

Singapore Management University Institutional Knowledge at Singapore Management University

Research Collection School Of Economics

School of Economics

9-2003

The Role of United Charities in Fundraising: The Case of Singapore

Vincent Chua

Singapore Management University, VINCENTCHUA@SMU.EDU.SG

Chung Ming WONG

National University of Singapore

DOI: <https://doi.org/10.1111/1467-8292.00230>

Follow this and additional works at: https://ink.library.smu.edu.sg/soe_research



Part of the [Asian Studies Commons](#), and the [Public Economics Commons](#)

Citation

Chua, Vincent and WONG, Chung Ming. The Role of United Charities in Fundraising: The Case of Singapore. (2003). *Annals of Public and Cooperative Economics*. 74, (3), 433-464. Research Collection School Of Economics.

Available at: https://ink.library.smu.edu.sg/soe_research/508

This Journal Article is brought to you for free and open access by the School of Economics at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection School Of Economics by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email libIR@smu.edu.sg.

THE ROLE OF UNITED CHARITIES IN FUNDRAISING: THE CASE OF SINGAPORE*

by

Vincent C.H. CHUA

*School of Economics and Social Sciences
Singapore Management University
vincentchua@smu.edu.sg*

and

Chung Ming WONG

*Department of Economics
National University of Singapore*

Received August 2002; Final revision accepted February 2003

ABSTRACT:** *Theory suggests that a united charity helps to economize on fundraising costs by reducing competition for donations among member charities. However, donors often cannot control the allocation of their donations, and charities may dislike the monitoring of their activities. This paper examines these and other issues relating to the Community Chest of Singapore. The results, based on analysis of financial positions and fundraising costs of a large number of charities, suggest that the Community Chest does possess important fundraising advantages. Thus charities in financial difficulties or in need of funds for additional programs tend to seek membership. However, organizations that value their autonomy and independence, and that are able to achieve low fundraising costs tend to remain as non-members. Thus a monopoly agency raising funds for all charities in the future is unlikely in the case of Singapore.*

* Senior authorship is not assigned. This research was supported by NUS Academic Research Grant RP3982086. The authors are indebted to the anonymous referees for their valuable comments and their help in improving the manuscript. All remaining errors are ours.

** *Résumé en fin d'article; Zusammenfassung am Ende des Artikels; resumen al fin del artículo.*

1 Introduction

Even in affluent economies, there are disadvantaged groups – for example, the disabled, the aged-sick and the destitute who lack the means to satisfy their basic needs, and need to be taken care of by the rest of society. Singapore is no exception and while the government plays an important and indispensable role in caring for these groups, it does not believe in a welfare state or massive transfers to the poor. Instead, it actively encourages voluntary welfare organizations (VWOs) and community groups to play the major role in caring for the needy whilst providing logistical support and encouraging private giving. As in many developed countries, the tax deductibility of charitable donations has been an important policy aimed at encouraging donations. In this connection, the Institution of Public Character (IPC) status is granted by the Inland Revenue Department to non-profit organizations providing social, educational and even cultural services, and donations to them are tax-deductible. Recently, the government has sometimes given matching grants for private donations.

The Singapore Council of Social Service, recently renamed the National Council of Social Service (NCSS), was set up in 1958 with a view to coordinating and supporting the efforts of the VWOs. In 1983, it established the Community Chest of Singapore, a centralized fundraising body to raise funds for its member organizations, relieving member organizations of this onerous function and freeing up valuable resources for member organizations to devote to service provision. Until 1992, the Community Chest was also responsible for allocating funds to its members. In this respect, it functioned in a way not unlike the United Way. Since that year, however, the task of fund allocation was devolved to the Services Development Division of the NCSS.

At present, the Community Chest raises about 40 million dollars annually for its members.¹ All donations to the Community Chest are tax-deductible, though not all its members have the IPC status. An individual wishing to donate to a specific member organization can do so directly, or alternatively donate to the Community Chest and earmark it for that agency. Members of the Community Chest are generally not allowed to have independent fundraising activities, except for special fundraising events. As in the case of the United Way, working individuals can contribute to the Community

1 Throughout this paper, all values are expressed in Singapore dollars. One US dollar is approximately equal to 1.75 Singapore dollars at the time of writing.

Chest by way of a payroll deduction through participation in its SHARE (Social Help and Assistance Raised by Employees) program, a program launched in 1984. At present the SHARE Program is the mainstay of the Community Chest's fundraising efforts and accounts for about 40 per cent of the funds raised for 50 member charities.

Undeniably, the NCSS and the Community Chest have been very successful in furthering the cause of social service provision in Singapore. In recent years, however, a number of concerns have emerged. With an aging population, needs are anticipated to rise significantly over time raising the issue as to how future funding requirements can be met, both for the Community Chest as well as for VWOs that are currently not members of the Community Chest. Increased donor sophistication has also led to a demand for greater transparency and accountability in the use of donated funds. For instance, they want to be certain that their donations have not been wasted on high administration costs and publicity. There is also the common misperception that the Community Chest is, in effect, a governmental agency or that it does not have a funding problem and thus more donations are not needed.

In view of these and related concerns, this paper attempts to address the following issues. What can be done to increase the volume of donations? Would more organizations join the Community Chest, and if they do, what may be the effect on total donations to charity? An important, and related question is: how would the charity market evolve in the future? Would the Community Chest become some kind of monopoly fundraising body for all charities, or would a significant number of agencies remain as non-members? To answer these questions, we need to do the following. First, on the donors' side, we need to understand what factors determine their decisions to give, and how membership in a united charity (like the Community Chest) might affect donations. Second, from the point of view of the charities, we need to understand what factors determine their decision to join the Community Chest. These issues will be discussed in the next two sections. In Section 4, we provide empirical support for our analysis using data and information from the agencies. Some policy implications of our study are discussed in the final section.

2 Individual charitable giving and role of united charities

In order to design measures to encourage donations, one must first understand the factors determining an individual's decision to

give. One type of model attempts to explain altruistic behavior in terms of interdependence of individual utility functions. If an individual values not only his own consumption but also that of his neighbor, it would be perfectly rational for him to make charitable contributions. In Clotfelter (1985), individuals are regarded as valuing their own consumption and charitable contributions as two goods, and to maximize utility subject to a tax-defined budget constraint. Within this framework, allowing tax-deductibility of charitable contributions has an income effect and a substitution effect. First, tax-deductibility raises the individual's disposable income and tends to encourage giving. Second, it lowers the price of giving. This is because if the marginal tax rate facing the individual is t , the price of giving a dollar, in terms of foregone personal consumption or saving when deductibility is allowed, is only $1 - t$. Most empirical studies found charitable giving to be elastic with respect to the tax price but income elasticity is typically below unity.² Chua and Wong (1999) obtained similar results for the case of Singapore, and concluded from the high estimates of tax price elasticity that tax incentives can provide a strong stimulus to charitable giving.

Since in these models individuals donate to increase the supply of a public good (the charitable output), two additional considerations become relevant. First, as a result of the inability of individual donors to coordinate their activities in a voluntary contribution setting, the well-known free-rider problem comes into play. However, Andreoni (1988), citing evidence from the American economy, suggests that this may be inconsistent with the empirical realities. Second, an increase in government expenditure on social services or government grants will lead to a reduction of private donations. In fact, Warr (1982) and Roberts (1984) showed that, under certain assumptions, a dollar-for-dollar crowding-out might occur. Again, empirical studies by Abrams and Schmitz (1978, 1984), Steinberg (1991), Weinblatt (1992) and others found only evidence of partial crowding-out and in some cases the magnitudes are rather small. Andreoni (1989, 1990) argued that this implies that the simple model outlined above may not be entirely satisfactory, and that there may be other motives for giving. Weisbrod (1988) also noted that in certain cases government spending would in fact encourage private donations if donors see this as a signal that certain activities are worthy of private support.

