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**"The Dependent Variable of the Independent Sector:
The Definition and Measurement of Giving and Volunteering"**

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Abstract

This paper addresses three topics to which researchers should turn their attention in regard to the dependent variable of giving and volunteering. The first is to develop an expanded definition of philanthropy revolving around the notion of 'gift' and the relations of exchange and around the theological virtue of charity and the emotional dispositions of care, altruism, and love of neighbour. The second is to attend to measurement problems in regard to operationalising giving and volunteering; obtaining comparable information from givers and non-givers; improving the reliability of the data, including an effort to reduce the amount of missing data; and establishing a consistent unit of analysis. The third direction is to conduct some innovative research activity to obtain better measures and understandings of giving and volunteering, including development of a diary study, closer analysis of the relationship between class and giving, and attention to measuring the social effects or outcomes of philanthropic activity.

Now that scholars have established a substantial research foundation for philanthropy, it is time to turn our attention to improving the definition and measurement of the dependent variable of giving and volunteering.¹ Although many of the issues I discuss relate to both giving and volunteering, my comments will focus mostly on giving.

There are three intertwined subjects on which we might concentrate in regard to the dependent variable:

- the theoretical definition of giving and volunteering;
- data and measurement problems that emerge in survey and case-study research; and
- research activity to obtain better measures and understandings of giving and volunteering.²

Theoretical definition of giving and volunteering

Two lines of theoretical work should be re-examined to better ground our practical use of giving and volunteering in research. The first is the anthropological and sociological literature revolving around the notion of 'gift' and the relational contexts of exchange. The second is the theological virtue of charity and the emotional dispositions of care, altruism and love of neighbour. Much research has been undertaken on altruism and charity (Gilliman, 1959; Toner, 1968; Kohn, 1990; Piliavin and Charng, 1990; Jenks, 1991; Schervish, 1992a) and on gift exchange (Mauss, 1925; Boulding, 1973; Cheal, 1987, 1988; Van Loo, 1990; Millman, 1991). But with few exceptions (Kozlowski, 1985; Hodgkinson and Weitzman, 1992; Smith et al., 1992) this research has not led to the development of a broader understanding of giving and volunteering for use in research. For the most part, such research continues to operationalise giving according to legal definitions of charity or according to institutional demarcations whereby philanthropy occurs in conjunction with the non-profit sector.

I argue that by drawing on expansive understandings of gift and charity, we would better encompass the orientations and activities central to the 'charitable impulse' that is at the heart of what mobilises people's care for others. Conceptually, this would steer us toward constructing a broad definition of philanthropy that encompasses all those activities of giving and volunteering by which an individual responds directly to those moral signals that communicate need. Excluded would be those social relationships in which an individual responds to the material medium of needs voiced through dollars (as in the commercial sphere) or through campaign contributions and votes (as in the political sphere) (Ostrander and Schervish, 1990; Schervish, 1992b). Concretely, such a definition would include, in addition to what we normally consider to be philanthropy, certain forms of intra-family transfers of time and money, gifts of money to individuals, political contributions of time and money, and various business expenditures designed to provide benefits to employees and customers that exceed market standards (for example, employee health insurance benefits that competitors are not providing).³ Moreover, in addition to obtaining more information about the extra-legal gifts of time and money I have already mentioned, we should consider obtaining information about specific types of in-kind gifts of clothing and various assets.

It is important to emphasise that an expanded conception of giving and volunteering does not eliminate the possibility of measuring philanthropy according to established legal and sectoral definitions. By adding – rather than subtracting – categories of information, we will better capture the level and type of care in society as a whole as well as in

diverse cultural groups. At the same time, the more encompassing estimates can be decomposed to match the narrower conventional definitions so as to preserve continuity in research.

Issues of data and measurement

Survey and case-study research face numerous measurement problems revolving around

- operationalising giving and volunteering;
- obtaining comparable information from non-givers;
- improving the reliability of the data, including an effort to reduce the amount of missing data; and
- establishing a consistent unit of analysis.

In no way does any of what follows mean that research should grind to a halt until we resolve these issues. We need, rather, to be aware of such problems and attempt to address them constructively over time.

