Charitable giving to humanitarian organizations in Spain *

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Abstract

This paper studies influences on private donations in Spain. After surveying economic theory and past empirical findings on charitable behavior, I introduce Spanish microdata from 1992 on giving to humanitarian organizations. Using binary and multinomial logit models, I probe the likelihood of giving to these organizations, as well as that of stating different reasons for *not* giving. I find that the variable that most strongly predicts giving is income, and that, while most respondents that do not give cite financial reasons, lack of knowledge of the charities better explains low giving among most specific demographic groups. I discuss the implications of these results for public policy and nonprofit management.

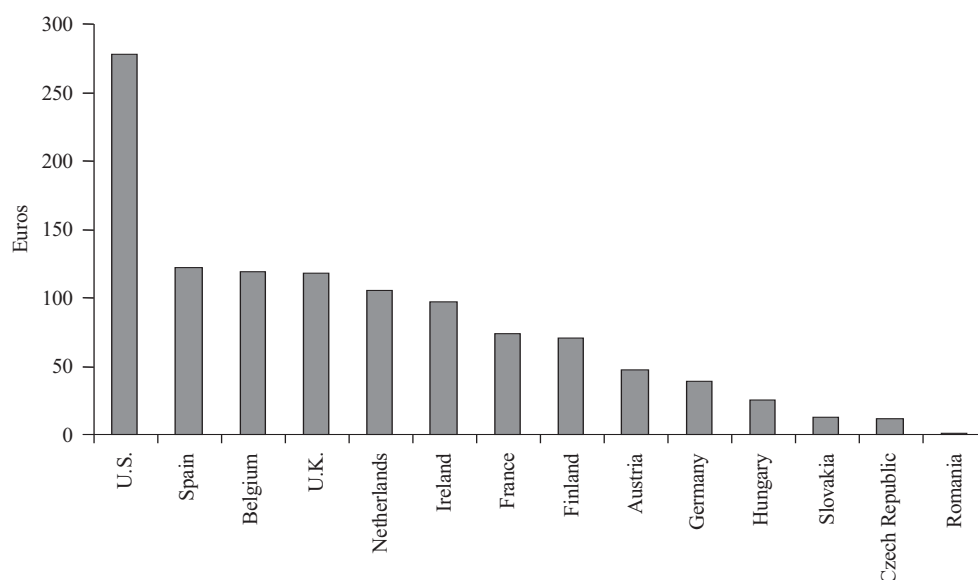*Keywords:* Nonprofit organizations, philanthropy, Spanish economy.

JEL Classificación: L3.

1. Introduction

Private charitable giving is more common in the United States than in Europe. In 1995, for example, charitable giving per capita was €74 in France, €117 in Great Britain, and €39 in Germany. While it was somewhat higher in Spain, at €122 per capita, this figure is still well behind the U.S., at €278 (Salamon *et al.,* 1999). Figure 1 summarizes the charitable giving per capita in 13 European countries and the U.S.

These national differences are exacerbated by two factors. First, they do not include giving to religious institutions, which would almost certainly disproportionately inflate the U.S. figures, given that 63 percent of American charity goes to faith-based organizations (Oster 1995, 109). Second, a full accounting of charitable behavior should also include time donations. And in the area of voluntarism, the differences between the United States and Europe are even starker. For example, in 1995, 49 percent of Americans volunteered their time for at least one charitable activity. No European country reached even half this level; Spain's voluntarism rate, for example, was 10 percent (Salamon *et al.,* 1999).

Figure 1.   Charitable giving in 14 countries (1995 prices)

Despite these differences, little research has focused on the economic and sociodemographic determinants of charitable giving in Europe, and why giving levels are so much lower than in the U.S. This article begins to do so, looking specifically at the case of Spain. Using 1992 microlevel survey data on charitable gifts to humanitarian organizations, I build an empirical model that estimates the socioeconomic determinants of charitable giving. Then, I examine stated reasons for *not* giving, in an effort to identify potential «triggers» for charitable giving among different groups.