2 The studies are too numerous to be cited in full here, but some of these results have been summarized in Clotfelter (1985) and Weisbrod (1988).

Despite its shortcomings, the model just described underlies the vast majority of empirical work on the determinants of the level of charitable giving by individuals. This model, however, does not explain how characteristics of the recipient organizations may influence the donors' distribution of their gifts among various charities. As Schiff (1990), Rose-Ackerman (1980) and others have pointed out, the main problem faced by donors is that of poor information about the charities. Donors give to charities but they themselves do not ultimately consume the output. Due to this problem of asymmetric information, donors are uncertain about the marginal impact of their donations on charitable output and this tends to deter giving. In this situation, donations will be higher, the more efficient is the charity in using its donations to provide charitable output, and the more certain are donors about such efficiency.

An important way for a charity to provide information about itself is through fundraising activities. In Weisbrod and Dominguez (1986) and Posnett and Sandler (1989), nonprofit firms are viewed as supplying both public and mixed goods. As in the case of private goods, the demand for the output of nonprofit firms depends on conventional market variables such as advertising, price and quality. Thus fundraising activities serve the same function as advertising in the case of private goods in providing information to potential donors. They also argued that donors are interested not in contributing a dollar's worth of money, but rather a dollar of charitable output. Thus what is crucial is the efficiency of the organization in converting donations into final services rather than into administration and fundraising costs. As shown by Posnett and Sandler (1989), the price of donating an extra dollar's worth of output to a particular charity is $1/[1 - (f + a)]$, where f and a are the proportions of total expenditure devoted to fundraising and administration. If donations to the charity are tax-deductible, the price is $(1 - t)/[1 - (f + a)]$. Within this framework, fundraising activities have two effects. First, fundraising provides information to the donors and tends to increase donations. Second, more fundraising raises f and thus the price of giving, and this tends to offset the first effect. In these studies, the authors found donations to be responsive to the price of giving (as just defined), fundraising expenditure and other variables. Later studies by Khanna et al. (1995) and Okten and Weisbrod (2000) further supported these findings. In the case of Singapore, Wong et al. (1998) similarly found donations to be sensitive to the price of providing a dollar's worth of output.

With the above discussion in mind, we can now examine how membership in a united charity (such as the Community Chest of

Singapore) may affect donations. Most important of all, a united charity avoids excessive and possibly wasteful competition for funds among charities. Rose-Ackerman (1982) argued that competition between charities for donations tends to push fundraising shares to very high levels, so that little money is actually spent on providing extra output. Thus a united charity can help to economize fundraising costs by reducing competition between the member charities, and donors may give more since the funds are now more efficiently spent. In terms of the price of donating a dollar's worth of charitable output, lowering fundraising costs reduces this price of giving and thus tends to increase donations.

Access by a united charity, like the United Way, to the payroll deduction system also significantly increases the convenience for a donor and also lowers the price of giving. Hartley (2000) believes that in the case of the United Way coercion has sometimes been used. Similarly, Brilliant (1990) argued that contribution through deductions at the workplace might be against the spirit of true voluntary giving. In contrast, Keating et al. (1981) believed that coercion has not been used, but that employees often agree to contribute in order to gain goodwill or approval of the employers. Whatever the reasons, they imply a fundraising advantage for the united charity.

When information costs are taken into account, there are further advantages in joining a united charity. Rose-Ackerman (1980) argued that poor information about the value of a gift to society deters giving if donors are risk-averse. Donors may try to seek out information about various charities, but in practice this is often costly. Thus some donors may prefer to give the difficult task of allocation of funds among charities to someone else. Since the united charity is responsible for monitoring the activities of its members, some quality control is assured.

Studies have also suggested that characteristics such as the age and size of the organization also affect the volume of giving. Weisbrod and Dominguez (1986) argued that age might be a proxy for the trust and goodwill accumulated by the organization over time. Age may also be positively related to the efficiency of fundraising, if it affects the donor's perception of output quality.³ As for size, there may be

3 As Okten and Weisbrod (2000) pointed out, there are exceptions. Older organizations may have greater wealth, and individuals may prefer to give to charities with less wealth. Also, younger organizations may be perceived to be less tradition-bound and to have a more contemporary focus in their provision of services.

significant economies of scale in producing the public good itself. Andreoni (1998) noted that provision of some charitable goods involves high fixed costs – for example, due to the need for expensive capital equipment and new buildings. In such a situation, sufficiently large ‘seed grants’ or ‘leadership gifts’ may be necessary to get the charitable activity started. Also, as suggested by Weinblatt (1992), there may be economies in fundraising. Large organizations may find it easier to raise funds because they are perceived to be trustworthier than smaller ones. Donors may also believe larger organizations to be more tightly administered and subject to more rigorous public control so that funds are less likely to be misused. Thus young and not-so-established organizations having difficulty in getting funds may wish to join a united fund. Similarly, for a new charity having difficulty in obtaining ‘seed money’, Rose-Ackerman (1980) argued that the best chance of getting started is to operate under an existing united fund.

There is, however, one important disadvantage in giving to a united charity. Donors can determine the total amounts donated but not how they are allocated among charities. Fisher (1977) envisaged the united charity as a monopoly engaged in a tied-in sale. While the price of giving tends to be pushed down by avoiding duplicative fundraising activities, thus resulting in a saving of solicitation costs, if donors care only for particular charities, the price of giving to these charities may actually increase since donors have to contribute to various charities in the proportions determined by the united charity. He further argued that even if donors are allowed to earmark their donations for particular charities, their actions could be offset by the united charity in the distribution of the non-earmarked donations. If donors perceive that they cannot ultimately affect the allocation of their gifts, they may lower their donations to the combined charity. Bilodeau (1992) suggested that if total donations fall as a result, the optimal strategy for the united charity would involve trading off a more desirable mix of services for higher contributions. It may want to guarantee donors that their earmarked contributions will not be offset completely.

While most of the models described previously assume that individuals give in order to increase the supply of the public good, in the recent literature there has also been much emphasis on the private benefits to the donor through giving. Andreoni (1989, 1990) argued that in giving, the individual may not just demand more provision of the public good (charitable output), but at the same time may get private good benefits from the gift per se, like a warm

glow. In other words, the individual derives utility or internal satisfaction from the act of giving itself. In addition to this warm-glow effect, Harbaugh (1998) emphasized the prestige to the donors when the amounts of their donations are made public. Glazer and Konrad (1996) regarded donations as a means of signaling the donor's wealth to his peer groups and other people. Others have mentioned other private benefits from giving such as social approval and goodwill. All these possible motives for giving need to be considered in designing policies to encourage private giving.

3 Organization objectives and decision to join a united charity

The preceding discussion suggests that a charity may want to join a united charity if the latter has fundraising advantages. On the other hand, a charity that is able to attract enough donations on its own or has significant alternative sources of revenue might be less eager to join. But ultimately, a charity will not join a united fund unless the charity manager believes that it will benefit from membership, and thus it is necessary to understand the objectives of charity managers. Typically, a charity has an ideology which is reflected, for example, in the type and mix of services being produced and in their distribution among beneficiaries. But since the charity has to break even, what is involved is a trade-off between financial health and the preference of the charity manager. One important implication is that different sources of revenue will not be equally preferred, since some sources will lead to more conflict with the manager's objectives than the others.

