

Not for Love of Man Alone – An Overview of Theoretical Approaches to Philanthropy

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Originally published in Hebrew, October 2007

Republished in English, March 2009

Forward

The Center for the Study of Philanthropy in Israel at the Paul Baerwald School of Social Work and Social Welfare at the Hebrew University of Jerusalem is the first center in Israel dedicated to the study philanthropy. The center was established by the Joint Distribution Committee in Israel and the Hebrew University of Jerusalem in response to a growing demand for developing a basis for study and instruction in the field.

The goals of the center are to develop a core basis of hands-on research that will promote our understanding of philanthropic processes in the modern state and their formative impact on societal, educational, cultural and other developments. The center researches the history of philanthropy in Israel and the history of Jewish philanthropy, philanthropy's impact on the welfare state, the role of public and private funds in determining social policy, trends in giving patterns and the personal characteristics of donors, the impact of taxation policy on charitable giving, and other topics. The Center is also compiling a database of central figures in philanthropy, foundations and donation sizes. This database will serve researchers, students, policymakers, professionals, and the general public.

This research paper was prepared by Ms. Avishag Rudich, a researcher in the Center, and it presents an up-to-date overview of the empirical and theoretical literature in the field of philanthropy from an international perspective. In light of the scarcity of Israeli publications in the field, our aim was to present the reader with the theoretical and empirical aspects of the field. In this paper, the reader will find an exposition of the theoretical basis of the field, behaviors included within its scope, factors that influence giving, giving patterns in Europe, England, the United States and Israel, giving patterns of social and financial elites, and an exposition of New Philanthropy.

This is the first paper in a series of forthcoming publications that will expand our knowledge of the field. We welcome your comments and insights. Our aim is to

conduct an inspiring and productive discussion with a view toward promoting the processes of understanding Israeli and Jewish philanthropy.

Sincerely,

Professor Hillel Schmid

Director of the Center for the Study of Philanthropy in Israel
Centraid-L. Jacque Menard Chair in Social Work for the study of Volunteer and
Nonprofit Organizations

Abstract

The purpose of this paper is to provide an up-to-date overview of the theoretical and empirical literature in the field of philanthropy in Israel and the Western world, and to present the central issues at the forefront of the field today. The theoretical literature in Israel is insufficient and it fails to address many aspects of the field. Consequently, this paper relies heavily on American and European studies.

The practice of philanthropy includes many practices, including charitable giving, volunteering, and the activities of nonprofit organizations. Nevertheless, the term has taken on a particular meaning that denotes formal, large-scale donations of money and property made by very wealthy individuals or their giving of time.

Philanthropy refers to the behaviors of individuals who aim to address various social problems and needs that are overlooked or neglected by the government, and who dedicate significant resources toward that goal, often by establishing or supporting foundations.

Three main theories describe and explain philanthropic behavior. The focus of the first theory – Altruism – is the concept of giving without regard to reward for the "love of mankind." This theory presents the act of giving as a behavior stemming from people's personality traits, which cause them to take action for the benefit of others. Two other theories – Social Exchange Theory and Identification Theory – claim that the existence of reciprocal relations between people can explain philanthropic acts. Social exchange theory postulates that the act of giving benefits the giver as well as the recipient in order to explain why people seemingly agree to give up their comfort and interests for the sake of others. Identification Theory explains philanthropic activity through the existence of a donor-recipient relationship based on identification, altruistic values, and joint interests.

Following these theories, factors motivating philanthropic activity can be placed on a continuum ranging between altruist motives and motives of self-interest and reciprocity. No single theory is able to fully explain philanthropic action and its motivations or the donors' behaviors. The studies presented in this overview point to the central factors influencing giving, including religion, education and income levels.

The impact of tax benefits on the elasticity of charitable giving is also discussed at length.

Most of the research demonstrates a large degree of variance in the scope and patterns of philanthropic behaviors. The United States is a global leader in the field of philanthropy, but the state of Israel occupies a central place in it as well. Philanthropy patterns among the wealthy differ greatly from those of the general public – in their motivations, scope, and practices as well as their increased sensitivity to taxation issues. Following their unique characteristics, the theoretical and empirical literature in the field differentiates among seven categories of donor types: the communitarian, the devout, the investor, the socialite, the altruist, the repayer and the dynast.

In recent years, New Philanthropy has been replacing Traditional Philanthropy. New philanthropy has signified many changes within the field of philanthropy following the advent of new actors and new wealth and the establishment of new institutions and methods of action that represent the preferences and personal value system of these new actors.

This research paper aims to underline the scarcity of philanthropy research in Israel and the need to develop a body of research that will study the scope, patterns and impact of philanthropy on many areas of life in Israel.

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Introduction

The phenomenon of philanthropy has accompanied humanity in many traditions and cultures throughout the ages. The word originates in ancient Greek¹ and literally means: love of mankind; a tendency or effort to advance man's welfare; generosity; and the love of God and mankind (Even Shoshan Hebrew Dictionary, 1974). In common usage the term denotes the act of giving private assistance, mainly financial, to individuals in need and nonprofit organizations (Levine M. and Bergman, 1977). When both aspects of the term are combined, we arrive at the following definition: a concern for other people that motivates voluntarily giving or donations of material support for the benefit of others (Shai, Lazer, Ducin & Gidron, 1999).

The changes that have occurred in the field of philanthropy are well exemplified in the Greek mythological story of Prometheus, who stole the fire from the gods and brought it to mankind for his love of mankind. In this act of self-sacrifice, he allowed mankind to rise from the condition of total dependence on the gods and the forces of nature and to become a civilized society of cultured citizens. For these actions he was eventually punished (Hubert, 1961). Later, the story of Prometheus became an inspiration for a life of giving and moral perfection for poets such as Shelley (Bremner, 1996b, p. 82).

The message modern philanthropy takes from Prometheus is that philanthropy is not merely generosity and love of man but a comprehensive approach that is based on an attempt to bring about change and to improve people's quality of life and well-being. The difference between philanthropy and charity, according to the story of Prometheus, is that philanthropy offers long-term solutions for human problems whereas charity provides only temporary relief (Rimel, 2001).

Philanthropy is discussed in many different contexts in Israeli public discourse: food drives, foundations, donations toward museums and universities, actions taken by wealthy Israelis – both anonymously and openly – to benefit individuals during times of crises, Jewish Diaspora giving to Israel, corporate social

¹ *αλτρωρεια*

involvement that also serves as a marketing tool for the businesses, private ventures trying to substitute for state deficiencies, etc.

Following the theoretical body of research from the most recent decade, this paper attempts to provide a theoretical framework that can be used to understand the field of philanthropy and to answer the following questions:

1. What actions constitute philanthropic activity – donations, volunteer work or both?
2. What theoretical framework is used in the study of philanthropy?
3. What research has been done in Israel on the subject?
4. What factors influence philanthropic donations?
5. What are the basic giving patterns in several Western countries and in Israel?
6. What are the giving patterns of the affluent?
7. Is there a New Philanthropy?

1. Activities Included within the Scope of Philanthropy

Philanthropy is a commonly used term and the public discourse pays a great deal of attention to the activities of various philanthropists, some of the most famous of which are John D. Rockefeller, Carnegie Ted Turner, Bill Gates, Warren Buffett. Occasionally, a discussion is held regarding the activities of philanthropic organizations and their impact on society, various ways to encourage philanthropy, and motives for Philanthropic giving. Nevertheless, it is often claimed that philanthropy has not yet been properly conceptualized theoretically to the degree that there is not even a clear definition demarcating which activities fall within the scope of philanthropy. This theoretical limitation has resulted in the introduction of terms used interchangeably with philanthropy, such as: charity, benevolence, giving, donation, and others (Adam, 2003, p. 4).

(i) Volunteering and Charitable Giving

Robert Payton has expressed similar ideas though he assigned to them an entirely different significance (Payton, 1988). Payton commends the fact that philanthropy has different expressions and he groups three interconnected, voluntary forms of activity within the field of philanthropy: voluntary service, voluntary association, and voluntary giving.

Voluntary Service denotes work which is done without monetary compensation or legal responsibility and for the benefit of individuals or organizations outside of the volunteer's household. It is therefore distinct from paid work, household work, hobbies, and mandatory service required by law (Anheier & List, 2005)

Voluntary Association has several definitions. The widest definition includes all organizations that are not business organizations or government agencies, i.e.: the Third Sector. The differences among voluntary associations, nongovernmental, nonprofit organizations and third sector organizations lie in their definitions of membership. Voluntary associations are private, membership-based associations in which membership is voluntary (unlike guilds or professional associations such as the National Bar Association). In these associations there are clear boundaries between members and nonmembers and they are managed by public governing boards that have non-commercial objectives and activities (*ibid.*).

Voluntary Giving denotes the voluntary activities of individuals or foundations who donate money, time, services, or other valuables for the benefit of other individuals, public organizations, or civil society organizations (that operate between the state, the market and the family).

In economic terms, charitable giving is the act of transferring goods without receiving material or monetary value in exchange (Anheier & List, 2005; Keely, 2006).

Other researchers agree with Payton and include within the scope of philanthropy **monetary giving, volunteering for social causes**, resource development and resource allocation, and charitable activities (Anheier & List, 2005; Bryant, Joen-Slaughter, Kang & Tax, 2003; Lenkowsky, 1999). The term is therefore associated with the use of personal wealth or skills in order to promote unique, public causes and it is used to describe philanthropic foundations and similar institutions. Philanthropic activities are aimed at promoting human welfare, relieving suffering and advancing the quality of life through personal action demonstrating kindness, compassion, and financial support.

(ii) Institutional Philanthropy

Another aspect of philanthropic practice is the establishment of foundations and maintaining its activities – donating resources as well as developing and allocating resources. It is necessary to distinguish between private philanthropy, namely donations made by individuals, and institutional philanthropy, namely organizations and foundations that fundraise and manage the allocation of the funds (Gidron, Elon, Schlanger & Schwartz, 2006; Anheier & Toepler, 1999; Gronbjerg & Smith, 1999). The term "foundation" refers to a not-for-profit, nongovernmental, privately-owned organization that possesses financial assets, is managed by directors and trustees, and aims to advance social causes (Smith, 1999).

Institutional philanthropy is usually subdivided into four groups according to the organization type: private family foundations, corporate foundations, community foundations, and public foundations.

