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Snapshot: The Impact of Giving Together

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the impact of giving together

a snapshot of a study on

GIVING CIRCLES' **influence** ON PHILANTHROPIC & CIVIC BEHAVIORS, **knowledge** & ATTITUDES

Donors in giving circles give more, give more strategically, and are more engaged in their communities, according to a new study by Dr. Angela Eikenberry and Jessica Bearman with research assistance from Melissa Brown, Hao Han, and Courtney Jensen.

EVER SINCE GIVING circles—groups of individual donors who pool their money and other resources and decide together where these should be distributed—emerged as a philanthropic trend, we have speculated about their impact. Do donors give more or give differently because they are involved in a giving circle? Do they become more engaged and active in their communities? Are they more politically active? Until now, the evidence of giving circles' impact on donors was mainly qualitative. Now, this new study examines, in a more comprehensive and quantitative manner, the impact of giving circles on their members' giving and civic engagement.¹



“IT JUST MADE ME

dig DEEPER...”

Study Methodology

Data were gathered through a survey of 341 current and past members from 26 giving circles of various types, sizes, and identity groups, as well as a control group of 246 donors and public service graduate students and practitioners; semi-structured interviews with 30 giving circle members and past members from 11 giving circles; and participant observations of four giving circles. For more information about the study's methodology and detailed findings go to: www.givingforum.org/givingcircles

GIVING CIRCLES DEFINED

! A giving circle is a philanthropic vehicle in which individual donors pool their money and other resources and decide together where to give them away. Giving circles include social, educational, and engagement components that seem to connect participants to their communities while increasing their understanding of philanthropy and community issues.

Prior research on giving circles has described their scope and scale, explored key decision points in circle creation, and focused on how host organizations can support them. A 2007 study from the Forum of Regional Associations of Grantmakers, entitled “More Giving Together” identified more than 400 circles, engaging more than 12,000 donors, and giving close to \$100 million over the course of their existence. Giving circles come in all shapes and sizes, ranging from small groups meeting around kitchen tables, to formal organizations, to loose networks that pool money primarily through events.

Learn more at
www.givingforum.org/givingcircles



1 GIVING CIRCLES INFLUENCE MEMBERS TO GIVE MORE.

“I THINK IT’S GIVEN ME ANOTHER TOOL AND I’M grateful FOR IT... IT’S ALLOWED ME TO BE MORE PHILANTHROPIC.”