Rose-Ackerman (1987) analyzed a possible conflict between the wishes of donors and those of charity managers. Managers are assumed to have a strong philosophical and professional commitment to their service mix. Thus an increase in untied government grants to a charity will cause it to reduce fundraising activities and costly solicitation of donors who do not completely share the managerial goals. Conversely, a reduction in government support will cause a charity to pay closer attention to donors' wishes.

Weisbrod (1998 a) regarded the nonprofit organization as pursuing a social mission,⁴ and thus any activity that detracts from that mission generates disutility to the organization. It is viewed as a

4 The detailed model is presented in Schiff and Weisbrod (1991).

multi-product firm producing three goods. The first, which comprises the organization's mission, is often a collective good – for example, services to the poor – that cannot be sold in private markets. The second is a private good that is incidentally related to the primary mission and thus generates user fees. The third is a private good that is unrelated or 'ancillary' to the primary mission and is produced solely for the generation of revenue. In this framework, the firm is not indifferent between different sources of revenue. The preferred revenue source is unsolicited donations, because they are without restrictions and do not distract the firm from its mission by other activities. The same argument goes for untied government grants and untied endowment income. But in practice, government grants often have strings attached that may cause the firm's activities to diverge from its mission. The second type of revenue, user fees, may be disadvantageous because they may price out those people the firm's mission is intended to benefit. The last source, generating income from ancillary activities, is disliked by the firm and is undertaken just to generate revenue.

It is necessary to note that obtaining more revenue from one source may affect, positively or negatively, revenues from other sources, and moreover, the causation can be both ways.⁵ In this respect, Weisbrod (1998 b) noted that with the recent decline in government support, there has been increasing commercialization of nonprofits in the United States. But greater revenue from commercial sales in turn may influence future government support, as well as affect private donations. Just as in the case of government grants, greater commercial revenue tends to crowd out private donations. But as noted earlier, commercial activities also cause the firm to change the focus of its activities, and depending on the perceptions of donors, may either increase or decrease donations. For example, the donors may see commercial sales as evidence of self-help. Also, Cornes and Sandler (1984) argued that the sale of private goods might be seen by donors as a way to finance the general operation of the charity or to cross-subsidize its public (charitable) output. In such cases donations may in fact increase.

What are the implications of the above on the decision to join a united charity? In its activities, a charity strives to achieve a proper balance between financial viability and freedom to pursue its own objectives. As Rose-Ackerman (1982) noted, the main advantage of a

5 The interdependencies between different sources of revenue can be highly intricate. See Segal and Weisbrod (1998) for a more detailed discussion.

united charity lies in providing funds at a relatively low cost for a relatively ideologically homogeneous group of charities. Thus organizations lacking the ability to raise enough donations on their own, or new and relatively unknown organizations having difficulty in getting started, may want to seek membership in a united fund, as long as the latter's ideology and preferences do not differ too greatly from those of the charity managers.

But membership in a united charity also imposes costs on a charity. The charity's activities are subject to monitoring, and it may be required to move closer to the ideology and preferences of the united charity. All these may be viewed as a loss or reduction of independence or autonomy of the organization. The costs would be especially high for a charity whose ideology and preference for output type and mix diverge substantially from those of the united charity. If such a charity is unable to attract sufficient donations to finance its programs, then it would have little choice but to carefully weigh the net benefit from membership against resorting to other revenue sources (such as users charges and commercial sales), as these may also cause a charity to deviate from its central mission.

Of course, this consideration will be less important if the charity, due to a variety of reasons – such as ideology, spiritual or religious belief, or its particular line of activity – is able to attract regular donations from a specific group of donors. For example, Rose-Ackerman (1980) observed that some organizations have achieved a reputation (or become a symbol of quality) for a particular activity and thus are able to appeal to an 'easy-to-identify' group of donors, and such organizations will have less need to join a united charity. Organizations of another kind that would prefer not to join are those whose ideologies and beliefs may actually cause controversy among significant segments of the population. In such cases, the united charity is also unlikely to seek their membership.

4 Empirical study for Singapore

As a united charity, the Community Chest of Singapore enjoys considerable fundraising advantages the most important of which is perhaps its access to the payroll deduction system through the SHARE program, a program that has the support of many firms and employers who encourage a high participation rate among their employees. Scale economies in fundraising and its tax deductibility (IPC) status also increase its appeal as a conduit for channeling

individual donations to charities. But the inability of donors to influence the distribution of donations among charities because earmarking is ineffective may nullify some of these advantages. Also, fundraising advantages alone may not be sufficient to induce membership if it also involves a loss in autonomy by charity managers.

In a project funded by the National University of Singapore, we collected and analyzed data from the financial accounts of some 72 VWOs, of which 31 are members of the Community Chest and 41 are non-members. In what follows, we present our findings on the possible motives of organizations in joining the Community Chest. Then we look at non-members to see why they may not want to join.

4.1 Motives of organizations in joining the Community Chest

We noted that one main reason for joining the Community Chest is that this might result in lower fundraising costs per dollar of donation raised. Unfortunately, we cannot test this hypothesis directly for Community Chest members since they are not allowed to engage in independent fundraising activities. Thus we have to rely on indirect indications. Our main hypotheses are the following. First, if funding and financial considerations underlie the main motive to become members, then we would expect organizations that experience deficits to wish to join. Second, organizations that do not have deficits but face worsening financial positions may similarly wish to join. Lastly, some organizations may not have financial difficulties, but they may either anticipate higher expenditures in the future, or they may want to undertake some medium term programs that their present financial resources do not permit. These organizations may also wish to join.

Table 1 lists the 31 member organizations included in the analysis according to one of three groupings: those that experienced deficits in the year they joined – or one or two years before they joined – the Community Chest (Group I), those that showed signs of worsening financial positions (such as dwindling surpluses or developing deficits) at the time (or just before) they joined the Community Chest (Group II), and those that show none of these characteristics (Group III). In this table, we also identify the service type of each member organization.⁶ The results are striking. Of the 31 member

6 Briefly, organizations are classified into four service types: children, youth and family services (CYF), services for the aged (A), services for the disabled (D), and health and community related services (HC).

Table 1 – List of member organizations of the Community Chest in the study, classified according to financial position at the time of joining

Organization	Service type
<i>Group I. Organizations experiencing a deficit at the time of joining the Community Chest</i>	
1 Ang Mo Kio Social Service	CYF/A
2 Bukit Ho Swee Social Service	CYF/A
3 Children's Aid Society	CYF
4 HELP Family Service Centre	CYF
5 Malay Youth Literary Association	CYF
6 TRANS Centre	CYF
7 Tampines Family Service Centre	CYF
8 Grace Lodge	A
9 Phor Kark See Home	A
10 Asian Women's Welfare Association	D/A/CYF
11 Bizlink	D
12 Cannosian School for the Hearing Impaired	D
13 Spastic Children's Association of Singapore	D
14 Singapore Leprosy Relief Association	D
15 Counselling and Care Centre	HC/CYF
16 Diabetic Society of Singapore	HC
17 Singapore After-Care Association	HC
<i>Group II. Organizations experiencing a worsening financial position at the time of joining</i>	
18 Students Care Service	CYF
19 Sree Narayana Mission	A
20 Society for the Aged Sick	A
21 Tai Pei Old People's Home	A
22 Association for Educationally Subnormal Children	D
23 MINDS	D
24 The Singapore Cheshire Home	D
25 Sun-Dac Centre for the Disabled	D
26 Samaritans of Singapore	HC
27 Singapore Association for Mental Health	HC
<i>Group III. Organizations showing no sign of financial difficulties at the time of joining</i>	
28 Ramakrishna Mission	CYF
29 Young Women's Muslim Association	CYF
30 Singapore Association for the Deaf	D
31 Singapore Association for the Visually Handicapped	D

Abbreviations are as follows: CYF=children, youth and family services; A=services for the aged (elderly); D=services for the disabled; HC=health and community services.

