

1 Introduction

This study is concerned with the interdependency of private contributions to collective concerns, intermediate fundraising institutions, and governmental intervention.

The constituent property of a collective good is that one agent can consume it without narrowing the consumption opportunities of any other agent. In addition, it may be prohibitively costly to exclude single members of the collectivity from its consumption. So, for any rational individual, free-riding is the optimal choice.

Charitable giving, or philanthropy, is a special event of a collective good. Supporting a humanitarian cause, for instance, does not only affect the own utility, and that of the recipient, but also that of the potentially large collectivity of individuals that appreciates humanitarian aid.

Regarding the charity market, one can hence distinguish three agents: the donor, the recipient, and (a fraction of) the public. Since the emergence of collective goods is a classical justification of governmental intervention, charitable giving is naturally intermingled with governmental objectives. An obvious case in point are donations to the needy that interrelate with public poverty alleviation programmes.

This study builds on three research papers that are concerned with the literature on voluntary giving, with a theoretical model of the donor-fundraiser relation, and finally, a micro-econometric assessment of the impact of fundraising on individual charitable giving.

Private Contributions to Collective Concerns: Modelling Donor Behaviour. Chapter 2 gives account to a wide range of theoretical approaches and empirical studies on donor motivation, and the role of intermediation, i. e., of fundraising institutions.¹

As opposed to the classic theory of public goods, empirical studies and evidence from experimental economics point towards considerable levels of private contributions dedicated to

¹ Cf., von Kotzebue and Wigger (2010).

the support of public interests. Whilst concentrating on models of donor motivation, Chapter 2 introduces a sample of theoretical approaches, groups them according to their central assumptions, and assesses their empirical relevance.

Charitable Giving and Fundraising: When Beneficiaries Bother Benefactors. Chapter 3 presents a theoretical approach that elucidates the strategic interaction of fundraiser and donor, and a potential role for government.²

In the analysis, it is taken for granted that fundraising activities are an integral part of the process of voluntary contributions to collective matters, and that they have some impact on benefactor utility. The approach at hand is to model the potential conflict between benefactor and beneficiary with respect to the extent of fundraising activities. First, a decentral efficiency enhancing strategy is discussed, then it is demonstrated that by granting benefactors a tax privilege, governmental intervention may ease the conflict, as well.

An Empirical Investigation of Donor-Fundraiser Interaction. Chapter 4 introduces a considerably large, and to my knowledge unique, dataset. The empirical analysis intends to grasp determinants of charitable giving, with a special focus on the influence of fundraising effort.³

It is a stylised fact of the charity market that donations only occur upon solicitation. However, fundraising typically involves a more complex exchange of resources between beneficiary and benefactor, that most manifestly comes to sight in the ambiguous effect of fundraising on donor utility. In empirical studies that investigate this complex donor-fundraiser relation, a convincing link of individual-level data on donor motivation to nonprofit financial data has to date hardly been achieved. However, characteristics of the two extensive datasets I employ in this study permit such a merging.

² Cf., von Kotzebue and Wigger (2008).

³ Cf., von Kotzebue and Wigger (2013).

On Collective Goods, Voluntary Contributions, and
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