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**A longitudinal analysis of government expenditures, fundraising and charitable donations
in the Dutch voluntary sector**

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Abstract

Can changes in giving best be understood due to individuals compensating for changes in government funding or as the result of fundraising by nonprofit organizations? This paper examines relations between subsidies and donations in the Dutch voluntary sector by matching individual-level survey data from the Giving in the Netherlands Panel Study (GINPS) with organizational-level data from the Dutch Central Bureau on Fundraising (CBF) from 2002 to 2012. Results from fixed-effects models show that across all organizations government subsidies are negatively related to private donations. Donations are equally responsive to government funding when there is no news coverage on changes in subsidies, making it unlikely that it is individual decisions driving crowding-out. Contrary to previous research, this study finds that organizations generally use subsidies to increase fundraising and collect more private income. The conclusions challenge the wide-spread belief that government support for nonprofit organizations has detrimental effects on their fundraising efforts.

1. Introduction

Policy makers in Western countries are redefining their views on the public services that can be provided by philanthropic donations. The scope of welfare state arrangements are reduced because governments have less fiscal room to achieve goals in society, with policy makers expecting more from private donors. Striking examples are the explicit policy shifts towards a 'Big Society' in the United Kingdom (Cabinet Office, 2010) and a 'participation society' in the Netherlands (Rijksoverheid, 2013). Due to these changing policies nonprofit organizations have to adopt new roles with less reliance on government subsidies and more market-oriented strategies. They face important challenges given the recent economic downturn and decreasing revenues from private donations. In order to be able to maintain a high level of public services in society, it is important to know how private donors and nonprofit organizations change their behavior when reacting to changes in government subsidies.

A wide array of studies is dedicated to the idea that government support and private participation are negatively associated (crowding-out). As a meta-analysis shows (De Wit & Bekkers, 2013), previous research on the relationship between government subsidies and private donations has not been conclusive and studies using data from laboratory experiments tend to find stronger crowding-out effects compared with studies using archival data such as tax forms in the United States. The question that is the focus of this paper is how government subsidies and private charitable donations are related in the Dutch voluntary sector.

The paper yields four important innovations to the literature. First, this paper applies relevant sociological theories to the debate on government support and charitable donations. The debate is dominated by economists who explain individual behavior by modeling motivations through utility functions. Other arguments in the crowding-out debate stem from theories that explain organizational behavior by the institutional environment. In this paper, rational choice and institutionalist theories are explicitly discussed as explanations for a negative association between subsidies and donations. Explicitly introducing theories in the crowding-out debate enables a better understanding of findings and contributes to future theory-building.

Secondly, this paper tests for relevant explanatory mechanisms that spring from these theories. Most previous research investigates the main effect of government support without testing explanations. Testing mediating and moderating effects further increases our

understanding of the ways in which the government, private donors and voluntary organizations affect each other.

A third innovation lies in the dataset that is used, matching longitudinal survey data on giving to specific organizations with financial data from other sources on the same organizations. A large number of previous studies use an aggregate measure of income from different private sources as their dependent variable (e.g. Andreoni & Payne, 2011a; Nikolova, 2014), disabling strong conclusions about individual donor behavior. Although previous studies combined survey data with data on firms at one point in time (Kingma, 1989; Manzoor & Straub, 2005), the current study is unique in matching micro-level survey data with data on the organizational level in a longitudinal design. This dataset enables testing for both individual-level and organizational-level explanations.

A final innovation is the country under study. While most research on relations between subsidies and donations comes from the United States, this paper adds evidence from the Netherlands. There is a rich tradition of private initiatives in the Netherlands, but the government took over responsibility for a lot of public services with the growth of the welfare state in the twentieth century and the voluntary sector fulfils a supplementary role (Wiepkings & Bekkers, forthcoming). Philanthropic gifts are tax-deductible above a threshold and less than 5% of the people use the deduction (Bekkers & Mariani, 1999). Although Dutch nonprofits, especially in the fields of health, education, social services, and international activities, receive a relatively large share of their income from public funding (Burger et al, 1999), Dutch households still donate approximately € 1.8 billion to voluntary organizations (Schuyt et al., 2013). It is important to test the generalizability of theoretical claims in different contexts where people may have different perceptions on the role of the state and the voluntary sector (Andress & Heien, 2001; Svallfors, 1997).

2. Theory and hypotheses

This section lays out the hypotheses that will be tested. After formulating two general claims about the correlation between subsidies and donations, two possible theoretical foundations are provided that explain these claims by either individual behavior or organizational behavior.

Government subsidies and private donations

The central argument is that a large government is detrimental for civic life. This claim can be traced back to Alexis de Tocqueville (1970 [1840]), who argued that democratic government diminishes rather than oppresses social action, ruling out private control over the small things in life. In contemporary research the crowding-out hypothesis is investigated in two strands of research. The first line of research takes a rather sociological approach. Incorporating welfare state regime theories and analyzing survey data, studies in this area investigate the effect of cross-national characteristics on different forms of individual participation like volunteering or organizational memberships (Gesthuizen et al., 2008; Kääriäinen & Lehtonen, 2006; Koster, 2007; Scheepers & Te Grotenhuis, 2005, Stadelmann-Steffen, 2011; Van Oorschot & Arts 2005). The second strand of research consists largely of work of economists and concerns private charitable giving. Here, crowding-out is mostly translated as individuals compensating with donations what the government does not provide (Andreoni, 1993; Andreoni & Payne, 2003; 2011a; 2011b; Ribar & Wilhelm, 2002; Okten & Weisbrod, 2000; Payne, 1998). The current paper combines both strands of research by applying sociological theories and methods in the field of charitable giving.

