Differences in Spending Time and Money: the Case of Charitable Giving

John Costello, The Ohio State University, USA
Selin A. Malkoc, The Ohio State University, USA

We suggest that one important consideration when donating resources is consumers’ ability to shape how their donations will be utilized, where such ability is desirable and leads to increased donations. Five studies support this proposition, demonstrating that consumers feel more control over their time (vs. money) donations, increasing donation intentions.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1700110/volumes/v11e/E-11

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com.
Does Every Penny Count? 
The Role of Perceived Donation Efficacy in Consumers’ Decision to Help 
Danit Ein-Gar, Tel-Aviv University, Israel 
Liat Levontin, Technion, Israel Institute of Technology, Israel

Paper #1: More or More Giving: When the Appeal Determines the Pattern of Charitable Giving
Minjung Koo, Sungkyunkwan University, Korea 
Ayelit Fishbach, University of Chicago, USA 
Hye Kyung Park, Community Chest of Korea, Korea

Paper #2: Differences in Spending Time and Money: The Case of Charitable Giving
John Costello, The Ohio State University, USA 
Selin A. Malkoc, The Ohio State University, USA

Paper #3: Personalized Hardship Sparks Donations from Self-Interested Individuals
Stephan Dickert, Queen Mary University of London, UK 
Enrico Rubaltelli, University of Padova, Italy 
Marcus Mayorga, Decision Research & University of Oregon, Eugene, OR, USA

Paper #4: The “Opt-out” Effect: When the Need to Choose Decreases Donations
Danit Ein-Gar, Tel-Aviv University, Israel 
Liat Levontin, Technion, Israel Institute of Technology, Israel 
Tehila Kogut, Ben-Gurion University of the Negev, Israel

More or More Giving: When the Appeal Determines the Pattern of Charitable Giving

EXTENDED ABSTRACT

We distinguish two motivations underlying giving: expressing support for a charitable cause versus making a difference to a cause. We find that appeals to express support generate a larger number of smaller contributions, whereas appeals to make a difference generate a smaller number of larger contributions.

Marketers of charities use various solicitation methods to persuade consumers to invest resources to advance certain social causes. In general, charitable organizations seek different levels of contributions, from symbolic contributions (e.g., petition signing) to substantial help (e.g., making large contributions). In addition, some charitable organizations wish to increase their outreach by building a social movement that involves as many people as possible, whereas others focus on raising a few large donations, with less concern about outreach.

To encourage more people to give and to encourage people to give more, charitable organizations develop and use different persuasive appeals. The current research compares two categories of appeals—one calling to express support and the other to make a difference—and tests the distinct effects these appeals have on both the number of contributors (participation rates) and the average contribution size. We predict whether an appeal to express support for a cause increases the participation rate by tapping into people’s motivation to express commitment to the cause via widespread symbolic giving. In contrast, we predict an appeal to make a difference increases the average contribution by tapping into people’s motivation to help a social organization make progress on solving a problem. We further argue that these decisions—whether versus how much to give—are partially independent.

We build on research on the dynamics of regulation, which distinguishes between the motivation to make progress and the motivation to signal personal commitment, in goal pursuit (Koo and Fishbach 2008; Fishbach et al. 2014). At times, people choose goal-directed actions with the motivation to make progress on and eventually complete a goal, whereas at other times, their main motivation is to express their commitment to pursue the goal regardless of progress. Likewise, we suggest that people may give to express commitment to a cause or to make progress in solving the problem. We further propose that social campaigns and fundraisers tend to rely on two common categories of persuasive appeals, which map onto and activate these distinct motivations.

First, an appeal to express support (e.g., “express your support” “show that you care”) taps into commitment-based motivation: motivation to choose more symbolic actions that are less concerned with moving the goal forward than with demonstrating that many people endorse the goal. An appeal to express support encourages many people to participate in a campaign by contributing something, even if it is a small amount, because people understand that the number of contributors matters for successfully communicating support.

By contrast, an appeal to make a difference (e.g., “make a difference,” “let’s make progress”) taps into progress-based motivation: motivation to move a goal forward, close the gap, and complete the goal. These appeals encourage actions that are designed to change the status of a goal. Therefore, when a social organization encourages people to make a difference, it communicates that the amount of contributions matters most, such that a few large contributions are as useful as many small contributions.