Note: Organizations in Group I are those that experienced deficits in the year they joined the Community Chest, or one or two years before they joined the Community Chest. Organizations in Group II are those that showed signs of worsening financial positions – such as dwindling surpluses or developing deficits – at the time (or just before) they joined the Community Chest. Organizations in Group III showed none of these characteristics.

organizations, 17 experienced deficits around the time they joined the Community Chest, and another 10 experienced worsening financial positions. Only 4 organizations show no financial difficulties at the time of joining.

For illustrative purposes, Table 2 provides a more detailed account of the financial positions of 6 selected organizations over the period 1980 through 1998, 3 from the Group I organizations and 3 from the Group II organizations. These 6 organizations were selected because they clearly bring out the defining characteristics of the two groups of organizations in question.⁷ For each organization we show three data series over time. Column (1) shows the ratio of total income to total expenditure. Thus a value greater than 1 implies a surplus, while a value less than 1 implies a deficit. Total income is defined as the sum of donations, grants, fundraising income, investment income, program fees, membership fees, income from sales, funds received from the Community Chest, and other income, while total expenditure is the sum of manpower and operating expenses and depreciation. Column (2) shows the annual percentage increase in total expenditure. It is in real terms as the expenditure data have been deflated. Under our reasoning, some organizations may join the Community Chest because they anticipate higher expenditures in the future or they need more financial resources to engage in some medium term programs. In such cases, we expect their expenditures to have a sudden jump or show a rising trend after they join the Community Chest. Column (3) shows the amount of funds received from the Community Chest as a fraction of total income, and is meant to indicate the dependence of the organization on the Community Chest for funding. For each organization, the figures for the year in which the organization joined the Community Chest are underscored.

For the Group I organizations highlighted, all 3 organizations experienced deficits prior to membership in the Community Chest. For the Spastic Children's Association of Singapore, the situation turned from surplus to deficit in the year prior to joining. Here, it appeared that high rates of growth of total expenditure, as reflected in Column 2, led to a deficit around the time it became a member. For the other 2 organizations, Counselling and Care Centre and the Singapore After-Care Association, both were experiencing deficits or just barely breaking even a number of years prior to and up till the time of joining. Both have been able to increase their total expenditure

7 It would be too lengthy to present results of all the individual organizations. Full details are available upon request.

Table 2 – Analysis of financial positions of selected member organizations of the Community Chest
I. Organizations experiencing deficits at the time of joining the Community Chest

Year	Spastic Children's Association of Singapore (D)			Counselling and Care Centre (HC/CYF)			Singapore After-Care Association (HC)		
	Total income/ total expenditure (1)	Percent change in Real expenditure (2)	Chest funding/ total income (3)	Total income/ total expenditure (1)	Percent change in real expenditure (2)	Chest funding/ Total income (3)	Total income/ total expenditure (1)	Percent change in real expenditure (2)	Chest funding/ total income (3)
1980	1.047	–	0.000	0.942	–	0.000	1.026	–	0.000
1981	1.348	9.17	0.000	0.808	59.33	0.000	0.530	4.01	0.000
1982	1.360	19.34	0.000	1.005	31.27	0.000	0.948	13.05	0.000
1983	1.150	8.13	0.000	0.862	23.26	0.000	0.756	12.55	0.000
1984	1.069	14.52	0.000	1.161	76.27	0.462	1.235	19.15	0.147
1985	0.692	61.33	0.000	1.189	–30.98	0.706	0.888	55.21	0.643
1986	1.268	–34.37	0.760	0.946	–0.53	0.547	0.523	4.70	0.000
1987	1.343	–8.26	0.683	1.034	–13.39	0.583	1.286	–1.93	0.275
1988	0.879	11.85	0.740	1.197	–4.57	0.595	1.015	10.37	0.740
1989	1.033	0.70	0.480	0.724	14.33	0.586	1.173	10.68	0.694
1990	1.601	–30.52	0.627	0.945	27.09	0.632	0.791	13.89	0.716
1991	1.431	23.47	0.369	1.065	19.30	0.600	1.049	4.44	0.794
1992	0.863	10.03	0.353	0.901	3.80	0.570	1.077	–1.38	0.800
1993	–	–	–	–	–	–	0.925	25.32	0.842
1994	1.022	–	0.599	1.015	–	0.645	1.218	–83.84	0.834
1995	0.973	1.49	0.692	1.067	–2.22	0.701	1.005	599.32	0.872
1996	1.062	12.42	0.737	1.124	–6.40	0.721	1.113	9.59	0.696
1997	1.067	4.28	0.686	0.939	7.38	0.681	–	–	–
1998	1.134	–3.73	0.688	1.009	7.06	0.668	–	–	–

Table 2 – Analysis of financial positions of selected member organizations of the Community Chest
II. Organizations of experiencing worsening financial positions at the time of joining

Year	Singapore Association for Mental Health (HC)			Students Care Service (CYF)			The Singapore Cheshire Home (D)		
	Total income/ total expenditure	Percent change in Real expenditure	Chest funding/ total income	Total income/ total expenditure	Percent change in real expenditure	Chest funding/ total income	Total income/ total expenditure	Percent change in real expenditure	Chest funding/ total income
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
1980	1.247	–	0.000	1.245	–	0.000	1.393	–	0.000
1981	1.359	41.83	0.000	1.226	0.86	0.000	2.313	5.42	0.000
1982	1.406	21.87	0.000	1.628	9.53	0.000	2.802	–5.11	0.000
1983	1.002	–13.45	0.000	1.095	26.68	0.000	1.174	31.77	0.000
1984	1.703	8.64	0.538	1.170	36.49	0.466	1.252	–10.78	0.360
1985	1.230	8.73	0.529	1.339	2.12	0.745	1.223	27.49	0.328
1986	0.835	13.03	0.365	1.143	70.92	0.636	0.814	–2.76	0.213
1987	0.963	1.91	0.557	1.106	–33.18	0.711	0.952	–4.26	0.354
1988	0.921	–0.68	0.753	1.048	10.56	0.760	0.962	3.11	0.432
1989	1.276	7.07	0.667	0.807	13.02	0.783	0.903	7.33	0.429
1990	–	–	–	0.772	5.54	0.899	2.929	17.87	0.078
1991	0.848	–	0.684	–	–	–	–	–	–
1992	1.103	37.23	0.888	–	–	–	0.762	–	0.023

continued

Table 2 – continued

Year	Singapore Association for Mental Health (HC)			Students Care Service (CYF)			The Singapore Cheshire Home (D)		
	Total income/ total expenditure	Percent change in Real expenditure	Chest funding/ total income	Total income/ total expenditure	Percent change in real expenditure	Chest funding/ total income	Total income/ total expenditure	Percent change in real expenditure	Chest funding/ total income
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
1993	1.053	7.15	0.831	–	–	–	1.012	36.31	0.295
1994	0.954	42.67	0.850	–	–	–	1.009	–13.58	0.244
1995	1.449	–37.73	0.635	–	–	–	1.364	4.45	0.510
1996	0.329	–63.79	0.000	–	–	–	0.939	7.81	0.368
1997	–	–	–	–	–	–	–	–	–
1998	0.286	–	0.000	–	–	–	–	–	–

Source: The original data are obtained from audited accounts and annual reports of the various organizations. The symbol “–” indicates that data or information is unavailable.