While some studies find positive relations between government subsidies and private donations (Brooks, 2003; Khanna & Sandler, 2000; Okten & Weisbrod, 2000; Sokolowski, 2013), most studies find a negative correlation (Andreoni & Payne, 2003; 2011a; 2011b; Dokko, 2009; Isaac & Norton, 2013). In a cross-national analysis with Eurobarometer data, Scheepers & Te Grotenhuis (2005) find that in liberal welfare states more people give to alleviate poverty than in other welfare state regimes. The main claim in this debate is that subsidies and donations are substitutes.

H1: Private donations to voluntary organizations increase (decrease) after a decrease (increase) in government subsidies to these organizations.

It has been argued that the relation between government subsidies and private donations is nonlinear. Brooks (2000a) was the first to show that small subsidies encourage donations while

larger subsidies discourage them. This finding has been confirmed in other studies (Borgonovi, 2006; Nikolova, 2014).

H2: Private donations to voluntary organizations more strongly increase (decrease) after a decrease (increase) in bigger government subsidies to these organizations than after a decrease (increase) in smaller government subsidies.

Individual behavior

If subsidies and donations are negatively correlated, how can this be explained? The first line of reasoning follows a rational choice perspective on social behavior. Rational choice theory assumes that social action can be explained by individual choices, based on sets of beliefs and preferences (Boudon, 2001). From this perspective, contributing to a public goal is a choice based on the preference that the goal is worthwhile to make a contribution, with different actors contributing to the same goal. Imagine two actors whose preferences are that at least some contribution is made to a public goal, with minimum costs. If actor A contributes, actor B can defect without consequences for the public goal. Hence public goals are collective action problems, in which different actors can cooperate by contributing or free ride by defecting (Olson, 1971 [1965]).

Individual donors have a preference for the level of individual contribution they make to the public good. Economists often model donating decisions with an individual utility function. Every actor has a preferred amount of individual public good provision, either voluntary through donations or mandatory through taxes. If the government raises the mandatory taxed contribution to a public goal, the voluntary donation decreases. The part of the donation that is not crowded out by the tax is mostly attributed to the intrinsic value of the act of giving itself that can explain why donations are not responsive to changes in the contributions of other actors (Andreoni, 1989; 1990). Laboratory experiments mostly show that people indeed tend to reduce their voluntary donation when mandatory payments are increased (Andreoni, 1993; Chan et al., 2002; Eckel et al., 2005; Isaac & Norton, 2013; Vesterlund et al., 2008). A recent meta-analysis shows that crowding-out estimates are much stronger in laboratory experiments than in studies using data on actual reported donations (De Wit & Bekkers, 2013).

A very first prerequisite for giving as a reaction on changes in government subsidies is availability of information on government actions, because people will not change their donations when they are not aware of any changes in subsidies. In an experimental design, Horne et al. (2005) show that most donors do not know how much subsidies a charitable organization receive, and that estimates of these subsidies are highly inadequate. Even if people are not aware how much income organizations receive from the government, they could still be informed on changes in subsidies. News media will report budget cuts because this might have important consequences for an organization and its goals, as they will report it when an organization gets a large subsidy for a certain project. An nature conservation organization, for example, shows up in the media when the right-wing administration reduces government support for nature or when it receives a large subsidy to recover a specific area. People get most of their information on policies from news media, and the expectation is that government subsidies have a stronger effect on individual decisions when they are covered in the media.

H3: Private donations increase (decrease) more strongly after a decrease (increase) in government subsidies when the subsidies are reported in news media than when subsidies are not reported in news media.

A second condition is that people actually care about the public goals that are served by either the government or by organizations. In models that are used by economists, a purely altruistically motivated donor is only concerned about his or her contribution to the public good, inducing perfect crowding-out of government contributions, whereas a donor with a 'warm glow' motive is not responsive to changes in subsidies (Andreoni, 1989; 1990). It is expected that people with stronger altruistic values are more responsive to changes in government subsidies, because they are the people who are more committed to public goals and behave more closely to an altruist in the economic meaning of the word.

H4: Private donations of people with stronger altruistic values increase (decrease) more strongly after a decrease (increase) in government subsidies than private donations of people with weaker altruistic values.

Organizational behavior

Another explanation of a negative relation between government subsidies and private donations is the behavior of voluntary organizations. Resource dependence theory argues that management strategies change with the nature of the resources an organization relies on. Organizations increasingly adopt the same goals and habits when they collaborate, a process that has been labeled 'institutional isomorphism'. This process may be coercive, when formal rules and structures must be shaped after a dominant organization, mimetic, when uncertain organizations are modeled after practices in comparable situations, or normative, when organizations imitate professionalized practices (DiMaggio & Powell, 1983). In the voluntary sector coercive processes occur when government funding goes together with regulations and demands. Nonprofits usually have to provide accounts and other output reports in order to acquire and maintain subsidies. Such formal requirements not only affect organizational procedures directly but also have such a strong symbolic meaning that a more rationalized way of thinking is incorporated throughout organizations (Meyer & Rowan, 1977).

