

# **Keeping the Faith**

## **Origins of Confidence in Charitable Organizations**

### **and its Consequences for Philanthropy**

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#### **Abstract**

Origins and consequences of charitable confidence are investigated with the Giving in the Netherlands Panel Survey 2002-2004 (n=1,246). Charitable confidence is higher among the higher educated, children of volunteers, younger age groups, those with more faith in people, those who are aware of standards of excellence for fundraising organizations, and among persons with altruistic and joy-of-giving motives for philanthropy. In a regression analysis, the relationship of confidence with philanthropy is found to be moderately strong. The relationship is strongest for donations to organizations that deal with social problems that are difficult to solve, like poverty, illness, and violation of human rights. Beliefs about program spending and irritation about fundraising campaigns confidence partly explain why confidence matters for philanthropy, especially for those with altruistic motives for giving.

## **Why confidence is important for philanthropy**

Few characteristics are more typical of donors than their confidence in charitable organizations. A recent study found that among donors, more than 60% had confidence in fundraising organizations, while among non-donors only 12% did so (Zalpa van Berkel & WWAV, 2005). The Independent Sector (2002) reports that those who have high confidence in charities give about 50% more than those who have low confidence. Another study showed that among donors, loss of confidence is often reported as a reason to stop giving to particular charities. More than 40% of Dutch donors report that they have stopped giving to charities at least once (Consumentenbond, 2005). Receiving too many solicitations is the most popular reason for ending support to charities. Other reasons often mentioned by donors to stop giving include high salaries of nonprofit directors and fundraising managers, receiving gifts and expensive fundraising materials. This finding is also reported in a study from the US (Arumi et al., 2005). Fundraising organizations are aware of the importance of donor confidence: keeping the public trust is considered a necessary condition for the future of philanthropy. A recent conference of the Grant Center advertised with a quote from its CEO Nancy McGee: “Public confidence in the way nonprofits operate is critical” (Grant Center, 2006).

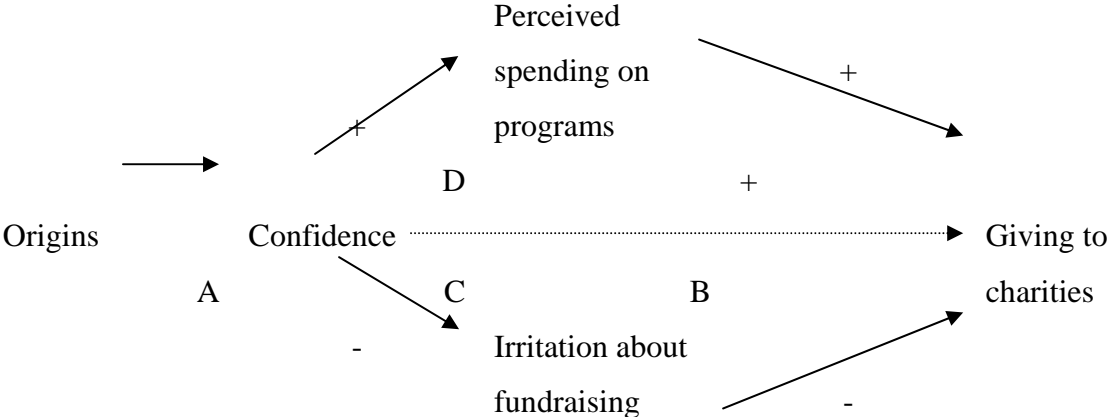
## **Why more research on confidence is needed**

In view of this evidence, it may come as a surprise that there are hardly any empirical studies on the origins and consequences of charitable confidence (Sargeant & Lee, 2001). Sargeant and colleagues (Sargeant & Lee, 2001, 2004; Sargeant, Ford & West, 2006) investigated which components constitute charitable confidence in a series of articles. However, it remains unclear how strong the effects of confidence actually are relative to other factors, and where confidence comes from. The studies quoted above report bivariate statistics, i.e. large donors having higher levels of confidence than small donors and non-donors. But donors and non-donors differ in numerous other respects as well: with regard to socio-demographic characteristics, values, and personality characteristics. It is unknown to what extent the relation between confidence and amount donated holds when socio-demographic characteristics are held constant. Therefore, the first aim of this article is to investigate origins of charitable confidence. This is arrow A in figure 1. A second aim of this article is to document the consequences of charitable confidence for various forms of philanthropy. The evidence quoted earlier suggests that charitable confidence has a sizeable effect on philanthropy. There should be an arrow like arrow B in figure 1. An important

question concerns the size of the effect of confidence. How strong is the influence of charitable confidence relative to other factors that are known to be related to philanthropy? Does confidence mediate effects of these factors? Another question is whether confidence in charitable organizations makes people’s beliefs about the efficacy of charities more positive and whether confidence reduces irritation about fundraising. It seems that most people dislike large amounts of fundraising materials in their mailboxes. The general public also overestimates the costs of fundraising (Bekkers, 2003). Those with more charitable confidence will have less negative beliefs about fundraising costs, and may be more tolerant of receiving solicitations for charitable contributions (arrows C and D in figure 1).

