Charitable giving in Europe: Do macro-level variables help explaining cross-country differences in people's inclination to give

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Abstract

This paper explores cross-country variations in charitable giving and investigates how welfare states' policies are associated with private philanthropy. Hypotheses are drawn from crowding-out theory and considerations about the influence of a welfare regime's welfare-mix. We add to the on-going discussion concerning the crowding-out hypothesis with empirical evidence by looking at specific charitable subsectors people donate to across countries. Using Eurobarometer survey data, we find evidence for a crowding-in rather than a crowding-out effect of private donations. Moreover, giving behaviour differs between welfare regimes.

Key words: charitable giving, crowding-out, mixed economy of welfare, Eurobarometer

1 Introduction

Charitable giving and its role in financing the public good have gained increased attention in recent years. In times of tense public budgets and welfare-state retrenchment, governments all over Western Europe have become more interested in philanthropy as an alternative source for funding the welfare state under pressure (Bonoli et al., 2000; Starke, 2008; European Commission, 2013), going along with claims for a rise in private responsibility for the social cause (Harrow and Jung, 2011; Villadsen, 2011). In some Western countries philanthropy already is an important pillar for funding public goods; in others, however, private giving plays a rather minor role. These distinctions are displayed when looking at individual rates of giving between nations. On top are the Netherlands with about 94% of the Dutch making charitable donations, while only around 43% of those living in Bulgaria donate to charitable organisations (Wiepking and Handy, forthcoming; Bekkers, forthcoming). Apart from that, another issue is striking as well: the preferred types of charitable organizations people donate to diverge largely between countries. While in the Netherlands, for example, almost 40% of the adult population give to international organizations, only 4% of people in Italy do so. This huge cross-country variation, which is apparent in data from Eurobarometer, but also in the European Value Survey and the Gallup World Poll (Bekkers, forthcoming), leads to the obvious question why people's giving behaviour differs that much between nations and how the focus on distinct charitable causes in various nations can be explained?

Up to now, very little is known with regard to cross-national differences in charitable giving. The large majority of research on donations has addressed determinants of giving behaviour on the individual level (for an overview see Bekkers and Wiepking, 2011a; Bekkers and Wiepking, 2011b; Wiepking and Bekkers, 2012). Even though studies that have focused on contextual factors such as the role of public funding (e.g. Brooks, 2004) do exist, the empirical research available has several limits.

First and most notably, the large majority of studies on the impact of public funding on private donations, especially the crowding-out effect, refer to data from the US (de Wit and Bekkers, 2014: 16). Thus, there is little knowledge on what this effect is like in the European (welfare state) context, although there is reason to assume that it is different for countries other than the US (de Wit and Bekkers, 2014: 6). Second, empirical studies mostly focus on the non-profit sector as a whole, not discriminating for the various activities of non-profits within the sector. The reason for this is that data often stem either from individuals' income tax returns or expenditure surveys which do not necessarily include information about the type of charity for which a donation is reported. Due to this lack of information government grants to particular charitable subsectors cannot be matched with the donations for these subsectors. There is, however, reason to assume that government grants affect private donations to different types of non-profit organisations differently (Payne, 1998: 332; Brooks, 2004: 173). A third limit of previous empirical research is the lack of cross-country comparisons (Bekkers, forthcoming). With the exception of the contribution of Gesthuizen, Meer, & Sheepers (2008) and Sokolowski (2013), the relation between private giving and public funding of services delivered by non-profits so far has been tested within single countries only.

Against this backdrop, this study seeks to provide explanations for cross-national variations in private giving across Europe, particularly, how national welfare state policies shape as well as constrain private philanthropy. We make use of data on people's inclination to donate from 16 European countries included in the 62.2 Eurobarometer survey 2004. In analyzing the interplay between governmental welfare and private philanthropy, we draw on two theoretical approaches: On the one hand we reinvestigate the well-known assumption that generous public spending on non-profits "crowds-out" private philanthropy. On the other hand, we analyze whether a country's mixed economy of welfare affects charitable giving, namely the relation between the government and the non-profit sector regarding the provision and the funding of welfare services, referring to typologies of welfare regimes (Esping-Andersen, 1990: and others). We test hypotheses drawn from these two strands of research by looking at donations to the whole non-profit sector first. Moreover, in order to contribute to closing the gap in research on why people donate to distinct causes in various countries, we analyse giving to two particular types of non-profit organizations: non-profit organizations active in the field of social services providing mainly domestic welfare services on the one hand, and non-profit organizations which focus on non-welfare activities on the other hand.

2 Theories and hypotheses on determinants of giving to charitable causes

The two approaches we use to explain differences of individuals' giving behaviour between nations both refer to institutional settings with the focal point on the relationship between governments and non-profit organisations. While the first one more narrowly focuses on how non-profit revenues from government directly shape charitable giving, the second approach is broader, taking into account the institutional configuration referring to the funding and the delivery of welfare services, which also concerns the for-profit and the informal sector, and therefore the whole welfare mix within a country.