Private family foundations, also called "independent funds," are established by an individual or family who dedicate property or resources in order to promote social causes of their choice even posthumously. Most commonly it involves an

endowment fund which dedicates a portion of its earnings to individuals or institutions in perpetuity.

Corporate foundations are created and supported by business organizations and are subject to similar tax benefits and regulations as independent foundations. They too provide grants for social causes.

Community foundations are designed to benefit a particular area or field and to enable the residents of a particular place or interest group to invest funds in a single organization that allocates the funds in accordance with a well-defined policy.

Public foundations are established by the public sector and operate in one or more defined areas that are not part of the regular area of activities of that sector.

Corporate and family foundations are considered "private foundations" while community foundations and public foundations are "public foundations" (Anheier & Toepler, 1999).

In addition to a subdivision based on the identity of the establishing body, it is also customary in the literature to classify foundations according to their type of activities: grantmaking foundations as opposed to operating foundations that run various projects in addition to their grantmaking activities. Philanthropic foundations are in a sense a type of donation but they differ from other ordinary donations in two main ways. Unlike one-time, ordinary donations that end after the donation has been transferred, the establishment of a foundation attaches long-term objectives to the gift and is, in a sense, a declaration of the donor's purposes. Furthermore, by establishing a foundation, the gift is actually expropriated from the individual and brought into an institutional framework (Gidron et al., 2006).

(iii) Charity

Charity is another concept which involves charitable giving money and volunteering. Despite the fact that the concept of charity is somewhat different from philanthropy, it is often used interchangeably with philanthropy. The differences between the two concepts therefore require further explanation. Historically, charity has been associated with giving alms to the poor, mainly to alleviate their immediate physiological needs such as: housing, food and clothing and giving immediate relief from suffering. In this sense, charity involves a direct interaction between the giver

and the recipient (Anheier & List, 2005; Bremner, 1996a; Loseke, 1997). The main motivations for acts of charity are compassion, a wish to relieve the needy of their suffering, and empathy for those in distress (Payton, 1988).

Charity originates in religion and it is a fundamental tenet in most religions (Anheier & List, 2005; Ilchman, Queen & Katz, 1998). The main monotheistic religions – Judaism, Christianity, and Islam – place great importance on the believer's responsibility towards the poor and giving charity is a religious injunction (Anheier & List, 2005; Regnerus, Smith & Sikkink, 1998). Charity is one of Christianity's three duties along with faith and hope. It is the third "pillar" in Islam: faith, prayer, charity, fasting, and pilgrimage. The source for the Jewish commandment to give charity is found in Deuteronomy: "If there be among you a needy man, one of thy brethren, within any of thy gates, in thy land which the Lord thy God giveth thee, thou shalt not harden thy heart, nor shut thy hand from thy needy brother" (15:7-8, mechon-mamre.org translation).

Historically, the term philanthropy was used interchangeably with the term charity (Bremner, 1996a). The concept of modern philanthropy developed out of the earlier custom of charity following the formation of great wealth in the late 19th century in the United States and the establishment of the great Rockefeller and Carnegie foundations. The establishment of foundations served to underline the differences between the two concepts with respect to their goals. Whereas charity aims to provide immediate relief and focuses on the poor and the needy, institutional philanthropy aims to prevent and correct social and environmental problems and to improve the quality of life of society as a whole. Philanthropy adopts long-term goals and strives to provide fundamental, core solutions to social problems (Anheier & List, 2005).

Furthermore, charity, unlike philanthropy, is said to involve direct interaction between donors and recipients. Philanthropy, in contrast to this, does not involve a direct relationship between the donors and the recipients, but instead depends on mediating elements, such as foundations and NGOs (Smith, 2003). Nevertheless, foundations and charity organizations preceded the development of the theory of philanthropy, which was not until the establishment of large foundations in the late 19th century in the United States. Foundations are also known to have existed in Europe as early as the middle ages. These were mostly connected with religious institutions and were involved in community education, health and poor aid (Anheier

& Toepler, 1999; Bremner, 1996a; Roberts, 1996). The Church, rulers and wealthy individuals built hospitals, handed out food, and set up different programs to assist the poor (Davis, 1996; Roberts, 1996).

It seems that the attempt to conceptualize modern philanthropy as a new trend, which is distinct from charity, originates, *inter alia*, from an attempt to highlight institutional philanthropy which developed in the United States in the late 19th-century. Institutional philanthropy was characterized by a professional and calculated approach to the problems it wished to address. It strived to offer fundamental solutions to problems and to achieve noticeable changes in its areas of activity. According to this approach, philanthropy is not an amateur or intuitive activity and it depends on organizational and management skills, familiarity with the needs of society, and prioritizing action.

Another criticism brought against the attempt to draw a distinction between the two concepts stems from the claim that the concept of charity itself has changed over time so that the distinctions between charity and philanthropy are blurred. Both terms have been in use since the time of Aristotle and throughout the late Middle Ages. Upon examination, it becomes evident that both terms as well as the principles they represent have undergone development and changes. While in ancient times the concept of charity was founded on pagan ideas of generosity, during the Middle Ages it took on the religious meaning of "Christian love" (Davis, 1996). Throughout the 17th-century, philanthropy was tied to generosity and humanism. During the 18th and 19th centuries it became associated with active participation in humanitarian reforms for improving prison conditions, aiding the mentally ill, fighting against slavery and advancing women rights and worker rights. Toward the end of the 19th century, philanthropy was associated with donating money toward various causes intended to benefit all classes of society (Bremner, 1996a).

By examining the uses of the term *charity* during the 20th century it is possible to outline the changes it has undergone. Over the course of the century, charity has been taken-up by several different ethical approaches: charity as a religious obligation; charity as an aspect of communitarian democracy; charity as an aspect of capitalist individualism; and charity as an expression of compassion (Loseke, 1997).

It is therefore difficult to circumscribe the concept of charity to any specific time period and to claim that it is no longer relevant today. Some go so far as to claim

that philanthropy and Charity do not differ on a practical level: philanthropy is a later development of the concept of charity, and the various approaches already found in charity, are still part of modern philanthropy. The multiplicity of approaches found in the area of charity and philanthropy reflect the changes the two concepts have undergone over the years and the changes in society and its system of values. The multiple meanings and contexts assigned to modern philanthropy along with its overlap with the concept of charity have empowered the concept of philanthropy politically and rhetorically over the years (Loseke, 1997).

Similarly, it has been claimed that the differences between the two terms are merely cultural and do not indicate actual differences in practice (Wright, 2002). In Britain the term charity is preferred, while in the United States philanthropy is the preferred term. In each of these countries, the other term carries negative and conservative overtones. Both terms are said to refer to the same phenomena, but represent different attitudes toward the weight of altruistic emotions in the charitable act; the term charity gives more weight to altruistic values than the term philanthropy, which also indicates utilitarian motives. In the United States, where the commonly used term is philanthropy, the ethos of giving is characterized by generosity. Generosity indicates openhandedness without indicating altruism or relinquishing self-interest. On the contrary, the ethos of giving is closely associated in the United States with personal interest. Personal interest comes into play, *inter alia*, through the system of tax-deductions for charitable donations and the relatively significant proportion of contributions given to organizations that benefit the donors in some way.

In Britain, in contrast to this, the ethos of giving is more closely associated with altruism, and there is an expectation that donations not stem from personal interests. Tax deductions for donations in Britain also reflect this outlook. Unlike in the United States, the direct beneficiaries of subsidies in Britain are not the donors – who receive tax-deductions – but the recipient organizations whose grant is supplemented by the British tax authorities. In the United States, as noted above, tax benefits for donations directly benefit donors. Furthermore, it was found that charity in Britain is mostly dedicated to universal causes, whereas in the United States, donations tend to favor local causes and to be directly linked to the lives of the donors (Wright, 2002).

It seems that the main differences between the two concepts are the target audiences and the values they represent. Philanthropy can be directed at a wider range of target audiences spanning the poor and the needy but also a wide range of public causes such as: health, education, culture, religion, welfare, environment, social issues, research, and more. Philanthropy aims to improve the quality of life of the community and to ensure a better future for its members. Unlike charity that is always directed toward others, philanthropy can benefit the donors and others of their peer group. While the concept of charity emphasizes feelings of compassion and love, philanthropy focuses on the community and emphasizes reciprocity, participation and common values (Ostrower, 1995; Payton, 1988).

To conclude, the concept of philanthropy developed out of the concept of charity, which has religious roots, was part of most institutional religions, and was especially important in the monotheistic religions. Religious ideas continue to play a role in philanthropy today (Payton 1988; Schervish, 2005) but its emphasis has shifted away from the concept of the love of God as the motive of giving and toward the love of man. Philanthropy today is in essence a secular concept (Bremner, 1996a).

(iv) Philanthropy as an Upper Class Phenomenon

Some researchers view philanthropy as a phenomenon restricted to the upper-classes (Adam, 2003; Ostrower, 1995). In their opinion philanthropic activity is characterized by making large scale donations, volunteering, and participating in steering committees of the recipient organizations. In this view, upper-class philanthropy functions as a social institution, a social status symbol, and is used by the wealthy to establish a unique cultural identity and to demarcate social and class boundaries. It is a tool used by the new and established elites to ensure their social status or to gain recognition and it does so by excluding marginal groups – ethnic and religious minorities and women.

It is an institutional donation in character: the establishment of foundations and museum and art gallery membership organizations, as well as donating money to organizations and foundations through bequests and gifts. Philanthropy is not circumscribed to charitable monetary giving but also includes volunteering. Volunteer activities are mostly channeled into supporting organizations through memberships in trustee boards, fundraising, consulting the organization on policy

planning and in the highest levels of decision making. The main causes supported by upper-class philanthropy are social causes, which have traditionally been categorized under charity, educational causes and cultural causes.

In his discussion of this issue, Schervish has claimed that upper-class philanthropy (also known as "Mega Donors," or the philanthropy of the financial elites) has unique signature characteristics: the desire and the ability to shape one's surroundings and social or cultural realities by dedicating significant resources toward a specific goal. Among upper-class society, philanthropy is a way of flaunting personal wealth, leadership skills and social involvement, and provides a ticket into elite social circles (Wright, 2002).

