

THE EFFECTS OF SOCIAL INFORMATION, SOCIAL NORMS
AND SOCIAL IDENTITY ON GIVING

Yue Shang

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Adrian Sargeant, PhD, Chair

Dwight F. Burlingame, PhD

Doctoral Committee

Richard Gunderman, PhD

March 5, 2008

Leslie Lenkowsky, PhD

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Dedicated to my mother

Wang Xiaozhen 王晓真 (Ely Wang)

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ABSTRACT

Yue Shang

THE EFFECTS OF SOCIAL INFORMATION, SOCIAL NORMS AND SOCIAL IDENTITY ON GIVING

This philanthropic studies thesis aims to “increase the understanding of philanthropy, improve its practice, and enhance philanthropic participation” (Center on Philanthropy at Indiana University Overview) by studying the effects of social information, social norms and social identity on giving. It connects philanthropic studies research with theoretical developments in motivations for giving in economics, nonprofit management, nonprofit marketing, consumer behavior, and social psychology. It utilizes personal observations as well as quantitative methods including experiments and surveys on multiple samples including donors, undergraduate students and samples of the U.S. population. It generates actionable and efficacious knowledge to improve the practice of philanthropy. It contributes to the formation and growth of the young field called philanthropic studies - in theory, in methodology and in practice.

This thesis includes five chapters. Chapter I will explain how the research question, philosophy and methodology are selected. This discussion will be for the entire thesis. Specific research questions, hypotheses, research designs, findings and implications will be explained in the subsequent chapters. Chapter II demonstrates the immediate and long-term effects of social information on donations and its boundary conditions in existing nonprofit donors in two field experiments. Chapter III shows that the psychological mechanism through which social information influences subsequent giving is perceived descriptive social norms in one field survey of donors and one laboratory experiment on

undergraduate students. Chapter IV investigates how social identity congruency moderates the effect of social information on donations. It reports three field experiments on donors and samples of the general U.S. population and two laboratory experiments on undergraduate students. It shows that donors give more money to a public radio station if told that a previous donor with a similar identity also made a large contribution. This effect is more likely to occur when donors have high collective identity esteem and when attention is focused on others. Each chapter provides original fundraising techniques developed from these studies. Chapter V concludes with a discussion of the theoretical, methodological and practical contributions of this thesis and suggests directions for future research in philanthropic studies, and philanthropic psychology in particular.

Committee Chair:
Adrian Sargeant, PhD

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CHAPTER I

Introduction

Over the past century, the nonprofit sector has become the third largest economic sector after government and for-profit firms around the world (Salamon, 2002). In 2005, almost \$200 billion was raised by U.S. nonprofit organizations from individuals and households (Giving USA, 2006). A significant portion of these individual contributions (\$36.92 billion) was from non-itemizing individuals, who contribute on average about \$550 a year (Giving USA, 2006). This is not a U.S. phenomenon. For example, in Canada, individual donations totaled \$8.9 billion in 2004 with donors giving an average of \$400 each (Hall, Lasby, Gumulka and Tryon, 2005). In the UK, individual donations were £8.9 billion in 2005/06 (NCVO, 2007) and in Australia, this figure reached \$7.7 billion in 2005 (Philanthropy Australia Inc., 2007).

Indeed, the scholarly literature in multiple disciplines is replete with research on what motivates donors to give. These disciplines include economics (Kolm and Ythier, 2006; Steinberg, 2006), psychology (Batson, 1990; Carlson, Carlin and Miller, 1988; Clary, Snyder, Ridge, Copeland, Stukas, Haugen and Miene, 1998; Kohlberg, 1981; Penner, Dovidio, Piliavin and Schroeder, 2005; Piaget, 1932; Weber, Kopelman and Messick, 2004), sociology (Havens, O’Herlihy and Schervish, 2006), and nonprofit marketing and management (Bennett and Sargeant, 2005).

Most recently, philanthropic studies has evolved into a multi-disciplinary research field to study questions related to philanthropy. Social sciences (Anheier and Ben-Ner,

2003; DiMaggio, Weiss and Clotfelter, 2002; Powell and Steinberg, 2006) and humanities (Bremner, 1988; Burlingame, 2004; Friedman and McGarvie, 2003; Gunderman, 2007; Kass, 2002; Payton, 1988; Tocqueville, 1863) both contribute to this field. Philanthropic studies scholars have since provided their own insights into the understanding of motivations for giving (Bekkers and Wiepking, 2007; Sargeant and Woodliffe, 2007). This thesis joins this endeavor and contributes to the understanding of the effects of social information, social norms and social identity on giving. More specifically, it studies whether, how much, and why the social information about the amount of one other donor's contribution influences the level of a target donor's giving.

Motivations for giving have been studied using multiple research methods in the field of philanthropic studies. These methods include personal reflections (Carnegie, 1889; Addams, 1910; Schervish, 2006; Schervish and Havens, 2002;), historical analysis (Curti, 1957, 1958, 1963), structured interviews and focus groups (Ostrower, 1995; Prince and File, 2001), laboratory experiments (Kagel and Roth, 1997), empirical data analysis (Kolm and Ythier, 2006; Gronbjerg and Paarlberg, 2002; Steinberg, 1987, 1990; Wilhelm, 2007), and field experiments (Cialdini, 2001; Harrison and List, 2004). Some methods are more widely used in certain academic disciplines than others. This philanthropic studies thesis employs the qualitative method of personal observations and reflections as well as quantitative methods including field and laboratory experiments and field surveys. The primary method used in this thesis is field experiment.

The research topics and methodology of this thesis contribute to multiple fields in connection to philanthropic studies. It contributes to the economics literature by supporting the class of crowding-in models using causal field experimental data (Chapter

II). It contributes to the nonprofit management literature by providing the first causal tests of perceived descriptive social norms as the mechanism through which social information influences giving (Chapter III). It contributes to consumer behavior and social psychology literature by understanding how social identity congruency moderates the effect of social information on giving (Chapter IV).

The theoretical insights will inspire new ways of thinking about the psychology of donor behavior for philanthropic practitioners as well as donors. The replicable and easy-to-implement experimental methods from the field and the laboratories will provide a series of generic fundraising techniques applicable to daily fundraising practices with very low costs. Consultancy, training and education based on the theoretical and methodological knowledge of this thesis will help improve the practice of philanthropy and enhance philanthropic participation.

Summary of objectives in this dissertation:

- 1) Make theoretical contributions to the understanding of the effect of social information, social norms and social identities on giving in the multiple disciplines of economics, nonprofit management, consumer behavior and social psychology.
- 2) Make methodological contribution to the study of the social psychological principles of giving by conducting field experiments and donor surveys on multiple populations including existing and potential nonprofit donors, undergraduates and samples of U.S. populations.

- 3) Make practical contribution to improve fundraising practices and donor engagement in philanthropic activities by inspiring new thinking (theories) and new practices (experiments).
- 4) The results of the above three objectives will contribute to the development of this young multi-disciplinary field called philanthropic studies.

This thesis includes five chapters. Chapter I will document the personal observations, experiences and reflections of conducting this research and discuss the rationale behind the thesis's selection of the public radio industry, the research topics and the research methodology and philosophy. The discussion in Chapter I will be at the overview level for the entire thesis. Specific research questions and hypotheses will be explained in the subsequent chapters. Chapter II demonstrates the immediate and long-term effects of social information on giving in existing nonprofit donors and its boundary conditions in two field experiments on donors. Chapter III shows that perceived descriptive social norms are the psychological mechanism through which social information influences subsequent giving in one field survey of donors and one laboratory experiment on undergraduate students. Chapter IV investigates how social identity congruency moderates the effect of social information on donations. It reports three field experiments on donors and samples of the general U.S. population and two laboratory experiments on undergraduate students. It shows that donors give more money to a public radio station if told that a previous donor who shares their identity also made a large contribution. This effect is more likely to occur when donors have high collective identity esteem and when attention is focused on others. Each chapter concludes with fundraising implications and future research directions. Chapter V concludes with a discussion of the theoretical,

methodological and practical advantages of the entire thesis and suggests directions for future research.

Personal Observations, Involvements and Reflections

This thesis started from a loyal public radio lover's frustration regarding its on-air fund drives. This frustration turned into her determination to use what she knows about motivations for giving to change the practice of fundraising. She has since engaged with the public radio industry by volunteering her talent, time, and money. Such engagement grew into an undying fascination with studying the motivations for giving to public radio in this thesis. The close personal contact that she has with public radio shapes the formation and selection of the research topic, the industry research partners, the research philosophy and the research methods.

It all started in the summer of 2001 when this classical music fan made a first phone call to a classical music public radio station and gave some suggestions for its on-air fund drive. She was frustrated. She told the friendly volunteer that the only fundraising message she heard repeatedly from this radio station did not make any sense. The message encouraged people to give right away, because otherwise the radio station would go off the air. However, if a potential new donor who had never contributed before heard this message, she wouldn't feel any necessity to give because the station hadn't died in all the years during which she didn't give. So, this means it would not die now, if she did not give right away. For a renewing member, the best thing that her donation could do was to stop something barely living from the actual death. That was not a very motivating appeal to donate. So she suggested to the volunteer that the radio station should use some other

appeals like please support the greatest classical music station in this community because every dollar improves the quality of life for you and your neighbors. This way, everybody had a reason to give and that reason was to make something great happen for all listeners like themselves in their own community.

To her great surprise, she never again heard the going-off-the-air appeal after this phone call. Instead, it became all about building a great station for the community. That was the moment when she decided to study the motivations for giving in public radio, because public radio is what she cares deeply about and public radio is where she can make a difference!

The next step was to find a research partner. It started from her volunteering at a radio station. By mistake, her email to a volunteer coordinator said that she would be available to volunteer from 6:00 a.m. to 7:00 p.m. for a whole week. She had hoped that the volunteer coordinator would pick only the time that they needed volunteers, without realizing that volunteers are actually needed all the time during fund drives! This was the second big surprise she received from the public radio industry.

During that fund drive in the spring of 2003, she turned from a new volunteer into a volunteer star and a friend to all radio station staff and volunteers. She was there with the public radio fundraising staff during the most exhausting and dreadful of their times - on-air fund drives, so these staff decided to be there for her and help with her PhD thesis. This radio station became her first research partner, and they still work together up to this day.

Such is the researcher's personal experience as a public radio lover and a committed volunteer. She loves public radio programming and hates its fundraising so deeply that

she decided to improve its advancement practices so she could ultimately enhance the listening experience of all listeners like her. To this end, she conducted conversations with station staff, volunteers and donors, interviewed fundraising consultants, surveyed industry websites and academic literature and selectively listened to fund drives and read fundraising letters. She wanted to find the most appropriate research topic, philosophy and methodology to help improve fundraising in public radio.

Her solution has been to utilize her multidisciplinary theoretical training in economics, nonprofit management, consumer behavior and social psychology to understand the general laws of the social psychological contexts of giving, and to utilize her experimental training to formulate replicable and robust fundraising techniques.

Research Topic

Individual donations are the bread and butter for the public broadcasting industry in the U.S. Over 750 member TV and radio stations collected \$640 million from individual donors in 2005 (Corporation for Public Broadcasting Annual Report 2005). The radio portion of this total donation (about \$250 million) was collected using the fundraising mentality that public services drive public support (Audience 1988, 1998, 2010). That is, people listen, so they give; and when audience declines, donations decline.

This fundraising mentality certainly cuts to the core mission of public broadcasting, which is to provide public programs that will “inform, educate and inspire” (Corporation for Public Broadcasting Mission) its audience¹. It also inspired rather sophisticated

¹The impact of public broadcasting programming on society is not only limited to the programs that it produces internally, but also the programs that it inspires its competitors in the for-profit and other non-profit entertainment and education entities to produce (Engelman, 1996). Also, the impact of public

fundraising practices like how to distinguish between core listeners and fringe listeners, how listener loyalty translates into donations, and how to design fundraising appeals to remind people of the importance of listening to public radio in their lives. This mentality is widely accepted by industry-wide benchmarking efforts (conducted by Development Exchange Inc.) and system development research (conducted by Target Analysis Group and Lewis Kennedy Associates). This mentality also guides consultancy and educational support in public radio fundraising.