2.1 Non-profits' revenues from government: the crowding-out approach

Whether and how government grants to charitable organisations have a bearing on private donations is one of the most extensively discussed questions in public economics (Andreoni and Payne, 2011: 334). The prevailing assumption suggests that public expenditure, typically in the form of government grants, 'crowd out' private philanthropy (Brooks, 2004: 168). Consequently, an increase in government grants may persuade donors to decrease their own contribution – and vice versa. The basic mechanism behind this so-called crowding-out effect is that donors treat their voluntary donations as *substitutes* for their contributions through taxation. Under some strong assumptions (e.g. donors are purely altruistic, motivated to give because they care about the wellbeing of the recipients and therefore the total provision of a charitable good) donors lower their contributions by the full amount by which others increase them (Andreoni and Payne, 2011: 334; Bekkers, forthcoming: 16). That is, an increase in government funding by one euro decreases private donations by one euro (Payne, 1998: 324).

In addition to the above described mechanism, the crowding-out literature also proposes further reasons why public funds and donations are negatively correlated. Brooks (2004: 172) argues that donors hesitate to make donations to organizations receiving public subsidies since public support makes them look less economically viable. Other authors claim that non-profits reduce their fundraising effort when receiving public support, resulting in fewer donations (Andreoni and Payne, 2011; Khanna and Sandler, 2000: 1545). Thus, governmental support does not primarily influence individual giving behaviour, but rather non-profit behaviour.

Empirically, the crowding-out assumption has repeatedly been investigated (Payne, 1998: 324), with most of the research focusing on testing the hypothesis within a specific country (Bekkers, forthcoming: 16). The results are rather mixed (for an overview, see the meta-analysis by de Wit and Bekkers, 2014). The majority of prior studies find that there is some form of incomplete crowding-out effect, meaning that a dollar of public grants crowds out donations at a rate that is less than a-dollar-for-a-dollar, in fact between 0.05 and 0.35 dollars (Brooks, 2004: 173). Some studies find no significant relationship between government funding and private giving (Brooks, 1999), and other studies find the crowding-in effect, i.e. that the level of government grants is positively correlated with private donations (Andreoni and Payne, 2011; Payne, 1998; Hughes and Luksetich, 1999). This latter interrelation is explained by increased trustworthiness and reputation of a non-profit organization when receiving government funds. In addition, non-profits gain scaling advantages in their operations due to government support, which might motivate donors because their contributions become more effective (Khanna and Sandler, 2000: 1544; Anheier and Toepler, 1999; Rose-Ackerman, 1981).

Considering the existing research, and given the gaps in empirical studies outlined in the introduction, we examine four hypotheses on the crowding-out effect in this paper. Hypothesis 1a refers to the whole non-profit sector and postulates that larger shares of income from government sources reduce private donations. Hypothesis 1b and 1c take into account the differentiation between different types of non-profit organizations. As explained above we take nonprofits active in the field of social services as the first category. The second category of organizations consists of nonprofits that are active either in the field of environment or international aid. We label this second category as "expressive non-profits". Likewise, both of them state that higher levels of income from government sources in these subfields are accompanied by lower levels of donations. In addition, and this refers to hypothesis 1d, we assume some kind of *crosswise crowding out* (cf Sokolowski (2013)), namely that public support to non-profits active in core-welfare fields such as social services increases donations in other, non-core welfare fields. This is due to the fact that people, when knowing that public funding covers core-welfare fields, may not necessarily reduce giving in total, but instead donate more to other, non-core-welfare issues (Vamstad and von Essen, 2013). The mechanism behind this crosswise effect is that public commitment does not dampen private initiatives per se, but shifts or, more precisely, structures civic engagement within the non-profit sector.

2.2 Non-profits' funding structure in a country's mixed economy of welfare

How are private donations affected by the welfare mix of a country? Answers to this question are to be found in the literature on the 'mixed economy of welfare', which points out that in providing welfare to a society, different institutional sectors are involved. Depending on the given welfare mix in a country, each of these sectors, the public, the for-profit, the non-profit and the informal (care) sector have different roles in both the *delivery* and *funding* of welfare services (see e.g. Ranci, 2002; Powell, 2007; Heitzmann, 2010), including private charitable giving (Salamon and Anheier, 1998).

The evolution of different shapes of the welfare mix is determined by past political and economic struggles between social classes, as Moore (1966) and Esping-Andersen (1990) have found in their pivotal works. Most notably, the power relations between the various classes (Rueschemeyer et al., 1992), the landed elites, rural peasantry, urban middleclass, and the state (Smith and Gronbjerg, 2006: 234; Salamon and Anheier, 1998: 227) have defined present welfare structures. To give an example, in countries with a strong urban middleclass, little aristocratic and thus little governmental power, a rather liberal and market dominant regime has emerged (Esping-Andersen, 1990). Other theoretical approaches that stress the importance of power relationships for forming present welfare configurations are historical institutionalism (cf. Kerlin, 2012: 87) and the social origins theory (Salamon and Anheier, 1998: 226).