To conclude, philanthropy is said to involve two spheres – the private sphere and the public sphere. It denotes private action – whether it is performed by individuals or by organizations that carry out the wishes of individuals. It includes voluntary actions that aim to promote various social causes in different fields, such as, welfare, education, culture, and health. It pursues its aims by either directly contributing money toward public causes or by supporting semi-private, semi-public foundations and organizations charged with allocating the funds. Furthermore, philanthropy is a cultural institution of social and economic elites, which involves formal giving of large sums of money and assets and also volunteering in order to support organizations by participating in their steering committees and public administrations.

2. The Theoretical Framework for the Study of Philanthropy

In order to explain why people participate in philanthropic activities it is possible to turn to theoretical approaches from several fields that attempt to explain voluntary behavior. These explanations function on two levels.

On the one level, these explanations focus on human personality traits that cause people to act in order to benefit others. They mainly refer to the altruistic element found in humanity as distinct from its egoistic element. Other explanations that are based on utilitarian approaches provide explanations for cases in which a person appears to compromise his comfort or self-interest for the sake of others. On the second level, the explanations focus on forms of human interaction and relationships formed around philanthropic activity.

(i) Altruism

Altruism is the unselfish regard for or devotion to the welfare of others (Merriam-Webster Dictionary).

Titmuss (1979) studied patterns of blood donation in several countries and concluded that all people have an altruistic instinct. This instinct is people's need to give. This form of relationship characterizes social gifts and behaviors that do not bear any explicit or hidden demand to receive something in exchange for the altruistic gift. These gifts are part of what he calls "man's creative altruism" – a condition in which people can realize a part of themselves by helping strangers. Altruism, though based on a human instinct, is also a social value. Society's attitude toward blood donations reflects the social value of altruism and, as such, society must allow individuals within it to realize this need. Titmuss coined the term "Gift Relationship" to describe relationships of pure altruistic giving. A gift relationship refers to an anonymous gift given without any interest to receive compensation or recognition.

Studies have shown that when participants were given an option to donate a sum of money to charity, a significant proportion of the participants chose to donate approximately 30% of the money anonymously (Eckel & Grossman, 1996). Since anonymous gifts cannot be motivated by the search for compensation or recognition they are more likely a result of altruistic motives (Bekker, 2004, p.101).

A psychological approach to altruism emphasizes two variables: intentions and the degree of cost vs. benefit for the altruist actor (Krebs, 1987, as cited in Piliavin & Charng, 1990). Pure altruism wholly rejects any expectation for reward and explains the act as exclusively stemming from an interest in benefiting another person (Michener & DeLamater, 1994).

It is nevertheless difficult to isolate pure altruism as the cause of charitable giving from other psychological factors and benefits, such as: guilt, gratitude, enjoyment derived from the act of giving, psychological consequences of improving self-image, and others. Some claim that every action that appears to be motivated by a concern for others is in fact motivated by the search for personal gain of some sort. According to this approach, a fundamental motivation for human action is maximizing self interest and minimizing losses (Gelfand & Hartman, 1982, as cited in Michener & DeLamater, 1994).

The most commonly held view today is that it is impossible to speak of altruistic motives apart from numerous egoistic motives influence giving (Piliavin & Charng, 1990). The decision to engage in activities for the sake of another person is influenced by the costs of taking action against the costs of avoiding action. It has been shown that as the costs of helping others increase (in the sense of physical effort, danger, and costs in money or time) so too the likelihood of helping others decreases. Similarly, it has been shown that as the costs of not providing assistance increase (as for example in the form of social criticism), so too the likelihood of helping increases (Kerber, 1984). In this view, altruistic emotions will only motivate prosocial behaviors such as philanthropy when the costs of acting are lower than the psychological and social benefits (Neuberg, Cialdini, Brown, Luce & Sagarin, 1997).

A useful definition, which recognizes both material and immaterial rewards for the altruist actor, defines altruistic behavior as a social behavior carried out to achieve positive outcomes for another more so than for the self (Rushton, 1980, p. 10). Instead of focusing on pure altruism, the literature focuses on studying the effects of empathy and prosocial value orientation on altruistic behaviors (Piliavin & Charng, 1990).

The altruistic model therefore views the interest to contribute towards an improvement in the quality of life of others in society as an only cause (as in the case of pure altruism) or a major cause for philanthropic behavior. This interest can stem from several sources. One approach sees the emotion of empathy for others and the

interest to help them as the source of altruistic motivation (Shalev, 2003; Krebs, 1987, as cited in Piliavin & Charng, 1990). Bekkers (2004) examined the role of empathy in philanthropic behaviors in the Netherlands and found a positive correlation between empathy and charitable giving. A third approach stresses the importance of personal normative beliefs, which are a product of conscious processes, and personal decisions stemming from moral obligations (Schwartz, 1977).

Meanwhile, others point to the social responsibility of individuals toward their community as a motivation for altruistic behavior (Piliavin, Callero & Evans, 1982). Religious beliefs such as the Christian injunction of "neighborly love," which encourage people to reduce their egos and to increase their concern for others, offer another motive for giving (Davis, 1996). According to this opinion, religious belief increases the tendency to engage in philanthropy (Toppe & Kirsch, 2003). A study that examined Calvinist Christians' willingness to donate toward secular causes found high levels of willingness based on altruistic values of generosity (Bekkers, 2004). Alternative approaches focus on secular morality founded on justice as the basis for philanthropic involvement (Schneewind, 1996).

(ii) Social Exchange Theory

The most prevalent sociological theory for explaining social behavior is Social Exchange Theory, developed by three prominent sociologists Homans, Emerson and Blau (Homans, 1958; Emerson, 1962; Blau, 1964). The fundamental assumption of this theory is that man is a rational being acting to advance his own needs and employing his resources in order to advance his interests. This theory emphasizes the mutual benefit that humans derive from their reciprocal relations with one another. The social interaction of individuals and organizations always entails an exchange of different resources. Each of the parties involved in an exchange enjoys a relative advantage of some sort, either economic or social, and only through an exchange can this benefit be maximized. In every exchange, each side will try to receive the maximum gains for the lowest cost. According to this theory, individuals will enter a relationship voluntarily only when the gains they expect to obtain are greater than the expected investment.

This model originally viewed people as individuals searching for rational profit who calculate their actions so that the value of a result multiplied by the

probability of achieving it will be maximal (Homans, 1974, p. 43). As the theory developed it assigned further importance to additional psychological motives, norms and values, as mechanisms mediating between complex social structures and individuals and allowed for indirect exchanges (Blau, 1964). The activities of charity organizations serve as an example for an indirect social exchange as it does not involve direct contact or an exchange transaction between the donors and the recipients. Thus, for example, the wealthy donate for charity in order to hold up to the normative expectations of their class and in order to receive social recognition from their peers and *not* in order to gain recognition from the recipients of their donations (*ibid.* p. 206). Other motives include internal motives such as love, self-recognition and self-satisfaction. These can explain behavior in the absence of external or material compensation (*ibid.* p. 20).

Social Exchange Theory therefore claims that at their core, relationships between people as between individuals and groups are rooted in a direct or indirect reciprocal relationship based on mutual benefit.

Traditional utilitarian approaches claim that a donor is effectively purchasing services through the act of donating as in the case of donating for the opera with the hope of improving the quality of the performances or purchasing medical equipment that may benefit the donor (Andreoni, 2006). These approaches, however, were unable to explain in what way donors are benefited by donations that are not directly related to them. In fact, these approaches are unable to account for most donations. In order to attach a utilitarian motive to a donation, it is customary to take into account other forms of benefit which may be derived from a philanthropic donation.

A donor's personal benefit can be unambiguous, such as an interest in avoiding criticism or an interest in gaining recognition and prestige (the prestige motive), or can extend to improving the condition of the recipient (Becker, 1974).

Prosocial behaviors, which include charitable giving, allow donors to build up a good reputation or rectify a bad reputation and to gain social legitimacy on a wide-scale. The expectation of improving one's reputation is also an unambiguous component of self-interest in an exchange –it is equivalent to an attempt to improve one's personal status and stems from the prestige motive (*ibid.*). The degree to which motives of prestige influence the inclination to give to charity has been researched by an examination of the distribution of donations made by lawyers to academic institutions – and comparing results when the donations were made public to the

results when they were not (Harbaugh, 1998). The study found that the prestige motive is a significant factor influencing donations.

Another aspect of the prestige motive stems from an interest in gaining wide-scale social legitimacy. The influence that this factor has to increase altruistic behaviors has been confirmed in several lab experiments (Camerer, 2003). These experiments examined the way in which anonymity impacts voluntary decisions, such as cases when individuals were requested to decide on their gifts to charity. It has been shown that the measure of anonymity plays a significant role and that the amounts given to charity decreased as the participants' decisions were more anonymous. Field experiments of charitable giving found that the concern for social approval motivated giving (Long, 1976).

Another factor found to motivate philanthropic behavior was social networks, normative beliefs and values. According to this model, norms and values function as mediating mechanisms between individuals and groups and to explain indirect exchanges. It has been discovered that membership in a social network constitutes a key factor through which individuals learn about prosocial goals and social behaviors that encourage charitable giving. It has also been shown that private social networks of friends and family are a key factor in encouraging volunteers to join charity organizations (Bekkers, 2004).

It has also been shown that social norms along with the fear of condemnation and an interest in social recognition are central factors influencing charitable giving when the gift is publicized and open to criticism. However, it is more difficult to explain anonymous gifts by those factors (Bekkers, 2004). One attempt to explain how reciprocity can play a part in anonymous gifts is the claim that exchanges can be understood to be reciprocal as a norm, independent of the community in which they take place. Thus people can be motivated to donate outside of their home communities. Several experiments have reinforced this claim. These experiments examined the degree of generosity which the participants displayed in several rotations, each time with other players. The results showed that if player A was generous toward player B, that would lead in the next round to player B being generous toward player C, and so forth. This was true even when the players remained unacquainted with each other and there was no prospect of continuing the exchange (Ben-Ner, Putterman, Kong & Magan, 2004).

Another explanation for anonymous giving is the internalized value systems that donors internalize at earlier stages in their life. Studies have shown that giving and volunteer behaviors of parents have a positive influence on the level of giving and volunteering among their children (Independent Sector, 2002; Janoski & Wilson, 1995). Frank (1996) similarly claims that a key factor influencing giving is the existence of a culture which encourages social responsibility and giving.

Social Exchange Theory, in short, offers a set of motives for charitable giving that are rooted in some form of utility –direct or indirect – to the donor. Direct benefit can stem from either the prestige motive, enjoyment or satisfaction. Indirect benefit can stem from either a system of norms of generosity or prosocial values or social connections.

