

OBSERVATION

TD Economics



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NOT JUST A WARM FUZZY FEELING: WHAT DRIVES CANADIANS TO GIVE?

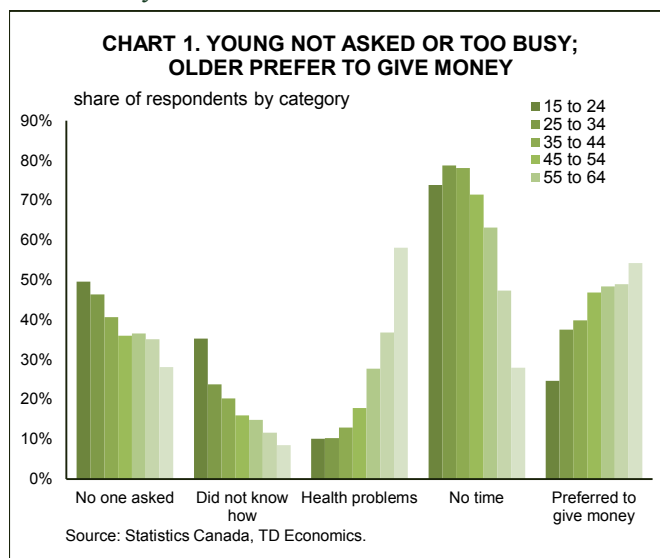
- Charitable giving has recently fallen among Canadians, with both the donor and volunteer rates down in the most recent data. This invokes a number of questions: why aren't we giving more, and are there any lessons that can be gleaned from more highly engaged Canadians?
- There is no one single answer to these questions. Trends do emerge in the data however: younger Canadians are less likely to report being asked to give time or money. Older Canadians are more likely to prefer giving money, but are also more likely to report concerns about charity fraud and the sheer number of organizations making requests.
- On the other side of the coin, highly engaged volunteers overwhelmingly report a desire to put their skills to use as driving their decision to give. For the top donors of money, tax credits and religious obligations stand out as motivations vis-à-vis donors of smaller sums.
- International comparisons may also provide insights on what drives charitable giving. Tax credit thresholds may help drive monetary giving; while increased engagement with religious Canadians may help drive increased volunteering.

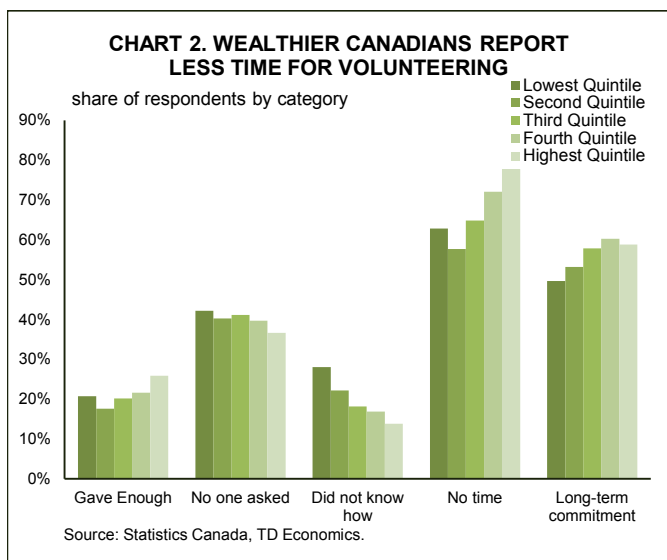
Many of us choose to give back to our communities, whether through direct giving (charitable donations) or through volunteering. By and large, Canadians are a generous people with both their time and money. However, as past reports have shown, both the volunteer rate and the donor rate have fallen recently in Canada, a change from historic patterns (See [Giving in Canada – Filling the Gaps](#)). What is driving this change? And what can be done to engage more Canadians with charity and volunteering? A recently released dataset from Statistics Canada may help shine some light.¹ Looking at 2013 data (the most recent available), we explore this question from two angles: first, what factors discourage Canadians from giving or volunteering? Second, for those Canadians who give the most - whether money or time - what motivational factors are most important? It is important to note that the intention of this report is not to provide policy prescriptions or specific advice. Rather the aim is to inform and provide a data-driven context for discussions related to engagement with volunteering and charity.

