Children on Sale: the Interactive Roles of Fundraising Promotion and Prosocial Identity on Charitable Intent

Eunjoo Han, University of Texas at Austin, USA
Heeryung Kim, Indiana University, USA

This research examines the interactive role of fundraising promotion and prosocial identity on charitable intent. Findings showed a discounted rate for a targeted prosocial act decreased charitable intent only for individuals who were high (vs. low) on prosocial identity. Trust toward a charity was found to mediate the proposed relationship.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1021978/volumes/v44/NA-44

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EunJoo Han, Auckland University of Technology, New Zealand
Claire Heeryung Kim, Indiana University, USA

EXTENDED ABSTRACT

In the United States, individuals donated over $220 billion in 2006 (Giving USA 2007). As an effort to increase charitable giving, prosocial acts have been extrinsically incentivized by offering monetary or physical incentives such as tax breaks and thank-you gifts, or by making a targeted prosocial act less costly (e.g., offering a discounted rate for joining a child sponsorship program as a sponsor). Such practices introduced by both a government and charitable organizations have spurred considerable research on the roles of extrinsic incentives in charitable giving, and researchers reported converging evidence for the detrimental effects of extrinsic incentives on prosocial behavior (e.g., Ariely, Bracha, and Meier 2009; Uri Gneezy and Aldo Rustichini 2000). For example, offering thank-you gifts decreased donations across a wide variety of charities and gift types (Newman and Shen 2012). Monetary incentives were found to decrease blood donation (Mellström and Johannesson 2008). Ariely et al. (2009) also suggested that offering monetary incentives decreases individuals’ motivation to help. This finding was found to be more pronounced in a public (vs. private) setting.

Although prior work has made a substantial contribution to the literature, we found three important gaps in the extant. First, researchers have been mostly focused on the effects of offering monetary incentives such as thank-you gifts. Second, researchers have not tested the psychological mechanism that dampens people’s charitable intent in a controlled lab setting (Ariely et al. 2009). The third important gap is on the limited understanding of potential moderators in the relationship between extrinsic incentives and charitable intent.

The present research aims to reduce the gaps in three important ways. First, we investigate a different type of external incentives: A fundraising promotion that makes a targeted prosocial act less costly. To this end, we focus on the context in which a charity offers a discounted rate for a targeted prosocial behavior. Specifically, since 2014, Save the Children runs a fundraising promotion targeting existing donors in its child sponsorship program. The promotion offers a discounted rate for being a sponsor of another child. All donors are required to donate $27 a month if they desire to join the child sponsorship program; but for those who join the program during the promotion period, a discounted rate of $17 a month is applied. This practice is relatively new, but seems to be quickly adopted by other organizations since it may cost less in soliciting donations than offering monetary incentives. Thus, the present research discusses a practically relevant issue in charitable giving. This setting of research also enhances a theoretical contribution since offering an incentive that makes a targeted prosocial act less costly is not identical to offering monetary or physical incentives. In the former context, donors do not receive any reward such as a thank-you gift, but they simply give less amount of resources compared to other donors who join the prosocial act or program during a non-promotional period. To the best of our knowledge, the present research is the first that investigates the role of a non-reward-based, extrinsic incentive in charitable giving. In line with prior work, we propose that a fundraising promotion that offers a discounted rate for a targeted prosocial act will decrease charitable intent.

Second, we unravel the underlying mechanism that drives charitable intent, with a focus on trust toward a charity. Trust toward a charity is an important antecedent of donation behavior (Bennett 1992; Melendez 2001; Sargeant 1999). For example, Melendez (2001) found that donors only contribute to organizations that they trust and are confident about. Evidence also shows that trust affects people’s willingness to become a donor and the amount of money they give (Burnett 1992; Sargeant 1999). Although trust is an important antecedent of donation behavior, prior work has overlooked its role in the relationship between extrinsic incentives and prosocial behaviors. In our research, we posit that a fundraising promotion that offers an extrinsic incentive (i.e., a discounted rate for a targeted prosocial act) will decrease trust toward a charity by giving unethical impressions such that the charity has not properly utilized the funds appropriately, thereby decreasing donation behavior.