(iii) Identification Model

The identification model of philanthropy sets an alternative to both the altruistic model – which explains philanthropic behavior by diminishing personal interest – and the Social Exchange Theory, which emphasizes self interest and rational utilitarianism. In contrast, the identification model suggests that the basis for reciprocal relations in philanthropy is the presence of an empathic identification with another's needs and an extension of one's self-interest to include other individuals (Martin, 1994; Schervish, 1995; Schervish, 2005; Schervish & Havens, 1997; Schervish, Oherlihy & Havens, 2001).

This model is inspired by the Christian concept of neighborly love and Thomas Aquinas's ethical principle of self-identification, which demands that people extend their self-love to include others. According to Aquinas's teachings, a true feeling of love unites self-love, neighborly love, and the love of God. Just as love contains the beloved, moral behavior unites self-love and the love of others resulting in the incorporation of the other within the self (Schervish & Havense, 1997). Moral behavior is what unites the donor and the recipient in what Schervish terms a "relationship of care" which enriches and benefits both sides. This is an intimate relationship of sorts, a "face-to-face" relationship between donor and recipient, similar to the intimate relationship of friends and family.

According to this model, the basis for philanthropic behavior is empathy and the identification of another person's interests with one's own self-interests. This

model identifies two central determinants of identification with others: personal traits that encourage and support philanthropic behavior and, secondly, the donor's communal involvement.

In its analysis of these two components, the identification model points to four determinants influencing and encouraging philanthropic involvement:

1. Membership in formal and informal networks of associations. People's self-interest and ability to identify with others develops as a result of formal and informal associations with communities and organizations through which they practice charity. The associational dynamics of charity allows individuals to identify with their surroundings and with causes that they are not directly connected with. The study's findings indicate that volunteers donate more than non-volunteers (Putman, 2000) and that childhood volunteer experiences greatly influence charitable giving (Bekkers, 2005; Schervish & Havens, 1997; Wilhelm, Brown, Rooney & Steinberg, 2002).

Membership in a religious community has also been found to influence charitable giving. Most cases of charitable giving and volunteering stay within the community and religious houses of worship. They are mainly intended to support causes and activities with which the donor is associated or from which the donor derives benefit (Jackson, Bachmeier, Wood & Craft, 1995). According to this model, donors learn about other people's needs and learn to identify with them through the very act of participation (Schervish, 1997).

2. Cognitive frameworks that foster values and priorities, encourage a sense of belonging, and encourage giving and involvement. The cognitive frameworks of individuals are based on personal beliefs, thinking processes, emotions and general values of generosity, self-respect, respect for others, and concepts of justice – all of which foster a sense of commitment to the cause (Schervish & Havens, 1995; 1997).

3. Personal requests directed at individuals to donate time and resources encourage social involvement and participation. Charitable giving and volunteering is not only a consequence of various motivations and a rational decision-making process of some sort, but also a consequence of the exposure to a request to donate or to become involved in some other way (Bekkers, 2004). Personal requests to donate, or solicitation for donations, are an important mechanism that affects donations and are

known to raise the probability that people will donate to charity. This significantly means that the more opportunities people have to donate, the more they will donate (Bryant et al., 2003). Furthermore, a positive response to a donations request will also have the effect of increasing the number of donation requests (Putnam, 2000). In fact, most requests to donate are driven by previous participation in the organization or the community and are related to cognitive frameworks already in place, which fostered the motivation for the previous engagement (Schervish, 1997).

4. Past experiences affect giving in the present and steer donors to their relevant areas of involvement, as for example: the death of a loved one due to an illness, a successful college experience, gratitude for a scholarship, a special-needs relative, admiration for the arts, etc. (Schervish, 1995).

Similarly to Thomas Aquinas's understanding of love as a force unifying man with his fellow man and with God, this model also views philanthropy as a connection between people: a relationship between an individual and the community, an interaction prompted by donors recognizing the value of the needs of others and therefore responding to those needs. This recognition stems from an identification with other people and from a moral view that assigns value to others. It is a moral view that is based on what Schervish calls the virtue of Radical Care – that is when a person identifies with another person in need and subsequently tries to meet the person's needs because he perceives others as valuable.

Identification theory also incorporates several motives already noted in the altruistic theory and the social exchange model: feelings of empathy and concern for others (which can stem from religious beliefs. Sociological explanations focus on the educational role of parents. Psychological explanations focus on personality and normative and value differences), and the existence of social networks facilitating involvement in the community.

To conclude, when inquiring into the questions why do people engage in philanthropic behaviors, or what are the motives for charitable giving – we can suggest a large number of determinant motivations. These motivations can be organized on a continuum ranging from altruistic motives to motives based on self interest and exchange relations. Identification theory amends the social exchange model in a way that allows us to assign greater weight to altruist emotions.

3. The Research Literature in Israel

The subject of philanthropy is a relatively new research field in Israel. The literature on the subject is rather scarce and is mostly comprised of independent studies of the Third Sector. So far, the body of research has addressed four main topics:

1. Giving and volunteering patterns among the general public
2. Philanthropic foundations and funding organizations in Israel
3. Tax benefits for donations and their effect on fundraising for charitable organizations
4. Corporate philanthropy: the social responsibility of businesses and the relationship between the private sector and nonprofit organizations.

(i) Giving and volunteering patterns among the general public

Two studies have been published in Israel examining the giving and volunteering patterns of the general Israeli public. The first study inquired into the charitable giving patterns of Israeli society as a whole (Shai et al., 1999), and the second study focused on the Arab community in Israel (Zeidan & Ganam, 2000). These studies did not focus on institutional philanthropy or the philanthropy of high net-worth individuals who are responsible for a large percentage of all donations, but on the giving and volunteering patterns of the general public.

The studies found that, in 1997, 77% of the adult population in Israel and 57% of the Arab population in Israel gave to charity in either a formal or informal setting. The net worth of all the formal donations from the Israeli public was 440 million NIS. The net worth of donations made by the Arab population was 47 million NIS.

The studies showed that 60% of Israeli donors gave 0.5% or less as a percentage of their income and 25% of Israeli donors gave 1% or more as a percentage of their income. In the Arab population, only 15% of donors gave 1% or more as a percentage of their income to charity, and two thirds of donors gave no more than 0.2% as a percentage of their income to charity. Furthermore, the studies found that the number of donors increased with an increase in income and education and that the proportion of people who gave to charity was greater in the Jewish population than in the Arab population (82% compared with 57%). This difference is

particularly true for formal donations to organizations and with regard to orthodox and ultra-Orthodox Jews.

The studies also examined opinions about volunteering and donating and found that the majority of the Israeli public (64%) thought that donations made by citizens fulfill a special function which the government cannot replace. Among the Arab population, the majority of those who gave to charity and volunteered thought that the government is responsible for providing services to the citizens and that the need for charitable giving and volunteering stems from government failures.

Additionally, preliminary data from a survey conducted in 2006 of charitable giving and volunteering (Katz, Levinson & Gidron, 2007) indicate a strong correlation between charitable giving and the level of income. The percentage of donors among those with high incomes was 93% whereas the percentage among low income brackets was only 74%. Cultural heritage was also found to influence giving: the percentage of people who donated or volunteered was highest among Jews from Europe and North America and lowest among Jews of African and Asian descent. New immigrants gave to charity in similar levels as native Israelis. A strong correlation was also found between the level of religious observance and the level of charitable giving. The highest levels of charitable giving were found among orthodox and ultra-Orthodox Jews. In the past decade, the percentage of people in society who give to charity has not seen a significant rise: 82% of the public gave to charity in 1996 compared with 83% in 2006.

(ii) Philanthropic foundations and funding organizations in Israel

Gidron et al. (2006) examined the scope of activities of foundations and funds operating in Israel. These include nonprofit organizations and associations for the promotion of the public good which manage foundations that award grants, semi-public organizations which mostly rely on overseas donations (JDC-Israel, The Jewish Agency, Keren Hayesod), foreign foundations operating in Israel and listed as foreign companies, and foreign foundations operating in Israel without any formal status. 6,377 foundations and funds are registered in Israel, of which 60% are active.² At present, Israeli law has not created a special category for charitable foundations and so most of them are listed as nonprofit organizations or associations. Studies

² Additionally, it is estimated that an additional 1,500 unregistered foreign foundations operate in Israel.

have divided the foundations operation in Israel into four groups according to their target audiences:

1. Foundations that support individuals. This category includes organizations that provide financial assistance or interest-free loans and scholarships. This category of foundations accounts for nearly half of all registered foundations.
2. Foundations that support specific organizations. These account for approximately 30% of all registered foundations.
3. Foundations that support numerous organizations, all operation in a specific area. This type of foundations accounts for 8% of all registered foundations.
4. Foundations that support organizations and individuals, and foundations that do not fit into other categories. This category accounts for 10% of all registered foundations.

The research has examined the following aspects of Israeli foundations and funds: their areas of activity and geographical layout, the number of organizations registered with the government registrar over an extended period of time, the proportion of foundations and organizations recognized for tax purposes, their salary expenditures and government funding. The study showed that the foundations' main areas of involvement are welfare, education, and culture. A diachronic analysis showed a decline in the number of new foundations that filed for registration, with the exception of charitable organizations specializing in welfare. Furthermore, while only 11% of all registered foundations were recognized for tax purposes as tax-exempt organizations, 16% of active foundations enjoyed such a status. As to salary expenditures, studies have indicated that in most foundations, most of the work is done by volunteers. Studies have also found a steady increase in the amount of government funding allocated for foundations, mostly foundations that support numerous organizations, especially operating foundations.

Additionally, the research qualitatively examined 28 local and foreign foundations and government officials working with charitable foundations. The study examined areas of philanthropic activity and responsibilities, the relationship between the government and charitable foundations, and various issues concerning their methods of operation. The vast majority of foundations cooperated on some level with national and local government agencies and viewed themselves as a safety net

meant to provide services that the government was failing to provide. The government officials presented a critical, counter argument that questioned the impact of charitable organizations on government priorities and their management of several projects.