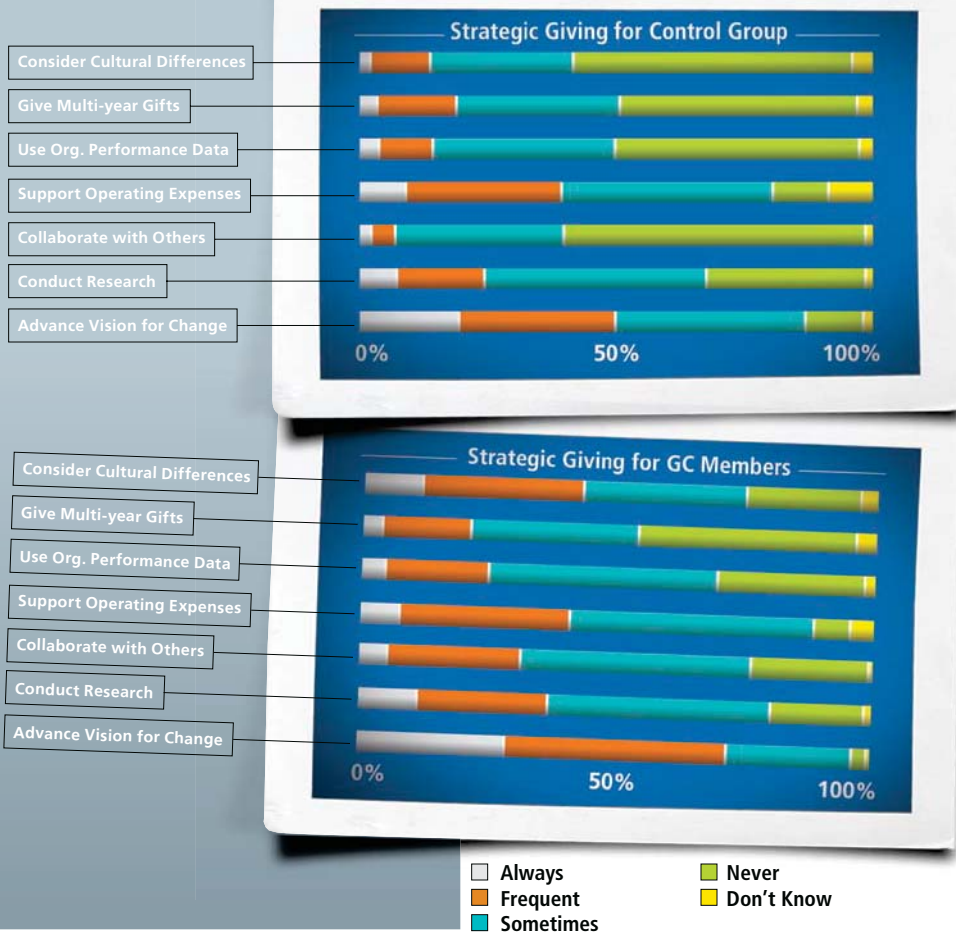
MEMBERS OF GIVING circles give more, on average, than donors who are not in giving circles. Although this finding is tempered when income is taken into consideration, giving circle member self-reports and interviews suggest that giving circles cause members to increase their giving. Different activities within the circle also influence giving. For example, donors involved in a circle’s grantmaking decision process give the most overall. When donors are more engaged in a giving circle, are in a giving circle longer, or are in multiple giving circles, their giving is higher.



2 GIVING CIRCLES INFLUENCE MEMBERS TO GIVE MORE STRATEGICALLY.

GIVING CIRCLE MEMBERS give more strategically than the control group surveyed. They are more likely to give to advance a vision for change, conduct research to help decide on which organizations to support, support general operating expenses in addition to or instead of specific programs, check organizational performance data, and take into consideration cultural differences and race, class, and/or gender when making funding decisions. Giving circle members are also more likely to make multi-year gifts.

“I UNDERSTAND MORE OF where MY MONEY’S GOING AND WHAT IT’S DOING FOR THAT ORGANIZATION.”



3 GIVING CIRCLE MEMBERS GIVE TO A WIDE ARRAY OF ORGANIZATIONS.

GIVING CIRCLE MEMBERS give to a larger number of organizations compared to the control group and are also more likely to give to organizations that support women, ethnic and minority groups, and the arts, culture or ethnic awareness. Giving circle members were also more likely to donate to "other" program areas, such as the environment, neighborhood development, advocacy, and international aid. In addition, the longer someone is in a giving circle, the more likely she or he is to give for religious purposes, to basic needs, and to organizations that support women and ethnic and minority groups.

Read the full report at www.givingforum.org/givingcircles



4 GIVING CIRCLE MEMBERS ARE HIGHLY ENGAGED IN THE COMMUNITY.

THE MORE ENGAGED in a giving circle a donor is, the more they express a sense of civic responsibility. For example, donors with higher levels of engagement in a giving circle are more likely to say that they increased their participation in efforts to address problems in the

community and their involvement in changing government policies. In addition, the longer members are in a giving circle or the more giving circles they belong to, the more engaged they are in civic activities outside of the giving circle.



“I AM MORE **inclined** TO LET MY CIRCLE OF FRIENDS AND COLLEAGUES KNOW ABOUT SOME OF THE THINGS THAT ARE HAPPENING. I THINK IN THE PAST I WOULD HAVE JUST KEPT IT TO MYSELF.”