Third, we suggest an important moderator that could influence the relationship between a fundraising promotion (i.e., offering a discounted rate for a targeted prosocial act) and charitable intent: One’s prosocial identity. In particular, we posit that the detrimental effects of the extrinsic incentive will be more pronounced in the donation context because it will hamper trust toward a charity among individuals who consistently engage in costly prosocial behaviors (i.e., those high on prosocial identity). Donation behaviors are considered highly involved, producing a socially recognizable prosocial self (Michelletti 2003). Therefore, individuals high on prosocial identity will be reluctant to donate if a charity offers a discounted rate for a targeted prosocial act since helping involves high responsibility and self-actualization for them. However, the extrinsic incentive will not influence charitable intent for those who are low on prosocial identity. Prior work has shown that individuals who are not engaged in costly prosocial behaviors will subsequently behave in consistent with the self-perception (Gneezy et al. 2012). Taken together, these findings suggest that offering an extrinsic incentive that makes prosocial acts less costly will cause reactance to individuals who are high on prosocial identity.

In the remainder of this paper, three studies will be reported. Study 1 provides initial evidence for the hypotheses. Study 2 demonstrates the mediating role of trust toward a charity. Study 3 provides a confirming evidence for the mediating role of trust by directly manipulating the level of trust toward a charity. If the proposed effect is indeed mediated by trust toward a charity, offering a discounted rate for a targeted prosocial act should diminish the negative effect of the promotion on charitable intent when a charity puts effort for transparency (e.g., disclosing how donation funds are spent and an actual impact that the donation funds have on the cause or beneficiary group) (Bennett and Gabriel 2000; Hyndman 1990; Palmer and Randall 2000).

STUDY 1

Study 1 aimed to provide initial evidence for the hypotheses. We predicted that among individuals high on prosocial identity, offering a discounted rate on the suggested, or required, donation amount would lead to a decreased willingness to help. By contrast, such a promotion in a donation drive was not expected to influence individuals’ charitable intent among those who are low on their prosocial identity.

The study adopted a context similar to Save the Children’s child sponsorship program. Save the Children runs a fundraising promotion that offers a discounted rate for new child sponsors. All donors...
are required to donate $27 a month if they desire to join the program; but for those who join the program during the promotion period, a discounted rate of $17 a month is applied. By adopting a recent business practice of charitable giving in a controlled lab setting, we aimed to enhance ecological validity of the study as well as its internal validity.

Method and Procedure

Ninety people recruited from Amazon Mechanical Turk participated in the study in return for monetary rewards. This study was a single factor (Fundraising promotion: Promotion vs. Control) between-subjects design. In the beginning of the survey, we measured participants’ prosocial identity by observing how much they were willing to donate in response to an actual opportunity to give to a local charity. Gneezy et al. (2012) suggest that costly prosocial behaviors serve as a signal of prosocial identity and that people behave consistently with their self-perception. Thus, those who are high (vs. low) on prosocial identity would help others more in general, and therefore, be more likely to give to a good cause when there is an opportunity to help. To measure participants’ prosocial identity, we first instructed them that more than 50% of participants would get a $10 bonus reward and that the system would randomly select the winners. Participants were then asked if they would donate their bonus reward to a local charity if they were selected as a winner, and if so, how much they would donate. We informed that the amount of money they submitted in this question would be automatically deducted from the $10 bonus reward and would be donated to a charity.

Next, participants were engaged in a set of five spatial intelligence questions for 3 minutes as a filler task. We included the filler task to make sure that participants’ decision on donating their bonus reward does not influence their charitable intent in the main task.

Subsequently, participants viewed an advertisement of an international charity’s child sponsorship program. In all conditions, the ad described the potential beneficiary as a 4 year old girl, named Mode dalene, from Haiti. From the advertisement, participants learned that child sponsorship is the most effective way to powerfully transform the futures of vulnerable children growing up in poverty and that Mode dalene is waiting for someone to become her sponsor. The last sentence in the ad contained the promotion manipulation. In the promotion-control (i.e., no promotion) condition, the sentence read “Please sponsor Modelalene for $5 a month.” In the promotion condition, it read “The minimum donation for the child sponsorship program is $10 a month; however, if you respond to this mail today, you will be able to sponsor her at a discounted rate—just $5 a month.”