Sources of nonprofit revenues may affect financial volatility, the extent to which organizations change the goals they target, and the extent to which organizational processes and procedures are formalized and professionalized (Froelich, 1999). Dependence on government funding is associated with financial stability and professionalization, while dependence on private donations is associated with volatility and market-oriented strategies (Carroll & Stater, 2009; Froelich, 1999; Macedo & Pinho, 2006). Following the theory, decreasing government dependence leads to less bureaucratized procedures and management strategies that are more focused on raising funds from the private donor market. Organizations are more inclined to invest in fundraising when they receive lower government subsidies and, as Frumkin & Kim (2001) show, higher fundraising expenditures are associated with higher income from private sources. Previous research shows that fundraising expenditures can be an important explanation of the negative association between government funding and private donations (Andreoni & Payne, 2003; 2011a; 2011b; Hughes et al., 2012). It is especially likely that organizations change their strategies after radical decreases in government funding, as Randall & Wilson (1989) show for the budget cuts of the Reagan administration. Thus, changes in government subsidies are expected to be followed by changes in fundraising investments and consequently changes in the return on fundraising in the form of donations.

H5a: Fundraising expenditures increase (decrease) after a decrease (increase) in government subsidies to these organizations.

H5b: Higher fundraising expenditures of voluntary organizations are associated with higher private donations to these organizations.

An interaction effect is hypothesized here because a change in fundraising is not equally effective across persons. People might work at places where they often face street collections, might live in neighborhoods with a lot of door-to-door collections or go to religious events where they are confronted with donation requests. Fundraising expenditures should have a stronger effect among people who generally receive more donation requests.

H6: Private donations of people who receive more donation requests are more strongly associated with fundraising expenditures than private donations of people who receive less donation requests.

3. Data and strategy

The units of analysis in this study are dyads of individuals and organizations. Each unit represents a unique combination of a person donating to an organization with multiple observations over time. Individual-level data is used from the Giving in the Netherlands Panel Study (GINPS, see Bekkers et al., 2013), a biannual survey among a sample of Dutch respondents who are representative for the country regarding gender, age, education, region, and household size. The random sample was selected from a pool of about 40,000 who previously agreed to participate in survey research occasionally. Data is available from 5 waves, collected from 2004 to 2012. Respondents who participated in fewer than two waves are dropped, as well as an oversample among Christians, a non-random group that was selected after participating in another survey, and someone who reported an age below 18. In the survey respondents are asked whether or not their household donated in the previous calendar year to a list of the largest charitable organizations in the Netherlands, and if yes, what amount. Organizations that receive

no government funding are excluded. The 17 organizations in the final sample are working in the fields of human rights and international development (Amnesty International, Mediciens sans Frontières, Kerk in Actie, Oxfam Novib, Plan Nederland, Red Cross, UNICEF), health care (Alzheimer, Astma Fonds, Diabetes Fonds, KWF Kankerbestrijding, Nierstichting), the protection of nature and animals (Dierenbescherming, Natuurmonumenten, World Nature Fund), and social services (Salvation Army, De Zonnebloem). In 2006 four health care organizations (Alzheimer, Astma Fonds, Diabetes Fonds and Nierstichting) were not in the list of organizations, so they are attributed missing values. Two respondents report extreme high amounts donated to a nature conservation organization (Natuurmonumenten) and the kidney foundation (Nierstichting) in 2007. These outliers are excluded in order to not influence the results. Dyads with only zeros are excluded, which are respondents that never donated to a certain organization, so the final sample contains 11,663 dyads from 1,902 respondents. There is still a large number of zeros in this sample and the natural logarithm of the amount donated is calculated in order to get a variable that is still but less strongly skewed to the left.

To measure media coverage of subsidies to organizations the LexisNexis database is searched for articles in the five biggest subscribed newspapers in the Netherlands, collecting articles published within a year that include both the name of the organization and the word '(government) subsidy' in the title or text. This measure also includes media outlets in which subsidies and the organization are not related to each other or in which a subsidy is actually given by the organization instead of received. This error can be expected to be random across years and organizations, so the measure is a good proxy of media coverage of subsidies to organizations. A dummy is created that has a value of 1 for years with newspaper reports on subsidies to an organization.

Altruistic values are measured on 5-point Likert scales ranging from “Totally disagree” to “Totally agree”, rating the following statements:

- I prefer to work for my own welfare rather than that of others
- I strive to work for the welfare of society
- I don't feel much like helping others
- I consider it important to share my possessions with others
- I don't like to engage in charity
- I consider it important to help the poor and the needy

The items have a high internal reliability (Cronbach's Alpha = 0.76) and are averaged into an index after rescaling the items that are reversely stated.

Donation requests are measured by the question whether people were asked to donate during the two weeks preceding the interview in one or more of the 15 ways (door-to-door collection, sponsoring, online, etc.) that are presented to them. A dummy variable is created, coded 1 if people were confronted with any donation request.

Information on government subsidies to and fundraising efforts from the organizations under study is adopted from the Central Bureau on Fundraising (CBF), a nongovernmental accreditation organization that monitors income and expenditures of Dutch charities. The CBF data contain yearly revenues from different revenue sources including government subsidies. Most subsidies in the Netherlands are given by the central government but the measure also includes subsidies provided by lower levels of government or by the European Union. The models include a measure of subsidies in the year preceding the other variables because a lagged effect is expected. CBF further provides the fundraising expenditures of organizations in each year. The amounts for each year is divided by the number of households in that year as indicated by Statistics Netherlands (CBS) in order to have all variables on the level of the household. The natural logarithm of both subsidies and fundraising expenditures is calculated in order to have variables that are more normally distributed.

In the pooled dataset that is derived every unique combination of a respondent i and an organization j represents a dyad with various observations at different points in time t . Table 1 displays descriptive statistics.

The next paragraph takes two steps to analyse the data. It firstly shows the results of linear regression models on the amount donated and fundraising efforts. In the regression models fixed-effects are included for years to control for year-specific effects as well for for each dyad to account for time-invariant characteristics of individuals and organizations. Secondly, the differences between organizations are examined by discussing how subsidies and donations developed over time for each organization and how specific organizations affect the regression results.

