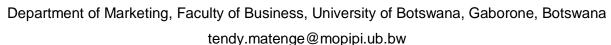
International Journal of Economics, Commerce and Management

United Kingdom http://ijecm.co.uk/ Vol. III, Issue 1, Jan 2015 ISSN 2348 0386

HOW MUCH TO DONATE: THE EFFECT OF DONORS' NATURE ON ATTITUDE TOWARD DONATIONS AND DONATION VALUE

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Abstract

The study is motivated by a growing body of literature showing that donations in developing countries are stagnating, which leads to plausible suggestions of a decline in altruism and philanthropy. The study suggests that the probable explanation may lie in the attitude of individuals towards donations, and tries to explain this phenomenon basing on the nature of the donor, either being altruistic or hedonistic. The paper proposes a conceptual model that aims at predicting donation behaviour of individuals. The proposed model integrates ideas from previous studies within the field of altruism and donor behaviour. The results revealed that an individual's attitude towards donations correlates with how much they are likely to donate, and that altruists are likely to donate amounts higher than those donated by hedonists despite the negative attitude that altruists are likely to have towards donations.

Keywords: Donation Behaviour, Developing Countries, Donation Value, Botswana



INTRODUCTION

Over the past two decades non-profit organizations have increased in number, size and scope and established themselves in crucial positions in social, economic, and political landscapes across the globe (Bromideh, 2011). NGOs have become a significant player within the civil society. They operate in fields such as human rights, health care, the environment, and social development (Bromideh, 2011). These activities are largely supported through donations as NGOs generally do not generate their own income. Consequently, and as a result of their disposition, donations to non-profit originations have resulted in substantial amounts of money. According to the American Association of Fund-Raising Council, billions of U.S Dollars are donated to non-profit organizations annually.

Despite this gratifying history for non-profit organizations, there is a growing body of evidence showing that donations are stagnating in many developing countries (Alymkulova & Seipulnik, 2005; Hou, Lu, & Du, 2010) leading to suggestions of a decline in altruism and philanthropy(Hou, Lu, & Du, 2010). Even though in very rare circumstances individuals can donate large sums (for example, in 2008 individuals in China donated 42.8 billion RMB), such donations are still insignificant compared to the fast growth of non-profit organizations.

Lack of resources continues to be the main barrier for the development of many nonprofit organizations, around the world and particularly in developing countries (Bromideh, 2011). Furthermore, cutting down of government and international financial support, changing of individual donors living styles and self-concepts (Hou, Lu, & Du, 2010), constraint of resource limitation and aggravation of competition, has worsened the non-profit organization's resource plight.

According to a survey by Chen et al (2007) from McKinsey, 85% of existing donor resources are occupied by only 7% of non-profit organizations holding support from governments, while the grassroots, especially with the smaller size are very difficult to generate enough donations. Developing countries are the ones most affected as most of their non-profit organizations are finding it difficult to solicit their own local funding (Botswana is a typical example, Mmeso, 2012). Based on this phenomenon we cannot help but ask why some nonprofit organizations can raise huge donations while others cannot, while in the same donation environment. Is there significant difference in their approach to donors?

With the recent economic meltdown, prioritization by international donors (Shiffman, 2008), and classification of some developing countries to the upper middle income country bracket (Lekorwe & Mpabanga, 2007) international donor funding has been sporadic and dwindling. In the interest of the continued operations of NGOs there is a need to diversify the sources of funding and focus on their local market for donations. In identifying potential donors, NGOs have to understand donor motivations and the best ways in which donor value can be maximized.

Regrettably, there is paucity in understanding the motivations of the donor market and theoretical rigor that can be used to justify fundraising strategies. In the absence of guidance from theory, NGOs face a challenge of understanding donor motivations and identifying potential donors who could sustain their operations, and hence rely on low value donors. Thus, the aim of this paper is to develop a model that can provide better understanding of donor behaviour of individuals among the donor community which can then be used by NGOs to identify possible donors.

Local donor markets in developing countries offer opportunities for business and institutional funding, and funding partnerships which are still to be explored. Regrettably, the fund-raising market is currently segmented principally on the basis of demographic and behavioural variables. Personality or socio-psychological attributes have, however, received increasing emphasis as a potentially more sensitive criterion for market segmentation (Anderson Jr & Cunningham, 1972). And perhaps, as Kelley, (1971) alluded, with the growing consumer sensitivity to social and environmental problems, market segmentation based on consumer's societal orientation has emerged, and donor markets need to be evaluated according to the degree to which consumers accept the consumer-citizen concept and buy as individuals concerned not only with their personal satisfaction, but also with societal well-being.

