

FACTORS INFLUENCING THE PRACTICE OF CHARITABLE GIVING IN PANDEMIC SITUATIONS: A PRELIMINARY STUDY ON ISLAMIC RELIEF MALAYSIA (IR MALAYSIA) DONORS

Azhana Othman^{a,b*}, Muhammad Haris Sharim^c

^a Faculty of Business and Management, Universiti Teknologi Mara (UiTM), Cawangan Melaka, azhana395@uitm.edu.my

^b Centre for Islamic Philanthropy and Social Finance (CIPSF)

^c Islamic Relief Malaysia (IR Malaysia), Haris.Sharim@islamic-relief.org.my

*Corresponding Author

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Abstract

Malaysian Non-Profit Organizations (NPOs) struggle to raise money because they depend more on individual donations for survival and expansion. Since a number of studies have shown that individuals are a major source of funding for charities, they were chosen as a group of donors. The purpose of this study is to determine the factors that influence charitable giving in Malaysia. The substantive study is based on a sample of sixty seven Islamic Relief Malaysia (IR Malaysia) donors who participated in online survey in January-December 2021. The survey also requested information from respondents on various criteria of NPO when deciding to donate. Based on the survey, online survey was conducted requesting information on respondents' demography and psychographic. The results show that older people are more likely to donate, those who are not working also have desire to donate and those who live in urban areas are more likely to donate. As this is a preliminary study, the factors that influence donors will be extended by including related theories.

INTRODUCTION

Charitable giving is the act of giving money or physical items voluntary to the non-profit organizations (NPO) without expecting anything in return (Kashif and Run, 2016). Charitable giving has an effect on society and NPOs. The main source of funding for NPOs comes from charitable giving, which can affect the contributions of NPO towards society.

There is a growing demand from the community for charitable assistance at the same time that there is a growing need for financial support from charities. Numerous organizations are under increased pressure as a result of the pandemic's financial restrictions and the need for charities to step up and aid the most needy. In order to compete in the market, charities typically need to rely more on individual

donors and less on the government for funding. As charity organizations must rely on individual donors, hence an understanding of the individual donor and what motivates them to contribute to charities is an utmost interest to non-profit marketers

Based on the World Giving Index reports from the year 2015 to 2021, it shows that charitable giving in Malaysia is not consistent. In 2015, Malaysia listed in top 10 in most generous nation, however in 2021 Malaysia is in the 29th place. Despite that, Malaysian are known for their charitable effort. Since the charitable giving index fluctuates, Malaysian non-profit organizations struggle to raise money because they depend more on donations for survival and expansion.

This preliminary study intends to observe the Islamic Relief Malaysia's individual donors during the Covid-19 pandemics. The study addresses several specific research questions as follows: (i) What are the factors influencing the practice of charitable giving during Covid-19 pandemic? And (ii) What are the preferred ways and platforms to donate?

BACKGROUND OF ISLAMIC RELIEF MALAYSIA (IR MALAYSIA)

Islamic Relief is an independent international humanitarian aid and development organisation founded in the United Kingdom in 1984 by a group of concerned postgraduate students. With an active presence in over 45 countries across the globe, we strive to make the world a better and fairer place for the people still living in poverty. Until now, Islamic Relief has assisted more than 120 million people. The scope of Islamic Relief assistance covers emergency assistance, integrated sustainable development, disaster risk reduction and advocacy.

Islamic Relief Malaysia (IR Malaysia) was formally established in Malaysia in 2005 with the primary goal of continuing Islamic Relief's humanitarian aid in the Asia-Pacific region. Initially serving as a fundraising office, IR Malaysia now serves in both capacities as a fundraising office for local and international projects as well as implementing local projects. Islamic Relief Malaysia also is focusing on spreading awareness on charity, volunteerism and giving among public as its strategic role.

Along with fundraising, Islamic Relief Malaysia also carries out community, economic, and social development projects in Malaysia, where the target beneficiaries including the poor, orphans, elderly people, single moms, and physically challenged. IR Malaysia comprises all of the various methods of fund raising, such as online appeals, fundraising activities, publishing advertisements, printing flyers, organizing volunteers, etc.

