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Hide the light or let it shine? Examining the factors influencing the effect of publicizing donations on donors' happiness☆

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ABSTRACT

Conflicting arguments exist for whether charities should publicize or ask donors to publicize their charitable contributions. The current research provides an initial examination of the psychological consequences when charities ask individual donors to publicize their own good deeds. Two studies show that when donors are required to publicize their donations, this action creates reputation benefits, which then cause individual donors to feel less happy and be less likely to help in the future, especially if they have a high (vs. low) moral identity. However, the negative influence of publicizing diminishes if the choice to publicize is optional rather than mandatory.

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1. Introduction

Charities often need to decide whether to publicize or ask donors to publicize their charitable contributions. Behavioral economists maintain that people seem to be more selfless and contribute more if their contributions are exposed to the public (e.g., Alpizar, Carlsson, & Johansson-Stenman, 2008; Reinstein & Riener, 2012; Soeteven, 2005), suggesting that charities should reveal the identity of their donors or encourage donors to publicize their good deeds, to “let their light shine” (Andreoni & Petrie, 2004). Yet, in practice, many charities allow anonymous giving and do not publicize any information about their donors (e.g., North Carolina Woodworker, 2009). For example, churches often encourage anonymous contributions (Hugh-Jones & Reinstein, 2012), and many fundraisers offer donors the option of checking a box such as “I prefer to make this donation anonymously” (e.g., ChildServe, 2012). Similarly, many donors choose to stay quiet about their actions. According to a compilation of donations of \$1 million or more in a single year, unnamed donors pledged at least 87 donations of \$1 million (about 19% of donations at this level), including 23 who gave more than \$10 million and 4 who donated \$100 million or more (Chronicle of Philanthropy,

2008). A recent survey of 24 donors revealed that two-thirds did not sense any need to tell others about their donations (Massey et al., 2010).

Therefore, a discrepancy remains between theory and practice. Should charities publicize or encourage donors to publicize their good deeds? It is not clear why some donors choose to hide their light. This research attempts to address these questions by examining the psychological consequences of publicizing individual donations. Individual donors, as a group, represent the largest source of donations to charities, accounting for 73% of total contributions (GivingUSA Foundation, 2010). Because of their critical role in generating funds for charities, it is important to investigate ways to ensure individual donors' satisfaction. Although prior research has linked individual giving to reported happiness states (e.g., Dunn, Aknin, & Norton, 2008; Harbaugh, Mayr, & Burghart, 2007; Liu & Aaker, 2008), it has not addressed the likely psychological consequences of publicizing individual donations.

This study offers an initial examination of whether and how the happiness of individual donors is affected when charities ask them to publicize their donations. In one pilot study and two subsequent studies, we find that if donors are required to publicize their good deeds, they feel less happy and are less likely to help in the future; this effect is even stronger among donors with a high (vs. low) moral identity. However, this negative influence can be mitigated by making publicizing optional (vs. mandatory). The mechanism underlying this effect appears linked to the reputation benefits gained from publicizing. With these findings, this study advances understanding of the impact of publicizing on post-donation happiness, an important factor seldom

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examined by prior research. It also offers charity managers practical implications for establishing optimal publicizing strategies.

2. Theoretical background

2.1. Should donations go public?

Conflicting arguments exist for whether donations should be publicized. On the one hand, behavioral economists suggest that people act more generously and make larger donations when they are observed in social settings (e.g., Alpizar et al., 2008; Reinstein & Riener, 2012; Soetevent, 2005). Publicizing may encourage people to donate more to signal their generosity or improve their reputations (e.g., Harbaugh, 1998; Hardy & Van Vugt, 2006; Milinski, Semmann, & Krambeck, 2002). In this case, making donations public should increase voluntary contributions; therefore, charities should clearly identify contributors and their contributions (e.g., Andreoni & Petrie, 2004; Rege & Telle, 2004).

On the other hand, anonymous giving can be a better choice in some conditions (e.g., Ariely, Bracha, & Meier, 2009). For example, Hugh-Jones and Reinstein (2012) point out that for certain type of donation participants, publicizing others' donations will discourage their contribution. To be specific, there are two types of donation participants: conditionally cooperative "good" donors who prefer to contribute if they find others have helped and self-interested "bad" types who prefer not to contribute if they know others have contributed. When there are many bad types, information about donations lowers the total donation amount. Similarly, Jones and Linardi (2014) propose that some individuals are "wallflowers" who prefer to avoid appearing significantly better or worse than others when observed, so visibility will negatively affect their giving if wallflowers expect giving levels by others to be low. Moreover, Ariely et al. (2009) state that when donors are provided with a monetary incentive, anonymous donors contribute more than publicized donors.

However, another stream of research indicates that publicizing has no impact on donations in certain circumstances (e.g. Bracha, Heffetz, & Vesterlund, 2009; Bracha & Vesterlund, 2012). For example, Bracha and Vesterlund (2012) argue that when donation information is visible, people who read the information form two expectations of the donors: income (how much money the person has) and generosity (how much the person gives). In other words, if people give higher donations, it implies they are either rich or generous. Others then are more motivated to donate when they believe that the observed donations are mainly due to generosity, rather than higher incomes. However, when income distribution is heterogeneous and the exact income of the donors is unknown, people assume donors who provide higher donations earn higher incomes. This expectation diminishes the perceived generosity of donors who give higher donations and reduces the positive effects of visible donations.