[TABLE 1 ABOUT HERE]

4. Results

Government subsidies and private donations

Table 2 shows regression models on the natural logarithm of donations. An increase in government subsidies decreases the amount people donate to the same organization. Each percentage extra subsidies is associated with a 0.13% drop in donations, which is significant on the 5% level. This provides support for the crowding-out hypothesis H1. The squared term is not significant and H2 on a nonlinear effect is rejected.

[TABLE 2 ABOUT HERE]

Individual behavior

When it is individual decision making that drives crowding-out, the effect would be visible when subsidies are reported in the news media, and we would see that people who have stronger altruistic values are more sensitive to changes in government subsidies.

Model III in table 2 tests whether the association between subsidies and donations is more strongly negative when subsidies are covered by newspapers. The interaction effect is negative but insignificant. Subsidies have a negative effect even when there is no media coverage on subsidy changes. Model IV tests whether people with stronger altruistic values are more responsive to changes in subsidies. Contrary to the expectation, the interaction term between altruistic values and subsidies is small and not significant.

In sum, there is no evidence for a different effect of subsidies when they are or are not reported in newspaper articles, and people with stronger altruistic values are not more likely to substitute government subsidies. H3 and H4 are rejected.

Organizational behavior

If it is not individual decisions that drive changes in donations after changes in subsidies, then it might rather be organizations that change their strategies and do a better job in soliciting donations.

Before looking at private donations, a test is provided of the extent to which organizations change their fundraising behavior in response to changes in the subsidies they receive. Table 3 shows a linear regression model with fundraising expenditures as the dependent variable. Contrary to the expectation, organizations increase their fundraising after increasing government subsidies. Each percent increase in subsidies is followed by a .04% increase in fundraising expenditures.

[TABLE 3 ABOUT HERE]

Models V and VI in table 2 show the effect of fundraising efforts on donations.

As one might expect, fundraising expenditures are positively and significantly related to the amount people donate to an organization. The coefficient of subsidies is larger rather than smaller in a model including fundraising. Organizations increase their fundraising expenditures after increases in subsidies, which suppresses the crowding-out effect in model I. There is no different fundraising effect among people who are more likely to be asked for a donation, as the interaction term in model VI is small and not significant.

While fundraising is associated with a large increase in income from donations, it does not explain why government subsidies have a negative effect on amount donated. H5b is accepted, but H5a and H6 are rejected. Organizational behavior does not explain negative associations between subsidies and private donations. Instead, organizations increase fundraising expenditures after they receive more government funding.

Differences between organizations

This paragraph examines how subsidies and donations developed for different organizations and how specific organizations affect the regression results. Figure 1 displays time trends in mean donations and per household subsidies for each organization in absolute amounts of money as reported in the GINPS and government subsidies as reported by the CBF.

[FIGURE 1 ABOUT HERE]

Organizations generally receive more income from private sources than from subsidies, notable exceptions in this sample being the Salvation Army, nature conservation organization Natuurmonumenten and international aid organization Oxfam. Médecins Sans Frontières experienced a drop in income from subsidies between 2003 and 2007, while private donations steadily increased. It was the other way around for the Red Cross and Salvation Army, where increasing subsidies were combined with decreasing donations. Amnesty did not receive subsidies until 2010, after which the level of donations slightly decreased. Some organizations saw both income flows jointly increase or decrease (Alzheimer, Dierenbescherming, Kerk in Actie, Natuurmonumenten, Plan Nederland). Oxfam managed to retain its level of income from donations even after serious government budget cuts from 2009 onwards. For the 8 other organizations both income flows seem to have developed independent from each other.

As can be seen in figure 1, organizations differ in the development in income flows and specific organizations can be very influential in the regression results.

The crowding-out effect in the regression model is largely driven by the Salvation Army and the World Nature Fund. The Salvation Army experienced a large and continuous increase in subsidies during the years under study, a period that the Dutch government was looking for voluntary organizations that were able to carry out tasks in providing services for permanently sick and disabled as well as reintegrating people into employment. Donations steadily decreased in this same period. The situation where an organization receives more government funding to provide public services, followed by lower income from donations, provide support for the crowding-out hypothesis. The Salvation Army is disproportionately dependent on public funding and has a large influence on the results in table 2, model I. The same holds to a lesser extent for the World Nature Fund, that experienced fluctuating income flows with mean donations moving in the opposite direction as subsidies. When one of these organization is excluded the coefficient of government subsidies is no longer significant. The effects of very large subsidy increases for tasks that are to be carried out by social service organizations like the Salvation Army are subject for further research.

On the other hand, other organizations suppress the negative association between subsidies and donations in table 2. Excluding either cancer foundation KWF or international aid organization Plan Nederland increases the magnitude of the crowding-out effect.

Concerning the effects of subsidies on fundraising, there is one organization that is exceptional. While most organizations increase fundraising after increases in subsidies, it is the other way around for the Red Cross. Excluding this organization makes the association between subsidies and fundraising in table 3 non-significant.

All other results in table 2 are robust across organizations.

5. Discussion and conclusion

The claim that an extensive state is detrimental for civic life has been widely studied and is the basis of recent policies in countries like the UK (Cabinet Office, 2010) and the Netherlands (Rijksoverheid, 2013). Empirical support for this argument is existent but weak, as this paper shows that there is a moderately negative association between government subsidies and private donations in the Dutch voluntary sector.

Previous studies on crowding-out suffer from validity problems. Laboratory experiments have a low external validity. Not only are the college students participating in lab experiments a non-representative sample of society (Henrich et al., 2010), people in reality are typically not aware of government subsidies to specific organizations. Previous studies on organizational revenues, on the other hand, often use an aggregate measure of income from private sources, making it impossible to make strong statements about the behavior of individual donors.