GIVING CIRCLE SIZE MATTERS

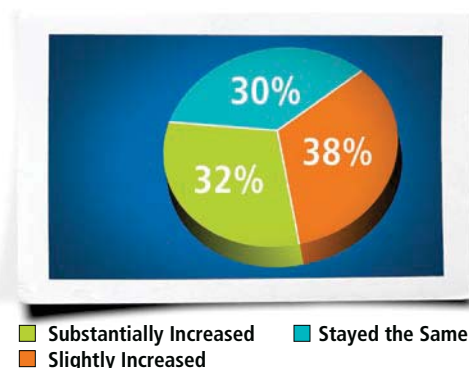
- » Total annual household giving is higher for members in larger giving circles.
- » The larger the giving circle, the more likely members are to give in strategic ways.
- » As the size of the giving circle increases, the amount of volunteering decreases. So, members of larger giving circles are less likely to increase their volunteer time.
- » Giving circle members seem to be more engaged in smaller-sized giving circles and this engagement internally may translate into more civic engagement externally.
- » The larger the giving circle, the less members believe that giving and volunteering have a positive impact on the health of a community.
- » A donor's belief in government's responsibility to reduce income differences between the rich and poor and to ensure a decent standard of living increases with the size of the giving circle.



5 GIVING CIRCLES INCREASE MEMBERS' KNOWLEDGE ABOUT PHILANTHROPY, NONPROFITS, AND THE COMMUNITY

GIVING CIRCLE PARTICIPANTS gain greater knowledge of philanthropy and a better understanding of the nonprofits operating in their communities and internationally, as well as an understanding of the issues these nonprofits face in serving their constituencies. As one donor explained: "...I'm just much more aware of the nitty-gritty of needs that happen every day. I just feel like, now, I'm... on the front line."

Change in Awareness of How Nonprofits Operate



"I'M JUST MORE ACTIVATED

IN A CONCRETE WAY. I

DON'T THINK MY BELIEFS

HAVE **changed,**

I THINK...I SORT OF HAVE

A VERY SPECIFIC WISH LIST

FOR WHAT I WANT THE NEXT

PRESIDENT TO DO."

6 GIVING CIRCLES HAVE A MIXED EFFECT ON MEMBERS' ATTITUDES ABOUT PHILANTHROPY, NONPROFIT AND GOVERNMENT ROLES, AND POLITICAL/SOCIAL VALUES.

MOST GIVING CIRCLE members do not think their perception of philanthropy has changed much, if at all, as a result of being in a giving circle, according to interviews. Most also said that their attitudes about whether government or nonprofits should address social problems and their social values had remained consistent.

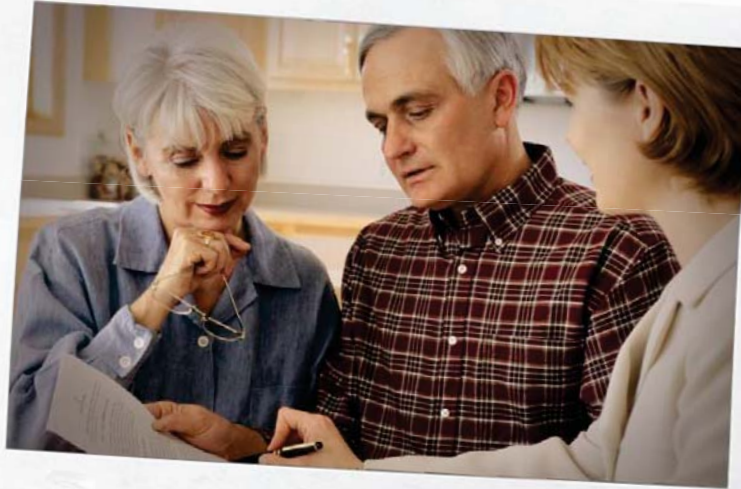
On the other hand, giving circle members are more likely than the control group to

believe in the positive impact of giving on the health of a community, that government should do something to reduce income differences, and that government should ensure that everyone has a decent standard of living. Circle members described themselves as feeling "more capable to participate in community change," that an individual can have more of an impact, and that they were having a bigger impact than they would individually.

recommendations

Based on these key findings, we offer four recommendations for giving circles seeking to maximize their impact on donor members.

