In recent times, there has been an increasing philanthropic activity among the wealthy. Warren Buffett has pledged to give away 99 percent of his fortune to philanthropic causes, while Bill Gates left Microsoft to focus on running his foundation. This phenomenon is not specific to the west and is also catching on in Asia.

In 2007, Dr Mohtiar Riady, a prominent Indonesian businessman, donated S$21 million (US$16,646,758) to the NUS Business School in Singapore and most recently, S$5 million (US$3,962,588) donation to the Singapore Management University.
Our finding suggested that the parent plays an important role as a role model for their children’s generosity, and philanthropy can be learnt through the parent’s influence on the children during their early childhood. In addition, mothers tend to have a stronger influence on the children’s volunteerism than fathers.

Big givers in China include tycoon Yu Pengnian who topped the Hurun philanthropy list of China’s biggest givers for five years – by giving away his whole fortune of 8.2 billion yuan (US$1.2 billion) to his foundation. Then there is Chen Guangbiao, a recycling entrepreneur, who has pledged to give all his money to charity when he dies.

**WHAT MOTIVATES PHILANTHROPY?**

Our paper looks at philanthropy, which includes the giving by private individuals of their money (charitable donation) or time (volunteering) to charitable organizations. In the US, donations to charitable causes reached an estimated US$308 billion in 2008, while the number of volunteers rose to 63.4 million people over the year ended in September 2009. The significant contribution that philanthropy entails highlights the importance of understanding the determinants of philanthropic behavior as this has implications for policymakers and fundraisers. As such, we ask the question: Are both charitable donations and volunteering motivated similarly? To answer this question, our study analyzed the philanthropic activity in US with the dataset from the Center on Philanthropy Panel Study (done by the Center on Philanthropy at Indiana University, US).

**THE PHILANTHROPIC ROOTS**

In our study, we identified the key motivations for one to give, which is defined as philanthropic roots. Our result showed that charitable donation and volunteerism share three major philanthropic roots – socialization, religion and social integration, in order of relative significance. On the other hand, the philanthropic root of economic resources is unique to charitable donation.

Socialization is a key motivation for one to give. According to the socialization theory, one acquires norm through interactions with agents of socialization, such as family, friends, schools, religious and civic organizations, and workplaces, where families tend to have the strongest influence. To study this effect, we analyzed the relation of the parental and child’s charitable donation and voluntarism. Our finding suggested that the parent plays an important role as a role model for their children’s generosity, and philanthropy can be learnt through the parent’s influence on the children during their early childhood. In addition, mothers tend to have a stronger influence on the children’s volunteerism than fathers.

The second major root of philanthropy is religion-based, which can be religious spirituality or religious institutions. In nature, religious spirituality embraces the goodly values, which are rooted in the knowledge and fear of God which motivates philanthropy beyond the bounds of the places
of worship. On the other hand, religious institutions embrace values or code of behavior of a religious community, which entails commitment to teaching and practices of philanthropic contributions to the non-religious sectors.

The third major root is social integration, which embraces social networks that are being built up over one’s lifetime. Our result showed that one’s social networks increase the chance of one being asked to give. Parents having more children increased the probability of one being asked to donate to causes such as school-based or youth fundraising projects while the educated gives more because they are more likely to be asked to give in their professional circles. Educated people are acquainted with larger networks built up through their education, just like how MBA students enjoy networking benefits from their program.

The fourth root, economic resource, is unique to charitable donation. This root refers to one’s ability or capacity to give, monies, and is guided by one’s wealth and disposable income, and the tax price of giving which incentivize charitable donation. Individuals with higher income and networth are more likely to donate to charitable causes while the use of tax incentives can encourage donations, although we find differential impact across non-profit sectors. Our result shows religious giving in the US is most sensitive to tax incentives when compared with other sectors like health, education, youth, cultural, community and international. For example, religious giving tends to decrease by 4.5 percent when the marginal personal income tax rate is cut by one percent.

**IMPLICATIONS OF OUR STUDY**

This study establishes a framework to analyze the roots of personal philanthropy with implications for policymakers, fundraisers, family offices and charities. The development of a viable and thriving non-profit sector calls for an understanding of these roots of philanthropy. Although religion is often the key motivation to give, we find that everyone can be socialized to be philanthropic.

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