This paper is unique in using nationally representative panel survey data on donations to estimate crowding-out, offering more valid measures of individual donations than the aggregate measures that are often used in other research.

People change giving behavior in situations in which they are aware of changes in subsidies, but these situations hardly ever occur in real life. The paper shows that there is little individual heterogeneity in reactions to changes in government subsidies and that the effect of government subsidies on donations is equally strong when news media do not report on changes in subsidies, making it highly unlikely that it is individual decisions that drive crowding-out. A social phenomenon cannot directly cause a behavioral change when people do not know about it.

Although organizations are highly successful in obtaining income from donations through fundraising, they increase rather than decrease their fundraising behavior in response to receiving

higher subsidies. This result challenges the argument in previous studies that nonprofits see no need in fundraising when they are highly dependent on government income (Andreoni & Payne, 2003; 2011a; 2011b; Hughes et al., 2012). Instead, most organizations use subsidies to position themselves more strongly in the nonprofit market.

There are two theoretically reasonable explanations of crowding-out that are not thoroughly tested here. Firstly, this paper did not include a measure of actual needs in society. A prerequisite for people to give is that there is a problem in society they care about, and awareness of need is generally found to be positively associated with giving (Bekkers & Wiepking, 2011). When the government decreases budgets on cancer research for example, this may cause a higher awareness of the need to donate to cancer research and increase their donations to KWF Kankerbestrijding. This paper measured information of government subsidies but not information of a need in society. However, eight of the seventeen organizations in the sample operate worldwide, where the need is practically infinite and hardly related to subsidies to specific organizations in one country. It remains an area for further research to what extent subsidies to nonprofits are effective in reducing needs and hence making private donations unnecessary.

Also, the analyses here do not allow for testing organizational processes other than investment in fundraising that can lead to changes in donation incomes. A possible line of reasoning is that a higher reliance on government subsidies goes together with more formalized procedures (Froelich, 1999), causing an image of overhead and bureaucratization. People generally do not like the idea that a substantial part of their donation is spent on other things than the goal they care about, so this organizational change drifts donors away. This too is open for further research.

The conclusions as presented above provide important lessons for policy makers. Policies that aim to move the responsibility for executing social programs from the government to nonprofits like the Salvation Army can crowd out donations. In most cases however subsidies help nonprofit organizations to collect more income from private sources. Wide-spread beliefs about the detrimental effects of extensive state support should be reconsidered.