A final question that will be dealt with in the present paper concerns the effect of confidence on giving to various types of charitable organizations. Does the effect of confidence vary between different types of philanthropy? It has been assumed that confidence is more important for fundraising organizations that work in foreign countries. When donors are less able to see for themselves how charities work, they have to rely more strongly on the information they receive from charities themselves and from the media. Giving to international organizations therefore requires a higher level of confidence than giving to national and local, community based organizations.

*Figure 1. Origins and consequences of confidence*



## Theory and hypotheses

### Origins of confidence

Charitable confidence is a generally positive attitude towards fundraising organizations. People who have confidence in fundraising organizations think that, generally speaking, fundraising organizations are trustworthy, honest, accountable, effective, have good intentions, and are deserving public support.<sup>1</sup> Different hypotheses on who has confidence in fundraising organizations can be formulated from different disciplines in the social sciences.

#### *Psychological origins of confidence*

Personality psychologists would relate charitable confidence as dependent on cognitive resources and personal characteristics. Fundraising organizations address social problems and advocate the rights of distant others like the poor and people in developing countries or abstract causes like human rights or environmental protection. Cognitive resources are required to understand these problems and to see how voluntary associations are able to solve them. A hypothesis that will be tested below is: *persons with more cognitive abilities will have more charitable confidence.*

Charitable confidence also depends on one's general view on human nature. Confidence is positively related to faith in people, and negatively to misanthropy (Rosenberg, 1956). Who could have confidence in an organization populated by untrustworthy, self-interested and corrupt people? The hypothesis tested below is therefore: *persons who view others as basically trustworthy will have more confidence in fundraising organizations.*

#### *Social origins of confidence*

Sociologists would relate charitable confidence to parental socialization, integration in social groups and social inequality. The argument on social integration draws on the classical theory of norm conformity of Durkheim (1897). Confidence in fundraising organizations is a conformist attitude. Well-adjusted individuals who are more strongly integrated in social groups will be more supportive of fundraising organizations. Social contexts that promote conformity are the family, religion, the local community, and work. The hypothesis reads:

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<sup>1</sup> There is considerable discussion on the definition of charitable confidence and related concepts like trust (Sargeant & Lee, 2001) and reputation (Bekkers, Meijer & Schuyt, 2005). With the definition used here

*persons who are more strongly integrated in family, religion, local community and work contexts have more confidence in fundraising organizations.*

The argument on parental socialization is a cultural transmission argument. Parents have a strong influence on their children's attitudes and social values. Cultural reproduction takes place in families when children adopt values and attitudes from their parents. Parents transmit values and attitudes to their children in various ways. One of these pathways is through modelling: setting the example through behavior. Parents who volunteer for voluntary associations teach their children that voluntary associations are basically good institutions serving important purposes in society. The hypothesis is that *persons whose parents used to volunteer have more confidence in fundraising organizations.*

Charitable confidence increases with social status for two reasons. One reason is that social status creates social responsibility: 'noblesse oblige'. Another reason is that fundraising organizations are populated and managed by higher status people. People have more trust in others who are like themselves. Thus, people with higher social status will have more confidence in fundraising organizations because they are populated and managed with people of similar social status. The hypothesis then reads that *persons with higher social status have more confidence in fundraising organizations.*

#### *Motivational origins of confidence*

People give to charities for many reasons. Altruism – a concern for beneficiaries of philanthropy – is one of the motives that have been studied most often. People who care about the sick, the poor and other beneficiaries of charitable organizations are more likely to support efforts to relieve their needs. Although one could imagine that some people are concerned with beneficiaries and still have no confidence in charities to meet the needs, most people who are concerned will have confidence. It is hard to maintain a strong concern for the well being of beneficiaries and remain sceptic about charitable organizations. Conversely, most people who are not concerned about other people's problems will have no confidence in charitable organizations. Thus, the hypothesis is that *persons with a stronger altruistic motivation for philanthropy have more confidence in fundraising organizations.*

Empirically, altruism does not have a strong effect on charitable giving (Ribar & Wilhelm, 2003). Most people give to charities for other reasons. A popular idea is that people give in order to feel better about themselves. This idea has found its way in economic models of philanthropy as the 'warm glow' motive (Andreoni, 1989). The warm glow model of giving assumes that people also derive pleasure from the act of giving itself (for whatever

reason). It is likely that warm glow motives for philanthropy are positively related to charitable confidence. If one would feel that charitable organizations cannot be trusted and are ineffective, one would have little reason to feel good about giving. Sargeant and Lee (2001) found that the statement “My image of charitable organizations is positive” clustered together with the statements “It is a pleasure to give money to charities” and “One of the greatest satisfactions in life comes from giving to others”. The enjoyment of giving is positively related to charitable confidence. The hypothesis tested below is that *persons who enjoy giving more strongly have more confidence in fundraising organizations.*