CONCEPTUAL FRAMEWORK

The aim of this section is to develop a conceptual framework that could help non-profit organizations in understanding donor motivations and hence maximize donor value. In accomplishing this, first, we conduct, in a nutshell, a review of the existing conceptualization of the charitable donor construct. Second, based on the literature search, a suitable model for explaining charitable donation is proposed. The model facilitates understanding of charitable donation by narrowing down the range of plausible donor behaviour explanatory factors.

A review of the literature suggests that there is a paucity of literature that provides a framework for understanding donor behaviour. The limited literature reveals that the Social Exchange Theory, the Donating Behaviour Model, and the Model for Increasing Commitment can be used as bases for explaining donor behaviour.

Social Exchange Theory

The social exchange theory suggests that human beings make social decisions based on perceived costs and benefits; that is all relationships have a give and take. It also suggests that



someone will typically cease from donating if they perceive that the cost of it outweighs the perceived advantages. The theory therefore, suggests that people help because they want to gain from the one being helped (Foa & Foa, 1975). Humans therefore calculate the costs and benefits of donating and aim at maximizing the former while minimizing the latter.

Benefits can be either external or internal to the donor. External benefits are rewards obtained from others because of helping them, which can be materialistic goods (such as tax credits) or social rewards, for instance, a show of gratitude from the recipient, friendship, improving one's image or reputation (Nowak & Sigmund, 1998; Nowak, Page & Sigmund, 2000). The potential rewards or lack thereof, therefore, molds the potential donor's attitude towards donations. People are more likely to have positive attitude towards donations, for instance, in a situation where they desire the approval of the one seeking donations (Krebs, 1970) or when the donor empathizes with the one seeking donations (Staub, 2003).

Evaluation of the Social Exchange Theory

The social exchange theory has been credited with two contributions to behaviour generally and donor behaviour in particular; (1) maximization of benefits as the rational goal of donor behaviour and (2) the importance of economic and non-economic considerations. On the basis of the foregoing discussion, it can be discerned that an individual would only donate if they perceive the benefits to outweigh the costs of donating. However, the argument disregards the attitude that the donor develops as a result of the perceived benefits or risk associate with a particular donation. We, therefore argue that donor attitude is central to donation behaviour and particularly important in determining the value of the donation.

In addition, the social exchange theory has been faulted on a number of points and has lost some conceptual ground to the behavioural sciences. (1) In a nutshell, Social Exchange Theory assumes that the greater the potential benefit, the greater the personal investment a donor may make. Critics attack this economic view of a rational, utilitarian donor as being robotlike picture of human behavior, which fails to account for individual learning, attitudes, motivation, personality and interpersonal influences. (2) The social exchange theory is considered to be highly individualistic, which means that it assumes that the individual assesses all human social interactions based on his or her personal gain. This supposition denies the existence of true altruism and makes it incomplete in explaining all donating situations. It also suggests that all decisions are made from a self-serving motivation, even generosity. (3) According to the social exchange theory, people will only be generous if they expect some personal benefit to come to them because of it. This idea emphasizes the anticipated return for such good deeds, also called reciprocity, as expressed in the phrase, I'll scratch your back, and you'll scratch mine. (4) The Social Exchange Theory is a general model not specifically developed for donation behaviour and hence the model may fail to capture behavioural issues or variables that are unique to donation.

Donating Behaviour Model (DBM)

Another model for understanding donor behaviour is the Donating Behaviour Model (DBM) as proposed by Rosenblatt, Cusson, and McGown (1986). The main contribution of the authors was to adapt the Health Belief Model (Rosenstock, 1974) to suit donation behaviour and then integrate the concepts with those of the Behavioural Intention Model (Fishbein, 1967) as well as introducing additional variables.

The Health Belief Model (HBM) was originally developed to explain and predict health preventative behaviours from knowledge of a person's beliefs and attitudes. The Behavioural Intention Model states that behaviour is a function of the intention to perform that behaviour. Intentions are then assumed to be best predicted by two components: the attitude towards the act, and a subjective norm.