The COVID-19 pandemic in Malaysia has various impacts in the daily lives of the community. This pandemic has directly affected lives multi-dimensionally on health, safety, economic and social. Malaysian government together with various non-governmental organizations (NGOs), NPOs, companies, and foreign governments have undertaken various assistance and financial assistance programs in response to the economic impact of the COVID-19 outbreak in Malaysia.

Islamic Relief Malaysia (IR Malaysia) as one of the active NGOs/NPOs have established the COVID-19 Appeal Fund to provide basic food supply and hygiene kits such as face masks, sanitizers and detergents as an aid assistance to the affected community. IR Malaysia also implemented the projects throughout Malaysia with the collaboration of government agencies which possess direct access to the beneficiaries and quarantine centre meanwhile the distribution abroad will be carried out through Islamic Relief field offices in more than 45 countries.

LITERATURE REVIEW

Charitable Giving In Islam

Islam always emphasizes pure values in the life of every human being. Islam always teaches to do good to everyone especially our fellow Muslims. Among the noble qualities of a Muslim to his fellow believers is to help each other. Moreover, during this COVID-19 pandemic, many were affected. Majority are tested in terms of health and livelihood. So here is our role as Muslims to help those affected by this disaster by giving alms.

There are basically three types of charity giving or alms giving in Islam to help others who are in need. They are *Sadaqah*, *Zakat*, and *Infaq*. 'Sadaqah' literally means 'righteousness' and refers to the voluntary giving of alms or charity. Nevertheless, from the Islamic perspective, the terminology of 'sadaqah' is defined as an act of "giving something to somebody without seeking a substitute in return and with the intention of pleasing Allah", and it is not only money related, as smiling or greeting, spreading knowledge, forgiving others, and making du'a (prayers) to someone can also be considered as 'sadaqah'. Meanwhile, *Infaq* is somewhat similar with *Zakat* as both are always in the form of wealth or properties. However, *zakat* is categorized under obligatory charity.

Zakat, *Infaq* and alms are acts of worship that have an important role in the welfare of the people, establish brotherhood and create tolerance in social life. By doing charity, especially charity, we can also purify our wealth so that it becomes a blessed treasure.

Factor influencing the practice of charitable giving

Greater focus should be placed on individual charitable contributions because it can enhance society well-being as proposed in the Charity Model by Mohanty (2011). This illustrates how a social good deed raises everyone's standard of living. Research on individual charitable giving behaviour has often focused on identifying the demographic factor such as gender, age, marital status, education level and income levels that are associated with differences in charitable giving. This study has received a number of criticisms. While important, the research only focuses on demographic factors that are related to differences in charitable giving, such as gender, age, marital status, education levels, and income levels. This does not address the question of why people choose to give to charity or give specific areas to focus on when developing charitable giving promotion strategies.

Noor et al. (2016) through a study on the characteristic of charitable donations behaviour in Malaysia indicates that age, income and education do affect the charitable donations behaviour in Malaysia. The study also identified major disparities between Malaysian donors' characteristics and those from Britain, Australia, Brunei, and Pakistan. The results show that each country's donors have different qualities, and this area needs more research. Isa, Irpan, Bahrom, Md Salleh & Ridzuan (2015) researched on Malaysian donor's extrinsic determinants (demographic determinants and socio-demographic determinants) and intrinsic determinants (psychographic determinants). Their findings show that age, income, education, and religious factors affect the charitable donation behaviour in Malaysia.

Chetioui, Y., Satt, H., Lebdaoui, H., Baijou, M., Dassouli, S., & Katona, S. (2022) show that prior behaviour, arbitrary norms, attitude toward charitable giving, and desire to gift are important determinants of charitable giving during the COVID-19 pandemic. This study further supports the mediating role of attitude toward charitable giving, showing that donors' frequency of giving rises when they have a positive attitude toward charitable giving as a result of subjective norms. The findings also point to a significant moderating role for Islamic religion, showing that those who identify as highly religious are more likely to adopt a positive attitude regarding charitable giving and are thus more likely to give during the pandemic. Based on the studies by Isa et.al (2016) and Chetioui et.al (2022), governments and non-profit organizations should consider the important role of religious beliefs in driving people's attitudes to engage in fundraising appeals to fight the pandemic.