#### *Other origins of confidence*

Other factors that may be related to charitable confidence include age, volunteering and having information about practices of fundraising organizations. In a study of political trust, Cole (1973) found that older people have lower political trust. Although it is unclear why trust is lower among the elderly, we may hypothesize that *elderly people have lower confidence in fundraising organizations.*

Another study found that charitable confidence is both a cause and a consequence of volunteering using US data from the Independent Sector (Bowman, 2004). Bowman argues that volunteering requires charitable confidence because rational individuals should not volunteer if they believe that their effort is wasted as a result of ill-functioning organizations. In addition, volunteering promotes charitable confidence because people generally have positive experiences while volunteering, and will evaluate fundraising organizations more positively when they volunteer for them. Also post-justification and cognitive dissonance processes may be at work: one does not easily admit that the organization one volunteers for cannot be trusted. Otherwise, why did one volunteer? Thus, we expect that *volunteers have more confidence in fundraising organizations.*

In yet another study it was found that donors who had more information about rules and practices of fundraising organizations had more confidence (Bekkers, 2003). In the Netherlands, fundraising organizations are monitored by the Central Bureau of Fundraising, an independent organization that issues accreditation seals for organizations that conform to a set of standards of excellence. When donors know that fundraising organizations are monitored by an external agency, they can be more confident that fundraising organizations are trustworthy. The study indeed found that donors who are aware of the existence of the accreditation system have more confidence in international relief organizations. It is likely that this result also holds for other types of fundraising organizations. The hypothesis tested

below is that *persons who know the accreditation system for fundraising organizations in the Netherlands have more charitable confidence.*

### **Consequences of confidence**

A second set of questions dealt with in this paper concerns the consequences of confidence. Obviously confidence matters, but it is not yet clear when, why and how. Why exactly is confidence important for philanthropy? What types of philanthropy are most strongly dependent on confidence among the public?

#### *Why confidence is important*

One hypothesis about why confidence promotes giving is that persons who have more confidence in fundraising organizations are more likely to think that their contribution is an effective contribution. When people think that charitable contributions are ineffective, they are less likely to give (Bekkers, 2004). In the Netherlands, the general public has overly negative perceptions of fundraising costs, and vastly underestimate the proportion of funds raised that actually serve the purposes of the organization (Bekkers, 2003). Charitable confidence may improve the way people perceive the efficacy of their donation. This hypothesis is called the efficacy hypothesis: *persons with more charitable confidence think that the proportion of funds raised that fundraising organizations spend on programs is higher.*

Another hypothesis why confidence promotes giving is that persons who have more confidence in fundraising organizations have lower levels of irritation about fundraising campaigns. The evidence quoted in the introduction suggests that donors sometimes stop giving to charities when they receive a large number of solicitations for contributions. One reason why donors do so may be that they lose confidence in organizations that ‘overburden’ generous donors with more requests. This will be particularly true for donors who have doubts about the organization. Committed donors who have a high level of confidence will not easily feel overburdened. Donors with a high level of confidence in fundraising organizations will feel that every solicitation serves a good purpose. The irritation hypothesis reads: *persons with more charitable confidence are less irritated by fundraising campaigns.*

One would also expect that confidence interacts with altruistic motives for philanthropy, but not with ‘warm glow’ motives for giving. If donors care primarily about the positive consequences of their gifts for others, they should pay more attention to efficacy of the organization. But if donors give for the benefit of the act of giving itself (‘warm glow’),

they should not care about the trustworthiness of the organization. If the efficacy hypothesis is true, altruistically motivated donors should reduce their giving when they have a low level of confidence in fundraising organizations. Donors who really give to charities in order to improve the well being of beneficiaries should give more when they think that a higher proportion of their contributions is actually spent on programs. The hypothesis tested below is *the higher the perceived proportion of funds raised that fundraising organizations spend on programs, the stronger the increase of philanthropy with altruistic motives for philanthropy.*

#### *What confidence is good for*

It is also unknown whether confidence is equally important for all types of charitable organizations. One would expect that organizations that provide services the quality of which is harder to ascertain by donors are more strongly dependent on donor confidence. The output of fundraising organizations is most difficult to ascertain for donors when the organization does not provide tangible services, and when its activities are located beyond the horizon of donors. Nonprofit organizations in education, culture, arts, sports and recreation mainly provide services to members. The output of charities that fund medical research or international development on the other hand largely escapes direct inspection by donors. From this perspective, the hypothesis is that *charitable confidence is more strongly promoting donations to international relief and medical research charities than to other organizations.*