Why don't Canadians give more?

Volunteering

To begin the analysis we examine the reasons that Canadian's report for not giving more of their time. Looking at the responses by age group, a few interesting differences stand out (Chart 1).² Younger people are more likely to report not being asked to volunteer, or to not know how. In contrast, despite seemingly having more time to give, older Canadians were more likely to report a preference for giving money as a reason for not volunteering or not volunteering more.





Considering the volunteer decision by income group, a slightly different breakdown of non-volunteering decisions can be seen (Chart 2). Across income quintiles, there were not many notable differences driving the decision not to volunteer more. There are however two notable exceptions: respondents in the lower income categories, particularly the lowest quintile, were more likely to report not knowing how. In contrast, those in the top income quintiles were more likely to indicate not having sufficient time, although this response was common across all income groups.

A number of interesting divergences are also noted when the results are broken down along demographic or sociological dimensions. Males are more likely (45.7%) to indicate not knowing how to volunteer (or volunteer more) than females (34.5%). In contrast, females were more likely than males to respond that they are not able to make a long-term commitment (58.7% vs 53.2%).

Newcomers (those living in their community for less than three years) were more likely to indicate not being asked to volunteer or not knowing how, relative to respondents that had lived in their community for 10 or more years. Interestingly, newcomers were also more likely to report not having sufficient time, and less likely to indicate that they had given enough already. Similar patterns were also reported for respondents who did not have one of Canada's official languages as their first childhood language versus those who did.

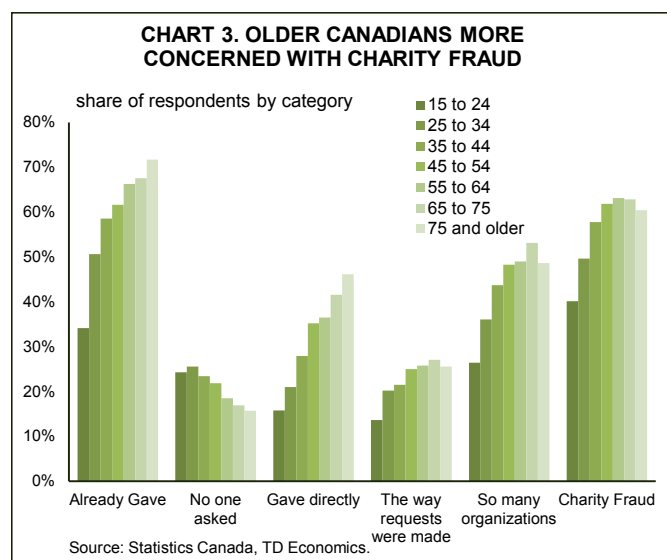
Giving Money

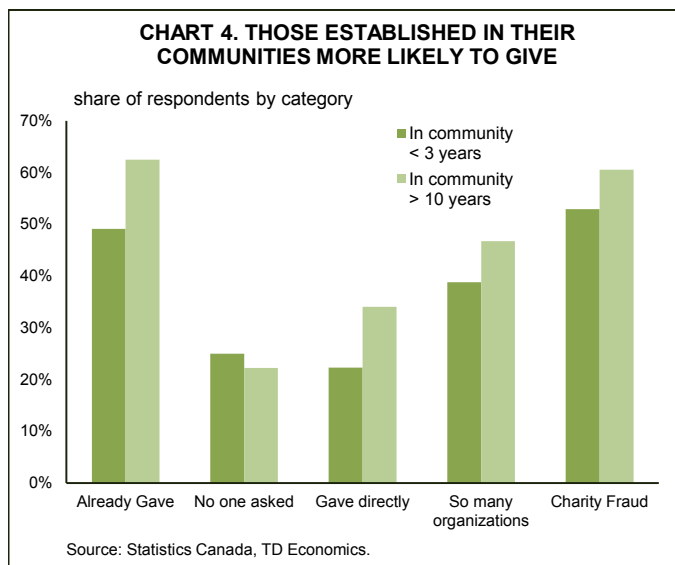
When it comes to reasons for not giving more money, older Canadians stand out as being most likely to report having already given (Chart 3). This is not surprising, and is consistent with the fact that older Canadians tend to be the most supportive of charitable giving.³ Perhaps equally unsurprising, younger people were more likely to report not being asked, although this is generally a less-common factor.

