

# **‘Good Is Gold’ Attitudes and Behavior Towards Charitable Giving in China**

**2005**



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# What is Good is Gold?



- What is the current climate for Not-for-Profits (NFP) in China? What are the current attitudes and behaviour towards charitable giving by Chinese? How do Chinese consumers view Corporate Social Responsibility (CSR) and the NFP sector in general
- Good is Gold looks to answer the above questions to better understand the movements and trends in Chinas philanthropic environment

# Market Liberalization



- The Chinese government has been gradually downsizing and withdrawing from direct economic management, this retreat most evident in the provision of social services
- Currently funding is insufficient to address the consequences of economic liberalization, namely inequality in the access of public goods as tens of millions of workers laid off from state owned enterprises, migrants and new entrants flood the market<sup>1</sup>.
- Economic development is also putting pressure on the environment with steady deterioration in air, soil and water quality.<sup>1</sup>

<sup>1</sup> [www.cia.gov/cia/publications/factbook/geos/ch/ch.html#top#top](http://www.cia.gov/cia/publications/factbook/geos/ch/ch.html#top#top)

# Growth of The NFP Sector in China



- The government has been turning towards a blend of private and non-profit service providers to fill the void in state services and cushion the effects of broader economic reforms<sup>1</sup>
- Due to the current requirements for registering, Chinese NGO's tend to conform closely with government policy. However grassroots NFP's have also managed to spring up amongst the cracks<sup>1</sup>
- There are as yet no regulations for foreign NGO's in China<sup>2</sup> and many remain unregistered.
- Under current donation laws, Chinese citizens can only donate to China registered charitable foundations, they cannot donate in RMB to international NGO's who rely on corporate donations

<sup>1</sup>Young, Nick. Three 'C's': Civil Society, CSR and China. China Business Review 2002

<sup>2</sup>Simon, W, Karla. NGO Regulation in East and Southeast Asia: A comparative Perspective  
<http://www.thailawforum.com/articles/ngo.html>

# Chinese Business Increasingly Unrestrained



- The governments gradual liberalization which has facilitated the growth of the NFP sector, has also seen Chinese businesses, effectively freed from welfare functions, focusing intently on profit as social costs remain relatively unmeasured
- As yet there are no incentives for companies to engage in CSR. Tax incentives are obscure<sup>1</sup> and Chinese consumers, unlike the West, do not as yet punish companies for unethical behaviour

<sup>1</sup> Bill Valentino. EUCCC CSR Working Group Chairman. Interview EuroBiz. Journal of European Union Chamber of Commerce in China May 2005 pg.24

# Influence of Multinationals (MNCs)



- Generally, the motivation for multi-nationals to engage in CSR is driven by
  - ✓ Demands by Western shareholders or consumers for ethical products
  - ✓ Growing recognition internationally of the positive impact to bottom line figures through the correct implementation of CRS
- In China, international companies can and do play a large part in supporting local initiatives either through partnership with local or overseas NFP's
- However, with the Chinese consumer more motivated by material rather than ethical concerns and within China's increasingly competitive environment, goods destined for the domestic market may not be produced under the same standards as those destined for the foreign market place<sup>1</sup>

<sup>1</sup> Liza Lort-Philips. Ethical Trade in China: One Country, Two Systems? China Review Magazine. Issue 25. Spring 2004

# Socially Responsible Chinese



- Little research has been done into the attitudes and opinions of the Chinese people regarding NFP's themselves and the companies that support them
- Chinese citizens, especially young people are using the new freedoms to engage in public service. In light of this and the growing purchasing power of the Chinese consumer, we are likely to see in the future, as in the West, a more strategic targeting of corporate donations to support corporate image and branding<sup>1</sup>

<sup>1</sup> Bill Valentino. EUCCC CSR Working Group Chairman. Interview EuroBiz. Journal of European Union Chamber of Commerce in China May 2005 pg.24





*Good is Gold looks to provide insights and ultimately trend consumer and corporate attitudes and behaviour in China towards charitable giving. Thus aiding Not-for-Profits better understand the motivations and barriers to giving in China and assisting companies in justifying involvement in CSR activities*

# Research Methodology



- The questionnaire for Good is Gold was developed with the cooperation of NGOs; Save the Children, WWF, MercyCorp
- Target Respondents
  - ✓ Individuals aged 15 to 54 years old
- Geographic Coverage and Sample Size
  - ✓ Beijing, n=1,026
  - ✓ Shanghai, n=1,008
  - ✓ Guangzhou, n=1,020
  - ✓ Total n=3,054
- Data Collection Method
  - ✓ Computer-aided Telephone Interviewing (CATI)
  - ✓ Random sampling of households and quota sampling of individuals by age and gender
  - ✓ Urban areas only
- Fieldwork Period
  - ✓ March 2005

# OUR FINDINGS

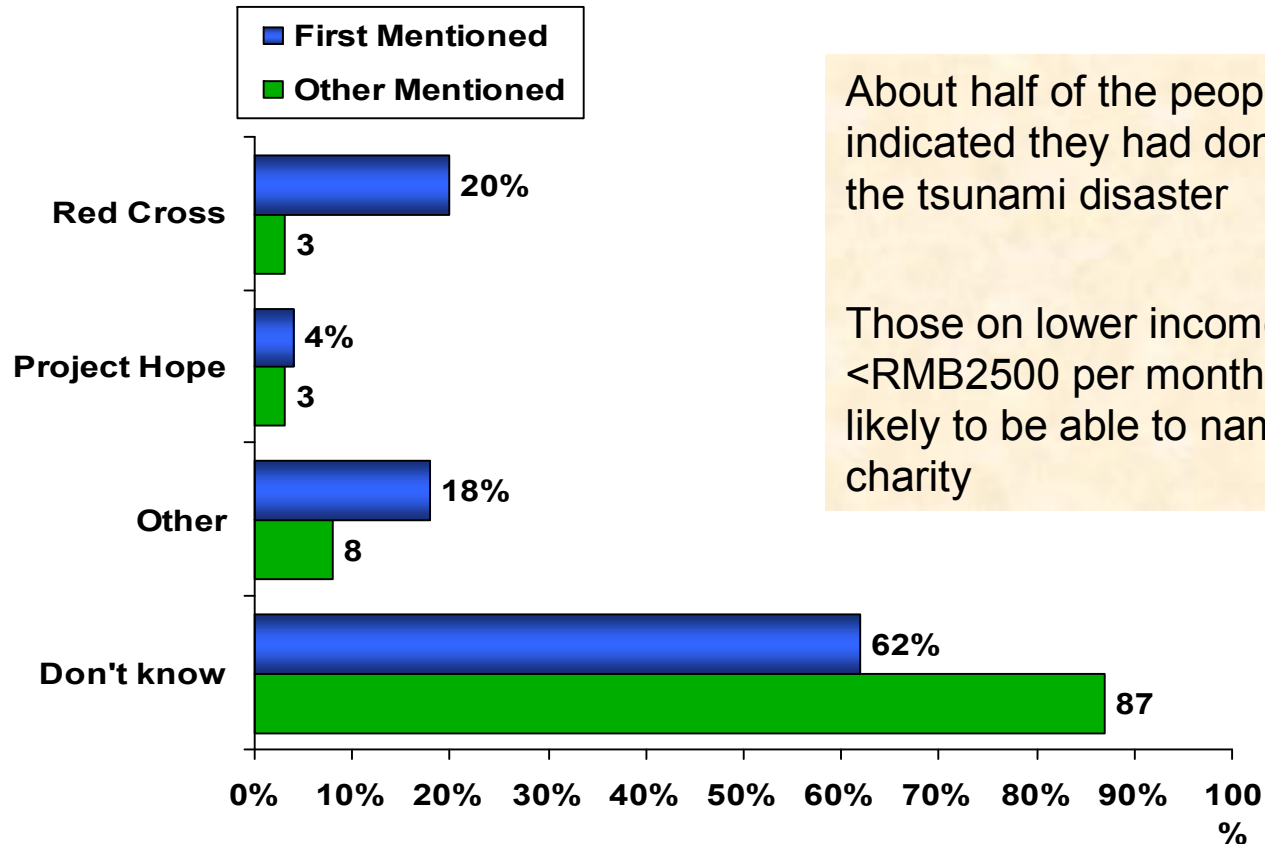
## Charitable Behavior and Attitudes of the Chinese Consumer