This mentality primarily understands listening as the public service and donation as the public support, and it assumes that there is primarily a one-on-one relationship between a station and a donor in receiving the service and providing the support. It has taken only limited attempts to broaden the definition of public service and public support to include the social environment surrounding listeners and donors. This effort mostly refers to community outreach programs. These programs define public services not only as the radio programs provided, but also as partnerships with community schools to provide educational opportunities to students or partnerships with other local organizations to provide community events. In this context, public support is not only defined as donations but also civic engagement. The focus of this thesis is not these community outreach programs, but to understand the social environment surrounding both the listening and the donating behavior by studying the social psychological principles behind giving.

Donors are not only individuals who act on their own individual wills; they are also social animals (Aronson, 2007). Listeners and donors live in connection with each other.

broadcasting may be positive or negative on society. This thesis focuses on its positive influence and aims to increase public support for such a public good (not a public bad).

Audience research (Audience 1988, 1998, 2010) showed how much each individual listens, but not how long they listen with friends, how long they talk with others about the programs they listen to, how often they discuss their donation decisions with their family or how often their donations are influenced by others' donations. It is this social context surrounding listening and donating that this thesis sets out to study. In particular, it studies the effect of social information on giving.

The scholarly literature in economics, nonprofit management, consumer behavior and social psychology on how to study such an effect will be explained in Chapter II, III and IV. It suffices to say here for the entire thesis that Senior Vice President David Liroff at the Corporation for Public Broadcasting found this way of looking at the social psychological contexts of public radio fundraising “fascinating and provocative” (in an e-mail to the author on September 27, 2007). This comment was made in the fall of 2007, five years after the first field experiment was conducted with the first industry partner. Mr. Liroff thought that this work was “clearly with implications for the public television side of the (public broadcasting) business as well” (in an e-mail to the author on September 27, 2007).

Research Philosophy and Methodology

Burrell and Morgan (1988) distinguished two approaches in social science research: a subjectivist approach and an objectivist approach. These approaches were defined along four dimensions: ontology, epistemology, human nature and methodology. First, on the ontological dimension, the world is either 1) of an objective nature or 2) of a subjective nature as a product of individual thoughts. This thesis takes the position that individual

psychology is part of the objective nature. It studies the social psychological context of giving following the traditions in modern experimental social psychology (Sabini, 1991).

Second, on the epistemological dimension, “knowledge is either being hard, real and capable of being transmitted in tangible form or knowledge is of softer, more subjective, spiritual or even transcendental kind, based on experience and insight of unique and essentially personal nature” (p. 1-2, Burrell, and Morgan, 1988). The former is a positivist position while the latter is an anti-positivist position, an interpretative position (Barker, Nancarrow and Spackman, 2001) or a phenomenological position (Burrell and Morgan, 1988). Neither position alone can provide the most insightful and relevant academic knowledge for practice (Easterby-Smith, Thorpe and Lowe, 1991). This is especially true for a thesis research in this multidisciplinary field of philanthropic studies, so this thesis combines the two approaches and takes an informed eclecticism approach (Barker, Nancarrow and Spackman, 2001).

On the positivist side, this thesis follows the functionist tradition in social psychology (e.g., Carver and Scheier, 1998) and studies the general effects of social information, social norms and social identities on giving in multiple samples. At the same time, the researcher acknowledges the reality that the social psychological contexts of giving are far more complex than any simplified psychological laws can comprehend, and each individual experience is unique. Thus, the researcher maintains high sensitivity for the uniqueness of each individual’s psychological characteristics and personal introspections (Locke and Latham, 2004) of the researcher, the donor or the fundraiser. They influence each and every step of a research project.

Third, human nature can be understood as being either deterministic (the environment determines human conditions) or voluntary (free will of humans masters the environment). This thesis takes the view that giving (as an example of human nature) is determined by the interaction between the environment and the individual (Carver and Scheier, 1998). It studies how social information, provided to donors by the external social environment, influences donation behavior through donors' perceptions of social norms and their stable and dispositional social identities.

The deterministic element of the thesis is its demonstration that social information determines the level of giving (Chapter II, Study 1). The voluntary element shows how such effect can only influence behavior when donors perceive such information to be relevant to their own decisions (Chapter II, Study 2), when donors change their perceptions of descriptive social norms based on the social information (Chapter III) and when donors identify themselves along dimensions that are similar to the social information, when they experience a high self-esteem along that dimension or when they pay attention to the other donor (Chapter IV).

Fourth, two research methods exist: the ideographic method, which “stresses the importance of letting one’s subject unfold its nature and characteristics during the process of investigation” (p. 6, Burrell and Morgan, 1988) and the nomothetic method, which has “emphasis on the importance of basing research upon systematic protocol and technique” (p. 6, Burrell and Morgan, 1988).

Nomothetic approach is the main methodology employed in this thesis. It is “epitomized in the approach and methods employed in the natural sciences, which focus upon the process of testing hypotheses in accordance with the canons of scientific rigor.

It is preoccupied with the construction of scientific tests and the use of quantitative techniques for the analysis of data” (p. 6, Burrell and Morgan, 1988). This thesis uses both experimental and survey methods.

Personal experience and observations of the industry helped the researcher select the nomothetic approach. Best practices in the industry have been generated based on fundraising professionals’ personal interpretation of their own experience during fundraising campaigns or of the aggregated giving data across a variety of geographic locations, fundraising practices, and donor characteristics (Target Analysis Donor Centric Report, 2006). The effectiveness of these best practices has never been rigorously tested, so the reasons why they may or may not be effective cannot be causally determined, and thus these techniques can hardly be documented to a degree of clarity that can be replicated by others. As a consequence, the training and certification of fundraising professionals are skill based, instead of knowledge based (Sargeant, personal email in 2007).

For example, a radio station may announce donors’ names, their residential locations and their reasons for giving during its on-air fund drive. Mentioning such personal information on the air can be effective to motivate giving, as the fundraiser thinks, but it may only be effective if potential donors find similarities between themselves and what is mentioned. Otherwise, it may deter more donors than it attracts. How can a fundraiser be sure that the number of people attracted or the level of giving is higher than those deterred? How do they know if the strategies that work for one fund drive also work in the long run? How do they know if the strategies that work in one place also work in other places?

When the evaluations of fundraising techniques are not based on well-controlled experimental tests, it is impossible to carefully identify the reasons why some techniques work but not others, and thus it is difficult to articulate whether or not certain techniques are going to be robustly effective across time and geographic locations. This thesis chooses to use experimental and survey methods to study the social psychological principles of giving in public radio fundraising and generate knowledge that can be used to guide its practice, train its professional fundraisers and educate its donors.

To summarize, this thesis takes the view that the social psychological contexts of giving are an objective reality determined both by environments and by individual characteristics and their perceptions and interpretations of the environment. The general laws about social psychological contexts of giving can be best understood using quantitative experimental and survey methods while the researcher maintains high sensitivity to the uniqueness of each situation and each individual.

Public radio fundraising in the past has taken the view that public services produce public support. Public services have been referred to as serving individual listeners while excluding the social context of these listeners. The successes and failures of such fundraising practices have mostly been examined by practitioners' individual experiences and interpretations. This thesis suggests that public radio fundraisers show effort in broaden their vision and understand their listeners and donors in their social contexts, and to examine their practices under the microscope of quantitative surveys and replicable experiments. This more complete understanding of the listeners and donors in their social contexts, and the quantitative test methods, will help the public radio industry to maximize its fundraising efficiency and to train its development professionals. This is not

a future direction necessary for public radio fundraising alone. As will be covered in the general discussion, this will be the future direction for all fundraising.

Summary

The personal experience of a public radio lover's determination to improve the fundraising practice for her beloved industry and to benefit all listeners like herself turns into a search for the most effective way to help. This thesis pursues this question by studying the social psychological contexts in giving using quantitative experimental and survey methods. Chapter II, III and IV will each document one such social psychological context of giving. To be consistent with the multi-disciplinary nature of philanthropic studies thesis, each chapter will be written for a different academic audience. Chapter II is written for the economics audience, Chapter III for nonprofit management and marketing, and Chapter IV for consumer behavior and psychology.

Chapter V will evaluate whether the research has achieved the objectives 1) to advance the theory development in multiple disciplines including economics, nonprofit management and marketing, consumer behavior and social psychology; 2) to provide empirical support to these theories by utilizing a diversified profile of research methods; and 3) to generate actionable knowledge for the public radio industry (and other nonprofit organizations) to improve their fundraising and encourage philanthropic participation. These three objectives together will constitute the contribution that this thesis makes to the field of philanthropic studies.

CHAPTER II

The Effect of Social Information on Giving

Why individuals make charitable contributions and voluntarily provide public goods is an important question in modern society. Research on this question has been conducted by economists (for reviews see Davis and Holt, 1993 and Ledyard, 1995) and by psychologists (for a review see Dawes, 1980).

Many theories have been proposed to explain why individuals give (or cooperate) when it is in their own (financial) interest to free- or cheap-ride. Explanations include altruism (e.g., Becker, 1974), warm-glow and warm-glow altruism (e.g., Andreoni, 1989, 1990), conditional cooperation (e.g., Fischbacher, Gächter and Fehr, 2001), and reciprocity (e.g., Sugden, 1984).

These motivations for cooperation have been studied using experimental data from the lab (e.g., Eckel and Grossman, 2003) and naturally occurring (empirical) data (e.g., Andreoni, 2006). Only very recently, field experiments have been introduced as a research tool in studying public goods provision and charitable contributions in economics (e.g., List and Lucking-Reiley, 2002; Frey and Meier, 2004; Eckel and Grossman, 2005; Falk, 2005).² List and Lucking-Reiley (2002) study the effect of seed money and refunds in a university fundraising campaign. They find that increasing the proportion of seed money increases both participation rates and the average amount contributed, while instituting a refund only increases the average contribution, but not the

²Research in psychology and marketing has long used field experiments in studying charitable giving (for a review, see Weyant, 1996). Influence techniques studied include foot-in-the-door, door-in-the-face, low-ball, and legitimization-of-small-donation.

participation rate. Eckel and Grossman (2005) study the effect of rebates as compared with matching donations in a public radio fundraising campaign via mail. They find that matching and rebates solicit about the same number of contributions, but that matching generates higher amounts contributed. Note that both of these two experiments manipulate the payoff structure (or form of payoff) faced by individual donors.

Instead of manipulating the payoffs, this research follows Frey and Meier (2004) (reviewed in more detail below) by examining the influence of social information on behavior. Additionally, it examines the long-term impact of providing social information and identifies the boundary conditions beyond which social information ceases to have an effect. While previous research has suggested that social information can have negative influences on efficiency and social welfare when there are negative externalities, for example, by leading individuals to overconsume (e.g., Frank 1985, 1999), this project identifies a positive influence of social information; it can be used to enhance contributions to public goods.

This chapter reports the results of two field experiments. In the first experiment social information is manipulated and shown to increase individual contributions. Further analysis reveals that the increased contributions do not crowd out future contributions in the following year; if anything, receiving social information in year $[t]$ increases expected revenue in year $[t+1]$. The second experiment identifies the boundary conditions of the social information effect. These results reinforce the claim that the effect is *social* in nature, rather than being strictly cognitive.

The research setting is an on-air fundraising campaign for a public radio station. This chapter begins by introducing previous research on social information and discussing

how social information might influence contributions. The next two sections describe the field experiments and their results. This chapter concludes with a brief summary, and discusses implications for understanding contributions toward funding public goods and economic behavior more generally.

Social Information

Experimental economics research has demonstrated the influence of social information in laboratory situations that do not involve public goods provision. For example, Cason and Mui (1998) use a sequential dictator game; individuals act as dictators, learn the dictator decision of another subject (or in the control condition, some irrelevant information about another subject), and then make a second dictator decision. They find that social information indeed influences the second dictator decision; learning what others had done significantly retarded the typical pattern of decreasing generosity relative to the control.

