Overcoming Overhead Aversion With Choice

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Building on recent work on overhead aversion, we test whether offering donors the choice to support overhead is an effective tool for overcoming donors' aversion to overhead. Results suggest donors are more likely to give, feel impactful, and give more if they can choose how to allocate their donation.

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Prosociality With Impact: Examining and Overcoming Roadblocks to Effective Altruism

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Paper #1: “My Donation is More Helpful if I Benefit”: Personal Gains Signal Impact of Prosocial Spending
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Paper #2: Narrow Bracketing in Ethical Trade-Offs
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Paper #3: Overcoming Overhead Aversion with Choice
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Paper #4: Giving to Receive: Moral Self-Regard and Positive Affect Increase when Giving Time but not Money
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SESSION OVERVIEW
Consumers regularly engage in prosocial actions. For example, 62.8 million Americans volunteered 8 billion hours, and over half the population donated at least $25 to charity in 2014 (Corporation for Community Service, 2015). One important influence on consumers’ decisions to give and continue giving is their perceived social impact. People’s motivation to help increases when they feel effective in helping others (e.g., Grant et al., 2007); on the other hand, prosocial efforts decrease when consumers believe their help is not (or will not be) effective (e.g., Gneezy, Keenan and Gneezy, 2014). However, relatively little is known about how consumers form judgments about the (in)effectiveness of their helpful behavior. In this symposium, we ask, what are some psychological processes by which people evaluate their helping effectiveness? If such judgments of impact are misguided, how can we overcome them?

The first two papers focus on psychological processes in evaluating helpfulness. Ksendzova and Trudel examine how bundling charitable donations with personal benefits affects consumers’ judgments of helpfulness. For instance, charities can reward donors with tangible thank-you gifts. These gifts are costly to the charity, but such benefits serve as tokens of prosocial impact – consumers perceive donations paired with personal gains as more helpful than solitary donations of equal or greater value. In the second paper, Olivola and Saccardo find evidence that consumers evaluate helpful actions in isolation rather than by their cumulative benefits. This narrow bracketing leads consumers to more positively evaluate people who are less impactful in their giving. For instance, people judge benefactors more positively when they first allocate more money to a privileged peer but subsequently donate less money to charity, compared to benefactors who give more to charity by withholding money from the privileged peer.

The last two papers provide strategies for overcoming psychological roadblocks to prosociality. For instance, even though charities’ overhead costs are not antithetical to their impact, consumers are generally reluctant to cover overhead. Keenan and colleagues find that giving consumers a choice to support overhead helps mitigate this aversion. The option to earmark a portion of their donation toward overhead costs increases not only the amount given toward overhead, but overall giving, suggesting that consumers may feel more supportive of funding overhead when it is an active choice. Finally, Donnelly and colleagues demonstrate that giving time, compared to giving money, better fosters a feeling of impact when affirming cues are absent. When consumers give time, vividness of the cause and emotional engagement strengthen and, in turn, so does perceived impact. Giving money does not engage the self, making consumers sensitive to vivid markers of impact (e.g., having contact with beneficiaries); in contrast, givers of time can sustain prosocial motivation without such markers.

Together these papers identify factors that influence perceived impact: some misguide consumers’ judgment (i.e., donation-benefit bundling and narrow bracketing), but others overturn concerns of low impact and ultimate increase prosociality (i.e., overhead choice and giving time). The findings have important implications for improving prosocial efficacy, and the session should appeal to scholars interested in decision-making, prosocial behavior, and their overlap.

“My Donation is More Helpful if I Benefit”: Personal Gains Signal Impact of Prosocial Spending

EXTENDED ABSTRACT
People want their altruism to be effective - to maximize the prosocial impact of their actions. In turn, perceived helpfulness serves as an important reinforcer of prosocial behavior (Grant et al., 2007), but impact is often difficult to assess (Cavoli, Faumüller, Everett, Savulescu, and Kahane, 2014). Instead, consumers rely on various proxies of impact. For instance, information that cues efficient use of resources, such as charities’ overhead expenses, can guide donation decisions (Gneezy, Keenan, and Gneezy, 2014). Secondly, psychological rewards, such as expressions of gratitude, can affirm helpfulness and fuel prosocial efforts (Grant and Gino, 2010).

