Regional Differences in Philanthropy

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This chapter explores regional differences in philanthropy, narrowly defined here as the contribution of money to nonprofit organizations.\(^1\) Across the globe, the practices and traditions in philanthropy differ strongly from one place to another. There are striking differences not only in the size and nature of philanthropy between nations but also in the methods used to contribute to nonprofit organizations. Regional differences occur not only between countries. At a smaller geographic scale differences can be found between states (e.g., in the USA: Bielefeld, Rooney & Steinberg, 2008; Putnam, 2000), provinces, regions, departments (e.g., in France: Cerphi, 2010), municipalities (e.g., in the Netherlands: Bekkers & Veldhuizen, 2008), neighborhoods and zip codes.

Regional differences are often found and used in fundraising practice (Schneider, 1996). Nonprofit organizations use (small scale) geographical criteria to segment their donor database or select target groups of potential donors for fundraising campaigns (Sargeant, Shang and Associates, 2010, p. 160). In this chapter differences between geographical units (regardless of scale) are called ‘regional differences’. The majority of studies on regional differences seek to understand country differences in philanthropy, and the majority of these studies are about differences between countries in Europe.

\(^1\) Philanthropy broadly defined is ‘voluntary action for the public good’ (Payton, 1988), which also includes contributions of time (volunteering), blood and organ donation, and direct contributions to causes and recipients without interference of nonprofit organizations. It is likely that regional differences in informal philanthropy and volunteering are due to similar processes as regional differences in philanthropy. While the focus of this chapter is on monetary donations, insights from the literature on other forms of volunteering also contribute to this chapter and will be identified as such, and will be discussed primarily in footnotes.
Regional differences in philanthropy in Europe

Figure 1 presents country differences in the likelihood of donating to nonprofit organizations in three datasets. Only those countries that were covered in all of the datasets are included in this figure. The countries in the figure are ordered by the average proportion of respondents reporting donations in the three datasets.

[INSERT FIGURE 1 ABOUT HERE]

A first source of data on country differences is the extensive Eurobarometer (EB) survey from 2004 on civic engagement. The EB data show that the proportion of the population reporting donations to at least one out of 14 categories of nonprofit organizations varies from 20% in Spain to almost 80% in the Netherlands.² A second source of data on country differences in philanthropy is the Gallup World Poll (GWP).³ The GWP data show that the proportion of the population reporting donations to charity in the course of a calendar year varies from 79% in the UK to 7% in Greece (CAF, 2011). A third dataset, the European Social Survey (ESS) from 2002, also shows considerable differences between countries in Europe.⁴

² The Eurobarometer surveys are a series of opinion polls commissioned by the European Commission. EB62.2, conducted among at least 1,000 citizens above the age of 15 through personal interviews by TNS Opinion & Social in November-December 2004.
³ The World Gallup Poll is an omnibus survey on a broad variety of topics. Data are collected among at least 1,000 citizens per country above the age of 15 primarily through telephone interviews (in countries with at least 80% telephone coverage; otherwise face-to-face interviews).
⁴ The ESS is a biennial general household survey conducted among at least 1,000 citizens above the age of 15 through face-to-face interviews throughout the European Union.
The country differences are spread over different ranges in the three datasets. In the ESS the scores vary from 6% in Hungary to 45% in the Netherlands. In the EB the scores vary from 20% in Spain to 79% in the Netherlands; in the GWP they vary from 7% in Greece to 79% in the UK.\(^5\)

The figures for Spain and the Netherlands, the lowest and highest scoring countries in the Eurobarometer survey, are 24% and 75%, respectively. As these numbers demonstrate, the proportion of the population reporting engagement in philanthropy varies considerably for specific countries between the three datasets. The figures for Finland are 65% in the Eurobarometer but only 50% in the Gallup World Poll. The figures for the United Kingdom show an opposite difference: a higher percentage (79%) in the Gallup data than in the Eurobarometer (58%). In the ESS only 19% of the respondents in Finland reported donations, and 39% of the respondents in the UK.

The discrepancies between these proportions vividly illustrate that in research on philanthropy ‘methodology is destiny’ (Rooney, Steinberg & Schervish, 2001, 2004): the different sampling strategies, data collection modes and questions used to measure philanthropy can yield very different estimates for specific countries. While the proportions are markedly different for some countries, the correlations between the proportions from the three datasets are fairly strong: the EB-ESS correlation is .74; the ESS-Gallup correlation is .81 and the EB-Gallup correlation is .80. The fact that these correlations are so high underscores that there are reliable cross-country differences in philanthropy.