Accordingly, our hypothesis is that express-support (vs. make-a-difference) appeals would generate a larger number of contributions, because it motivates people to give symbolically to express their commitment. By contrast, make-a-difference (vs. express-support) appeals would generate higher average contributions, because it motivates givers to give substantially to make progress.

We report two field studies and two lab studies. Study 1 was a field study in which we mailed solicitation letters to a selected group of alumni (N = 10,189) as a part of an annual fundraising campaign at a large business school. We framed the request as “express support of the school” or “make a difference for the school” in the letter. As predicted, we found a greater participation rate in the express-support appeal than in the make-a-difference appeal, but a greater donation amount in the make-a-difference appeal than in the express-support appeal.

Study 2 was another field experiment with Compassion International, including a control condition (neutral appeal) to demonstrate the observed effects were driven by the positive impact of the appeals, not by the negative impact. We asked participants to write a message to children on a campaign website and told them that the university would donate 1 cent per character submitted by each participant (i.e., the longer the message, the greater the donation amount). The participation rate was higher in the express-support condition than other conditions, whereas the average length of message was longer in the make-a-difference condition than other conditions.

Whereas field studies with real contributions provide high external validity, they also create a natural dependence between the de-
cision to give and the decision about the amount to give. To address the dependency, in Study 3, we moved to a lab setting to have participants make only one decision: either decide whether to give or how much to give. Participants were presented with one of the following appeals: expressing support, making a difference, or no appeal (control), and indicated either the likelihood of donating something (%), or the amount of donation assuming they all donate something ($). Donation rate was higher in the express-support condition than other conditions, whereas donation amount was higher in the make-a-difference condition than other conditions.

In Study 4, we provide more evidence for process underlying the distinct patterns to solicitations. In a two-step study, we showed (a) express-support versus make-a-difference appeals activate distinct motivations (commitment vs. progress), and (b) a manipulation of these distinct motivations affected the pattern of donation decisions (more giving vs. giving more).

When people join a social movement to promote a social cause, free riding and social loafing naturally result in motivational deficiencies. Therefore, understanding people’s source of motivation for contributing personal resources toward a social cause is critical. This research finds that different persuasive appeals evoke different motivations for giving, which has implications for whether and how much people give.

**Differences in Spending Time and Money: The Case of Charitable Giving**

**EXTENDED ABSTRACT**

We suggest that one important consideration when donating resources is consumers’ ability to shape how their donations will be utilized, where such ability is desirable and leads to increased donations. Five studies support this proposition, demonstrating that consumers feel more control over their time (vs. money) donations, increasing donation intentions.

Charitable organizations rely both on monetary and time donations with recent research showing that Americans give over $390 billion a year (Giving USA, 2017) and that 62.6 million volunteered their time at least once a year (Bureau of Labor Statistics, 2016). Although charities may desire donations of both money and time, there is evidence that these two resources are psychologically distinct in a number of ways (Leclerc, Schmitt, & Dube, 1995; Mogilner & Aaker, 2009; Okada & Hoch, 2004; Zauberman & Lynch, 2005) and that these differences may impact consumers’ behavior in a variety domains, including charitable giving (Liu & Aaker, 2008).

In this research, we argue that differences in giving behavior of time and money can be attributable to how integral the donor is in the way donation is used. We predict that individuals will feel a greater sense of control over donations of time than money because when donors give their time they are present for its actual consumption, which allows donors to experience and shape the ultimate outcome of its use. In contrast, money is largely considered a means to an end (Lea & Webley, 2006), so once donors give money to a charity they are no longer instrumental in its ultimate usage. Since ability to control and influence outcomes is considered a primary motivator of behavior (Kelly, 1971; Miller, 1979) and individuals strive be causal agents (deCharms, 1968), we predict that greater perceived control over donation outcomes will lead to increased donation intentions (and donation amounts) for time versus money.

Participants in Study 1 (N = 175) were told that the Humane Society had approached them about making a time or money donation depending on their condition and were informed that their donation would be assigned to an activity based on need. Participants indicated how much they wanted to donate (slider scale from 0 = very little time/money to 100 = a lot of time/money), and how much control they felt like they had over the way their donation would be used. As predicted, those in the time condition and wanted to donate more (MTime = 35.13 vs. MMoney = 26.23) and felt significantly greater control over their donation (MTime = 3.38 vs. MMoney = 2.06). Mediation analysis (Hayes PROCESS Model 4) revealed that perceived control over the donation mediated amount donated (95% CI: [-3.2294 to -.0181]).

