

Constructive Capitalism for Goodness Sake

Exploring the relationship between giving
attitudes, intentions and behaviours



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Executive Summary

These are exciting times for philanthropy, with healthy dialogue between the commercial and not-for-profit sectors, government and individuals. Obtaining a deeper insight into the issues and motivations to give, is useful to identify ways in which giving can be more effective with helping to solve social problems.

Constructive Capitalism for Goodness Sake was a survey carried out by Adessy Associates earlier in 2012 with an objective of exploring the relationship between giving attitudes, intentions and behaviours, as there are very few studies exploring this.

Constructive capitalism is a business model that brings together the power of individuals or business, with the power of philanthropy, to enable a prosperous and more inclusive society¹. Adessy Associates defines philanthropy as the giving of time, money, experience and skills to create a better world.

The current economic climate sees intensifying public and political pressure on the highly paid and bonus culture and, now as never before, there is a strong case for advocating the benefits of being a high earner – to the Treasury, to society and to the individual – particularly if coupled with the desire and opportunity to contribute and make a meaningful difference in society.

Outcomes of the survey indicate that a large majority of respondents (about 85%) were willing to give; with the majority donating between 0.5% and 2% of their annual income - demonstrating a sense of responsibility and desire to contribute.

Respondents are primarily motivated by genuinely altruistic reasons and what motivated our participants most to give, was the solution of specific global or local issues and a desire to achieve long-term empowerment and social change. However, considering these aims, it is clear from our findings that a barrier to giving is being able to understand the impact and the extent to which the donation actually helps solve and change social issues. The survey indicates most respondents are oriented to “giving” rather than “solving social problems.”

The kinds of organisations that people give to, appear to be dependent on a personal motivation or relationship; while the majority of respondents indicated that they spend time thinking about the causes and organisations they want to donate to, about 35% reported that they spent ‘very little time’ on the research and selection of causes and organisations.

There is a need to evolve the full potential of philanthropy; to direct money, time, networks and skills where they can have the biggest impact. Education of potential philanthropists could encourage the strategic and effective giving that people wish to achieve.

A majority say they would be motivated to donate more if they had a better understanding of the positive impact of their giving and if they could see how their contributions effected social change; ‘**seeing is believing**’. Given that 82% of our participants agreed that initiatives that combine social objectives and commercial acumen are more sustainable, there is a significant role for business to play in solving the world’s most pressing issues.

¹ Definition by Umair Haque, author of The New Capitalist Manifesto: Building a Disruptively Better Business.

A Vision for the Future

Philanthropy has the potential to change the world. Gaining deeper insight into these issues is useful to identify ways in which giving can be harnessed to be even more effective.

When conscious desire, business thinking, entrepreneurial approaches and a collaborative spirit bring people together, innovative practices result. There is the potential to catalyse and impact on society on a scale that eclipses the financial resources invested.

Action creates reaction. Strategic, thoughtful action has the potential to impact significantly.

This survey helps to identify general trends and serves as an introduction to a fascinating subject, providing relevant insights and a platform for dialogue.

Do get in touch with Adessy Associates if you wish to discuss further.

Adessy Associates

We engage with business and high net worth (HNW) individuals who have a conscious desire to make a difference in society. Combining business thinking, an entrepreneurial approach with a collaborative spirit, we connect people with innovative, highly focused ideas, partners and capital (funds and human resources) to deliver strategic philanthropic and social investment activities that effectively impact on solving some of the world's most challenging problems.

Our core services are:

1. Bespoke Prize / Award / Challenges: design and implementation,
2. A Social Investment Leadership Programme for HNW women and NextGen: education, experiences and mentoring to support and encourage strategic social investment,
3. Social Impact Funds: created for specific issues or themes with investors who share common objectives.

Who Contributes to Making Society a Better Place?

In the first part of the survey, we simply inquired about the current giving behaviour of our participants.

Over 85% of respondents give between 0.5% and 2% of their income, showing a strong sense of responsibility and willingness to contribute. About 20% of the participants receive a bonus, and of those, about one quarter has donated portions of their bonuses.

Table I - What % of your income do you give to benefit society?