Bohnet and Zeckhauser (2004) examine the impact of social information in ultimatum games. They show that both the size of offer and the probability of rejections are influenced by whether responders are told the average offer received by others. The effect of this social information becomes stronger as the game is repeated. Both these laboratory studies appeal to social norms, and the desire for conformity to them, as an explanation for their results.

A few field studies have also been conducted on the influence of social information on behavior. However, these studies typically focus on the behavioral consequence conveyed by social information, rather than the quantitative information contained. For

example, Duflo and Saez (2003) provided monetary incentives for a selected set of employees of a university to attend a benefits fair, describing the advantages of a particular retirement plan. They find that the proportion of employees who enrolled in the plan was significantly higher in departments where individuals had been incentivized to attend than in those who received no incentives, even among those who did not attend themselves. They suggest that the information received at the fair was disseminated by those in attendance, which caused others in their department (but who did not attend) to enroll as well.

In the domain of charitable contributions, Frey and Meier (2004) use a mail fundraising campaign run by their university to show that social information influences participation rates. Students are asked to contribute, in addition to the tuition they pay, to one or two charitable funds. Students can make no contribution, simply sending in their tuition, or make contributions of CHF7 (about \$4.20) to one fund, CHF5 (about \$3.00) to another fund, or CHF12 (about \$7.20) to both funds. Some students receive a letter telling them that 64% of other students had previously contributed (this represents the proportion who actually contributed in a recent semester). Other students receive a letter telling them that 46% of other students had previously contributed (this represents the proportion of students who actually contributed over the last 10 years). 77% of students in the 64% treatment (high social comparison) contribute to at least one fund, while 74.7% of students in the 46% treatment (low social comparison) contribute to at least one fund. This absolute difference of 2.3% between the two conditions is not significant, nor is it economically large. The authors hypothesize that this non-significant result may be due to the fact that some donors are resilient to the social comparison information; in

particular students who have always or have never contributed may not be influenced by the social information. The authors then use a logit model controlling for the previous contribution history of each respondent and find a statistically significant difference between the two treatments.

While Frey and Meier demonstrate a small but significant effect of social information on *participation*, this chapter studies the influence of social information on *contribution amount*. Psychological research (e.g., Ajzen, 1991) has shown that decisions about whether to act and about how much to act, although positively correlated, may be caused by different psychological motivations. In the following two studies, experimenters communicate to potential donors not *that* another donor has given, but *how much* another donor has given, and they will examine the influence of this social information not on the *decision* to contribute but instead on the *amount* of contribution received.³

Some recent economic theories on why people might use social information have been developed to capture how and why social information might influence cooperation. The purpose of these experiments is not to distinguish between these theories, but rather to test their common predictions that social information influences not only the probability of contribution (as seen in Frey and Meier), but also the amount of contribution.

³A few empirical studies have attempted to examine the question of social interdependence of giving using survey data. The domain of investigation of these papers differs from this one substantially. In both Feldstein and Clotfelter (1976) and Andreoni and Scholz (1998) the authors examine the impact of others' contributions on total charitable giving, rather than giving to a specific charity. They use self-reported survey data of charitable giving, and compare contributions to all charitable sources by individuals of similar income or socioeconomic strata. Feldstein and Clotfelter find no significant effect, while Andreoni and Scholz find a significant interdependent effect (about .2). However, there is little or no evidence that individuals know the (self-reported) charitable contributions of others. If this information were not known, one would expect no effect of interdependent giving. This experiment examines contributions to one charitable cause, rather than aggregate giving, and it uses an experimental design to ensure that donors know the contributions of others.

Bernheim's (1994) *conformity* model assumes that individuals care not only about their intrinsic preferences but also about status - how others perceive them. Individuals recognize that behavioral departures from the social norm will impair their status, thus information about others' contributions can influence one's own decisions. Other models of conformity assume that deviations from social norms have direct utility consequences (e.g., Akerlof 1982; Jones 1984) and yield similar conformity results.

In Sugden's (1984) *reciprocity* model, individuals with the opportunity to voluntarily provide public goods optimize their individual utility subject to two constraints. First, they give at least as much as they internally want to give. Second, they give at least as much as the least-generous person is giving. When this second constraint binds, and the gift of the least-generous person is unknown, social information can affect individuals' beliefs of this amount, affecting their own contributions.

In Vesterlund (2006), numerous related theories are reviewed that also predict positive relationships between others' contributions and one's own. These include giving to achieve social acclaim (Becker, 1974), donors feeling they're "doing their share" (Sen, 1977), donors making their "fair-share contribution" (Rose-Ackerman, 1982), giving to gain social approval (Hollander, 1990), giving to signal one's wealth (Glazer and Konrad, 1996), receiving a warm glow from "doing one's bit" (Andreoni, 1989, 1990) and giving to achieve prestige (Harbaugh, 1998a, 1998b). For all these models to predict the data found in these experiments, however, one needs to add that individuals use the contributions of others as a signal of the appropriate or necessary contribution level in order to achieve the named goals.

In an additional model, Vesterlund (2003) posits that donors use others' contributions as a signal of the charity's quality. Like the others, this model predicts that the contributions of others will influence one's own contributions.

Although this chapter will not differentiate between these theories, it is the first to test their common prediction that as others contribute more, a target individual will also contribute more.

This chapter sought a naturally occurring institution that captured the public good structure, where individuals can choose to donate or not, but where the group as a whole is better off when everyone contributes: public radio. Each individual has an incentive to free ride, listen to the station, and not contribute to its continued functioning. However, the community as a whole is better off when the station is funded.

These experiments were implemented in a public radio station. This station has three on-air fund drives per year. During the drives, DJs on the air ask for donations and suggest particular contribution levels. Fifty dollars is the suggested level to become a basic member: listeners who give \$60 and \$75 receive additional gifts. Other gift levels kick in at \$120, \$180, \$240, \$360, \$600, \$840, \$1000 and \$2500. Listeners call in to the station to make contributions in response to appeals.

According to social influence research in psychology, individuals are more likely to be influenced by social information when the following conditions hold. First, the situation is (seen as) ambiguous (Crutchfield, 1955); if there were an obvious (correct) thing to do then the social information of what others were doing would not influence one's own decision. The public radio environment satisfies the ambiguity condition; the

multiplicity (and range) of recommended contribution levels means that callers have relatively little idea of what the “right” contribution might be.

Second, the social information must be perceived as relevant or appropriate. Cialdini (2001) summarized a variety of variables that influence this perception, including the appropriateness or reasonableness of the social information. In fact, Cason and Mui’s (1998) laboratory experiment shows that only similar/reasonable others’ information has an influence on decisions in dictator games. In our setting, this relevancy can be operationalized as the similarity between the social information and participants’ intended decision. The second study will reduce this perception of appropriateness and demonstrate that sensitivity to social information is significantly reduced.

To summarize, past experimental economics research has demonstrated the influence of social information in laboratory settings other than public goods provision. One previous field experiment has demonstrated the influence of social information on the probability of contribution in real-world public goods provision. However, a number of economic theories also predict that contribution *levels* will be sensitive to the level of contribution of others. This chapter is the first to provide evidence on the influence of social information on the amount of contribution. It thus provides complementary evidence to support the validity of this class of theories.

Study 2.1

This field experiment was conducted in an anonymous public radio station on the East Coast in June and September 2003 during the station’s on-air fund drive. It used a between-subject design with three social information conditions (\$75, \$180 and \$300)

and a control condition. In the social information conditions, another member's contribution was mentioned to participants before they made their own pledge; in the control condition no social information was provided.

During the on-air drive, the station DJs interspersed music with appeals for donations. Listeners responded to the on-air appeals during the drive and called the station to make a pledge. Experimenters answered the phone as volunteers for the station, asked the routine questions for the station and implemented the manipulation in the appropriate place in the conversation.

In particular, after answering the phone with the station's identifier: "Hello, STATION-NAME member line," experimenters asked: "Are you a new member or a renewing member of STATION-NAME?" After the caller answered, experimenters read (or did not read in the control condition) the following sentence:

"We had another member, they contributed \$75 [\$180 or \$300]."⁴

The question asked right after the manipulation was: "How much would you like to pledge today?" The dependent measure, the pledge amount, was then collected. We recorded data only during the hours when the station did not give special discounts or premiums.⁵

⁴Although this phrase is not commonly used in fundraising, it was constructed to sound natural, as though the volunteer was communicating about what others had done. No caller objected to this statement.

⁵During special-discount hours for example, the station offered a discount on at least one gift level. For example, it could offer a \$10 discount for each \$120 contribution that is paid in full on a credit card. That means donors could contribute only \$110 to receive thank you gifts normally awarded only to those who contribute \$120. When such special discounts are offered, almost all contributions received during those hours are exactly \$110, and unlikely to be responsive to social (or any other) information. During special-premium hours, the station offered unique gifts like concert tickets donated by popular singers or albums signed by famous station DJs. Data from these hours are extremely noisy, so we did not collect any data during these hours either. Callers did not know of our experiment, nor the hours when data was collected, and thus could not select in or out of our treatments.

The levels of social information to use were determined by analyzing past contribution data from the station, and considering gift levels and special challenges used by station fundraisers. For this first experiment, the distribution of contributions was examined from the previous year’s fund drives in June and October 2002 (2003 was the first year in which the station conducted its fall fund drive in September instead of October, thus we used October 2002 data as the closest estimate).

The analysis examined the distribution of the contributions. The mean contribution to the station in those two drives was \$135. The median contribution was \$75. As can be seen in Figure 2.1, the distribution is skewed. This figure also illustrates the “spiky-ness” of the data, with many contributions at \$50, \$60, \$75, \$120, \$240 and \$360. These spikes represent gift levels that the station uses; as a donor contributes at or above these thresholds (s)he receives additional thank-you gifts. It should be noted that these gift levels were present, but remained consistent between our treatments.

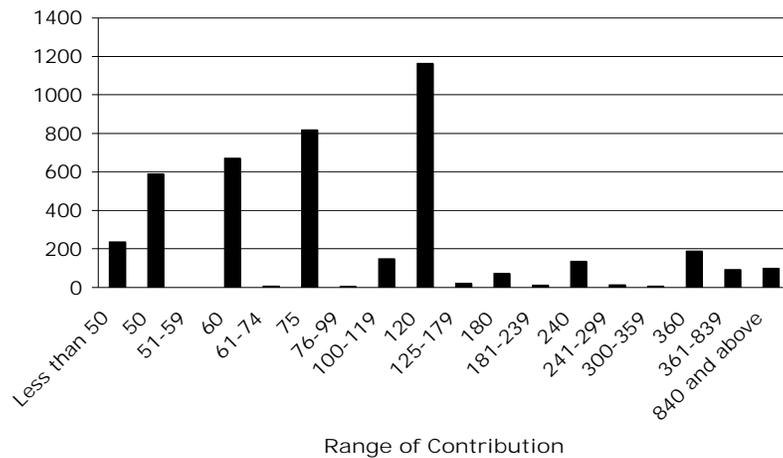


Figure 2.1. Contribution History for June and October 2002 (by contribution amount)

Next, the specific gifts offered for each level are identified. For each level below \$360, donors receive only products as gifts, (e.g., CDs, mugs, T-shirts). Starting from

\$360, donors are invited to social events organized by the station. The station had also started to use labels like “Music Lover Circle”, “CD a Month Club”, and “Special Producer” to categorize donors who contribute above \$360. Since this research wants to identify its experimental effect independent of any additional status or prestige that may be carried by the social information manipulation, the researchers concluded that the social information level should be lower than \$360. They thus used \$75 (the 50th percentile), \$180 (the 85th percentile) and \$300 (the 90th percentile) in their first experiment for the social information levels.

Other information collected by the station during the phone conversation included caller’s name, phone number, email address, billing address, city, ZIP code, credit card or check information, and the thank-you gifts they would like to receive. However, for confidentiality reasons and to conform to human-subject protocols, only research-related information was copied and kept by the researchers.