My aim in this paper, in addition to providing an economic analysis of the philanthropic landscape in Spain, is to suggest potential policy and management strategies to encourage greater charitable activity. This is important for the Spanish public sector to understand, as the pace of privatization quickens and the private sector becomes increasingly responsible for the provision of public goods. It also bears on issues of «social capital» (Putnam 1996), to the extent that voluntary charitable giving plays a role in strengthening civil society.

The rest of this article is organized in four parts. I begin with the microeconomic underpinnings of charitable giving and a summary of the corresponding empirical literature, which focuses primarily on the United States. Next, I introduce data and models to investigate the issue in Spain, after which I present empirical findings with discussion. Finally, I discuss the implications of the paper's findings for policy and management.

2.   Who gives charitably, and why?

The narrowest neoclassical models of consumer behavior have not traditionally admitted altruism or generosity in predicting rational activity. As such, until relatively recently, charitable giving was examined outside the realm of microeconomics. Over the past 25 years, however, several authors (most notably, Andreoni 1988; Bergstrom, et al. 1986; Warr 1983) have modeled charitable giving in the context of received microtheory, finding voluntary contributions compatible with utility maximization under non-pathological preferences. The argument can be summarized very simply as follows [1]:

Assume an agent i exhausts his budget m_i between purchases of a private good x_i and charitable donations to a public good d_i. Setting the price of a unit of each to unity,

$$x_i + d_i = m_i \qquad [1]$$

Assuming that the public good is truly nonrivalrous and nonexclusive in consumption, the total amount of resources to the good donated across the population, $\sum_i d_i = D,$ can be enjoyed by each member of the population. Hence, the agent's utility can be represented by the equation

$$u_i = u_i\,(x_i,\ D). \qquad [2]$$

We assume that u_i has the standard properties. Notice that D can be redefined as $d_i + D_{-i}$, where D_{-i} is the contribution of the rest of the population. At the Nash equilibrium, this contribution is assumed constant by each agent, and thus can be added to each side of the budget constraint. We define the agent's problem as

$$\max_{x_i,\,D}\ \{u_i\,(x_i,\ D)\},\ \text{subject to } x_i + D = m_i + D_{-i},\, D \geq D_{-i}. \qquad [3]$$

The first-order conditions for this problem will produce a private demand function for D, which can be written as

$$D = f_i\,(m_i + D_{-i})^2. \qquad [4]$$

Assuming that $f_i(0) = 0$ and that both x and d are normal goods, we know that $f_i' \in (0,1)$ for each argument, and thus that, if at least one agent i has $m_i > 0$, D must be positive. This establishes the possible existence of private donations for a public good.

Several authors (e.g. Clotfelter and Steurle 1981) have extended this model to include the role of taxes, describing the giving decision as a function of income and the «price of giving». This latter concept refers to price realized under an income tax system with deductions for charitable contributions. Specifically, if t_i (where $0 \leq t_i \leq 1$) is a donor's total marginal income tax rate, and by law he may deduct from his taxes a proportion s of his donations, then the effective price p_i of giving \$1 is

$$p_i = 1 - st_i. \qquad [5]$$

Incorporating this idea into the utility function in equation [2], we can say that an individual will make a donation $d_i > 0$ if

$$u_i (m_i - p_i d_i, d_i + D_{-i}) > u_i (m_i, D_{-i}). \qquad [6]$$

At a slightly more sophisticated level, authors (e.g. Andreoni 1990, Kingma 1989, Kingma and McClelland 1995) have theorized that the charitable contribution actually enters the utility function twice: once in its contribution to the public good as in equations [2] and [6], and another time on its own, in the form of the inherent satisfaction one derives from giving —the «warm glow». We might go even farther, imagining that attitudes and experiences—which can be (albeit imperfectly) captured in a vector Z_i of sociodemographic characteristics— also affect the utility one derives from giving. Utility is thus characterized as

$$u_i = u_i (x_i, D, d_i, Z_i), \qquad [7]$$

and hence the utility of a giver can be characterized as

$$u_i (m_i - p_i d_i, d_i + D_{-i}, d_i, Z_i) > u_i (m_i, D_{-i}, 0, Z_i) \qquad [8]$$

