GIVING CIRCLE MEMBERSHIP: How Collective Giving Impacts Donors

EXECUTIVE SUMMARY
Written and Researched by the Collective Giving Research Group:

Collective Giving Research Group

The Collective Giving Research Group (CGRG) is a research collaborative launched in 2015 to explore and understand the dynamics of giving circles and other forms of collective giving. Founding members of the CGRG are Jessica Bearman (Bearman Consulting); Julia L. Carboni, PhD (Maxwell School of Citizenship and Public Affairs, Syracuse University); Angela Eikenberry, PhD (School of Public Administration, University of Nebraska at Omaha); and Jason Franklin, PhD (Dorothy A. Johnson Center for Philanthropy, Grand Valley State University).

Report Authors

Julia L. Carboni, PhD, Principal Investigator
Assistant Professor, Maxwell School of Citizenship and Public Affairs,
Syracuse University

Angela Eikenberry, PhD, Co-Principal Investigator
David C. Scott Diamond Alumni Professor of Public Affairs,
School of Public Administration, University of Nebraska at Omaha

Executive summary compiled by:

Women’s Philanthropy Institute

The Women’s Philanthropy Institute (WPI) is part of the Indiana University Lilly Family School of Philanthropy. WPI increases understanding of women’s philanthropy through rigorous research and education, interpreting and sharing these insights broadly to improve philanthropy. Learn more at https://philanthropy.iupui.edu/WPI

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For questions, media inquiries or other comments, please contact the research team at CollectiveGivingResearchGroup@gmail.com.

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Giving circles and other forms of collective giving (hereafter referred to as GCs) are a vital part of philanthropy in the United States. Before the Collective Giving Research Group (CGRG) formed in 2015, the last comprehensive research on GCs was nearly ten years old. This new initiative was launched to understand how GCs have developed over the last decade, and the dynamics of participating in and of hosting these groups.

This study focuses on GC members, extending previous research to address the following questions:

- Who participates in GCs?
- How is participating in GCs associated with giving, volunteering, and civic and political behaviors and beliefs?
- How do the philanthropic social networks of GC members compare to non-members? (Who do they turn to for advice about giving?)
- How do new GC members compare to established GC members?

**Two key innovative aspects of this study:**

1. It uses a novel network analysis approach to understand GC members’ philanthropic social networks and how those networks compare to those of donors not in GCs.
2. In addition to comparing GC members to donors not in GCs, it also examines how new GC members may be different from those who have participated in GCs for a longer period of time.

**Characteristics of giving circles/collective giving groups:**

- Individuals pool donations and donors decide together how and where funding is given.
- The purpose is primarily philanthropic, along with learning and networking opportunities.
- GCs are typically independent, not a fundraising vehicle for a single charity.

GCs are growing rapidly in number and participation, and are a common entry point into philanthropy. GCs are often formed around some sort of identity, such as gender, race or ethnicity, or sexual orientation. But what are the implications of this identity-based giving? This study’s unique approach allowed for an examination into the diversity of GC members themselves, as well as of their philanthropic social networks.

This summary provides highlights from the full report. For additional details on all parts of this research project, please consult the full report.
BACKGROUND

The number of GCs in the U.S. has tripled in the last decade. GCs are now located in every state in the U.S., and engage people from a wide variety of racial, ethnic, and religious backgrounds, gender identities, and age groups. GCs are estimated to have given as much as $1.29 billion to charitable causes since their inception. Amounts that individual members contribute to GCs vary widely, and GCs support a wide range of charitable causes and organizations, both through grants and their members' volunteer time.

METHODOLOGY

This study builds on previous research by the CGRG. Findings are based on a survey of GC members who responded to questions about their behaviors and identities, and their use of social networks for philanthropic advice. The same survey was completed by donors not in GCs to provide a comparison group. A total of 993 completed surveys were received from GC members, and 947 from donors not in GCs.

Members self-select to participate in GCs, so results may reflect people’s predispositions to participate in these groups rather than the direct effect of belonging to the GC. This risk is called selection bias. A variety of statistical techniques were used to reduce bias; these are explained in detail in the full report. One such technique, propensity score matching, means that demographic factors are taken into account, and GC members can be compared to demographically similar donors not in GCs.

The use of social network analysis is a new contribution of this study. In the survey, respondents were asked who they go to for philanthropic advice. While other researchers have examined social ties, this study goes further by collecting nuanced data about those ties, such as demographics and whether social ties know each other. This information allows for analysis of how social networks and philanthropic behaviors are linked. For example, do people rely on family or friends for philanthropic advice? Are the social ties demographically similar? Do they know one another? This study is the first to collect and analyze this level of data.