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\(^5\) Because the research design of the ESS is more strongly standardized than that of the EB and the GWP, the larger differences in the latter two datasets may be inflated by error variance.
How can the differences between countries in Europe in the engagement in philanthropy be explained? What are the commonalities between countries with high proportions of donors in the various datasets, and what are the commonalities between countries with low proportions?

One commonality of more philanthropic countries seems to be a geographic location in the richer northwestern part of Europe, opposed to the more southern location and lower GDP of less philanthropic countries. Also outside Europe we see high proportions of the population engaging in philanthropy in countries with a higher GDP like Australia and the US (CAF, 2012). In other respects, however, the highest proportions of donors are found in a quite heterogeneous collection of countries. Both densely populated countries like the Netherlands and sparsely populated countries like Sweden have high proportions of donors. While a predominantly Catholic religious tradition is a commonality of the low ranking countries, we also see high proportions of donors in two Catholic countries (Ireland, Luxemburg), amidst predominantly Protestant countries (Denmark, Sweden) and secular countries (the Netherlands). Also there is a mix of both large (Great Britain, Sweden) as well as small countries (the Netherlands, Luxemburg). Also at the lower end of the distribution we find large (Spain) as well as small countries (Czech Republic).

A warning on the analysis regional differences

While for fundraising purposes it may be enough to know which zip codes yield the highest levels of giving, for scholars regional differences pose an interesting but notoriously difficult research problem. The difficulty lies both in theory and empirics.

From a theoretical point of view, regional differences can be explained by a plethora of different theories and hypotheses. In this chapter I discuss these theories and review the
empirical evidence available on these hypotheses. I will not examine the methodological problems involved in testing hypotheses on regional differences. These problems pervade the literature and discussing them would have doubled the length of this chapter. I will deal with these problems and with potential solutions in future work.

Here I would like to issue a general warning. One of the most pressing problems is the ecological fallacy that arises from correlating macro-level characteristics with each other (Snijders and Bosker, 1999). Analyses that report correlations between characteristics of regions suggest that contextual (‘ecological’) effects are at work. In fact, however, compositional effects are often driving regional differences. In most cases differences in the composition of the population are generating regional differences, and not so much the nature of the region. Without adequate data and statistical models to analyze them the results of comparative studies can be highly misleading. In the 1990s, hierarchical or ‘multilevel’ regression models have been popularized as a statistical tool for the analysis of context influences (Snijders & Bosker (1999) provide a useful introduction). Multilevel models can be used to test whether regional differences are due to compositional or contextual influences.

The typical finding in multilevel analyses is that contextual influences are fairly small, usually explaining only 5 to 10 percent of the variance. This means that the strong correlations that are often found between regional characteristics are primarily due to the composition of the population. An example is the correlation of .77 between voter turnout and the proportion of blood donors in municipalities in the Netherlands (Bekkers & Veldhuizen, 2008). A subsequent multilevel analysis (Veldhuizen & Bekkers, 2011), however, showed that only 6.5% of the variance in blood donation at the individual level is due to the characteristics of the municipality; 93.5% of the variance was due to composition effects. Voter turnout was one of the significant
municipality characteristics but it explained only 0.03% of the variance. Another example is the .58 correlation between GDP and the proportion of the population reporting engagement in philanthropy (CAF, 2010). In a multilevel model, Gesthuizen, Van der Meer and Scheepers (2008b) found the correlation between GDP and engagement in philanthropy at the individual level to be only .005. These two examples should remind the reader that aggregate correlations are likely to be substantially higher than the contextual influence. The implication for research on regional differences is that explanations of regional differences should take the composition of the population into account.

Two types of explanations of regional differences

Explanations for regional differences originate in different disciplines, including cross-cultural psychology, political science, economics, history, sociology, and geography, each with its own theories. In this sense the explanation of regional differences is similar to the explanation of differences at the individual level: a comprehensive understanding of regional differences requires a multidisciplinary approach.