In building the new model for understanding of donating behaviour the authors (Rosenblatt, Cusson, McGown, 1986) included the following variables from the previous HBM and BIM models: perceived threat, perceived severity and behavioural intention. The new variablesincluded are: (1) involvement: the construct can be indistinguishablefrom perceived risk (Valence, 1981),(2) alleviation: this construct is similar to the perceived benefits proposed by the social exchange theory (Foa and Foa, 1975), (3) predominance: this refers to the visibility of a condition. Normally outstanding situations act as a reminder of the cause, and (4) importance: the construct is understood as the perceived need for a specific individual to contribute to charity. Thus, a person facing a donation choice would rank a charity according to his/her perceived importance, and their donations would reflect this perception. The central role that attitudes towards donations play is conspicuous and nexuses with the argument put forth earlier.

Evaluation of DBM

The DBM provides a useful checklist for choosing the points to emphasize in any donation communication message especially the importance of perceived severity, involvement, alleviation and predominance. It however has a number of limitations: (1) the model does not incorporate explicitly the influence of social pressure from others in the organization and the community on decisions regarding donation; and (2) As a psychological model it does not take into consideration external enabling factors, such as environmental or economic factors, that may influence donation behaviour. (3) As in the case of the Social Exchange Theory the Donating Behaviour Model is based on HBM and BIM that were either based on health behaviour (HBM) or general behaviour (BIM). Hence the model may fail to capture behavioural issues or variables that are unique to donation.

Model for Increasing Commitment

Perhaps one of the few behaviour models dealing directly with charitable donations was developed by Smith (1980) and known as the Process Model of Donor Behaviour. The study consolidated the limited research on charitable donating behaviour research that was then available in the marketing literature. The main contribution from the review was the development of a simple yet comprehensive model of donor behaviour. In the model the motivation for donating was conceptualized as a function of the amount of reward received which can vary on a continuum from completely dependent on rewards (hedonic motivation) to nil reward (altruistic motivation). The continuum is then used to depict charitable giving as a three-stage developmental process starting from reactance stage through identification stage to internalization stage. This is a process similar to that of the adoption of innovation model.

The reactance stage is closer to hedonism and donations occur only in response temporary situations that motivate altruistic behaviour. There are two types of reactance situations: Psychological and Economic. When a person is feeling a Temporary Psychological situation such as experiencing a "good feeling" he is more likely to behave altruistically (Harris and Samerotte, 1976). In regards to economic conditions it is generally concluded in the altruistic literature that the lower the cost to the donor, the higher the rate of donation.

The identification stage is roughly mid-way between hedonism and altruism. Three situations are more likely to motivate donations at this stage: dependency (an individual's reliance on someone else for donations), attraction towards the donation seeker, and group dynamics.

The internalization stage is closer to true altruism. It occurs when an individual accepts donation as part of his or her life style. Two situations are likely to motivate donations at this stage: social responsibility and commitment. Social responsibility refers to the social norm that prescribes that an individual acting alone must "feel responsible" for the safety and well-being of another. Such a person is likely to voluntarily donate as it is a good thing to do and see it as an end in itself (Leeds 1963). Commitment refers to the binding of oneself to a behavioural act. Within the charitable giving framework commitment means the maintaining of giving behaviour to the favoured charitable organization. This model emphasizes the significant role that personality or socio-psychological attributes of individuals play in their donation behaviour.

A Synthesis

Two main conclusions can be drawn from this review of the literature on donor behaviour. First is the paucity of the literature and absence of a generally accepted conceptual framework to guide research on donor behavior. This makes the process of deriving conclusions more complex because of lack of a theory. Second, the three models reviewed here are not mutually exclusive. They are called by different names, but in reality they overlap and use some common explanatory variables. For example, the Social Exchange Theory is concerned with the hedonic side of donor behavior to an almost total exclusion of altruistic donor behavior. The Donor Behavior Model uses concepts such as involvement which are part of the more comprehensive model by Smith (1980) called the Process Model of Donor Behavior. Therefore an alternative model is proposed (Figure 1).

In the model, the motivation for donating is conceptualized as a function of individual attitude towards donations as could be determined by perceived benefits, perceived risk, and perceived importance (Foa and Foa, 1975; Rosenblatt, Cusson, McGown, 1986; Myers, 1999). The resulting behavior (donation value) could vary from low to high as influenced/moderated by the nature of the donor, which could vary on a continuum from completely hedonistic to purely altruistic (Harris and Samerotte, 1976; Smith, 1980). However, the model does not view donation behavior as a developmental process (unlike the Process Model of Donating Behavior, see Smith, 1980), but rather as dependent on the psychological make-up of the donor. Given the preceding arguments it is therefore proposed that:

H₁: Negative attitude towards donations decreases the amount that an individual is likely to donate.