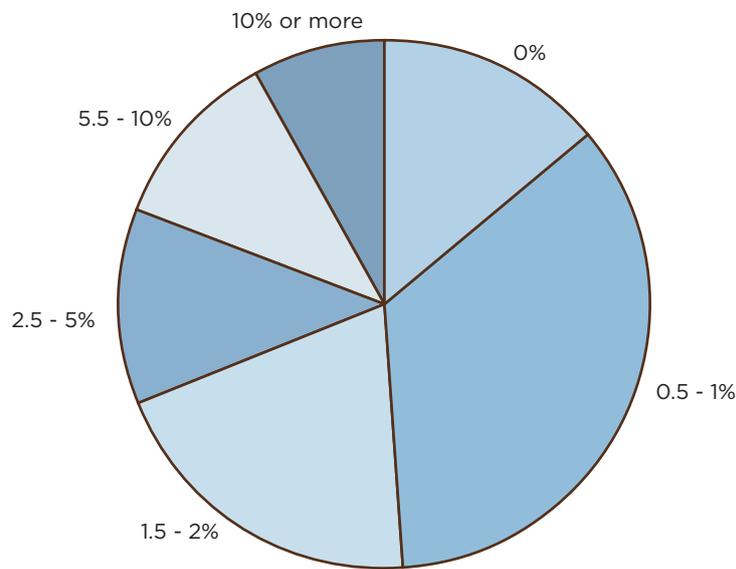
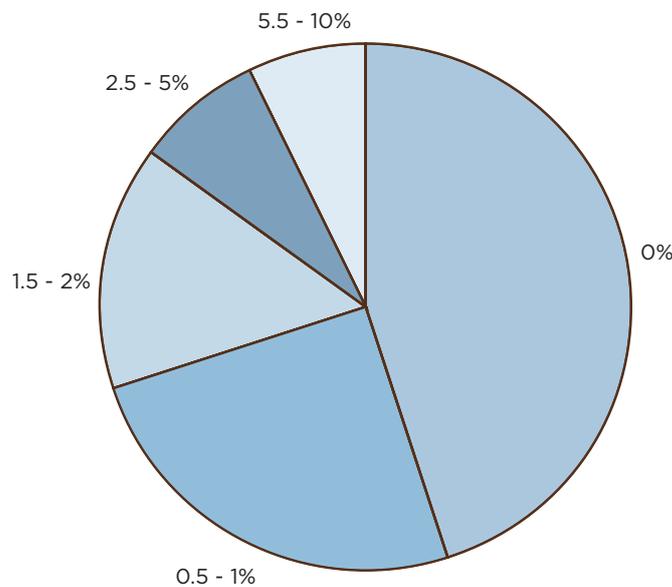
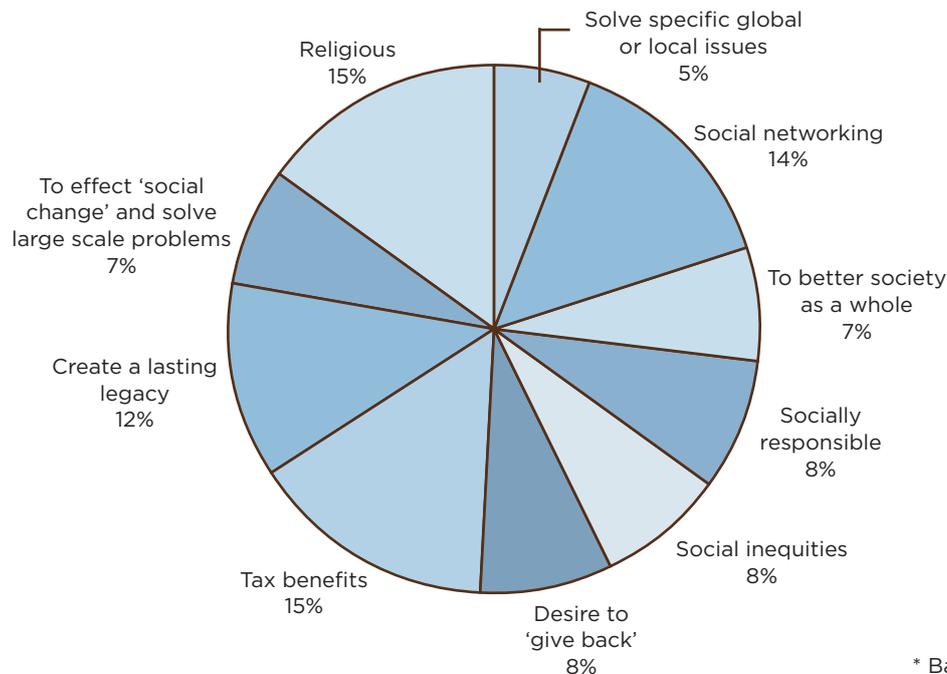


Table II - What % of your giving is 'in kind'? For example, time, resources, experience or skills.