Across these different disciplines, explanations of philanthropic activity can be grouped into two types (Bekkers & Wiepking, 2011a): explanations that focus on the characteristics of donors (and non-donors), and explanations that focus on the characteristics of situations in which people donate (or do not donate). At the individual level, the first type of explanation answers the question ‘who gives?’ and the second type answers the question ‘when do people give?’ At the country level, the first type of explanation implies that philanthropy is flourishing in some countries simply because these countries are populated by more philanthropic citizens. This type of explanation figures prominently in cross-national comparative research. However,
the composition of the population is hard to influence by policy makers and fundraising professionals. In contrast, the second type of question focuses on situations that are amenable to change and influence. Hence it is this type of question that should occupy policy makers, fundraising professionals and other professionals in the nonprofit sector.

Mechanisms that explain country differences in philanthropy

A comprehensive review of the empirical literature on philanthropy by individuals and households (Bekkers & Wiepking, 2011a) groups the characteristics of situations into eight mechanisms that drive charitable giving: (1) awareness of need; (2) solicitation; (3) costs and benefits; (4) altruism; (5) reputation; (6) psychological benefits; (7) values; (8) efficacy. Translating these mechanisms from the individual level to a higher level of aggregation, individuals are expected to give more when they live in regions in which they (1) are more strongly aware of the needs for contributions; (2) are more actively solicited for contributions; (3) face lower material costs and reap more benefits from contributing; (4) are more strongly concerned with the welfare of recipients; (5) obtain more social rewards or avoid larger punishments for contributing; (6) feel better about their contribution or avoid feeling bad about not contributing; (7) more strongly recognize their contribution as a way to create a world that is consistent with their ideal world view; (8) experience their contribution to be more effective. The remainder of this chapter is a discussion of these mechanisms. For each mechanism, I first present the hypothesis and then the empirical evidence in research on regional differences.
Awareness of need

The awareness of need mechanism implies that knowing about the existence of a need for contributions is a necessary condition for philanthropy. It is not a sufficient condition, however.

The empirical literature on philanthropy shows that many factors are moderating the effect of need on giving (Bekkers & Wiepking, 2011a). The road from objective need to donations is difficult, twisting and turning between the hills of the media landscape and the mountains of denial of responsibility. Potential donors get information about objective needs through news media. The news media infrastructure affects the information available to individuals.⁶ A general hypothesis is that freedom of press and a higher level of activity of news media increases the availability of information on social needs. A more specific hypothesis is that individuals in countries with a stronger international orientation, have a higher awareness of needs among distant recipients, and the amount contributed to international relief and development organizations is larger. Individuals living in countries with a stronger focus on local issues will be less likely to know about natural disasters, famine, war and disease overseas and will therefore be less likely to engage in international philanthropy. The assumption that individuals in countries with a stronger international orientation are less parochial and more prosocial towards anonymous strangers in other countries receives support in an experiment (Buchan et al., 2008) and in an advanced analysis of data on willingness to help immigrants from the European Values Study (Koster, 2007). The specific hypothesis about engagement in international philanthropy has not been tested extensively. A comparison of donations to international relief

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⁶ In addition, news media preferences of consumers determine the selection of information that reaches them. Potential donors interpret this information in a way that fits their world view and suits their psychological needs. Research in social psychology shows that people have refined ways of legitimizing inaction when faced with opportunities to give. These individual level processes however do not seem to be much different between regions.
and development in the United States and the Netherlands provides support for the hypothesis. The US media are more strongly focused on domestic and local issues than the Dutch media (Janssen, Kuipers & Verboord, 2008). Correspondingly, international giving accounts for a much smaller portion of total giving in the US than in the Netherlands. Further comparisons of additional countries are required to test this hypothesis.

At a smaller scale, awareness of local needs may translate into higher giving to address these needs. One would expect higher levels of giving to local organizations in regions with higher proportions of unemployed and homeless people for instance. To date, only one national study has tested such predictions. Borgonovi (2008) found that the percentage of the population in poverty in US counties is not related to either religious or secular giving, controlling for individual level covariates. This finding shows that ‘voluntary resources are manifestly not funnelled to those most in “need”, nor are organizations agglomerated in the most needy areas of the metropolitan region’, as Wolch and Geiger (1983, p. 1078) concluded in an early study of voluntarism in the Los Angeles metropolitan area. More recently, Britto, VanSlyke & Francis (2011) analyzed data from 20 counties in the greater Metro Atlanta Area, finding that engagement in philanthropy actually decreased with an index of community problems composed of the percentage below poverty, the crime rate, and the median income of the respondent’s county. This finding shows that the capacity to engage in philanthropy is an important factor in responsiveness to need. As community problems increase, the resources to engage in philanthropy to fight these problems decrease.
**Solicitation**