Other than demographics factors, a study by Salleh, Noor, Bahrom, H., Ridzuan & Irfan (2020), demonstrated that contributors' contentment and degree of well-being do affect their propensity to donate. While attitudes and the transparency issue have no bearing on the decision to donate. There is less demand for openness as a result of great donor trust. Four demographic factors; gender, age, income level, and respondent's educational background—have a major impact on giving behaviour.

Sarea & Bin-Nashwan (2020), in their findings demonstrate that external factors, such as charitable endeavor and charitable trust, significantly influence contributors' sentiments regarding a fundraising request for the COVID-19 conflict. Interestingly, the study shows a strong moderating effect of religious beliefs' internal values on the favourable link between external factors and giving-attitude.

Mohanty (2011) adopts a social welfare function approach in the Charity Model. It shows theoretically that giving to the needy from one's surplus income increases the welfare of both the giver and the recipient, contributing to an increase in overall social welfare. It also assumes a positive relationship between charitable donation and donor's utility.

Furthermore, NPO performance though important is not the major consideration for individual donors when donating to NPOs. performance though important is not the major consideration for individual donors when donating to NPOs. (Noor et al. ,2016).

Platforms to donate

Most of charities accept all the top four methods of payment, paper checks, credit cards, digital wallets and cash (Brunker,2016).

Karmanto, Mahri & Nurasyiah (2021) showed that perceived usability, trustworthiness, and perceived utility all had an impact on society's intention to provide Zakat, Infaq, and Sadaqah (ZIS) through the usage of crowdfunding platforms. Because trust, perceived utility, and perceived simplicity of use all have a favourable impact on behaviour intention. Meanwhile, perceived trustworthiness and usability are positively correlated. With perceived usefulness acting as a mediating variable, perceived trust and usability have a positive and considerable impact on the intention to act.

Maleki & Hosseini (2020) studied on the impact of donor-related factors (e.g., religiosity, and attitude toward helping others), m-payment system-related factors (system trust, and effort expectancy) and charity brand-related factors (a donor-brand engagement model) on the intention to donate via mobile payment applications (m-payment apps). They concluded that the "keep" quadrant for intention to donate via m-payment applications is comprised of three factors: donor-brand engagement, helper's high, and donor involvement. In their findings, the m-payment system related factors are not sufficient to motivate donors to donate via m-payment apps. As a result, charity managers who want to increase online donations through m-payment apps should give top priority to elements that affect brand success.

Regarding the manner of transaction among Muslim community in Malaysia, the majority of respondents favour direct contributions to the recipients and charity boxes, suggesting that traditional charity solicitation is favoured over more sophisticated methods involving the use of technology (Awang, Borhan, Mohamad, & Muhammad, 2015).

METHODOLOGY

The study focuses on individual donor charitable giving behaviour in Malaysia, focusing on IR Malaysia's donators. The preliminary study surveyed on IR Malaysia donators during January-December 2021. The respondents were individual donors from the list of IR Malaysia donors contributing to the COVID 19 Appeal Fund. The study utilizes google form to collect primary data. Google form is an application in the form of a template or worksheet that can be used independently or together for the purpose of obtaining user information (Nurmahmudah & Nuryuniarti,2020). The

language choose is Bahasa Malaysia. The google form link was send through donors' emails, volunteers WhatsApp groups and also in IR Malaysia's media social.

RESULTS DISCUSSION

This part presents the results from the data collection procedures and analysis. There are three sections: Part A is the sample demographic profile, Part B is the factors influencing the charitable giving during pandemic and lastly, Part C is the preferable platforms for donation.

