Models of Charity Donations and Project Funding in Social Networks*

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Abstract. One of the key fundaments of building a society is common interest or shared aims of the group members. This research work is a try to analyze web-based services oriented towards money collection for various social and charity projects. The phenomenon of social founding is worth a closer look at because its success strongly depends on the ability to build an ad-hoc or persistent groups of people sharing their believes and willing to support external institutions or individuals. The paper presents a review of money collection sites, various models of donation and money collection process as well as ways how the projects' results are reported to their founders. There is also a proposal of money collection service, where donators are not charged until total declared help overheads required resources to complete the project. The risk of missing real donations for declared payments, after the collection is closed, can be assessed and minimized by building a social network.

Keywords: charity, project funding, money collection, social networks.

1 Introduction

Reasons why people donate to charity projects and forms of support are subject of various studies [4, 13]. An approach, complementary to scrupulous observations and polls, to discover motivation for charity, used in our research, was studying comments on web portals that appeared under articles related to charity and social help issues. Although such a method could not bring us objective quantitative results, we intended to focus rather on identifying situations, problems and arguments for supporting or not participating in charity actions that people give in an anonymous discussion. We also tried to analyze if the will to help is a function of emotions risen by participation in a sad event (maybe reported on TV or elsewhere), observation how other people contribute or the ability to help is a basic instinct that awakes in us independent from circumstances and people around us.

Non Government Organizations (NGOs), main organizers of charity projects developed on country-wide and international scale, open the opportunity to participate in large scale support actions by small donations brought by big crowd of participants. *Many social problems seem too large for any one person to make a difference.*

Making a donation gives the donor personal power over a complex issue that is much larger than himself [11]. It appeared that important factors that make people to contribute to projects run by NGOs are small donations (many can afford it) and feeling of being a part (founder) of an important project. Joined contributions of a group focused on solving particular problem is a good example of utilizing so called social capital [8, 12]. It is also worth to notice that good atmosphere (fun, joy, concert) and even day of the week has an influence on number of participants and their will to contribute to projects presented during an event. Martin and Randal in [9] describe an interesting experiment which statistically proved so called 'Sunday effect', where donations dropped to a donation-box in City Gallery Wellington, New Zealand were larger and more frequent on Sundays than on other days of the week. Observed donators' behaviour is a reason why many large-scale charity programs implement money collections during concerts and other outdoor events where participants can observe each other while donating.

Charity help and money donations become an important and growing part of world economy. While registered charitable donations, reported in the Giving USA 2007 survey[2], exceeded US$295 billions in year 2006, the totaled sum collected in 2007 grew to US$ 306 billion in 2007[3]. It is worth to notice that majority of giving came from individuals while only 1.3% of donations was contributed from huge actions supported by media.

An effective way to reach wide audience at low price is Internet. The interactive media provide tools for delivery textual and audiovisual content while visitors (participants) have the possibility to react instantly. The action performed by visitors to a charity collection sites may give donation via internet money transfer (e.g. Paypal or credit card payment). They may also do some work in distributing information about the charity program by sending a message to their friends. And finally the visitor, who register in charity collection web-site, may be informed about new charity programs when they start. Frequent web-site visitor is also a valuable donator, who may bring some funds to charity program. The money may come from sold advertising space in the web-site. Such an approach is used in a service run by Polish Humanitarian Action (NGO): pajacyk.pl, where a daily return and click of a user brings small donation from sponsor advertised in the site. Reported money donated this way is enough to serve daily ca. 2000 hot meals for children in selected Polish schools.

In this research we try to analyze reasons why people decide to help, distinguish the most preferred forms of donations in the Internet space and finally there is a proposal of an approach which assumes that support goes only to those projects which can be fully financed from declared donations. The novelty of the approach is in the fact that declared donations are deducted from accounts only in case when total declared sum is higher or equal to required resources. The projects is validated against legal regulations which, in case of Poland, do not allow (with some exceptions) public/internet basking for money by individuals but such a collection may be run by NGOs, foundations etc.

The paper is built of 5 sections. After introduction there is a collection of motivations and arguments for participation and avoiding charity actions found in literature review and on internet forums under articles related to charity issues. Section 3 is a survey of money giving and charity donation websites with discussion