Empirically, three welfare-mix regimes have been identified, following Esping-Andersens' typology. He differentiates them by describing central institutions in the structure of the welfare system, which is the state in the social democratic regime, the family in the corporatist regime, and the market in the liberal regime (Esping-Andersen, 1990). This typology has ever since experienced expansions and also evoked much critique (for an overview see e.g. Gough, 2013; Arts and Gelissen, 2002), since it fails to include the aspect of welfare service *delivery* and the role of non-profit providers, to name but a few. For our research question relevant extensions that draw attention to social care services and discuss the provider mix within these care systems come from Alber (1995),

Anttonen and Sipilä (1996) and Ranci (2002). Ranci (2002: 35f.) focuses on the role of the non-profit sector in the provision of social care and on the degree of state funding. Similar to Alber (1995) and Anttonen and Sipilä (1996), he describes four different models: the first one is state dominant, with a high degree of state funding and, unsurprisingly, a complementary role of the non-profit sector in the provision of social services. The second model is a subsidiarity model, also with a high degree of state funding, but a dominant role of the non-profit sector in the delivery of services. In the third model the non-profit sector has a dominant role in the provision of services, but is only partially financed by the state. Finally, the non-profit sector has an insignificant role in the market dominant model, with a low degree of state funding and only a complementary role in the provision of care services.

In our study we follow the categorization of three regimes and expect that charitable giving differs in both the incidence and the charitable targets across the various regime types in Europe. We argue that the individual's choice (a) to give and (b) to which cause to give is partly determined by the role of the non-profit sector within a welfare state and its funding (Salamon & Sokolowksi 2010, cited in Kerlin, 2012: 93). Put differently, if there are no (or hardly any) non-profit organizations providing social services, because within this particular welfare state the government provides and funds these services, individuals will not be very likely to donate to such a particular cause. Following this argument, hypothesis 2a suggests that total charitable giving is highest in countries belonging to the liberal model, medium in corporatist countries, and lowest in countries belonging to the social democratic regime. The same pattern is expected for giving to non-profits active in the field of social services, which refers to hypothesis 2b. The implications for the inclination to give to the above mentioned expressive activities, however, are just the other way round, as hypothesis 2c presumes: We expect low levels of philanthropic support for expressive activities in countries of the liberal nonprofit model, because in this model, non-profits provision of social services strongly depends on philanthropic funds. In the social democratic model, where total giving and giving to social services is expected to be very low, people rather donate to causes outside the scope of the welfare state instead. Therefore, they donate to causes like environment, animal welfare, art and culture, and international relief (cf. Sokolowski, 2013).

3 Data and method

For the empirical study we combine two different data sources. On the one hand, we utilize data from the 62.2 Eurobarometer survey 2004. We make use of individual-level data containing information on people's inclination to donate to a specific cause. Moreover, the Eurobarometer survey includes information on some of the most important explanatory variables of charitable giving on the individual level, such as education, age, and the level of generalized trust. Taking into account all common method biases in giving research (see for example Hall, 2001; Rooney et al., 2001; Rooney et al., 2007), the Eurobarometer 62.2 survey seems to be by far the best data source of cross-national data on private giving to various charitable targets we have at the moment (Bekkers, forthcoming).

On the other hand, we use country-level information regarding the revenue of specific non-profit subsectors from government available for 16 European welfare states from the Johns Hopkins Comparative Nonprofit Sector Project (Salamon and Sokolowski, 2004). The countries included in our analyses are: Austria, Belgium, the Czech Republic, Finland, France, Germany, Hungary, Ireland, Italy,

the Netherlands, Poland, Romania, Slovakia, Spain, Sweden and the United Kingdom. In total, our sample includes approx. 17,300 individuals.

3.1 Estimation method

In order to account for the data's nested structure (individuals in countries), we follow Bryan and Jenkins (2013) and use a two-step method. Usually, multi-level modelling is applied for analysing the potential influence of country-level variables on individual-level outcomes. Especially when variables on the country level are in the centre of interest, multi-level models with random effects (RE) are often employed for cross-country analyses. However, given the structure of the data set in use (i.e. a high number of observations on the individual level, and a small number – in our case 16 – of second level cases) using RE can lead to imprecise estimates (Bryan and Jenkins, 2013). We therefore follow the suggestions of Bryan and Jenkins by applying a two-step approach as well as by using "less formal descriptive methods such as exploratory data analysis including graphs" (2013: 11).

We start by estimating three different logit regressions in the first step including explanatory variables on the individual level and a fixed effect on the country level. In the second step the country-level intercepts from the first step serve as the dependent variable, and the country-level variables of interest serve as the independent variables in order to explain cross-country differences. Since the analyses on the second step rely on 16 cases only, we also apply descriptive methods on the country level.