However, affirming rewards for benefactors can sometimes entail overhead costs that detract from optimal help to the beneficiaries. In the present research, we focus on two contexts in which prosocial behavior is matched with personal benefits that can decrease its efficacy. The first is a situation in which donors receive gifts for their contributions – gifts that incur costs to the fundraising entity. The second context is the purchase of discretionary cause-marketing (CM) products, in which a portion of the price is allocated to prosocial causes. Consumers classify CM spending as prosocial, but CM options can yield lower net donations to the target charity, compared to direct-giving options (Krishna, 2011). In both contexts, consumers acquire a costly reward, be it an unintended gift or an intentional purchase. When prosocial spending is bundled with the acquisition of such goods, how do consumers evaluate their helpfulness?

In Study 1, passers-by on a university campus were invited to donate $1 to a non-profit organization training guide dogs for the blind. Donors (N=62) were assigned to one of two experimental conditions: some received a pen, as a thank-you gift for donating, and others did not. Important to note is that all participants were unaware of gift prior to donating. We found that participants who received a pen reported perceived the same $1 donation as more helpful, compared to participants who did not receive a pen, even when controlling for their affective state (i.e., feeling happy, moral, proud, and compassionate).

Next, we sought to replicate the effect of gains signaling value in a larger sample and extend it to a cause-marketing context. In Study
2 (N=166), all participants imagined contributing to the charity UNICEF in one of three ways: donating $10 and subsequently receiving a mug from UNICEF (gift condition), purchasing a $10 mug of which the entire $10 are then donated (CM condition), or simply donating $10 (control). Despite these donation amounts and total spending being equal across conditions, participants who imagined acquiring a mug, either as a gift or a purchase, rated their contribution as more helpful than participants in the control condition.

Further, in Study 3 (N=375), we investigated whether perceived impact is boosted specifically by donations bundled with gains rather than generally coupled with other expenses. Thus, we assigned participants to evaluate one of five donation forms: donations paired with gains (i.e., purchases of mug or a t-shirt), paired bundled with losses (i.e., parking tickets or library fines), or unassociated with either. Again, we held total donation amounts and total spending constant at $10. As before, participants perceived donations matched with gains as more helpful to the recipient charity than stand-alone donations of the same value. However, donations matched with losses were similar to donations in terms of perceived helpfulness.

Subsequently, the aim of Study 4 (N=402) was twofold. One purpose was generalizing the effect to another CM purchase frame, in which a portion of sales (rather than a portion of the price paid by an individual consumer) is donated to the target charity. The second was to examine if people may evaluate smaller donations bundled with personal gains as more helpful than larger donations without an associated gain. Participants imagined donating to UNICEF in one of four ways. Some imagined (a) simply donating $1 and others considered buying a $10 mug, from which either (b) 10% of the mug price, (c) 10% of all mug sales, or (d) 5% of all mug sales were donated to UNICEF. In all three CM conditions, the prosocial initiative applied to 1,000 mugs and, thus, participants would have contributed (b) $1, (c) $1, or (d) $0.50, respectively. Compared to participants in the direct $1 donation condition, those for whom the donation was bundled with gaining a mug rated their donations as more helpful – even participants donating $0.50. Thus, if donations are matched with personal gains, people may feel more helpful while behaving in an objectively less-helpful fashion.