The Joy of Giving

Table III - What does / would motivate you to give*?



* Based on total responses

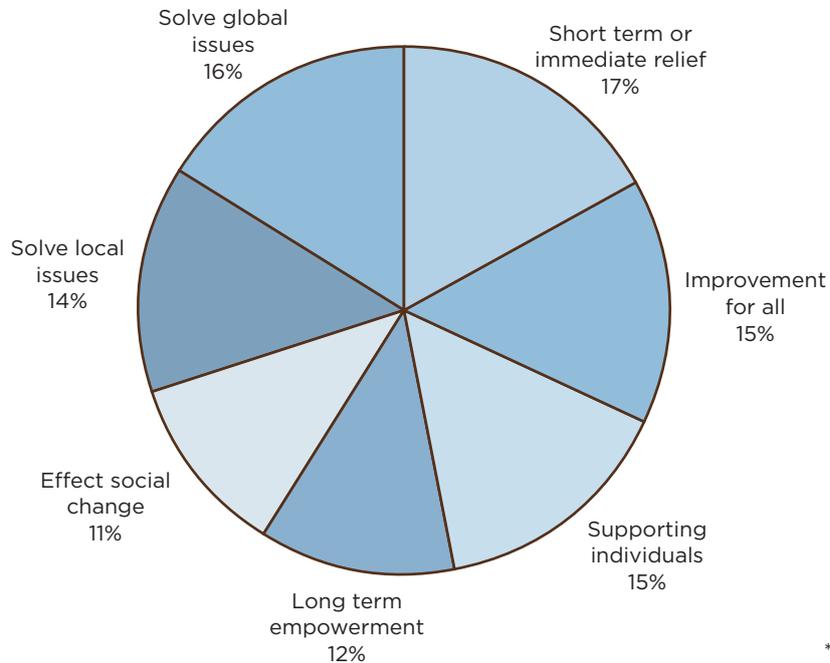
Interestingly, in contradiction to the chart above, when participants were asked to rank, in order of preference, their motivations for giving, the top three responses were:

- Solve specific global issues,
- Better society as a whole,
- Effect 'social change' and solve large scale problems.

The comparison is rather telling about the nature of individuals and philanthropy. Overall, participants were primarily motivated to give by genuinely altruistic reasons with a strong wish that their contributions effect change. However, tax benefits, the creation of a legacy and social networking opportunities, represent factors that effect strong considerations. Such intrinsic and genuine motivations are a necessary condition, though a pro-giving attitude alone will not promote social change if giving is ill-advised, misdirected or inefficiently used.

Ensuring that giving achieves the greatest possible impact is an important pre-requisite to constructive social investment.

Table IV - What do you / would you want to achieve with your giving*?



* Based on total responses

Of our participants, 90% gave in their home country. Over 64% donate in less socio-economically developed regions. Most clearly favoured is giving to local issues over tackling wider issues: in theory, this could be for a variety of reasons i.e. participants feel less connected due to distance, a lack of knowledge, concern that funds will not genuinely reach those that it is intended for or lack of visibility over whether the donation has achieved the desired impact.

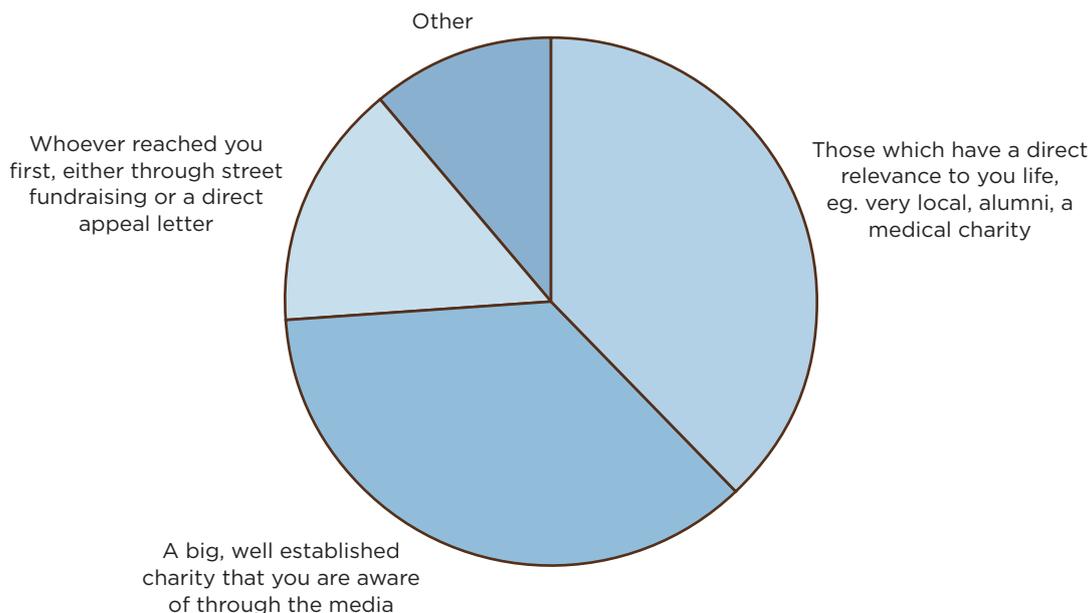
It poses an interesting scenario, one that needs further investigation, and stands in contrast with what people allegedly want to achieve with their giving. Again, when asked to rank in order of preference, our survey shows about half of all participants ranked long-term empowerment and effecting social change to be the two single most important goals they aim to achieve with their philanthropic giving.