(iii) Tax benefits for donations and their effect on fundraising for charitable organizations

Clause 46 in Israel's tax code awards a credit of 35% of the amount donated to qualifying organizations. This benefit is limited by a tax floor and ceiling. Two studies have inquired into the effects of clause 46 on charitable giving. One study examined the impact of tax benefits for donations on philanthropic organizations operating in the areas of the culture, and recreation. The study examined only a small sample of organizations and found that government recognition for tax purposes did *not* impact the amount of money fundraised or foster fundraising efforts (Mor and Jaffe, 2004). Another study examined the effects of lowering the cost of donations on the amount of money raised by Israeli charitable organizations from donations in Israel (Yonah, 2006). This study found that clause 46 had a significant positive effect on the amount of money raised by Israeli charitable organizations from donations and estimated its effect at 28% on average. This effect, however, only kicked in after a year from the time of obtaining eligibility for tax-deductions.

(iv) Business Philanthropy: the social responsibility of businesses and the relationship between the private sector and the third sector

In comparison with other areas of philanthropy research, this topic has been studied extensively in Israel. Studies have examined the extent of the private sector's involvement in philanthropic activities in Israel (Reichel, Gidron, & Shani-Gamliel, 2000); partnership types between businesses and nonprofit organizations (Schmid & Meinhard, 2001); factors that motivate businesses to adopt socially responsible policies (Toledano, 2003; Reichel et al., 2000); and attitudes regarding corporate involvement in the community (Reichel et al., 2000; Markovitz, 2005; Boehm, 2002).

The studies show a great change over the last decade in the level of corporate involvement in philanthropic activities in Israel. The main motivations for businesses

to engage in philanthropy are philanthropic and utilitarian motives. In the Israeli private sector, traditional philanthropic principles and practice are prevalent alongside the more modern approach of pragmatic philanthropy, which legitimates businesses using social activities to advance their business goals.

Reichel et al. found that most businesses were not aware of the possibility of engaging in a reciprocal relationship with social organizations to the benefit of both parties. This was a consequence of either their misunderstanding of the way reciprocal relationships of that kind could contribute to the business, or a general distrust of social organizations and an inability to identify social causes worth supporting.

Another study that examined the types of partnerships formed between nonprofit organizations and businesses found that businesses in Israel are motivated to enter such partnerships from a sense of social responsibility and an interest in solving social and communal problems (Schmid & Meinhard, 2001). Businesses partnerships with nonprofits were mostly of the form of funding, donating and sponsorships. Nevertheless, the main expectations of the businesses from the partnerships were to improve their public image, their reputation and their public relations, as well as to possibly contribute to the restructuring of the organization. According to this study, calculations of profit or tax benefits were not the main factors motivating businesses to enter partnerships with nonprofits. The average annual investment of businesses in philanthropy was \$20,000 and managers of the businesses viewed the partnerships as a success. But the study also showed that the communication channels between the businesses and the nonprofit organizations remained unofficial and that tools for assessing the effectiveness of the programs were not developed.

Another study examined the attitudes found among community and business leaders in three Israeli municipalities and the potential benefits that reciprocal partnerships between business and charitable foundations offered for the community and the businesses (Boehm, 2002). The study's findings indicated that community leaders had a more positive outlook of various aspects of the social responsibilities of businesses than did business leaders. According to the study, the degree of interest that the parties showed in forming a partnership was dependent on the amount of benefit they thought they would gain – hence, a partnership between the parties is based on a reciprocal relationship benefiting both parties rather than a commitment to charitable giving.

Another study examined one Israeli company's attempt to develop a socially responsible strategy (Toledano, 2003). This study found that businesses view social responsibility as a neo-liberal and image-building marketing toolkit. These businesses viewed social responsibility as a leveraging tool, a part of social branding, an aspect of marketing and managerial strategies and even a tool for recruiting workers and developing an organizational culture. Another study that examined the attitudes of business leaders toward the question of the corporate social responsibility identified strong utilitarian motives and an association with the community (Markovitz, 2005). The determinant factor explaining a business's involvement in the community was found to be the business's interest in contributing to society and its community. The more responsibility businesses assigned to the government to care for society's welfare, the less likely they were to donate and volunteer.

4. Factors Influencing Charitable Giving

On the basis of the theoretical models developed of altruism, social exchange theory and the identification modal, the professional literature points to several factors influencing the decision to make a donation. The central indicators developed are human and social capital indicators (Bryant et al., 2003) as well as economic indicators such as income level and the tax benefits granted for donations (Andreoni, 2006).

The human and social capital indicators that are known to influence charitable giving are: religion, education, age, marital status and place of residence.

(i) Religion

There is a wealth of literature dealing with the connection between religious ties and charitable giving (Jackson et al., 1995; Toppe & Kirsch, 2003). Most research conducted in the United States points to a positive correlation between church attendance and charitable giving. Survey data also shows that religious donors are far more generous than nonreligious donors (Independent Sector, 2002).

The researchers Toppe and Kirsch have claimed, based on the 2001 National Survey of Independent Sector's Giving and Volunteering in the United States, that religious belief is one of the foremost important factors influencing charitable giving (Toppe & Kirsch, 2003). People who give to religious causes are more generous with their time and money than those who give to nonreligious causes. Of the survey's participants, 60% of those who had reported giving to charity had given to religious organizations. Those who reported that they gave to a religious organization, gave on average three times more than families who gave exclusively to secular organizations. This conclusion held up even when financial status was taken into account.

One might ask to what degree religious donors are more generous when giving to secular causes. Jackson et al. examined a long series of studies on the link between participation in a religious community and donating or volunteering for secular causes. They found that attendance at public prayers was not linked to increased giving toward secular causes, but that active participation in other communal activities aside from prayer *was* linked to increased generosity.

Still, experimental studies in which participants were asked to donate for a list of nonprofit organizations for secular causes indicated otherwise (Anderson, Mellor &

Milyo, 2004; Eckel & Grossman, 2004). These studies found that the generosity shown by religious donors is generally reserved for religious organizations, and that no significant variance was found between religious and secular donors pertaining to donations for organizations dedicated toward secular causes.

On the question of potential differences between the generosity of different religious groups, it has been found that Protestants donate more than Catholics in the United States, Canada and Holland (Chaves, 2002). In Israel, the Jewish community has higher rates of giving than the Arab community. Among Jewish donors, the level of donations rises with the level of religious observance. Among the Arab donors (Christian and Muslim) the exceedingly religious donated more than the rest (Shai et al., 1999). The difference between Jews and Arabs as well as between Christians and Muslims can be explained by the different income level of the different groups.

(ii) Education

Most Surveys examining the link between socio-demographic characteristics and charitable giving have found a positive correlation between education levels, the willingness to donate, and the size of the donation (see for example: Brown, 2001; Bryant et al., 2003; Mesch, Rooney, Steinberg & Denton, 2006). One exception to this conclusion is a study conducted by Regnerus et al. that disproved the connection between giving charity to the poor and education (Regnerus et al., 1998).

Studies focused on the correlation between education and charitable giving indicate that particular fields encourage philanthropy more than others. Bekkers and De Graaf monitored many variables and found that graduates with a bachelor's degree in the fields of social work, the social sciences, agriculture and security studies were more generous than graduates of other disciplines (Bekkers & De Graaf, 2006). Wunnava and Lauze also found that a master's degree in the social sciences greatly increased the tendency to donate (Wunnava & Lauze, 2001).

Another study that examined donations to charitable organizations dedicated to social causes at the University of Zürich found that students of economics, computer science, theology, law and the life sciences donated less than other students (Frey & Meier, 2004).

In Israel, education increases the tendency to donate as well. 69% of people with 11 or fewer years of schooling donate to charitable causes in comparison with 81% of people with 13 or more years of schooling (Shai et al., 1999). The proportion

of people who gave large donations (defined by the research as more than 750 NIS a year) rose with education as well.

(iii) Income level

Another significant factor influencing charitable giving is income. Many studies have explored the following questions with regards to the impact of income on charitable giving: how does income influence the tendency to give and the tendency to give large donations and how does dynamic income affect the size of donations as a percentage of the income?

Many surveys in the United States have shown a clear link between income brackets and the likelihood to give. In 2005, the highest income groups making over \$100,000 a year (about 9% of households that filed with the IRS) gave 43% of donations (The Center on Philanthropy at Indiana University, 2006). A survey conducted in Israel that analyzed the giving habits of the general public found that the percentage of people who donate to charity increases with income (Katz et al., 2007). In 2006, 74% of the lowest income families and 93% of the highest income families gave to charity.

The tendency to give large donations increases with income as well. Surveys conducted in Israel found that the percentage of donors who give large donations increased with income (Katz et al., 2007; Shai et al., 1999). In 2006, only 4% of those in the lowest income brackets donated over 2,000 NIS a year in comparison with 23% of people in higher income brackets.

According to the view that charitable giving is a consumer product similar to other consumer products, expenditure on charitable giving is expected to increase in accordance with income. The assumption is that charitable giving is like a luxury product, and consequently, that higher income households will donate larger sums than lower income households.

Nevertheless, the research has revealed a more complex picture. The relationship between income levels and the percentage of income donated to charity has been a subject of studies since the 1980s. Several studies have shown that the top 5% and the lowest 5% on the income curve are the most generous (McClelland & Brooks, 2004). Tax data on household income from the United States shows that the wealthiest and poorest Americans donated 8% on average of their income, in comparison with median income households that donated only 3% of their income on

average. An increase in discretionary income does not necessarily increase the percentage of income given to charity. The "giving curve" shows that the highest percentage of income given to charity is given by the poorest and the wealthiest. These facts were generally explained by the claims that the poor mostly donate to religious organizations and the discretionary wealth of the rich. These conclusions were put under fire in the mid-1990s (Havens, O'herlihy & Schervish, 2006; Schervish & Havens, 1995). The "giving curve" remains u-shaped but some of the curve, especially for the lower income levels, is significantly reduced, and may be explained by the fact that households that did not give to charity were not included in the calculation.

Another research area is the income elasticity of giving – i.e., the degree to which giving is affected by changes in income and tax benefits, in particular. A high income effect denotes a high level of giving elasticity – every change in income will significantly affect the donation size. A low income effect denotes a low level of giving elasticity so that income changes will have little influence on donation sizes.