# Of those that can name a charity, the majority can only name one; low Awareness of charitable organizations despite almost half of respondents indicating they had given to the tsunami disaster



*"Which charities can you name?"*



About half of the people (47%) indicated they had donated to the tsunami disaster

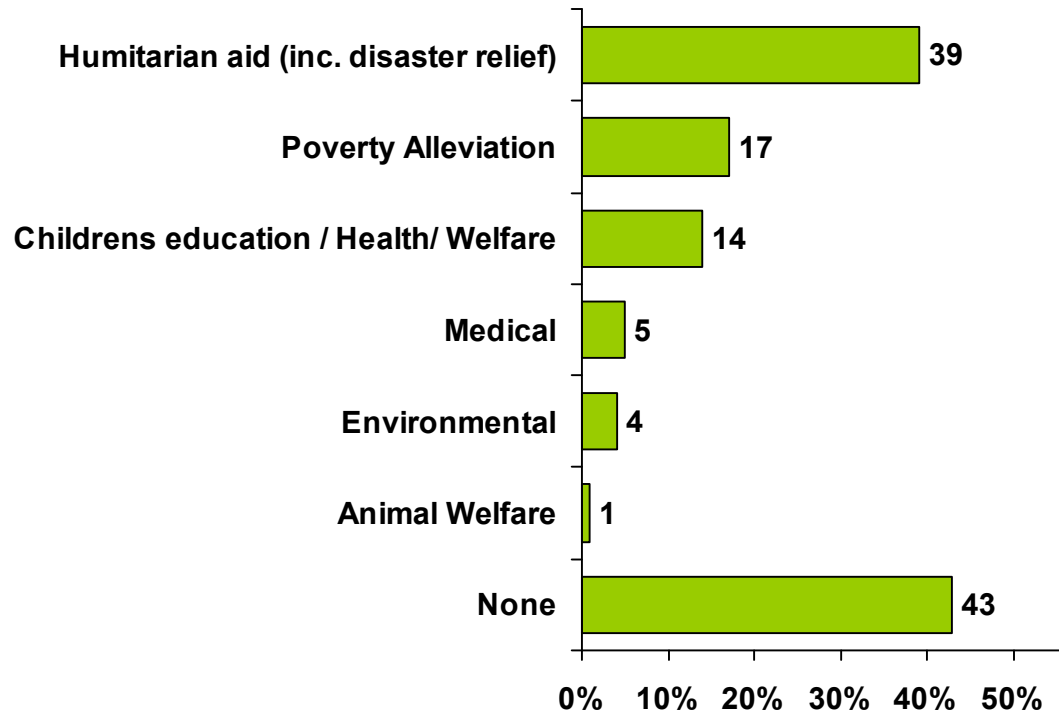
Those on lower incomes <RMB2500 per month are less likely to be able to name a charity

Base: all respondents (n=3,054)

# Over half of respondents have given to a charity. Key type of support is for *Humanitarian Aid*



*“What types of charities have you supported?”*



Though those people on low incomes follow the same support ‘patterns’ as higher income people, those on Incomes RMB2500+ per month are more likely to support Children's education and Humanitarian aid.

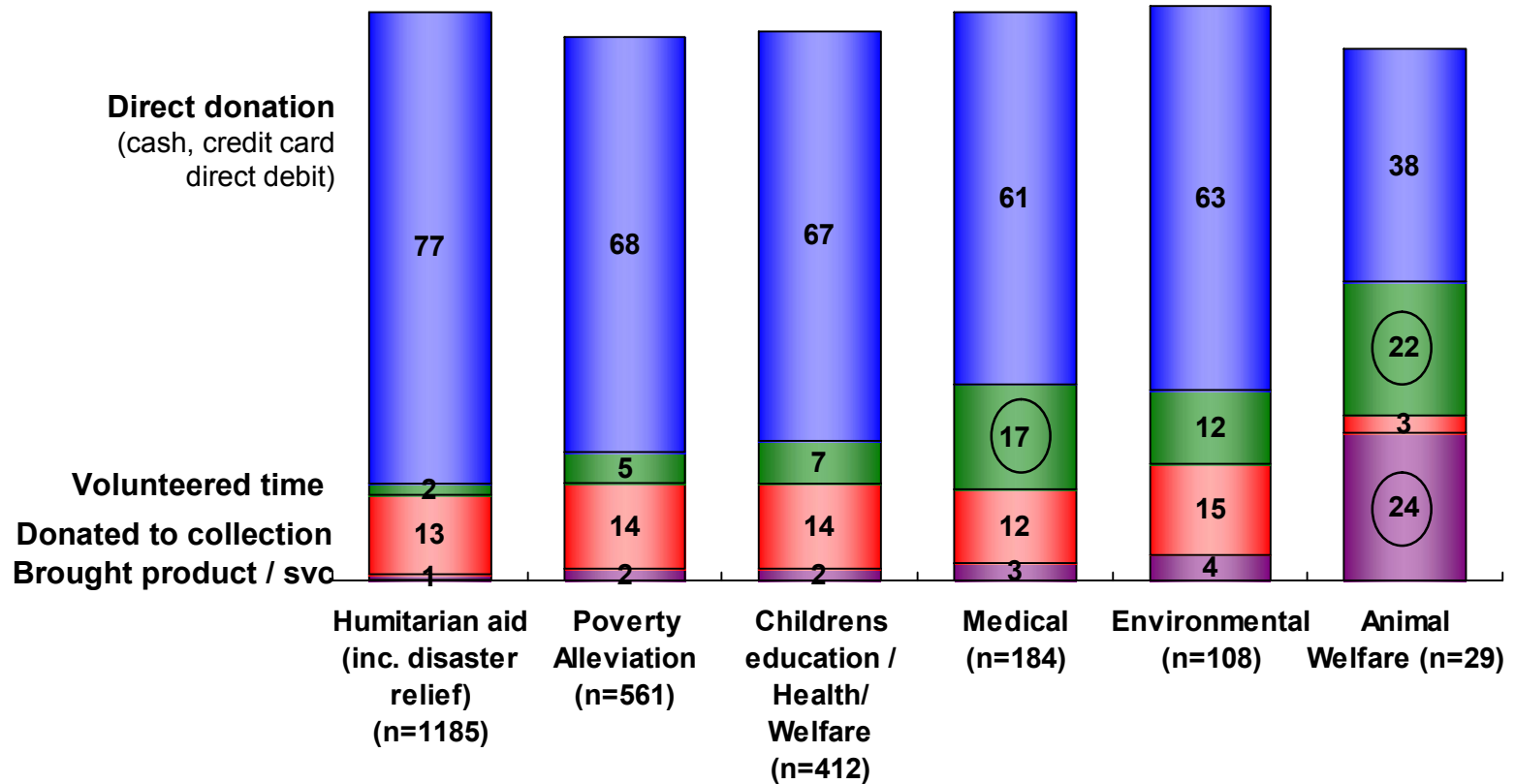
Those people on < 5000RMB are slightly more likely to support Medical

Base: all respondents (n=3,054)