Another hypothesis on the differential effects of confidence concerns the difficulty of problems addressed by charitable organizations. Nonprofit organizations in education, culture, arts, sports and recreation that do not raise funds primarily to solve social problems. Nonprofit organizations like environmental and wildlife protection organizations, human rights organizations, and international relief charities all aim to solve social problems like poverty, inequality, global warming and environmental pollution that are very difficult to solve. These charities rely more on the confidence of donors than charities that do not aim to solve difficult problems. This line of reasoning predicts that same difference as the previous hypothesis, but adds environmental and human rights organizations to the list. The hypothesis then reads: *charitable confidence is more strongly promoting donations to environmental and human rights organizations, international relief and medical research charities than to other organizations.*



## **The mediating role of confidence**

Enhanced confidence may be the reason why specific social groups give more to charities than others. Higher educated persons give substantially more to charitable organizations than the lower educated. In the Netherlands, the difference is €120 per year (Bekkers, 2004). Higher educated persons are known to have more confidence in institutions like the government, the police, and the press. One would expect that higher educated persons also have more confidence in fundraising organizations. Enhanced confidence may then be a reason why the higher educated give more.

One could devise similar lines of reasoning for other characteristics of donors like religious involvement, marriage and living in smaller communities. If integration in religious groups, the family and the local community improves confidence, it may be a reason why religious involvement promotes philanthropy.

## **Data and methods**

All of the questions above are addressed using data from the first two waves of the Giving in the Netherlands Panel Survey (2002-2004; n=1246). The GINPS is a web-based computer assisted self interview. Respondents are drawn from a pool of approximately 70,000 individuals who regularly participate in poll surveys. The fieldwork took place in May 2002 and May 2004. Only respondents who participated in both waves of the survey are included in the analyses (n=1246).<sup>1</sup>

### *Dependent variables*

There are fourteen dependent variables in the analyses below: charitable confidence, irritation about fundraising, perceived spending on programs, and donations fundraising organizations in ten different sectors. *Charitable donations* were measured in both waves with extensive survey modules (called ‘Method-Area’ modules by Rooney, Steinberg & Schervish, 2004). Respondents reported if they donated to charities in ten different areas (religion, international affairs, health, arts and culture, public and social benefit, environment/wildlife, animal protection, education and research, sports and recreation, and ‘other’), and if so, the amount. In addition to the measures of donations to fundraising organizations in these sectors, a variable was created for the total amount donated. In the first wave, which was collected in May 2002, respondents reported about donations in the calendar year 2001. In the second wave, which was collected two years later, in May 2004,

respondents reported about donations in the calendar year 2003. The mean for the total amount donated in 2001 was €246. In 2003 it was €271; an increase of €19.

In the second wave, *charitable confidence* was measured on a 1-5 scale (ranging from ‘none at all’ to ‘very much’) with the question: “How much confidence do you have in charities?”. One in three respondents reported ‘quite some’ or ‘very much’ confidence, about one in two reported ‘some’ confidence and about one in five reported little confidence or none at all (see table 1). In a bivariate analysis, charitable confidence is strongly related to the amount donated. Disregarding the extreme groups for the moment because of their small size, the differences are still very large. Those who report little or no confidence give on average €130 per year, which is 50% less than those with some confidence (€257). Those with quite some or very much confidence (€393) give 50% more than those with some confidence. The relationship of confidence with philanthropy in table 1 seems to be even stronger than the relationship reported by the Independent Sector (2002) for the USA.

*Table 1. Charitable confidence and philanthropy in the Netherlands*

Confidence	n	%	€	n		€
None at all	39	3.1	38.5			
Little	223	17.9	145.6	262	21.1	129.7
Some	610	49.0	256.9	610	49.0	256.9
Quite some	367	29.5	385.6	372	29.9	393.3
Very much	5	0.4	958.8			
All	1244	100.0	270.9	1244	100.0	270.9

In the second wave, respondents also estimated the proportion of all funds raised by charitable organizations that is used to raise funds (estimated fundraising costs), to maintain the organization (estimated administration and organization costs), and the proportion of funds raised that is spent on programs serving the purpose of the organization (*estimated program spending*). In the analyses below estimated fundraising and organization costs are not included separately because the efficacy hypothesis concerns the estimated program spending. On average, the estimate was 43.1%.<sup>2</sup>

<sup>2</sup> The average for estimated fundraising costs was 22.0% and for organization costs 34.9%.

A measure for *irritation* about fundraising campaigns is constructed from two questions: (1) whether respondents ever felt irritation about the number of solicitations for charitable contributions in the past year, and (2) if so, how much people felt irritated about solicitations (on a scale from 1 to 4, ‘very little’ to ‘very much’). Respondents who reported no irritation received an irritation score of 0. 11.7% reported no irritation, 2.7% very little, 44.3% some, 25.7% rather much, and 8.8% very much.