First, every survey on giving and volunteering with which I am familiar can do more to solicit information about the broader forms of giving I have mentioned. In regard to the first set of issues, the Independent Sector biennial survey has consistently made progress (Hodgkinson and Weitzman, 1988, 1990, 1992). In particular, the recently completed 1992 survey does ask questions about political contributions and intra-family transfers while various case and intensive interview studies have explicitly addressed this issue by studying the kinds of charitable behaviour that various ethnic or economic classes consider to be forms of giving but which are not conventionally defined as such (Schervish and Herman, 1988; Smith et al., 1992).

Second, along with enhancing the ability to operationalise broader definitions of philanthropy, we need to obtain much of the same information from everyone in the population, including non-givers. This will allow us to analyse the factors that distinguish givers from non-givers, and subsequently to develop analytic multivariate models to explain giving. At present we are able to describe givers in terms of certain values, motivations, attitudes and relationships. But without comparable information from non-givers, we are unable to analyse and adequately model the social-psychological processes that distinguish givers from non-givers. The 1990 Independent Sector Survey on Giving and Volunteering already obtains some of the theoretically relevant information required for such modelling, and the 1992 survey moves even further in this direction.

My colleague John Havens and I have begun to specify a theoretically informed model of giving. We are developing a two-step probability model revolving around explaining the decision to give and, for con-

tributors, the factors that explain levels of giving. In both cases, the key latent dependent variable is the existence of a philanthropic identity, defined as a self-concept in which philanthropic activity is a regular and integral part of how an individual distributes resources of time and money. Our explanatory framework includes the following theoretical categories, some of which are difficult to operationalise with data from current surveys: communities of participation, frameworks of consciousness, mediating agents, an anticipatory or initiatory philanthropic involvement, disposable resources, and experience of intrinsic rewards in previous philanthropic involvements.

Third, it is crucial to obtain more reliable data, especially on household income and household giving. Every effort should be made to obtain actual household income, and to do so accurately. Only as a last resort should categories of income be offered in order to ascertain such information. As questionable as self-reported income may be, problems of reliability and validity are, if anything, far greater in regard to the data on giving. If extra effort is to be devoted to one specific area of data gathering during the interview process, it would be most fruitfully spent on obtaining more complete and accurate information on the dependent variable of giving and volunteering. Self-reported information, especially concerning pro-social behaviour (and for an entire preceding year) is understandably imprecise. Respondents often provide giving amounts rounded off to hundreds of dollars and, almost as often, to thousands of dollars. Some of these reported figures may be in the right ball park. But until we gather such data more carefully and institute independent validity checks (see below), we must remain cautious if not suspicious. The IS/Gallup researchers are particularly concerned about the accuracy of reported donations and have begun considering whether the data may be improved by (among other things) asking the amount of financial contributions over the past week and past month as well as the past year. More elaborate steps may also be warranted, such as asking respondents to check their tax returns or other documentation where available. Obtaining more accurate measurements of giving also involves equal vigilance to reduce the amount of missing data in the dependent variable. Unless that is done, we are forced to impute missing data on giving or else drop cases from the analysis. Even as we double our efforts to obtain more accurate estimates of income and giving, we should begin to conduct periodic validity checks on the data by interviewing some respondents in greater detail to gauge the accuracy of their responses.

Finally, we need to address the issue of unit of analysis. This is a difficult topic with which I have struggled in some work with the University of Michigan Institute for Social Research in its Survey of Consumer Finances, and as a member of the advisory panel for the Independent Sector Survey on Giving and Volunteering. This problem

