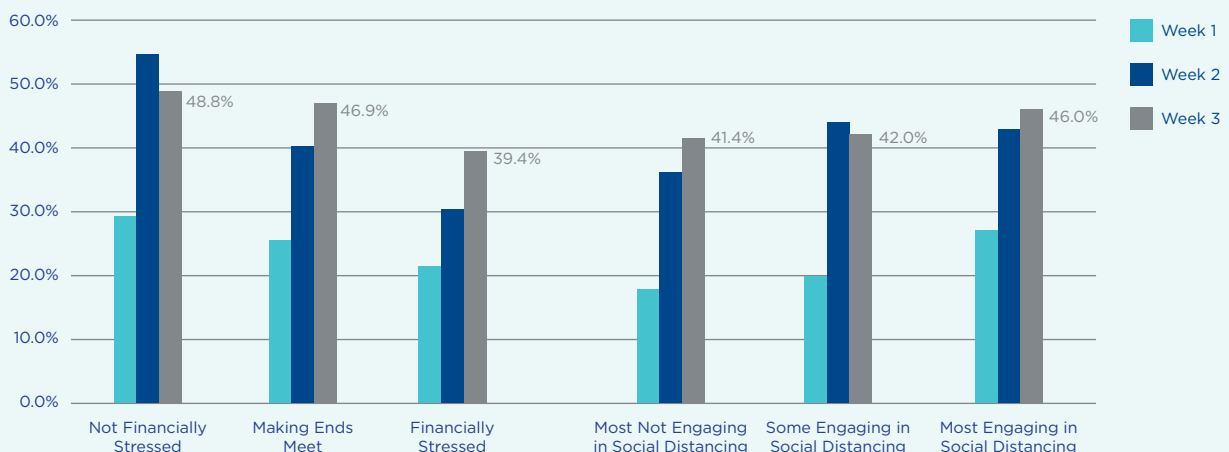
What explains the change in willingness to donate blood? Maybe it is tied to perceptions of financial stress and/or who engages in social distancing. If we separate our sample by these two measures, however, the levels of not being willing to donate blood is opposite of what we might expect. Those who are not experiencing financial stress are less likely to donate blood than those that are financially stressed – about a 10 percentage point difference. Although the differences are smaller, the respondents that report that those around them are mostly engaging in social distancing are less likely to be willing to donate blood (Figure 3).

Figure 2: Share of respondents **not** willing to donate blood, by gender and age



Source: Results based on weekly responses from 1200 Australian adults per week surveyed over the period 6–23 April. The sample is stratified by gender, age and location to be representative of the Australian population.

Figure 3: Share **not** willing to donate blood based on financial stress or perceptions of others engaging in social distancing



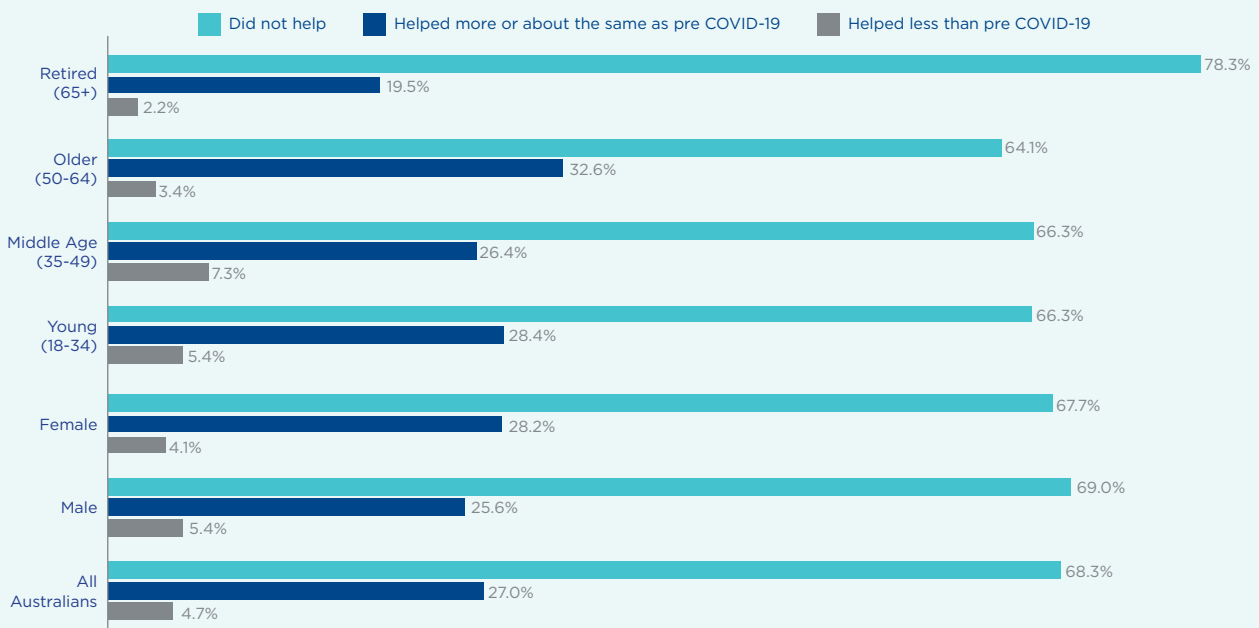
Source: Results based on weekly responses from 1200 Australian adults per week surveyed over the period 6–23 April. The sample is stratified by gender, age and location to be representative of the Australian population.