Note: For each organization, the figures for the year in which the organization joined the Community Chest are in italics. For each organization, Column (1) shows the ratio of total income to total expenditure. Total income is calculated as the sum of donations, subventions, fundraising income, investment income, program fees, membership fees, sales, funds received from the Community Chest, and other income. Column (2) shows the percentage increase in real total expenditure from the previous year. Real total expenditure is obtained by deflating total expenditure by the Consumer Price Index (October 1992–September 1993 = 100). Total expenditure is the sum of manpower and operating expenses and depreciation. Column (3) shows the amount of funds received from the Community Chest divided by total income.

substantially after joining. For all 3 organizations, the ratio of Community Chest funding to total income has also been consistently high in the years following membership. Detailed analysis of the data for the remaining 14 Group I organizations (data not presented in Table 2) reveals a roughly similar pattern for these other organizations. Thus while one cannot be absolutely certain about the motives of these organizations in joining the Community Chest, the evidence strongly suggests that at least some of them had joined in order to solve their deficit problems and to gain access to the Chest's financial resources.

Like all organizations listed in Group II, the 3 Group II organizations highlighted did not experience any financial problems prior to or at the time they joined the Community Chest, but their financial positions seemed to have weakened substantially, as suggested by the rapidly dwindling surpluses. For all 3 organizations, the Singapore Association for Mental Health, the Students Care Service and the Singapore Cheshire Home, the situation turned from large surpluses to just approximately breakeven in the years just before they joined. In addition, these 3 organizations experienced large increases in their expenditures just before they joined. As argued earlier, those organizations that see deficits beginning to develop, and those that want additional resources to engage in new programs, also have an incentive to become members of the Community Chest.

In a thesis supervised by the authors, Chan (1998) conducted a series of interviews with some member organizations. Based on these interviews, she confirmed that financial considerations were indeed the most important in inducing membership. For instance, extremely high overhead and operating costs in providing certain social services – like services for the disabled – were identified by her as primary reasons motivating membership.⁸ While the evidence suggests that financial considerations are the most important in inducing organizations to seek membership, we recognize that there may be other reasons for joining. As an example, new and small charitable organizations often lack skill and experience, and because they are not well established, they lack the manpower – especially professional staff

8 Running a special school for the disabled requires expensive teaching materials and therapy equipment that are mostly imported. Thus most organizations providing services for the disabled have joined the Community Chest due to the expensive facilities needed to run the programs, and the bulk of the Chest's funds have been allocated to that sector.

services – to carry out certain programs. Thus they join the Community Chest to tap the latter's expertise.

4.2 Analysis of non-members of the Community Chest

The Community Chest might have fundraising advantages, but charities may not like having their activities monitored. Thus if, for some reason, they are able to achieve as low – or even lower – fundraising cost per dollar compared to the Community Chest, they will have even less incentive to become members. For the Community Chest, the norm has been to keep fundraising cost down to no more than 20 cents per dollar raised. Thus organizations that are able to achieve substantially lower fundraising cost than that may not benefit by joining. Even when the fundraising cost is substantially higher, organizations may avoid seeking membership if they are able to raise sufficient funds for their programs despite their higher fund raising cost.

In our project, we have been able to estimate the fundraising cost per dollar raised for 41 non-member organizations over the period 1994–1999. Table 3 presents the results with organizations grouped according to service types. For organizations providing more than one type of service, their names appear more than once. For the years 1994 through 1998, the estimates in the table are based on data obtained from the financial accounts and annual reports of the organizations. The fundraising cost per dollar raised is estimated by dividing fundraising costs by fundraising income. A figure of zero implies either no fundraising activity in that year or that funds received during the year are largely unsolicited donations. As can be seen, there are gaps in the table because, for some organizations, we are unable to locate their accounts for certain years. Thus for the year 1999, instead of relying on data from the financial accounts, we obtained an independent set of estimates of fundraising cost per dollar based on results from a survey conducted in 2000. Asterisks mark the resulting estimates of fundraising cost per dollar for 1999 in Table 3.

The estimate of fundraising cost per dollar for 1999 is based on the following reasoning. Total donations (D) may be regarded as the sum of unsolicited donations (D_U) and solicited donations (D_S). Unsolicited donations are assumed to have a fundraising cost of zero. Thus if total fundraising cost is F , then fundraising cost per dollar (F/D) = $(F/D_S)[1 - (D_U/D)]$, where F/D_S is fundraising cost as a fraction of solicited donations, and $1 - (D_U/D) = D_S/D$ is the ratio of solicited donations to total donations. In the survey, we have asked the organizations

Table 3 – Fundraising cost per dollar of funds raised for selected non-member organizations of the Community Chest

Organization	Fundraising cost per dollar						Average	Range
	1999	1998	1997	1996	1995	1994		
<i>I. Services for the aged (A)</i>								
Adventist Home for the Elders	–	–	–	–	0.000	0.000	0.000	0.000
Alzheimer's Disease Association	0.07*	–	0.000	0.000	0.000	0.000	0.000	0–0.07
Apex Day Care Centre for the Elderly	–	0.000	0.020	0.000	0.000	0.000	0.004	0–0.02
Bo Tien Welfare Services Society	0.25–0.30*	–	0.000	–	–	–	0.125–0.15	0–0.3
Home Nursing Foundation	0.14–0.18*	–	–	–	–	–	0.14–0.18	0.14–0.18
Metta Welfare Association	0.20–0.25*	–	–	–	–	–	0.20–0.25	0.20–0.25
Ren Ci Hospital	0.15–0.18*	0.078	0.137	–	–	–	0.122–0.132	0.078–0.18
The Salvation Army (General Fund)	–	0.052	0.000	–	0.036	0.034	0.031	0–0.052
The Salvation Army (Social Fund)	–	0.117	0.108	–	0.000	0.000	0.056	0–0.117
The Salvation Army (Property Fund)	–	0.000	0.000	–	0.000	0.000	0.000	0.000
Singapore Action Group of Elders	0.30–0.40*/0.216	0.267	–	–	0.076	0.198	0.189	0.076–0.267
Singapore Christian Home for the Aged	–	0.023	0.064	0.000	0.000	0.000	0.017	0–0.064
Society of St. Vincent De Paul	–	–	–	–	0.052	0.061	0.057	0.052–0.061
Young Women's Christian Association (all centers and national office)	0.20–0.24*	–	–	0.073	0.000	0.002	0.069–0.079	0–0.24
Average (A)		0.077	0.041	0.018	0.016	0.030		
<i>II. Services for the disabled (D)</i>								
Christian Outreach to the Handicapped	–	0.011	0.062	0.063	0.092	0.035	0.053	0.011–0.092
Dyslexia Association	0.20–0.24*	–	–	–	–	0.000	0.10–0.12	0–0.24
Handicaps Welfare Association	0.13*	–	–	–	–	–	0.129	0.129
Riding for the Disabled Association of Singapore	0.06*	–	–	–	–	–	0.060	0.060