which, to my knowledge, faces all research surveys on philanthropy can be exemplified by the IS survey. Unless I am mistaken, the Gallup interviewer finds a respondent in a household and asks first about the respondent's own personal contribution of time, and then about the household/family contributions of money. Gender, age and other demographic characteristics of the respondent can of course be associated with the respondent's replies about volunteer time. These characteristics can also be linked with the giving of money if the respondent is the only or at least co-determinate household member responsible for decisions about giving money. But in cases where respondents report levels of giving for which they are not at least 50 per cent involved in the decision, it is not appropriate to report giving by their demographic characteristics. Neither is it appropriate to correlate giving of time and money, nor to analyse the relation between the respondent's answers to subjective attitude questions and the level of household giving, since such giving is decided upon by a different household member. Once again, this problem has begun to be addressed in the IS/Gallup survey. The 1992 survey does inquire whether the respondent is 50 per cent or more responsible for decisions about giving, and so those who respond affirmatively can be grouped into a sub-sample for analysis. The problem remains, however, that such a sub-sample cannot be properly weighted to reflect the population of responsible individuals or households; thus, many cases must be dropped from such an analysis. It would be more useful for the Gallup interviewer to inquire at the outset whether the individual is 50 per cent or more responsible for the giving decisions in the household. If the response is affirmative then the interview would commence. If the answer is no, the interviewer should then inquire who the responsible parties are and interview one of those individuals.

New directions for research

Various research strategies should be initiated to investigate the issues raised above. These would include

- theoretical and conceptual development of the broad and narrow definitions of philanthropy of which I spoke in the first section;
- continued development of the various existing surveys of giving and volunteering to incorporate theoretical developments and resolve measurement and methodological issues raised in the second section; and
- validity studies which follow up on interview surveys, to ascertain whether there is a systematic bias among those who refuse to participate in a survey and to gauge the accuracy of the information provided by those who do respond.

The foregoing reflections suggest three further elements of a research agenda. First, there is a need to devise methods to investigate philanthropic behaviour more intensively. One such method is a diary research project. Diary studies are tedious and expensive, so any initiative in this direction should begin with a pilot study in which individuals are monitored closely for an extended period about the use of their time and money. This would equip us to measure philanthropy according to both current definitions and the broader definition I have suggested. We would also obtain some insight into the validity of our national surveys, and into the relative importance of the categories of giving and volunteering not now counted. If this approach proves fruitful, a more extensive survey could be commissioned. In conjunction with the diary study, or in place of it, another approach would be to conduct intensive interviews with a random sample of people for the purpose of obtaining detailed accounts of giving and volunteering. The interviewer would ask respondents to look up receipts, cancelled cheques and tax records where possible. Finally, it may be useful to think about convening focus groups to learn the everyday conceptions and practices of various individuals and groups, especially among cultural minorities.

In addition to the research agenda set forth above, a worthwhile task would be to investigate whether and in what way it can be said that the 'poor pay more' in charitable contributions. The conventional wisdom is that the percentage of income given to charity can be described by a U-shaped curve with income on the x-axis and per cent of income given on the y-axis. That is, lower income and higher income groups give a higher percentage of their income than middle income groups. There are many conceptual and measurement issues that both support and undercut this finding (Suhrke, 1992). From examining the IS/Gallup Survey of Giving and Volunteering as well as the Consumer Expenditure Survey, we find that the depth and, indeed, the existence of the U-shaped curve depend on a number of factors (Schervish and Havens, 1992). It depends, for instance, on what one considers to be giving *for others* as opposed to giving for services *consumed by oneself* (for example, a substantial portion of contributions to one's church). The curve depends, too, on whether one is looking at the distribution of giving by contributing households or by all households, including those that make no gifts of money. The shape of the curve also hinges on whether giving is calculated as a percentage of income or as a percentage of expenditures. A preliminary analysis of the Consumer Expenditure Survey (Bureau of Labor Statistics, 1991) indicates that *cash contributions as a percentage of expenditures* are in fact lower for lower income groups than for middle and upper income groups. This is largely due to the fact that lower income groups actually spend more money than they have in income. Lower income groups

have persons unemployed and retired who are spending out of savings and not just out of income. The purpose of looking into this issue is not to replace the existing view of greater generosity among lower income people with a new stereotype of lack of generosity. Rather, the goal is to improve our knowledge of giving practices and to demonstrate that what we say about patterns of giving across income groups depends on how we conceive and measure the variables being analysed. This is connected in part to shifting analyses of giving from the income to the expenditure side.

