The Effect of Social Capital Recognition and Economic Factors on Donation Behavior: Focusing on the Mediating Effect of Happiness and Welfare Recognition

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Abstract

The purpose of this study is to investigate the structural relationship between social capital recognition and economic factors and donation behavior through mediator effect of donors' happiness and welfare perception. To do this, we used data from the 10th and 11th year of the Korea Welfare Panel. Amos 18.0 was used to analyze the structural model for mediating effect. The results of this study are as follows: First, social capital awareness influences donation behavior indirectly through happiness and welfare awareness. Second, economic situation indirectly influences donation behavior through happiness and welfare awareness. Third, welfare perception and happiness directly affect donation behavior. Based on the results of this study, we provided a basis for promoting donation promotion and an empirical understanding of the relationship between welfare recognition and donation.

Keywords: Donation Behavior, Social Capital Recognition, Economic factors, Happiness, Welfare Recognition.

1. Introduction

Recognizing the importance of private donation, Korea has made an effort to establish the donation culture in the national/private level. According to the National Sharing Survey, the rate of participation in donation was continuously increased, and the total amount of donation is also continuously increasing to 12.49trillion won in 2013 from 8.14trillion won in 2006. Such donation is very important in the aspect of people's social participation and private welfare institutes' securement of sustainable finances. Under the IMF economic crisis in 1998 and the financial crisis started from the US in 2008, private non-profit organizations were rapidly increasing by explosive welfare demands, so that it got more difficult to secure allocated finances in fixed scale. Moreover, despite the continuous increase of donation, around 80% of it is the religious donation[1], so that the amount of donation is considerably less in the area of social public interest activities like welfare, environment, and culture. Therefore, it would be urgently needed for private non-profit organizations to develop diverse fund-raising techniques & strategies, to understand the characteristics of latent donators, and also to have diversified understandings/knowledge of donation behavior to secure more donation within the given scale.

As donation behavior is influenced by diverse factors at the same time, it is not easy to specify a factor that triggers donation. Also, in Korea, there are not many systematic researches on factors having effects on donation. As most of them are focusing on the sociodemographic factors[2] [3], it is limited to draw more empirical measures to vitalize donation. In spite of considering diverse variables, the cause for those factors was understood in parallel without considering complex influence relations & pathways of factors, so that it was limited for the diversified understanding and accumulation of knowledge. As the biggest element having effects on donation behavior, economic factors are mentioned, and mostly, economic factors have positive effects on donation behavior[4][5]. However, recently, there is a newly-rising discussion of U-shaped curve showing that donation by low-income class or high-income class is more than the one by middle class[6].

Besides it, there are also variables receiving lots of attention from researchers as the direction of causal relation or influence is not consistent. As the most representative things, happiness and trust which is the main element of social capital are mentioned[7]. The significance is to expand the interest to donators' invisible psychological aspect like internal world and values after getting out of the sociodemographic interest in donation behavior. There is a research revealing that donation behavior is increased in case when social capital is perceived as plentiful[8][9] while there is a research arguing that donation behavior is expanded when social capital is more vulnerable[10], which does not provide consistent results. Happiness is another variable having effects on donation. There is a research saying that more donation is made when feeling happiness[11] while there is a research arguing that donation behavior has effects on the warm and positive mind[12]. Meanwhile, as donation is a citizens' participatory behavior, it is advisable to consider the perception of society as well. In order to understand individuals' perception of society, the verification of prosocial behavior and attitude/perception of welfare is conducted[13][14]. Just like the analysis by Obler(1981), it would be such a meaningful work to understand if the alternative relation perspective by liberalists arguing that the actual responsibility of state establishes individuals' charity would accord with the current situation, or if strengthening the responsibility of state would show complementary relations drawing civic responsibility for state just like discussions by people supporting the expansion of welfare state[15]. Thus, based on the interest in donators' donation behavior and donation pathway, this study aims to explore the effects of individuals' economic condition and perception of social capital on donation, and also the structural pathway for the mediating effects of happiness and perception of welfare. Through this, it aims to provide measures to promote donation behavior, and also the beginning for the empirical understanding of relations between recognition of welfare and donation.