Equations [4], [6], and [8] suggests empirical interfaces with the theory. Most notably, we might be interested in the income and price effects on giving. That is, we might want to estimate some variant of the equation

$$d_i = \alpha + \beta f (m_i) + \gamma g (p_i) + \lambda' Z_i + \varepsilon_i, \qquad [9]$$

where $f (m_i)$ is a function of income, $g (p_i)$ is a function of the tax price of giving, Z_i is a vector of demographic controls, and ε_i is a random disturbance. Many authors estimate the income and price elasticities of giving, and hence measure d, m, and p in logarithms. Other authors, in looking for the marginal impacts of income and price on donations, employ nonlinear treatments of m and p to find the best fit-to-data. A common assumption about income is that it is concavely (but monotonically) related to giving; hence the linear income coefficient is augmented with a logged or square root term. Price is often allowed to vary parabolically with giving, because the negative (Law of Demand) relationship may ultimately give way to positive effects from expected income changes —that is, when tax rates rise enough (so p is very low), the downward force on expected future income growth might depress current giving. Thus, a squared price term frequently complements the linear term.

Some 40 published papers to date have estimated some form of equation (9). Steinberg's (1990) meta-analysis shows that authors using American data, which comprise the bulk of the research on this topic, typically find an income elasticity of about 0.70, and a price elasticity of about –1.20. These figures square with theory, although it is somewhat surprising that giving is income inelastic. Some authors (e.g. Brown 1996, Auten *et al.,* 2002) have argued that panel data are necessary to generate more accurate income elasticity estimates, which are actually somewhat above unity. The reason for this is that cross-sectional income data confound transitory and permanent income effects on giving. Bradley *et al.* (2000) also

raise the concern that the residuals in cross-sectional estimates of giving tend to be nonnormally-distributed, and advocate the use of semi-parametric methods to improve the consistency of the price and income elasticity coefficients.

Empirical studies of European giving are less numerous than their American counterparts, although a number have looked at giving in the United Kingdom (see, for example, Jones and Posnett 1991), and are generally consistent with American findings. Several studies of charitable giving have focused specifically on Spain. Findings include significantly positive income and negative price effects for Spain as a whole (García and Marcuello 2001), a negative elasticity of the number of nonprofits with respect to average household income in Catalonia (Marcuello 1998), and a positive, complementary relationship between donations of time and money in the City of Zaragoza (García and Marcuello 2002) [3].

Aside from income and price, researchers find that positive demographic factors on giving include college education, older age, and being married. In contrast, urban residence and higher family size are often associated with lower giving (Brooks 2003).

Equation [8] suggests that there is potentially more nuance in the giving decision than a specification like [9] allows. «Warm glow» from giving is a nebulous concept, likely affected by more than just price, income, and sociodemographics. Indeed, one might make any number of plausible arguments about how the perceived impact of a donation, information issues, or interlocking utilities might affect the decision to give. For recent theoretical treatments of these issues, see Bergstrom (1999) and Temimi (2001).

A number of papers have tried to address one aspect of this issue, namely the extent to which government subsidies to charitable organizations affect private giving behavior: the so-called «public-goods crowding-out» question. For a survey of these papers, see Steinberg (1993) or Brooks (2000). In general, authors find that public subsidies displace private giving. However, this finding is not unanimous, and several papers explore cases in which «crowding in» might take place instead (e.g. Jones, Cullis, and Lewis 1998). One notable example of a crowding-in finding in Spain is Marcuello and Salas (2001), in which the authors found that government funding to humanitarian aid NGOs in Spain pushed private giving up slightly.