continued

Table 3 – continued

Organization	Fundraising cost per dollar						Average	Range
	1999	1998	1997	1996	1995	1994		
Singapore Association for the Deaf	0.00*	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Society for the Aid to the Paralyzed	0.04–0.08*	–	–	–	–	–	0.04–0.08	0.04–0.08
Young Men's Christian Association	–	–	–	–	–	0.507	0.507	0.507
Average (D)		0.006	0.031	0.032	0.046	0.136		
<i>III. Children Youth and Family Services (CYF)</i>								
Cheng Su Lan Methodist Children's Home	–	–	–	0.000	0.000	–	0.000	0.000
Children's Charities Association	0.079	0.132	0.113	0.088	0.091	0.113	0.103	0.079–0.132
Dyslexia Association	0.20–0.24*	–	–	–	–	0.000	0.10–0.12	0–0.24
Federation of Youth Clubs	–	–	–	–	0.215	–	0.215	0.215
Methodist Welfare Services	0.25–0.30*	–	–	–	–	–	0.25–0.30	0.25–0.30
The Salvation Army (General Fund)	–	0.052	0.000	–	0.036	0.034	0.031	0–0.052
The Salvation Army (Social Fund)	–	0.117	0.108	–	0.000	0.000	0.056	0–0.117
The Salvation Army (Property Fund)	–	0.000	0.000	–	0.000	0.000	0.000	0.000
Singapore Anglican Welfare Council	0.20–0.24*	0.000	0.000	0.000	0.000	0.000	0.033–0.04	0–0.24
Singapore Children's Society	0.25–0.30*	–	–	–	–	–	0.25–0.30	0.25–0.30
Singapore Indian Development Association	–	–	–	–	0.001	0.000	0.001	0–0.001
Society of St. Vincent De Paul	–	–	–	–	0.052	0.061	0.057	0.052–0.061

continued

Table 3 – continued

Organization	Fundraising cost per dollar						Average	Range
	1999	1998	1997	1996	1995	1994		
Young Men's Christian Association	–	–	–	–	–	0.507	0.507	0.507
Young Women's Christian Association (all centers and national office)	0.20–0.24*	–	–	0.073	0.000	0.002	0.069–0.079	0–0.24
Average (CYF)		0.060	0.044	0.040	0.040	0.072		
<i>IV. Health and Community Services (HC)</i>								
Assisi Home and Hospice	–	–	–	0.005	0.006	–	0.006	0.005–0.006
Breakthrough Missions Limited	0.000*	0.000	0.000	–	–	–	0.000	0.000
Diabetic Society of Singapore	0.23–0.27*	–	0.000	0.000	0.000	0.000	0.046–0.054	0–0.27
Kwong Wai Shiu Hospital	0.08–0.11*	–	–	0.000	0.000	0.000	0.02–0.275	0–0.11
National Kidney Foundation	–	0.518	0.563	0.323	–	0.299	0.426	0.299–0.563
Ren Ci Hospital	0.15–0.18*	0.078	0.137	–	–	–	0.122–0.132	0.078–0.18
The Salvation Army (General Fund)	–	0.052	0.000	–	0.036	0.034	0.031	0–0.052
The Salvation Army (Social Fund)	–	0.117	0.108	–	0.000	0.000	0.056	0–0.117
The Salvation Army (Property Fund)	–	0.000	0.000	–	0.000	0.000	0.000	0.000
Sian Chay Medical Institution	–	0.000	0.000	0.000	0.000	0.000	0.000	0.000

continued

Table 3 – continued

Organization	Fundraising cost per dollar						Average	Range
	1999	1998	1997	1996	1995	1994		
Singapore Anglican Welfare Council	0.20–0.24*	0.000	0.000	0.000	0.000	0.000	0.033–0.04	0–0.24
Singapore Anti-Narcotics Association	–	0.062	0.058	0.000	0.025	0.036	0.036	0–0.062
Singapore Anti-Tuberculosis Association	0.23–0.27*	–	–	–	–	–	0.23–0.27	0.23–0.27
Singapore Cancer Society	–	0.106	0.042	0.036	0.275	0.039	0.100	0.036–0.275
Singapore Detainees Aftercare Association	–	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Singapore Thong Chai Medical Institution	–	–	0.249	0.000	0.015	0.000	0.066	0–0.249
St. Andrew's Mission Hospital	0.14–0.18*	–	–	–	–	0.000	0.07–0.09	0–0.18
Turning Point	0.35*	–	–	–	–	–	0.350	0.350
Average (HC)		0.085	0.089	0.036	0.030	0.031		

Sources: (i) Audited accounts and annual reports of the various organizations, (ii) survey and interviews conducted in 2000. The symbol “–” indicates that data or information is unavailable.

Note: The table shows the fundraising cost per dollar of funds raised for various organizations classified according to service types. If an organization provides more than one service, its name appears under all those service type it provides. The fundraising cost per dollar is estimated by dividing fundraising costs by fundraising income. Interest income and investment income are not included in the calculation of fundraising income. The figures for fundraising cost per dollar for the years 1994 to 1998 are estimated in this manner using data from the audited accounts and annual reports of the organizations. For 1999, the figures marked with asterisks (*) are obtained directly from the results of interviews conducted with the organizations in 2000, while those without asterisks are obtained by the method described earlier. For each organization, the average and range for fundraising cost per dollar over the 1994–1999 period are also shown. Note that for an organization giving fundraising cost per dollar as a range in the survey, the average for the period is itself shown as a range. An average is also calculated for each service type.

to provide an estimate of F/D_S based on their various fundraising events such as flag days, fund fairs, carnivals, gala dinners, concerts and so on. We have also asked them to provide an estimate of the percentage of their donations that are unsolicited. From this information, we calculated the fundraising cost per dollar for 1999. Note that in most cases the estimates are presented as a range since most organizations were unable to give precise figures. In Table 3 we have also shown the average and range of fundraising cost per dollar for each organization over 1994–1999. It should be noted that the 1999 estimates are actually not directly comparable to those of earlier years since they are based on a different methodology. For each year, an average has also been calculated for each service type.

The general impression we get from Table 3 is that for most organizations, the fundraising cost per dollar over the years have been substantially below the 20 cents benchmark of the Community Chest. In fact, for some organizations, fundraising cost has been rather insignificant. This may be explained by the high percentage of unsolicited donations. For example, in our survey, organizations like the Alzheimer's Disease Association and Riding for the Disabled reported that 80 percent of their donations are unsolicited. Not surprisingly, these organizations have very low figures for fundraising cost per dollar. Even for organizations with fundraising cost higher than the benchmark, usually the differences are not great. There are a few exceptions, including the National Kidney Foundation and the Young Men's Christian Association, though for the latter the estimate is based on only one year. As noted earlier, some organizations may have achieved a reputation in their particular lines of activity and thus are able to appeal to a well-defined group of donors, who may continue to contribute regularly despite high fundraising cost. These few exceptions aside, the general picture is clear when we look at the averages across organizations for each service type. For all the four types of social services, the figures for average fundraising cost per dollar are well below the benchmark of 20 cents per dollar. Thus a significant number of organizations can do at least as well as the Community Chest in fundraising. For these organizations, therefore, the fundraising advantages of the Community Chest are a non-issue in their decision not to seek membership in the Community Chest.

In order to have a better understanding of the non-members' opinions of the Community Chest, a part of our survey asked questions as to their reasons for not joining the Community Chest and whether they intend to join the Community Chest in the future. 21 organizations responded to this part of the survey and the results are presented in Table 4.

Table 4 – Analysis of non-member organizations' perception of the Community Chest

Responses to survey	Number of organizations
<i>Reasons for not joining the Community Chest</i>	
Greater autonomy in organization's activities	14
Greater flexibility in raising funds	6
Organization able to raise sufficient funds by itself	10
Dislikes monitoring of organization's activities	5
Refused membership by the Community Chest (inability to meet the Chest's criteria)	1
<i>Other reasons</i>	
Organization's ideology or spiritual belief	2
Organization's service type not emphasized by the Community Chest	2
Desire to remain as a private organization	1
Has stable sources of income/funds from other sources	2
<i>Organization's View of the Community Chest</i>	
Organization may consider joining the Community Chest	4
Organization will not join the Community Chest	8
Organization has been approached to join the Community Chest	2
Believes in fundraising advantage of the Community Chest	5
The Community Chest has a "government" image	2
Does not understand how the Community Chest operates	1

Source: Survey and interviews conducted in 2000

Note: 21 organizations responded to this part of the survey.