# Similar patterns of support amongst Charity types. *Direct donation to main support method. Higher incidence of Volunteering for animal welfare, implying greater personal involvement with charity*



*“What is the main type of support you gave your chosen charity?”*

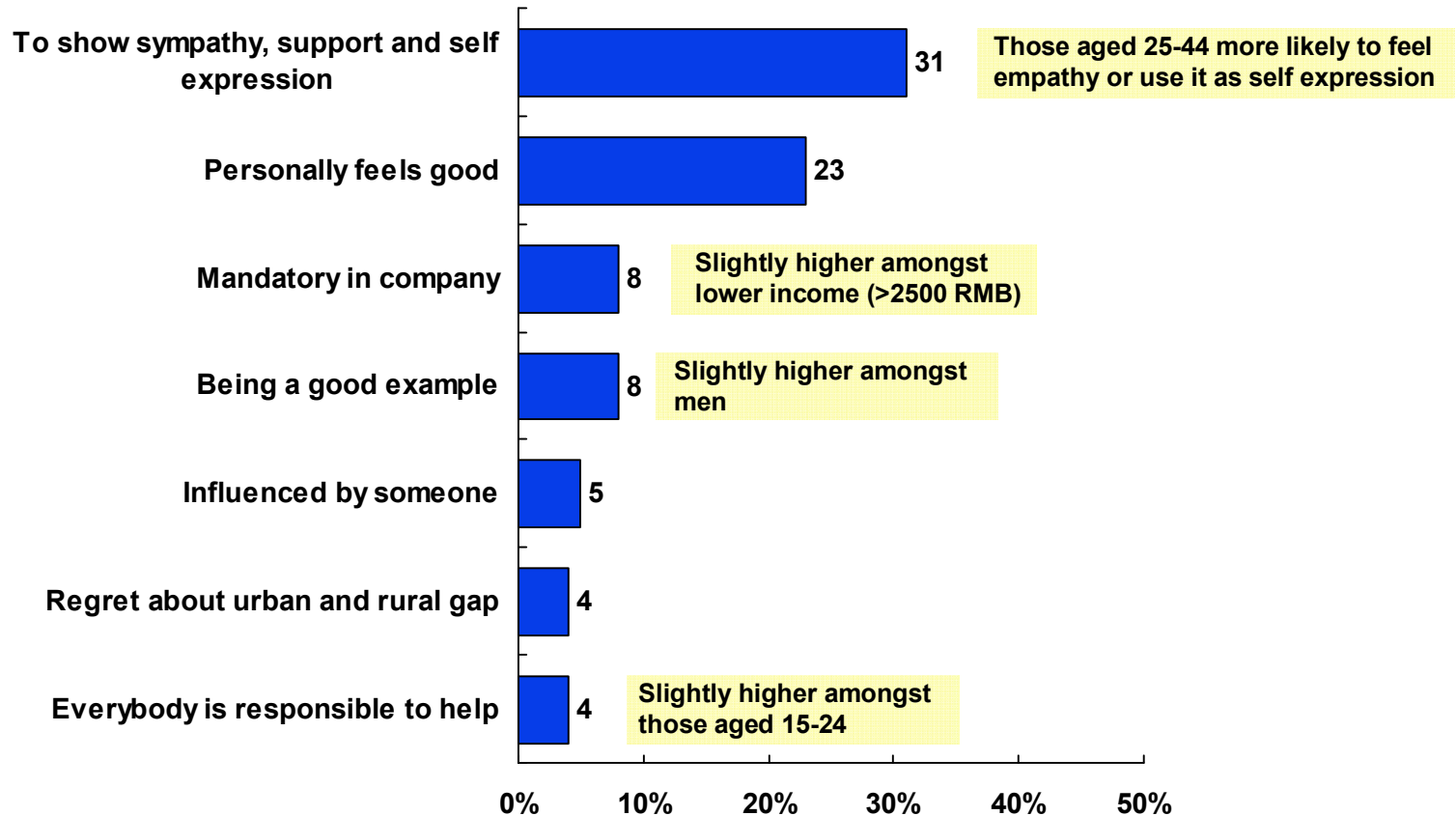


Base: all respondents (n=3,054)

# Demonstrating empathy as a way of self expression key motivation to support a charity, followed by achieving a sense of 'goodness'



*"What are your motivations to support a charity?"*

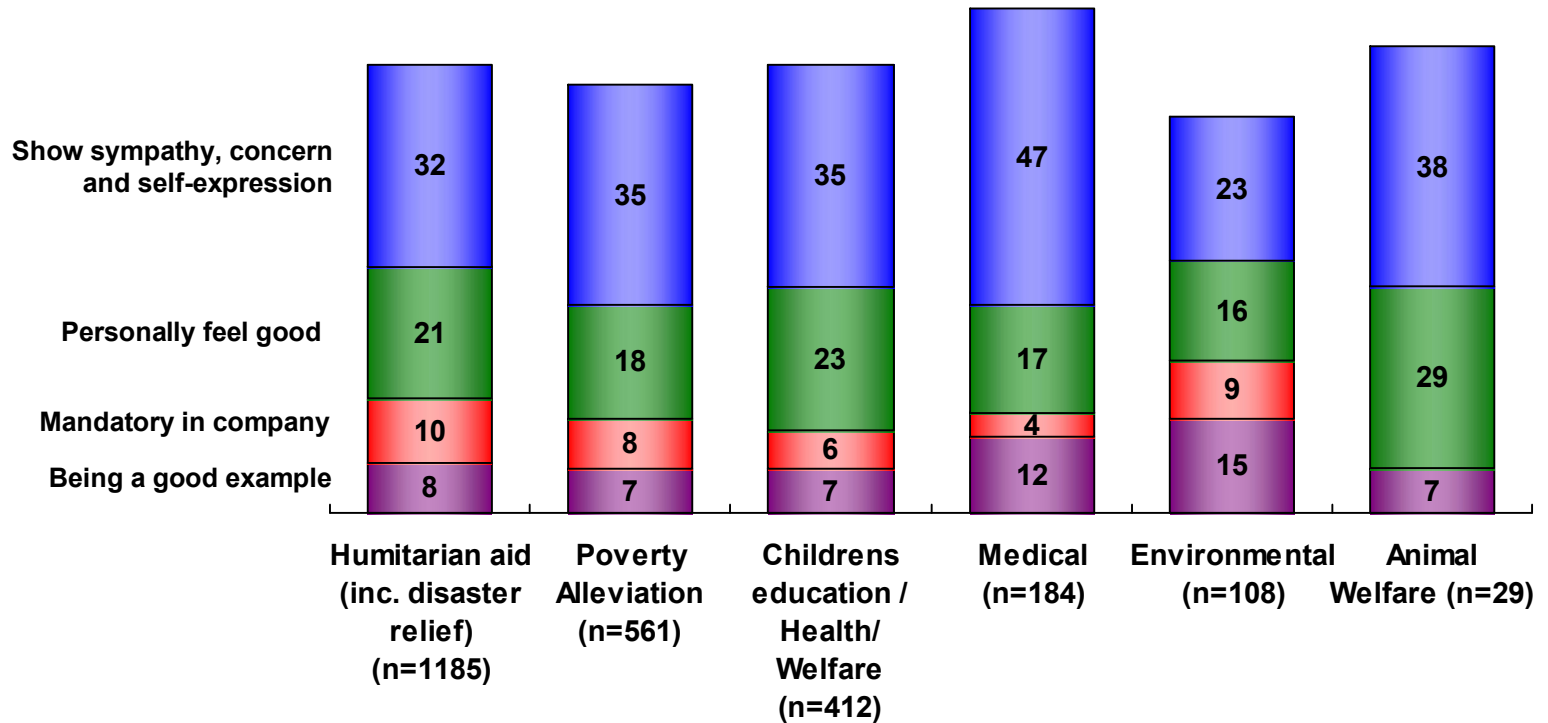


Base: those who have supported any charity (n=1721)