Consistent with our findings on geography, people assign higher priority to the solution of local issues over the solution of global issues. This shows that people tend to donate to causes that are close to them and relatively easy to grab and solve, whereas global issues seem less tangible and therefore possibly less simple to solve. It may be that people fear their giving will not have a significant effect on such global issues, because they are too large and complex to be controlled or solved so far. This may deter investment from reaching places where capital is probably most desperately needed and could achieve the most social, environmental and economic impact for the investment.

Results show that donors want to invest long-term rather than short-term, that local issues are given priority over global issues and that the improvement of the situation for collectives is more important to donors than assisting individual people. Donors want their contributions to benefit a greater number of people in the long run. One participant for example told us that he only gives to charities *“that address the root issues rather than just the presenting problems.”* In other words; effectiveness and long-term impact are what count most.

When asked what kind of charities participants give to, one participant said [I give to] *“Charities I have chosen which address my specific concerns and who, on investigation I am comfortable are effective, efficient and business like, as well as being mission driven.”* Yet, to attain this level of confidence in a charity requires a lot of research and insight. Although the transparency and reporting methods of most charities have improved during recent years, it is still impossible for an individual to look at all the reports and data and identify the one charity, which will make the most out of their contribution.

Table V - Which types of organisations do you / have you given to in the past?



The survey showed that most people place more trust in organisations that have a direct relevance to their lives.

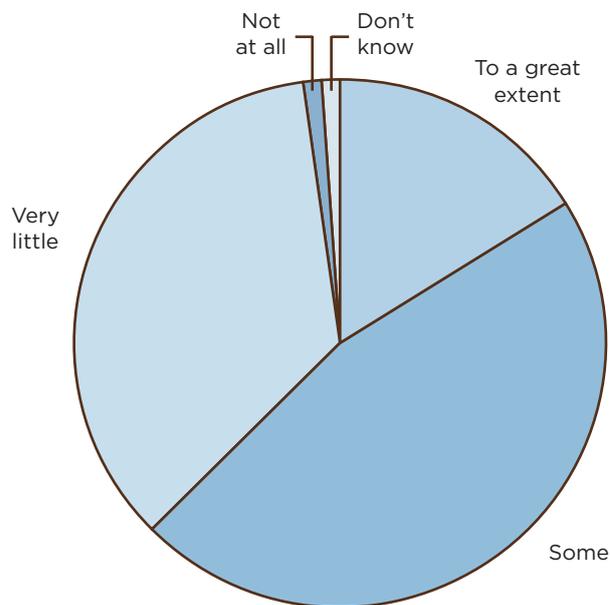
We also found that alignment of interests is apparently more important to philanthropic giving than geographical proximity or size: *“I give to a variety of causes covering environmental and social issues, on both global and local scale, and also volunteer at a local wildlife trust.”*

Other participants confirmed that they primarily give to charities that align with their passion. One participant for example says that he gives to *“Charities which focus on issues of particular concern to me - usually relating to minimising the impact of lack of informed choice or opportunities on the part of individuals, either through lack of freedom, money, support, health.”*

Other participants, however, told us that they preferred *“Small charities that offer alternatives to big mainstream charities especially because they do not fundraise in traditional ways and/or have difficulties funding.”*

Some participants are wary to trust and engage with charities that are present in the media, and place higher trust on references they receive by word of mouth.