There are three dichotomous dependent variables in the first step of our analyses, all of them referring to people's inclination to make donations. The first variable indicates whether a person has donated money over the last twelve months, irrespective of the cause or organization he or she has given the money to (further called "total giving"). The second logit regression looks at the probability of whether a person has donated to a charity or social service organisation (further called "giving to social service non-profits") or not. By doing so, we look at the question, whether a person has supported an organisation that provides welfare. The third logit regression focuses on the probability of a person having given to causes that lie outside the scope of the welfare state. In particular, we look at whether a person has donated money either to an environmental organisation or to an international organisation (further called "giving to expressive non-profits"). On average, 45 per cent of the people from the sample have made a donation to at least one organisation. About 21 per cent donated to social service organisations and approximately 13 per cent to either environmental or international organisations (see Table 1).

3.2 Explanatory variables on the country level

As mentioned above, variables on the country-level are used in the second step of our analyses in order to explain differences in giving behaviour between various welfare states. Firstly, non-profits' revenues from government grants and subsidies serve as the explaining variable for testing the crowding-out hypotheses 1a – 1d. We operationalize governmental support to non-profits with a variable that measures revenue from government as a share of nonprofits' total income. We calculate this variable for the entire non-profit sector in the various countries for the first model ("total giving"), and separately for the respective sub-sectors ("social service non-profits" and "expressive non-profits") for the second and third model. As mentioned above, this information is

taken from the Johns Hopkins Comparative Non-profit Sector Project (Salamon and Sokolowski, 2004: 301).

Secondly, to test for differences in philanthropic giving across various welfare regimes (hypotheses 2a – 2c), we include regime dummies in the model, which serve as proxies for the mixed economy of welfare within a country. The mixed economy of welfare is based on institutional settings and patterns that cannot be captured easily. Therefore, we use an established typology for assigning countries to regimes, referring to Esping-Andersen (Esping-Andersen, 1990) and its various extensions. We cluster our countries into three regime types. The liberal regime consists of the UK and Ireland and serves as the reference group. The social-democratic regime comprises Finland, the Netherlands, and Sweden. The Netherlands are often regarded as a hybrid welfare state, having features of both the corporate and the social-democratic system (Wildeboer Schut et al., 2001). In existing studies the categorization of the Netherlands is therefore mixed. We decided to place the Netherlands within the social-democratic regime following Scheepers and Grotenhuis (2005), Bekkers & Wiepking (forthcoming) and Muffels and Fouarge (2004), who point out that the Netherlands have experienced a policy shift towards the social-democratic regime.¹ The corporate regime includes Austria, Belgium and Germany.

In accordance with the various extensions of the typology of welfare regimes, we assign Italy and Spain to the Mediterranean model (Ferrera, 1996; Leibfried, 1992; Bonoli, 1997), whereas the Czech Republic, Hungary, Poland, Romania and Slovakia are part of the Eastern European regime (van Oorschot and Arts, 2005: 12). For these two regimes, the literature remains rather vague regarding the relation between the welfare state and charitable giving. We therefore refrained from explicitly stating hypotheses for these two regimes in section 2, and apply a rather explorative approach for them.

Table 1 shows descriptive statistics for the three dependent variables as well as the three explanatory country-level variables. As already mentioned, giving behaviour hugely varies between the 16 countries with the Netherlands as the country with the highest giving levels and Spain and Romania with the lowest levels. Giving to social service non-profits is more widespread in many countries than giving to expressive non-profits. The last three columns of Table 1 give an overview of non-profits' income from government in the 16 countries. Here, we also see large differences between the countries. While for countries of the corporate regime almost two thirds of their income stem from government, in Mediterranean and Eastern Europe the respective share makes up approximately one third only.

--- include Table 1 approx. here ---

3.3 Control variables on the individual level

On the individual level we control for a number of characteristics known to influence charitable behaviour (see for example Wiepking and Bekkers, 2012; Bekkers and Wiepking, 2011b): Regarding socio-demographics we insert a dichotomous variable indicating whether the respondent is female or not and add the age in years (see Table 2). The level of urbanisation is taken into account because studies show that people living in rather rural areas are more likely to donate (Bekkers, 2006: 350f).

¹ In an alternative specification, the Netherlands are part of the corporatist regime.

We control for this effect with three dummies, referring to rural areas or villages, to middle sized towns, and to large towns respectively cities. Occupational status is measured by seven dummies with employed professionals serving as the category of reference. The six other categories refer to all other employed people, self-employed people, housewives or -men, students, unemployed, and retired people. We control for the level of education, measured by the age at which the respondents left fulltime formal education. For this, we add two dummies, the first one for individuals who received 15 to 20 years of education and the second one for individuals with more than 20 years of education with people below 15 years of education serving as the reference group. Another important predictor of charitable giving is the level of generalized trust (Bekkers, 2003; Brown and Ferris, 2007). We operationalize the level of general trust with two dummy variables. The information for these variables stems from the question included in the Eurobarometer survey reading: "Generally speaking, would you say that most people can be trusted, or that you can't be too careful in dealing with people". The variable trust 1 is 1 if the person answered "Don't know/it depends", the variable trust 2 is 1 if the person answered "one can be trusted", the reference category being "you can't be too careful".