Further, we asked, do gains serve as value reflectors or value tokens? In other words, does perceived utility for others increase alongside utility for the self, or does the mere presence of a personal gain affirm consumers’ sense of impact? In Study 5 (N=283), we assigned participants to one of three scenarios with a $5 donation to a local school: simply donating $5 (control), donating $5 and receiving 1 chocolate as a gift (smaller benefit), or donating $5 and receiving 5 chocolates (larger benefit). Participants judged donations bundled with chocolate as more helpful than stand-alone donations but were insensitive to chocolate quantity. Thus, these results support a value-token account.

In conclusion, these findings suggest that personal gains can falsely signal prosocial impact to benefactors, counter to the goal of effective altruism. Investigation of this phenomenon contributes to the body of research examining the cues people rely on to judge prosocial efficacy, as well as biases in prosocial decision-making. Moreover, an open question remains: despite their suboptimal efficacy in the short-term, may such practices help sustain recurring prosocial spending among consumers who, otherwise, would not give directly? Taken together, this research stream has valuable implications for marketing tactics aimed at prosocial engagement, valuation of prosocially-linked products, and the intersection of the two.

Narrow Bracketing in Ethical Trade-Offs

EXTENDED ABSTRACT

Prior research shows that consumers tend to approach purchasing and consumption decisions in isolation (narrow bracketing) rather than as part of a larger set of choices (broad bracketing) (Read, Loewenstein, & Rabin, 1999). Here, we demonstrate that narrow bracketing also affects ethical trade-offs. Specifically, we show that consumers evaluate decision makers faced with ethical trade-offs in terms of their isolated outcomes, rather than their aggregate impact. However, when the same ethical trade-offs are presented in a broad bracketing frame, these consumers indicate a strong preference for maximizing total welfare, contradicting their earlier evaluations based on narrow bracketing.

In our studies, we compare and contrast the moral evaluations of consumers who make decisions that appear unethical in isolation but maximize total welfare, with those of consumers who make decisions that appear ethical in isolation but ultimately produce lower welfare gains.

In Study 1 (N = 283), participants read about an individual (the protagonist) from a relatively privileged community who faces two ethical trade-offs: first, a constrained allocation decision in a laboratory ‘dictator game’ (DG) study, in which the protagonist decides how much of a starting bonus (i.e., a windfall gain) to send to an anonymous other person from the same privileged community; second, an unconstrained allocation decision, in which the protagonist decides how to spend the money that was earned in the DG study. We independently varied both the first and second allocation decisions, using a fully-between-subjects design. For the first allocation decision in the DG, we varied whether the protagonist decides to keep the entire bonus, share half of it, or send all of it to the anonymous other person. For the second allocation decision, we varied whether the protagonist spends all his/her DG earnings on him/herself OR donates all his/her DG earnings to charity.

After reading one these (randomly assigned) scenarios, participants were asked to evaluate the protagonist on 16 dimensions (using a -5 to +5 rating scale), such as morality, warmth, cooperativeness, likability, etc. These ratings were highly correlated (Conbrach’s α = .99) and formed a single factor (99% of eigenvalues), so we averaged them to produce a single measure of ‘positivity-negativity’. Later in the study (after completing several unrelated questionnaires), participants were asked how they would choose to allocate a sum of money equal to the DG bonus between (i) an anonymous other person from the same relatively privileged community and (ii) charity.

If participants consider the protagonist’s two actions in isolation, we would expect their evaluations to ‘penalize’ an initial decision to keep money in the DG and ‘reward’ a later decision to donate the money earned in the DG to charity. As a result, protagonists who shared or gave away their DG bonus, then later donated their remaining earnings to charity, would be perceived as having made two ethical decisions, and thus evaluated very positively, despite giving relatively little to charity. By contrast, protagonists who kept all the DG bonus money, but then donated it all to charity, would be perceived as having made an unethical decision followed by a (separate) ethical decision, and therefore not evaluated as positively. If, instead, participants evaluated the protagonist’s actions from a broad bracketing perspective, they would realize that the protagonist who keeps the DG bonus money and donates it all to charity ends up having a larger positive impact on total welfare than one who cooperates in the DG then donates the smaller resulting earnings to charity.