Table VI - How much time do you spend thinking about the causes, organisations and the amount to give?

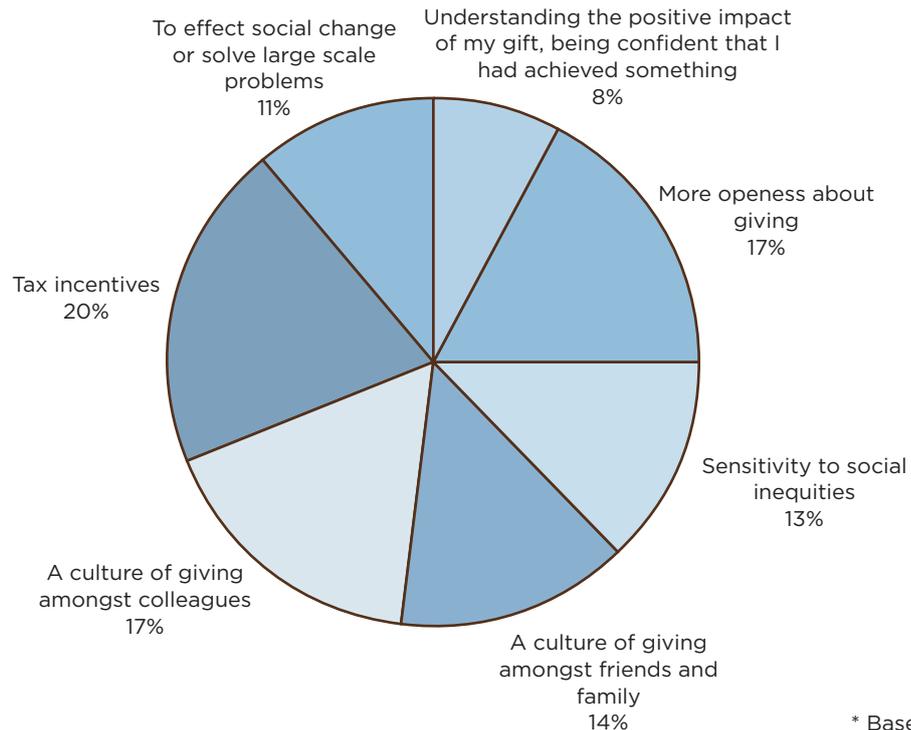


“I believe I devote a significant amount of time and resources each year to organisations I identify with, or that I observe in activities that I believe will have a long lasting, positive and empowering impact.”

Effecting social change

In this section of the survey, we shed some light on the questions of what might prompt people to donate more, and what constitutes the greatest barriers to giving more.

Table VII - What might prompt you to start giving / give more*?



* Based on total responses

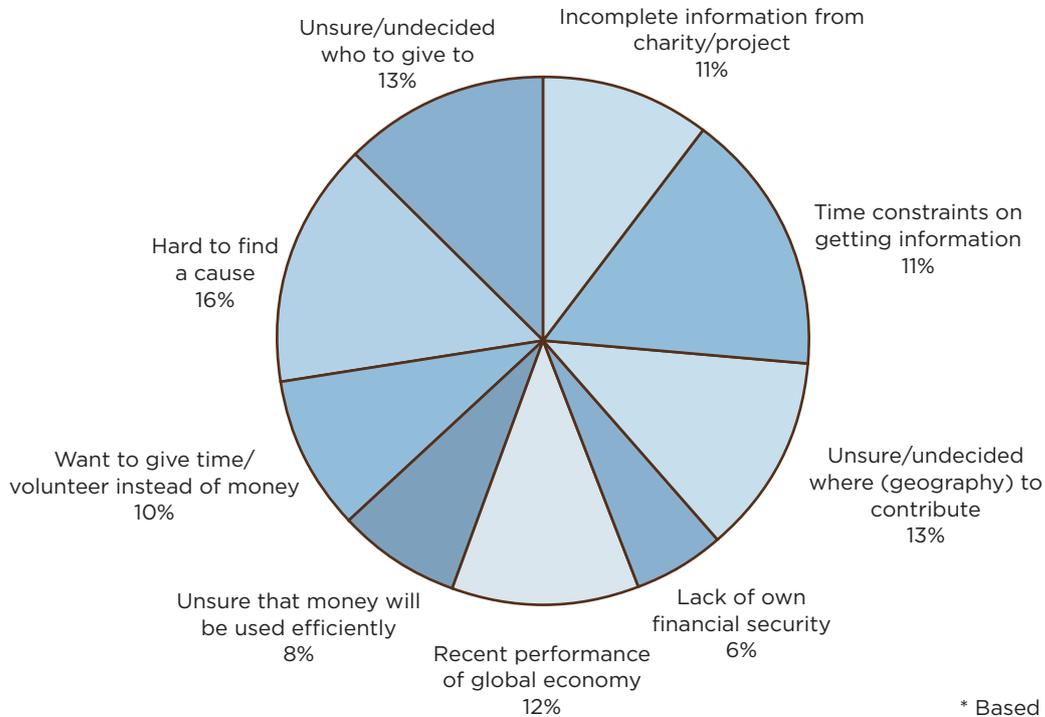
In contrast to the chart above, when participants were asked what would prompt them to start giving more, in order of preference:

- 62% stated that understanding the positive impact of their giving was the single most important driver for giving more,
- 49% deemed effecting social change as very important,
- 35% indicated sensitivity to social inequalities.

This shows a very clear goal-orientation with a focus on efficiency. If people see that their contributions do in fact have a positive impact, and understand there is a real possibility to solve large scale problems and effect social change, this would potentially prompt more giving. It is important for charities and other organisations struggling for funding to make explicit the impact that their donors' contributions make. The trend toward transparency and reporting is vital: not only to legitimise actions, but also to attract additional funding.

This makes a strong case for organisations such as Adessy Associates, which through its business model ensures philanthropists invest in a chosen cause(s) in the most efficient and impactful way. Our approach helps our clients understand what kind of difference their contributions make. Moreover, it assures donors that their giving is well-invested and efficiently put to good philanthropic use.

Table VIII - What are barriers to giving / giving more?



Barriers to giving effectively were evenly spread for all respondents, indicating that no particular hurdle prevents their engagement with philanthropy. It does raise, however, the need for further dialogue and education about how real these barriers are; and how to challenge these perceptions with professional guidance and support. Additionally, if the barriers do exist, rather than being seen as limitations to giving, professional guidance can be utilised to turn them into opportunities.

Curious Capitalist

The final section of the survey was designed to inquire more deeply into specific aspects of giving attitudes and behaviours.

For the majority of respondents the overwhelming response to all questions in this section, other than Table IX below was YES. The question that received a majority NO, Table IX - 'do you agree companies should require employees to donate a proportion of their bonus?' - indicates that the motivation to give is self-driven and, we assume, an altruistic imperative. This interpretation is reflected in the majority YES response to the other questions, which provide thought-provoking ideas and potential initiatives. It appears respondents are truly curious capitalists, with a desire to engage and be engaged with.

Table IX - **Do you agree companies should require employees to donate a proportion of their bonus?**

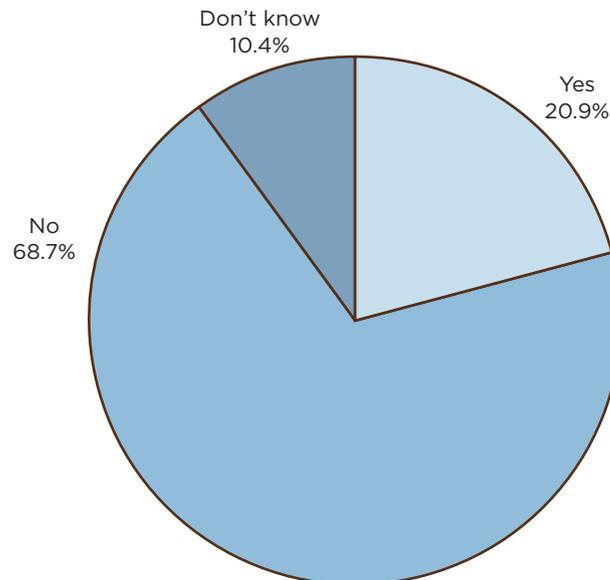


Table X - Do you agree opportunities that allow you to participate, affect your enthusiasm for giving?