3.   Data and models

A Spanish dataset from the early 1990s allows us to examine giving patterns and motives in Spain. In 1992, the research center CIRES *(Centro de Investigaciones Sobre la Realidad Social)* conducted a random survey on the broad area of «social ethics,» as part of a series of 43 surveys conducted by this center from 1990-96 on many topics. It consisted of three parts. In the first, the respondents were probed as to their attitudes regarding personal, national, and international issues. In the second part, respondents were asked about a number of civic attitudes and behaviors, including charitable giving to humanitarian organizations. The third section was a battery of sociodemographic questions. The CIRES survey was administered randomly to 1,200 Spanish adults, although the response to certain questions was as low as 750.

The precise question about charitable giving was as follows. «In the last few months, many humanitarian organizations have sought support for people affected by hunger, war, or natural disasters. Have you made a personal contribution to any of these campaigns?» The possible responses to this question were:

1. Yes, I have contributed.
2. No, I don't believe this type of aid helps to solve the problem.
3. No, I don't believe that the aid actually reaches the affected population.
4. No, I cannot afford to give.
5. No, I did not know how to give.
6. No, I never heard about these campaigns.

Obviously, this question does not constitute a comprehensive measure of charitable giving. Most notably, it explicitly leaves out all giving to organizations not concerned with social and human welfare, health, or international relief [4]. Another weakness of these data is that they do not allow any continuous estimation of giving, because donations are measured as a binary choice [5].

On the other hand, this question probes considerably deeper into charitable giving than just the GIVE/DON'T GIVE decision, because it asks specifically *why* someone declined to give. With a DON'T GIVE decision, we can model the reason for declining to give, thus gaining some empirical insight into the utility function in which, based on equation [8], $u_i(m_i, D_{-i}, 0, Z_i) \geq u_i(m_i - p_i d_i, d_i + D_{-i}, d_i, Z_i)$.

We can summarize the giving decisions in these data as follows.

$$d_i = \pi' W_i + \varepsilon_i, \text{ where} \qquad [10]$$

$W_i = [1 \quad m_i \quad \ln m_i \quad p_i \quad p_i^2 \quad Z_i]$. Define y_i and n_{ij} ($j = 1, ..., 5$) as binary variables, in which y_i is a *yes* or *no* response to giving, and n_{ij} is a *yes* or *no* response to whether the respondent declined to give for reason j. Then,

if $d_i > 0$, $y_i = 1$ and $n_{ij} = 0$ for all j;
if $d_i = 0$, $y_i = 0$ and $\sum_j n_{ij} = 1$.

This system can be estimated in two parts using logit specifications. In step one, y_i is fit with a binary logit model. In the second step, each n_{ij} is fit in the multinomial logit framework, in which the reference (0) group is $y_i = 1$. As such,

$$prob\,[y_i = 1] = \frac{e^{\pi'_y W_i}}{1 + e^{\pi'_y W_i}} \qquad [11]$$

and

$$prob\,[n_{ij} = 1] = \frac{e^{\pi'_j W_i}}{e^{\pi'_y W_i} + \sum_{k=1}^{5} e^{\pi'_k W_i}} \, [6]. \qquad [12]$$

The demographic covariates taken from the CIRES data include age, sex, education, income, marital status, residence in an urban area, religious practice, and political views. These are the variables most commonly considered in studies of philanthropy (Smith 1994). The tax price of giving *(p)* is constructed using equation [5] as

$$p_i = 1 - 0.10t_i, \qquad [13]$$

because charitable donations were deductible at a rate of 10 pesetas per 100 donated in 1992 [7]. The variable t_i is estimated as the marginal tax rate that would apply to each respondent's annualized income. Since the CIRES data report only monthly disposable income y_i, I calculate annual raw income (for the purpose of imputing t_i from marginal tax tables) as

$$Y_i = \frac{14y_i}{1-t_i}, \qquad [14]$$

which reflects the Spanish custom of paying annual wages in 14 installments instead of 12. Note that the true marginal tax rate should apply only to *taxable* income; however, the CIRES data provide no insight into tax deductions. Furthermore, using «first-dollar» tax rates —the marginal rates that would apply if there were no deductions— is a common practice in the charitable giving literature, used to avoid the problems of endogeneity between tax rates and income levels.