H_{2a}: The nature of an individual being altruistic positively affects their attitude towards donations.

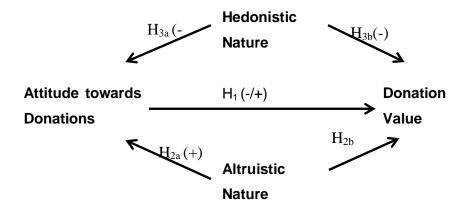
H_{2b}: The nature of an individual being altruistic positively affects the amount they are likely to donate.

H_{3a}: The nature of an individual being hedonistic negatively affects their attitude towards donations.

H_{3b}: The nature of an individual being hedonistic negatively affects the amount they are likely to donate.



Figure 1: The Role of Donor Nature on Attitudes towards Donations and Donation Value



Methodology

The proposed model is predictive in its nature and therefore an experimental approach was found to be the most appropriate approach to test the model. University students were used for this purpose as they provided convenience required by the experiment. The first phase of the experiment entails determining the appropriate amounts of money that students are likely to donate and can be classified as either low or high donations. In addition, since the experiment would be carried at a University campus, the amounts had to be values that students would afford to donate. For this purpose, 30 undergraduate students were asked to state the highest and lowest amounts they are likely to donate to a charity of their choice. The results showed that P10 (US\$1.13 as at 5th August 2014) was the lowest amount likely to be donated (*M*=13.91, SD=8.558) and P60 (US\$6.67 at 5th August 2014) was the highest amount likely to be donated (M=59.78, SD=15.562), and the two amounts were significantly different; t(45)=-36.525, p<.001, and large, d=3.199. Therefore we treated P10 as a low donation and P60 as a high donation.

The participants were asked to record their biographic details and previous donation behaviour. 43 percent were male and females made up 57 percent, while 51 percent had donated in the past and 49 percent had not. The ages of the respondents ranged from 17 to 51 years, with most being in the age range of 18 to 28 years (81 percent). The respondents were then asked to complete a scale that assisted in classifying them as either altruistic or hedonistic individuals. As the scale was a measure of behaviour, two research assistants were assigned to independently classify each respondent as either altruist or hedonist according to how they responded to the questions. The two raters were in agreement regarding the classification of 168 of 192 respondents. Cohen's kappa was calculated with this data, and found to reflect a high level of inter-rater agreement (K = .76). An independent t test was used to compare the previous donation behaviour of those classified as altruists (n = 100) against those classified as hedonists (n = 65) by the two research assistants. Neither Shapiro-Wilk statistic was significant; indicating that the assumption of normality was not violated. Levene's test was also nonsignificant, thus equal variances can be assumed. The t test was statistically significant, with the 'altruist' group (M = 1.34; SD = .476) reporting to have donated less times, 95% CI [-.53, -.24], than the 'hedonist' group (M = 1.72; SD = .451), t(163) = -5.155, p < .001, two tailed, d = .394. The effect size (d = .394), however, despite the significant difference, is considered small (Cohen, 1988). It can therefore, be concluded that 'altruists' are not different to 'hedonists' in their likelihood to donate.

The participants then read a description of someone in need of donations. A virtual scenario was used as it is better than a fictitious one (Simonin & Ruth, 1998)as it can easily activate a participant's memories resulting in a behaviour that is relatively similar to that in the real world. Next the respondents were asked to evaluate their attitudes towards donations using a 5-point likert scale, and their likelihood to donate to this person. This was meant to test the main effect in H₁. Cronbach's alpha for the 11 item, Attitude towards Donation scale was .819, which is considered good for research purposes; however, upon closer examination of the questionnaire item-total statistics indicated that the alpha would increase to .855 if item 4were removed. This item asked whether 'white people donated more than black people' and – due to the controversial nature of race issues and given that all respondents were of the black race the question was probably misinterpreted by a substantial portion of the student respondents. Consequently, this item was dropped from the questionnaire, and all subsequent analyses are based on the responses to the remaining 10 items. Finally, the participants were asked to state how much they are likely to donate (which could be classified as either high or low), as predetermined by phase 1 of the experiment.