Many forms of philanthropy occur in response to solicitations for contributions. Without solicitations, people are unlikely to engage in philanthropy spontaneously. However, it is difficult to estimate the causal effect of solicitation at the individual level using cross-sectional survey data. As targeting donors is selective, and often based on past donation behavior, solicitations are endogenous (Lim, 2010; Paik & Navarre-Jackson, 2011). Experiments show that many people actively avoid situations in which they are likely to be asked to donate money (Pancer, McMullen, Kabatoff, Johnson & Pond, 1979; DellaVigna, List & Malmender, 2012). Participants in these experiments who do receive solicitations are more likely to donate. This does not mean however that an exogenous increase in the number of solicitations will lead to higher levels of giving. In fact, two large scale studies among donors of health charities in the Netherlands, one field experiment and an analysis of registered contributions, even find that donors receiving an additional solicitation decrease the level of giving, at least in the short run (Van Diepen, Donkers & Franses, 2009a, 2009b).

No studies to date have tested the hypothesis that individuals residing in places that are targeted more heavily for fundraising campaigns are more likely to donate. One study has tested whether the presence of a higher number of active nonprofit organizations in a region makes individuals in that region more likely to contribute. Controlling for numerous other factors, Bielefeld, Rooney & Steinberg (2008) find no relationship between the number of active nonprofit organizations in a and the volume or likelihood of engagement in philanthropy.7

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7 Rotolo and Wilson (2011) do find a positive relationship between the number of nonprofit organizations in a state and the likelihood of secular volunteering at the individual level, but not with religious volunteering.
Costs

Access to financial resources lowers the costs of engagement in philanthropy (Bryant, Slaughter, Kang, and Tax 2003; Wilson and Musick 1997). At the individual level, a higher level of education, household income, income from wealth, and a stronger sense of financial security are associated with higher levels of philanthropy (Bekkers & Wiepking, 2011b; Wiepking & Bekkers, 2012). Mohan et al. (2004) document the importance of resources in regional differences in blood donation. Gesthuizen, van der Meer & Scheepers (2008b) analyze data on charitable giving of money from the Eurobarometer in a multilevel model and find that donations are lower in countries with more highly educated citizens, taking individual level education into account.\(^8\)

Citizens in countries with a more stable economy can be expected to feel more financially secure and to donate more as a result. The level of financial security is likely to be lower in countries with higher levels of income inequality, especially among lower educated citizens. Higher GDP, national wealth, and lower levels of income inequality are likely to be associated with higher levels of philanthropy, in part through a higher sense of financial security. The World Giving Index 2010 (CAF) shows a positive association between the proportion of the population in a country reporting donations to charity and GDP. This analysis, however, did not take individual level characteristics into account. Data from the Eurobarometer show a negative relationship between income inequality and donations, controlling for many individual level characteristics.

\(^8\) Philanthropy is profiting less from national levels of education than other forms of involvement in voluntary associations. The number of memberships at the individual level shows a clear increase with the average level of education in a country, but ‘activity’ in voluntary associations does not. Rotolo & Wilson (2011) find no relationship between the proportion of university graduates in a state and the individual likelihood of volunteering, taking individual level education into account.
characteristics of households (Gesthuizen, Van der Meer, and Scheepers, 2008a). A study of donations in Indonesia also shows a negative relationship between income inequality and giving (Okten & Osili, 2004). A sophisticated analysis of data from the US however shows no relationship between income inequality at the county level and household giving (Borgonovi, 2008). The same paper also shows a surprisingly negative relationship between mean county income and secular household giving. A previous analysis at the aggregate level of giving in metropolitan areas in the US does reveal a positive relationship between median income and amounts donated (Wolpert, 1988). A historical geography of almshouses in the UK shows a positive relationship between accumulated wealth of regions and the number of almshouses (Bryson, McGuinness, & Ford, 2002). Olson and Caddell (1994) find that individuals contribute less to their congregation when the average income of fellow congregation members increases. This is most likely the result of “free riding”: a lower perceived need for contributions.