The measure of income here is not ideal, because current wage income is exposed to the effects of shocks to wealth or expectations. The ideal measure would be one of *permanent income* (Friedman 1957), which has been found to predict giving somewhat more accurately than wage income (McClelland and Koksoki 1994). A standard proxy for permanent income in cross-sectional data is annual household expenditures. Unfortunately, expenditure data are not included in the CIRES survey. However, as we shall see, the empirical results obtained with the raw income measure are both plausible and reasonable.

The central empirical questions in this paper surround the covariation between the explanatory variables and reasons for *not* giving, relationships on which no priors have been established. However, the auxiliary binary model —that of giving or not— has considerable precedent. Most notably, we expect income to push up the probability of giving, and the tax price to push it down (at least at low levels). However, insignificance of the price variable would not be surprising in this case, because the deductibility of gifts was so low in 1992 that it might have affected giving behavior relatively little.

As noted earlier, one technical problem in giving models that has plagued economists using standard specifications such as logit or tobit is the nonnormality of residuals. This concern prompts me to test the hypothesis of normality using the method proposed by Davidson and McKinnon (1993, eq. 15.30). Unable to reject the hypothesis, I am comfortable with the logit model.

Table 1 summarizes the data used to estimate the system.

Table 1
1992 CIRES data

Variable	Definition	Mean (St. dev.)
GIVES[1]	R. gave to charity	0.45
DOESN'T HELP[1]	R. did not give because did not believe this type of aid helps to solve the problem	0.07
DOESN'T REACH[1]	R. did not give because did not believe that the aid actually reaches the affected population	0.14
CAN'T AFFORD[1]	R. did not give because could not afford to give	0.16
DOESN'T KNOW HOW[1]	R. did not give because did not know how	0.07
DIDN'T KNOW[1]	R. did not give because never heard about campaigns	0.13
INCOME[2]	Monthly disposable income	124.93 (79.86)
TAX PRICE	The tax price of giving 100 ptas. charitably, based on R.'s marginal tax rate	97.31 (0.57)
AGE	Age of R.	44.63 (17.83)
MALE[1]	R. is male	0.48
MARRIED[1]	R. is married	0.65
FAMILY SIZE	Size of R.'s household	3.64 (1.60)
POLITICS[3]	R.'s stated political views.	3.36 (1.40)
HIGH SCHOOL[1,4]	R. graduated from high school	0.10
COLLEGE[1]	R. attended university	0.11
NO RELIGION[1]	R. practices no religion	0.31
BIG CITY[1,5]	R. lives in a large city	0.43

Note: R.= «respondent.» (1) Dummy variable. (2) Measured in thousands of 1992 pesetas. These data were coded categorically; they were converted to a continuous scale by using the category midpoint values. (3) 1-7 scale variable: 1 = extreme left; 7 = extreme right. (4) High school = *Bachillerato.* 5) City of 100,000 or more inhabitants.

About 45 percent reported that they made a contribution of some amount to the organizations in question. This seems quite high; indeed, according to the U.S. General Social Survey (GSS) (Davis *et al.,* 1999), approximately 3 percent of Americans gave to international relief organizations, 19 percent gave to health organizations, and 18 percent gave to social welfare organizations in 1996. A finding that a higher proportion of Spaniards than Americans give to these types of charities would contradict most international comparative work on philanthropy (Salamon 1999). However, the indeterminate timeframe for the CIRES question may explain this discrepancy, as the Spanish respondents might have been answering with a longer timeframe in mind than the GSS respondents (which were asked explicitly about only the past 12 months). It is also possible that the limited scope of the Spanish nonprofit economy (and hence relatively few fundraising appeals) gives individual development efforts, such as those for large humanitarian crises which are often well-publicized, a greater donor concentration than would otherwise probably obtain. In addition, because many Spanish charities (e.g. *Cáritas, Manos Unidas, Ayuda en Acción)* also contribute to these campaigns, some affirmative responses to this question might be referring to «indirect» donations vis-à-vis other nonprofits.