All experimental conditions were randomized within each experimenter and within each hour. An extra step was also taken to avoid any expectation effect or sales effect from the experimenters. The manipulation sentences were printed on labels, and then attached to each pledge form. These sentences were covered by Post-it notes. The experimenter did not remove these covers until they asked the first key question, i.e., what kind of member the callers are. At this point, they removed the Post-it note, read the manipulation sentence (or nothing if the control condition) and asked for the pledge amount. Experimenters were thus blind to which condition each caller was in before they read the manipulation, and the dependent measure of pledge was collected right after the manipulation.

Finally the researchers ensured that another member had indeed contributed the amount suggested in the experiment, namely \$75, \$180 and \$300, earlier in the fund drive, so that the statements would not constitute deception. Five hundred thirty-eight donors called in to the station to make a contribution and randomly received one of the treatments.

Results

Immediate Results. Contribution distributions in the four treatments are shown in Figure 2.2, below.

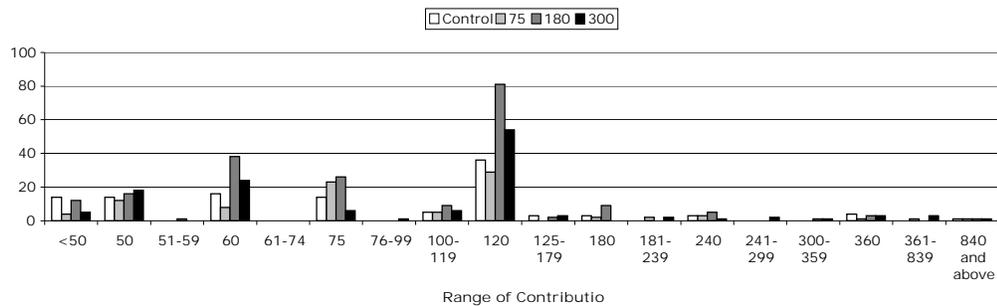


Figure 2.2. Distribution of Contribution

The analysis of existing station data suggested that contributions can be dramatically different depending on the fundraising theme used in each drive, the thank-you gifts offered each day and hour, whether donors are new or renewing donors, their gender, and whether they pay the entire pledge amount as one payment or as installments over a period of 12 months. Although not all of these factors significantly explain variance in our data, these variables are included in the regression analysis as controls, shown in Table 2.1.

The primary result is that social information can influence contributions. The \$300 social information condition yields significantly higher contributions than the control condition (the omitted condition) while \$75 and \$180 are directional but not significant.⁶ The average contribution is \$119.70 in the \$300 social information condition and \$106.72 in the control condition. This is a \$13 difference, and would translate into a 12% increase in revenue for the station had all callers been offered the \$300 social information.⁷

	estimate	SE	p
Constant	4.086	71.906	0.955
\$75	1.495	6.670	0.823
\$180	2.656	5.622	0.637
\$300	20.666	6.881	0.003
Renewing Members	18.600	4.284	0.000
Male	7.780	4.215	0.066
Installment	32.841	4.284	0.000
Drive dummies	-----yes-----		
Day dummies	-----yes-----		
Hour dummies	-----yes-----		
N	538		
R-Squared	0.180		

Table 2.1. The Social Information Effect

The next test investigates whether the impact of social information is the spread of contributions around the social information contribution amount. If social information matters, one might expect that contributions in the social information condition would be closer to that information than contributions in the other conditions. To test this, the absolute distance was calculated between each contribution and the \$75, \$180 or \$300

⁶Remember that treatments are randomized within experimenter. As predicted from this design, adding a control for the particular phone-answerer has no effect on the analysis.

⁷One concern could be that in the control condition callers neither knew of another member's contribution, nor how much they gave, while in the treatment conditions they knew both. Differences in contributions could be caused by the existence of another contributor, rather than by their actual contribution amount. However, the results reject this explanation, as only the \$300 condition is significantly different than the control. If simple knowledge of another's contribution were sufficient, one would have seen all three treatments being significantly different than the control.

social information levels in the appropriate treatment conditions. Then that distance was compared with the distance between contributions and \$75, \$180 or \$300 respectively in the control condition. Suggestive evidence is found in this analysis. The average of the absolute difference of contributions from \$75 are \$47 in the \$75 condition, and \$54 in the control condition. Similarly, the average of the absolute difference of contributions from \$180 are \$91 in the \$180 condition and \$104 in the control condition. The average of the absolute difference of contributions from \$300 are \$206 in the \$300 condition and \$215 in the control condition.

To show this result statistically, for each donor, the absolute distance was calculated between each contribution and the social information levels of \$75, \$180 and \$300. This distance was then regressed on the controls from Table 2.1, and a dummy variable indicating whether an individual was in a treatment condition or not. We find a significant effect of this treatment variable ($\beta=9.38$, $se=3.72$, $t=2.52$, $p=0.012$) suggesting that, on average, contributions are \$9 closer to the social information level when it is suggested, than when it is not suggested.

Long Term Impacts. One concern is whether this increased contribution comes at a cost. Are fundraisers simply “fooling” donors into giving more, and will this result in a backlash of lower giving in subsequent years? In economics language, do higher contributions this year crowd out future contributions? To investigate this question, contributions were tracked one year later of participants in this study. Three variables of interest were examined: the renewal rate (the likelihood that the donor will renew their membership), the amount they contribute in the second year, and the product of these two

(the expected revenue from the donor one year hence). These are shown in Table 2.2, below.

	Renewal Rate	Mean Contribution	Expected Revenue
Control	12%	\$86.11	\$10.62
\$75	23%	\$95.50	\$22.21
\$180	25%	\$121.13	\$30.28
\$300	32%	\$93.97	\$29.95

Table 2.2. Donations One Year Later

As can be seen from Table 2.2, the renewal rate is higher in the three social information conditions (ranging from 23% to 32%) than in the control condition (12%). The difference in renewal rate is significant, according to a logit regression model. Donors who were given social information are significantly more likely to renew their membership the next year than those who were not given the information ($z=2.85$, $p=.004$, $N=164$). Thus, one can conclude that providing social information significantly increases the renewal rate.

The contribution amount one year later is also higher in the social information conditions (ranging from \$93.97 to \$121.13) than in the control condition (\$86.11). While these dollar differences are directionally higher they are not statistically different. When the expected revenue was calculated from donors assigned to the various conditions (shown in Figure 2.3), again the social information conditions yield higher amounts (ranging from \$22.21 to \$30.28) than the control condition (\$10.62).

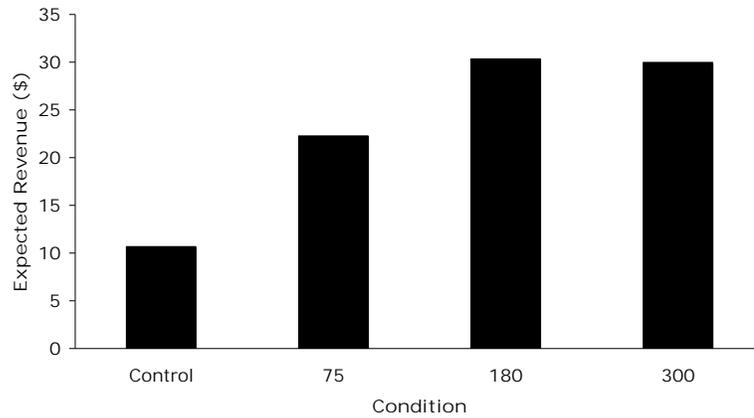


Figure 2.3. Expected Revenue One Year Later

A direct comparison of the \$300 social information and the control condition is of particular interest, as this social information was the most influential. A significantly higher probability of contributing was found one year hence (in \$300 32%, in control 12%; $\chi^2=11.05$, $p<.001$) and directionally higher amount contributed conditional on contribution (in \$300 \$93.97, in control \$86.11). This treatment thus generates higher expected revenue in the subsequent year (in \$300 \$29.95, in control \$10.62).

Discussion

The results from Study 2.1 demonstrate the potential of social information to influence real-world decisions in the amount of voluntary contribution to public goods. Providing social information significantly increased contributions. Notice that the size and significance of this effect varied, with the most effective social information level representing the 90th percentile of the distribution of contributions. Furthermore, the increase in contributions due to social influence does not crowd out future contributions.

In fact, it generates higher expected revenue than the control condition in the subsequent year.

This effect is large. The most effective social influence condition increased contributions by \$13 (12%). This effect is of comparable size to that of manipulating the payoff structure of contributing. List and Lucking-Reiley (2002) report an increase of about \$25. In Eckel and Grossman (2005), the increase in the amount of contribution is about \$13, from \$7.85 to \$20.55.

This research is the first to identify longer-term impacts of social information, as well. It finds that donors who were provided social information were around twice as likely to contribute again one year later (between 23% and 32% compared with 12% in the control condition), and, when they contributed, gave more (between \$93.97 and \$121.13 compared with \$86.11 in the control condition). The expected revenue from donors provided with social information was 2 to 3 times that from donors who were not so provided (between \$22.21 and \$30.28 compared with \$10.62 in the control condition).

Study 2.1 demonstrates the influence of social information in the field. Providing social information of the 90th percentile increases contributions. Although the existence of the social information effect has been established, the mechanism behind the effect is not clear. Two alternatives suggest themselves; conformity to a social norm (as in the theories described above) and anchoring and adjustment (reference points). The next experiment describes these alternatives and provides some evidence in favor of the socially oriented explanation.

Study 2.2

One question one may ask is whether the impact of social information is based on its social origin or if it is simply a reference point to which donors (cognitively) adjust their contributions.

The social influence research suggests that people rely on social information to infer what the appropriate behavior is in an ambiguous situation, and then conform to the norm. Social information influences belief about the norm, and thus influences behavior. However, when social information is no longer informative or relevant, the effect disappears (Cialdini, 2001). In the lab, Cason and Mui (1998) showed that outlying social information does not influence decisions, while typical social information does. The social influence explanation predicts that unusual or outlying social information would not have an influence on contributions.

In contrast, one might imagine a more cognitive explanation for the results. Simply mentioning a number to callers might serve as an anchor point or reference point, and might influence their decisions in that way. There has indeed been literature on the use of reference points to increase contributions. Reference points have typically been implemented using appraisal scales (contributions suggested by the nonprofit).⁸ Unfortunately, no consensus has been reached on whether (or when) reference points affect either the participation rate or the amounts contributed, or why. Smith and Berger (1996) found that higher reference points lead to reduced participation rates but

⁸Note that this implementation is quite different from the traditional anchoring (and adjustment) effect initially discussed by Tversky and Kahneman (1974). In those original experiments, the anchor value is generated randomly (using a spinner or some other device) and is clearly unrelated to the task at hand (e.g., estimating the number of African nations). In these experiments, in contrast, the anchors are (represented to be) selected intentionally by an interested party: the nonprofit organizations who are trying to increase the individual provision of their public goods. Because of this difference, we refer to reference points rather than anchoring-and-adjustment in describing this cognitive theory.

equivalent levels of contribution. In contrast, Fraser, Hite and Sauer (1988) found that a high (\$20) reference point increased contributions over the control, but lowered the participation rate. Most recently, Desmet and Feinberg (2003) show that high suggested donations do not affect participation rates but do increase contributions. However, if reference points were the explanation behind the social information results in Study 2.1, higher reference points should be more effective.

One way to distinguish between the cognitive (reference point) and the social (conformity) explanation of these results is to identify a *boundary condition* for the influence of social information. Study 2.1 has shown that for social information to be influential, the level needs to be at least the 90th percentile of the contribution distribution; lower levels have directional but not significant impacts on contributions. However, consider what each theory would predict if the social information were substantially higher.

According to the cognitive reference-point theory, the higher the reference, the higher the contribution. Thus, higher social information should be more effective. In contrast, the social influence research suggests that individuals conform only to relevant (or appropriate) norms. A contribution that is too high might easily be seen as irrelevant or inappropriate. The second experiment thus compares a control treatment with social information at around the 90th percentile and at the 99th percentile of contributions.