Demographic profile

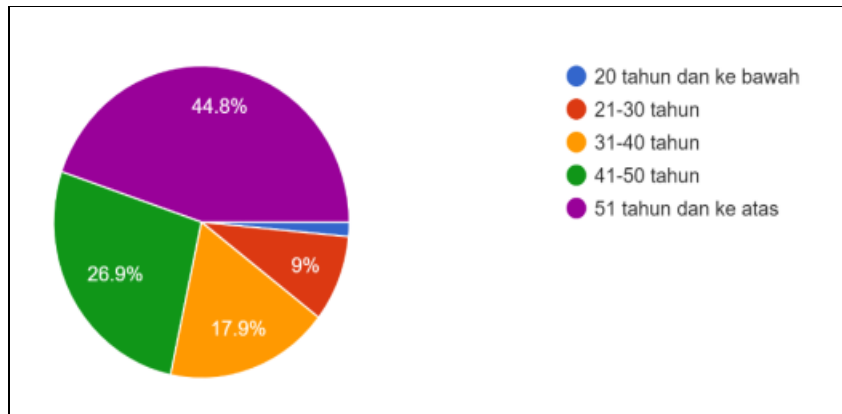


Figure 1. Age of Respondents

In terms of age, majority of the respondents fall in the category of “51 years of age and above” (44.8 per cent). Followed by, the age of “41-50 years” (26.9%), the age of “31-40 years”(17.9%), the age of “21-30 years” (9%) and the age “below 20 years” (1.4%).

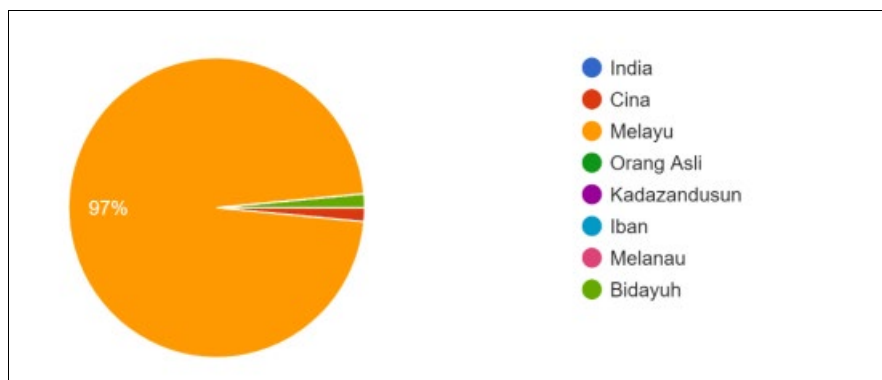


Figure 2 . Race

Meanwhile, majority of the donors are Malay (97%). The other 3% if from the other race, that are Chinese and Indigeneous (Orang Asli).



Figure 3. Occupation

For the occupation, 44.8% of the donors not working, while 29.9% are government servant and 22.4% are private sector workers.

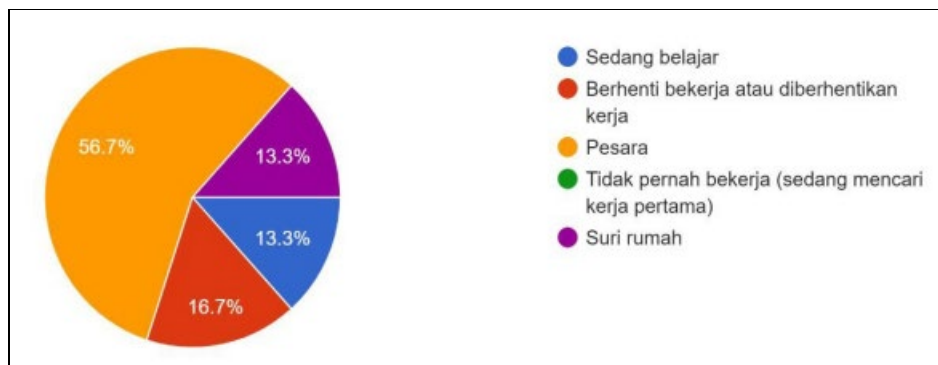


Figure 4. Currently status (if not employed)

For those who declared themselves as not working; 56.7% are retirees, 16.7% are quit work or laid off, 13.3% are housewives and studying, respectively. Mostly the retirees contribute to the charitable giving.