There are a number of factors that are more common among older Canadians when explaining why they did not give more. Older Canadians appear to be more concerned with charity fraud, and were more likely to report being overwhelmed by the number of organizations asking for money. The likelihood that a respondent felt they gave enough money directly to people on their own (rather than through a charitable organization) also increases rapidly with age.

Another factor that becomes more important with age is the way requests for charitable giving are made. We can delve more deeply into this issue, as Statistics Canada included detailed questions related to the nature of the requests for giving. Among Canadians 45 and older, the most common complaint about the way requests were made was that the tone was too rude or demanding (about 38% of those who reported not liking the way requests were made cited tone as a factor). Other common complaints centered on the number of requests made – both overall and from the same organization (i.e. repeated requests from one group).

When it comes to giving among income groups, the results in many ways mirror those by age group, which is not surprising, given income tends to rise with age. Respondents





in the top income quintile are more likely to report having already given, as well as concerns about charity fraud.

Looking at the breakdown between the sexes, responses were generally quite consistent, with two exceptions. Males were less likely to indicate not being able to afford to give more (48%, versus 60% of women). Male respondents were also more likely to be concerned about charity fraud than their female counterparts (55% vs 41%).

Some notable differences can be seen between newcomers and respondents who are established within their communities (Chart 4). Newcomers are less likely to report having already given to charity, and are also less likely to have concerns about the number of charities, or charity fraud.

What drives highly engaged Canadians?

Although the reasons reported for not volunteering or donating (or giving more) provide valuable insight into the disincentives to giving, perhaps equally valuable are the reasons those who are highly engaged report as driving their giving decisions. Looking at the survey results around the reasons for volunteering, a number of interesting differences arise when the motivations reported among those who volunteer the most (more than 181 hours per year) are compared with those who volunteer 17 hours or less per year (Chart 5).

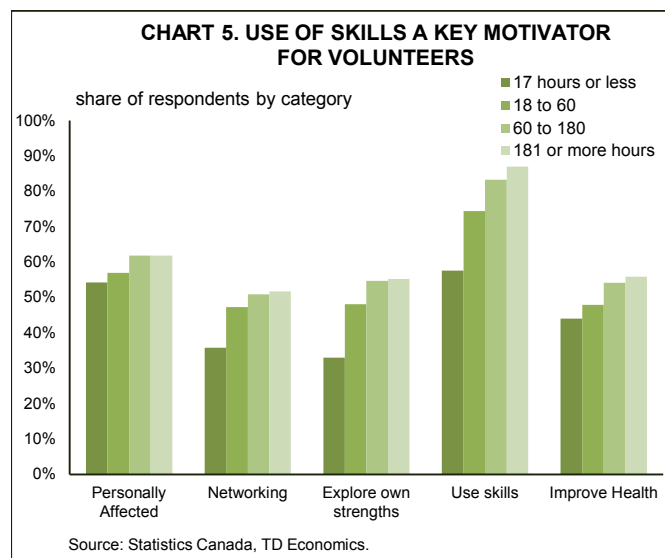
The biggest difference was related to the use of skills and experiences. While this is a common motivator for volunteering – second only to a desire to support one’s community – a significant gap is reported – 87% of those that give more than 181 hours a year report this motivation, compared to

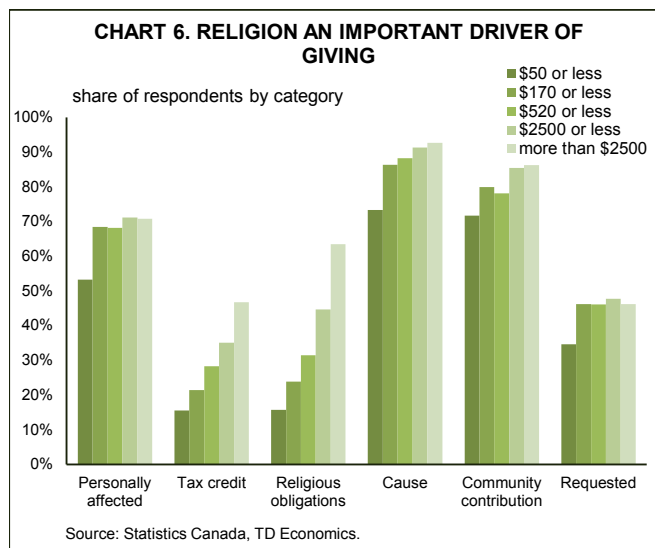
less than 60% of those that give 17 hours or less. A number of other significant differences can be seen: top volunteers are more likely to report networking opportunities, the opportunity to explore their own strengths, and the chance to improve their health as motivations when compared to less engaged volunteers.