Because irritation and estimated program spending were assumed to be mediating the effect of confidence, a weighted average was computed for these two variables with a factor analysis. While the raw correlation between the two variables was only .221 ( $p < .000$ ), the factor analysis clearly revealed one factor, explaining 61.1% of the variance. Both components of the scale had a loading of .781. The scale is labelled *practices*.

### *Independent variables*

As confounding variables I include the amount donated in 2001, generalized trust, the number of solicitations received, cognitive proficiency and a series of socio-demographic variables that are often found to be related to philanthropy: *household income* (log-transformed, originally measured in 24 categories ranging from €2.5k to €300k, higher incomes truncated), *marital status* (dummy variable for being married), *having children* (1=yes), *working status* (dummy variables for working parttime or having no paid work; full time paid work is the reference category), *level of education* (7 categories, ranging from primary education to post-doctoral degree), *gender* (female=1), *age* (in years), *town size* (in 1,000s of inhabitants), five dummy variables for *religious affiliation* (Catholic, Reformed Protestant, Rereformed Protestant, other Christian affiliation, non-Christian affiliation; no religious affiliation being the reference category) and *church attendance* (number of times per year). Respondents in the second wave reported whether they ‘knew the CBF-seal for fundraising organizations’ (no/yes). In 2002, 42.9% reported *awareness of the CBF-seal*.

*Cognitive proficiency* was measured with a vocabulary test in which respondents had to select the correct synonym for 12 difficult words. This test was modelled after the WORDSUM variable in the General Social Survey (Alwin, 1991). Previous research found that the vocabulary test is a reliable proxy measure of verbal ability that is strongly correlated with other measures of crystallized intelligence (Alwin, 1991).

*Generalized Social Trust* was measured with two items that are commonly used as two alternatives: ‘In general, most people can be trusted’ and ‘You can’t be too careful in dealing with other people’. Responses to these questions were strongly correlated ( $r = .42$ ).

*Altruistic values* were measured with a Dutch translation of items on ‘benevolence’ from Gordon’s (1976) Interpersonal Values scale (Lindeman 1995). The eight items formed a reliable scale ( $\alpha=.81$ ).

*Joy of giving* is a measure available in the second wave of the survey consisting of three items referring to the positive emotions for giving to charities (sample item: ‘Giving to charities makes me happy’). All items were measured on a 1-5 scale ranging from ‘completely disagree’ to ‘completely agree’ (except the empathic concern items, which ranged from ‘does not apply to me at all’ to ‘applies to me completely’). The reliability of the scale is .771.

*Solicitations* were measured with a list of the 10 different types of methods that nonprofit organizations use most frequently to raise funds. For each method, the respondent indicated whether she had been asked to donate to nonprofit organizations in the two weeks prior to the 2002 survey.<sup>3</sup> 70.9% of the respondents reported at least one solicitation in the past two weeks. We distinguished between personal solicitations (64.7%) and impersonal solicitations (30.9%).

To reduce a potential bias due to justification processes, measures of origins of confidence were taken from the first wave if possible. Charitable confidence itself, cognitive proficiency, joy of giving and awareness of the CBF-seal were measured in the second wave, concurrent with the philanthropy measures. To study a potentially remaining justification effect, the total amount donated to charities in 2001 was included in the analysis of confidence.

## **Results**

### **Origins of charitable confidence**

Table 2 reports an ordinary least squares regression analysis of origins of charitable confidence. Model 1 shows that confidence is higher among the higher educated, home owners, those with higher cognitive proficiency, and children of volunteers. Confidence also seems to be higher among females, those affiliated with the Reformed Protestant church and other religions, and lower among persons in higher income households, among older people, and the unemployed. Controlling for these characteristics, there is no relationship between volunteering and charitable confidence. Neither is confidence related to marital

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<sup>3</sup> This question was also asked in the 2004 survey, but was not used because it refers to solicitations that took place on a moment in time (May 2004) after the donations that we are seeking to explain (calendar year 2003).

status, community size or church attendance. The relationship of these variables with philanthropy can therefore not be rooted in enhanced confidence.

*Table 2. Regression analysis of charitable confidence (Standardized beta coefficients)*