Social network analysis measures social relationships; it can be used to understand the social context of behaviors like philanthropy. Other studies have asked about social ties, but this is the first study to look at the network structure and nuanced data on those ties. This is a new way of understanding how philanthropy is embedded in social context.
FINDINGS THAT AFFIRM PREVIOUS RESEARCH

This study affirms earlier research about GC members. Previous work has shown that GC members give more, give more strategically, and give to a wider array and number of organizations. By participating in GCs, members increase their knowledge about philanthropy, nonprofits, and the community—and are therefore more engaged in the community and have deeper social connections. GCs build member capacity and opportunities for democratic group participation. Finally, grants from GCs may be more likely to be directed to marginalized communities, such as to support: women; ethnic and minority groups; and arts, culture, and ethnic awareness.

The present study draws on a larger sample of GC members than previous research, but affirms many of these findings.

**GC members give more money and time than donors not in GCs.**
GC members are equally likely to give to charity as donors not in GCs. However, GC members give significantly higher amounts of money and volunteer significantly more hours compared to donors not in GCs.\(^1\) GC members gave an average of $11,262 more during the survey year than donors not in GCs. Further, GC members give significantly more time in volunteer hours to charity. GC members volunteered an average of 67.5 more hours during the survey year than donors not in GCs.

**GC members are more motivated to give for proactive, community-oriented reasons.**
GC members are motivated to give for more proactive, community-oriented reasons compared to donors not in GCs, who tend to give for more reactive reasons. For example, GC members are more likely to say they give in order to give back to their community, out of a passion for a particular cause or charity, or because of their desire to set an example for others. Donors not in GCs are more likely to say they give spontaneously in response to a need, because they were asked by representatives of a charity, or because they just felt like giving. This indicates that GC members may be more strategic in their giving behaviors than their non-GC-member counterparts.

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\(^1\) Statistical significance means that a particular result is not likely due to chance. See the full report and its methodology for further detail.
**GC members are more likely to use a variety of giving vehicles.**
Another component of strategic giving involves how people give. GC members use more of these vehicles than donors not in GCs. Specifically, GC members were significantly more likely than donors not in GCs to use giving vehicles such as a foundation (a personal foundation or a community foundation) or a donor advised fund (DAF).

**GC members are more engaged in civic and political activities.**
The survey asked about a range of potential political or civic-related activities, including community problem solving, working with or for a campaign, or engaging in public discussions. GC members were more likely to participate in all of the survey response options than donors not in GCs. For each individual response option, GC members were also more likely to participate than donors not in GCs.
NEW FINDINGS ABOUT GC MEMBERS AND THEIR NETWORKS

In addition to affirming previous research, the study deepens understanding about the behaviors of GC members. New findings about the changing demographics of GC members, and comparing the philanthropic social networks of GC members to donors not in GCs, are highlighted below.

**GC members leverage their social networks more strategically for philanthropic advice.**

This study is the first to define and examine *philanthropic social networks*, or those people individuals consult about their charitable giving decisions. To measure these networks, the survey asked respondents to list people who personally influence their charitable decision-making. GC members and non-GC donors had similar sizes of networks; in other words, both the GC members and the donors not in GCs listed the same number of people on average who influence their charitable decision making.

However, the *network density* was different for GC members. To measure network density, the survey asked whether people listed in the philanthropic social network knew one another. Donors not in GCs had significantly denser networks than GC members, meaning the people who donors not in GCs consult for philanthropic advice were more likely to know one another. In contrast, GC members had less-dense networks, meaning the people they consult for advice do not all know each other; GC members access information from multiple sources about giving.

GC members’ philanthropic social networks also included people they had known for a shorter length of time and had less frequent contact with, compared to donors not in GC networks. This suggests that GC members activate their network ties to learn about how to give and are willing to approach people they have shorter or less-established relationships with for this advice. It also indicates that GC members are seeking out new information rather than only relying on information from those closest to them.

Finally, GC members’ philanthropic social networks have a higher proportion of people who know about philanthropy, compared to donors not in GC networks. GC members are getting their information about giving from more knowledgeable sources.
**GC members’ social networks are more diverse.**
The survey also asked about the composition of philanthropic social networks, in order to understand if people sought advice on giving from those who looked the same as them or from those who were different from them in key demographic ways.

GC members’ philanthropic social networks are more diverse (in terms of race, religion, and socioeconomic status) than the networks of donors not in GCs. GC members appear to be reaching out to people different from them for advice on giving.