# Demonstrating Concern is main reason to support a charity across type of charity supported



*“What are your motivations to support a charity?” by Type of Charity Supported*



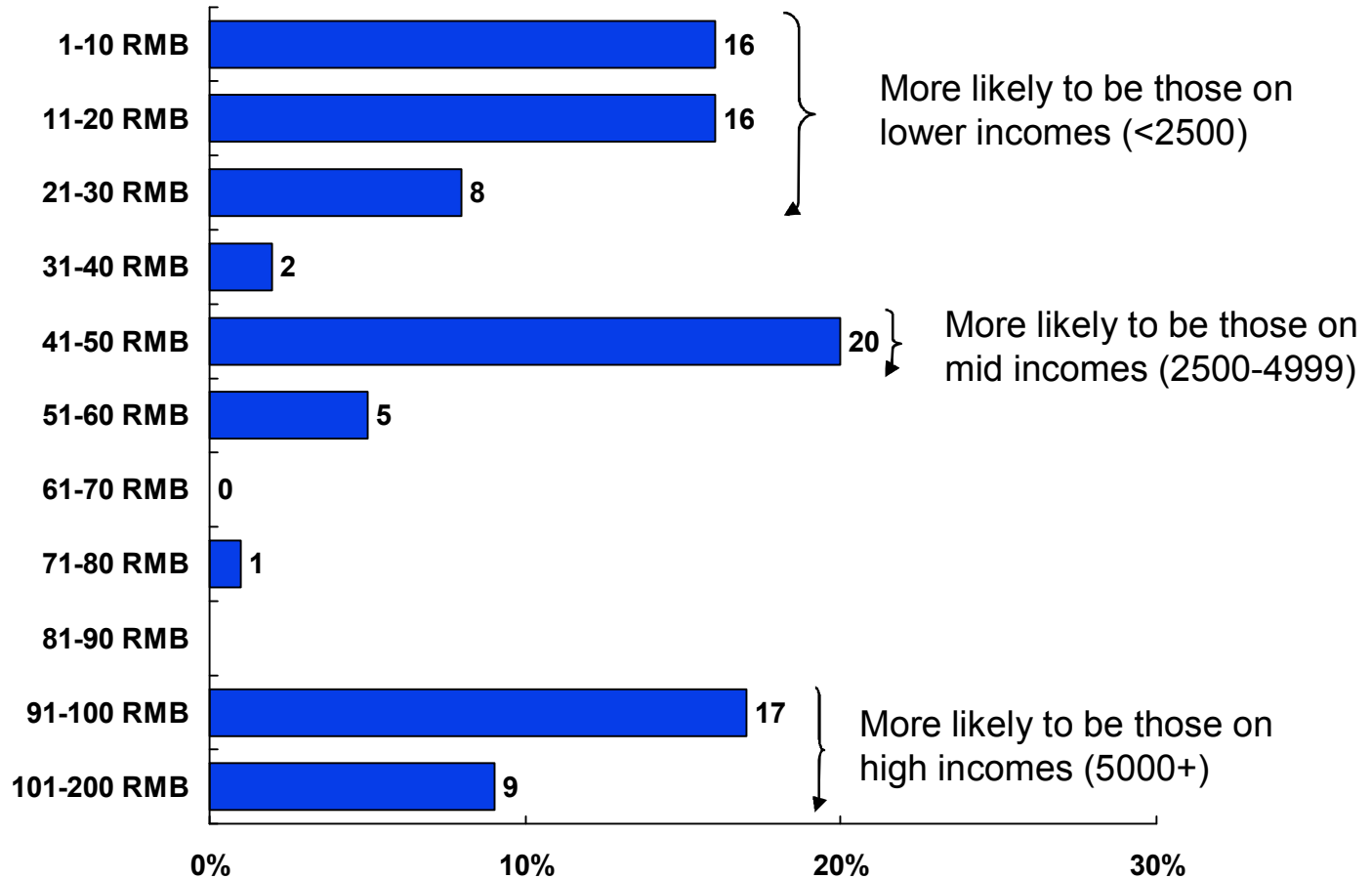
Base: all respondents (n=3,054)



# People are giving in relation to their incomes



*“What is the average amount you would donate per donation?”*



Base: those who have donated to a charity (n=1634)

# Fairly consistent donation patterns across type of charity supported. Medical attracts slightly higher donation consistent with higher incomes more likely to support this area



“What is the average amount you would donate per donation?” By Type of Charity Supported\*

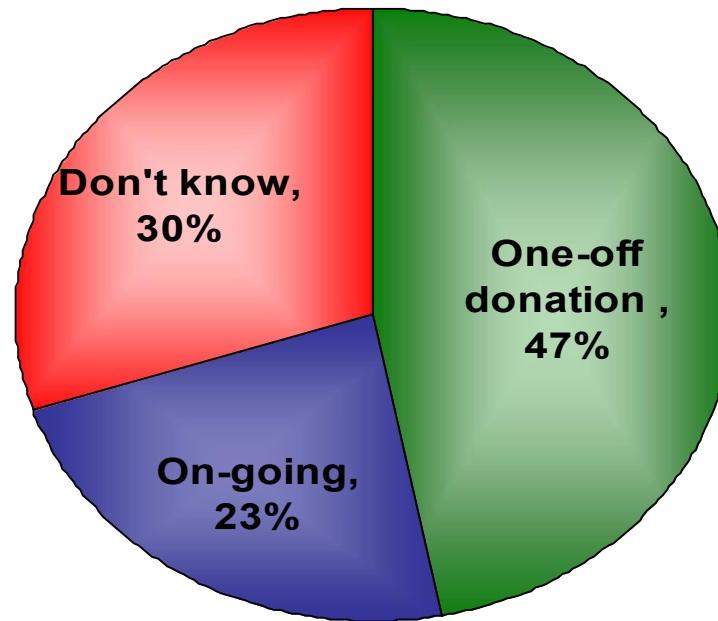
	<i>Medical (inc. illness &amp; disease, disabilities &amp; substance abuse)</i>	<i>Childrens education, health and welfare</i>	<i>Humanitarian aid (inc. disaster relief)</i>	<i>Animal welfare and rights (inc. animal protection)</i>	<i>Environmental (inc. forest, oceans habitate)</i>	<i>Poverty alleviation</i>
<b>Base</b>	<b>157</b>	<b>387</b>	<b>1141</b>	<b>21</b>	<b>94</b>	<b>525</b>
	%	%	%	%	%	%
1-5 rmb	8	3	3	7	1	5
6-10 rmb	8	9	10	4	10	11
11-15 rmb	5	4	5		5	3
16-20 rmb	9	12	13	14	7	11
21-25 rmb	4	2	3	11	3	2
26-30 rmb	4	4	5	7	9	6
46-50 rmb	14	19	20	19	21	20
51-55 rmb	1	5	4		4	2
56-60 rmb	2	3	2		4	2
81-84 rmb	*		*	9	2	1
96-100 rmb	23	18	18	16	16	18
100-150 rmb	11	5	6	7	5	5
151-200 rmb	2	2	3	7	3	5

\*Amounts of donations that are below 2% across type of charity supported have been excluded

# Those aged 15-24 more likely to prefer one-off donations, however, this level of commitment fairly consistent across demographic groups



*“Is your preference for a one-off donation to a short-term cause or ongoing donation to a specific organization that you feel is involved in issues you feel strongly about?”*



Base: all respondents (n=3054)

# One-off donation seen as a spontaneous act of generosity or support. On-going support focuses around long-term benefits and a continuous sense of supporting