	Controls	Trust and accreditation	Motives	Amount donated
Female	(*).055	(*).057	.017	.018
Age	(*)-.073	(*)-.072	*-.083	*-.093
Married	-.044	-.046	-.040	-.039
Has children	.023	.032	.033	.034
Works parttime	.023	.012	.019	.020
No paid work	(*)-.067	(*)-.067	-.053	-.053
Level of education	***.090	*.065	(*).057	(*).054
Verbal proficiency	*.062	.043	*.073	*.070
Income (log)	(*)-.057	*-.057	(*)-.047	(*)-.052
Owens house	** .083	*.079	** .085	** .082
Community size	-.014	-.009	.016	.015
Catholic	-.019	-.027	*-.054	(*)-.052
Reformed	.032	.031	-.003	-.009
Rereformed	(*).055	(*).062	.020	.012
Other religion	(*).063	*.067	.031	.022
Church attendance	.044	.029	.016	.002
Parents volunteered	*.074	(*).052	.037	.035
Religious volunteer	.008	-.005	-.018	-.023
Other volunteer	.047	.043	.019	.021
Knows CBF		***.122	***.087	** .081
Trust		***.123	***.133	***.131
Altruism			***.162	***.155
Joy of giving			***.219	***.217
Amount 2001				*.062
Adj R Square	.073	.101	.183	.185

\*\*\* p<.000; \*\* p<.01; \* p<.05; (\*) p<.10

Model 2 introduces generalized social trust and awareness of the accreditation system for fundraising organizations (the CBF-seal) and finds both variables to be positively related to confidence. Controlling for generalized trust and awareness of the accreditation system, effects of education, cognitive proficiency and parental volunteering are substantially reduced. This suggests that children of volunteers and the higher educated have more confidence in fundraising organizations because they have higher levels of trust and are more likely to know the accreditation system.

Model 3 of table 2 shows that charitable confidence increases with altruistic values and joy of giving. In this model effects of female gender, level of education, other religious affiliation and parental volunteering decline. This suggests that females, higher educated, persons affiliated with non-Christian religions, and children of volunteers have more confidence because they have more altruistic values and enjoy giving more strongly.

Model 4, finally, suggests that confidence to some extent may also be an effect of philanthropy. Those who gave more in 2001 had higher levels of confidence in 2004, controlling for known determinants of philanthropy. This could be the result of a justification motive.

### **Spending on programs**

The results in table 3 reveal that estimated spending on programs increases with education, cognitive proficiency and church attendance, decrease with age, and are also higher among Reformed Protestants, and religious volunteers. The former two effects were also found in table 2, but the latter four were not. As in table 2, estimated spending on programs is not related to marital status and community size. In contrast to table 2, however, there are no relations of estimated spending on programs with income and home ownership. It is clear that perceptions of program expenses have somewhat different social origins than charitable confidence.

The effects of awareness of the accreditation system, generalized trust, altruistic values and joy of giving in models 2 and 3 are all positive, which was also the case in table 2. Model 4 reveals that charitable confidence is strongly related to estimated program spending, supporting the efficacy hypothesis. Controlling for confidence, the effects of altruistic values and generalized trust are substantially reduced. The amount donated in 2001 is not related to the estimated program spending.

Table 3. Regression analysis of estimated spending on programs (Standardized beta coefficients)

	Controls	Trust and accreditation	Motives	Amount donated
Female	-.041	-.040	(*)-.060	*-.065
Age	(*)-.075	(*)-.077	*-.083	-.055
Married	-.036	-.038	-.033	-.019
Has children	.008	.013	.014	.002
Works parttime	.044	.038	.042	.035
No paid work	.038	.039	.046	(*)0.064
Level of education	***.124	***.107	***.103	**0.083
Cognitive proficiency	*.077	*.066	**0.084	(*)0.058
Income (log)	.026	.025	.029	.045
Owens house	.025	.023	.024	-.005
Community size	.016	.020	.032	.026
Catholic	.016	.011	-.002	.017
Reformed	*.061	*.062	.046	.046
Rereformed	.029	.035	.014	.006
Other religion	-.023	-.021	-.038	-.050
Church attendance	*.092	*.083	*.077	(*)0.070
Parents volunteered	.036	.023	.016	.003
Religious volunteer	(*)0.068	(*)0.060	.054	(*)0.059
Other volunteer	.023	.020	.011	.005
Knows CBF		*.061	.045	.014
Trust		***.093	***.097	(*)0.050
Altruism			*.063	.005
Joy of giving			***.128	(*)0.051
Amount 2001				.008
Charitable confidence				***.349
Adj R Square	.067	.077	.098	.197

\*\*\* p<.000; \*\* p<.01; \* p<.05; (\*) p<.10

### **Irritation about fundraising**

Table 4 analyses irritation about fundraising. Model 1 reveals only a few relations with social characteristics. The elderly, the lower educated, and persons in higher income households are more irritated about fundraising solicitations. Model 2 reveals that awareness of the accreditation system does not lower irritation, but that generalized trust does.

Model 3 reveals that stronger altruistic values and joy of giving lower irritation. Surprisingly, model 4 reveals that irritation about the number of fundraising appeals has nothing to do with the number of fundraising appeals that one actually receives. But charitable confidence is strongly related to irritation: those with more confidence are less irritated.