We found that protagonists who gave half or all of their bonus in the DG then donated their (smaller) earnings to charity (ethical +
ethical) were evaluated more positively than those who gave nothing in the DG but then donated more to charity ( unethical + ethical) ($M = 3.64 vs. 0.82, t(132) = 7.59, p < .001$), indicating that participants evaluated these outcomes from a narrow bracketing perspective. Even protagonists who acted altruistically in the DG but then spent their DG earnings (ethical + neutral) were evaluated more positively ($M = 3.18$) than keep-donate protagonists ($p < .001$). However, when the decision problem was presented as a single, aggregate choice (broad bracketing), these same participants overwhelmingly revealed a strong preference for prioritizing charity over the anonymous recipient: 75% indicated that most of the money should go to charity.

In Study 2 ($N = 254$), we replicated this pattern with a ‘trust game’ (TG) scenario: protagonists who cooperated in the TG (returning half or all of the tripled sum they were sent) then donated their (smaller) earnings (ethical + ethical) were evaluated more positively than defectors who donated more to charity ( unethical + ethical) ($M = 3.72 vs. 0.13, t(130) = 10.38, p < .001$). Protagonists who cooperated but spent their TG earnings (ethical + neutral) were also evaluated more positively ($M = 3.32, p < .001$). Again, presenting the decision problem as a single, aggregate choice led participants to prefer a very different allocation: 79% indicated that most of the money should go to charity.

In Study 3 ($N = 152$), we show that protagonists who share half the bonus in the DG then spend their remaining earnings (ethical + neutral) are evaluated more positively than those who keep the DG bonus money but then anonymously give it all away (plus their show-up fee) to an individual randomly drawn from the same community as the other DG player ( unethical + ethical) ($M = 3.39 vs. 1.20, t(101) = 6.04, p < .001$), but no more positively than protagonists who earn money from an unspecified lab-study and anonymously give it all away (neutral + ethical) ($M = 3.39 vs. 3.15, t(101) < .6$).

In sum, we find that consumers tend to evaluate ethical tradeoffs using a narrow bracketing frame (by tallying the number of ethical vs. unethical outcomes), which leads them to penalize welfare improving actions that consist of smaller decisions that appear unethical in isolation. When consumers are presented with a broad bracketing version of these same ethical tradeoffs, however, they indicate a strong preference for the welfare maximizing option.

**Overcoming Overhead Aversion with Choice**

**EXTENDED ABSTRACT**

Individuals are averse to overhead such that donations decrease as overhead increases, though only when donors’ personal contributions are used to cover overhead (Gneezy, Keenan, and Gneezy, 2014). Gneezy et al. (2014) suggest donors are motivated to give based on the impact they feel when they know they are helping the cause directly. As a result, informing donors that an initial large donation has been used to cover overhead costs, making their potential donation “ overhead-free”, significantly increases giving compared to traditional fundraising techniques. While effective, the “ overhead-free” approach simply bypasses individuals’ reluctance to donate due to overhead-related concerns rather than targeting the aversion itself.

The current research aims to explore ways to overcome overhead aversion while simultaneously conveying the message that allocating money to overhead is important. Making donations overhead-free attracts a substantially higher fraction of donors compared to a standard solicitation as well as other traditional fundraising techniques (2014). This suggests that in addition to donors that choose to donate despite overhead, there are donors that would donate in the absence of overhead or would donate if they had the option to direct their entire donation to cause specific programming rather than overhead. In this project, we test whether offering donors the choice to support overhead is an effective tool for overcoming donors’ aversion to overhead and ultimately increasing donations.

We posit that offering donors the choice of whether and how to allocate a donation to overhead would be successful for three reasons. First, offering donors the choice to allocate money to overhead allows the option of making the donation overhead-free, thereby attracting donors who are particularly averse to overhead expenses. Second, offering choice will likely capture a subset of individuals who are conscious about the importance of overhead, but have preferences as to the relative magnitude of this type of expenditure. These donors may opt to allocate at least a portion of their donation to overhead, making this strategy overall more successful than the less sustainable strategy of making the donation overhead-free.