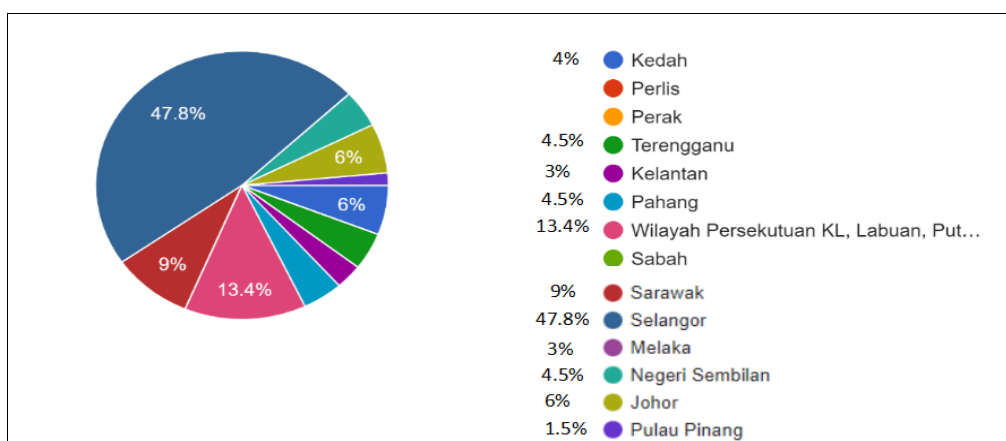


Figure 5. Residence

Mostly of the respondents live in Selangor (47.8%). While, 13.4% from Federal Territory (Wilayah Persekutuan), that are from Kuala Lumpur, Labuan and Putrajaya. Nine percent are from Sarawak.

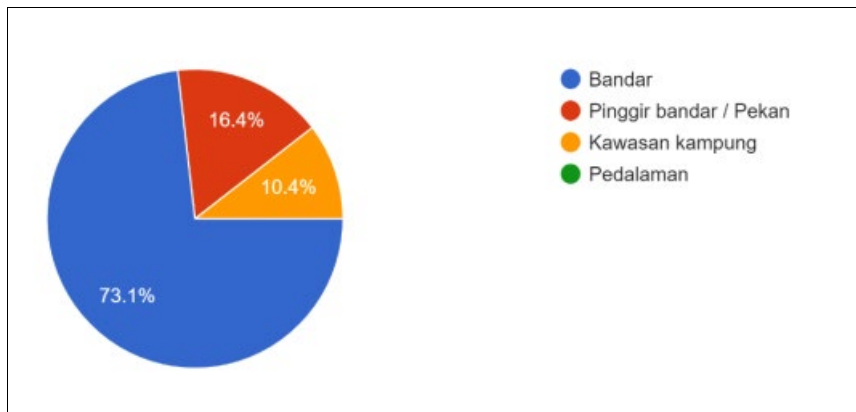


Figure 6. Rural/urban

Based in Figure 6, it showed that 73.1% of the respondents live in cities, 16.4% live in suburbs and 10.4% lives in village.

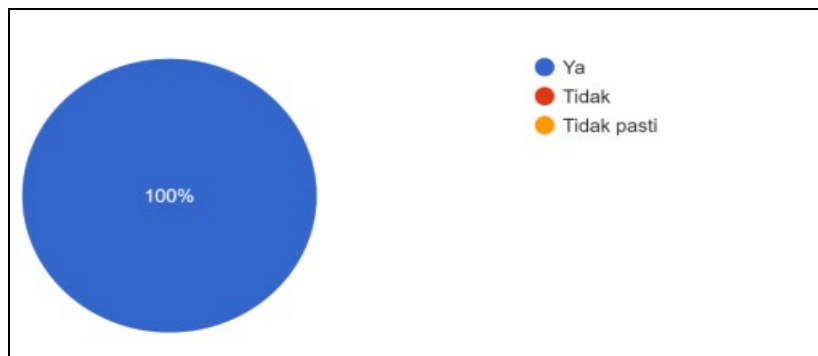


Figure 7. Charitable giving during pandemic

In Figure 7, showed that hundred per cent of the donors involved in charitable giving during pandemic.