This experiment was conducted in the same anonymous public radio station on the East Coast in February 2004 during the station's on-air fund drive. Three hundred thirty-four renewing donors received the experimental treatments. As before, data were recorded only during the hours when the station did not give special discounts or

premiums. The procedure was identical to that of Study 2.1. Participants are all renewing members, and for those members the 94th percentile is \$600, while the 99th percentile is \$1000. A between-subject design was used with three conditions: a control, social information of \$600 and social information of \$1000.

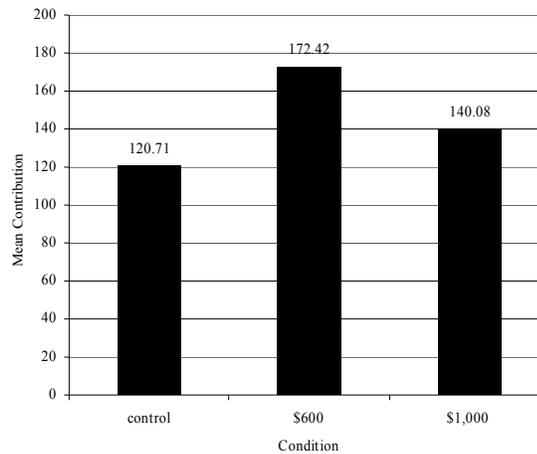


Figure 2.4. Boundary Conditions of the Social Information Effect

As shown in Figure 2.4, the \$600 condition produced higher contributions than in both the control and in the \$1000 condition (\$121 in control, \$172 in \$600 condition and \$140 in \$1000 condition). These differences are statistically significant in the regression reported in Table 2.3.⁹ In particular, the coefficient on the control condition is significantly negative, suggesting that contributions there are lower than those in the omitted (\$600) condition. This result provides a replication of the social information effect. Similarly, the coefficient on the \$1000 condition is also significantly negative, suggesting that contributions in that treatment are lower than in the omitted (\$600) condition. This result shows the boundary conditions of the social information effect, and

⁹Since only renewing members were tested and the experiment was conducted during a single fund drive, the member type and the drive variables are not included in this analysis.

provides evidence in favor of our claim that the cause of the effect is indeed social and not simply cognitive.

	estimate	SE	p
Constant	35.530	36.315	0.329
Control	-52.247	21.108	0.014
\$1000	-32.916	21.108	0.038
Male	8.555	14.440	0.554
Installment	95.994	14.906	0.000
Day dummies	-----yes-----		
Hour dummies	-----yes-----		
N	334		
R-Squared	0.145		

Table 2.3. Limits of the Social Information Effect: Renewing Members Only

This experiment finds evidence to support the social conformity explanation for the influence of social information, rather than the cognitive reference-point explanation.

One should not consider this evidence conclusive. However, the evidence is suggestive of a social rather than a cognitive explanation; a straightforward reference point mechanism cannot explain the observed negative effect of a high reference point.

Discussion, Implications, Limitations and Future Research

Field experiments offer a unique opportunity to study the influence of social psychological processes on the voluntary provision to public goods (and charitable contributions more generally) in a naturalistic environment. These field experiments show that social information influences contributions, with information drawn from the 90th to 95th percentile of contributions being the most effective. This effect is long-lasting; contributions and the likelihood of renewal of membership remain higher after one year in the conditions where social information has been offered than in the control

condition. Lower social information has little or no influence, while higher social information actually *decreases* the level of contribution.

However, field experiments have limitations as well. While one can demonstrate that an effect exists, it is much harder to conclude why. Experiment 2.2 provides some evidence that the effect is social rather than cognitive, nonetheless, further examination of this question in the lab is necessary using hypothetical scenario studies. Evidence supporting conformity to social norm as an explanation for this effect will be offered in the next chapter. It shows that social information changes people's perceptions of what others give to the nonprofit organization. These changed perceptions correlate at the individual level with self-reported contribution behavior; individuals whose perceptions change more, give more than individuals whose perceptions change less. However, more research needs to be done to determine why extremely high social information has a detrimental effect on cooperation (Festinger, 1954).

A second limitation of field experiments involves the generalizability of the results. It is possible that these conclusions are sensitive to the choice of this particular public radio station and this particular experimental implementation. For example, this manipulation was done via the phone; would the results generalize to mail solicitations? Croson and Shang (2008) examine this question in a renewal mail campaign of the same radio station. They find that renewing donors are influenced by social information presented in that setting. The fact that social information influences contributions in both situations suggests that the effect is at least reasonably general. That said, more work needs to be done to test the generality of the social information effect with different organizations that provide public goods, different types of donors and different appeals. Conformity

theory suggests that social information is most likely to be effective in ambiguous (or weak) situations. Future field experiments in domains like these could classify these situations and provide predictions of when social information is more (or less) likely to influence behavior.

Social information has the potential to affect behavior in a wide variety of economic situations. Others have suggested the importance of norms in actual (Akerlof, 1982) and experimental (Fehr, Kirchler, Weichbold and Gächter, 1998) labor markets, whether to work or live on welfare (Lindbeck, Nyberg and Weibull, 1999), saving and consumption (Lindbeck, 1997), and on profit-seeking entitlements (Kahneman, Knetsch and Thaler, 1986). This chapter contributes to this literature by providing evidence that social information is impactful in charitable contributions, as well.

This impact is not only statistically significant but also economically significant for public radio stations and similar nonprofit organizations. For a small radio station of 20,000 members, an average increase of \$13 contribution from each member yields a \$26,000 per year increase in funding. There are approximately 650 public radio stations in the U.S. Even if all were small (and many are large), this would yield an increase of at least 16 million dollars in contributions.

In summary, this chapter demonstrates the influence of social information on contributions in field experiments using a public radio station's on-air campaign. Contemporary and future research explores the same effect in different domains, using different media and different social information levels. This stream of research provides for a deeper understanding of what motivates individuals to contribute toward the funding of public goods and other charitable organizations, and provides a first step in

understanding the domains in which social information is likely to be an important factor to consider in our attempts to improve predictions (and explanations) of economic behavior.

CHAPTER III

The Effect of Social Norms on Giving

The literature in nonprofit management and marketing on the motivations for giving includes predictors of individual giving such as altruism (e.g., Becker, 1974), warm-glow and warm-glow altruism (e.g., Andreoni, 1989, 1990), empathy induced altruism (Baston, 1990), conditional cooperation (e.g., Fischbacher, Gächter and Fehr, 2001), reciprocity (e.g., Sugden, 1984); personal values (Bennett, 2003); trust (Bekkers, 2003); past giving (Lindahl and Winship, 1992; Sargeant, 2001a); loyalty and commitment to the organization (Lindahl, 1995; Sargeant, 2001b; Sargeant and Woodliffe, 2005); the efficacy of fundraising techniques such as the design of the appeal (Diamond and Gooding-Williams, 2002); segmenting the donor population (Sargeant, Wymer and Hilton, 2006); suggested contributions (Marks, Schansberg and Croson, 1999); and organizational characteristics such as administrative efficiency (Bowman, 2006; Tinkelman and Mankaney, 2007); fundraising expenditures (Sargeant and Kähler, 1999; Okten and Weisbrod, 2000); the impact of professional solicitors (Greenlee and Gordon 1998), level of use by the donor (Kingma and McClelland 1995); and other sources of revenue (Kingma, 1995).

Literature in psychology and marketing examines how to increase the effectiveness of fundraising. This literature has mostly focused on creating and testing compliance techniques that induce non-donors to give (e.g., foot-in-the-door [Freedman and Fraser, 1966], door-in-the-face [Cialdini, Vincent, Lewis, Catalan, Wheetler and Darby, 1975],

legitimization-of-small-donations [Cialdini and Schroeder, 1976] and the low-ball technique [Cialdini, Cacioppo, Bassett and Miller, 1978]). This literature focuses on increasing participation rates and suggests techniques that rely on the social interaction between the fundraiser and the donor, and activate psychological constructs like guilt and the desire to act consistently.

This chapter focuses on one aspect of giving: the descriptive social norms as perceived by existing donors. These are referred to in this thesis as *perceived descriptive social norms*, by which it means the individual donor's belief of what others are contributing. This chapter does not examine how to increase the participation rate, but instead how to increase the level of donations from existing donors. It examines the social dynamics between the target donors and their knowledge of the behavior of other donors, activating psychological constructs like conformity to social norms. It first shows how social norms influence donation levels to a nonprofit organization in existing donors. It finds that the level of donation is influenced by the donors' perceived descriptive social norms. Second it moves to the laboratory, and investigates ways in which such perceived descriptive social norms can be influenced. In particular, it identifies the influence of *social information*, defined as information about another donor's contribution, on descriptive social norm perceptions. It finds that social information influences the target donor's contribution by changing his or her perceptions of the descriptive social norm (i.e., the average level of contribution by other donors, as defined in Cialdini, Reno and Kallgren, 1990). The desire to conform to this perceived descriptive social norm causes behavioral changes and thus increases contributions.

This chapter advances research on the factors affecting the level of individual donations to a nonprofit organization in a given industry, along the following lines:

- 1) It examines the giving behavior of existing donors to a public radio station, where the nature of the organization's output or product is subject to severe free riding and where donations do not 'buy' different amounts of the collective good.
- 2) It links respondents' actual giving behavior for the year preceding the survey and the year following with self-reports of their contributions to a nonprofit organization. This linkage allows it to examine the relationship between donors' perceptions of descriptive social norms of others' giving and their own self-reported giving, as well as their actual giving.
- 3) It uses a laboratory study to investigate factors that affect the perceptions of descriptive social norms. It identifies one particular factor, social information, and demonstrates that social information (a) affects contributions and (b) does so by influencing the perceived descriptive social norms. This methodology demonstrates causality between these norms and subsequent giving, in ways that field experimental or survey data cannot.

Social Norms

Classical research in social influence has shown that people's behavior is driven by their perceptions of others' behavior (Crutchfield, 1955). Cialdini et al. (1990) describe these perceptions as *descriptive social norms*, which specify what is typically done in a given setting (what most people do), and differentiate these from *injunctive social norms*,

which specify what behaviors garner approval in society (what people ought to do). Many studies have demonstrated the influence of descriptive and injunctive social norms on subsequent behavior in varying situations. For example, they have been shown to influence the choice of exercising during leisure time (Okun, Karoly and Lutz, 2002; Okun, Ruehlman, Karoly, Lutz, Fairholme and Schaub, 2003; Rhodes and Courneya, 2003), communication styles during wedding ceremonies (Strano, 2006), team-based innovations in the workplace (Caldwell and O'Reilly, 2003), littering (Cialdini et al., 1990), and stereotyping, prejudice and discrimination (Mackie and Smith, 1998). The relationship between social norms and behavior has also been shown for specific sub-populations, including breakfast food choice among children (Berg, Jonsson and Conner, 2000), alcohol misuse among college students (Walters and Neighbors, 2005), smoking cessation among smokers (Van de Putte, Yzer and Brunsting, 2005), and condom use among drug users (Van Empelen, Kok, Jansen and Hoebe, 2001). However, this thesis is the first to look at the influence of social norms, and descriptive social norms in particular, in the domain of donations to nonprofit organizations.

Individuals are more likely to be influenced by social norms when the following two conditions hold. First, there is a perception of ambiguity about what should be done (Crutchfield, 1955). If no such ambiguity exists and there is an obvious (correct) thing to do, then what others do does not influence an individual's behavior (Reno, Cialdini and Kallgren, 1993). The fundraising environment satisfies this ambiguity condition, especially in small gifts solicitation. Typically, multiple giving levels are suggested to donors in mail, telephone, or online solicitations; and donors cannot always remember what they did in the past or whether what they did in the past is still applicable to their

current donation decisions, both in terms of the organization's need and in terms of their own financial or other constraints. The multiplicity (and range) of recommended contribution levels, the lack of clear recollections and the changes faced by nonprofits and the donors mean that potential donors have relatively little idea of what the "right" contribution might be for them.