2. Research method

The 11th year data of the Korea Welfare Panel Survey (KWPS) was used for the purpose of this study. Out of the 11th-year research subjects of KWPS, total 10,708 people in 18 years or up were targeted for analysis.

The research variables of this study are composed of five items such as perception of social capital, economic factor, happiness, perception of welfare, and donation behavior. The perception of social capital used sub-variables like trust, social participation, and network as elements that were revealed to increase the efficiency of society by accelerating cooperative activities, by Putnam(1993). As the perception of social capital precedes donation behavior, the data of 2010 was used. Regarding the economic factor variable, income and net assets were used by taking log. Out of the economic factor variables, the ordinary income variable

including all the earned income, business/by-job income, property income, private transfer income, and public transfer income was used. Net assets are the amount of subtracting total debt from total assets. As a subjective perception felt in the overall life, happiness used family relation, occupation, social acquaintance relation, and satisfaction of leisure life as sub-variables. The perception of welfare used the government expenses and perception of welfare in each area as sub-variables. The government expenses used the means of ten needs like health insurance & health, national pension, education, housing, livelihood support for the poor, and silver life, extracted through factor analysis. The perception of welfare in each area used the means of ten perception variables like responsibility to support parents & children, free education & childcare, minimum livelihood security, and expansion of health insurance. Regarding the donation behavior variable, the total amount of annual donation was used by changing it into log. In case when donation was not made, '0' was entered.

The data of this study were analyzed using SPSS 18.0 and AMOS 21.0 programs. First, the mean and standard deviation and Pearson correlation analysis were performed to examine the relationship between variables and variables. And the structural equation model was used to analyze the fitness of the model and the explanatory and statistical significance of each structural path estimate.

3. Results

3.1. Structural analysis of research model

Before examining the research model set up in this study, descriptive statistics and correlation analysis were conducted to examine the overall relevance, characteristics, and normality of the main variables. Social capital recognition (M=2.80), happiness, and welfare perception variables were higher than average. Among the economic factors, the average income was 46.1 million won per year, the average net asset was 28.102 million won, and the average amount of fund raised was 30 thousand won. As a result of the regularity analysis of the sample, it is confirmed that the kurtosis is ensured, and the absolute value of the independent variable is not more than .80.

The structural equation model was used to examine the structural relationship between donor's social capital recognition, economic factors, happiness, welfare recognition, and donation behavior. As a result of the analysis, the fitness level of the research model was high. However, for the sake of the model's reputation, a modified model was set up that excluded the path between 'social capital recognition → donation behavior' which was not statistically significant. As a result of the revision, the model was adopted as the final model due to the increase of the fame. As a result of the revision, the model was adopted as the final model due to the increase of the parsimony. The model fit is = 802.708 (df = 47, p <.000), RMSEA = .039, SRMR = .030, CFI = .960, and TLI = .943.

According to the structural path estimates of the final model, the dependent variable, donation behavior, were the 'economic factor → donation behavior', 'happiness→ donation behavior', and 'welfare recognition→ donation behavior'. And the path that affects happiness and welfare recognition as a parameter were 'social capital recognition → happiness', 'economic factor→ happiness', 'social capital recognition→ welfare perception', 'economic factor→ welfare recognition'. In other words, the path of social capital recognition and economic situation affecting donation behavior can be summarized as five paths: 'social capital recognition → happiness → donation behavior', 'social capital recognition → welfare recognition → donation behavior', 'economic situation → happiness → donation behavior' ,

'Economic factor → welfare recognition → donation behavior', 'economic factor → donation behavior'

Table 1. Structural path estimates of final model

			B	β	S.E	C.R.	p
Economic factor	→	Donation behavior	.138	.197	.010	14.551	.000
Happiness	→		.070	.043	.021	3.236	.001
Welfare recognition	→		.583	.143	.057	10.162	.000
Social capital Recognition	→	Happiness	.168	.218	.016	10.337	.000
Economic factor	→		.158	.367	.007	22.224	.000
Social capital recognition	→	Welfare recognition	.061	.199	.006	10.051	.000
Economic factor	→		.012	.067	.003	4.577	.000