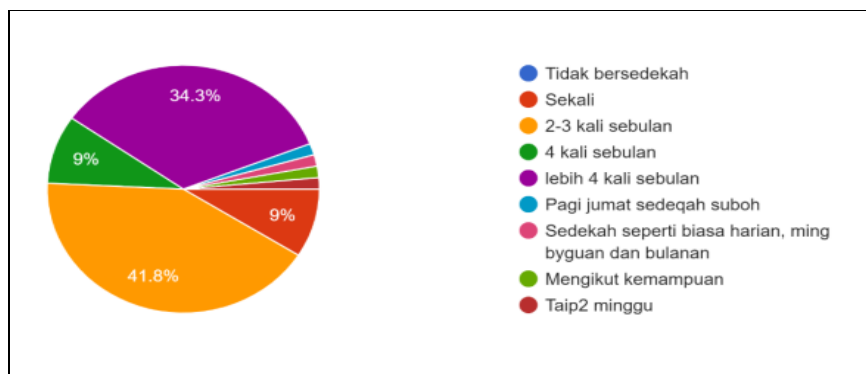


Figure 8. Frequency of charitable giving during pandemic

Mostly of the respondents participate in charitable giving. The highest percentage, 41.8% showed that the respondents giving charity at average of 2-3 times per month and 34.3% giving charity more than 4 times per month.

A. What are the factors influencing the practice of charitable giving during COVID-19?

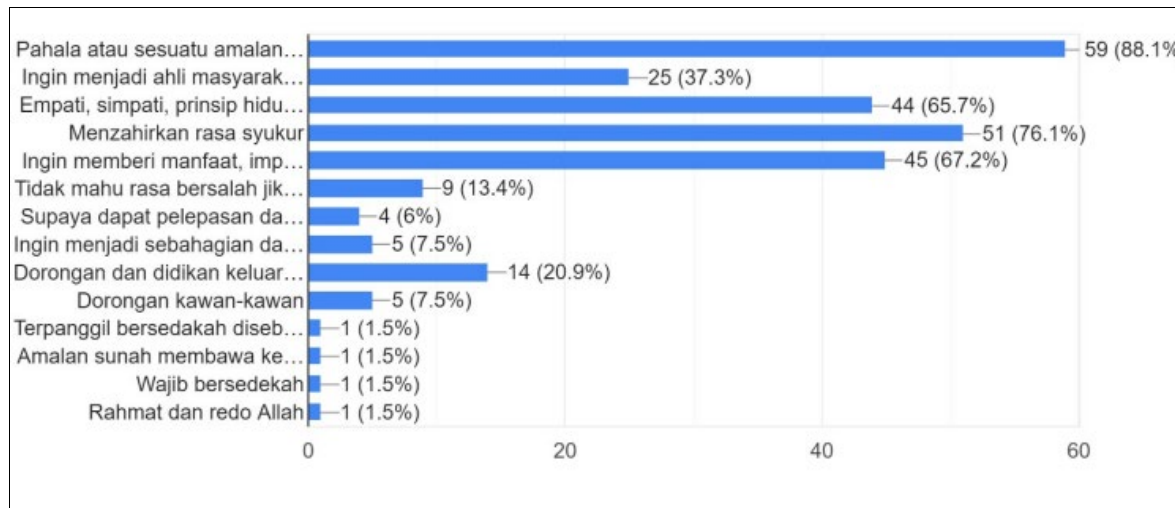


Figure 9. The respondents' point of view on charitable giving

When they are asked about their opinion on charitable giving during pandemic, 88.1% believe that charitable or alms giving is a part of a good deed. While, 76.1% said that charitable giving as expressing a sense of gratitude, 67.2% want to provide benefits to others and 65.7% mentioned that the action reflects as sympathy, empathy and principle of life. Some of them want to be a caring member of society (37.3%). Some engage in the charitable giving because of the encouragement from their family (20.9%). The other factors influencing the practise of charitable giving such as; they don't want to feel guilty seeing the plight of others (13.4%), they want to be part of volunteers (7.5%), friends' encouragement (7.5%) and 6% expect tax relief. Other factors are more on religious belief such as the practise of charitable giving is to seek pleasure of mighty Allah swt (1.5%).