*What are your reasons for choosing one-off or on-going donation?*



Show sympathy, love, support	24%
One-time donation is more convenient and not troublesome	18%
Accident is unpredictable, needs help immediately	15%
Financial situation	14%
People in a disaster need more help	7%
Long-term support is not reliable	2%

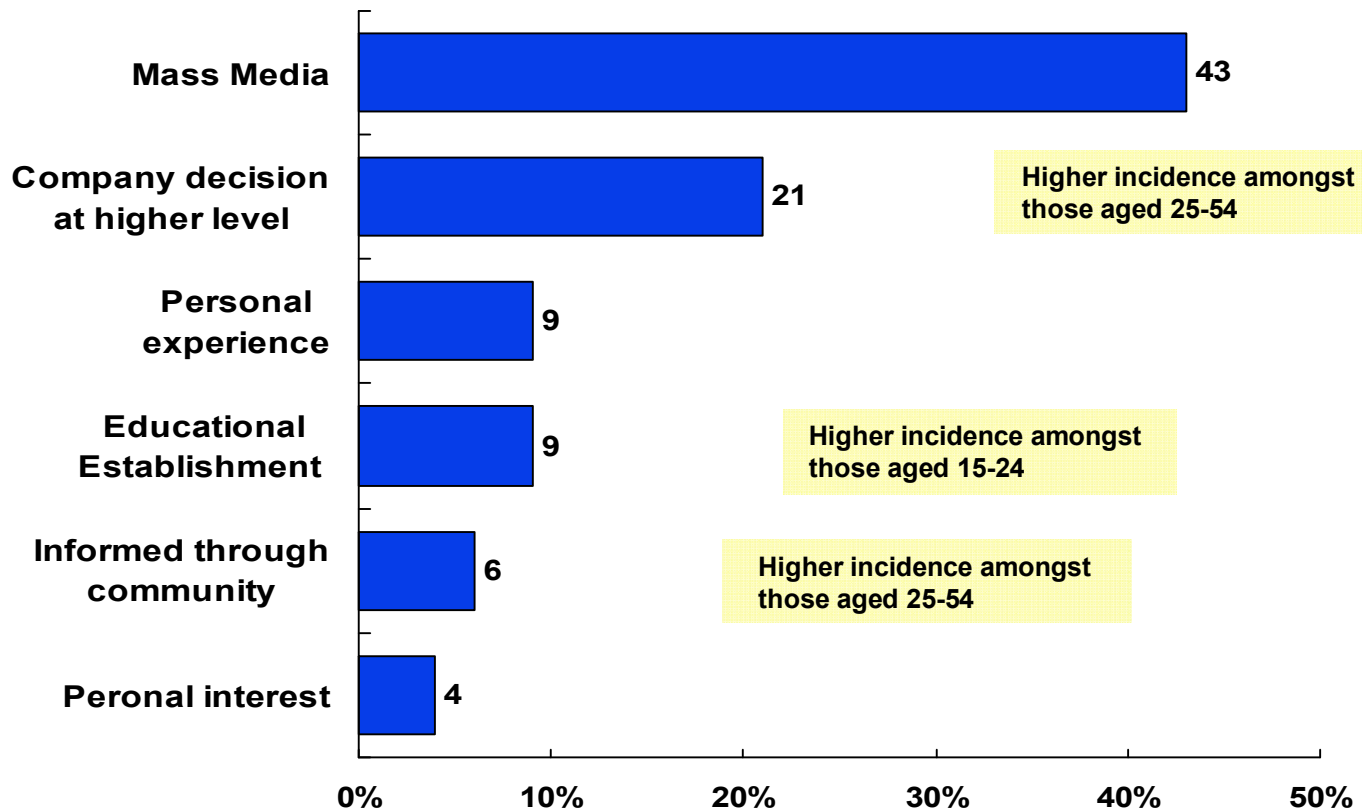
Long-term support is more useful/ effective	26%
Show sympathy, love, support	22%
Long-term problems need more help	4%

Base: all respondents (n=3054)

# With the preference for one-off donations, mass media is key to educating people of issues



*“How did you hear about the charity you currently support?”*

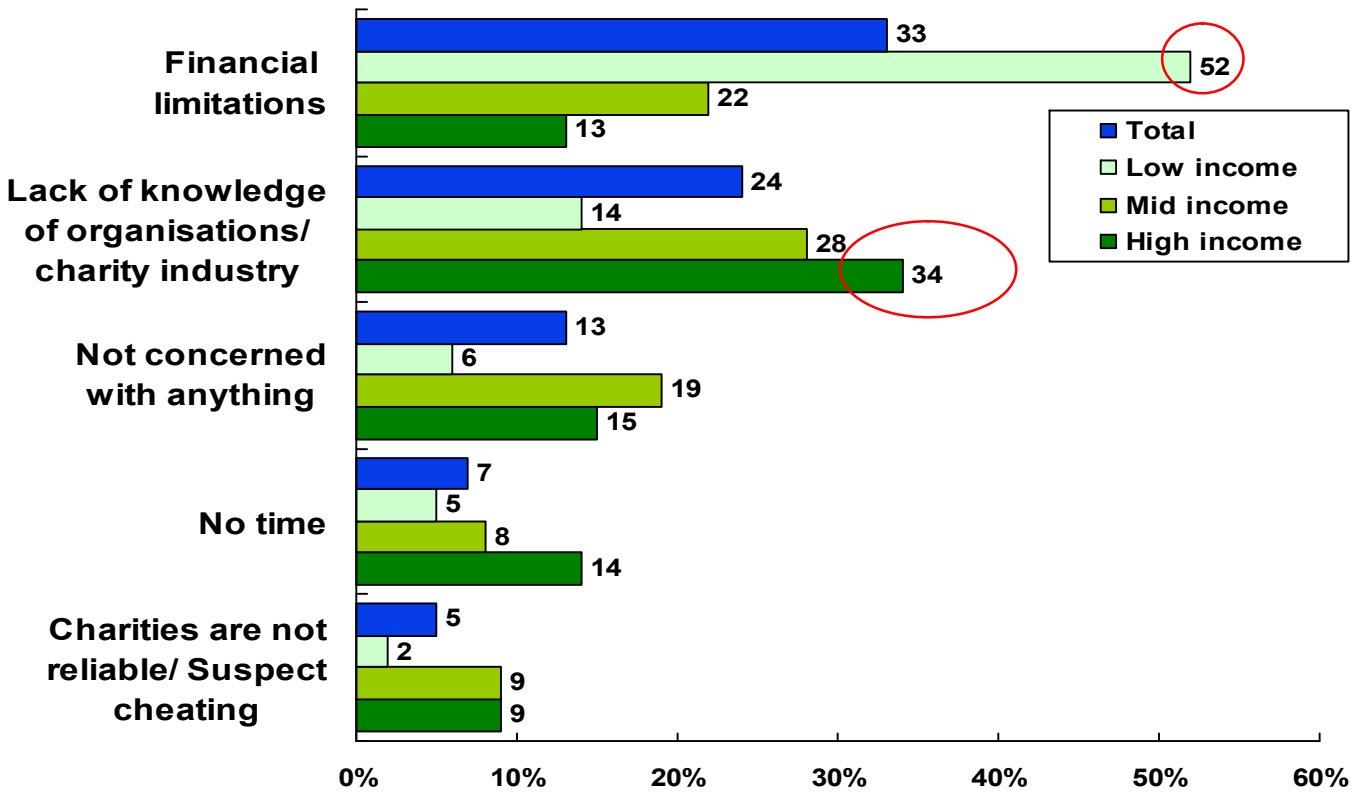


Base: those who have supported any charity (n=1721)

# Financial limitations main reason to 'not support' for lower income, in comparison to higher incomes that feel lack of knowledge of charities is a key barrier. Lower incomes less concerned with dubious practices