It should be emphasized that in the personal interviews, no attempt had been made to suggest possible answers and those interviewed were simply asked to state freely their opinions. The results are quite striking. Of the 21 organizations, 14 stated that they did not join the Community Chest because they want greater autonomy in their operation, and 5 mentioned that not being a member enables greater flexibility in raising funds. Five organizations stated explicitly that they dislike the monitoring of their activities should they become members. Ten organizations stated that they do not need to join because they are able to raise sufficient funds by themselves. Other reasons for not joining include the religious or spiritual beliefs of the organization and so on. It is interesting to note that one or two organizations viewed the Community Chest as part of the government, and believed that people would cease to give to them if they become members. As for whether non-members would like to join in the future, only 4 said that they might consider joining, while 8 said

explicitly that they would not join. Despite this result, it is interesting to note that 5 organizations believed that joining the Community Chest would help them to get more funds.

To sum up, the results based on our analysis of financial data and survey firmly support what economic theories would predict. Joining the Community Chest may help its members secure more financial resources. But some organizations may regard autonomy and independence as important and dislike monitoring of their activities. Thus they prefer to remain as non-members, at least as long as they can raise enough funds on their own to remain self-sufficient.

5 Policy implications and conclusions

The National Council of Social Service (NCSS) and the Community Chest have played an important role in furthering the cause of social service provision in Singapore with the Community Chest serving as a centralized fundraising body for its members. The findings of this paper suggest that the fundraising advantages of the Chest are well recognized by its members as well as by non-member organizations. Thus organizations experiencing a deficit or financial difficulty might become members in order to gain access to the Chest's financial resources. Similarly, organizations seeking additional funds to expand their programs, or new organizations in need of seed money may also want to join.

While the Community Chest and VWOs have been largely successful in raising funds for the provision of social services, in recent years, donations did not appear to be increasing sufficiently to meet the rising needs. In the case of donations to the Community Chest, one possible reason may be that much of the giving is already institutionalized under the SHARE Program, which now contributes about 40 percent to total donations received. In many companies, employee participation rates are already very high. Thus unless workers can be persuaded to increase their pledges and unless the set of participating companies can be enlarged, not much increase in donations can be expected from this source.

With greater sophistication of donors, there is increasing demand by donors to know where their donations have gone. Thus to attract more donations, it is necessary to convince donors that their money is fruitfully spent and not wasted on unnecessary administration and advertising costs. The NCSS is mindful of this and has

repeatedly emphasized that all such costs incurred by the Community Chest are sponsored by Singapore Pools, so that every dollar donated will benefit, in full, someone in need. But since donations from Singapore Pools could alternatively be used for the provision of social services, ultimately it is important to convince donors that VWOs are well managed. The recent push by NCSS to promote greater professionalism in the social service sector, a move that will hopefully increase productivity and performance in that sector is a step in the right direction. This will help erase some doubts from the minds of donors and reassure them that they are getting value for their donations. However, the issue of greater donor sovereignty over the use of their contributions has yet to be addressed.

Other than providing price incentives for giving and promoting greater efficiency in VWOs, other measures to encourage donations are also suggested by this paper. We have seen that individuals may derive private benefits from donations. Charities, for example, may appeal to the warm-glow effect by highlighting the plight of the underprivileged and the need for improvement of their welfare. We have also seen that donors may gain prestige and social approval from giving. This consideration is especially relevant for large donors and corporate givers. For the latter, contributing actively to a social cause could enhance the firm's public image and augment the loyalty and goodwill of its stakeholders: customers, employees and shareholders alike. Thus greater recognition of donors' contributions through announcement and awards can help promote giving. Such awards have in fact been given by the Community Chest and should be further encouraged.

Finally, on the issue of whether the Community Chest will evolve into a monopoly fundraising agency for all charities in Singapore, we note that, as at present, all proposals by member organizations are reviewed and approved by the NCSS before they can be funded by the Community Chest. Thus proposals that do not fit the priorities and preferences of the NCSS may not receive funding. In this light, despite its edge in fundraising, the idea of a Community Chest serving as a monopoly fundraising agency for all charities is an unattractive one. Diversity will suffer and some services, particularly those supporting less popular causes, may not be able to survive. Here, it is gratifying to note that the empirical analysis of this paper suggests that such a scenario is unlikely. The membership of the Community Chest has not increased in recent years. Many non-member organizations have fundraising costs as low, if not lower, than those of the Community Chest. In addition, these organizations may have large unsolicited

contributions from donors who identify with their cause, or they have significant alternative sources of income. These agencies regard autonomy and independence as important and thus are unlikely to seek membership in the Chest. Thus the present situation – in which the Community Chest plays a major role in raising funds at relatively low cost for its members, while at the same time a significant number of charities remain as non-members – may in fact represent some kind of equilibrium in the social service sector. It may even be a desirable situation – one in which excessive competition for funds is avoided, while at the same time some diversity in ideology and output is retained in the social service sector

REFERENCES

- ABRAMS B.A. and SCHMITZ M.D., 1978, “The ‘crowding-out’ effect of governmental transfers on private charitable contributions,” *Public Choice*, 33, 1, 29–39.
- ABRAMS B.A. and SCHMITZ M.D., 1984, “The crowding-out effect of governmental transfers on private charitable contributions: cross-section evidence,” *National Tax Journal*, 37, 4, 563–568.
- ANDREONI J., 1988, “Privately provided public goods in a large economy: the limits of altruism,” *Journal of Public Economics*, 35, 1, 57–73.
- ANDREONI J., 1989, “Giving with impure altruism; applications to charity and Ricardian equivalence,” *Journal of Political Economy*, 97, 6, 1447–1458.
- ANDREONI J., 1990, “Impure altruism and donations to public goods: a theory of warm-glow giving,” *Economic Journal*, 100, 401, 464–477.
- ANDREONI J., 1998, “Toward a theory of charitable fund-raising,” *Journal of Political Economy*, 106, 6, 1186–1213.
- BILODEAU M., 1992, “Voluntary contributions to united charities,” *Journal of Public Economics*, 48, 1, 119–133.
- BRILLIANT E.L., 1990, *The United Way: Dilemmas of Organized Charity*, Columbia University Press, New York.
- CHAN F.Y., 1998, “An economic analysis of charitable organizations in Singapore,” Honors Thesis, Department of Economics and Statistics, National University of Singapore.