People in different countries experience different levels of fiscal incentives for charitable giving (Dehne, Friedrich, Nam, and Parsche, 2008), affecting the monetary costs of financial donations. One testable hypothesis in this area is that countries which offer a deduction for donations have higher levels of philanthropy. Another testable hypothesis is that persons with more financial resources will be more likely to engage in philanthropy in countries which allow charitable deductions in the income tax. Individual tax benefits for giving resulting from these fiscal incentives are larger for people with more financial resources (Simmons and Emanuele 2004).9

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9 It should be noted however that the establishment of such laws depends on the attitudes and political preferences of citizens. Estimates of the cross-national or regional effects of tax laws should therefore take political values (discussed below) into account. Without such controls it is difficult to avoid finding support for a crowding in hypothesis. Long (2000) also warns for omitted variable bias, but does not examine political values.
**Benefits**

The benefits (expected to be) received upon a donation increase the likelihood of giving to a nonprofit organization. If the organization provides collective goods to its members, such as in the case of a church, a trade union or a sports club, members of smaller groups contributing to collective goods enjoy more benefits from their contributions (Olson, 1965). Support for the hypothesis that selective benefits increase giving is in the finding that giving is higher in congregations in which the size of the church budget per person is higher (Peifer, 2010). The more general hypothesis is that philanthropy decreases with group size. This hypothesis could also be explained as a result of ‘free riding’: the larger the number of potential other contributors, the lower each individual contribution is required to be in order to produce the desired (level of the) collective good. In addition, the ‘bystander effect’ also leads to the hypothesis that group size is negatively related to philanthropy (Darley & Latané, 1968). In larger groups the feeling of responsibility for collective well being is spread over more thinly over a larger number of people.

At a higher level of aggregation, research on experimental games across different cultures shows strong regional differences in monetary offers to anonymous others in an ultimatum game (Henrich et al., 2005; 2010). The experiments show that stronger market integration is positively related to offers in ultimatum games. This finding can also be explained as an investment with uncertain revenue. Individuals who are used to economic interdependence upon strangers tend to have a higher level of trust that their investment will be rewarded.

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10 Several other studies in the sociology of religion show negative relationships between congregation size and congregational giving; for an exhaustive list of references see Bekkers & Wiepking, 2011, p. 935). These studies are mostly about aggregate levels of giving, and do not include individual level controls.
Altruism: the crowding out hypothesis

The altruism mechanism implies that individuals engage in philanthropy in order to help recipients. Economists have tested the implications of theoretical models of giving including altruistic motives by testing the ‘crowding out hypothesis’. Assuming that individuals are motivated to give (partly) because they care about the well being of recipients, they should lower their own contributions when others increase their contributions. Vice versa, donors should increase their contributions when others decrease theirs. At the regional level, individuals should lower their contributions to nonprofit organizations as the amounts contributed by other individuals, corporations, institutional donors, or government increase.

Research testing the crowding out hypothesis in philanthropy has focused mainly on the relationship between the level of government funding and private contributions to nonprofit organizations within a specific country, yielding mixed results (for an overview see Bekkers & Wiepking, 2011a, p. 936 and p. 949-951). Some studies find no significant relationship between government funding and private giving (e.g., Brooks, 1999). Some studies do find that government funding crowds out private giving – though the crowd out is usually less than ‘perfect’ (Payne, 1998; Brooks, 2003a). Still other studies find crowding in: the level of government funding is positively related to the level of private giving (e.g., Brooks, 2003b, Khanna, 1995, Khanna & Sandler, 2000). One study of donations to American theatres found that government funding from the federal, state and local level affected donations differently (Borgonovi, 2005). A study of religious giving (Peifer, 2010) found that contributions were lower in congregations with higher levels of alternative funding (from investments or fees).

Because most of the evidence cited above comes from data about one single region it is not necessarily bearing on the cross-national relationship. The relevant question is whether the
level of private giving to nonprofit organizations is lower in regions that provide higher levels of
government funding for these organizations. While many studies on volunteering have tested
such a crowding out hypothesis\textsuperscript{11}, to date only two studies on charitable giving have investigated
this question. One study in the context of public broadcasting contributions (Kropf & Knack,
2003), finds some support for ‘crowding in’. It is not clear though whether government subsidies
increase private giving or vice versa (or both). Another study on donations to a variety of
nonprofit organizations in Europe based on EB data finds no relationship between social security
expenditure of countries and engagement in philanthropy at the individual level (Gesthuizen,
Van der Meer & Scheepers, 2008b). A recent study (Sokolowski, 2013) reports a positive
correlation between government payments to nonprofit organizations and aggregate levels of
private giving, but fails to take individual level correlates into account.