Study 2 examined our predictions via moderation (Spencer, Zanna, & Fong, 2005) by directly manipulating the participants’ ability to influence how their donations will be utilized. We predicted that once participants have the ability to shape their donation through other means, the difference between time and money would disappear. Participants (N = 185) were assigned to one of four conditions in a 2 (Donation Type: Time vs. Money) x 2 (Donation Control: Choice vs. Baseline) design. Participants were told that their college’s alumni association approached them about a program aimed at promoting donations of time or money. Half the participants were told that they can choose one of five charities for their donation while the other half were told that their donation would be assigned to one of these charities based on need. Participants answered the same questions as before. We found the expected significant interaction between donation type and control where participants showed significantly more interest in donating time (MTime = 3.93 vs. MMoney = 3.18) in the baseline condition, but not when participants chose which charity their donation would be allocated to (MMoney = 4.54 vs. MTime = 4.23). To test the role of perceived control, we conducted a moderated mediation analysis (Hayes PROCESS model 7) that yielded significant results (95% CI: 0.00248 to 0.4316).

In Study 3 (N = 121) we manipulated sense of control in an unrelated (ease of retrieve task; Cutright, et al., 2013) and measured interest in donating for both time and money to Feed the Children – resulting in a 2 x 2 mixed design. Consistent with compensatory control theories (Kay et al., 2008), we anticipated that when individuals feel a lower general sense of control that they would have greater interest in donating time but not money. A repeated measures ANOVA revealed the predicted significant interaction where low control individuals were significantly more likely than the baseline condition to be interested in donating time (MLow = 4.72 vs. MBaseline = 3.87) but not money (MLow = 3.36 vs. MBaseline = 3.45).

In Study 4a and 4b (N = 181, 205) we provide evidence for our proposed process by adding a third condition which utilized other donation forms – goods and vouchers. We reason that while purchased with money, goods/vouchers also share similarities with time in the way it allows donors to better influence how their donation will be utilized. Thus, we expected the goods voucher condition to behave like the time condition, despite being more interchangeable with money. In these studies participants considered donating time, money, or food (4a)/gift certificates to a grocery store (4b) to Second Harvest and answered the same questions. To test our predictions, we used orthogonal contrast codes (Rosenthal, Rosnow, & Rubin, 2000). In Study 4a we find that compared to participants who considered donation of money (M = 3.77), those considering a donation of time and food (MTime = 4.37, MFood = 4.81) were significantly more interested in donating (M = 3.77), which were not different from each other. The same pattern emerged in study 4b (MMoney = 3.67, MTime = 4.25, MVoucher = 4.25). Once again, a mediation analysis (Hayes PROCESS Model 4) revealed that perceived control mediates the relationship between donation type and interest in donating.
Taken together, studies reported demonstrate a process that can explain why consumers prefer to give time over money: their perceived ability to influence donation utilization. Put differently, because a time donation can only be spent with the involvement of the donor, time donations allow the donor to take direct part in how charities use their donations. This perceived control not only increases willingness to donate, but also the amount donated.

**Personalized Hardship Sparks Donations From Self-Interested Individuals**

**EXTENDED ABSTRACT**

On a regular basis people are confronted by donation solicitations from charities that request financial contributions to help the needy. In an effort to illustrate the negative consequences of humanitarian catastrophes, these charity requests often feature single identified people. This individualizes the tragedy of the many by portraying the suffering of one person who acts as an exemplar or iconic victim. Research on the single identified victim effect (SIV; Kogut & Ritov, 2005a,b; Small, Loewenstein, & Slovic, 2007) suggests that personalizing the hardship of an individual can indeed increase donation responses (Slovic, 2007). However, empirical evidence for the SIV suggests that the effect might depend on additional factors. For example, Kogut & Ritov (2007) show that the effect is stronger for in-group victims, and Dickert, Kleber, Peters and Slovic (2011) report that only people with lower numeric skill prefer helping a single identified victim whereas people with higher numeric skill do not.