Research on this subject is central to the debate concentrated on tax incentives. These incentives are designed to lower the cost of the donation for the donor and to increase disposable income for charitable giving with the thought that lowering the cost of giving increases the tendency to give. Tax benefits for donations are given in the United States and most other Western countries, including Israel, and many studies in economics have examined the issue (Anderoni, 2006). Their conclusions, however, present a wide range of estimates of the elasticity of giving and the subject is wrought with disagreement with the exception of the general agreement on the fact that the elasticity of giving is positive (McClelland & Brooks, 2004). Many of the differences can be explained through the use of different sampling techniques and statistical methodologies (Anderoni, 2006; Bekkers & Wiepking, 2006; McClelland & Brooks, 2004). The symbol ε marks the measure of the elasticity of giving and it is defined as the relative change in the size of the donation caused by a 1% change in the price of the donation. When $\varepsilon = -1$, the tax benefit has no effect. If the elasticity measure exceeds $\varepsilon < -1$ than the elasticity of giving is said to be high; this means that every change in income will positively and significantly affect the donation size.

The measure of the elasticity of giving affects the government's tax revenue, the third sector's revenue from donations, and the amount donated by the public, and it is therefore important for policy makers.

The two central studies in the field are those of Randolph from 1995, and Auten, Clotfelter and Schmalbeck from 2002. Randolph found a very low permanent income effect of $\epsilon < -0.08$. His findings indicated that changes in income levels as a consequence of taxation did not have a strong influence on the level of giving. In contrast to Randolph, Auten et al. found that changes in income levels as a consequence of taxation benefits have a persistent and significant influence measured to be $\epsilon < -1.26$.

The income effect and the impact of tax benefits for donations have been studied in Israel from the perspective of nonprofit organizations. The study examined whether tax deductions had an effect on the revenue of the sampled organizations from fundraising. Tax deductions were found to affect their revenue from donations but mainly only beginning from the second year after obtaining the government approval (Yonah, 2006). It is possible that the delay is due to the fact that the process of announcing the organization's changed tax status to the donors takes a long time. Additionally, the nonprofit organizations increased their spending on public relations and fundraising after obtaining their tax approval in order to notify potential donors of their new status. The effects of the public relations and fundraising campaigns were only seen after the first year from the time of obtaining the approval.

(iv) The Demand for Donations

Another important factor said to influence giving is the demand for donations, i.e., the demand presented by various groups for charity funding. This theory anticipates that an increase in charitable giving will follow an increase in inequality and poverty and the government's "exit" from the welfare field. Wolfe (1999) examined the degree to which factors of demand and supply (the amount of resources available in the population and the price of giving in the form of tax-incentives and deductions) affect charitable giving. Wolfe found that charitable giving was influenced by supply (i.e., the amount of resources available in the population in the form of income and capital) but that demand had a weaker effect that was mainly observed in donations to welfare organizations. This subject has not yet been studied in Israel.

Anderoni (2006) claims that the fundraising activities of charitable organizations are also a major factor influencing charitable giving but no international comparative studies on the subject have been done yet.

Scholarly literature notes several additional factors that influence charitable giving, among them: township size, age, marital status, etc. But the findings have been inconclusive and were generally unique to specific settings and countries.

(v) Township Size

Putnam (2000) has shown that the size of the place of residence negatively effects charitable giving, i.e., the larger their places of residence – the less people give to charity on average. The negative impact of the size of the city is connected to the probability that people give to charity and not to the amount they give. The relevant variable may also be connected to increased social cohesiveness in smaller communities, that tend to be more cohesive and to have a larger degree of social capital, social responsibility, friendships and mutual commitments among people. The research findings of Regnerus et al. (1998) present a counter argument that found that people living in larger cities are more likely to give to the poor.

(vi) Age

The research on the effects of age on charitable giving is inconclusive. The research of Andreoni (2001), Hodgkinson and Weitzman (1996), and Banks and Tanner (1999) points to a positive correlation between age and charitable giving up to the age of 75, that tapers off after the age of 75. Researchers Rooney, Steinberg and Schervish (2001), in contrast to this, did not identify a noticeable influence of age on charitable giving.

(vii) Marital Status

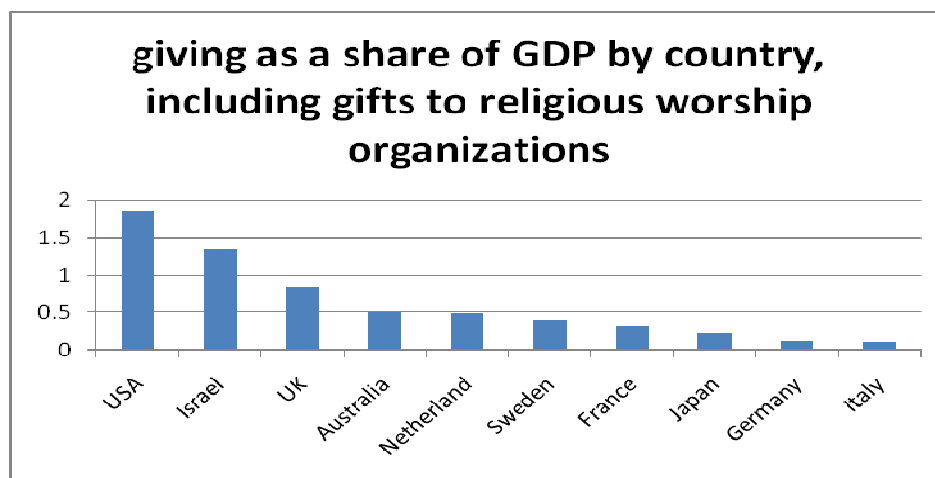
One study found that married individuals gave larger amounts to charity than unmarried individuals (*ibid.*). Most research, however, does not reinforce the claim that marital status affects charitable giving (Hodgkinson & Weitzman, 1996).

5. Giving Patterns in Western Countries and in Israel

It is extremely difficult to construct a comparative study of giving patterns because of the difficulty of merging data from different sources and the inconsistent definitions for charitable giving (Andreoni, 2006). Nevertheless, a primary source for data on the scope of philanthropy in several Western countries and in Israel is the Johns Hopkins Comparative Nonprofit Sector Project, compiled by John Hopkins University in Baltimore.³ This project compares the net amounts donated to the nonprofit sector and their size as a percentage of the GDP between several countries.

Donations to the Nonprofit Sector for 2003

Country	Amount in US Dollars (billions)
United States	73.14
Britain	6.88
Japan	6.73
France	4.30
Germany	3.21
Holland	1.45
Australia	1.25
Israel	1.12
Italy	1.10
Sweden	0.96



³ Johns Hopkins Comparative Nonprofit Sector Project. Retrieved June 2, 2007 from <http://www.jhu.edu/~cnp/research/compdata.html>

The United States is undoubtedly a leader in the field of philanthropy in the Western world, both from the perspective of the net worth of donations fundraised by nonprofit organizations and their total amount as a percentage of the GDP. All other Western countries including Israel trail far behind the United States.

On the basis of available research, I will attempt to provide a fuller picture of giving patterns in the United States, Britain, Australia, the Netherlands and Israel. The data is drawn over different currencies and years and is therefore not conducive to a comparative study. Most of the available data is from the United States both because of foundations devoted to the promotion of philanthropy which conduct periodic surveys and because of the availability of samples of tax-return figures (Andreoni, 2006).

(i) Giving patterns in the United States

Sources of private philanthropy in the United States are individuals, charitable foundations, businesses and bequeaths, but individuals are the primary source of charitable giving in the United States (Andreoni, 2006). According to the Johns Hopkins Project, donations are estimated at 1.85% of the GDP in the United States.

In 2005, donations in the United States reached an estimated \$260.28 billion. Personal donations accounted for \$199.07 billion or 76.5% of all donations for that year. The second largest source of donations was grants awarded by foundations. These accounted for 11.5% of all donations. The third largest source of donations was the business sector, whose donations accounted for 5.3% of all donations (The Center on Philanthropy at Indiana University, 2006).

A survey conducted in 2000 demonstrated that 89% of households gave to charity, and the average donation was \$1620 (Independent Sector, 2001). A unique characteristic of giving in the United States is the high proportion of giving to religious organizations. In 2005, religious organizations enjoyed the largest proportion of charitable giving – 35.8% of all donations were made to religious organizations. 14.8% of all donations were given to education, 8.7% to health, 9.7% to welfare, 5.2% to the arts, 3.4% to environmental causes and 2.5% to international causes (The Center on Philanthropy at Indiana University, 2006).

(ii) Giving patterns in Britain

There are different estimates for the total amount of giving in Britain as a percent of the GDP. According to the Johns Hopkins Project, charitable giving amounts to

0.89% of the GDP in Britain. Other estimates range from 0.63% to 0.77% (Wright, 2002). 68% of the adult population gives to charity and the average donation equals 0.63% of the household income (*ibid.*)

The most recent survey, the Family Expenditure Survey, showed that the average annual expenditure for charitable giving per household was £86.4 – £23 for the lowest income bracket and £240 for the highest income bracket.

Charitable giving declined over the 1990s in Britain from \$5.3 billion in 1993 to \$4.51 billion in 1997. New tax laws were instituted in 2000 intended to enlarge the tax benefits for charitable giving but data on their impact is not yet available (Wright, 2002).

(iii) Giving Patterns in Australia

According to the John Hopkins Project, donations accounted for 0.51% of the GDP in Australia. Another source estimated donations to charity at 0.685% of the GDP for 2004. 86.9% of the adult population gave to charity that year. The total value of donations given in 2004 was \$11 billion – \$7.7 billion were donated by individuals and \$3.3 billion were donated by businesses (Giving Australia, 2005). The average donation per person was \$424, but the median donation was only \$100 (*ibid.*).

The amount donated to charity over time in Australia has shown a significant increase over time – since 1997, donations have increased 58% (adjusted to inflation).

(iv) Giving patterns in the Netherlands

According to the John Hopkins Project, donations accounted for 0.49% of the GDP in the Netherlands. A source for data on giving patterns in the Netherlands is the Family Survey of the Dutch Population, conducted in the year 2000, (Bekkers, 2004). 70% of the survey's respondents said they gave to charity. However, the distribution of charitable giving was extremely scattered and there was a large gap between the average donation and the median donation: the average annual donation was €85.85, while the median donation was €22.86. Furthermore, of the families who reported any charitable giving, the average donated amount was €133.06 while the median donated amount was €45.38.

(v) Giving patterns in Israel

According to the John Hopkins Project, donations accounted for 1.34% of the GDP in the Israel. Despite the fact that there are several sources for data on charitable giving patterns in Israel, they provide an incomplete picture. One source is the *Survey of Household Expenditures* prepared by the Israel Central Bureau of Statistics (2003).