Second, the descriptive social norms must be perceived as relevant or appropriate. Cialdini (2001) summarized a variety of variables that influence this perception. The reasonableness of the social norms is the most relevant for the discussion here. In fundraising campaigns, giving levels are generated to make sure that they are affordable to the target audience. Similarly, in the second experiment, it will provide social information that is relevant or appropriate for the donors. When people have no information about descriptive social norms in giving, they are likely to rely on the information provided to form their perception of descriptive social norms, and their subsequent giving behavior is likely to be influenced by this perception.

On the basis of this previous research and practice, this thesis hypothesizes that perceived descriptive social norms will influence charitable giving behavior.

H3.1: The higher the perceived descriptive social norms as measured on the survey, the higher are the donations received by the station.

This hypothesis will be tested in the field survey: a survey of existing donors to public radio.

In the experimental study that follows, this thesis examines how fundraisers may change donors' perception of descriptive social norms. Previous work has identified multiple factors that might affect one's belief about the descriptive social norms. For

example, if a person believes others are correct in their judgments and there is a private acceptance of what others do, then this person will conform to others' behaviors.

(Burnkrant and Cousineau, 1975; Miniard and Cohen, 1983). Such conformity has been shown to come from a variety of sources including the behavior of family and peer reference groups (Childers and Rao, 1992), and in a variety of settings, the behavior examined is primarily that of private consumption (Osterhus, 1997; Bearden and Etzel, 1982). This thesis is the first to test the impact of descriptive social norms on charitable giving.

It uses one of the weakest possible types of social information from this previous literature, i.e., one other person's behavior (compared with previous studies that examine the impact of many others' behavior):

H3.2: The higher the social information as manipulated by the experimenter, the higher are the perceived descriptive norms elicited from the participants.

Previous research has also shown that social information influences behavior directly. In the domain of charitable contributions, Frey and Meier (2004) use a mail fundraising campaign run by their university to show that social information increases participation rates. Reingen (1982), and the second chapter of this thesis provide complementary results and show that social information can also increase the amount of charitable donations in college students and in the general population, respectively. While these previous studies have identified an influence of social information on *contributing behavior*, none have provided an explanation or mechanism for this influence. The main contribution of this chapter is to demonstrate that it is social norms that drive the previously observed impact of social information on contributing behavior.

While the field survey will show that perceived descriptive social norms could be one of the mechanisms that influence the level of charitable giving, the laboratory experiment advances Reingen's (1982) and the second chapter's research by manipulating the level of social information and measuring the perceived descriptive social norms and subsequent contribution behavior in the same experimental setting. In doing so, it provides both additional evidence for the influence of social information on behavior, and a precise and complete understanding of the relationship between perceived descriptive social norms, social information and charitable giving. This relationship is stated as follows:

H3.3: The positive effect that social information has on contribution behavior is fully mediated by perceived descriptive social norms.

To summarize, previous research has shown that contribution behavior is influenced by social information. This thesis hypothesizes and demonstrates that the mechanism through which this influence operates is perceived descriptive social norms. Social information can change perceived descriptive social norms (H3.2), which in turn, changes donation behavior (H3.3). This research is the first to demonstrate this mechanism, to measure the effect of perceived descriptive social norms on actual and self-reported contribution behavior (H3.1), and to test possible techniques of changing the perceived descriptive social norms.

Study 3.1

The target population for this study is a set of active and recently lapsed donors to a public radio station. An instrument was developed for the survey¹⁰ and a month was selected at random (August, 2003) to send it. The survey was sent to all members who normally would receive a renewal letter during that month. There is no reason to believe that this month is different from any other month; therefore, this sample is considered as a random sample of active and recently lapsed members.

Surveys were included with the renewal mailing; also included was a separately provided pre-addressed envelope. Surveys were completed and returned in the separate envelope, which was addressed to the researchers and *not* to the radio station. Individuals who renewed their membership sent their renewal to the station in the usual way; if they also submitted a survey it was sent directly to the researchers in the separate envelope. Respondents were told that an additional \$5 contribution would be made to the station for each of the first 200 completed and returned surveys (this payment was indeed made as promised).

Seven thousand one hundred twenty-three surveys were sent to active and lapsed donors of a public radio station and 975 completed surveys were returned, making the response rate 13.7%. Of these 975 respondents, 422 identified themselves. This makes it possible to link responses on the surveys with the station's database, which provided donors' actual donations for the year preceding the survey and the year following the survey.¹¹ These 422 respondents are representative of the sample of returned surveys, in

¹⁰A copy of the survey is available upon request.

¹¹To comply with human subject protocols regarding privacy, respondents had to self-identify in order for us to access their contribution history. This identification information was deleted from our research records, as soon as the survey responses were linked to their contribution history records.

terms of gender, race, age, marital status, geographic locations (state and ZIP code)¹² and in the average level of donations.¹³ Of these 422 matched surveys, 394 surveys had no missing responses. The more detailed analysis will primarily focus on these 394 respondents. The survey respondents were 42% male and 58% female, with an average age of 46 years and with an average of 16 years of formal education. Most (97.6%) respondents described themselves as Caucasians.

The reports of the findings will first focus on how perceived descriptive social norms influence giving behavior. In particular, the independent variable of interest is the perception of descriptive social norms: what the respondent believes others give. Responders reported this variable in the survey. The controlling demographic variables include age, education, and gender.¹⁴

Measures

As described above, the independent variables are:

Age: Number of years

Education: Number of years

Male: Dummy variable for gender (male=1, female=0)

Perceived Descriptive Social Norms: the estimated average donation of other donors

Four different dependent variables are examined. The first is the self-reported contribution from the survey. This dependent variable is available for all the survey

¹²Chi-square tests on these variables between the identifying respondents and others showed no significant differences.

¹³Chi-square tests on these variables between the identifying respondents and others showed no significant differences.

¹⁴Due to data limitations, we do not have access to respondents' income and therefore use age and education as controls (Pharaoh and Tanner, 1997; Havens, O'Herlihy and Schervish, 2006).

responses (n=975). The second, and most reliable, dependent variable is the average of the individual's contributions in the year prior to and the year after the survey was sent. Since there may be variation in year-to-year giving due to exogenous variables (e.g., sudden loss or increase of income, birth of a child, sudden death of family members, family relocation or home remodeling), this measure is a limited attempt to smooth the variation. This dependent variable thus provides the most stable estimate of the individual's giving behavior.

One potential concern about this dependent variable is that it includes the contribution made after the survey was sent out and there may be a false collinearity. In particular, something external could have happened that affected both the survey's answers and the subsequent year's contribution, causing a correlation where none exists. Thus for a robustness check the individual's contribution in the year *prior* to the survey being sent was also examined as the third dependent variable. This measure represents the donor's preferred giving levels without interference from any third cause or from the survey itself. Finally, for completeness, the individual's contribution in the year after the survey was sent was examined as the fourth dependent variable. These last three analyses focus on the 394 completed surveys whose respondents self-identified.

Results

Case 1 Dependent Variable: Self-Reported Contribution. The first analysis examines the effect of the perceived descriptive social norm on self-reported contributions to the station, using all 975 returned surveys. Table 3.1 reports the results from a regression

analysis with self-reported contributions as the dependent variable, and with age, education, gender and the perceived descriptive social norm (estimated average of others' contribution) as independent variables.

Independent variable	Estimate (s.e.)	t-statistic	p-value
Constant	9.43 (62.52)	0.15	0.880
Age	1.63 (1.10)	1.49	0.138
Education	-0.28 (0.33)	0.83	0.405
Male	18.60 (21.04)	0.88	0.377
Descriptive Social Norms	0.59 (0.28)	2.09	0.037*
R ²	0.012		
N	975		

*p<.05

Table 3.1. Self-Reported Contribution

As can be seen from Table 3.1, the perceived descriptive social norm is a significant predictor of self-reported contributions ($p=.037$). Respondents who believe that others contribute high amounts self-report their own contributions as high. There are some other directional but statistically insignificant results, as well. However, this regression has some important limitations. The low R^2 suggests that not much of the variance in the data is being explained by the variables included. This, it seems, is primarily the result of the extreme noise in the dependent variable of self-reported contributions. Past research shows that people's self-reported giving varies substantially depending on how the questions are asked (Rooney, Steinberg and Schervish, 2004). Other recollection mistakes may also contribute to variation in the self-reported data.

Some additional evidence is available on this variation in self-reported contributions. In particular, for the 394 respondents who were identifiable and completed the survey in

its entirety, comparisons can be conducted between their self-reported contributions from the survey with their actual contributions from the station's database. While there exists a significantly positive correlation between self-reported contributions and actual contributions ($p < .05$), the correlation coefficient is relatively low ($r = .333$). This suggests that self-reported contributions are, at best, a noisy signal of actual contributions. Because of this weakness in using self-reported contributions as the dependent variable, the subsequent analyses focus on the respondents whose surveys could be linked to their actual contribution history, and whose surveys were complete ($n = 394$).

Case 2 Dependent Variable: Average Actual Contributions (the Average Contribution in the Year Prior to and the Year After the Survey). Our most robust dependent variable is the average of the previous and subsequent years' actual contribution made by the individual. Independent variables include the respondent's age, education and gender, and the measure of the perceived descriptive social norm.

As can be seen from Table 3.2, results from this regression are more reassuring than those from the previous one. First, the R^2 of .096 is low but reasonable for cross-sectional data like this. Second, there is, as before, a significant positive effect of the perceived descriptive social norm ($p < .001$). Respondents who believe that others give more (as reported on the survey) give more themselves (as measured by their average actual contributions).

Although this dependent variable (average actual contribution) is much more stable than the previous one (self-reported contributions), it is not without its flaws. In particular, there may be concerns about false collinearity between the descriptive social

norm and the subsequent year's giving. Some third event could have occurred prior to the survey which affected both the descriptive social norm and the subsequent year's giving, causing a correlation without indicating causality. The next set of regressions provides a robustness check on these results by examining the impact of the independent variables on contributions made in the year prior to the study.

Independent variable	Estimate (s.e.)	t-statistic	p-value
Constant	58.97 (54.97)	1.07	0.284
Age	0.80 (0.58)	1.37	0.173
Education	-0.50 (2.39)	0.21	0.835
Male	18.81 (10.69)	1.76	0.079
Descriptive Social Norms	0.61 (0.11)	5.76	0.000***
R ²	0.096		
N	394		

***p<.001

Table 3.2. Average Actual Contribution

Independent variable	Estimate (s.e.)	t-statistic	p-value
Constant	56.00 (56.30)	0.99	0.321
Age	0.64 (0.60)	1.07	0.283
Education	-0.12 (2.45)	0.05	0.960
Male	13.39 (10.95)	1.22	0.222
Descriptive Social Norms	0.54 (0.11)	4.97	0.000***
R ²	0.070		
N	394		

***p<.001

Table 3.3. Actual Contribution in Year Prior to the Survey

Case 3 Dependent Variable: Actual Contribution in the Year Prior to the Survey. The same regressions are conducted as before, but the dependent variable here is the previous year's actual contribution, rather than the average contribution smoothed over two years.

Table 3.3 describes the regression results.

This regression confirms our significant findings of the effect of the perceived descriptive social norm ($p < .001$) after controlling for possible false causality by using previous contributions as the dependent measure of actual giving.

Case 4 Dependent Variable: Actual Contribution in the Year after the Survey. For a final robustness check, similar regressions are run using the subsequent year's actual contribution as the dependent variable. The overall regression is reported in Table 3.4.

Independent variable	Estimate (s.e.)	t-statistic	p-value
Constant	61.95 (62.23)	0.99	0.320
Age	0.95 (0.66)	1.44	0.151
Education	-0.87 (2.71)	0.32	0.747
Male	24.24 (12.11)	2.00	0.046*
Descriptive Social Norms	0.68 (0.12)	5.69	0.000***
R ²	0.098		
N	394		

*** $p < .001$, * $p < .05$

Table 3.4. Actual Contribution in Year after the Survey

Again, the results replicate the results seen in Tables 3.2 and 3.3. A significant effect is found for the descriptive social norm ($p < .001$). The main effect of gender is also

significant ($p < .05$). The final robustness test thus confirms Hypothesis 3.1: The higher the perceived descriptive social norms, the higher the donations.