Another notable feature of Table 2 is the breakdown of motives for not giving. While the top reason for not giving is the respondent's economic situation, the second most frequent response is cynicism over whether donations actually reach the intended recipients.

Table 2
Full giving model

Dependent variable: GIVES	Coefficient	Standard error
Intercept	851	2.618
Income	2.0342**	0.9815
LN(Income)	–0.961	0.7473
Tax Price	–19.75	54.36
Tax Price Squared	0.1127	0.2823
Age	–0.0004	0.0072
Male	–0.0081	0.1919
Married	0.4878**	0.2281
Family Size	0.0472	0.0719
Politics	0.1262*	0.0722
High School	0.4966	0.3288
College	0.627*	0.351
No Religion	–0.4309**	0.2147
Big City	–0.2632	0.2036
N	483	

*** Significant at 0.01; ** Significant at 0.05; * Significant at 0.10

4. Results and discussion

Table 2 presents the results of the first-stage logit estimation. The significant variables are income, marital status, political views, college education, and (lack of) religious practice. Tax price, age, sex, family size, high school education, and urban residence are all insignificant.

This estimation suggests that those likely to contribute are upper-income people, married couples, political conservatives, and the college-educated, while those less likely are people who state they practice no religion. University education has the strongest impact of the demographic characteristics, driving up the probability of giving (from the population mean) by 15 percentage points.

Several aspects of these results are notable. First, as expected, income pushes up the likelihood of giving, and its effects on the log-odds are concave (if we consider the log-income term, which is significant at the .20 level). Second, the Spanish tax regime in 1992 did not appear to create significant giving incentives. This is not terribly surprising: The deduction was so small in that year that the tax price was close to one and varied very little between taxpayers. One wonders whether the Spanish *Ley del Mecenazgo* of 1994, which raised the deductible portion of charitable donations, would now lead this variable to be significant (Albi and García 1996). Third, there appears to be a threshold effect in education, seeing that college is significant while high school is not. Fourth, the fact that conservative political views and religious practice associate with higher probabilities of giving is consistent with American findings on contributions of both time and money (Brooks & Lewis 2001).

Table 3 moves on to the second stage, in which the reasons for *not* giving are estimated (in contrast to giving) in the multinomial framework.

Table 3
Multinomial logit model of motives for not giving

Reference group: GIVES=1	Coefficients (standard errors)				
	Doesn't Help	Doesn't Reach	Can't Afford	Doesn't Know How	Didn't Know
Intercept	5,670.63 (4636.18)	−13,818.6** (7121.61)	2,190.21 (4047.16)	2,534.16 (5996.83)	−15,590.9 (13368)
Income	−3.104 (2.0888)	−3.8008 (2.7658)	−0.7843 (1.3673)	−14.1075 (9.0908)	−3.0759 (2.4899)
LN(Income)	4.5737 (2.1694)	1.1045 (2.0042)	0.4624 (1.0392)	8.6329 (6.2848)	0.0808 (1.9826)
Tax Price	−116.064 (96.3144)	290.147 (147.218)	−44.8666 (83.9337)	−40.9021 (125.198)	325.507 (275.054)
Tax Price Squared	0.5939 (0.5004)	−1.522 (0.7611)	0.2298 (0.4353)	0.1543 (0.6552)	−1.698 (1.4151)
Age	0.0248* (0.0146)	−0.0025 (0.0117)	0.0077 (0.0107)	−0.0179 (0.0184)	−0.0238* (0.0125)
Male	0.1497 (0.3919)	−0.0435 (0.2912)	−0.4531 (0.2961)	0.1068 (0.453)	0.5854* (0.3411)
Married	0.0421 (0.486)	−0.1677 (0.3589)	−0.886*** (0.3313)	−0.4996 (0.526)	−0.3054 (0.3867)
Family Size	−0.0714 (0.1545)	0.1389 (0.105)	−0.0659 (0.1147)	0.1183 (0.1614)	−0.3431*** (0.1391)
Politics	−0.2195 (0.1614)	−0.1253 (0.1115)	−0.164 (0.111)	0.0068 (0.1686)	−0.1584 (0.1277)
High School	0.2138 (0.5635)	−0.4581 (0.4827)	−0.8998 (0.5864)	−0.0939 (0.7203)	−1.3102* (0.7782)
College	−0.2117 (0.6384)	−1.2334** (0.5998)	−0.6493 (0.5559)	0.1686 (0.7691)	−0.3515 (0.628)
No Religion	1.1004*** (0.4172)	0.8182*** (0.3146)	0.2093 (0.331)	−0.0389 (0.523)	−0.163 (0.3813)
Big City	−0.3371 (0.4125)	0.0589 (0.3045)	1.1365*** (0.3063)	−0.2818 (0.5131)	−0.1709 (0.3757)
N	483				