3.2 Structural model mediation analysis

The effects of variables affecting donation behavior were examined through total effect, direct effect, and indirect effect. As a result of decomposing the effects of path coefficients on donation behavior, the effect sizes of the variables were found to be influenced by economic situation (.222), welfare perception (.143), life satisfaction (.043), social capital (.038), respectively. In this study, we analyzed the mediating effects of social capital recognition and economic factor on donation behavior. As a result of Bootstraping's test for their indirect effects on donation behavior, social capital recognition did not include '0' in the confidence interval of .031 ~ .048 and economic factor of .017 ~ .032, indicating statistically significant. Sobel test showed that mediating effects were significant in all paths. Both the social capital recognition and the economic factor showed that the mediating effect of welfare recognition had a greater effect on donation behavior.

4. Conclusion

This study analyzed the direct effects of donators' perception of social capital and economic factor on the donation behavior, and also examined the mediating roles of happiness and perception of welfare in the pathway to the donation behavior.

In the results of analysis, first, on the pathway having effects on donators' donation behavior, in case of the perception of social capital, there were only indirect effects through happiness or perception of welfare. This accords with the existing researches arguing that the perception of social capital has effects on donation behavior as a voluntary and mutually-reciprocal behavior by passing through happiness and perception of welfare, instead of having direct effects on donation behavior[2][7][8]. Second, donators' economic factor had direct/indirect effects on donation behavior. This accords with the results of researches arguing that it is positively consistent when income level is higher, and also researches saying that the amount of donation is increased when the household income level is higher, and compared to other variables, the influence was the biggest. This study did not show the results of preceding research revealing that donation effort is a lot shown in high-income class and low-income class. In the future, it would be necessary to have close analysis through the

clarification of matter of donation, donation amount, donation continuity, and income standard. Third, happiness and perception of welfare had direct effects on donation behavior. This accords with a research revealing that happy people are highly possible to participate in donation or volunteer work[11], and also an empirical research showing that happiness works as a factor triggering altruistic behavior as individuals' happiness has the biggest influence out of other independent variables or social trust[7], [15]. The result showing that donation behavior is increased when the state's responsibility for welfare is increased accords with the phenomenon shown in the type supporting the expansion of welfare state shown in the analysis by Ober(1981)[15].

Implications and suggestions related to the results of analysis are like below. First, the result revealing that the perception of welfare and happiness have mediating effects on the relation between social capital and donation behavior, implies the necessity to improve happiness and perception of welfare. By expanding the participation in citizens autonomy committee and resident consultative group in dong-unit to establish the atmosphere/culture to solve community problems together, it would be important to secure network and trust in region/community. For this, the education or experience programs for the spread of sharing could be actively introduced.

Second, considering the direct/indirect effects of economic factor on donation behavior, there should be promotional measures to increase tax benefits and positive perception to maintain or expand donation. However, the fact that donation behavior by low-income class is relatively lower shown in the results of this study considering the donation amount as donation behavior, could infer that the donation scale has been limited. Therefore, it would be necessary to have close analysis by estimating the donation scale compared to household income and asset to estimate donation behavior in the future. Third, the result showing that donation behavior was increased when the state's responsibility for welfare was increased, is such an encouraging result to our society moving toward a welfare state. When the expanded welfare of state increases donation behavior, it is expected to have less problems like free-rides on public goods and decrease of voluntary charity behavior, which implies that the expansion of private welfare and public welfare could be constant. As the expansion and intensification of voluntary citizenship are the essential element of balanced social development, it would be needed to perform citizenship cultivation education or campaign to maintain it in the future.

In spite of the significance of this study, there are limitations in the analysis on structural relations of diverse variables, with the use of 2nd data. Donation behavior variable should include diverse influences like regularity and voluntariness on top of matter of donation and donation amount, and it would be also needed to develop diverse variables regarding influence factors on donation behavior.

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