### **Conclusions on origins**

Taken together, the results in tables 2 to 4 provide clear support for the psychological origins of confidence: persons with more faith in other people have more confidence in fundraising organizations, estimate program spending to be higher and are less irritated about fundraising. Those with more cognitive abilities – measured with a brief vocabulary test – have more confidence and estimate program spending to be higher.

Social origins of confidence are social status and parental volunteering. The higher educated have more confidence in fundraising organizations, estimate program spending to be higher, and are less irritated. Respondents from higher income households, however, have lower levels of confidence and are more irritated about fundraising (despite the fact that they do not get more solicitations). Children of parents who volunteered have more confidence.

Attitudes towards charities are strongly related to motives for philanthropy. Persons with stronger altruistic values and persons who enjoy giving more have more confidence, estimate program spending to be higher and are less irritated about fundraising.

The analyses also revealed that older people have lower confidence in fundraising organizations, are more irritated and estimate program spending to be lower than younger people. Only weak evidence was found for the hypothesis that volunteering promotes confidence.



Table 4. Regression analysis of irritation about fundraising (standardized beta coefficients)

	Controls	Trust and accreditation	Motives	Amount donated
Female	.016	.016	.046	(*).053
Age	** .111	** .120	** .129	*.095
Married	.046	.048	.043	.028
Has children	-.047	-.047	-.048	-.035
Works parttime	-.023	-.018	-.023	-.017
No paid work	.025	.023	.013	-.008
Level of education	*-.083	*-.067	(*)-.062	-.040
Cognitive proficiency	.028	.033	.009	.038
Income (log)	*.061	*.063	(*) .055	.036
Owens house	-.031	-.030	-.034	-.003
Community size	.001	-.002	-.021	-.014
Catholic	-.015	-.011	.008	-.012
Reformed	-.021	-.026	.000	-.004
Rereformed	-.012	-.021	.010	.016
Other religion	-.050	-.050	-.024	-.011
Church attendance	.033	.037	.046	.049
Parents volunteered	-.043	-.035	-.024	-.010
Religious volunteer	-.027	-.022	-.012	-.021
Other volunteer	.008	.010	.027	.038
Knows CBF		.001	.027	*.059
Trust		***-.110	***-.118	*-.067
Altruism			***-.115	(*)-.055
Joy of giving			***-.175	***-.091
Amount 2001				.011
#Impersonal solicitations				.013
#Personal solicitations				.002
Charitable confidence				***-.383
Adj R Square	.036	.046	.094	.211

\*\*\* p<.000; \*\* p<.01; \* p<.05; (\*) p<.10

## Consequences of confidence

The analyses reported in table 5 test the hypotheses on consequences of confidence for donations to charities in ten different sectors (one in each row) and the total amount donated (the bottom row). For each dependent variable, five regression models were estimated. Model 1 included only social origins of confidence. In model 2, psychological origins were added. In model 3, confidence was added. Model 4 included the practices factor score. Model 5, finally, included interactions between the practices factor score and altruistic values and joy of giving to test the hypothesis that irritation about fundraising and beliefs about program spending would decrease giving only among those with altruistic motives for giving.

First the results of model 3 are discussed, because they test the hypotheses on the size of the effects of confidence for different types of giving. When all donations to fundraising organizations are taken together, confidence has a sizeable and strongly significant effect on philanthropy. An increase of 1 (e.g., a move from ‘some’ to ‘quite some’ confidence) is associated with an increase of €54 per year. Note, however, that this effect is only half the size of the bivariate difference: in table 1, an increase of 1 in confidence was associated with an increase of more than €100 in donations. Compared to other factors that promote philanthropy, the effect of confidence is substantial, but weaker than effects of many other characteristics. To give just two examples: Reformed and Rereformed Protestants give on average €335 more per year to charities (including religion) than the non-religious. A look at the standardized effect of confidence is also instructive. The standardized beta-coefficient for confidence is only .083, which is much smaller than the effect of church attendance (.302), and also smaller than effects of age (.129) and income (.117).

The size of the effect of confidence varies considerably between charities in different sectors. Only fundraising organizations in the sectors of international relief, health, and public/social benefit and environmental organizations benefit from confidence among donors. Religious organizations, organizations involved with animal protection, education/research, culture and the arts, sports and recreation and ‘other’ organizations do not raise more money among donors with a higher level of confidence. These results support the hypothesis on difficult problems. Not just charities that operate beyond the horizon of donors, but also charities that address highly visible but persistent social problems rely on charitable confidence.