- CHUA V.C.H. and WONG C.M., 1999, "Tax incentives, individual characteristics and charitable giving in Singapore," *International Journal of Social Economics*, 26, 12, 1492–1504.
- CLOTFELTER C.T., 1985, *Federal Tax Policy and Charitable Giving*, The University of Chicago Press, Chicago.
- CORNES R. and SANDLER T., 1984, "Easy riders, joint production, and public goods," *Economic Journal*, 94, 375, 580–598.
- FISHER F.M., 1977, "On donor sovereignty and united charities," *American Economic Review*, 67, 4, 632–638.
- GLAZER A. and KONRAD, K.A., 1996, "A signaling explanation for charity," *American Economic Review*, 86, 4, 1019–1028.
- HARBAUGH W.T., 1998, "What do donations buy? a model of philanthropy based on prestige and warm glow," *Journal of Public Economics*, 67, 2, 264–284.
- HARTLEY R.F., 2000, "United Way: where were the controls?" in *Management Mistakes and Successes*, 6th ed. Wiley, New York.
- KEATING B., PITTS R. and APPEL D., 1981, "United way contributions: coercion, charity or economic self-interest?" *Southern Economic Journal*, 47, 3, 816–823.
- KHANNA J., POSNETT J. and SANDLER T., 1995, "Charity donations in the UK: new evidence based on panel data," *Journal of Public Economics*, 56, 2, 257–272.
- NATIONAL COUNCIL OF SOCIAL SERVICE (NCSS), 2001, *Annual Report, 2000–2001*, Singapore: National Council of Social Service.
- OKTEN C. and WEISBROD B.A., 2000, "Determinants of donations in private nonprofit markets," *Journal of Public Economics*, 75, 2, 255–272.
- POSNETT J. and SANDLER T., 1989, "Demand for charity donations in private non-profit markets: the case of the UK," *Journal of Public Economics*, 40, 2, 187–200.
- ROBERTS R.D., 1984, "A positive model of private charity and public transfers," *Journal of Political Economy*, 92, 1, 136–148.
- ROSE-ACKERMAN S., 1980, "United charities: an economic analysis," *Public Policy*, 28, 3, 323–350.
- ROSE-ACKERMAN S., 1982, "Charitable giving and 'excessive' fundraising," *Quarterly Journal of Economics*, 97, 2, 193–212.

- ROSE-ACKERMAN S., 1987, "Ideals versus dollars: donors, charity managers, and government grants," *Journal of Political Economy*, 95, 4, 810–823.
- SCHIFF J., 1990, *Charitable Giving and Government Policy: an Economic Analysis*, Greenwood, Westport, CT.
- SCHIFF J. and WEISBROD B., 1991, "Competition between for-profit and nonprofit organizations in commercial markets," *Annals of Public and Cooperative Economics*, 62, 4, 619–640.
- SEGAL L.M. and WEISBROD B.A., 1998, "Interdependence of commercial and donative revenues," in *To Profit or Not to Profit: the Commercial Transformation of the Nonprofit Sector*. B.A. WEISBROD, ed., Cambridge University Press, New York. pp. 105–127.
- STEINBERG R., 1991, "Does government spending crowd out donations? Interpreting the Evidence," *Annals of Public and Cooperative Economics*, 62, 4, 591–617.
- WARR P.G., 1982, "Pareto optimal redistribution and private charity," *Journal of Public Economics*, 19, 1, 131–138.
- WEINBLATT J., 1992, "Do government transfers crowd out private transfers to non-profit organizations? The Israeli experience," *International Journal of Social Economics*, 19, 2, 60–66.
- WEISBROD B.A., 1988, *The Nonprofit Economy*, Harvard University Press, Cambridge, MA.
- WEISBROD B.A., 1998a, "Modeling the nonprofit organization as a multiproduct firm: a framework for choice," in *To Profit or Not to Profit: the Commercial Transformation of the Nonprofit Sector*, B.A. WEISBROD, ed., Cambridge University Press, New York, pp. 47–64.
- WEISBROD B.A., 1998b, "The nonprofit mission and its financing: growing links between nonprofits and the rest of the economy," in *To Profit or Not to Profit: the Commercial Transformation of the Nonprofit Sector*, B.A. WEISBROD, ed., Cambridge University Press, New York, pp. 1–22.
- WEISBROD B.A. and DOMINGUEZ N.D., 1986, "Demand for collective goods in private nonprofit markets; can fundraising expenditures help overcome free-rider behavior?" *Journal of Public Economics*, 30, 1, 83–96.
- WONG C.M., CHUA V.C.H. and VASOO S., 1998, "Contributions to charitable organizations in a developing country: the case of Singapore," *International Journal of Social Economics*, 25, 1, 25–42.

Le rôle des organisations caritatives unies dans la collecte de fonds : le cas de Singapour

La théorie suggère qu'une organisation caritative unie contribue à réduire les coûts de collecte de fonds en diminuant la concurrence dans la recherche de donateurs entre les organisations caritatives membres. Néanmoins, souvent, les donateurs ne peuvent pas contrôler l'affectation de leurs dons et les organisations caritatives peuvent ne pas apprécier le contrôle de leurs activités. L'article examine ces questions ainsi que d'autres liées à la Communauté Chest de Singapour. Les résultats, basés sur une analyse de la situation financière et des coûts de collecte de fonds d'un grand nombre d'organisations caritatives, suggèrent que la Communauté Chest possède d'importants avantages pour la collecte de fonds. Donc, les organisations caritatives en difficulté financière ou en demande de fonds pour de nouveaux programmes ont tendance à rechercher de nouveaux membres. Cependant, les organisations qui accordent beaucoup de valeur à leur indépendance et autonomie et qui parviennent à réduire leurs coûts de collecte de fonds ont tendance à ne pas devenir membres. Dès lors une agence monopolistique récoltant des fonds pour toutes les organisations caritatives est improbable dans le cas de Singapour.

Die Rolle vereinigter Wohltätigkeitsorganisationen bei der Aufbringung von Geldmitteln: der Fall Singapur

Die Theorie besagt, dass eine vereinigte Wohltätigkeitsorganisation hilfreich sein kann, um die Kosten der Aufbringung von Geldmitteln durch Verringerung des Wettbewerbs unter den angeschlossenen Wohltätigkeitsorganisationen zu senken. Allerdings können Spender oft nicht die Allokation ihrer Zuwendungen kontrollieren, und den Wohltätigkeitsorganisationen mag die Überwachung ihrer Aktivitäten unlieb sein. Dieser Beitrag untersucht diese und andere Fragen am Beispiel der Community Chest von Singapur. Die Ergebnisse, die auf der Analyse von Finanzpositionen und Kosten der Aufbringung der Geldmittel bei einer großen Zahl von Wohltätigkeitsorganisationen basieren, zeigen, dass die Community Chest über bedeutende Vorteile bei der Aufbringung von Geldmitteln verfügt. Deshalb tendieren Wohltätigkeitsorganisationen, die sich in finanziellen Schwierigkeiten befinden oder die Geldmittel für zusätzliche Programme benötigen, dazu, die Mitgliedschaft zu beantragen. Andererseits tendieren Organisationen, die ihre Autonomie und Unabhängigkeit schätzen

und die in der Lage sind, Geldmittel zu niedrigen Kosten aufzubringen dazu, nicht die Mitgliedschaft zu erwerben. Deshalb ist eine Monopolagentur zur Aufbringung von Geldmitteln für alle Wohltätigkeitsorganisationen im Falle Singapurs für die Zukunft unwahrscheinlich.

El papel de las organizaciones caritativas unidas en la colecta de fondos: el caso de Singapur

La teoría sugiere que una organización caritativa unida contribuye a reducir los costes de la colecta de fondos, disminuyendo la competencia en la búsqueda de donantes entre las organizaciones caritativas miembros. No obstante, frecuentemente, los donantes no pueden controlar la afectación de sus donativos y las organizaciones caritativas pueden no apreciar el control de sus actividades. El artículo examina estas cuestiones, así como otras relacionadas con la Comunidad Chest de Singapur. Los resultados, obtenidos a partir de un análisis de la situación financiera y de los costes de la colecta de fondos de un gran número de organizaciones caritativas, ponen de manifiesto que la Comunidad Chest posee importantes ventajas para la colecta de fondos. Así pues, las organizaciones caritativas con dificultades financieras o que demandan fondos para nuevos programas tienen tendencia a buscar nuevos miembros. Sin embargo, las organizaciones que conceden mucho valor a su independencia y autonomía y que consiguen controlar sus costes de colecta de fondos tienen tendencia a no convertirse en miembros. Por lo tanto, en el caso de Singapur es muy improbable que llegue a existir una agencia monopolística que recolecte fondos para todas las organizaciones caritativas.