These lines of research, which highlight the pros and cons of publicly acknowledging donors, can help charities optimize their fundraising. However, they largely ignore the potential psychological consequences of publicizing donations – the focus of this study.

2.2. Donations and intrinsic vs. extrinsic benefits

Helping behavior creates two types of benefits: intrinsic and extrinsic. On the one hand, a person derives satisfaction, a warm glow, and positive feelings from the experience of donating, which are benefits that are intrinsic to the act of donating (Andreoni, 1989, 1990; Johnson & Grimm, 2010). The link between helping behaviors and intrinsic benefits (e.g., happiness) is well established in prior research (Aknin, Barrington-Leigh, et al., 2013; Dunn et al., 2008; Liu & Aaker, 2008). Helping behaviors improve people's happiness, especially when they promote social connections (Aknin, Dunn, Sandstrom, & Norton, 2013) or satisfies core human needs, such as relatedness,

competence, and autonomy (Dunn, Aknin, & Norton, 2014). This relationship is robust across multiple research methods, including studies that use functional magnetic resonance imaging (Harbaugh et al., 2007), controlled experiments (Dunn et al., 2008), and cross-national comparisons (Aknin, Barrington-Leigh, et al., 2013).

On the other hand, helping behavior might be motivated by extrinsic motivations (Batson & Shaw, 1991; Cialdini et al., 1987). People can derive extrinsic benefits from the act of giving (Barasch, Levine, Berman, & Small, 2014; Johnson & Grimm, 2010), whether tangible, such as monetary rewards (Ariely et al., 2009; Bénabou & Tirole, 2006; Gneezy & Rustichini, 2000), or intangible, such as an improved reputation (Harbaugh, 1998; Hardy & Van Vugt, 2006; Milinski et al., 2002). Regardless of the form, these studies imply that a person who helps may gain some extrinsic rewards for doing so.

However, considerable evidence also suggests that extrinsic benefits, such as monetary rewards, can crowd out intrinsic benefits (e.g., Frey & Jegen, 2001; Frey & Oberholzer-Gee, 1997; Gneezy & Rustichini, 2000). That is, a person's intrinsic interest in an activity may decrease if he or she also receives inducements to engage in that activity in return for an extrinsic reward (Lepper & Greene, 1973). When people are willing to help others, some of them want to do so from an intrinsic motivation; after money gets introduced, they begin to engage in cost-benefit analyses, which lead them to believe that small amounts of money are not sufficient to incentivize them to do the work they previously were willing to do for nothing (Anik, Aknin, Norton, & Dunn, 2009). Moreover, for an intrinsically motivated person, monetary rewards create self-doubt about his or her true motives for doing the good deed (Bénabou & Tirole, 2006; Gneezy & Rustichini, 2000). Because monetary incentives weaken the intrinsic motivation for a donation (Ariely et al., 2009), they decrease donors' willingness to donate (Lacetera & Macis, 2010). Even a vague reminder of money may cause people to exhibit less helpful behaviors (Vohs, Mead, & Goode, 2006).

Similarly, people sometimes receive other extrinsic benefits, such as reputation enhancements, when their donations are publicly known (e.g., Harbaugh, 1998; Hardy & Van Vugt, 2006; Milinski et al., 2002). Prior research suggests that evidence of personal benefits (e.g., reputation benefits) leads to the discounting of prosocial behavior (Berman, Levine, Barasch, & Small, 2015; Lin-Healy & Small, 2013; Newman & Cain, 2014). People may appear less moral or intrinsically motivated if they expect to receive a reputational benefit than if they have no such expectations (Barasch et al., 2014). As a result, if donors are aware of others' negative perceptions of reputation benefits, the happiness they gain from their donations may be affected by the reputation benefits they gain.

In addition, according to self-perception theory (Bem, 1967; Bem & McConnell, 1970), people learn about their internal states partially by inferring them from observations of their own behavior. The presence of prestige achieved from publicizing donations may lead donors to perceive that they provided the help only for the reward. Donors who gain such reputation benefits from publicizing might perceive their helping behaviors as less "pure," leading them to feel some discomfort about their extrinsic (reputation) benefits. The reputation benefits obtained from publicizing also could create doubt about a person's intrinsic motivations for performing good deeds and move those helping behaviors into a cost-benefit context that attenuates the intrinsic motivation. We therefore posit that publicizing donations can backfire and reduce donors' happiness with their donations.

2.3. Moderating role of moral identity

According to prior research on moral behavior, moral identity is one of many potential identities that people can use as a basis for self-definition (e.g. Lee, Winterich, & Ross, 2014), which represents a person's associative cognitive network of related moral traits (e.g., being kind), feelings (e.g., concern for others), and behaviors

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