GC members’ philanthropic social networks also included more co-workers than donors not in GC networks. Non-GC members’ networks included more family members. This further reinforces the point that GC members are more strategic and reach beyond their immediate surroundings for philanthropic advice.
COMPARING NEW AND ESTABLISHED GC MEMBERS

GCs are evolving, especially in terms of member demographics and the causes supported by GCs. To better understand these dynamics, the study examined GC members according to how long they had participated in the GC. The rationale for this comparison is that historically, GC membership has been dominated by educated, older, white women with high incomes. The larger GC member sample in this study reflects this trend. Dividing the sample according to how long members have participated in a GC allows for deeper understanding about the changing demographics of GC members.

The full report examines three groups of GC members: those who have participated in GCs for less than a year, for one to four years, and for five or more years. The descriptions that follow combine the latter two groups to more simply compare new GC members (less than one year) to established members (one year or more). The differences highlighted below between these two groups are generally repeated when looking at the three groups in the full report. The differences are starker when comparing new members to the five-year-plus group.

**New GC members are demographically different from established GC members.** New GC members differ from established GC members on most demographic dimensions apart from education. Established GC members are more homogenous: they tend to be older, white, higher income, female, and married. This reflects the more traditional profile of GC members found in earlier research. In contrast, new members are more diverse, ranging more broadly in terms of age, income, gender, and race. In particular, new GC members are more likely to be Latinx than established GC members. Education rates are similar across both groups when controlling for other demographic variables. The idea that GCs are recruiting individuals across many dimensions of diversity aligns with the 2017 landscape of GCs.

**New and established GC members give to similar causes—with a few exceptions.** Both new and established GC members give to the same causes: they tend to fund a wide variety of issues, especially when compared to donors not in GCs. However, some differences exist between these groups. New GC members are more likely to prioritize giving to social change; established members are more likely to prioritize religious giving. Because new GC members are also younger on average, this aligns with research demonstrating younger people are more engaged in social movements and less likely to have a religious affiliation than older people.
New and established GC members participate in GCs differently, and for different reasons.

When asked about why they joined a GC, new GC members emphasized opportunities for learning or engagement, whereas established GC members focused on the strategic and social aspects of GCs. New members were significantly more likely to indicate they participated in a GC in order to engage more deeply with an issue or organization; to learn how to give or volunteer more strategically; and to have purposeful discussions about causes or other shared interests. Established members were significantly more likely to participate in a GC to leverage their giving, and to have fun.

New and established GC members also participated at different levels in GC activities, including attending meetings, making funding decisions, and attending social events. Established members participated in significantly more events and activities related to the GC, especially those related to nominating organizations for grants, developing criteria for grants, and holding leadership positions. While new GC members participated in fewer activities, they were more likely to participate in raising outside funds than established members.

Both new and established GC members find value, learning, and development in their GC experience.

GC members, regardless of the length of their membership, seem to value their experience and use it as an opportunity for learning, growth, and more giving. Overall, members agree that GCs provide opportunities for learning, especially about specific organizations, issue areas, and the community. Further, these learning activities often lead to increases in personal philanthropy. When GC members participated in learning activities related to the GC, such as hearing from organizations and attending educational sessions, they also tended to give more—above and beyond their giving to the GC itself.
CONCLUSION

GC members give more money and time, give more strategically, and are more engaged in civic and political activities compared to donors not in GCs. GC members leverage their social networks strategically for philanthropic advice compared to donors not in GCs, consulting more diverse and more experienced people for advice on giving, and bringing in a broader range of information.

New GC members (less than a year of participation) look different from established GC members (at least one year of membership), as new GC members are more diverse across almost all demographic measures. While new and established GC members join for different reasons and participate in GCs differently, both groups largely find value and opportunities for learning and development by participating in GCs. Interestingly, the one-year cutoff is significant, perhaps indicating that participating in one full cycle of grantmaking makes a difference for members. This could be explained either as a new wave of diverse people joining GCs, or by GCs failing to retain those diverse members over multiple years. Future research that uses a longitudinal data set can begin to address this question.

This study is an important contribution to research on GCs. It specifically addresses the conventional wisdom that “birds of a feather flock together” and the concern that GC members—who form groups largely around identities like gender, race, and sexual orientation—may not bring new voices to the philanthropic table. This research shows this worry is unfounded when it comes to GCs. While identity-based giving remains prominent in GCs, GC members rely on a wider set of people for advice about giving, and those people are more diverse and provide them with new information. GCs are not only increasing the total funds available for charity: GC members give in more strategic ways, are increasingly diverse, and bring more diverse opinions and information to bear when deciding how to give.
If you have questions or comments about this report or about the work of the Collective Giving Research Group, please email CollectiveGivingResearchGroup@gmail.com