**Reputation**

Individuals living in regions in which philanthropy is valued positively will be able to obtain
positive social rewards for making donations as a form of action in line with the norm. In the
literature on volunteering it has been argued that the presence of religious groups creates a
positive social norm with respect to volunteering (Ruiter & De Graaf, 2006). This argument can
be generalized to all forms of prosocial behavior, including kindness to strangers (such as in the
parable of the Good Samaritan; Wuthnow, 1991) and organized philanthropy. The level of
compliance with the norm depends on the level of cohesion within the group: the higher the level

\textsuperscript{11} Most of these studies have not found crowding out (e.g., Salamon & Sokolowski, 2001; Ruiter & De Graaf, 2006;
Van Oorschot & Arts, 2005; Van Oorschot, Arts & Gelissen, 2006). Two recent studies however did find (weak)
of cohesion, the higher the level of compliance (Bekkers & Schuyt, 2008). This hypothesis has been labeled the ‘community explanation’ for the differences in levels of philanthropy between religious groups (Wuthnow, 1991; Bekkers & Schuyt, 2008).

From this perspective it is not merely an individual’s religiosity that encourages philanthropy, but also the religious context in which individuals decide on donations. A testable hypothesis is that regions with a higher level of religiosity have higher levels of philanthropy, net of individual level religiosity.

Gitell & Tebaldi (2006) find that average the charitable contribution per tax filer in US states decreases with the proportion of the population that is Catholic, and increases with the proportion that is protestant or has another religion. A similar finding is reported for 453 municipalities in the Netherlands (Bekkers & Veldhuizen, 2008). It should be noted, however, that these studies did not include religious affiliation at the individual level. A study on charitable donations in 23 European countries shows that not only individual religious values affect donations, but also the religious context in which people live (Wiepking and Bekkers 2008). In her article on differences in giving and volunteering across US counties, Borgonovi (2008) find that religious giving and volunteering increased with the county level of devoutness, controlling for individual levels of religiosity. In addition, religious giving is lower in counties dominated by Catholics. County level religious heterogeneity is associated with a lower

12 Note that religion is also important for charitable activity through the mechanisms of solicitation and reputation discussed above.

13 Ruiter & De Graaf (2006) find support for this hypothesis in a multilevel analysis of volunteering.

14 Rotolo & Wilson (2011) find the highest level of volunteering in the Mormon state of Utah. They find a clearly positive relationship between the number of congregations and levels of religious volunteering (though not secular volunteering).
likelihood of religious volunteering. In an analysis of country level data (n=15) Sivesind & Selle (2009) report that the negative association between public welfare spending and donations is weaker in religious heterogeneous countries.

Several other findings can be viewed as support for the influence of reputation. Assuming that communities in less densely populated areas are more close-knit one would expect negative relationships between population density and engagement in philanthropy. Indeed lower population density has been associated with acts of helpfulness shown by local residents to strangers in field experiments (Levine, Martinez, Brase, & Sorenson, 1994; Levine, Reysen & Ganz, 2008). Borgonovi (2008) found religious household giving to be higher in less densely populated counties. While these findings are surprising from an economies of scale hypothesis (Booth, Higgins & Cornelius, 1989), they fit the ‘community explanation’ of giving and volunteering.

The behavior of others can be taken as a proxy or cue for the social norm that individuals need to comply with in order to maintain a positive reputation. Survey studies indeed suggest that people adapt their giving to what others in their environment are giving (Carman 2006; Olson & Caddell 1994; Wu et al 2004).15 In a survey study on social influences in workplace giving, Carman (2006) finds that charitable giving is especially influenced by behavior of co-workers in the same salary quartile. Bekkers (2011) analyzes a large sample of tax payers in the

15 Note however that positive ‘peer effects’ may also be the result of psychological benefits (if one feels a good about conforming to internalized social norms or would feel bad or guilt about deviance from the norm), or enhanced confidence in charitable organizations (if one takes the behavior of others as a signal of trustworthiness). Also it should be noted that ‘peer effects’ as observed in surveys in the form of a (partial) correlation between contributions of individuals in the same environment may be the result of correlations among omitted variables, of self-selection of individuals with similar gift levels in the same environment, or both (An, 2011).
Netherlands and finds that individuals living in municipalities with a higher proportion of citizens donating more than 1% of income are more likely to do so themselves.