The current paper extends the investigation of factors underlying (and moderating) the single identified victim effect to the realm of people’s inherent prosocial predispositions. Thus, we examine whether the preference for helping single identified victims depends on individual differences in prosocial value orientation (Murphy, Ackermann, & Handgraaf, 2011; Van Lange, 1999). To date, much of the research on the underlying processes of the SIV effect has focused on situational cues (e.g., the number of total lives at risk or the culpability of the single identified victim) rather than dispositional factors. Including general prosocial dispositions in the investigation of the single identified victim effect advances theory in two important ways: First, it informs the ongoing debate about whether (and what conditions) giving is an intuitive reaction (e.g., Rand et al., 2013). And second, it allows drawing conclusions about whether the reasons for giving to identified single victims depend on individual differences in social value orientation.

The current project features two studies in which we test the competing hypotheses that (1) prosocial individuals are influenced more by identified single victims because they also pay more attention to situational cues instead of focusing only on their own wellbeing (e.g., Fiedler et al., 2013) or that (2) pro-self individuals are more influenced by situational cues because they intuitively focus on their own wellbeing first and need extra motivation to consider the welfare of others. We examine the interplay of the SIV and social value orientation in a charitable giving context. The first study used the classic 2x2 between-subjects design of Kogut & Ritov (2005a) in which participants saw a donation request with either one or eight victims in an identified vs. unidentified condition. Study 2 examined the SIV by showing only one victim and varying identifiability, the scope of the victim’s symptoms, and probability that a donation would help alleviate the victim’s symptoms.

Results show support for the notion that only pro-self individuals are influenced by the situational cues whereas prosocial individuals display a high rate of giving regardless of the manipulations. In Study 1, the typical SIV effect on donations only emerged for pro-self individuals, such that a single identified victim (77%) received a significantly higher donation rate than eight identified victims (54%). Results of Study 2 confirm these findings by demonstrating that only pro-self individuals are influenced by victim identifiability, the amount of symptoms, and the probability that a donation will actually help. Whereas prosocial individuals display a higher donation rate overall, pro-self individuals give more when the single victim is identified, when the scope of the problem is limited (i.e., only few of the victim’s symptoms are presented), and donor efficacy is high (i.e., probability of a donation making a difference). Additionally, prosocial individuals report higher levels of warm glow from giving than pro-self individuals.

These results indicate that the motivation for giving is malleable depending on context primarily for pro-self individuals, whereas prosocial individuals do not seem to discriminate in their helping. This is further supported by our finding that prosocial individuals generally exhibit more warm glow, and suggests that for these individuals giving is an intuitive response. Pro-self individuals, on the other hand, react to situational cues present in SIV giving contexts (e.g., identifiability) and when giving is more effective. However, the comparatively low level of expressed warm glow indicates that giving does not make pro-self individuals feel better about the donation. This resonates with findings in the social value orientation literature that pro-self individuals are more concerned about their own wellbeing as well as with the efficiency of an action rather than equality (DeCremer & Van Lange, 2001).

The “Opt-out” Effect: When the Need to Choose Decreases Donations

**EXTENDED ABSTRACT**

Choosing between donation targets is a common practice for donors who donate online. We demonstrate the “opt-out” effect — wherein donors refrain from donating when asked to choose between similar victims. This effect is driven by the fear of making a wrong decision and is attenuated when given a differentiating cue.

The need to choose between donation targets has become a common practice for donors who donate online. For example, out of a sample of 55 nonprofit international organizations dedicated to helping children, 23 request that donors sponsor a child. Of these 23 organizations, 60% (14) further ask potential donors to choose which child they would like to support and donors are faced with the dilemma of whom to help. Although asking potential donors to choose whom to help is becoming a common method to elicit donations, the question of whether this method is effective, and under which conditions, is yet to be examined.

Research on donation decisions has primarily focused on decisions that are made toward one donation target without a comparison to other targets (e.g., Lee & Feeley, 2016; Ein-Gar & Levontin, 2013). The current research aims to explore whether providing potential donors with a choice of whom to help would increase or decrease their willingness to help.

On the one hand, allowing potential donors to choose a recipient may increase attachment to the chosen recipient since a selected alternative becomes more attractive immediately after it has been chosen (Bem, 1972; Festinger, 1957). Several studies have demonstrated how choice bolsters positive attitudes toward the chosen option (e.g., Gilbert & Ebert, 2002; Lieberman, Ochshner, Gilbert, & Schacter, 2001; Russo, Medvec, & Meloy, 1996; Svenson & Benthorn, 1992).
On the other hand, offering a choice between donation targets may not be beneficial, since the choice involves the presentation of more than one person in need, which increases potential donors' awareness of the existence of needy recipients that will not be helped. This awareness was found to decrease the “warm-glow” feelings that are associated with helping (Västfjäll, Slovic & Mayorga, 2015). In addition, the need to choose between recipients may raise an inner conflict, especially when it is difficult to differentiate between recipients who suffer from a similar misfortune, or have similar traits, such as age and gender. This tendency toward indecision may become a problem for nonprofit organizations if potential donors tend to avoid donating altogether when encountered with a choice between similar donation targets.