According to the survey, 0.3% of household expenditures in Israel are directed toward charity, and the average household expenditure on donations is 370 NIS. The total amount donated in 2003 is estimated at 705 million NIS. Another source is a survey of giving and volunteering patterns conducted by the Israeli Center for Third-Sector Research. The survey has been conducted twice so far, but only preliminary figures have been released of the most recent one. Initial findings from the 2006 survey (Katz et al., 2007) indicate that 83% of adults in the Jewish population in Israel gave formal and informal charitable donations. Following this survey, the total amount donated per year in Israel is estimated at 1.9 billion NIS.

There are three main sources that can instruct us about the level of charitable giving in Israel: the Israeli tax-authority's data on donations, data on the income of the Third Sector in Israel, and the Israeli tax-authority's data on requests for tax-deductions according to clause no. 46 of the tax code. These sources, nonetheless, provide an incomplete picture because only a small percentage of nonprofit organizations in Israel are recognized for tax purposes. Of 22,314 active nonprofits, only 3,964 of the organizations – or 11% – are recognized as charitable institutions and enjoy a 35% maximum tax-deductions on donations (*ibid.*) According to the Israeli tax authorities' records on requests to receive tax-deductions for charitable donations in accordance with clause 26 (Israeli Tax Authority, 2007), individual tax declarations on charitable donations amounted for only 212 million NIS in 2003.

Data on Third Sector' income and expenditure indicate that in 2004 the expenditure of private nonprofit organizations that serve households was 7,627 billion (Israel Central Bureau of Statistics, 2005). Of this sum, donations are estimated at 10% -- 7.6 billion NIS (*ibid.*). There is no up-to-date data on the proportion of nonprofit income coming from donations within Israel, but data from 1996 show that approximately half of their income comes from overseas donations and half from Israel (Israel Central Bureau of Statistics, 1998). Assuming that the proportion of donations from Israel remained steady over the years, it is possible to estimate that Israeli donations amount to 3.8 billion NIS.

6. Mega donors – Patters, Characteristics and Motivations

Though the wealthiest people constitute only a small proportion of the donor population, their contributions are significant (Auten et al., 2000). A survey conducted in the United States in 2002 found that households with an income of over \$100,000 a year, comprising 9% of the population, gave 43% of all tax-deductible donations (The Center on Philanthropy at Indiana University, 2006). Another survey from 2000, found that the richest 400 respondents in the sampling survey were responsible for 7% of all the donations – approximately \$10 billion (Andreoni, 2006).

At first glance, it may seem that the wealthy are more generous than the average-income household. In 1994, households with an average income of \$50,000 a year gave 2.6% of their income to charity. In comparison, households with an income of \$2.5 million a year gave 4% of their income to charity (Auten et al., 2000). The median donation, however, portrays a very different picture. The median donation of households with an annual income of \$50,000 was 1.4% of the income, whereas the median donation of households with annual income of \$2.5 million was only 0.7% of the income. This seeming discrepancy is explained by the large variance of donation-size among higher income households, which only increases with an increase in income level. There are a few reasons for this.

First, charitable giving among the very wealthy is concentrated among a small group of donors who give most of the donations for their income bracket. Approximately 5% of donors with an annual income over \$2.5 million give 45% of all donations made by their income bracket; this group donated 20.9% of its yearly income to charity on average (*ibid.*).

Second, unlike the giving patterns of the general public, donations made by the wealthy are spread out over time and are not necessarily evenly distributed over the years. High income households have been found to prefer to give in a manner that maximizes their influence and control over their donation and the use made of it. One-time large donations answer this requirement best and usually grant the donors recognition and prestige (Schervish, 2005).

A third explanation stems from the fact that a significant portion of the donations are not made in cash but rather through the donation of real estate, stocks and pieces of art (Auten et al., 2000).

The giving patterns of high income individuals differ from the giving patterns of the general public in several manners. One difference is in the type of

organizations to which they donate. An analysis of giving patterns in the United States shows that a majority of donations are directed towards religious organizations, umbrella philanthropy organizations and welfare services. In contrast to this, the wealthy tend to donate mostly to higher education, health, the arts and cultural causes (Auten et al., 2000; Ostrower, 1995; The Center on Philanthropy at Indiana University, 2006). A survey conducted in 2005 examined giving habits in the United States and found that religious and welfare organizations receive a small portion of donations made by individuals with incomes over \$100,000 (The Center on Philanthropy at Indiana University, 2006). Another study found that wealthy donors showed a preference for giving to education – 50% of large donations were made out to educational institutions. Another preferred target for charitable giving among the wealthy is private and independent foundations (DiMento & Lewis, 2006).

An analysis of giving patterns among the upper classes reveals that differences between the supported causes correspond to different subgroups of those classes. Differences and hierarchy among elites are translated into differences in charitable giving as a way of reinforcing the identity of the donors. Though donations to religious communities and social causes are generally low, as was seen in the Giving USA survey, a different picture arises when analyzed according to religious and ethnic groups: Protestants give large sums to religious communities, and Jews and women donate relatively large sums to social causes (Ostrower, 1995).

Another issue that displays a degree of variance is the sensitivity to tax benefits (Auten et al., 2000). Increased sensitivity to tax benefits, also known as a "high income effect" (as mentioned in the section on factors influencing giving) means that the existence of tax benefits that reduce the cost of giving for the donor will have a large impact on the willingness to donate and the amount given. Increased sensitivity to taxation can play out in one of two manners. First, it can influence the timing of charitable giving: donors may prefer to concentrate their giving in years when their tax bracket is higher and thus reduce the cost of the donation. This, however, will not affect life-time giving. Every time taxation laws are changed in the United States, the giving patterns of the wealthy change immediately in response as well, though these changes have no long term effects. For example, when the marginal income tax bracket for high-income brackets was raised in 1993 from 31% to 39.6%, the average donations made by high income individuals rose from 4% in

1992 to 6.3% during the years 1993 and 1994. Similar changes were observed other times as well in immediate response to changes in taxation law.

Second, another unique characteristic of charitable giving among the wealthy is in the modes of giving. Wealthy people do not simply make out a check to their favorite organization. They are assisted by more complex mechanisms for donating that are helpful for tax planning and other purposes. They often use the services of tax advisers and donate through the following channels:

Private Funds: institutions created by a small number of large donations. The activities of such funds are limited to managing and investing their assets and distributing grants to nonprofit organizations from the funds' proceeds.

Donor Advised Fund: a fund owned by another communal fund or a nonprofit organization. Such a fund allows the donor a certain degree of control over his donation but spares him the hassle and bureaucratic difficulties involved with establishing a fund.

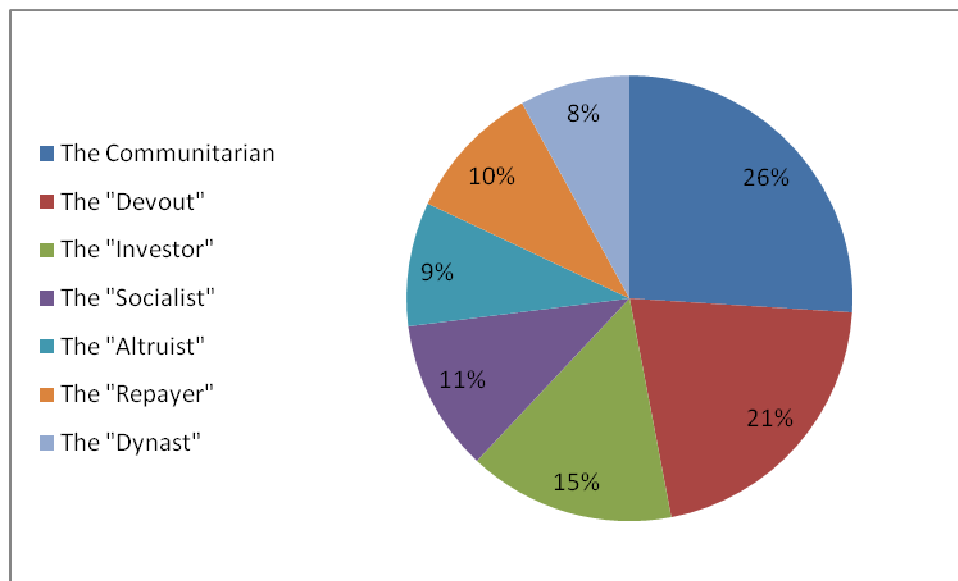
Split-Interest Trust: funds of this type serve both the donor's charitable and non-charitable interests at the same time. The donor keeps the capital of the fund but the fund is committed to donate fixed amounts at fixed intervals.

Wealthy donors tend to use the services of various consultants for their philanthropic pursuits in order to address taxation issues and other legal matters among other things (Auten et al., 2000). These consultants have a large degree of influence on the form of giving by recommending the use of either donor advised funds or split-interest trusts in order to avoid the high costs of establishing a fund.

Another characteristic of high income giving is the large degree of influence the donors have in policy and decision-making processes in the recipient organizations. This fact stems from two reasons: first, a major form of charitable giving among elites is volunteering for donor societies, government boards and fundraising efforts (Ostrower, 1995). These are all positions of great influence on the organization's activities and conduct. Furthermore, the ability to donate large sums of money grants the donor perforce a degree of influence and control in determining organizational policy (Auten et al., 2000).

It is possible to link this characteristic and another difference separating giving patterns of the very wealthy from those of the general public – namely, the motivation to give (Schervish, 2005). Individuals generally give to charity because they are interested in supporting and furthering a particular cause, but the wealthy are motivated by the desire to redefine social and cultural realities. As "hyper agents," these wealthy donors are interested in and able to mold, create and influence their surroundings by devoting their resources to particular causes. This characteristic is also linked to the sense of strength that accompanies wealth, the manner in which it influences a person's perception of his ability to donate and influence his surroundings, and the sense of commitment that arises with it.

Qualitative studies exploring the motivations to give to charity and the characteristics of charitable giving among wealthy donors have resulted in a typology of seven categories (Ostrower, 1995; Prince & File, 1994). This is a rough division, and many of the donors belong to more than one category:



The "Communitarian" gives because "doing good makes sense" (Prince & File, 1994). Such people donate because they feel connected to their community and believe that through their charitable giving they are helping their communities thrive. Furthermore, this type mostly includes business owners who find their involvement in governing boards and committees of nonprofit organizations conducive to their business relations.