Assuming that the reputational damage of not engaging in philanthropy is higher in regions with higher levels of prosocial behavior, one would expect to find higher levels of philanthropy in such regions. Kropf & Knack (2003) show that contributions to public broadcasting are higher in areas with stronger civic norms, measured by an index of census response rates, voter turnout, and belief in the honesty of others. In their early study on United Way contributions, Booth, Higgins & Cornelius (1989) find voter turnout to be positively correlated to the amount raised. In a study of donations to secular charities, Bekkers & Veldhuizen (2008) find a very strong correlation between voter turnout and the amount donated per household in municipalities in the Netherlands.

**Values**

Values are crucial for engagement in philanthropy. At the individual level, religious, political, and altruistic values can explain differences in charitable giving (Bekkers & Wiepking 2011). As these values are more dominant in a region, they can be expected to create a culture in which giving is viewed as more positive and desirable.

*Altruistic values*. Engagement in philanthropy may be motivated by altruistic concerns for recipients. Such concerns may be internalized into a stable disposition, which we call altruistic values. Several studies have found positive relationships between altruistic values and engagement in philanthropy at the individual level. It is likely that cultural differences in value systems are associated with differences in philanthropy. To study cultural differences in value systems several models of values have been advocated in cross-cultural psychology (Hofstede,
2001; Schwartz, 1992). One testable hypothesis based on Hofstede’s system is that individuals in collectivistic cultures are more likely to engage in informal helping family members and friends, but are less likely help strangers. One study testing this hypothesis (Kemmelmeier, Jambor & Letner, 2006) found that more individualistic states in the US had higher rates of donors to causes that represent individualist values (self-actualization, personal growth and development, and individual achievement). This study however did not include individual level controls.16 From Schwartz’ theory, benevolence and universalism would be expected to be associated with engagement in philanthropy (Plagnol & Huppert, 2010). To date, however, no study has tested this hypothesis.

**Religious values.** Religious involvement is one of the strongest correlates of charitable behavior by households and individuals (Bekkers and Wiepking 2011b). The stronger people’s religious involvement, the more actively they follow their group’s (positive) norms on altruistic behavior (Bekkers and Schuyt 2008; Wuthnow 1991). As explained above, individuals in more religious regions may be more active in philanthropy due to higher levels of solicitations and reputational benefits. A third perspective on the relationship between religion and philanthropy is that religion is an institution that instills prosocial values in individuals, e.g. through parables such as the Good Samaritan in the Christian tradition (Wuthnow 1991). From this perspective it is not merely being asked more often or the social pressure to be a good citizen that explains the

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16 In a study on volunteering, Finkelstein (2011) found individualism and collectivism at the individual level to be associated with different motives for engagement. No association was found between volunteer hours and individualism or collectivism. Rotolo and Wilson (2011) also failed to find a link between volunteer rates and individualism/collectivism.
relationship between religiosity and philanthropy, but also the endorsement of religious values that inspires people to engage in philanthropy.\textsuperscript{17}

\textit{Political values} are also important factors in philanthropy, though the relationship at the individual level is complicated because of conflicting influences of cultural conservatism and prosocial value orientation (Malka, Soto, Cohen & Miller, 2011). In a book primarily about the US, Brooks (2006) argues that the extent to which people believe in state-induced income redistribution is negatively related to philanthropy. In Europe, however, persons with a left wing political orientation are found to be more active participants in voluntary associations (Van Oorschot, Arts, and Gelissen 2006). A study on philanthropy in the Netherlands found that persons with a left-wing political orientation are more likely to give to charitable organizations (Bekkers and Wiepking 2006). Hughes and Luksetich (1999) find that total private contributions to art museums are higher in states with a higher proportion of the population voting Republican in presidential elections. In contrast, Bielefeld, Rooney & Steinberg (2005) find no support for a link between political color of a state and individual giving. Positive relationships between democratic history and donations are found in two studies (Gesthuizen, Van der Meer & Scheepers, 2008a, 2008b).

Political values are embodied in institutions and visions of the role of the state in the provision of welfare (Salamon & Anheier, 1989). In the literature on civic engagement several studies have examined whether volunteering rates differ between types of welfare states (e.g., Van Oorschot, Arts & Gelissen, 2006). Based on the work of Esping-Andersen (1990), nation states with different work and social welfare policies are expected to have different volunteer

\textsuperscript{17} Rotolo & Wilson (2011) measured religious values at the regional level as a correlate of individual level, finding a positive relationship with religious (but not secular) volunteering. However, the validity of this finding is limited as variables for individual level religiosity were not included.
rates. The usefulness of the typology in comparative research has been contested, as the level of welfare effort seems to be the driving influence behind the differences between types (Scheepers, Te Grotenhuis & Gelissen, 2002). Salamon & Anheier (1998) present four ideal types of regimes by crossing government social welfare spending (low vs high) with the size of the nonprofit sector (small vs large), hypothesizing that the level and nature of volunteering varies between these types. Comparisons of means suggest support for these hypotheses (Salamon & Sokolowski, 2001) but they are not formal statistical tests. The low numbers of countries in some of the types would make such tests fairly meaningless.