*"Why do you not support a charity?"*



Base: those who have not supported any charity (n=1333)

# OUR FINDINGS

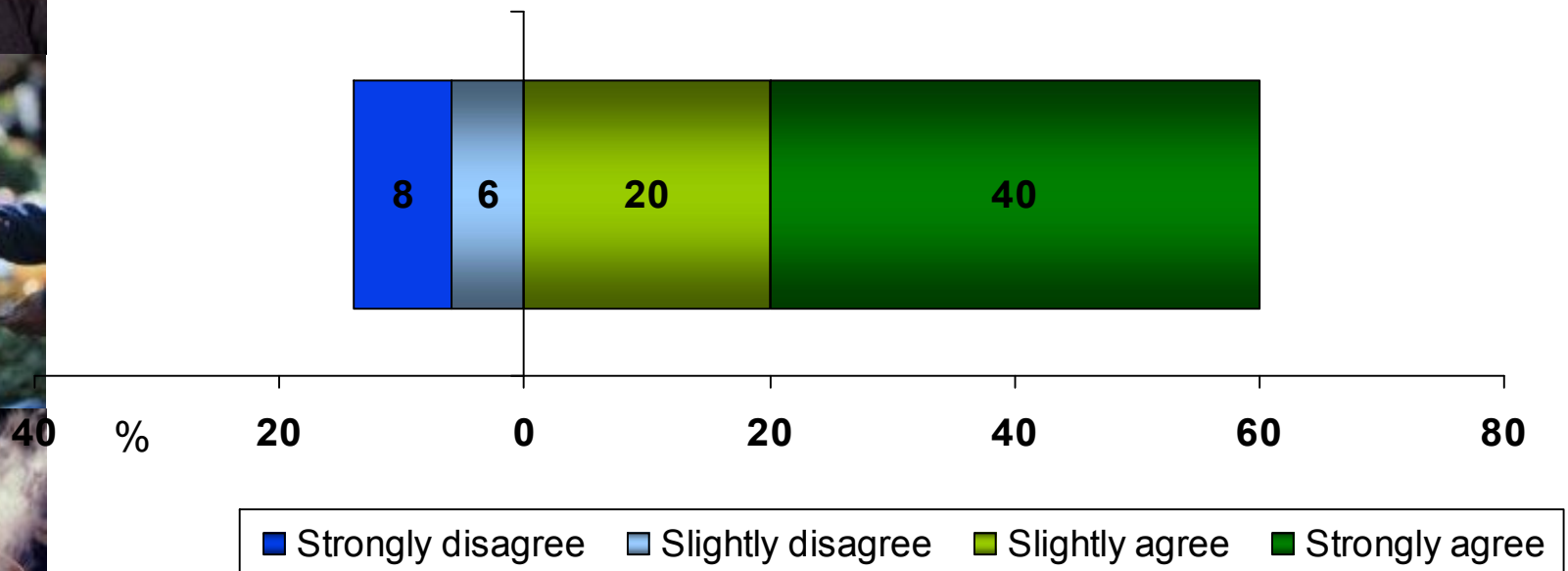
## Chinese Behavior and Attitudes towards Corporate Social Philanthropy



# 6 out of 10 People think more highly of companies that support a charity / worthy cause



*How much do you agree that “I think more highly of companies that support charities and other worthy causes”?*



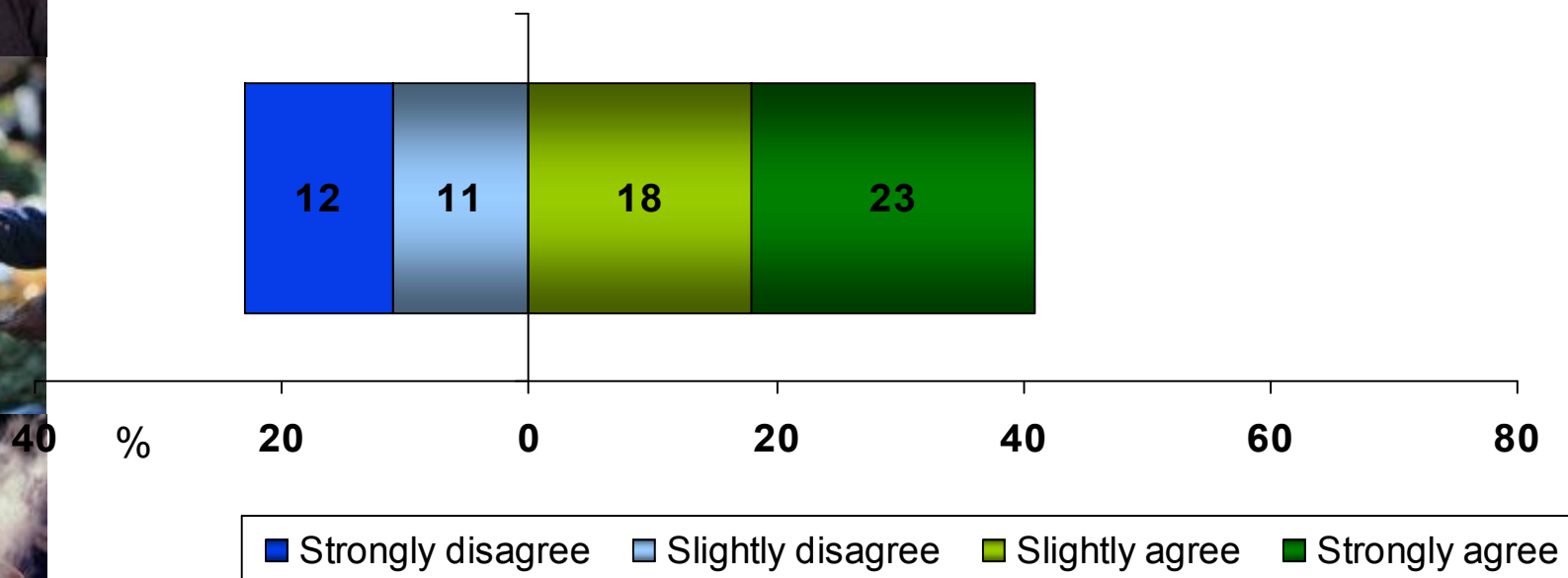
Base: all respondents (n=3,054)



# Almost half of Chinese feel more loyal to a company that supports a worthy cause



*How much do you agree that “I feel more loyal to a company that aligns itself with a charity or worthy cause?”*