*** Significant at 0.01; ** Significant at 0.05; * Significant at 0.10.

The «reach» of humanitarian campaigns is the most important predictor of their failure: Several demographic groups (men, young people, small families, less than high-school education) did not give because they never heard about the efforts. In contrast, no specific demographic group failed to give as a result of not knowing how. Older people and those with no religion tended not to give because they did not believe it would really help the cause in question. People with less than a college education or no religion were dissuaded from giving because they did not believe the money would reach the intended recipients. Unmarried people and those from big cities tended not to give for economic reasons.

5.   Implications for policy and management

The results in this paper have clear implications for both public policy and the management of humanitarian nonprofit organizations.

As I noted earlier, governments are increasingly interested in the subject of private philanthropy for two reasons. First, privatization movements always require some element of private financing of public goods, so charitable giving becomes a matter of public finance. Second, policymakers are paying greater attention to the importance of the elements of a healthy civil society (Putnam 1996). Private, voluntary charity might well be considered one of these elements.

Governments can inculcate private philanthropy in several ways. First, the data here suggest that information problems are plaguing charities. A first step toward increasing donations, then, might be public-sector aid in dissemination of the organizations' message. Second, governments might consider the role of direct subsidies to these nonprofits, although the effect subsidies have on private giving should be understood. The «crowding out» literature referred to earlier suggests that, under some conditions, government subsidies to social welfare nonprofits might crowd out some amount of private giving. In other cases, government funds might crowd in donations. A definitive answer as to which is the case in Spain is important, because giving might be affected (for good or ill) by campaigns such as the Spanish government's current program of allowing citizens to designate a certain amount of government money for charitable purposes on their individual tax returns (which not only makes public subsidies explicit to potential donors, but also attaches an element of personal charity to them).

The implications of the findings in this paper for nonprofit managers surround the demographic profiles suggested in the last section. Specifically, to stimulate nongivers to give, managers should tailor development approaches to specific groups, focusing the fundraising message on the *reasons* for not giving. Table 4 makes this strategy more explicit. Each of the reasons for not giving (except one, in which no covariates were significant) is translated into a fundraising strategy, and matched with the demographic groups with which it was significantly linked in Table 3.

Table 4
Possible fundraising strategies

Target group	Show how aid helps those in need	Show that aid reaches those in need	Show that even small gifts can be useful	Improve awareness of organization
Young				X
Older	X			
Men				X
Unmarried			X	
Low education		X		X
Small family				X
No religion	X	X		
Big city			X	

The primary implications from Table 4 are as follows.

1.   To combat the belief that aid doesn't really help people, the marketing message from humanitarian aid organizations ought to be one that clearly explains how those in need are indeed helped.

2.   In response to cynicism about aid reaching its intended recipients, organizations can show physical evidence that this is not the case.

3.   To mobilize giving by those that are economically-constrained, a useful tactic would be to show how small (affordable) gifts make a positive difference, not just large ones.