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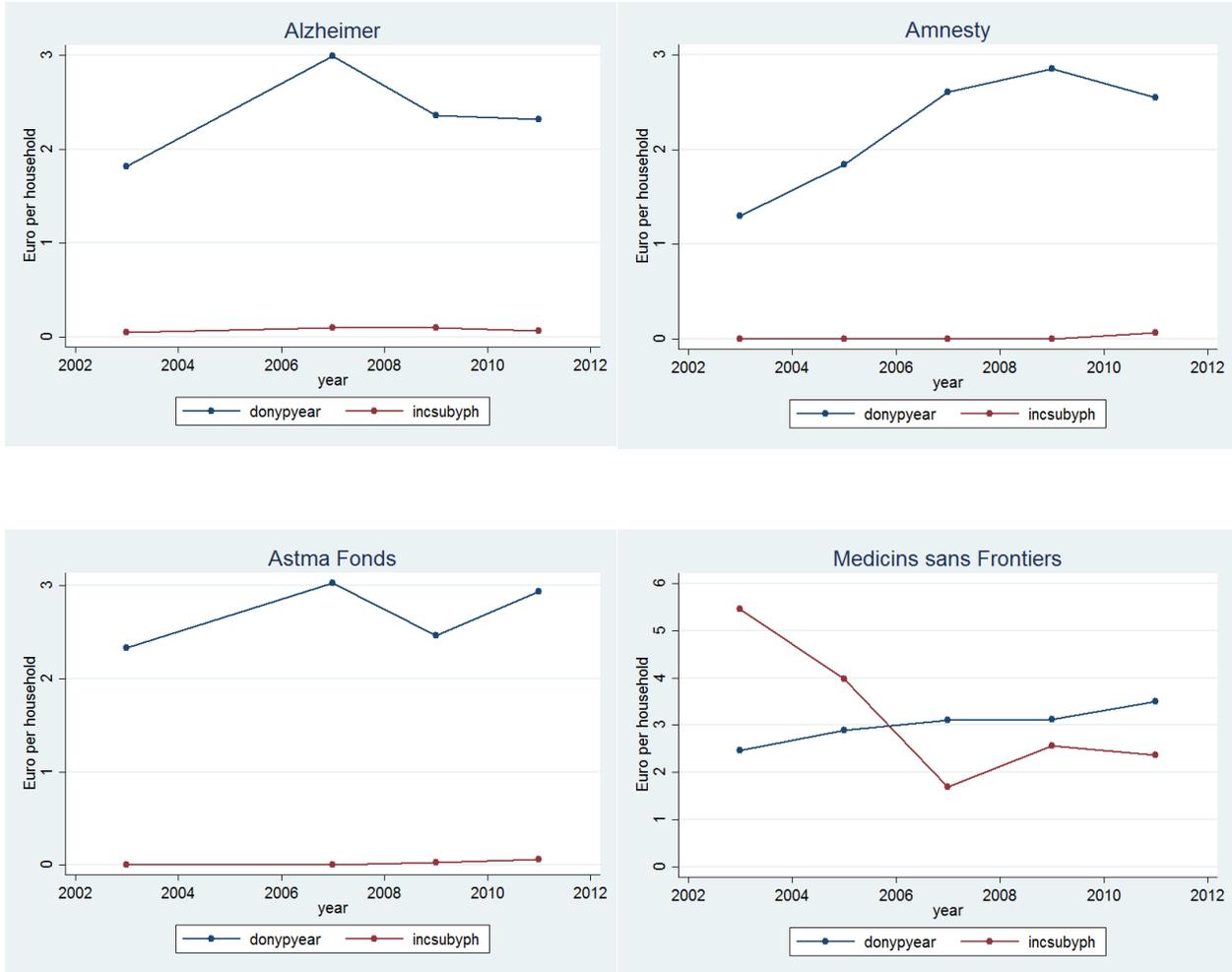
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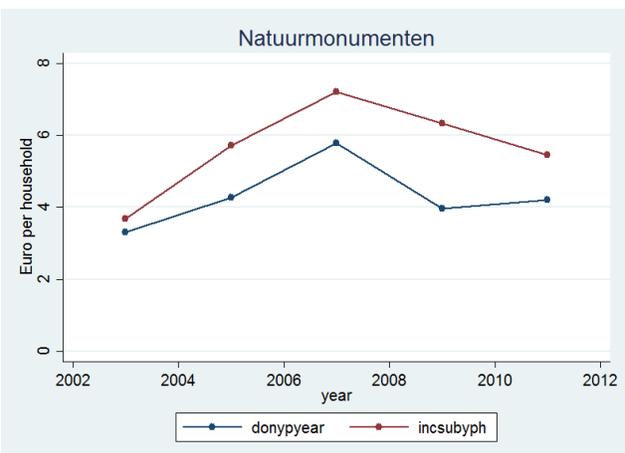
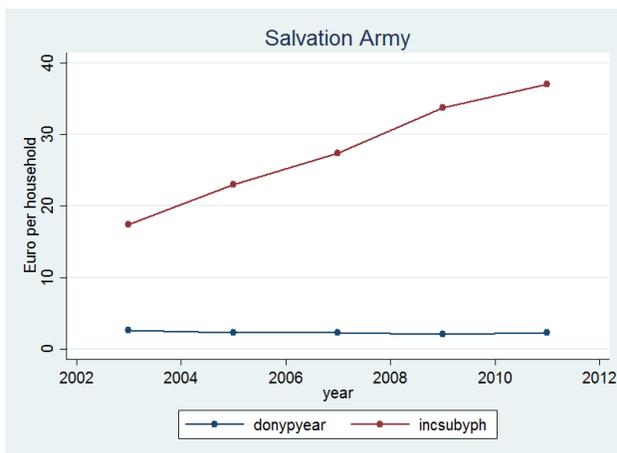
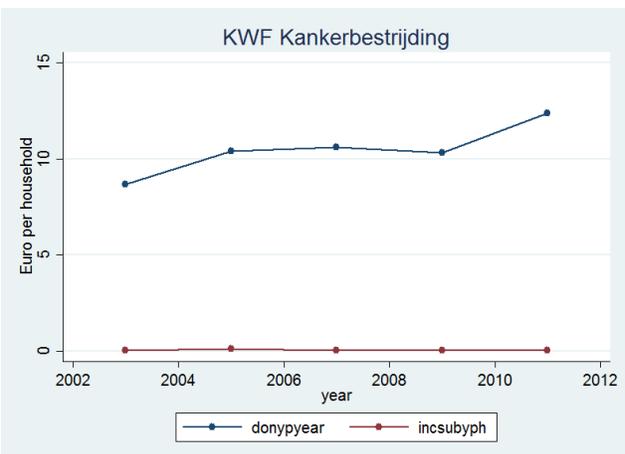
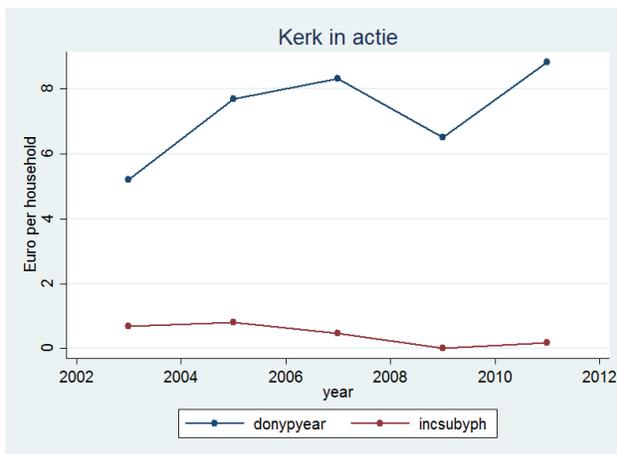
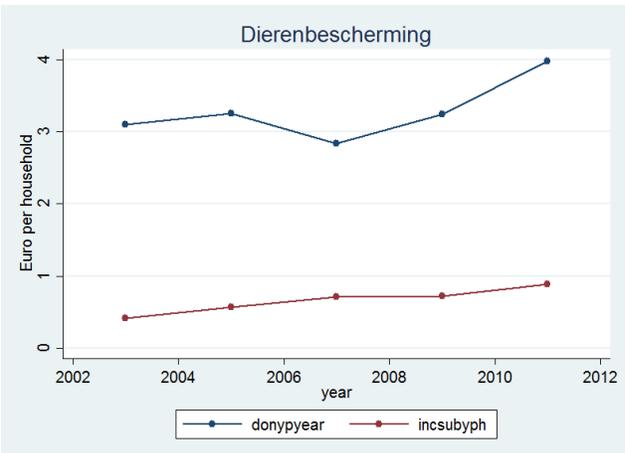
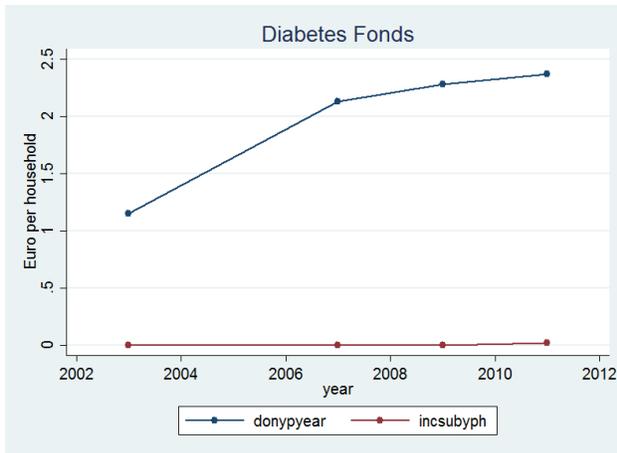