Discussion

In addition to the tests mentioned above, a number of other diagnostics are performed on the regression results. In all the models, the statistics show no multi-collinearity between the independent variables.¹⁵ Overall, the results are supportive of the hypothesis that perceived descriptive social norms are positively related to how much individuals actually give. Those who believe others give more, contribute more themselves.

However, this relationship is correlational. The next question asks if there is causality between the perception of descriptive social norms and individuals' giving behavior. And if so, what factors influence perceptions of the descriptive social norms? The laboratory study in the next section takes up this question and suggests that providing *social information* to potential donors influences their perceptions of the descriptive social norms and thus increases (or decreases) actual contributions.

Study 3.2

The results from the field study show that the perception of descriptive social norms influences both self-reported and actual donations. Donors often form their perceptions of descriptive social norms based on the information provided by the nonprofit organizations, for example, the giving levels suggested on the pledge form, or in the case of the public radio station, what is announced on the air about gift levels offered or

¹⁵ The variance inflation factor ranges from 1.005 to 1.139 for the dependent variable in all the models. Thus multi-collinearity is not a cause for concern (Myers, R. H., *Classical and Modern Regression with Applications* 2nd Edition, 1990).

received. The next study will investigate whether the perception of descriptive social norms may be the psychological mechanism that mediates the effect of social information on giving levels.

A lab experiment will be conducted to confirm results from previous research that social information indeed influences giving, and social information changes the perception of descriptive social norms and thus changes the level of donations. Although the survey results reported earlier show unambiguously that all four dependent variables correlate with perceived descriptive social norms, it does not demonstrate causality. Demonstrating causality is the primary goal of the experimental study that follows.

Procedure

One hundred forty-two undergraduate students (at a university in the same city as the public radio station that conducted the survey) completed the experiment to fulfill course requirements.

Two versions of a survey are randomly assigned to participants, one with high and one with low social information. Participants' perceptions are assessed about the descriptive social norm, and their intended future actions are measured. In the scenario, participants were told:

Imagine that since you arrived in City A you have been listening to a local public radio station and that this station is currently having its on-air fund drive. You have been listening to the campaign for a few hours each day for the past three days and have decided that you would like to become a contributing member of the station.

You called the radio station and made your contribution of \$25. During your conversation with a volunteer on the phone, you were told that another station member had contributed \$10 [or \$50] this year.

Note the two versions of the scenario: some participants were told that the other donor contributed less than (s)he did (\$10 versus \$25), while others were told that the other donor contributed more than (s)he did (\$50 versus \$25).

Next, participants were asked about the mediating variable of descriptive social norm: “How much do you think an average station listener would contribute?” Finally, the dependent variable asked how much the participant would contribute in a subsequent year.

The order in which these questions were presented to participants is important to understand the full mediation effects on the dependent variable, as cause → mediation → effect (Baron and Kenny, 1986). This requires that the cause (social information) be manipulated, followed by the mediating variable (descriptive social norms) being measured and then the dependent variable (future giving) being measured. The mediation procedure explained in the results section shows that the effect that the manipulated variable has on the dependent variable is due to the mediating mechanism. To demonstrate this statistically, it is crucial to measure the mechanism in between the cause and the effect, as it is done in this study.

One concern is that social desirability biases might arise in the lab (Fisher, 2000). This is often a concern when one moves between the lab and the field, as this research does. It is important, therefore, to examine the likely impact of social desirability biases in this setting.

The most obvious possibility is simply that participants in the lab would be significantly more generous than those in the field, as they know they are being “watched.” As will be described below, this is not what is found in this study; average contributions in the field are significantly larger than those in the lab. A second possible bias might be that individuals respond to perceived descriptive social norms more strongly in the lab than in the field. However, it is in the previous field study that a strong relationship is demonstrated between perceived descriptive social norms and contributions; this experimental study is not used to demonstrate this effect but to identify the direction of causality through which it operates.

Finally, social desirability is acknowledgedly an important part of the charitable giving decision in the field as well as in the lab. In the field, someone is also “watching” (usually a representative of the nonprofit). And many individuals report that they give because they believe it is the right thing to do. As shown by Fisher and Katz (2000), the high correlation between the social desirability bias and variables of theoretical interests in a given research project, which in this case are perceived descriptive social norms and social information, could be evidence to confirm validity of these variables, rather than discrediting them. It is precisely because there are cultural, individual, and social reasons why donors should value certain information, in this case descriptive social norms, that donors’ perceptions of these descriptive social norms are correlated with social desirability instruments. Practically, the nature of behavior did not change between the field and the scenario; in both, participants are giving money to a real or imaginary organization.

If social desirability differed systematically in the field versus the lab setting, this dissertation would be more concerned about its impact (King and Bruner, 2000). However, this is not what is found in the data. People seem to behave in socially desirable ways in both the field and the lab.

Results

There is an effect of social information on the perception of descriptive social norms. In the high social information treatment, the descriptive social norm averages \$21.00, whereas in the low social information treatment, the descriptive social norm averages \$15.05 (coefficient=6.067, $t=3.791$, $p<.001$). Replicating previous research, there is also a positive and significant relationship between social information and the amount contributed in the subsequent year; in the high social information treatment, contributions average \$25.40, and in the low social information treatment, contributions average \$20.99 (coefficient=4.410, $t=2.319$, $p<.05$). The results on descriptive social norms are displayed on the left panel of Figure 3.1, while the results on giving are displayed on the right panel.

However, the question remains: how are these variables causally related? For this, a procedure routinely used by psychologists is used here: mediation analysis (Baron and Kenny, 1986). Mediation analysis requires three steps. First, one needs to demonstrate that social information impacts contribution behavior, thus showing that there is an effect for descriptive social norms to mediate. This first step is satisfied by the earlier analysis

in which a significant relationship exists between the treatment (social information) and the dependent variable (intended contributions) (coefficient=4.410, $t=2.319$, $p<.05$).

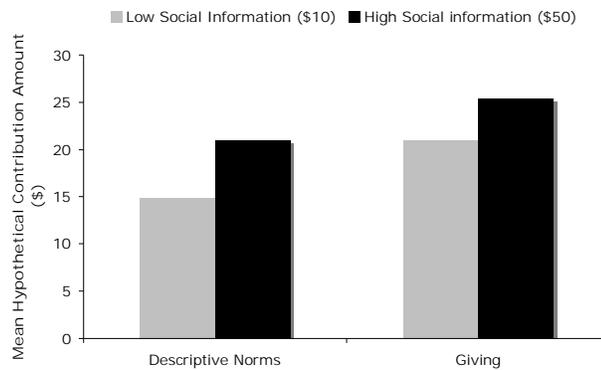


Figure 3.1. The Relationship between Social Information and Descriptive Social Norms and Giving

Second, one needs to demonstrate that social information impacts perceptions of the descriptive social norm, thus showing that the descriptive social norm is responsive to the treatment. Again, this condition is satisfied by the previous analysis where the respondents report a higher descriptive social norm with high social information (coefficient=6.067, $t=3.791$, $p<.001$).

Finally, the critical third step is to include both the experimental condition (social information) and descriptive social norm (perceptions about average contribution) into a regression predicting intended contributions. Now, the effect of experimental condition disappears (coefficient of social information is insignificant), while the effect of the mediator (descriptive social norm) remains significant (coefficient=.411, $t=4.364$, $p<.001$).

A Sobel test is typically conducted to determine the significance of the indirect effect of the mediator; it tests whether the mediator explains extra variance in the dependent

variable. In this case, it is significant ($z=2.862$, $p<.05$). Thus this analysis concludes that descriptive social norms (here beliefs about others' contribution), fully mediate the influence of social information on behavior. The mediation model and resulting statistical tests are illustrated in Figure 3.2, below. This full mediation result shows that the variance in giving observed in different social information treatments is entirely explained by the variance in the descriptive social norm. In other words, social information directly influences the perception of descriptive social norms, and then, through this perception, influences giving levels.

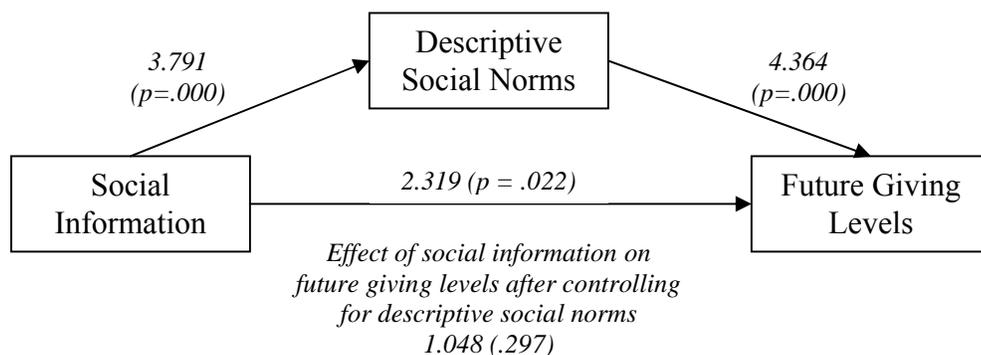


Figure 3.2. Mediation Analysis of the Effect of Social Information on Giving Levels

Thus these results support H3.2 and H3.3. The higher the social information, the higher the perceived descriptive norms; and the positive effect that social information has on the levels of contribution is fully mediated by perceived descriptive social norms.

To summarize, the laboratory experiment confirms the results obtained from the donor survey, i.e., perceived descriptive social norms influence giving levels. In addition, it demonstrates the causal relationship between social information, perceived descriptive social norms and giving. By telling target donors about only one other donor's contribution, target donors' perceptions of descriptive social norms and thus their future giving levels can be changed.

Discussion, Implications, Limitations and Future Research

This chapter makes a number of contributions to the literature of nonprofit management and marketing. First, it shows the influence of perceived descriptive social norms on giving in a donor survey from a public radio station. A laboratory experiment demonstrates that these perceived descriptive social norms is the psychological mechanism that mediates the effect of social information on giving levels. These results are both theoretically and practically important.

On the theoretical side, this is the first research to demonstrate the positive correlation between the perception of descriptive social norms and giving in a field setting. In addition, this is the first effort to explore possible avenues to change perceptions of descriptive social norms, and in turn increase charitable giving. The combination of survey results and experimental results with mediation analysis provides solid ground to make causal inferences about proposed psychological mechanisms (perceived descriptive social norms) involved in increasing contributions.

On the practical side, this deeper understanding of the psychological processes involved in generating higher charitable giving is an important contribution of nonprofit research to nonprofit practice. By identifying, convincingly, this psychological mechanism that motivates giving (descriptive social norms), it provides the necessary theoretical background to invent a variety of norm-changing methods to improve the practice of fundraising.

Fundraising and development officers can shape perceived descriptive social norms to affect participation rates, as well. For example, mentioning the percentage of listeners who donate for a particular cycle, the percentage of the public who donate to public

radio, and the percentage of donors who renew their membership every year, may strengthen the descriptive social norms to improve donations. This social norm information can be used to both attract new donors and to increase the retention rate of existing donors.

The current practice in public radio on-air fundraising is to report that only one out of ten listeners give, while many stations have over 60 percent retention rate. Even though the 60 percent retention rate is not the golden standard in the entire nonprofit world, the 60 percent renewal rate is a much more effective piece of fundraising information to be provided to donors.

Having such psychological constructs and mechanisms in mind will also help major gift or planned gift officers in their face-to-face meetings with potential donors, even when the particular social information or descriptive social norms used in those contexts might differ dramatically from small gift solicitations. For example, descriptive norms in those contexts might include others' major or bequest gifts, from donors who share similar life experiences or connections with certain organizations.

