

The Benefits of Philanthropy and Giving

Philanthropy, in all its various forms, has been found to have widespread profound and positive effects, not just for the immediate recipients but also for the givers, and society at large. This document is designed to be a short and succinct summary of the benefits of giving, one that will hopefully encourage more people to think about how and why they give, and how and why they (and others in their lives) can give more (and more effectively).

The real meaning of philanthropy

It's worth beginning with a brief definition of philanthropy (as it is, in my experience, often misunderstood). The most common understanding of philanthropy is as an act of giving, most often the giving of money. There's no doubt that this is part of the definition, but it should only be a part of it. More broadly, philanthropy can and should be understood as the giving not just of money, but also of "time, talent and treasures". The reason this is important is because by broadening the ways in which people think about giving, we broaden the number of people who think they can give. For those who don't necessarily have the economic means to be philanthropists, this creates other means by which anyone can become a giver.

Key point: there are MANY ways to give

Benefits to Individual Donors

Following on from a broader understanding of the ways in which one can give, it's then worth understanding why one might want to give; or the benefits accrued through giving.

Before addressing this point, many have made moral arguments that philanthropy, and giving more generally, should be conducted regardless of any personal benefits simply because we care for others and should want to do good. As strong as this argument is, it's not necessarily incompatible with an argument based on "return on investment" because selfishness and selflessness need not be viewed as dichotomous.

Is it wrong to feel good after doing good? If we gain (psychologically or in any way) from giving, does that detract from or undermine the giving? I would tend to answer "no" to both these questions but I'm well aware that these questions probably deserve their own, lengthier debate, and so let's return to the question of individual benefits for givers.

In short, giving (in any way) contributes significantly to psychological wellbeing. Studies show that charitable donations activate pleasure centres in the brain similar to those triggered by receiving rewards or experiencing pleasurable events. This "helper's high" produces measurable physical effects,



including reduced stress hormones and increased endorphin release (Dunn et al., 2014).

In other research, a longitudinal study published in the Journal of Economic Psychology found that individuals who donated to charity reported higher levels of happiness and life satisfaction compared to non-donors, with the effect being more pronounced when giving was voluntary rather than obligatory (Aknin et al., 2013). This happiness effect was found to be consistent across cultural contexts, suggesting a universal human response to generosity.

As if that weren't enough, research also suggests there are physical health benefits to giving. A study in the International Journal of Psychophysiology demonstrated that people who regularly volunteer and donate experience lower blood pressure and stronger immune responses compared to those who don't engage in such activities (Post, 2005).

Further, research from the University of California, Berkeley found that elderly individuals who volunteered for two or more organisations were 44% less likely to die over a five-year period compared to non-volunteers, even after controlling for other health factors (Oman et al., 1999).

The psychological benefits extend to mental health as well. Giving behaviour is associated with reduced depression and increased self-esteem. A meta-analysis of 40 studies concluded that volunteers had lower rates of depression and higher reported happiness compared to non-volunteers (Jenkinson et al., 2013).

Key benefits: giving is good for our health and wellbeing, happiness and life satisfaction, mental health and connection to community

Benefits to Recipients and Communities

For recipients, philanthropy provides critical resources that might otherwise be unavailable. Effective philanthropy addresses immediate needs while also working toward sustainable solutions to systemic problems.

In healthcare, philanthropic foundations have played crucial roles in developing and distributing vaccines, reducing the burden of diseases like polio and measles globally. The Gates Foundation's investments in vaccine development and distribution have contributed to saving millions of lives in developing countries (Youde, 2013).

Educational philanthropy has transformed access to learning opportunities. Research by Reich (2018) shows that philanthropic interventions in education can reduce achievement gaps, particularly when targeting underserved communities. Scholarship programs have demonstrated long-term economic



benefits for recipients, with studies showing higher college completion rates, increased lifetime earnings, and greater economic mobility (Page & Scott-Clayton, 2016).