3 Informally helping others has fallen, but some are helping more than they did in the past

Measuring philanthropy based on a willingness to donate blood, admittedly, has its limits. Therefore, we added a new question in the Taking the Pulse of the Nation survey that was administered in the week of 13 May. We asked about engaging in activities that involves helping those outside of the respondent’s household. We designed this question to pick up on potential informal volunteering, such as delivering groceries or supporting someone else financially. Across Australia, and by gender, most responded that they did not help others in the previous two weeks (Figure 4). Approximately 30 per cent report supporting others: 25–28 percent are helping the same or more than they did before COVID-19, while 4–5 per cent report helping out but not as much as they did before COVID-19. Across the age groups, those who are aged 65 or older are less engaged in helping others and those between 50 and 64 are the most engaged.

Do these statistics suggest a decrease or increase in what we might call informal volunteering? A challenge to answering this question is that many of our channels of formal volunteering (e.g. helping out in a soup kitchen, being a docent at a museum, coaching a youth sports team) have been temporarily suspended. Data from the HILDA Survey (2002–2018) and the Census (2016) suggest that approximately 20 per cent of Australians engage in formal volunteering. Volunteer Australia statistics suggest that as much as 46 per cent of Australians engage in informal volunteering. Thus, the results from the Taking the Plus of the Nation survey suggest a level of engagement that falls between past statistics for formal and informal volunteering.

Figure 4: Helping those outside your household (e.g. Picking up groceries, helping with expenses)



Source: Results based on responses from 1200 Australian adults surveyed over the period 11–15 May. The sample is stratified by gender, age and location to be representative of the Australian population.

Encouraging philanthropy: What can we do?

Government Engagement

The government is already helping individuals directly during this period. It might be time, however, to consider how to encourage Australians to dig a little deeper to support the organisations that are also responsible for supporting and enriching our communities. While incentives have been announced that encourage public and private ancillary funds to increase their distributions to charities, should we limit government action to those with deep pockets? In normal circumstances, a lot of Australians give a little – should we encourage the introduction of measures to incentivise Australians to give a little bit more?

There is extensive literature on the role that salience plays on giving (Andreoni and Payne, 2013). Through the tax system, the government encourages giving both in terms of increasing the number of donors and the level of giving by each individual. There is evidence from other countries that when governments incentivise charitable behaviour, the amount of giving increases (Hickey, Payne, Minaker and Grimmond, 2019). Thus, we recommend the government consider how it might use the tax system to encourage individuals to dig a little deeper to support community organisations during this crisis and in the years to come. The government has increased the tax-deductible benefit of making a ‘bucket’ donation for bushfire and natural disaster appeals from \$2 to \$10 without a receipt. One option would be to treat the current pandemic similarly. We are also coming up to the end of the tax year. Another option for the government is to consider if there are other ways it can temporarily increase the incentives to give by increasing the tax benefit one receives for reporting donations related to COVID-19 relief measures on their tax return.

The government should also consider its role in directly supporting charities through grants and contracts for services rendered to Australian communities. The government can do more than simply involve charities in the JobKeeper Payment scheme. Governments should consider increasing grant opportunities that support charity service provision so they can continue to deliver important goods and services to Australian communities.

While many charities would benefit from financial support, equally important will be to engage in activities that support fundraising efforts and raise awareness of the needs of charities to households. Just as the government has engaged in media campaigns to encourage staying home, social distancing and the like, the government could also support the development of a media campaign that promotes community thinking about those who are being most affected by the current crisis (both economically and health-wise) and encourage us to support those organisations that are equipped to provide a lending hand.

Charity Engagement

Charities also have a role to play to encourage greater philanthropy. With respect to service delivery, we should encourage charities to identify innovative ways to deliver critical goods and services during a time when there are important social distancing restrictions in place.

Research suggests we are sensitive and likely to respond to a request for a donation, especially during periods of disaster (Andreoni and Payne, 2013). There is a role for charities to make known how they have been affected during COVID-19 and the constraints they are facing. Charities are under great constraints to make what will be both short and long-term decisions on what goods and services they should be providing to address the likely long-term social and economic effects of COVID-19. Now is the time for charities to raise their voice and tell us the stories and demonstrate what they are doing to support Australians as we work through the effects of this crisis.

Individual Engagement

There is the role we can play as individuals in lending a helping hand. Collective action can positively affect those in our community and have exponential effects on philanthropy. While we might be engaging in social distancing, we can use our networks to encourage donations by our peers. Just as we might respond to a request from a charity, research also suggests that we respond to an ask from our peers, which can increase the likelihood of a donation by at least 8 per cent. Reaching out to others to demonstrate what we are doing as individuals can have both an immediate and long-term effect. The immediate effect is the increase in giving now. A potential long-term effect can result in encouraging those who are not inclined to make charitable donations to start giving. Further research suggests that once someone starts to be more charitable, many will continue to give. Thus, encouraging non-givers to start donating in this time of need, could promote a habit of prosocial behaviour (Andreoni and Payne, 2013).

Just as creating economic models to understand philanthropic behaviour is challenging, so too are finding solutions to increase such behaviour. Today we are facing even greater needs for philanthropy, yet we run the risk of our prosocial behaviour withdrawing even more the longer we remain in isolation. Let's tackle this challenge collectively and find the right balance across governments, charities and individuals to promote effective support for charitable goods and services.

Further Information

Datasets

This analysis has been drawn from Taking the Pulse of the Nation – Melbourne Institute’s survey of the impact of COVID-19. The aim of the weekly survey is to track changes in the economic and social wellbeing of Australians living through the effects of the coronavirus pandemic whilst adapting to various changes in Federal and State government policies. The survey contains responses from 1200 persons, aged 18 years and over who are surveyed each week. The sample is stratified by gender, age and location to be representative of the Australian population.

Author

Professor A. Abigail Payne

Melbourne Institute: Applied Economic & Social Research, University of Melbourne

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