Third, similar to other consumer contexts where choice has been observed to increase intrinsic motivation, perceived control, and satisfaction (Deci, 1975; Deci and Ryan, 1985), giving donors agency could generally increase donations (see Eckel, Herberich and Meer, 2016).

In Experiment 1 we investigated individuals’ beliefs regarding the likelihood that the average donor would donate and how impactful donors would feel if they could choose whether and how to allocate a donation to overhead. In an incentive compatible, within-subjects design participants (N=56) read three scenarios regarding an opportunity to donate to the Make-a-Wish Foundation (MAW) in which a) the donation’s overhead allocation was fixed (i.e., Control), b) the donation was overhead free (i.e., OH Free), and c) the donor could choose how much of their donation to allocate to overhead (i.e., Choice). Participants were then asked (1) how likely they thought the average individual would be to donate to the MAW and (2) how impactful they thought the average individual would feel if they decided to make a donation, using 5-pt scales for each. We incentivized participants to report beliefs about how an average donor would behave by paying them a bonus if their responses matched the responses given by the majority of other participants in the study.

Results show participants believed donors would be significantly more likely to give in the OH Free ($M=4.35$) and Choice ($M=4.16$) conditions compared to the Control ($M=3.66$; both $p<.001$). The difference between OH Free and Choice was also significant, $p=.04$. Likewise, participants believed donors would feel more impactful in the OH Free and Choice conditions compared to the Control (both $p<.001$).

In Experiment 2 we explored the effect of offering potential donors the choice of how to allocate their donation to a hypothetical charity. This was a 2x2 between-subjects design in which we manipulated overhead level (low OH-5%, high OH-55%) as well as the opportunity for participants to choose how much of their donation they would like to put toward overhead expenses (no option, option) vs. programmatic expenses. Participants (N=401) were randomly assigned to read one of four different donation solicitations from Fight Hunger, a hypothetical hunger charity. Participants were then asked if they would donate, (if yes) how much they would donate, and (if in the option conditions) the percentage of their donation that they chose to be used to cover overhead.

Among those that choose to donate, we find main effects of choice—participants donated more on average if they could choose their overhead level ($M_{choice}=24.11$ vs. $M_{nochoice}=16.89$, $p=.04$), and if we break down the amount raised by type of expense, overhead vs. programmatic, more money was allocated to programmatic expenses with choice ($M_{choice}=17.47$ vs. $M_{nochoice}=11.76$, $p=.05$). Importantly, allowing choice did not negatively impact how much was raised for
overhead. There was no difference, for instance, in the amount raised for overhead between the high OH, no choice and high OH, choice conditions.

In Experiment 3, we tested the effect of choice using a consequential design in which participants worked on a bonus task and had a real opportunity to donate $3 of their $10 earnings to MAW. All participants (N=916) were randomly assigned to one of three conditions, similar to Experiment 1 – Control, OH Free, and Choice. Among those that passed a manipulation check, we find a marginal effect of Choice donation likelihood. Participants were more likely to donate $3 in the Choice (62%) than in the Control condition (54%; p=.08). There were no differences between OH Free (61%) and Choice or Control (p’s=.82 and .14, respectively). The average allocated to overhead in the Choice condition was 20% compared to MAW’s actual overhead of 21%.

The results of these three experiments suggest that offering choice may be one way to increase the likelihood that donors, who are deterred by OH expenses, will give and how much they give. We aim to bring this intervention to the field to test choice with real donors.

**Giving to Receive: Moral Self-Regard and Positive Affect Increase When Giving Time but not Money**

**EXTENDED ABSTRACT**

While consumers devote a considerable amount of their resources toward non-profit helping, they also spend money and time on other people, such as purchasing gifts for family, friends and acquaintances (Gino and Flynn, 2011), and through random acts of kindness (Lyubomirsky et al. 2005).