--- include Table 2 approx. here ---

4 Findings

In the first step of our estimations, individual-level variables as well as country dummies are regressed on the three independent variables (see Table A1 in the appendix). Most individual-level variables exhibit the expected results. The odds ratios for the country-level dummies also reflect the giving differences on the country-level as shown in the descriptive overview. The intra-class correlation coefficients (ICCs) are 0.17 in the model with total giving as the dependent variable, 0.12 in second model with giving to social service non-profits and 0.23 in the model with giving to expressive non-profits, suggesting that between 12% and 23% of the total variation depend on country differences.

4.1 Crowding-out of charitable donations

The results from the second-step of our analyses concerning the crowding-out hypotheses are displayed in Table 3. As explained above, here the country-level variables regarding the share of non-profits' income from government are regressed on the country-intercepts of the first step. The first column of results in Table 3 shows the findings on the impact of non-profits' income from government on the incidence of total giving. We hypothesized in hypothesis 1a that higher shares of public funding for non-profits are accompanied by lower shares of income from donations or put differently: fewer people donate money to organizations which have a higher income from government, displaying a crowding-out effect. The results, however, do not support the crowding-out hypothesis, on the contrary, we find a crowding-in effect. Higher income from government appears to be positively associated with donations. We also hypothesized (hypothesis 1b) that public funding crowds out giving to social service non-profits. The second column of results, however, shows the same effect: higher levels of public funds to organisations active in social services go along with a higher probability that a person made a donation to a social service organization within the last twelve months, pointing towards a crowding-in rather than a crowding-out effect.

--- include Table 3 approx. here ---

Moreover, we hypothesized (hypothesis 1c) that public funding crowds out giving to expressive nonprofits, and assumed some kind of crosswise crowding out (hypothesis 1d), suggesting that public support to non-profits active in core-welfare fields such as social services increases donations in other, non-core welfare fields such as in the environmental or international aid subsector, referring to Sokolowski (2013). With regard to hypothesis 1c, we do not find the expected crowding-out effect, but no crowding-in either, as the last column of results in Table 3 displays. Nevertheless, what we find is a positive effect of public funding of social service organisations on donations to expressive non-profits. Higher public funding to social service organisations thus increases the probability that people donate for environmental or international organisations, which can be interpreted as a crosswise crowding-out effect.

4.2 Charitable donations and the mixed economy of welfare

According to the second approach in this study, we investigate whether cross-country differences in giving behaviour can (in parts) be explained by the mixed economy of welfare in a country. From the descriptive statistics in Table 1 we know that the incidence of giving is highest in countries of the social democratic regime (69%). The liberal regime achieves the second rank with about 63%, compared to 53% of the population making donations in countries belonging to the corporatist regime.

Figure 1 displays country differences in giving behaviour by welfare regimes. More specifically, the figure illustrates the (unweighted) average of the marginal effects of the countries of the first-step regression for different welfare regimes. These marginal effects are calculated at the means and hence describe the differences in the probability of giving across countries for an "average" individual in the sample. The marginal effects therefore depict country differences after controlling for differences at the individual level. The liberal regime serves as the reference category.

Looking at total giving, the highest level is visible in the liberal regime, followed by the social democratic and the corporatist regime; the Eastern European and Mediterranean regime exhibit the lowest levels. Thus, hypothesis 2a stating that the inclination of charitable giving is highest in the liberal welfare regime followed by the corporatist and the social democratic regime, is only partly supported, since the rank order between the corporatist and the social democratic regime is different from our expectation.

With regard to giving to social service organisations we expected the same pattern as in the hypothesis above, namely the highest levels in liberal countries followed by corporatist and social democratic countries. The descriptive results of Table 2 indicate that 37% of people in liberal countries stated that they had donated money to social service non-profits, while the ratio was only a little lower in social democratic countries (34%) and corporatist countries (27%). After control for individual-level differences Figure 1 shows that the hypothesized rank order is corroborated by the results. Indeed, giving to social service non-profits is highest in liberal countries followed by corporatist and social democratic countries according to our data. Levels are lowest in Mediterranean countries and slightly higher in Eastern European countries.

Hypothesis 2c is concerned with charitable giving to expressive causes and presumes that it is highest in social democratic countries, followed by corporatist and then by liberal countries. The descriptive results in Table 2 reflect a strong argument for this hypothesis: the inclination to give to expressive non-profits in social democratic countries is much higher than in any other regime type and accounts for 26%. The liberal and the corporatist regime are far behind with rates of 7% and 9%. The results in Figure 1 support the rank order of hypothesis 2c: giving to expressive causes is highest in the social democratic welfare regime followed by the corporatist regime and the liberal regime.

