



Research Paper

Effective Altruism in the Indian Context: Incentives and Explanations for Charitable Giving

Vismay Awal

(The Shri Ram School, Aravali)

ABSTRACT: From childhood, our moral fabrics are woven in a manner where charity and donation are seen as altruistic and laudable acts of humanity. Even with this general positive consensus around the act of donating, this paper asks an ostensibly simple question: “what kind of stimuli and catalysts make individuals donate to an NGO?” This primary question also leads to secondary preoccupations such as: why do some causes receive more donations than others? Does the one that receives more donations automatically imply that it is a greater cause? By exploring the concept of effective altruism and its impact on donor decisions, as well as conducting a case study of a well-established NGO in practice, this paper attempts to answer these questions and critically examine the theoretical foundations of effective altruism. The paper contrasts the case study, available data and the theories of effective altruism, to demonstrate the limitations of its applicability to the Indian context and poses recommendations for further research in the field.

KEYWORDS: Effective Altruism, Theoretical Analysis, Impact of NGOs

Received 26 April, 2021; Revised: 08 May, 2021; Accepted 10 May, 2021 © The author(s) 2021.
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I. INTRODUCTION

Data shows that charitable donations in India have increased, and there is an increase in both domestic and foreign donations to Indian NGOs. As per data available in 2019, nearly three quarters of people in India donated money in that year. The median amount donated or sponsored in 2019 was 5,000 rupees, remaining consistent since 2017 (CAF, 2019). Eight in ten (81%) believe that charities have had a positive impact on their local communities, 76% on India as a whole, while 71% said they have had a positive impact internationally. Those on higher household incomes feel more positively about the impact of charities (CAF, 2019). It was further found that the trend remained, that those with higher household incomes are more likely than those with lower household incomes to have engaged in donating to charity. The data finds that helping the poor is the most popular cause to donate to in India, with over half of donors having given to this cause. This is followed by supporting religious organisations and supporting children including orphans, seriously ill children and children with disabilities.

These are the same top causes as seen in 2017 (CAF, 2019). The cause for giving also varied based on gender, with women being more likely to donate to womens’ rights charities than men (CAF, 2019). Due to the recent amendments made to the Foreign Contributions Regulation Act, there have been several discrepancies and difficulties faced by NGOs who typically receive more foreign contributions than domestic contributions. Despite an increase in the amount of foreign donations received in the past two decades, several NGOs have faced difficulties in receiving donations (India TV, 2020). Given the continued activity in the space of donations and the overall positive outlook, this paper will focus on outlining the probable reasons that an individual makes a donation and what kind of incentive structure that choice stems from. This incentive structure is then condensed by using the effective altruism approach to theoretically place probable economic trade-offs that were made in arriving at that choice.

The second section then uses this theoretical discussion in a case study of a prominent Indian NGO to understand why this NGO receives a higher amount of donations than other NGOs working for the same cause: unique aspects of its branding strategies, media presentation, personality cult (if applicable) are all

studied to discern why it make for an opposite organisation for donation. The conclusion then presents the result of this case study and a normative judgement over whether the framework of effective altruism holds in this case.

II. BACKGROUND

As stated above, several factors come into play to determine the incentives that an individual may have to donate to charitable causes. These could depend on the cause itself, their income level, their gender, and societal standing. The last three decades have witnessed a proliferation of transnational NGOs, which have often supplemented the work of international and government agencies like the UN and the World Bank, making it important to also understand how the NGOs themselves create incentives and maintain their influence through monetary donations (Robbins, 2012). In this regard, the concept and movement of effective altruism has been posited as an explanation for the incentives and rationale behind charitable donations. Effective altruism has been defined as “(i) the use of evidence and careful reasoning to work out how to maximize the good with a given unit of resources, tentatively understanding ‘the good’ in impartial welfarist terms, and the use of the findings from (i) to try to improve the world” (MacAskill, 2019). The effective altruism community (the 'social movement') is a collection of people and organisations who use their resources (e.g. money, time, social capital) on the project of trying to effectively improve the world (Giving what we can, n.d). The charity tracking organisation GiveWell has found that donors who identify as effective altruists, or EAs, try to take their own interest out of giving, instead doing what the data says will maximize their impact (Cheney, 2018). For example, the Open Philanthropy Project founded by Facebook co-founder Dustin Moskovitz has invested in causes that are great in scale, most neglected, and highly solvable or tractable (Effective Altruism, 2020; Wiblin, 2016). Therefore, the aim of the movement is not only to do good, but to do good in the most efficient, cost effective and impactful manner (Wiblin, 2016).

III. DISCUSSION AND CASE STUDIES

Although effective altruism is a growing movement, the concept may not be adequate to explain donor behaviour when it comes to NGOs in India. This is apparent given that one of the primary proponents of effective altruism, GiveWell, did not find that their criteria based on efficiency of donor impact was effective in India, given that most organisations in India are small and do not have the capacity for intensive monitoring, evaluation and documentation (Holden 2011). Therefore, several organisations were excluded on this basis as effective altruism is often the product of the actions of extremely high net worth individuals in the Western world who would want verifiable results of the impact created for each dollar spent (Holden, 2011). This is a significant limitation when it comes to low income countries where several causes may desperately require funding, but are not considered the most “efficient” causes to put money towards. The limitations of effective altruism and the approach of efficiency in donor choice when compared with the available data on donations to NGOs in India would demonstrate that there is more work that needs to be done to make the ideas and foundations of effective altruism written for a Western audience, relevant in the Indian context and other low income and middleincome economies (Cheney, 2018).