After the promotion manipulation, participants were asked to report how willing they were to donate $5 a month to help Mode dalene based on a 7-point scale. For the manipulation check, we also asked to what extent participants believed that the advertisement utilized marketing techniques based on a 7-point scale.

Results and Discussion

We first observed whether the fundraising promotion manipulation worked as intended. As expected, those who were exposed to a discounted donation rate reported that the given ad utilized marketing techniques more ($M = 5.86, SD = 1.60) than those who were not exposed to the promotional message ($M = 4.02, SD = 2.12; t(87) = 4.47, p < .001).

Next, we examined the interactive effect of prosocial identity and fundraising promotion on individuals’ charitable intent. To this end, we regressed a dependent variable—participant’s charitable intent—on fundraising promotion, prosocial identity (measured), and an interaction term. The analysis revealed a main effect of prosocial identity ($β = .26, SE = .08, t(85) = 3.24, p < .01) and of fundraising promotion ($β = -.83, SE = .39, t(85) = 2.13, p < .05). More importantly, there was a significant interaction between prosocial identity and fundraising promotion on participants’ charitable intent ($β = -.47, SE = .15, t(85) = 2.97, p < .01). To explicate the observed interaction, simple slope analysis was conducted. Following Aiken and West (1991), we plotted regression lines at one standard deviation above and below the mean for prosocial identity. When we examined people who were high on the prosocial identity, we found that offering a discounted rate for the prosocial act decreased people’s willingness to help ($β = -.45, SE = 1.30, t = 3.47, p < .01). Observing people who were low on the prosocial identity, we found that offering a discounted rate for the prosocial act did not influence individuals’ willingness to help ($β = .17, SE = .52, t = .32, p = .74).

This study provided the initial evidence for our hypotheses. In the next study we more closely look at the mediating role of individuals’ perceived trust toward a charity in the proposed relationship.

STUDY 2

In study 2, we explored the mechanism underlying the proposed relationship between an extrinsic incentive and prosocial identity on charitable intent. We predicted that for those who are high in prosocial identity, offering an extrinsic incentive that makes a targeted prosocial behavior less costly would decrease trust toward a charity, thereby reducing one’s willingness to give to a good cause. We predict that those who are low in prosocial identity will not be affected in terms of their perceived trust to the charity, and thus, their willingness to help.

Method and Procedure

One hundred and twenty-four people recruited from Amazon Mechanical Turk participated in the study in return for monetary rewards. This study was a single factor (Fundraising promotion: Promotion vs. Control) between-subjects design. We followed the identical procedure to Study 1. But after having participants indicate their willingness to help the beneficiary in the ad (a dependent variable), we assessed participants’ trust toward the charity in the ad by having them respond to 7 questions ($α = .98). Sample items were (1) I trust this charity to spend donated funds to improve Mode dalene’s life and (2) I trust this charity to always act in the best interest of the cause. In addition, to rule out motivational accounts suggested by prior work (e.g., Ariely et al. 2009; Uri et al. 2000), we assessed participants’ intrinsic motivation using 4 items ($α = .94). Sample items were (1) This charity’s fundraising approach dampens an inner drive to help Mode dalene and (2) I would feel pleasure by expending an effort to help Mode dalene. All responses were submitted based on a 7-point scale.

Results and Discussion

An ANOVA demonstrated that participants in the fundraising promotion condition were more likely to think that the advertisement utilized a marketing technique ($M_{promotion} = 5.71, SD_{promotion} = 1.23, M_{control} = 5.02, SD_{control} = 1.23; F(1, 122) = 8.88, p < .01), confirming that our manipulation worked as intended. Next, we conducted a mediation analysis to find the mediating role of instrumental trust toward a charity in the proposed relationship. Following Preacher, Rucker, and Hayes (2007), we tested the moderated mediation hypothesis using the bootstrapping analysis in the SPSS moderated mediation macro (MOMED; model 2). Specifically, we entered fundraising promotion as an independent variable, trust toward a charity as a mediator, prosocial identity as a moderator and one’s willingness to donate as a dependent variable. As predicted, the analysis (based on 5,000
Study 2 successfully replicated the findings in Study 1. Also, Study 2 provided the evidence for the mediating role of trust toward a charity in the proposed relationship. In the next study, we aimed to provide confirming evidence for the mediating role of trust by directly manipulating it.