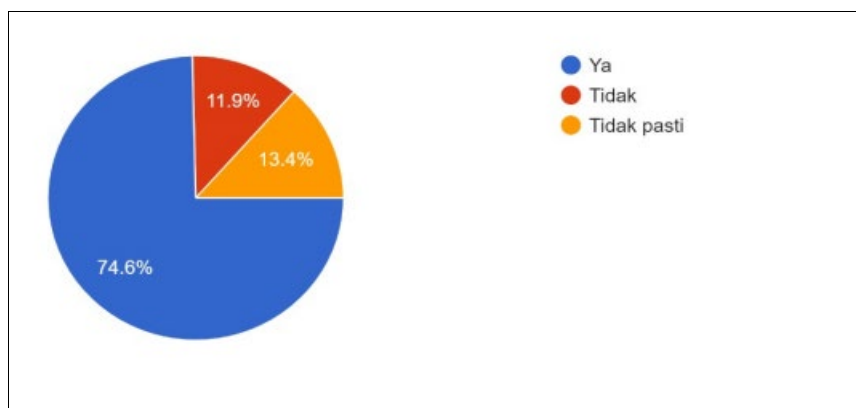


Figure 10. The respondents' readiness for charitable giving

74.6% agreed for charitable giving during pandemic even though they are facing with financial problem themselves. 11.9% said no and 13.4% are not sure if in that situation whether they can still charitably giving.

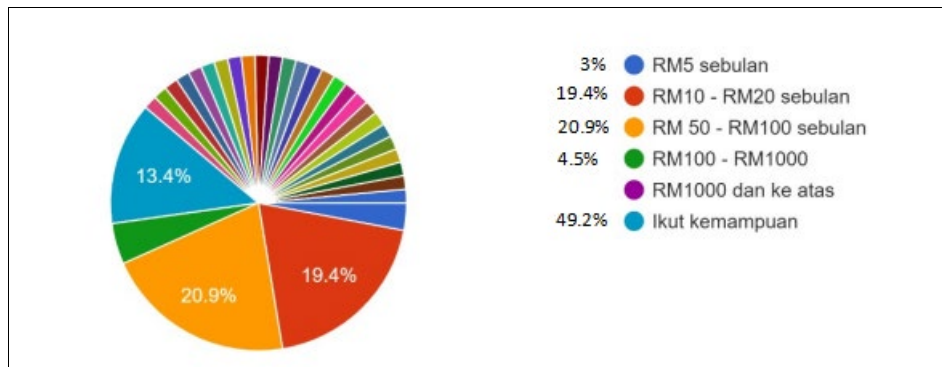


Figure 11. The minimum amount for charitable giving

According to Figure 11, 49.2% agreed that the amount of donation based on their respective abilities. Other than that, 20.9% willing to donate at the amount of RM50-RM100 per month, 19.4% willing to donate RM10 to RM20 per month.