However, there are definitely elements of effective altruism that can be correlated with the more prominent NGOs in India. For example, the NGO Cry- Child Rights and You has been functioning for over 4 decades, working at the grassroots level to address childrens’ critical needs, by working with parents, teachers, Anganwadi workers, communities, district and state level governments as well as the children themselves. CRY has become part of several international organisations with a large amount of international funding and awards. In addition to its awards for public service and social work, CRY has been recognised for its marketing efforts as well, and in the space of digital marketing which has become increasingly important. Donors are increasingly considering the look and feel of websites, the ease of donation and the manner in which information is conveyed. CRY has been appreciated for all these aspects. over its 27-year-history , raised around Rs 255 crore and deployed around Rs 120 crore, analyses district-level data across states to identify the areas of most critical need as well as the root causes of the situation (Rao, 2006). While the limitation of such a case study is that an exact causal effect cannot be drawn from donations received to effective altruism, some commonalities such as branding and marketing techniques, web based design, transparency, and ability to put forward information understandable internationally seem to be crucial factors in whether international donors donate (Cheney, 2018; Cry.org, n.d; Rao, 2006).

While there is a correlation between the international recognisability of an NGO and donations, there are several factors at play when it comes to Indian donations. In India, several social and economic factors influence donation incentives, and it may not be purely based on the efficiency based model of effective altruism (CAF, 2019). For example, the CAF 2020 Report on charitable giving in India has found that around three quarters (77%) of people gave money in the past 12 months, either by donating to an NPO/charitable organisation (charity), by giving to a religious organisation or by sponsoring someone (CAF, 2020). The most

popular causes for donation remain the same as previous years: helping the poor (54%), supporting religious organisations (51%) and supporting children (49%). More than half of people (54%) have volunteered in the past 12 months (CAF, 2020). Whilst the most popular causes have remained the same since 2018, there has been an increase in volunteering for disaster relief (27% vs 15% in 2018). Nearly eight in ten (78%) think that businesses should support the communities in which they operate and seven in ten (70%) would be more inclined to buy a product or service from a business that donates to charitable causes or supports their local community (CAF, 2020).

Interestingly it was found that among donors, men were more likely than women to support a number of causes, including disabled people (32% vs 25%), animal welfare (14% vs 9%), environmental protection (16% vs 12%), and physical healthcare (10% vs 7%). Donors aged 18-34 are the most likely age group to support disabled people (31% vs. 24% of people aged 35+). Older donors are least likely to support women's rights, with 2% of those aged 55 and over supporting this cause compared with 10% on average. Support for women's rights is highest among 25-34 year old donors (13%), and is equally supported by men (8%) and women (11%) (CAF, 2020).

What we could conclude from this data is that effective altruism may not be as pervasive an idea in India as it is in the West, and especially, not among those in the middle classes and upper middle classes who are not high net worth individuals. An interesting contrast one could draw upon a review of the literature, is that GiveWell and Milton Friedman, a long time GiveWell supporter, have recommended in fact not to assist the victims of the Japanese tsunami, as those killed by disasters could not have been saved by donations (Berger and Penna, 2013). This logic is fundamentally premised on a view of efficiency and the solving of problems that provide the most return on investment (Berger and Penna, 2013). Such an approach would be inconsistent with the latest CAF data, which shows that a higher proportion of people in India donated to disaster relief after the devastating South Asian floods, which, according to proponents of effective altruism, would not be the most efficient cause to support. In addition, the data clearly shows a clear correlation between donations and gender, age, and social attitudes. Especially in the Indian context, cultural and social pressure also plays a factor, as well as caring about the cause and helping less fortunate. Other significant factors included making one feel good, familial practices, religious causes, and trustworthiness of the organisation (CAF, 2020). Moreover, there is a strong perception that charities that are smaller, and help local communities in a tangible way are more effective and trustworthy than larger and internationally oriented organisations who provide broad areas of functioning (CAF, 2020), such as CRY. This stands in direct contrast to the report by GiveWell mentioned above, wherein effective altruistic criteria served only to exclude local, community based charities and chose those with a broader vision (Holden, 2011). This further stands in contrast to the international recognition and praise for CRY, which would not be perceived as trustworthy by the respondents of the CAF survey.

IV. CONCLUSION

What can be concluded from the discussion above, is that clearly, effective altruism is a theory with a great number of limitations, when it comes to explaining incentives for donations in the Indian context. There are economic, social, cultural, age based, gender based, religious and political considerations involved among the common citizens who donate or volunteer on a day to day basis.

Perhaps, if one were to consider a macro perspective of international donations, recognisability, and the donations made by high net worth individuals or high net worth corporations, effective altruism does hold some water in the Indian context. The case study of CRY mentioned above, does provide some interesting insight into the perception of an NGO in the international community determining its success from an effective altruism perspective. However, local and community based NGOs may be driven by a whole host of other factors.

Researchers in the field must look further past the theory of effective altruism to better create incentives that are more culturally sensitive, targeted at the grassroots level, and allows donors of all backgrounds to make better and informed choices. Researchers must further place focus on community based efforts which may be much more small-scale and targeted, but provide important impact, often to the most remote, inaccessible and destitute of causes. Importing the effective altruism theory into India must not be an exercise of "charitable imperialism" (Berger and Penna, 2013)

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