**STUDY 3**

The goal of Study 3 was twofold. First, we aimed to corroborate the argument for the mediating role of trust toward a charity. To this end, we manipulated the level of trust toward a charity by providing how the donation fund would be spent for a year.

Second, for robustness, the study examines the proposed relationship in a different context: Donation to a local food bank. If there is a global consensus formed with respect to helping children in poverty, those who are high on prosocial identity might have been more affected by social influences than those who are low on prosocial identity. So, in Study 3 we aimed to replicate previous findings in the context of charitable giving to a local food bank. Also, the study adopted a situation where a donor is expected to make a one-time contribution instead of monthly basis, long-term contributions.

**Method and Procedure**

One hundred sixty-three undergraduate students at a large US university participated in this study in return for partial extra course credit. The study was a 2 (Fundraising promotion: Promotion vs. Control) X 2 (Trust: Maintained high vs. Control) between-subjects design. As in Studies 1 and 2, we measured participants’ prosocial identity by having participants indicate how much money they would donate if they were selected as a winner of a $10 bonus reward. Then participants were engaged in the filler task identical to Studies 1 and 2 for three minutes.

Subsequently, participants viewed an advertisement soliciting a donation to a local food bank. In the promotion-control conditions, the advertisement informed participants that their $5 donation would help the food bank stretch its food buying power and better address various local needs. In the promotion condition, participants learned that the food bank generally expects a $10 contribution from each person to help the homeless in the local area and the ad displayed the itemized budget for the money spent in 2015. In the trust-control condition, participants were not informed about how the donation money was spent for the previous year.

After the trust and promotion manipulations, participants were asked to indicate their willingness to donate to the food bank on a 7-point scale.

**Results and Discussion**

We regressed a dependent variable—participants’ charitable intent—on fundraising promotion, prosocial identity, trust toward a charity, and interaction terms. We found a main effect of prosocial identity ($\beta = .10, SE = .02, t(155) = 4.13, p < .001$) and a marginally significant main effect of trust ($\beta = .20, SE = 1.1, t(155) = 1.81, p = .07$). More importantly, the analysis revealed a significant three-way interaction between prosocial identity, fundraising promotion, and trust on participants’ charitable intent ($\beta = .05, SE = .02, t(155) = 2.11, p < .05$). To explicate the observed interaction, simple slope analysis was conducted based on regression lines at one standard deviation above and below the mean for prosocial identity (Aiken and West 1991). In the trust-control condition, we replicated previous findings. Observing people high on the prosocial identity, we found that offering a discount rate for the potential prosocial act decreased people’s willingness to donate ($\beta = -.91, SE = .33, t = 2.76, p < .01$). Observing people who were low on prosocial identity, offering a promotional rate did not influence individuals’ charitable intent ($\beta = -.15, SE = .14, t = 1.14, p = .26$). In the high trust condition, the negative effect of fundraising promotion for charitable intent diminished. Examining those who were high on prosocial identity, offering a discount rate for the one-time contribution did not decrease participants’ willingness to donate ($\beta = .30, SE = .40, t = .74, p = .46$). Similarly, individuals who were low on prosocial identity were not influenced by fundraising promotion either ($\beta = .06, SE = .16, t = .35, p = .73$).

This study provided confirming evidence for the mediating role of the perceived trust toward a charity. We successfully replicated findings of Studies 1 and 2 when trust was not manipulated to be high. However, the negative effect of an extrinsic incentive, or a fundraising promotion, on charitable intent diminished when the advertisement contained an effort to raise the trust toward a charity: Those who were high on prosocial identity did not show a decreased willingness to help even when they were exposed to a promotional fundraising message as long as they were informed about how the donation fund would be spent by the charity. This finding is consistent with prior work discussing how important it is for charities to foster trust is (Burnett 1992; Melendez 2001; Sargeant 1999). This finding also corroborates our argument that individuals’ trust toward a charity mediates the proposed relationship between prosocial identity and fundraising promotion on charitable intent.

Our research contributes to the literature on the effect of extrinsic incentives in charitable giving by looking into the roles of non-reward-based, extrinsic incentives on prosocial behavior. The current findings also enhance practical relevance by pointing out what is wrong with the current practice of Save the Children in its fundraising efforts.

**REFERENCES**


