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Changes in the structure of private philanthropy under the influence of the coronavirus pandemic

Abstract

The history of charitable activity in Russia goes back more than a century. In the modern sense, charity began to develop 30 years ago. It was from that moment that the formation and development of a full-fledged system of charitable and non-profit organizations began, the backbone of which was formed and strengthened during a period of steady economic growth and the well-being of the population in the 2000s. Over the past decades, charity in Russia has made an impressive leap forward both in scale and quality. Today there are various types and forms of charitable and non-profit organizations in the country. Their total number runs into the hundreds of thousands. With the emergence of COVID-19, the course of history, civil and economic relations have changed. The philanthropic sector finds itself in a difficult situation: a precipitous decline in private philanthropy's income has threatened the very existence of private philanthropy. This article examines the trends and directions of private philanthropy in recent years, mostly after the introduction of pandemic restrictions. The article mainly discusses qualitative and quantitative changes in the structure and amount of charitable donations, the dynamics of civic responsibility, shifting priorities, and highlights the places of spending on treatment and rehabilitation of children with special needs. What changes have occurred in donation habits – this issue is revealed in the article. It was also possible to identify the impact of the introduction of information technology on the philanthropic market.

Keywords

Coronavirus environment, pandemic, philanthropy, charity, trends, non-profit organization, financing, fundraising

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1 Introduction

The global pandemic of a new coronavirus infection has led to restrictions and caused changes in all areas of the economy and social life. The philanthropy sector is no exception.

Purpose of the article: to highlight key factors affecting the field of philanthropy in the context of coronavirus limitation.

Research objectives: to analyze the literature on the topic of the study; to identify changes in the habitual structure of donors and their preferences.

The object of the study: pandemic restrictions as an important component of changes in the whole structure of the charitable sphere.

Subject of the study: trends and tendencies, new points of growth emerging under the influence of internal and external pandemic environment factors.

Research methods: analytical, discursive, didactic and sociological, interviews with the professional

community and random representatives of the donor community.

Methodology data collected by YouGov, a research company commissioned by CAF. 1,008 online interviews were conducted in Russia between November 10 and November 18, 2020. The sample is nationally representative and weighted by known demographic characteristics (population data including age, gender, and region).

The confidence interval of the sample (the degree of confidence that the results of the survey reliably reflect the picture for the population as a whole) is 95%. The margin of sampling error (the maximum value by which the results of the sample differ from the results for the country as a whole) is $\pm 3\%$.

The relevance of the research stems from the fact that in today's increasingly complex business environment, charitable foundations and organizations need a simple and flexible tool to understand donor preferences, and thus to manage marketing, maintain funding levels and build effective business models in a timely manner.

2 A review of recent scientific advances and publications

The coronavirus pandemic is an all-encompassing process, affecting every country in the world, with populations and governments in a situation where there was no ready-made scenario. All the measures taken were preliminary, with no guarantee of success. The article contains links to O. Kiseleva's research on the relationship between business and charitable foundations. The studies of Tarasova M., V. are of great importance for understanding the processes of fundraising. Radzieckaya O. gave a description and outlined the trends in the development of the financial component in charitable activities, the budget process and reporting, which have worsened with the onset of the coronavirus pandemic. The scientific novelty of the research is due to the absence in the world practice of complex restrictions on movement, on working offline, on visiting and assisting the wards of the foundation and other restrictions. This article examines the impact of the coronavirus pandemic on the entire philanthropic sphere, analyzing the structure of philanthropists, the dynamics of their civic engagement, the volume of private donations, and the direction of donations. The article examines the special place of philanthropic aid to children with disabilities. This research is intended to determine the current trends of development for the coming years in the context of the new reality.

3 Purpose of article

The coronavirus pandemic has placed new demands on the world, in particular demands for transparency in all foundation activities. Donor preferences have changed, and trends need to be analyzed and responded to.

The aim of the work is to outline the main trends in the development of the charitable sphere and, in particular, of foundations involved in the treatment and rehabilitation of children with special needs. To calculate the place of charitable assistance to children with special needs in the general structure of donations.

The paper considers it important to systematize and rank the data on gender, age, and donor preferences that have been highlighted in the field of philanthropy due to pandemic constraints. It is necessary to look generally at the level of trust in nonprofit foundations dealing with children with developmental disabilities.

This data is necessary to build effective marketing activities of charitable foundations, increase loyalty and transparency of reporting.