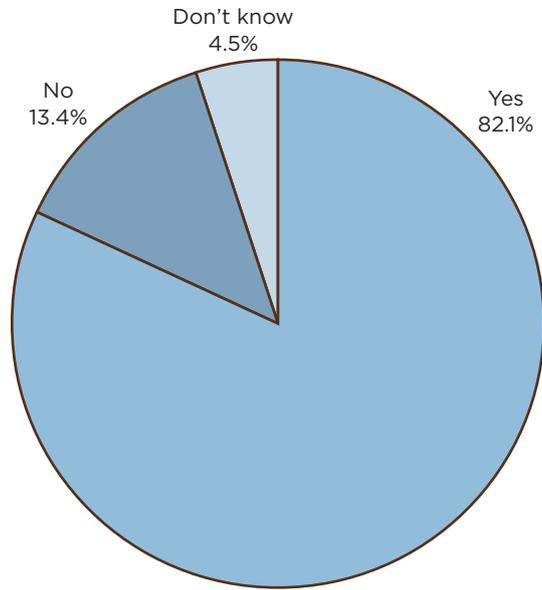


Table XI - Do you agree projects that will continue to grow, affect your enthusiasm for giving?

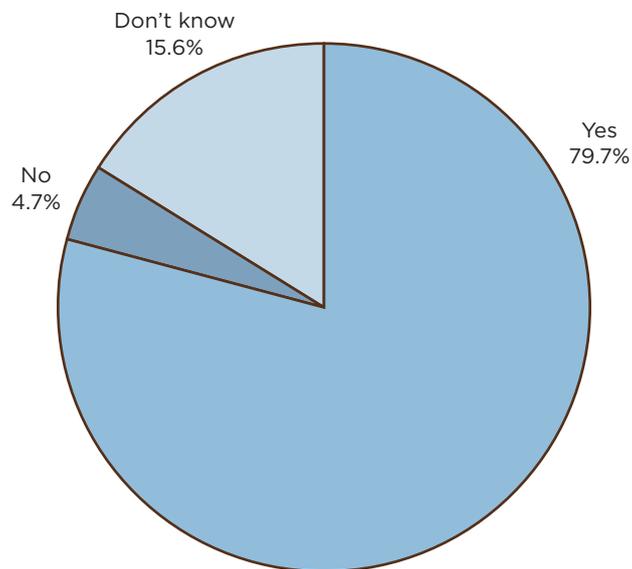
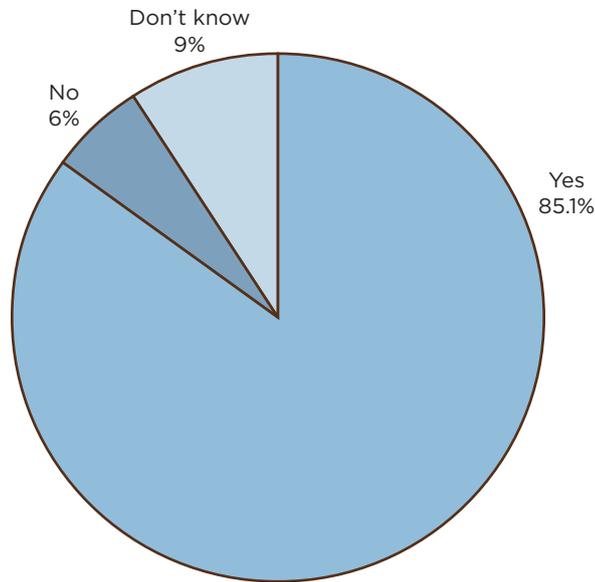


Table XII - Do you agree a more socially responsible economy should be emerging, where social, ethical, environmental and financial objectives are equally balanced?



“Cultures that encourage socially responsible behaviour and have it as a core value, create more sustainable generosity and happier places.”

Table XIII - Do you agree that initiatives that combine social objectives and commercial acumen are more sustainable?

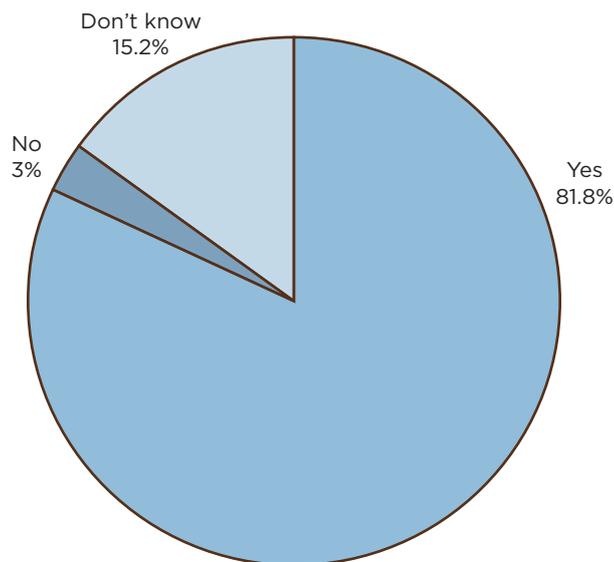


Table XIV - Do you agree donations treated as an investment, rather than purely as a gift, affect your giving in terms of the proportion of income donated? For example, receiving an annual report documenting return on investment or impact on large scale social change.

