Impact of Economic Crisis on Giving:

Trend Analysis of Individual Giving and Volunteering in Korea

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1. Study Purpose

This study attempts to examine how individual giving and NPOs’ financial resource by giving are affected by the change of economic conditions, particularly recent economic crisis. In connecting with the financial meltdown of 2008 in the United States, many experts predict that this downturn negatively have influence on individual giving and nonprofit sector. These predictions suppose that philanthropic gifts are closely related to economy. Is this hypothesis applicable to the different society? If so, how does it explain the giving behavior in the context of different society? This study attempts to examine how individual giving and NPOs’ income by giving in Korea are affected by the Korean economic fluctuation and recent crisis. The Korean economy entered a crisis in 1997 due to the influence of the Asian Financial Crisis. Although the economy was beaten by the unexpected attach, it has overcome the difficulties with the painful restructuring. Recently, with newly rising global economic difficulties, the society has had difficulties and struggled to recover its economy. In this situation, this study has the following questions: “what is the trend in individual giving?”, “what is the trend in NPOs’ income by giving?”, and “what is the trend in individual volunteering?”. Thus, Korea has had economic crisis two times over last 10 years. By using national survey data (Giving Korea) by the Beautiful Foundation for last 10 years and financial data from major NPOs in Korea, this study attempts to examine the trends of individual giving in money and time and NPOs’ income by giving in the economic fluctuation. By the analysis of the trend data, it attempts to interpret the impact of economic crisis on giving in Korea.

2. Literature Review

In order to give money away, at least some financial resources are necessary. The absolute effect of financial resources on the level of charitable giving is indeed that straightforward. Financial resource has an effect on the probability of giving and the proportion of income spent in charitable giving (Auten and Rudney 1990; Bekkers 2004; Rooney, Steinberg, and Schervish 2001; Schlegelmilch et al. 1997). Then, the issue is the relationship between individual giving and national economic situation. It is easily presumed that individual income is affected by economic situation of each nation and therefore individual giving is affected by the changed income under the fluctuation in economic situation. From the perspective, a few studies have explored the relationship between individual giving and economic recession although it is not easy to study the relationship because there is little trend data on giving. Giving USA (2008) reports that on the average giving fell by 1% during recession years in United States, after adjusting for inflation. Under the same logic, this study looks at the trend in Korea on giving in money and time. Particularly, it also has interests on exploring the relationship between economic situation and giving in time (volunteering) because economic crisis can also influence citizen’s involvement with social organizations including NPOs.

3. Research Methods & Data

In order to examine the relationship between economic situation and giving in money and time, this study uses two types of data. The first one is the national survey data (Giving Korea) on individual giving in Korea that has been collected by the Beautiful Foundation from 2000 to 2008 on 20 years of age or older about giving and volunteering. The second one is the data on major NPOs’ income that has been collected by the Korean Community Chest from 2000 to 2009. This study incorporates the economic indicators by the Bank of Korea (BOK) during 2000-2009 to see the relationship more rigorously.
Based on the first data, this study will analyze the trend with descriptive analysis on citizen's behavior and attitudes on giving and volunteering such as incidence of participation in giving (time and volunteering), degree of participation in giving (time and volunteering), perceived barriers (such as changes in individual economic situation) for giving (time and volunteering), and others. In addition, based on the second data, this study will analyze the trend with descriptive analysis on major NPOs' income such as governmental support, membership, and fund-raising by the different sources, and others. In analyzing the data on giving, this study will show the trend on constant value by adjusting for inflation.

Finally, this study will have a focused group interview with the representatives of major Korean fund-raising organizations and NPOs to discuss the impacts of the economic crisis on their fund-raising and other organizational functions.

4. Contribution (Implication)

This study makes it possible to broaden and deepen our understanding on the relationship between giving and economic situation through the case of Korea. Particularly, this study will provide an integrated understanding about relationship between financial fluctuation and individual participation (both giving in money and giving in time) in the civil society during the economic crisis in Korea. Finally, this study will contribute to setting a knowledge foundation for future research on the phenomenon and provide valuable information to explain and predict the contour of philanthropic ground in Korea.

5. Bibliography