4 Results

Participation in charity by citizens of the Russian Federation, methods and structure of donations. 43%

have donated money to charity or provided sponsorship in the last 12 months preceding the survey ("Private donations in Russia", 2021).

At the same time, the overall percentage of Russian adults who participated in at least one type of charitable activity has fallen since 2019 from 67% to 58%. A detailed analysis of the data suggests that the decline was mainly due to a significant reduction in donations to churches and other religious organizations that are closed to the public. Another point of view covered in this article is that for many people, the pandemic has caused anxiety and concern about finances.

More than half (55%) said their family income has decreased as a result of the pandemic, with one in five (21%) feeling a significant decrease. About three-quarters (77%) were concerned about their family's income in the next 12 months ("Private donations in Russia", 2021).

One in ten Russians (10%) gave more to charities than usual.

This is an important positive trend in which, despite the precarious economic performance of households. One in eight (12%) donated to new or different problems as a result of the pandemic, one in twenty (5%) redirected their donations to support charities that are directly fighting the pandemic. It can be seen that the list of priorities includes completely new areas that did not exist before 2019. The coronavirus pandemic revealed acute social problems: insufficient funding for medicine is one of them. Therefore, charities have mobilized to address the lack of funds for research into the new virus and the search for drugs to fight it.

Another understandable trend is that people have become more likely to donate online than cash.

The share of cash donors dropped significantly in 2020 to 33%, with 44% donating online. The pandemic has reinforced this trend, with one in two respondents (49%) saying they avoid using cash because of the virus. Half of people (51%) now say they never or rarely carry cash.

Donor preferences and areas of charitable activity.

The authors of the study asked donors what they had donated money to in the past 12 months.

Support for children (orphans, seriously ill children, and children with disabilities) is still the most popular direction for private donors in Russia. Every second respondent (52%) supports it. The figure decreased slightly compared to previous periods (in 2019 – 59%, in 2018 – 57%, in 2017 – 58%). The decrease is due to a change in the proportion of women donating: 61% of women helped children in 2019 and 52% in 2020 (Skolkovo, 2021).

The other most popular areas of support for three years now are aid to the poor (29%) and support for religious organizations (28%).

Women are more likely to donate to animal welfare than men (29% compared to 17%). Helping

animals is also popular among young people: 41% of donors ages 18-24 and 34% of those ages 25-34 support the issue, and only 13% of donors ages 45 and older.

Donors aged 45 and older were more likely to support church and religious organizations than young people aged 18-24 (36% vs. 15%).

Despite the COVID-19 pandemic, the proportion of people who support medical research (3%) or medical organizations (8%) has not changed significantly.

Motives for the charitable activities of private donors.

The most popular reasons for donors to donate are concern about the problem (38%) and a desire to help those less fortunate than themselves (34%). Both are significantly different from the 2019 numbers (45% and 42%, respectively). The next most popular motivations for donating are the belief that everyone should get involved in solving social problems (28%), the realization that something can be changed (27%), charity makes them feel good about themselves (Skolkovo, 2021). All of the above motives are unchanged from 2019.

About one in twenty donors donated specifically because of the COVID-19 pandemic (6%). And almost no one mentioned donating because of tax benefits (1%). The reasons that motivate people to donate to charity do not differ between men and women. However, significantly more men than women responded that they donate because society expects it (7% vs. 2%).

The age of donors affects motivation. For example, many more young people (18-24) said they donate to charity to set an example for others, compared to people 55+ (5%). People over 45 are more likely to donate to charity for religious reasons than people under 45 (22% and 12%, respectively).

In 2020, there were virtually no differences in motivations for philanthropy among people of different income levels.

People with an annual family income of less than 300 thousand rubles, as well as people with an income of more than 1.5 million rubles, want to help those who are less fortunate than themselves.

Donors with incomes between 750,000 and 1.5 million rubles help because they care about the problem (45%).

The dynamics of public loyalty to charitable foundations.

In 2019, there was a significant increase in the number of people who believe that NPOs are having a positive impact locally, nationally, and internationally, compared to 2018. In 2020, the numbers are back to 2018 levels.

Significantly fewer people said that NPOs have a positive impact on local communities (53% in 2019 and 45% in 2020), on Russia as a whole (63% in 2019, 52% in 2020), and internationally (57% in 2019, 51% in 2020).

The decrease in the share of respondents who believe that NPOs have a positive impact was not caused by an increase in the number of those who believe that they have no impact at all or have a negative impact. Most indicated that they did not know what impact NPOs had at the local level (16% in 2019, 23% in 2020), national level (14% in 2019, 21% in 2020), or international level (19% in 2019, 24% in 2020).