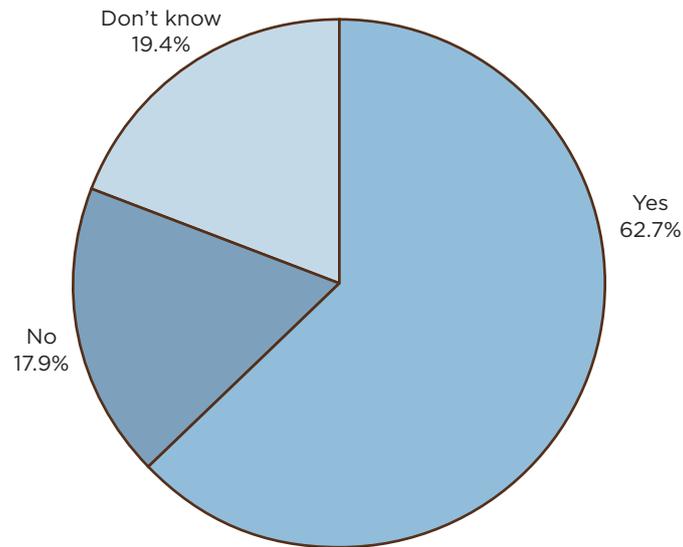


Table XIV emphasises again, the great importance of transparent and well-structured reporting mechanisms for charities. However, it is important to acknowledge and allow charities to focus on their core remits and not be pressured into producing ineffective business-reports for potential investors. Intermediary organisations, which both work with, and connect, charities and potential donors, provide the necessary information and feedback to facilitate effective giving.

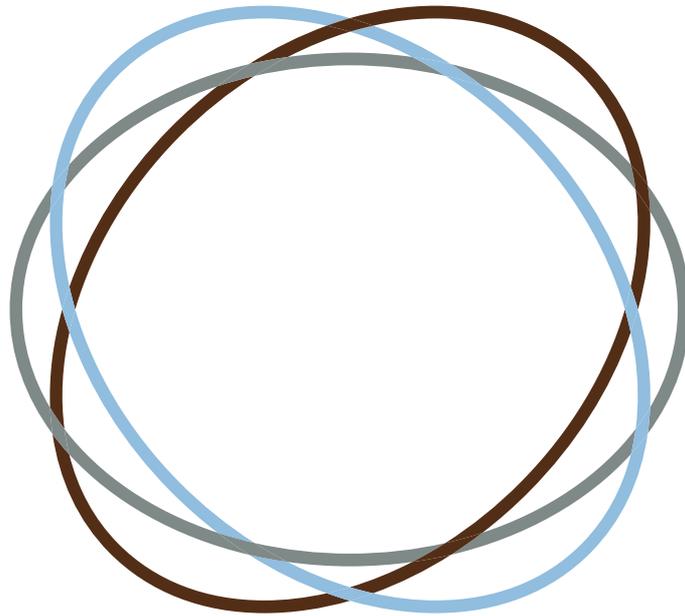
Appendix I: Methodology and Research Population

This survey was conducted by Adessy Associates to explore current trends in giving attitudes, intentions and behaviours. The research is based on an online survey, which included open and closed questions, conducted between March and June 2012.

The research population, made up of a total of 85 respondents, covered age groups ranging from people in their early 20s to people in their mid 70s. The survey therefore includes the views of a younger generation that might become tomorrow's givers; hence their attitudes are vital for this survey, as well as a group of people, who are probably the greatest contributors at the moment. The survey population is fairly small, and since 60% are female, there may be bias.

The aim of the survey was to identify general trends, rather than an exact replication of current giving behaviour. Nevertheless, the survey provides some relevant insights regarding current and future trends in giving behaviour.

For each completed survey, Adessy agreed to donate £1 to Oxfam Unwrapped's 'Budding Businesses' to invest in business women and men, providing the financial backing they need to turn a brilliant idea into a moneymaking reality. Adessy Associates donated £95. For more information: <http://www.oxfam.org.uk/shop/oxfam-unwrapped/the-business-minded/budding-businesses-ou5019lh>



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