What, however, does the act of giving time and money say about ourselves? How do consumers view their own prosocial actions in light of their moral identity? And what difference does it make to give money or time to someone in need? In this paper we investigate the effects of giving both money and time on moral identity and positive affect. Our main result is that giving time and money are not perceived as equally moral: consumers experience more moral self-regard, and as a result, more positive affect when they give time than when they give money. Building on previous research, we suggest that giving time leads consumers to reflect on who they are, which impacts their view of their moral self and increases positive affect.

While previous work has provided evidence that moral identity is related to prosocial behaviors (e.g., Aquino et al. 2009), and concepts of time are more closely related to morality (Gino and Mogilner 2014), we extend this work by evaluating how the experience of giving money and time affects moral self-regard. We propose that the process of giving time activates moral self-regard more than giving money, and as a result leads to greater positive affect.

In Study 1 (N=299) participants were asked to reflect on a recent experience where they gave (received) money (time). Participants in the giving conditions were asked to write about a time when they gave some time (money) to someone else. In the receiving conditions participants were asked to reflect on an experience where they received some time (money) from someone else. Following the reflection task participants indicated to what extent the event they described made them feel moral self-regard (α=.95; Gino, Kouchaki, and Galinsky, 2015) and to the extent they experienced positive affect (α=.91; Gino, Kouchaki, and Galinsky, 2015). We observed a significant interaction between resource and action. Receiving felt equally moral in regards to time and money, but givers felt more moral when giving time than money. With happiness, receivers felt equally happy with time or money, but givers of time were signifi-

In Study 2 (N=244), participants made a voluntary contribution to a student applying for college and needed assistance with college application essays. Participants were randomly assigned to give money ($3) to help hire a copy editor who would edit and provide feedback on their statement of purpose, while participants in the giving time condition were asked to donate 10 minute of their time to edit the statement themselves. Givers of time felt more moral self-regard following their donation than those in the money condition, and also experienced greater positive affect. As in Study 1, we find that moral self-regard mediated the differences in positive affect between the giving conditions. One shortcoming of Study 2 is that the giving time condition might be seen as a more direct form of giving relative to the money condition. Given that recent research suggests consumers prefer to give directly to a cause (Gneezy, Keenan and Gneezy, 2014), we sought to tease apart the effect of direct giving in our next experiment.

In Study 3 (N=234), participants were given an opportunity to make a voluntary donation to a local hospital. Based on a pretest, participants in the direct money giving condition were asked to give a dollar to direct service care for patients of the hospital, while those in the indirect money giving condition were asked to give a dollar to overhead costs associated with direct service care for patients of the hospital. In the direct giving of time condition participants were asked to write get well post cards to patients of the hospital, and those in the indirect giving condition were asked to address the get well postcards to patients of the hospital. Impressions of moral self-regard were higher for time participants than money participants, but there was no main effect on directness of giving. With happiness, participants who gave time were happier than money, but there was a significant interaction by directness of giving. While participants were equally happy giving time directly or indirectly, with money, participants were much more happy giving money directly than indirectly. To understand the underlying mechanism as to why participants experience more moral self-regard giving time relative to money, we conducted a mediation and found that giving time is a much more vivid process than giving money, and also engenders more sympathy and greater impressions of making a significant impact to the cause. However, making an impact was significantly related to moral self-regard while vividness and sympathy were not. This suggests that the process of giving time feels more impactful, which in turn make consumers feel moral, making them less sensitive to certain details of the giving process such as contributing to direct service versus indirect service tasks. In turn, we find that impressions of moral self-regard mediate the positive boost experienced by the giving time conditions.

Across three studies we find evidence that giving money and time are experienced differently by consumers, with time engendering much more moral self-regard than money. In turn, consumers feel happier giving their time in part because the process of giving time feels more impactful than giving money.

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