4.   To fight ignorance about the organization, the strategy would be to raise the organization's profile.

5.   Campaigns that fight cynicism about charitable gifts should be particularly fruitful if targeted to those outside religious communities. Hence, secular organizations such as civic associations and clubs might be a natural target.

6.   Awareness-raising campaigns can be the most general, because ignorance is the reason for not giving that cuts most generally across the population. Thus, traditional channels such as the media and direct mail are most likely to be successful in accomplishing this task.

This is intended as a brief example rather than a formal marketing plan. To utilize such an empirical strategy in forming an actual plan, researchers would want to seek a more complete set of reasons for both giving and not giving, and then match them up with a more finely-specified set of demographics.

6.   Summary and future research

This paper has aimed to study influences on private donations in Spain. After surveying economic theory and past empirical findings on charitable behavior, I introduced Spanish survey data from 1992 on giving to humanitarian organizations. Using binary and multinomial logit models, I probed the likelihood of giving, as well as the stated reasons for *not* giving. I found that the variable that most strongly predicts giving is income, and that, while most respondents that did not give cited financial reasons, lack of knowledge of the charities better explained low giving among a number of demographic groups. These and other results had potential implications for policy and nonprofit management in Spain.

Further research on this topic would benefit from better data than those currently available. First, the CIRES data only look at giving to humanitarian organizations. We would also like to understand total giving, as well as donations to organizations in education, religion, the arts, and the environment (to name just a few). Second, it would be helpful to have continuous measures of giving, instead of just binary choice variables, so that the regression estimates could be used to judge the intensity of giving, as well as to generate elasticity measures. Third, the estimation would benefit greatly from more refined and comprehensive socioeconomic measures. For example, a proxy measure of permanent income —such as total consumption spending— would be useful, as would be a measure of personal wealth. Finally, the study of tax effects will likely become more interesting in future studies, given the recent proposal of the government to increase the deductibility level of donations [8].

Notes

1. This treatment loosely follows Andreoni (1998).

2. Authors (e.g. Bergstrom *et al.,* 1986) have shown that a unique Nash equilibrium of donations exists in the vector $d = (d_1^*,...,d_n^*)$.

3. This last result is consistent with American findings on how giving and volunteering interact (Duncan 1999).

4. This measure also ignores informal giving, as do practically all other datasets.

5. Note, however, that Brooks (2003) found the GIVE/DON'T GIVE decision captures the lion's share of the variance in giving data.

6. To estimate the multinomial logit model, the log-likelihood function is

$$\ln L = \sum_{i=1}^{n} \left[y_i \ln prob(y_i = 1) + \sum_{j=1}^{5} n_{ij} \ln prob(n_{ij} = 1) \right].$$

   See Greene (1997, 916) for more details on the multinomial logit procedure.

7. See *IRPF* Act 18/1991, 78.6.b. I am grateful to my friend Víctor Fernández at the University of Oviedo for providing me with marginal income tax tables from 1992. These rates range from 20 percent (for taxable annual income up to 800,000 pesetas), to 53 percent (for income above 11 million pesetas).

8. The ruling Popular Party proposes to increases the deductible portion of contributions from 20 to 25 percent. See <www.pp.es> for more details on this proposal.

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Resumen

Este artículo estudia los factores que influencian las donaciones privadas en España. Después de resumir la teoría y los resultados empíricos que tratan del comportamiento caritativo, introduzco datos españoles del año 1992 sobre donaciones a organizaciones humanitarias. Usando modelos logit binario y multinomial, calculo las probabilidades tanto de donación a estas organizaciones, como las distintas razones que causan el no donar. Encuentro que los ingresos personales influyen más que otras variables en la decisión de hacer una donación. También, mientras que la mayoría de las personas que no dan tienen razones económicas, poca familiaridad con las organizaciones explica mejor la falta de donaciones entre la mayoría de grupos demográficos específicos. Por último, considero las implicaciones de estos resultados en la política y también en la administración de empresas no lucrativas.

Palabras claves: Empresas no lucrativas, filantropía, economía española.

Clasificación JEL: L3.