--- include Figure 1 approx. here ---

In addition to the more descriptive method, we also conduct second-step regression models with the welfare regimes serving as independent variables, analogous to what we have done in the previous subchapter. As seen from the coefficients in the first and second results column in Table 4, the rank order between the liberal, the corporatist and the social democratic welfare regime is perfectly in line with our expectations. Compared to the liberal regime, which serves as the reference category, total donations and donations to social service non-profits are lower than in the corporatist and even lower than in the social democratic regime. Things are the other way round for donations to expressive non-profits, as assumed. Nevertheless, only the difference regarding donations to expressive non-profits is statistically significant at the 10% level. Given the small number of cases in the second step of the analyses, as mentioned in the method section, this is not too much of a surprise.

--- include Table 4 approx. here ---

In an alternative specification, in which we have assigned the Netherlands to the corporatist regime instead of the social democratic regime, the rank order between the corporatist and the social democratic regime changes in all analyses. The relation to the liberal regime, however, remains the same in all models.

5 Discussion

Against the background of welfare-state retrenchment and tense public budgets, many Western countries repeatedly call for an increase in private responsibility regarding the welfare state. Overly generous welfare states, according to the assumption, would discourage civic engagement and therefore private philanthropy. Starting from this, this study investigates whether and how the arrangement of the welfare mix within a country affects private charitable giving. Referring to theoretical considerations of the crowding-out approach and the mixed economy of welfare, it explores to what extent non-profits' share of public income as well as the relationship between government and the non-profit sector help explain the prevailing cross-country differences in private charitable giving. The study contributes to the literature by testing hypotheses regarding these issues for the whole non-profits and non-profits active in non-core welfare fields, in this case environment and international aid.

All in all, we find no evidence at all in favour of the well-known crowding-out hypothesis, neither for charitable giving in general nor for giving to the two particular fields of non-profit activity. Instead, some form of crowding-in appeared in our data, indicating that people's philanthropic engagement with regard to total giving, and also with regard to giving to social service non-profits increases with the share of non-profits' income from governmental sources. Referring to our research question this means that governmental grants to non-profits do contribute to explaining the large cross-country variation of philanthropic commitment: there is a significant positive correlation between public support and private charitable giving.

With regard to donations to expressive non-profits, neither crowding-out nor crowding-in is discerned in our data. Government support does not influence people's inclination to give to these organisations. However, we find the assumption of crosswise crowding-out supported by our data, pointing towards a more complex relation between government grants and private donations to particular types of charity. Hence, public commitment does not suppress private initiatives *per se*, as the 'traditional' crowding-out thesis suggests. Rather, we experience a shift of private commitment within the non-profit sector. Vamstad et al. (2013), who found a similar effect when studying private donations in Sweden, conclude that the welfare state does not seem to crowd-out private giving, but rather structures private philanthropic engagement, resulting in higher levels of giving in non-core welfare fields. Such an effect was labelled as 'philanthropic flight' (Sokolowski 2013:377).

The second approach used in this study in order to shed light on cross-national differences in giving behaviour refers to the mixed economy of welfare within a country. Here, we hypothesized that private giving, and especially giving to social welfare causes, is likely to be highest in countries with rather low levels of public provision of social services, such as the liberal welfare regime. The results on a descriptive level concerning total giving and giving to social service non-profits support this argument. Likewise the results of the multi-variate analyses are in line with the assumptions, however – possibly due to the small number of cases – the results are not statistically significant. Our final hypothesis referring to giving to expressive organisations, however, is supported by our data. We find that giving to expressive non-profits is significantly higher in social democratic regimes compared to the corporatist and the liberal regime.

When interpreting these findings on the impact of charitable giving, we have to be cautious because the measure we use refers to the incidence of giving. This is the share of the population that has made a donation. An even more meaningful variable would take into account the amount of money donated by individuals. As stated before, however, the existing data sets that allow for cross-country comparison do not contain such a variable.

What do we learn from these results? Regarding policy implications, we find that the mixed economy of welfare does influence private philanthropy. High shares in non-profits' revenues from government correspond with higher rates of charitable giving, at least at the level of the whole non-profit sector and the field of social services. Being aware of a crowding-in instead of a crowding-out effect is crucial for non-profit management during a time in which governments are debating whether the private sector can replace government support to charities (Khanna and Sandler, 2000: 1544).

In addition, we may conclude that the welfare state structures private giving. The fact that large shares of the population in Sweden and the Netherlands donate to expressive non-profits might

be traced back to the comparatively more generous provision of core-welfare services by the state. This is a hint that differences in giving behaviour across nations are even more complex to explain than the crowding-out theory would suggest: welfare regimes also serve as proxies for certain societal values and traditions regarding the question if and to which causes people donate money. Also, institutional welfare arrangements differ between countries, with the state and the non-profit sector holding different functions in the provision and the funding of particular welfare services. What is more, public support of non-profits also enhances the reputation and trustworthiness of the latter in a mixed economy of welfare, which might influence donors' decision to donate, too. Keeping that in mind, claims for the retrenchment of the welfare state and for more reliance on private funding and private provision of welfare services might not work in all countries the same way, but rather lead to quite different effects, depending on philanthropic traditions and values, but also on existing institutional arrangements. Moreover, referring to the found cross-wise crowding-out, a call for increased private funding of welfare services could result in reduced resources and thus less activities in non-core welfare fields.