Read the full report at www.givingforum.org/givingcircles



1 INVEST IN ENGAGING AND KEEPING MEMBERS FOR THE LONG-TERM

Since giving circles' impact increases with the level of engagement and length of member participation, giving circles and their hosts should focus energy on involving members in the giving circle's activities and keeping members involved over time.

2 CONSIDER HOW A GIVING CIRCLE'S SIZE MAY AFFECT ITS IMPACT

The size of the giving circle has an important influence on members' behaviors, attitudes, and perceptions. Larger, more formal groups seem to increase members' use of formal, strategic giving techniques. Smaller and less formal circles encourage diversification of giving and increased engagement in the circle and community. In general, smaller circles seem to have more positive impact on donors' civic engagement.

3 DON'T WORRY ABOUT SHIFTING FUNDING AWAY FROM EXISTING PRIORITIES

A common concern about giving circles has been that they may divert funds away from causes and organizations already supported. This research shows that giving circle members tend to give more and give more broadly as a result of participation, rather than shift their giving. Giving circles may, however, displace giving that goes to combined charity campaigns such as the United Way.

4 USE GIVING CIRCLES TO INCREASE AWARENESS ABOUT COMMUNITY AND POLICY

Giving circles help donors to learn about community organizations, issues, and solutions. They also enhance the giving strategy of donors, helping donors' gifts to be more thoughtful and helpful to nonprofits. Giving circles and their hosts can be intentional about introducing members to proven organizations as well as those that are off the "beaten path" and can concentrate on developing engaged, strategic donors.

ACKNOWLEDGEMENTS

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Jessica Bearman is an independent consultant, focusing on philanthropic and nonprofit organizations. She has written and spoken widely about new and established philanthropy and is the author of several reports and articles about giving circles.

WHY STUDY GIVING CIRCLES?

AE I think that giving circles are inherently interesting because they represent a long tradition in American society of people getting together and improving their communities. They help us understand what motivates people to volunteer and be philanthropic, and to participate more fully in the democratic process.

JB Although there has been research conducted on the most wealthy donors, we don't really know that much about the rest of us and how we give—so studying giving circles also helps us to learn about everyday philanthropists, beyond the mega-wealthy.

WERE YOU SURPRISED BY THE STUDY'S FINDINGS?

JB If you study giving circles for a while, you certainly get a sense of how powerful they are for their members. But, I think that we were a little bit afraid that we might find that they didn't have the impact we always imagined based on years of gathering more qualitative data, so it was exciting to learn that they do, in fact, have a powerful impact.

AE We were pleasantly surprised to find that giving circles help donors diversify their giving beyond organizations that are well-known to them. People give more across racial lines, for example. We always knew that giving circles help people learn about nonprofits, but this study really emphasized the extent that donors are learning about what's going on around them.

BASED ON THE FINDINGS, WHAT'S YOUR BIGGEST ADVICE FOR A GIVING CIRCLE?

AE The key is to focus on the educational component of the circle. Even people who are just moderately

active in the circle are still learning. In fact, we saw in the research that people who are mainly engaged socially give the greatest percentage of their annual giving through the giving circle. That makes us think that the giving circle is a gateway to philanthropy.

JB Also, giving circles should encourage their donors to be part of the grantmaking decision process—we know that people who were on the grants committee were giving the most, possibly because they learned so much about the organizations applying for funding, or possibly because the most philanthropic members tend to choose this activity.

WHAT ARE THE NEXT BIG QUESTIONS FOR GIVING CIRCLE RESEARCH?

JB I'd love to see someone focus on the particular characteristics and impacts of the giving circles that focus on giving within diverse communities. These circles are very exciting as powerful philanthropic avenues for communities that have not had access to mainstream philanthropy in the past.

AE Definitely. Also, I'm curious about how people's perceptions seem to shift when they are in a giving circle for a while in terms of their attitudes toward the role of government. Over time, it seems that giving circle members become less confident of their own ability to affect meaningful change by volunteering and they feel more strongly about government's role. Do people become more realistic in their expectations of their own impact and the need for government over time and with increased knowledge?

JB Yes—sounds like a great dissertation topic for someone!