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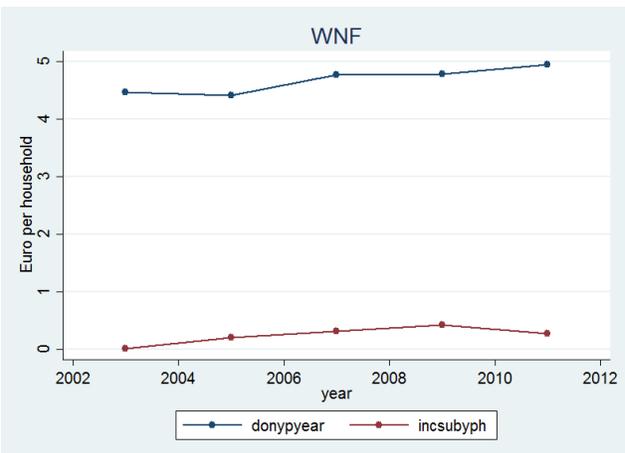
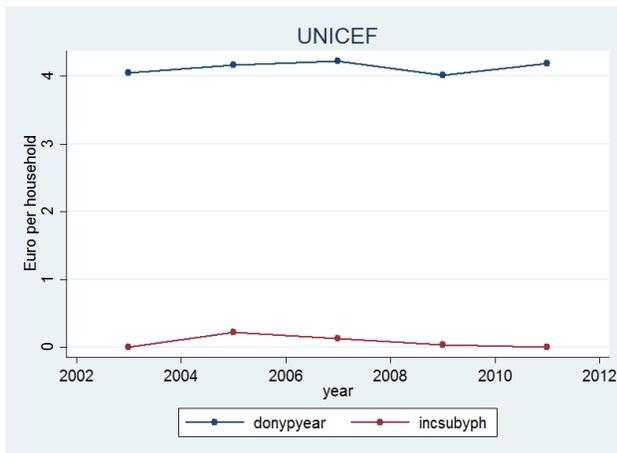
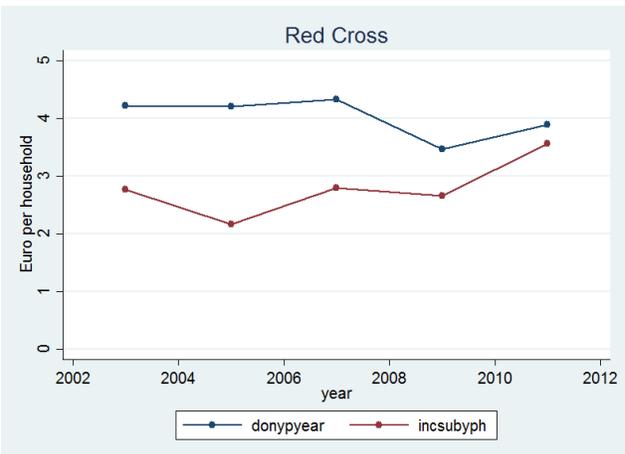
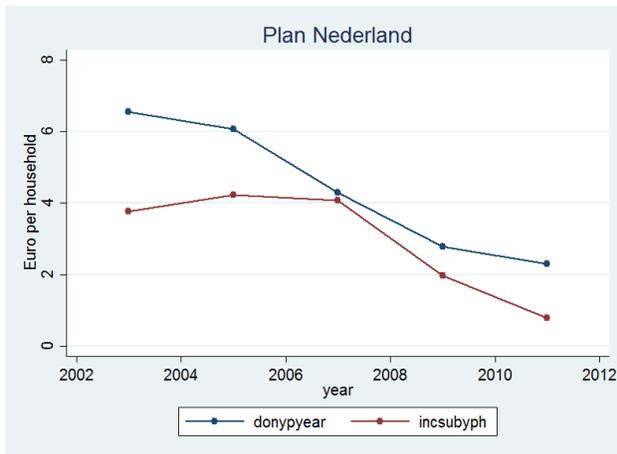
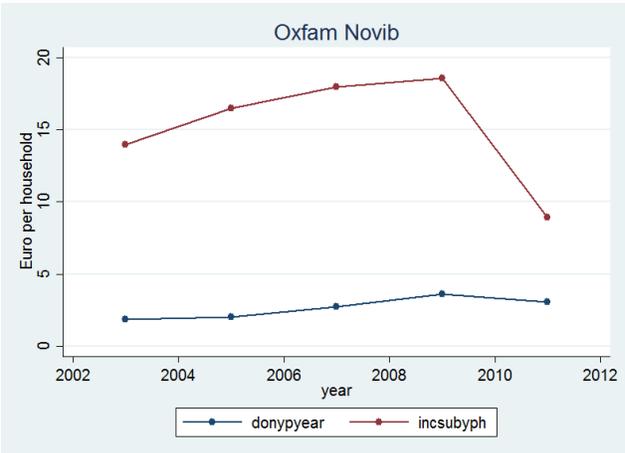
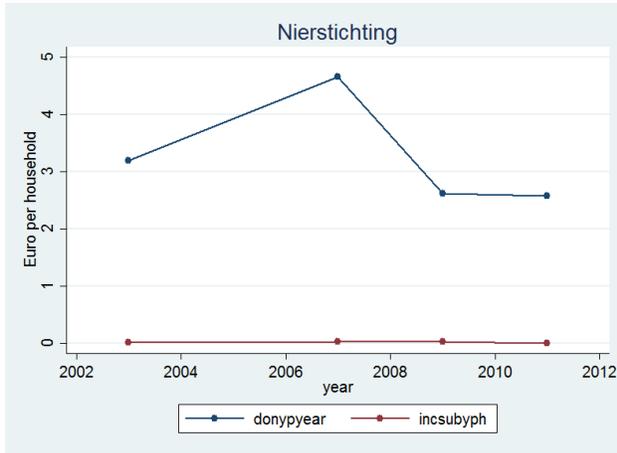
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Figure 1: Mean donation and subsidies by organization 2003-2011