Regarding further research, this study adds to the literature with empirical evidence for a crowding-in effect concerning the relation of public and private funding for public goods and welfare services. Using cross-country data, the study substantiates the suggestion that welfare regimes indeed determine individuals' charitable giving behaviour. By this finding the study provides completely new insights, since the influence of welfare regimes on charitable giving has hardly been tested so far due to the limit of appropriate data. Another valuable contribution of this study is its focus on particular non-profit subsectors, namely social services and expressive non-profits. We found that the effects of public funding on giving indeed differ between subsectors. This finding requires future studies on crowding-out to take into account that the relationship between public funding and private donations is highly complex and that it is therefore necessary to take into consideration the mixed economy of welfare, which has a crucial bearing on the interplay between public grants and private philanthropy.

	dependen	t variables: in giving	cidence of	independent variables: revenue from government as share of nonprofits' total income				
	total giving	giving to social giving to ving service non-profits		all	social service NPOs	expressive NPOs		
Social Democratic	0.69	0.34	0.33	0.41	0.65	0.29		
Finland	0.66	0.40	0.18	0.36	0.57	0.21		
Sweden	0.61	0.34	0.27	0.29	0.71	0.32		
The Netherlands	0.80	0.26	0.55	0.59	0.66	0.34		
Corporatist	0.53	0.27	0.18	0.63	0.59	0.44		
Austria	0.58	0.22	0.28	0.50	0.44	0.44		
Belgium	0.48	0.24	0.22	0.77	0.66	0.64		
France	0.52	0.28	0.09	0.58	0.58	0.38		
Germany	0.54	0.32	0.15	0.64	0.65	0.37		
Liberal	0.63	0.37	0.12	0.60	0.44	0.44		
Ireland	0.69	0.38	0.11	0.77	0.50	0.59		
UK	0.59	0.36	0.12	0.47	0.39	0.34		
Mediterranean	0.24	0.05	0.05	0.34	0.46	0.41		
Italy	0.33	0.06	0.06	0.37	0.42	0.38		
Spain	0.16	0.04	0.03	0.32	0.49	0.43		
Eastern Europe	0.26	0.07	0.02	0.31	0.41	0.31		
The Czech Republic	0.22	0.09	0.03	0.39	0.50	0.35		
Hungary	0.32	0.11	0.03	0.27	0.46	0.39		
Poland	0.27	0.09	0.02	0.24	0.29	0.15		
Romania	0.16	0.03	0.01	0.45	0.52	0.53		
Slovakia	0.31	0.06	0.02	0.22	0.29	0.18		
average of 16 countries	0.45	0.21	0.13	0.45	0.51	0.37		

Table 1: Descriptive statistics of dependent and explanatory variables by country and regime type

Sources: Eurobarometer 62.2 (2004), Johns Hopkins Comparative Non-profit Sector Project (Salamon & Sokolowski, 2004); own calculations

Variable	Mean	Std. Dev.	Min	Max					
age	46.8877	17.6349	15	96					
female	0.5372	0.4986	0	1					
rural area	reference group								
small town	0.3690	0.4826	0	1					
large city	0.2524	0.4344	0	1					
professional		reference	group						
housewife	0.0855	0.2796	0	1					
student	0.0799	0.2712	0	1					
unemployed	0.0672	0.2505	0	1					
retired	0.2700	0.4440	0	1					
self-employed	0.0713	0.2574	0	1					
other employment	0.3281	0.4695	0	1					
education up to 15									
years		reference	group						
education between									
15 and 20 years	0.5634	0.4960	0	1					
education more									
than 20 years	0.2898	0.4537	0	1					
trust 0		reference	group						
trust 1	0.1354	0.3421	0	1					
trust 2	0.3190	0.4661	0	1					

Table 2: Descriptive statistics of control variables on the individual level

Note: N=17,116 (individuals), Source: Eurobarometer 62.2, own calculations

Table 3: Results from the second-step regressions: non-profits' income from government

	dona	ves/no	donati service)	ion to non ves/n	o social -profits 10	donation to expressive non- profits yes/no Std			
	Coef.		Std. Err.	Coef.		Std. Err.	Coef.		Err.
gov. income of all non- profits (%)	2.7508	**	1.0662						
gov. income of social service non-profits (%)				2.5136	*	1.3218	5.1341	**	2.0269
gov. income of expressive non-profits (%)							-0.6097		1.8981
intercept	-1.5693	***	0.5155	-1.7868	**	0.6909	-2.1540	*	1.0164
Adj. R²	0.2739			0.1485			0.2494		

Source: Eurobarometer 62.2.(2004); Johns Hopkins Comparative Non-profit Sector Project (Salamon & Sokolowski 2004); own calculations