The "Devout" is motivated to give to nonprofit organizations for religious reasons. Such people believe that it is God's will that they help others and use their money for

the common good. They are most often members of religious communities and they direct most of their giving to religious organizations.

The "Investor" gives out of a desire to support and promote specific causes and is highly aware of matters of taxation. Donors of this type will most often give to a large number of organizations, including community funds.

The "Socialist" assigns much weight to the social aspects and connections involved in philanthropic activities, in addition to his desire to promote social causes. Such people tend to be more involved in fundraising efforts, organizing fundraising and social events, and the daily activities of the organizations. They tend to focus their activities in visible areas that boost their social standing, such as the arts, education and religious organizations.

The "Altruist" is motivated by feelings of generosity and empathy. Such people give because they believe they have a moral imperative to give and because their giving aids their spiritual and personal development. The altruist pays little attention to taxation considerations. A relatively large portion of this group is involved in promoting social causes in comparison with other donor-type categories.

The "Repayer" was once the recipient of the activities of a nonprofit organization, mostly in the health and education areas, and supports a charitable organization from a feeling of gratitude and commitment. The repayer usually was not involved in philanthropy before the formative experience through which he became acquainted with the organization and the social needs it addresses.

The "Dynast" is a category of donors who inherited their wealth as well as a tradition of involvement in philanthropy. The motivation of "dynasts" stems mostly from their socialization, family heritage and their understanding that it is expected of them.

7. Is there a New Philanthropy?

A central claim in the research in the past years has been that New Philanthropy has been on the rise since the 1990s (Brown, 2000; Cobb, 2002; Frumkin, 2000; Sharp, 2004; The Center on Philanthropy and Public Policy at The University of Southern California, 2000).

This is the consequence of the expansion in the sizes and frequency of donations, the advancement of new donors representing diverse communities and ideologies, the creation of new forms of giving that empower the new philanthropists, the advancement of entrepreneurial and business norms in the field of philanthropy, and the establishment of new, global mechanisms for giving.

New philanthropy can be broken down into several components:

1. The appearance of newcomers in the field of philanthropy following economic and demographic changes, mainly younger people (Brown, 2000; Schervish, 2000; Wagner, 2002). These are people who acquired great wealth in high-tech at a young age, women, young heirs seeking to alter their family's philanthropy tradition, immigrants and ethnic minorities.

Many of the newcomers are entrepreneurs, mostly coming from the technology, media, and entertainment fields who have acquired great wealth enabling them to take part in large-scale philanthropy. They bring with them entrepreneurial, business attitudes and behaviors to the field of social innovation, and view their philanthropic engagement as an investment for which they demand clear results. These donors tend to become personally involved in the organizations they support and are seeking recognition and satisfaction from their contribution (Frumkin, 2000).

The intergenerational transfer of assets within families with a history of philanthropic involvement also results in the advancement of young heirs who are interested in setting themselves apart from their family traditions by way of establishing independent foundations and giving practices.

New segments of the population, including women and ethnic minorities, have also entered philanthropy. These groups are generally dissatisfied with the work of large organizations within their communities and they enter new fields that had previously been neglected (Brown, 2000; Ostrander, 2004; Ramos & Kasper, 2000).

2. The field of philanthropy has become more ethnically diverse and the advancement of young newcomers has caused a shift in donations from traditional and established fields such as the opera and museums to environmental, social and minority causes. A survey conducted in 1997 in California identified a clear preference for giving to local organizations and social innovation organizations above the national average in the United States and a lower than average level of giving to religious and cultural organizations. Furthermore, the survey indicated that the giving levels of minorities are equal to those of the white majority. The majority of donors said they were interested in seeing results from their donations (Brown, 2000).

3. Together with the advancement of new donors in the field, new philanthropic philosophies were also established as for example, venture philanthropy and strategic giving, as well as new forms of giving tailored to suit the preferences of the new donors:

Venture Philanthropy is viewed as a tool to improve the effectiveness of charitable organizations. Its main emphasis is on changing the discourse from *giving* to social *investment* and introducing venture business concepts into a field that used to rely on good will and mutual trust. Venture philanthropy espouses three principles (Frumkin, 2003):

- (1) Nonprofit organizations require a large sum of money over a limited period of time in order to maximize their effectiveness.
- (2) Organizational consulting services, originating in the business world, can improve the strategies of nonprofits.
- (3) Outcomes of social programs should be evaluated according to the principle of "social return on investment" similar to the methods of evaluating business results and looking at the "bottom line."

Venture Philanthropy gave rise to Venture Funds, which are an expression of the attitudes and strategies of new donors, mainly entrepreneurs and dot-com innovators, that enable donors to manage their philanthropy according to their worldview.

This model, which was initially presented as an innovative model for philanthropy, has since lost ground, been moderated, and today is presented by its supporters in a more moderate fashion. Moody (2006) claims that implementation difficulties and tension between the cultures of the business world and the third sector

were the main causes for the moderating changes that have occurred in the model. So far, the model has not yet produced unique results for giving and the model of social investments seems similar in many ways to other forms of giving (Frumkin, 2003).

Strategic philanthropy denotes programs to allocate large sums over a long period of time while creating partnerships with a large array of organizations (Dellfin & Tang, 2005).

Alternative and Identity Funds are funds that allow donors to dedicate their gifts to a specific area and not to a specific geographic community, thus supporting and promoting personal interests. As opposed to community funds and organizations such as the American United Way, these foundations define their area of practice and depend on a community dedicated to a certain program rather than on geographic ties. These foundations are viewed as alternative foundations since they mobilize donors who seek to deviate from the traditional methods of philanthropy. They are often identified with activist methods striving for "social justice," empowering weak population groups and legal advocacy (Burns, 2000).

4. The creation of global giving mechanisms based on the Internet is called E-Philanthropy. These mechanisms grew out of the donors' demand for transparency and access to information and out of the market's demands for openness, transparency, and speed (Sharp, 2004). These new mechanisms serve as a network-based platform serving individuals, companies, and organizations who wish to donate towards projects and to fund them. Global Giving is an example of such a website, and it has been nicknamed the "eBAY of Development".

The research on the subject claims that these trends increase the scope and pace of philanthropy. This is because of the introduction of new wealth and the creation of more sophisticated mechanisms for giving. New philanthropy is more pluralistic and individualistic than "traditional philanthropy". The new actors in the field of philanthropy alongside the new strategies and institutions empower new and diverse voices that had not been heard in the framework of the traditional, more homogenous philanthropy and allow once silenced contradictory values to be expressed.

An additional characteristic of this trend is the blurring of the border between business and philanthropy stemming from the involvement of businesses in social activities and the fusion of trends combining for-profit practices with practices

originating in the charity world. Corporate Social Responsibility, Social Entrepreneurship, and Social Investment offer different models of giving and social involvement. These trends are all similar in that they unabashedly admit to various utilitarian motivations and engage in philanthropy as part of a business ideology and managerial trend that views corporate involvement in philanthropy as a response to the demands of stakeholders in the community (MOir, & Taffler, 2004; Sharp, 2004).

The question must be asked to what degree do these changes constitute a New Philanthropy as opposed to a natural development of the field and what are the consequences on the methods of giving and their outcomes – i. e., what is the impact on nonprofit organizations and on communities? Researchers continue to probe into these questions and their findings will instruct us in the future.

In Conclusion

This paper attempts to dispel some of the confusion surrounding the abstract concept of philanthropy and to present some of its many facets. Though the concept of philanthropy developed out of the concept of charity, and despite the fact that giving to public causes has existed since antiquity, philanthropy is nevertheless a new phenomenon, originating in the 19th century in the United States. The term "philanthropy" denotes private, voluntary actions seeking to promote various social causes. Philanthropy includes the giving of money and time for public causes, the activities of foundations, and the allocation of resources by organizations operating between the private and public spheres. The study of the motives for engaging in philanthropy has made great strides. At first it focused on altruistic motives, moving later to utilitarian motives. Today, the identification theory of philanthropy attempts to combine the two above mentioned motives and focuses on the role of social networks and the identification with the recipient as a motivation for giving.

The attempt to examine the scope of philanthropic activities in Israel and the world has resulted in several clear conclusions. In general, the scope of philanthropy worldwide is not large despite the subject's salience in the public discourse. Levels of giving as a percentage of the GDP are relatively low, the United States being the only place where the levels are near 2%. The situation in Israel seems relatively positive in comparison with other Western countries, both from the perspective of the percentage of people giving to charity and the net-worth of donations as a percentage of the GDP.

Among the topics not covered by this study is the subject of public policy in relation to philanthropy – a subject that includes an examination of the ways in which taxation policy affects philanthropy and the ways in which philanthropic activities shape public policy. Others questions on this subject include attitudes regarding government responsibility to provide social services and their effect on the scope of philanthropy and its characteristics etc.

These topics, in addition to concerns that are specific to Israel, should receive due attention. The research literature in Israel has so far only considered a limited number of topics relating to philanthropy and has focused on giving patterns in the general public and the limited field of business philanthropy. The topics of high net-worth donors, taxation issues, and trends in Israeli philanthropy have not received sufficient attention. Academic interest in the field of philanthropy in Israel has been on the rise and there are many topics which remain to be studied:

1. The scope of philanthropy in Israel needs to be examined in order to offer solutions for inadequate information about the large scale of overseas donations, the wide-scale activities of foreign foundations in Israel, and the lack of regulation in the field of charitable organizations.
2. The impact of foreign philanthropy on Israeli society.
3. The involvement of members of the Jewish Diaspora in philanthropy in Israel.
4. A study of the characteristics of donors in Israel and their motivations to give: To what degree is the field of philanthropy in Israel part of the global field of philanthropy and what are its unique Israeli characteristics? To what degree do present theories explain philanthropic activities in Israel?
5. Philanthropy among minority groups in Israel.
6. What areas of involvement are unique to high net-worth donors in Israel and what is the impact of their activity?
7. The question of the elasticity of giving and the impact of taxation on donations in Israel, along with an examination of the degree to which donations for public causes compensate for the decrease in the government's tax revenues due to tax benefits.
8. The impact of fluctuations in requests for donations on the scope of philanthropic activity in Israel.

These topics and others will be the foci of the new Center for the Study of Philanthropy in Israel. The Center's findings will be published periodically and will serve decision-makers in policy planning in this fascinating and challenging field.

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