We suggest that when asked to choose between two similar and equally needy recipients, potential donors might avoid making a decision and refrain from donating altogether. We term this decision not to donate at all the “opt-out” effect.

Since a choice between donation targets includes a joint evaluation mode, in which individuals engage in a relatively rational, comparative decision process (Hsee & Rottenstreich, 2004), we expect individuals to show efficiency in their donation decisions (Sharma & Morwitz, 2016) and demonstrate sensitivity to scope (i.e., donate more when the scope of the problem is greater). Consequently, when presented with a choice between helping a single person in need or a group of recipients with the same need, individuals are expected to choose the group over the single victim (Kogut & Ritov, 2005). However, we suggest that when presented with a choice between helping one of two individuals experiencing a similar need, potential donors will more often refrain from helping unless they find a justification for helping one recipient over the other. We further argue that this opt-out effect may extend to even less emotionally intense choice-sets (e.g., two group of victims), as long as the two options are perceived as similar. Moreover, we expect that decision-makers’ fear of making the wrong decision will mediate the opt-out.

Across four studies, participants were presented with two donation targets and were asked to choose which one to help. Importantly, participants were given the option to refrain from choosing. We were interested in the percentage of participants who chose to opt-out and not donate at all.

In study 1(N=301, Mage=35), we compared a focal choice-set of two similar single victims with a control choice-set which included an individual in need and a group of individuals with a similar need. More participants chose to donate overall (N=220) than to opt-out (N=81). Supporting past findings, participants in the control choice-set were more likely to donate to the group (N=106; 84.8%) than to the single victim (N=19; 15.2%). This effect was replicated across all studies. Of relevance to this research, more participants chose to opt-out in the focal choice-set (N=55; 36.7%) than in the control choice-set (N=26; 17.22%; χ²(1)=14.47, Cramer’s V=0.22, p<.001). In study 2, (N=173, Mage=38) we show that the opt-out effect is stronger in the focal choice-set (N=42; 52.5%) than in the control choice-set (N=12; 12.9%; χ²(1)=31.41, Cramer’s V=0.43, p<.001), and that this effect is mediated by the fear of making the wrong decision (B=-.11, SE(boot)=.09, 95% CI [-.34, -.00]).

In study 3 (N=267, Mage=39) we tested 3 choice-sets, the focal and the control choice-sets were the same as in studies 1 and 2. The third choice-set included two groups of victims with a similar need. The opt-out effect was the strongest in the focal choice-set (N=42; 46.2%) but was also strong in the new choice-set (N=35; 38.9%), compared to the control condition (N=19; 22.1%; χ²(2) = 11.62, Cramer’s V=0.21, p<.003). Fear of making the wrong decision mediated the effect for the focal choice-set (B=.13, SE(boot)=.07, 95% CI [.03, .31]) and for the new choice-set (B=-.16, SE(boot)=.08, 95% CI [-.36, -.04]).

In study 4 (N=442, Mage=37), we tested 4 choice sets; a focal choice-set similar to studies 1-3 (two single girls), a new choice-set with a differentiating cue (single girl vs. single boy) and two control choice sets (control 1: single girl vs. group of girls; control 2: single boy vs. group of girls). Opt-out was the highest in the focal choice set (two girls; (N=50; 45.9%) compared to control 1 (N=15, 13.5%, χ²(1)=27.66, p<.001) and control 2 (N=17, 15.3%, χ²(1)=24.24, p<.001) and to the choice-set with a differentiating cue (single girl vs. single boy: N=33, 29.7%, χ²(1)=6.10, p=.014). Interestingly, Opt out in the choice-set with a differentiating cue was still higher than both control 1 (N=15, 13.5%, χ²(1)=8.61, p=.003) and control 2 (N=17, 15.3%, χ²(1)=6.61, p=.010).

REFERENCES

Paper 1


Paper 2


**Paper 3**

**Paper 4**