Females continue to be more positive about the impact of charities than males.

People aged 18-44 tend to be more positive about the impact of NPOs at the local level (53%) than people over 45 (37%). The overall level of trust in NPOs has decreased compared to last year. It is seen in the adoption of regulations that explain and negatively stigmatize the "foreign agent" stratum. Fewer people agree that national charities (32% in 2019; 27% in 2020) or international charities (36% in 2019; 31% in 2020) are trustworthy. Younger people are more likely to agree that charities are trustworthy; 45% of 18-24-year-olds and 38% of 25-34-year-olds think international charities are trustworthy, compared to 27% of adults over 35.

Significantly fewer respondents prefer to donate locally than in previous years; about one in two (48%) agree in 2019 and only two in five (41%) agree in 2020.

This decline in support for local needs occurred most among people aged 25-34. There has also been a decline in the number of people willing to support local organizations among people aged 55 and older.

However, more than two in five (44%) respondents agree that most charities make every effort to achieve positive outcomes for their wards.

Despite the overall decline in trust, there is a generally positive view of the work of international charities: more respondents (39%) disagree that international charities do more harm than good, 16% agree.

However, despite the law on nonprofit organizations and foreign agents, most people recognize the value of the work of charities in a pandemic: 66% believe that the government should cooperate with them.

56% believe the government should have done more to support NPOs, and 54% also agree that the government should step in and offer financial support to charities facing closure because of the pandemic.

In addition, the majority of Russians (55%) believe that businesses should have done more to support communities in Russia during the pandemic.

During the study, respondents were also asked what other types of public activity and civic engagement they participate in. The percentage of those who participate in at least one of these activities decreased from 49% to 41% compared to last year.

While COVID-19 probably contributed to this decline to some extent, it should be noted that the rate has continued to decline since 2018, when the share was 53%.

People are willing to donate more to charity in the future if they have more money. While this reason remains the most common, the proportion who gave this response has dropped from 60% in 2019 to 53% in 2020. The next most important incentive is knowing exactly what their donations will be used for, but even then, the percentage who responded has dropped from 56% in 2019 to 44% in 2020.

Personal requests for help are an incentive for 21% of respondents, 18% want more information, including seeing transparency in the NPO/charity sector, 17% want to know more about NPOs/charities and their activities, and for 17% it is important to feel more confident about their personal income and circumstances.

Females are more likely to believe that in order to donate more to charity, they need to have more money of their own (57%), and males with this opinion are 48%. The proportion of such responses decreased from 2019 (63% of women and 56% of men).

In 2020, 58% of adults in Russia participated in at least one type of charitable activity. The share of those involved in charity decreased compared to previous periods: in 2019 – 67%, in 2018 – 61%, in 2017 – 67%.

Women traditionally participate more actively in charity, which reflects the picture through 2019. The level of men's involvement decreased compared to last year, which is reflected in the overall participation rate of Russians in charity.

Significant decreases in philanthropic engagement are seen among people ages 25-34 (75% in 2019 and 63% in 2020), and among people ages 55+ (57% in 2019 and 46% in 2020).

There is a positive correlation between the level of household income and the propensity of citizens to participate in charity.

The percentage of Russians who participated in any type of charity in the four weeks prior to the

survey dropped to 39% from 47% in 2019 and is back to 2017–2018 levels (40–41%). We see this because of the ban on in-person visits, in-person attendance, and the inability to conduct volunteer programs.

5 Conclusions

The data from our study fully reflects the realities of life in COVID-19 2020. Uncertainty about the future and the economic problems of many people have expressed themselves, among other things, in a decrease in the number of donations. The main conclusions of the study are:

- Half of Russia's adult population did good deeds under the COVID-19 pandemic.
- The percentage of donors donating online far exceeded the number of cash donors.
- The younger generation plays an extremely important role in philanthropy, including donating funds to help children with disabilities and participating in volunteer projects.
- Helping children has traditionally remained the most popular area of charity.
- Typical donation size (median) and average donation size decreased in 2020.
- A negative consequence of the pandemic is a decrease in income for half of the respondents.
- The percentage of Russians (18+) who have participated in at least one type of charitable activity has decreased since 2019.

Although this data, unlike in previous years, does not show the desired growth, it demonstrates that charity in Russia has taken firm roots and, despite all the difficulties of the pandemic, Russians have developed a culture of mutual aid, without which surviving the coronavirus would have been much more difficult.

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