B. What are the preferred ways and platforms to donate?

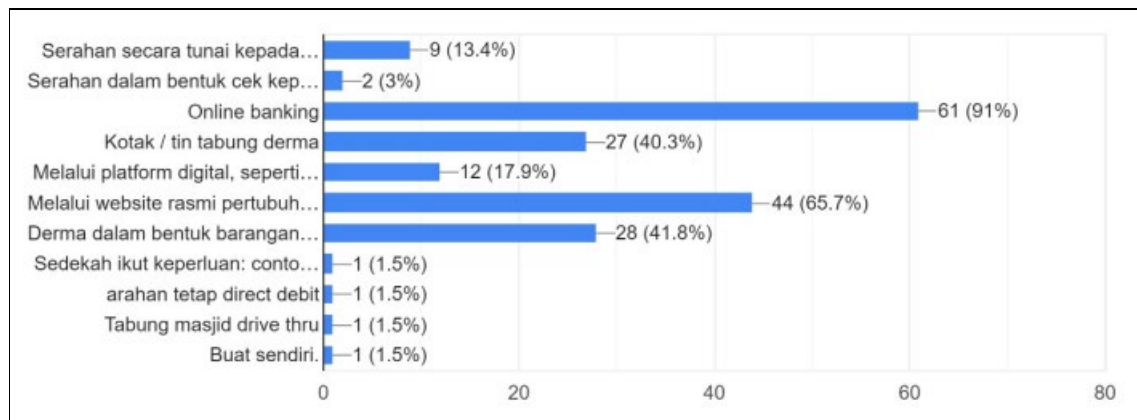


Figure 12. Preferred ways to donate

For the preferred ways and platforms to donate, respondents choose online banking (91%), through official website of NPO (65.7%), donation in form of good (41.8%), donation box/tin (40.3%), digital platform (17.9%), cash donation (13.4%), donation using cheque (3%) and for donation when needed (1.5%), direct debit fixed instruction (1.5%), mosque donation box (1.5%) and direct donation (1.5%).

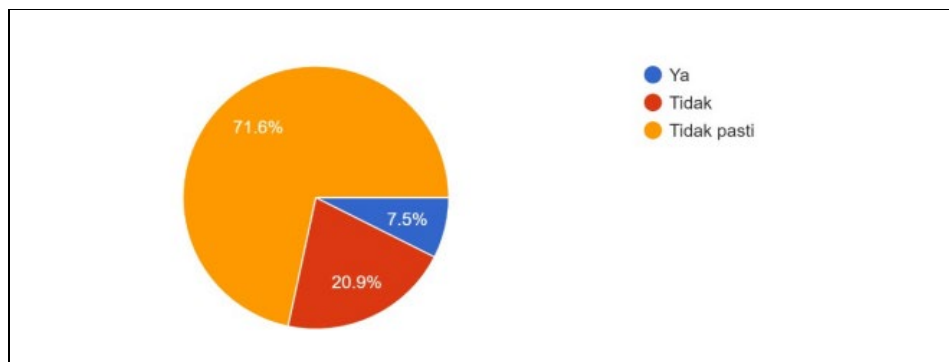


Figure 13: Donate online using cryptocurrency such as Ripple Coin (XRP), Lite Coin and Bitcoin.

Majority of the respondent (71.6%) not sure about the online donation using cryptocurrency such as Ripple Coin (XRP), Lite Coin and Bitcoin. Meanwhile, 20.9% definitely did not want to use the online methods and only 7.5% agreed to that method.

CONCLUSION

From the findings, the majority of the donors aged 50 years and above. Mostly they are Malay. In terms of employment, what's interesting is that most of the donors are the non-working people where the main donors are retirees, housewives and those who had been laid off. All respondents showed high commitment in giving donations during the pandemic. Most of them involve in charitable giving 2-3 times per month. They are also willing to donate even when they themselves are facing financial shortages. This donor regards donation as an effort to receive the reward and blessing of Allah swt, a sense of gratitude, sharing the sustenance with the needy and also as a sign of sympathy and empathy. This is supported by a survey on the state of happiness in Malaysia conducted by Ipsos, charitable deeds as a source of happiness for Malaysian respondents 2019. In the survey, 50 percent of respondents stated that the amount of time or money they have donated to charity or helping others does or could give them some happiness (Hirschman, 2021).

For the preferred ways and platforms to donate, respondents choose online banking, through official website of NPO, donation in form of goods, donation box/tin, digital platform and cash donation. Less preferred donation using cheque and for donation when needed, direct debit fixed instruction, mosque donation box and direct donation. The respondents also reluctant to use cryptocurrency as the mean of giving. The example of the cryptocurrencies are Ripple Coin(XRP), Lite Coin and Bitcoin.

Gaining a better understanding of donors and their motivations can help organizations to make informed decisions. Thus, current study attempts to identify factors that influence individual donor to undertake charitable giving to give a better insight and understand on what motivate them and why they undertake charitable giving. A direct impact that can be seen through the encouragement of individuals charitable giving is that it potentially increases the donation towards the third sector, the voluntary sector (Awang et al., 2015). Therefore, the reputation of a NPOs is an essential intangible resource that can be very advantageous to the business. For our future study, we will include theories such as the Theory Planned Behavior (TPB)/Extend Theory Planned Behavior (ETPB) or Decomposed Theory of Planned Behavior for better understanding of factors influencing the practise of charitable giving in Malaysia.

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