Interestingly, there are a number of common factors that while important in engaging volunteers, do not appear to motivate top volunteers vis-à-vis others. Being personally affected by a cause, for instance, is a frequent response regardless of volunteer hours given, as is volunteering because friends are doing it as well. As mentioned previously, the desire to support one’s community is the most commonly cited motivator, but again no material difference can be observed between volunteer groups.

Looking at the drivers of charitable donations, we split respondents into quintiles based on the size of their reported donations. The smallest quintile captures those who gave \$50 or less, while the top bracket includes anyone who gave more than \$2,500 in 2013. Marked differences can be seen in motivators as higher quintiles are reached, with marked increases between the first and second quintiles (Chart 6).

Generally speaking, being personally affected by a cause, believing in a cause, or just being asked are more commonly cited motivators for the top four quintiles of donors, relative to the bottom quintile. Two categories show a clearer pattern of increasing importance: tax credits and religious obligations. Tax credits are more frequently cited as a reason for giving the higher the reported level of giving, with nearly half of respondents who donate \$2,500 or more per





year citing this as a motivator. This pattern is even more pronounced for religious obligations, with more than 60% of top donors citing this motivator.

What has driven success internationally?

Canada ranks very well on charitable giving when compared to our international peers, ranked fourth in the world for giving in 2015 by the Charitable Aid Foundation (CAF), out of more than 140 countries.⁴ Canada fares well when it comes to giving time, ranked fifth in the world, but does less well when it comes to giving money, ranked 10th globally by the CAF. These are by no means bad scores, particularly on a global ranking. That said, as in all things, we can always do more. Beyond the barriers and motivators to giving identified domestically, there may be incentives in place in other countries that could be adapted to the Canadian context.

When it comes to giving money, we've already seen that tax breaks can be a powerful incentive. Many jurisdictions, notably the U.S., have a lower threshold for tax deduction eligibility than Canada. Although the current \$20 threshold may appear low, the Canada Revenue Agency data shows that a significant share of the population does not report any charitable giving at all, at least not for tax purposes. Even if the average donation were to be low, the sheer size of this group of Canadians means that the potential aggregate increase could be substantial.

When it comes to giving time, Canada's strong performance suggests that there may not be many international lessons that could be adopted. However, the countries ranked above Canada by the CAF for volunteering generally see a strong religious aspect related to giving time. As well, within Canada, religious obligations appear strongly associated with increased donations of money. This implies the possibility that by enhancing their appeal to religious Canadians, charities may be able to further drive volunteer engagement.

Bottom Line

There is no single answer to why Canadians give their time or money. There are however, trends which may suggest how to improve Canadians' engagement with charities. Increasing connections with younger Canadians, including providing more information on how to give, or simply asking directly may help improve engagement. Similarly, strategies to connect with Canadians who are just beginning to establish themselves in their communities may help increase giving. On the other side of the coin, highly engaged Canadians are highly likely to report volunteering to put their skills to use; this suggests potential courses of action to drive further volunteerism. Religious commitments are also a key driver of giving, and provide a potential avenue for increasing both charitable giving and volunteerism. No single factor is likely to be a 'silver bullet' for increasing giving, but new and revised engagement strategies are likely necessary to ensure that the recent decline in giving becomes nothing more than a historical blip.

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ENDNOTES

- 1 The analysis presented within this report is based on the Statistics Canada *General Social Survey: Giving, volunteering and participating 2013*. All computations, use and interpretation of these data are entirely those of the author.
- 2 For all figures, selected categories are presented.
- 3 See [The Impact of Volunteerism and Charitable Giving](#) and [Giving in Canada – Filling the Gaps](#).
- 4 See [CAF World Giving Index 2015](#), November 2015.

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