Somewhat less recognised, but just as importantly, community-based philanthropy also strengthens social bonds and civic engagement. A study by the Centre on Philanthropy at Indiana University found that areas with higher rates of charitable giving exhibited stronger social cohesion, reduced crime rates, and more effective responses to community challenges (Rooney & Nathan, 2011).

Benefits to recipients: philanthropy provides support for causes that otherwise, for a variety of reasons, are underfunded or neglected in other ways AND philanthropy provides benefits to groups who give

Societal and Economic Benefits

At the societal level, philanthropy complements government efforts by addressing gaps in service provision and experimenting with innovative approaches to social problems. Reich (2018) argues that philanthropy can serve as a discovery mechanism, allowing for higher-risk social investments that governments might avoid.

Economically, the nonprofit sector supported by philanthropy constitutes a significant portion of many national economies. In the United States, nonprofits account for approximately 5.5% of GDP and

employ about 10% of the workforce (McKeever, 2015); this is even higher in Australia, with NFPs accounting for approximately 7.8% of GDP and 10.5% of the workforce.

Philanthropy can address market failures by directing resources toward public goods that benefit society but lack sufficient profit incentives for private investment. Environmental conservation, basic scientific research, and arts funding represent areas where philanthropy has filled crucial funding gaps (Bernholz et al., 2016).

More benefits: in addition to the aforementioned benefits, philanthropy is, in short, good for the economy including being a major source of employment

Obstacles to giving

Given the strong arguments made for the benefits of giving in the preceding paragraphs, it might seem simple and obvious that everyone would give. And yet we know that isn't always the case.



Numerous factors present as obstacles to giving the most pertinent and powerful being:

- cost of living strains, economic uncertainty and financial constraints (or at least, perceived financial constraints)
- time constraints, or lack of flexibility, most notably busy working and personal lives limiting volunteering
- limited knowledge, lack of awareness, and low levels of trust, all of which can impact engagement
- perceptions of responsibility, most notably that it's the government's, or someone else's responsibility to fund various causes or make the feasible
- and then there a range of cultural factors that can complicate attitudes towards giving, of both money and time

The reality is, that if these constraints, or perceived constraints are not addressed then giving and philanthropy will always be sub-optimal.

Effective Giving Practices

Even if one accepts the (very strong) arguments that there are benefits for those who give, those who receive, and for society and communities more broadly, and even if the aforementioned constraints

are addressed and resolved, one still should extend one's thinking to how best to give.

Research indicates that certain approaches to giving maximise benefits. Strategic philanthropy that identifies clear goals, uses evidence to guide decisions, and measures outcomes tends to produce more significant social impact (Brest & Harvey, 2018).

Giving that empowers recipients rather than creating dependency relationships shows more sustainable outcomes. Studies of microfinance and direct cash transfer programs demonstrate that when recipients have agency in how assistance is used, both economic and psychological outcomes improve (Banerjee & Duflo, 2011).

Further, collaborative philanthropy, where donors pool resources and expertise, has shown promise in addressing complex social challenges. The collective impact model, which brings together multiple stakeholders around a common agenda, has demonstrated success in areas ranging from education to public health (Kania & Kramer, 2011).

Giving tips: not all giving is equal! Philanthropy should be conducted in ways that suit the giver, but also the receiver (in the long term)



Conclusions

Even without full consideration of the powerful moral and ethical factors, the evidence strongly supports the multi-faceted benefits of philanthropy and giving. From the physical and psychological benefits experienced by donors to the transformative impact on recipients and communities, charitable giving (in all forms) represents a powerful mechanism for individual and collective wellbeing. As research continues to illuminate best practices in philanthropy, the potential for maximising these benefits grows, offering promising pathways for addressing society's most pressing challenges.

NB: you are more than welcome to use this document and to share with others (in fact, I'd love you to do both). All I ask is that you do not make any changes, and that you reference "Dr Tim Sharp" and/or "The Happiness Institute" as the source.

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