Table 5. Effects of education, confidence, and the practices factor score on donations to charitable causes in 2003 (unstandardized coefficients)

	Model 1	Model 2	Model 3		Model 4
	Education	Education	Education	Confidence	Confidence
Religion	7.1	5.0	2.6	16.8	6.4
Health	3.9 *	2.1	1.8	11.6 ***	12.0 ***
International	3.8 *	1.1	0.7	13.5 ***	12.5 **
Environment/nature	2.3 ***	1.2 *	1.1 (*)	3.8 **	3.9 **
Animal protection	1.4 *	1.3 (*)	1.3 (*)	-0.1	-0.5
Education/research	-0.6	-0.9	-0.9	-0.1	-0.2
Culture/arts	1.0 *	1.0 (*)	1.0 (*)	1.8	2.4 (*)
Sports/recreation	0.9 *	0.8 *	0.8 *	1.2	1.6 (*)
Public/Social	1.1 (*)	0.3	0.2	4.5 **	2.9 (*)
Other	-0.3	-0.8	-0.8	0.7	-0.1
All	20.6 **	9.2	7.8	53.5 ***	40.9 *

\*\*\* p<.000; \*\* p<.01; \* p<.05; (\*) p<.10. Model 1 includes as controls: gender, age, marital status, having children, working status, level of education, cognitive proficiency, income, home ownership community size, religious affiliation, church attendance, parental volunteering, volunteering for church, volunteering for other voluntary associations. Model 2 includes all controls of model 1 + generalized social trust and awareness of the accreditation system. Model 3 includes all variables of model 2 + charitable confidence. Model 4 includes all variables of model 3 + the practices factor score. Model 5 includes all variables of model 4 + altruistic values, joy of giving and interactions between the practices factor score and altruistic values and joy of giving.

A comparison of effects of education in model 1, 2 and 3 reveals to what extent the effects of education on philanthropy are mediated by psychological characteristics and confidence. It turns out that education is positively related to the amount donated in six or seven of the ten sectors in model 1, depending on whether one puts the significance level at 5 or 10 percent. In model 2, where cognitive proficiency, generalized trust and awareness of the accreditation system are included, education is only related to philanthropy in four sectors – or two, if one keeps the significance level at 5 percent. When confidence is included in the analysis in model 3, the effects of education decline somewhat further, but not by much. These results suggest that the effect of education is mediated by cognitive proficiency, generalized trust, and awareness of the accreditation seal rather than by confidence.

*Table 5 (continued). Effects of practices and interactions between practices and altruism and joy of giving on donations to charitable causes in 2003 (unstandardized coefficients)*

	Model 4	Model 5		
	Practices	Practices	Altruism * practices	Joy * practices
Religion	17.5 (*)	16.4 (*)	18.0 *	-11.8
Health	-0.6	-0.8	2.0	-1.1
International	1.7	1.4	6.2 *	-4.3
Environment/nature	-0.2	-0.3	1.0	-1.1
Animal protection	0.7	0.6	1.0	-0.6
Education/research	0.0	-0.0	0.3	0.4
Culture/arts	-1.0	-1.0	-0.5	0.3
Sports/recreation	-0.8	-0.9	0.4	0.1
Public/Social	2.7 *	2.2	5.4 ***	0.3
Other	1.4	1.4	0.5	0.0
All	21.2	19.0	34.4 **	-17.8 (*)

The analyses in model 4 give only weak support to the hypothesis that beliefs about program spending and irritation about fundraising campaigns are the reasons why confidence promotes philanthropy. The effects of confidence on most types of giving remain significant in model 4 where the practices factor score for beliefs about program spending and irritation about fundraising campaigns is included. The practices factor itself only has a significant effect on donations to public and social benefit organizations.

Model 5, however, reveals that beliefs about program spending and irritation about fundraising campaigns are important for donors with a more altruistic motivation for philanthropy. Donations to religion, international relief and public and social benefit do increase when donors are more altruistically motivated while at the same time they perceive program spending to be higher and are less irritated.

## **Conclusion**

This paper reports evidence (1) on the determinants of confidence in charitable organizations; and (2) on the influence of confidence on (a) perceptions of fundraising costs; (b) irritation about fundraising campaigns; (c) donations to charitable causes in ten different sectors. The results show that donor confidence increases the estimated proportion of funds raised spent on programs, decreases the level of irritation about fundraising campaigns, and increases the amount donated to charitable causes. The influence of donor confidence on philanthropy varies strongly between sectors. International relief organizations and health charities are most strongly dependent on donor confidence, while donations to other types of charitable organizations depend less strongly on confidence, or not at all. The results also reveal that donor confidence is higher among persons with higher levels of education, among children of volunteers, younger age groups, those with more faith in people, those who are aware of standards of excellence for fundraising organizations, and among persons with altruistic and joy-of-giving motives for philanthropy.

I also find that beliefs about program spending and irritation about fundraising campaigns partly explain why confidence matters. This finding pertains to those with a stronger altruistic motivation for giving only, however. Donors with a 'warm glow' motivation for giving do not reduce giving when they have more negative beliefs about program spending and a higher level of irritation about fundraising campaigns. Finally, I find that persons who know about the accreditation system for fundraising organizations in the Netherlands have higher levels of confidence, partly because the accreditation system lowers irritation and increases estimated program spending.

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