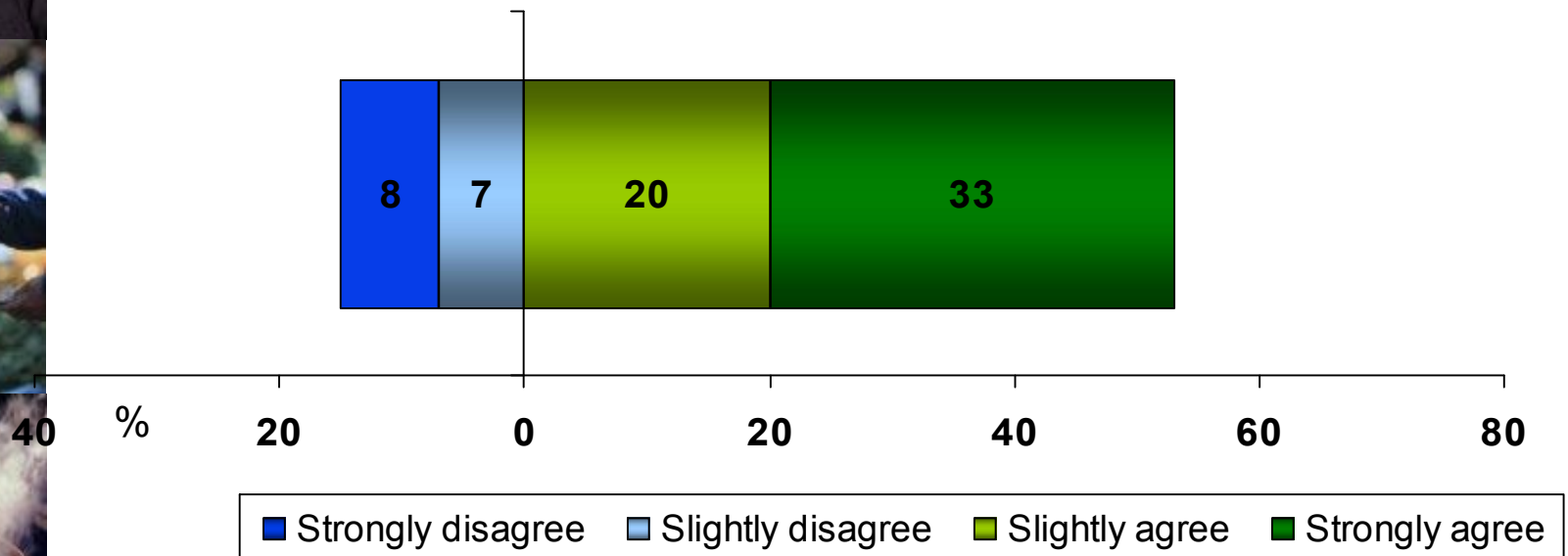


Base: all respondents (n=3,054)

# Over half of Chinese state that supporting a charity would influence their **purchase** of products and services...



*How much do you agree that “I will choose a product and service from a company that supports a charity or worthy cause if the price is the same?”*

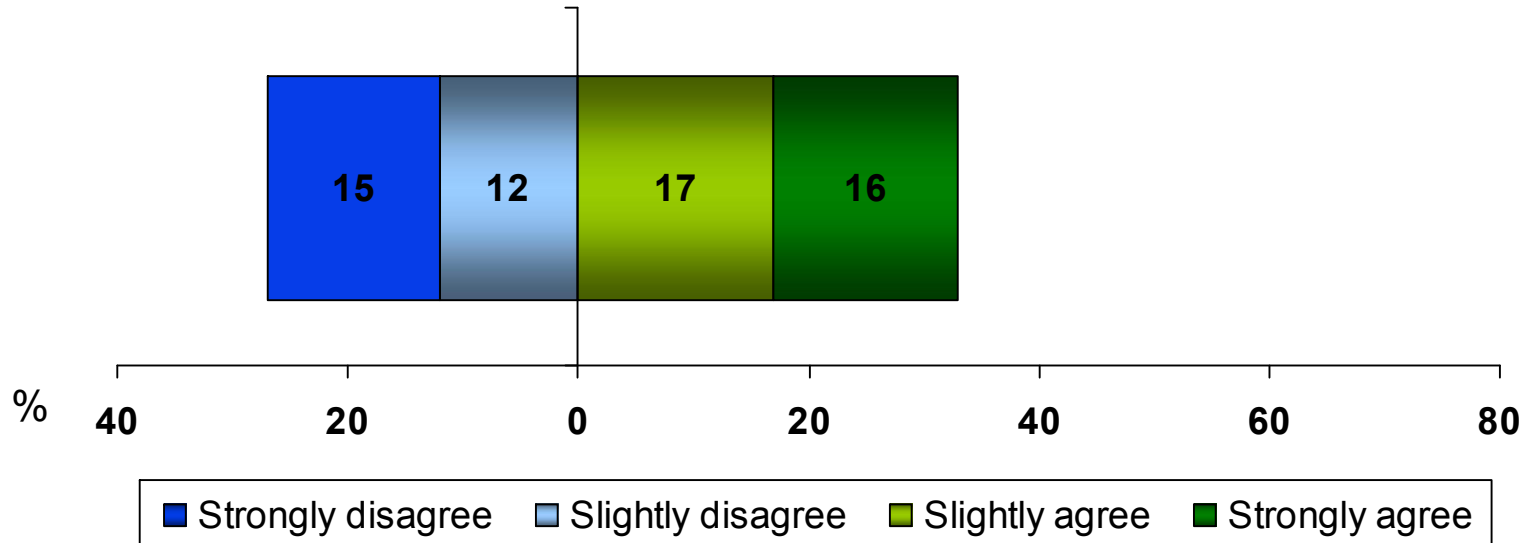


Base: all respondents (n=3,054)

# And a third are prepared to pay a **premium price** for a product that supports a worthy cause



*How much do you agree that “I will buy products and services from a company that supports a charity or worthy cause even if they are slightly more expensive?”*

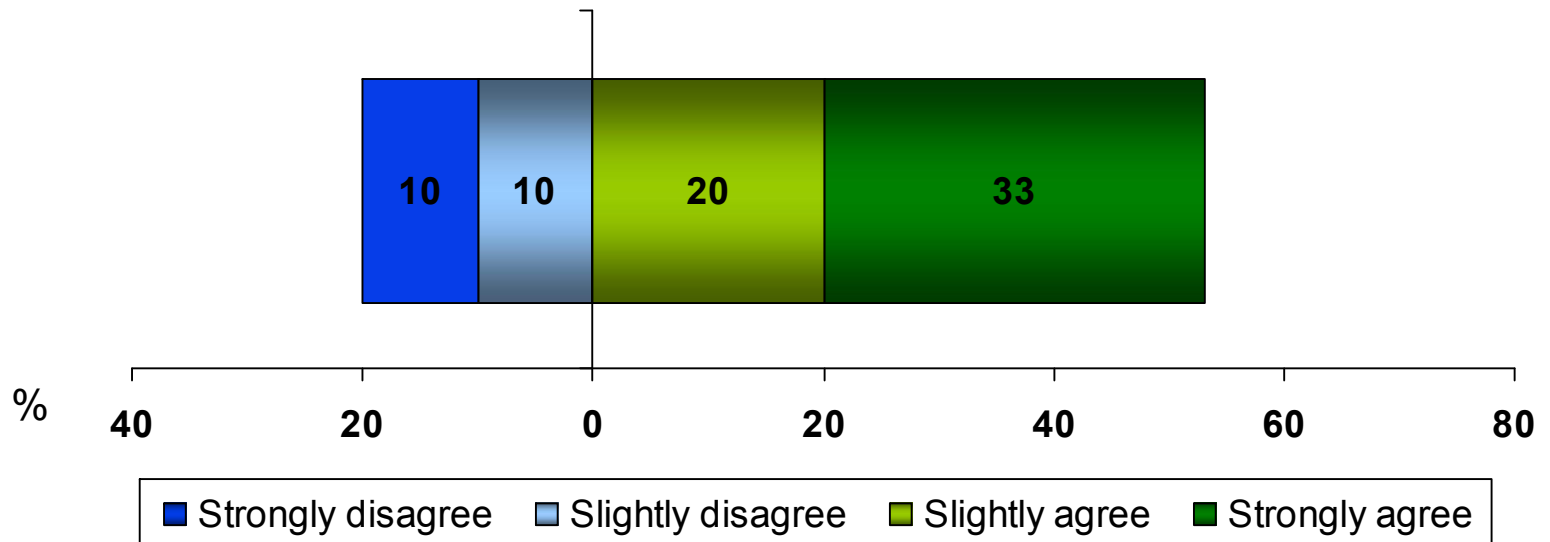


Base: all respondents (n=3,054)

# Over half of people believe that companies should support a worthy cause



*How much do you agree that “It is a companies responsibility to support a charity or worthy cause?”*