**Efficacy**

Countries differ in their legal systems and their treatment of nonprofit organizations (Salamon, 1997; Dehne et al., 2008). These differences may translate into differences in philanthropy. One important pathway is through charitable deductions, which lower the costs of giving (see above). In addition, legal systems influence philanthropy through regulation of the activities of nonprofit organizations, including fundraising practices. The regulation of fundraising and the level of transparency of charitable organizations is likely to affect the level of charitable confidence among the general public (Bekkers, 2003). The level and nature of regulation differs strongly between countries (Breen 2008, Salamon 1997). Ortmann and Svítková (2006) formulated a theoretical model of regulation, and predicted that certification increases the quality of services provided by charitable organizations as well as private donations. One would expect that regions with more strict requirements for registration, transparency and accountability of charitable organizations (such as the United States, United Kingdom and the Netherlands) would experience fewer cases of fraud, abuse of donations and the misleading of (potential) donors.
As a result, one would expect public support for charitable organizations in these regions to be higher. In a comparison of US states, however, Irvin (2005) no difference in amounts donated between states with loose and more strict nonprofit regulation. In a cross-sectional analysis, however, it may be that regions with higher levels of fraud and abuse are found to have imposed more strict regulation to reduce these problems. Also donors may suspect that irregularities are more frequent in countries with more strict regulations. Another problem in the identification of effects of regulation is that more regulation causes more bureaucracy, which may decrease (perceived) efficacy as well as private donations (Charity Commission 2005).

Investigating donations to ‘activist organizations’ (humanitarian and to environmental, peace, and animal organizations), Evers & Gesthuizen (2011) found that the national level of trust is positively related to engagement in philanthropy in a regression analysis including individual level trust as well. This finding is consistent with the explanation that citizens in high trust countries have more confidence in fundraising nonprofit organizations and are therefore more likely to engage in philanthropy. Unfortunately, however, confidence in nonprofit organizations was not measured in this study.

**Conclusion**

There seem to be strong regional differences in philanthropy. A higher GDP, a north-western location in Europe and a less Catholic cultural background seem to be characteristics that countries with higher levels of engagement in philanthropy have in common. One should be careful to make such generalizations because different datasets yield very different estimates of the proportion of the population engaging in philanthropy in specific countries. Also it should be noted that data on amounts donated in different countries are not yet available for comparative
research. In an ongoing research project (Wiepking & Handy, forthcoming) existing datasets are compiled. Given the differences in the research methodology used in different datasets, however, it will be extremely difficult to estimate the magnitude and origins of the differences in philanthropy.

Progress in research on regional differences in philanthropy is hampered by a lack of high quality data. The collection of high quality data on philanthropy that allow for a cross-national comparative study should be placed at the top of the priority list of scholars in this field. The European Research Network on Philanthropy (ERNOP) is working to achieve this goal. When such data become available, researchers should use adequate statistical models to test for the origins of regional differences. Such hierarchical or multi-level models should include both individual as well as country level predictors. The current practice in many studies suggests regional differences to be due to context effects, but fails to take account of composition effects. Do citizens give less in Catholic countries because a Catholic tradition discourages giving or because Catholics give less, regardless of where they live? Do citizens in higher GDP countries give more because of the more favourable macro-economic situation in their countries or because these citizens have higher incomes and are more likely to have wealth in assets? In addition to GDP and religious tradition there are likely to be other regional characteristics that are correlated with philanthropy, such as a democratic history, welfare state regimes and openness of the economy. Given the current state of research it is too early to jump to conclusions about the existence and origins of regional differences.

In the absence of high quality data, I have discussed some of the hypotheses that can be constructed to explain regional differences in philanthropy. When high quality data become available, these hypotheses should be tested using appropriate statistical models.
References


Figure 1. Likelihood of donating to nonprofit organizations reported in the European Social Survey 2002 (ESS), the Eurobarometer 2004 (EB), and the Gallup World Poll (GWP)