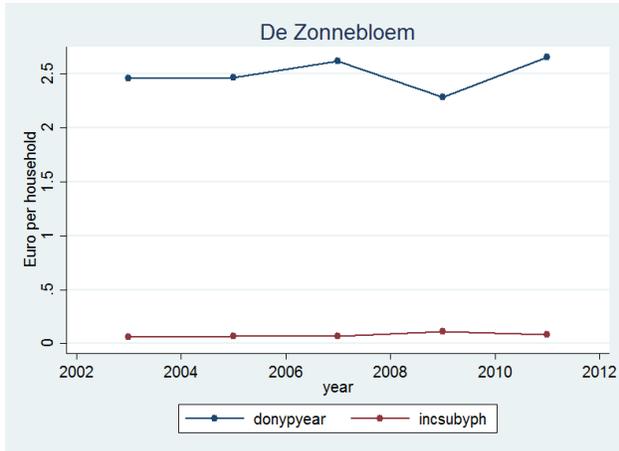


Table 1: Descriptive statistics (N=11,663)

Variable	Measuring	Mean	Std dev	Min	Max
Donation _{ijt}	Amount donated (€)	11.62	35.07	0	1300
Subsidies _{it-1}	Government subsidies per household in preceding year (€)	2.75	6.73	0	35.16
Media coverage _{jt}	Organization and subsidy showed up in newspaper articles (no/yes)	0.76	0.43	0	1
Altruistic values _{it}	Altruistic values (1-5)	3.58	0.55	1.5	5
Fundraising _{jt}	Fundraising expenditures per household (€)	0.78	0.52	0.11	2.20
Asked _{it}	Received donation request in last two weeks (no/yes)	0.71	0.46	0	1

Table 2: Linear regression coefficients on donations (ln)

	I	II	III	IV	V	VI
Subsidies _{jt-1} (ln)	- 0.125 * (0.055)	- 0.061 (0.089)	- 0.073 (0.074)	- 0.097 (0.095)	- 0.147 ** (0.056)	- 0.146 ** (0.055)
Subsidies _{jt-1} (ln) squared		- 0.023 (0.025)				
Individual behavior						
Media coverage _j			- 0.008 (0.023)			
Subsidies _{jt-1} (ln) * Coverage _j			- 0.059 (0.263)			
Altruistic values _{it}				0.216 ** (0.026)		
Subsidies _{jt-1} (ln) * Values _{it}				- 0.008 (0.021)		
Organizational behavior						
Fundraising _{it} (ln)					0.536 ** (0.126)	0.536 ** (0.134)
Asked _{it}						0.151 ** (0.041)
Fundraising _{it} (ln) * Asked _{it}						0.010 (0.065)
(Constant)	1.298 ** (0.038)	1.287 ** (0.040)	1.305 ** (0.041)	0.520 ** (0.099)	1.075 ** (0.065)	0.931 ** (0.071)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Individual/Organization FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	35,032	35,032	35,032	35,032	35,032	35,032
Dyads	11,663	11,663	11,663	11,663	11,663	11,663
Respondents	1,902	1,902	1,902	1,902	1,902	1,902
Organizations	17	17	17	17	17	17
R-squared	0.571	0.571	0.571	0.571	0.572	0.572
Adj. R-squared	0.357	0.357	0.357	0.357	0.358	0.360

** p < 0.05; ** p < 0.01. Standard errors between parentheses. Each case represents a unique combination of a respondent and an organization with multiple observations in time. A Hausman test shows that random-effects are inconsistent. R-squareds are calculated including estimates of the fixed-effects (using areg in Stata).*

Table 3: Linear regression coefficients on fundraising expenditures (ln)

Subsidies _{jt-1} (ln)	0.041 ** (0.002)
(Constant)	0.384 ** (0.002)
Year FE	Yes
Individual/Organization FE	Yes
Observations	35,032
Dyads	11,663
Respondents	1,902
Organizations	17
R-squared	0.941
Adj. R-squared	0.910

* $p < 0.05$; ** $p < 0.01$. Standard errors between parentheses. Each case represents a unique combination of a respondent and an organization with multiple observations in time. A Hausman test shows that random-effects are inconsistent. R-squareds are calculated including estimates of the fixed-effects (using areg in Stata).