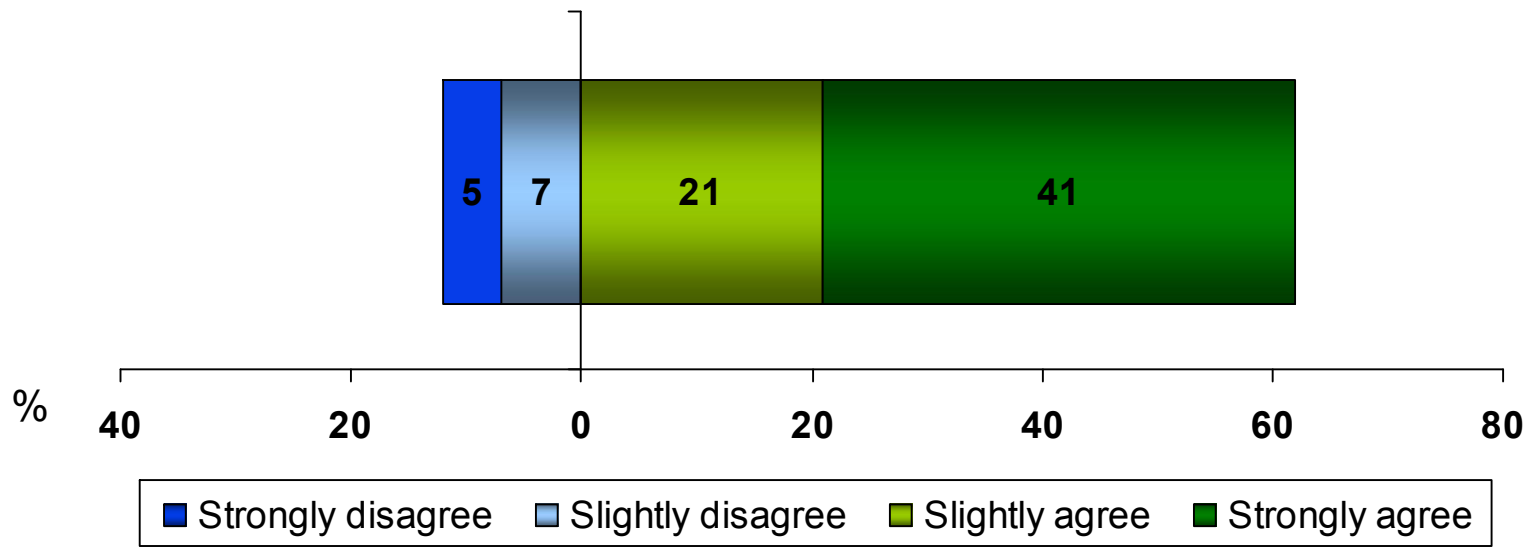


Base: all respondents (n=3,054)

# Over 6 out of 10 people recognize that the company they work for should do more charitable activities



*How much do you agree that “I believe the company I work for should do more to support worthy cases?”*



Base: all respondents (n=3,054)

# Even those who do not currently support a charity are just as likely as those that do, to reward a company that engages in CSR



Percentage of those who agree slightly or strongly with statements by type of charity supported

	Medical (inc. illness & disease, disabilities & substance abuse)	Childrens education, health and welfare	Humanitaria n aid (inc disaster relief)	Animal welfare and rights (inc. animal protection)	Environmen tal (inc. forest, oceans habitats)	Poverty alleviation	Do not support a charity
	%	%	%	%	%	%	%
Think more highly of companies that support charities	57	56	60	53	68	61	58
Choose a product and service from a company that supports a charity if price is the same	55	58	55	74	54	58	51
Buy products from a company that supports a charity even if slightly more expensive	37	37	34	35	43	36	31
Feel more loyal to a company that aligns itself with a charity	43	43	43	51	47	38	38
Companies responsibility to support a charity	59	55	56	72	62	57	50
The company I work for should do more to support worthy causes	58	64	67	61	69	69	57

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# Summary of Findings



# Summary of Findings

## Chinese Awareness and Type of Charity Supported

- **Very little demographic differences between types of charity supported. It is little influenced by region, age or gender**
- **Income only plays a role in so far as those on lower incomes are less likely to be able a recall a charity but they are also less likely to have supported one**
- **Low awareness of specific charities despite over half of respondents indicating they have donated to a charity in the last 12months. Considering Chinese cannot give to unregistered charities, namely international charities, we might of expected a proliferation of local Chinese initiatives being named, however few Chinese charities were named as well. This maybe due to the higher incidence of one-off donations and people often giving across a variety of charities relatively spontaneously**





# Summary of Findings



## Chinese Awareness and Type of Charity Supported

- **Humanitarian Aid** is the main type of charity supported followed by **Poverty Alleviation** and **Children**.
- People tend to give across a range of charities regardless of what main charity they currently support. This may reflect a;
  - ✓ 'working out' process of what is important to them and/or
  - ✓ a lack of loyalty towards one particular cause. This may be explained by a key motivation to give to a charity *'to show sympathy, concern, self-expression'* implying they feel this show of support should be given to *all* in need and thus do not develop a relationship with one specific cause

# Summary of Findings



## Donations

- A direct donation is the main type of donation across type of charities supported. This incidence tends to be higher amongst **Humanitarian Aid, Poverty Alleviation** and **Children's education**.
- Voluntary has a higher incidence amongst **Medical** and **Animal Welfare** implying awareness and involvement in local initiatives, though perhaps less awareness of broader issues. Those who support **Animal Welfare** are more than 6 times more likely to have supported a cause through purchasing a product or service

## Motivation to Donate

- Independent of main type of charity supported, main motivation to support a charity is to **'Show sympathy, support and self-expression'**, the incidence of this is higher amongst those aged 25-44
- A fifth of people indicate they support a charity because it personally makes them feel good

# Summary of Findings



## One-off vs. Regular Donations

- Almost half of respondents prefer a one-off donation compared to approximately a fifth preferring to give regularly
- The main reason given for a preference towards a one-off donation is 'To show sympathy, love, support' which shows a certain lack of understanding between the difference between continuous and sporadic support.
- Showing a certain 'weighing up' of the difference between the two types of support, approximately one out of ten indicated they *'Believe that emergencies need to be dealt with first'* and *'One off donations are more convenient'*
- Main reason to support a charity on a on-going basis is 'Long-term support is more useful/effective' reflecting a greater understanding of the issues and/or relationship with the charity

# Summary of Findings



## Amount donated

- **People are giving in relation to their income**
  - ✓ Lower income (RMB<2500 per month) give approximately RMB1-30 per donation
  - ✓ Middle income (RMB2500-4999 per month) give approximately RMB41-60 per donation
  - ✓ High income RMB5000+ per month give approximately RMB91-200 per donation
- **Amount donated fairly consistent across type of charity supported. Medical attracts slightly higher donation level consistent with it's slightly higher support base of those earning RMB5000+ per month**

# Summary of Findings



## Reasons not to donate

- Those on lower incomes unsurprisingly cite ***'Financial limitations'*** as the main reason not to give
- Those on higher incomes, cite ***'Lack of knowledge of charitable organisations'***
- People have little suspicion of charities, with only 5% on average citing this as a main reason not to give

# Summary of Findings



## Corporate Social responsibility

- Over half of people believe that companies should engage in CSR activities and would feel more loyal towards that company for doing so. This is valuable considering Chinese consumers are typically brand un-loyal in this ever more saturated market
- Two thirds think more highly of a company that support a charity and over half indicate that this would influence their purchase behaviour when choosing between two similar goods
- A third of Chinese would pay a **price premium** for a product that supports a charity over a similar product that didn't
- Two thirds of Chinese feel the company they work for should do more to support a charity
- Attitudes and behaviour towards CRS is not dependent on; main type of Charity support and demographics

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