Note: N=16 (countries); * p < 0.1; ** p < 0.05; *** p < 0.01

	donation yes/no			donat service	ion to e non yes/n	o social -profits o	donation to expressive non-profits yes/no		
	Coef.		Std. Err.	Coef.		Std. Err.	Coef.		Std. Err.
Corporatist	-0.5244		0.3599	-0.3888		0.4074	0.8478		0.5801
Social democratic	-0.0655		0.3794	-0.5043		0.4294	1.1864	*	0.6115
Mediterranean	-1.7487	***	0.4156	-1.6212	***	0.4704	0.0922		0.6699
Eastern European	-1.7313	***	0.3477	-1.3292	***	0.3935	-0.9843		0.5605
intercept	0.5772	*	0.2939	0.3002		0.3326	0.0880		0.4737
adj. R²	0.77			0.55			0.59		

Table 4: Results from the second-step regressions: country-level variables: welfare regimes

Source: Eurobarometer 62.2.(2004); Johns Hopkins Comparative Non-profit Sector Project (Salamon & Sokolowski 2004); own calculations

Note: N=16 (countries); * p < 0.1; ** p < 0.05; *** p < 0.01

Figure 1: Country differences by welfare regime



Note: Eurobarometer 62.2.(2004); Johns Hopkins Comparative Non-profit Sector Project (Salamon & Sokolowski 2004). Own calculations; *N=16 (countries)*

Appendix

Table A1: Results of the first-step logit regressions: individual-level variables and country-level dummies

	model 1				mode	12	model 3			
	dep. var: donation			dep. vo social pro	ar: doi I servi ofits ve	nation to ce non- es/no	dep. var: donation to expressive non-profits			
	Odds Ra	tio	Std. Err.	Odds Ra	tio	Std. Err.	Odds Ratio Std. Err.			
age	1.0174	***	0.0016	1.0117	***	0.0023	-0.0022		0.0026	
female	1.1613	***	0.0413	1.1758	***	0.0591	0.3006	***	0.0580	
small town	0.9561		0.0384	1.0994	*	0.0621	0.2152	***	0.0657	
large city	0.8944	**	0.0404	0.8939	*	0.0566	0.2606	***	0.0732	
housewife	0.5304	***	0.0465	0.7708	**	0.0888	-0.4656	***	0.1325	
student	0.3597	***	0.0331	0.6666	***	0.0878	-0.2507	*	0.1430	
unemployed	0.3858	***	0.0351	0.7358	**	0.0986	-0.2959	*	0.1577	
retired	0.5466	***	0.0419	0.7912	**	0.0768	-0.1916	*	0.1095	
self-employed	0.8826		0.0760	0.8201	*	0.0885	0.0012		0.1194	
other employment	0.6677	***	0.0437	0.8553	*	0.0690	-0.1045		0.0888	
education between 15 and 20 years	1.3490	***	0.0750	1.2642	***	0.1056	0.5226	***	0.1099	
education more than 20 years	2.1441	***	0.1418	1.3478	***	0.1256	0.9641	***	0.1172	
trust 1	0.9055	*	0.0482	1.0551		0.0847	0.2729	***	0.0907	
trust 2	1.3787	***	0.0556	1.2494	***	0.0691	0.3491	***	0.0631	
France				refere	ence c	ategory				
Belgium	0.8571	*	0.0793	0.9143		0.1172	1.5098	***	0.1535	
The Netherlands	3.0568	***	0.3198	0.4089	***	0.0486	2.2831	***	0.1449	
Germany	1.1046		0.0934	1.3621	***	0.1562	0.7025	***	0.1447	
Italy	0.5101	***	0.0494	0.2112	***	0.0363	0.2439		0.1889	
Ireland	2.3467	***	0.2319	1.2293	*	0.1494	-0.0728		0.1646	
UK	1.3518	***	0.1186	1.4827	***	0.1727	0.2488	*	0.1510	
Spain	0.1883	***	0.0208	0.3373	***	0.0686	0.1165		0.2415	
Finland	1.3915	***	0.1334	1.2213	*	0.1475	0.4113	***	0.1507	
Sweden	1.0913		0.1044	1.0855		0.1344	1.1289	***	0.1488	
Austria	1.3045	***	0.1238	0.5633	***	0.0714	1.5309	***	0.1508	
The Czech Republic	0.2581	***	0.0257	0.5995	***	0.0959	-0.3421		0.2311	
Hungary	0.4572	***	0.0443	0.5289	***	0.0793	-0.4463	**	0.2269	
Poland	0.3551	***	0.0350	0.4664	***	0.0746	-1.0101	***	0.2745	
Slovakia	0.4130	***	0.0377	0.1996	***	0.0324	-0.8123	***	0.2293	
Romania	0.1802	***	0.0197	0.1974	***	0.0454	-1.8705	***	0.4718	
intercept	0.4830	***	0.0630	0.4933	***	0.0898	-2.4492	***	0.2261	
Ν	17116			7796			7796			
Pseudo R ²	0.1434			0.0755			0.1848			

Source: Eurobarometer 62.2.(2004); Johns Hopkins Comparative Non-profit Sector Project (Salamon & Sokolowski 2004); own calculations Note: * z < 0.01; ** z < 0.05; *** z < 0.01. Odds ratios displayed.

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