ANALYSIS & FINDINGS

The participants' general attitude towards donations (determined by their perceived benefits, risk, and importance, see Foa and Foa, 1975; Rosenblatt, Cusson, & McGown, 1986; Myers, 1999) was indifferent (M = 2.16; SD = .46), and the Kendall's tau b indicated a presence of a weak positive correlation between positive attitude towards donations and making high donations, τ = .049, p = .516, N = 178, and a similarly weak but inverse correlation between negative attitude and making high donations. Therefore, H₁, suggesting that negative attitude towards donations decreases the amount that an individual is likely to donate is accepted.

The study proposed that the individual's nature of being altruistic positively affected their attitude towards donations and the amount they are likely to donate (H2a and H2b). Kendall's

tau b indicated that there was a mild inverse correlation between an altruistic individual and positive attitude towards donations, $\tau = -.147$, p = .065, N = 159, and a strong positive correlation between an altruistic individual and high donations, τ = .217, ρ = .005, N = 166. Therefore, H_{2a} is rejected while H_{2b} is accepted.

The study further proposed that an individual's nature of being hedonistic negatively affected their attitude towards donations and the amount they are likely to donate. Kendall's tau b indicated that there was a mild positive correlation between an individual's hedonistic nature and having a positive attitude towards donations, τ = .147, ρ = .065, N = 159, and a strong positive correlation between an individual's hedonistic nature and low donations, τ = .217, p = .005, N = 166. Therefore, H_{3a} is rejected while H_{3b} is accepted.

Table 1: Correlations

			Positive	Negative	Hedonistic	Altruistic	Low	High
			attitude	attitude			donations	donations
Kendall's tau_b	Positive attitude	Correlation Coefficient	1.000	-1.000 [^]	.147	147	049	.049
		Sig. (2-tailed)		•	.065	.065	.516	.516
		N	182	182	159	159	178	178
	Negative attitude	Correlation Coefficient	-1.000 ^{**}	1.000	147	.147	.049	049
		Sig. (2-tailed)			.065	.065	.516	.516
		N	182	182	159	159	178	178
	Hedonistic	Correlation Coefficient	.147	147	1.000	-1.000**	.217 ^{**}	217 ^{**}
		Sig. (2-tailed)	.065	.065			.005	.005
		N	159	159	169	169	166	166
	Altruistic	Correlation Coefficient	147	.147	-1.000**	1.000	217**	.217**
		Sig. (2-tailed)	.065	.065	ě		.005	.005
		N	159	159	169	169	166	166
	Low donations	Correlation Coefficient	049	.049	.217**	217 ^{**}	1.000	-1.000 ^{**}
		Sig. (2-tailed)	.516	.516	.005	.005		
		N	178	178	166	166	188	188
	High donations	Correlation Coefficient	.049	049	217 ^{**}	.217 ^{**}	-1.000 ^{**}	1.000
		Sig. (2-tailed)	.516	.516	.005	.005		
		N	178	178	166	166	188	188

^{**.} Correlation is significant at the 0.01 level (2-tailed).

Table 2: Summary of Results

Hypotheses	Results
H ₁ : Negative attitude towards donations decreases the amount that an individual is likely to	Accepted
donate.	
H _{2a} : The nature of an individual being altruistic positively affects their attitude towards	Rejected
donations.	
H _{2b} : The nature of an individual being altruistic positively affects the amount they are likely	Accepted
to donate.	
H _{3a} : The nature of an individual being hedonistic negatively affects their attitude towards	Rejected
donations.	
H _{3b} : The nature of an individual being hedonistic negatively affects the amount they are	Accepted
likely to donate.	

CONCLUSIONS

As a summary, there is correlation between an individual's attitude towards donations and the amount they are likely to donate, however the attitude is not related to the nature of the individual as being altruistic or hedonistic. This paper shows that there is a need for non-profit organizations, especially, in developing countries to communicate their role in society clearly such that their activities are visible since it can create trust from the community leading to erosion of any negative attitudes towards NGOs. Furthermore, marketing communications and activities should appeal to both the altruistic and hedonistic individuals to maximize donations from them.

There are some limitations to this study as it uses a small and convenient sample which may imply that the results may not be generalizable to the whole population. Therefore, it is recommended that a larger sample size be used in future research.

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