The foregoing suggests a further research topic. I have already discussed shifting the theoretical and numerical denominator for measuring the relative generosity of individuals and groups from income to expenditures. But in addition to exploring measures of giving as a percentage of income and expenditures, it may also prove fruitful to develop a theoretical and empirical rationale for studying giving in relation to wealth. Ultimately, since the actual decision mechanisms that people follow in determining their giving are probably a combined function of the dynamics of income, expenditures and wealth, the most advantageous approach may be to construct some composite estimate incorporating all three monetary relations in addition to producing separate income-, expenditure-, and wealth-based measures.

A final element of a prospective research agenda is to concentrate on measuring the effectiveness of philanthropic activities.⁴ In one sense, the dependent variable of which I have spoken to this point is in fact an intermediate, or even independent variable in regard to outputs produced as a result of contributions of time and money. Ultimately, the true dependent variable of the independent sector is not the allocation of resources but social *effects* of that allocation. A crucial argument justifying the significance of philanthropy is that the allocation of resources carried out through the independent sector produces quantitatively and qualitatively more productive results. It is of course more difficult to quantify the results of philanthropic allocations than to quantify the allocation of resources directed toward accomplishing those results. Still, it is crucially important for fostering contributions of resources and for meeting social needs that researchers begin to address more earnestly the issue of philanthropic efficiency. Indeed, if it can be shown that non-profit efficiency is greater than government efficiency in meeting certain social needs, a case can be made for an innovative solution to the seemingly intractable dilemma of the need for social welfare expenditures vastly greater than can be provided by the non-profit sector amidst evidence of government failure in running welfare programmes.⁵ Such a solution would revolve around the formula, 'federal funding but local non-profit administration'.

A conceptual starting point for analysing non-profit efficiency may be to distinguish three aspects of such efficiency: organisation, consumption and investment. Organisational efficiency is currently the most commonly addressed. Under the pressure of legal and ethical standards, non-profit organisations are measured according to the proportion of income and assets devoted to fund-raising, administration, and fulfilment of mission. Consumption outputs of non-profit resources are those applied to provide for necessities, such as food, shelter, health care, education, youth services, and so forth. Here the problem of measurement is less a matter of quantifying outputs than of estimating how much more efficient quantitatively and qualitatively non-profits are than government or for-profit organisations in the delivery of services. Finally, for investment outputs – those for which resources are applied to develop human potential through education or the creation of knowledge – the problems of measurement are the most challenging. This is because such investment outputs are essentially assets, the benefits of which can be speculated upon in the present but measured only in the future.

Conclusion

The foregoing agenda for research on the dependent variable of research on philanthropy is certainly incomplete and perhaps controversial. Just as no research project produces the final word, no research agenda offers the only path. As such, my suggestions for broadening the definition of giving and volunteering, dealing with problems of data and measurement, and identifying specific research efforts, may not all be worthwhile. I am convinced, however, that research on philanthropy has reached a level of maturity and is of sufficient public importance to warrant a serious examination of how well its key variables are conceived and measured.

Notes

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- * An earlier version of this paper was presented at the Conference on Charitable Statistics sponsored by the New York University School of Law Program on Philanthropy and the Law, Indiana University Center on Philanthropy, Duke University Center for the Study of Philanthropy and Voluntarism, Washington, D.C., 8 May 1992.

- 1 Support for the research on giving and volunteering that has served as the basis for these comments has been provided by the T.B. Murphy Foundation Charitable Trust and the Lilly Endowment, Inc.
- 2 Formulating a research agenda is always a tricky proposition. It has the inherent pitfall of omitting what others may legitimately conceive to be important. It also faces two even graver perils. Proffering a research agenda may reveal ignorance by suggesting directions already being attended to. It may also evidence a lack of grace by mentioning the inadequacies of existing research. I apologise if I have missed the boat in my comments or been unfair to the devoted efforts of any of my colleagues. In the end, I view my comments as a working document, one for which I invite criticism and amendment.
- 3 In my research I refer to this latter form of philanthropy as 'productive philanthropy' (see Schervish and Herman, 1988, Schervish, forthcoming).
- 4 I am indebted to Thomas B. Murphy for bringing many of these considerations about philanthropic outputs to my attention in a memorandum from which I have drawn heavily in these remarks.
- 5 Lester Salamon (1987, 1992) points out that federal government support to non-profit organisations accounts for approximately 25 per cent their revenues creating a *de facto* mixed economy.

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