One concern about strategies for increasing donations is that they could be used unethically. This dissertation believes that these strategies can be used, and will be most effective when used, with the highest ethical standards. This means that the information provided to potential donors about others' donations (or the donation rate) is honest and accurate. This also means protecting the anonymity of the donors whose information is being provided, either by requesting their permission to use their donation as an "example," or by revealing aggregate statistics (like the percentage of listeners who donate), which does not allow any one individual to be identified. Furthermore, deceptive

strategies are likely to be ineffective. Evidence from Chapter II suggests that providing social information that is “too high” is ineffective at increasing contributions.

In summary, this chapter investigates the causal relationship between descriptive social norms and donations, and the techniques that development officers may implement to change donors’ perceptions of descriptive social norms. These techniques can help attract new donors, retain existing donors, and increase the level of contribution from individual donors. Adding one piece of social information before donors decide on their contribution increases contributions to nonprofit organizations with close to no cost. This effect occurs because this social information influences the perceived descriptive social norm; other techniques that have the same effect can be similarly helpful.

CHAPTER IV

The Effect of Social Identity on Giving

Donors' behavior is often affected by what others have done (Amaldoss and Jain, 2005; Reingen, 1982). This chapter continues the research in the last two chapters and examines this particular kind of others' behavior—another person's contribution to a nonprofit entity—and how it affects actual donation behavior and donation intentions. Past research suggests that donors may be more affected by the behavior of others when they share some basis for social identification (for example, see Forehand and Deshpandé, 2001). This chapter examines the case when a target learns of a previous donor's contribution, and asks whether the match of the target and the previous donor's identity increases the target donor's actual donation or donation intentions. This chapter calls this effect the *identity congruency effect* and explores its dispositional and transitory moderators.

Study 4.1 is a field experiment demonstrating the identity congruency effect. It shows that actual call-in donors will give more to a public radio station if they are told that a person with the same identity made a high contribution. The next four experiments investigate the moderating mechanisms behind the observed effect. They show that the identity congruency effect is more likely to be observed when donors have high identity esteem (measured in laboratory Experiment 4.2a) or when attention is focused on others (manipulated in field Experiment 4.2b). The last two studies (lab Experiment 4.3a and field Experiment 4.3b) explore the joint impact of these two moderators and identify and

replicate a three-way interaction: When donors have low identity esteem, the identity congruency effect does not emerge, no matter whether their attention focuses on the self or others; but when consumers have high identity esteem, the identity congruency effect is more likely to be observed when attention focuses on others than when attention focuses on the self.

The five studies presented here make several contributions to the field of marketing and of psychological processes in consumption and donation decision making. It is the first field study demonstrating that identity congruency influences the level of actual charitable contributions. There has been a call for consumer research to focus more on “messier” environments to buttress the mundane realism of the body of knowledge in the field (Cohen, 2005). This entire dissertation answers this call.

This chapter also contributes to the growing body of work in consumer behavior that illuminates the importance of identity processes on consumption decisions in general (Reed, 2004; Forehand, Deshpandé and Reed, 2002) and, in particular, how identities influence consumption decisions as a function of contextual and situational cues (e.g. DeMarree, Wheeler and Petty 2005; Mandel, 2003). It demonstrates and further builds on this research in the domain of donation behavior. More specifically, this is the first study to investigate identity esteem and self-other focus as moderators of identity congruency effects and the first to demonstrate their joint impact on decisions (here, donations). Finally, this study is important because it provides an examination of key identity-based constructs in the substantive domain of nonprofit marketing, and thus should be informative for nonprofit theoreticians and consumption behavior researchers, as well as for practitioners who aim to increase charitable contributions.

Theoretical Background of Identity Congruency Effects in the Donation Context

In consumer behavior, there is extensive literature on social influence. In situations in which information is ambiguous or absent, people are often affected by what other people have done (Burnkrant and Cousineau, 1975; Cohen and Golden, 1972). But it is not only the *what* that matters, it is also the *who*. For example, a consumer's identity often serves a social adjustment function for those who are motivated to reduce the psychological distance to similar real or imagined others (p. 42, Smith, Bruner and White, 1956). Social identity facilitates this adjustment by directing the person to specific beliefs and behaviors that signal identification externally to society and internally to the self. In that sense, under certain conditions, the behavior of a consumer with whom one shares some basis for social identification may be particularly influential on one's own decision making. This chapter identifies charitable donations as a behavioral context in which others' actions may influence target donors' decisions, and identity congruency is of special theoretical and practical significance.

Social Identities

Social Identity Can Be Diagnostic

When social identities are diagnostic of the decisions or judgments at hand, other people's behavior can become relatively more relevant to a judgment (Feldman and Lynch, 1988) when aspects of these people connect to the target consumer's identity (Reed, 2004). Hence, when an identity dimension of a target person and the other people

are congruent, it may prompt the target person to categorize him or herself along that dimension (Reed, 2004; Forehand et al., 2002). Although people can consciously assess their relative similarity or dissimilarity with other individuals, a great deal of this self-categorization occurs without conscious processing (e.g. Stapel and Koomen, 2000; Eiser and Sabine, 2001). Nonetheless, this congruency may be one reason why another person's behavior becomes more diagnostic and may possibly affect a donation decision. The experiments presented in this chapter manipulate the social identity congruency of the target donor and a previous donor.

Gender Is a Dimension of Social Identity Applicable in the Field of Charitable Fundraising

The gender match and mismatch between the target donor and a previous donor is one of many potential dimensions in which identity congruency effects may appear and affect the target donor's behavior. Theoretically, gender is a well-established dimension of social identity in the psychological literature (Bem, 1981; Deaux, Reid, Mizrahi and Ethier, 1995). For example, people for whom gender is important and accessible have "male" or "female" as part of their self-schemata (Bem, 1981). Consequently, these consumers tend to attend and react to themselves and others in terms of gender instead of some other social dimension (Frale, 1989). Males and females have also been shown to behave in ways that are consistent with the social targets of the same gender in other settings (Mussweiler, Ruter and Epstude, 2004). Therefore, in the domain of charitable

contributions, social identity along the gender dimension can serve as a diagnostic cue in the decision of how much to give.

From an implementation point of view, it is desirable to select a relatively “clean” dimension of social identity that is applicable and easily identifiable to all potential donors (Cialdini, 2001). Previous research has used incidental similarities such as first names, birthdays, or fingerprints; however, that information is not available to us in critical field settings. Gender, on the other hand, is applicable to all potential donors, and callers’ gender is identifiable from their voice, with only a few exceptions.

Thus, for theoretical and practical reasons, gender is selected as the dimension of social identity to study the effect of identity congruency on charitable donations. The target donors will be relatively more influenced by another donor’s previous behavior when their own gender matches the gender of the other donor. Therefore, this chapter predicts that:

H4.1: Donations will be higher in the identity congruent than incongruent condition.

Study 4.1: The Identity Congruency Effect on Real Donations

This field experiment was conducted in an anonymous public radio station on the East Coast in June and September 2004 during the station’s on-air fund drive.

Method

Design. This study uses a very subtle between-subjects design with two experimental conditions. Before making their own contribution, callers were told the contribution of

another donor. In the identity congruent (match gender) condition, male [female] donors were told: “We had another member; he [she] contributed \$240.” In the identity incongruent (mismatch gender) condition, gender was mismatched.

Participants. Seventy-six new donors received the experimental treatments. The station limited the data collection efforts to new donors who had never previously contributed.

Procedure. During the on-air drive, the station DJs interspersed music with appeals for donations. Listeners responded to the on-air appeals during the drive and called the station to make a pledge. Experimenters answered the phone as volunteers for the station, asked the routine questions for the station, and implemented the manipulation in the appropriate place in the conversation.

After answering the phone with the station’s identifier: “Hello, STATION-NAME member line,” experimenters asked: “Are you a new member or a renewing member of STATION-NAME?” For new members, experimenters read the following sentence (depending on treatment): “We had another member; he [she] contributed \$240.”

The dependent measure, the pledge amount, was collected in the following sentence: “How much would you like to pledge today?” The two experimental conditions were randomized with each experimenter and within each hour. This design also ensured that another member of each gender had indeed contributed the amount (\$240) as suggested, earlier in the fund drive, so that the experimental statements would not constitute deception. All other experiment procedure information is identical to Study 2.1.

Results

The analysis of existing station data suggested that contributions can be dramatically different depending on the fundraising theme used in each drive, the thank-you gifts offered each day and hour, and the donors' gender. This pattern is replicated in the current analysis. Although not all these factors significantly explained variance in the experimental data, they are included as control variables in the regression analysis. The coefficient of identity congruency was significant ($t=2.05$, $p<.05$, $N=76$), and the gender interaction with identity congruency effect was not. This means that the degree of the identity congruency effect on actual donations did not differ between males and females. However, consistent with Hypothesis 4.1, the matched gender condition ($M=\$141.88$, $SE=14.09$, $N=35$) produced significantly higher contributions than the mismatched gender condition ($M=\$105.70$, $SE=8.84$, $N=41$).

Discussion

The influence of another donor's behavior on the target's contribution is sensitive to the congruency between the identity of the other and the target. This result is consistent with the claim that behavior is affected by the match of the target donor's identity and the other donor's identity. The identity congruency effect found in this experiment was shown in a close interpersonal context where donors were engaged in a phone conversation with the experimenter. In order to generalize this result to other fundraising situations like direct marketing, which is the most widely used fundraising method, the

next four studies will manipulate the identity congruency effect using printed materials. In addition, they will explore the mechanisms behind the identity congruency effect and investigate internal and dispositional identity-based trait and situational state of mind factors that may moderate this effect.

Study 4.2a: Identity Congruency and Gender Esteem on Donations

Study 4.1 provided evidence of an identity congruency effect on actual donation behavior. The literature on identity activation effects in judgment provides some insight into the mechanisms that moderate this effect. For example, differential sensitivity to identity-congruent information should be strongest when the relevant identity is an activated component of the donor's social self-schema (Reed, 2004). This activation can be influenced by the degree to which that basis for social identity is personally significant, meaningful, and highly important to how a consumer views him or herself (Bem, 1981; see also Schmitt, Leclerc and Dube-Rioux, 1988) or how much value one places on such social identity (Luhtanen and Crocker, 1992). A donor may be drawn to a particular social identity for many reasons—including instances in which that social identity is central or valuable to his or her self-concept. For these individuals, that social identity serves as a “phenomenological lens” that deeply engulfs the donor as a powerful basis for self-definition (Reed, 2004) and results in a significant amount of positivity related to the most individualistic (as opposed to collective) aspect of a person's identity esteem, i.e., membership esteem. Identity membership esteem is defined as “individuals' judgment of how good or worthy they are as members of their social groups” (p. 305, Luhtanen and Crocker, 1992). In these cases, social identities are often “core” aspects of

self-construal and are therefore chronically accessible and likely to stimulate identity-based processing of the environment, even in the absence of social or contextual cues (Markus and Nurius, 1986). The aforementioned theoretical arguments led to the following prediction:

H4.2a: The effect of identity congruency on contribution is moderated by the target donor's identity esteem; in particular, it is stronger when the target donor's identity esteem is high than when the target donor's identity esteem is low.

Method

Participants. Forty-three undergraduate students in a northeastern university completed a series of tasks as part of a one-hour experimental session. All participants were told they would be compensated \$10 for participation in the laboratory session. They were then actually given \$14 along with the opportunity to donate some of their payment for future research. Participants' gender esteem was then assessed, and participants were provided with incidental information of either male or female previous donations, and their actual level of donations were measured.

Design. The study is a 2 (identity congruency: match vs. mismatch) x 2 (identity esteem: low vs. high) between-subjects design that manipulates the first factor and measures the second.

Procedure. When participants entered the laboratory, they were told that they were going to participate in several unrelated experiments by different researchers and then given written instructions. Buried in these tasks were the key experimental materials of interest to this study. For the purpose of this experiment, participants received an identity esteem scale, and two envelopes, together with a letter. This letter was developed to create a situation in which participants could make charitable contributions anonymously in the lab. Participants were instructed to open envelope #2, which contained 14 dollars (one 5 dollar bill and nine 1 dollar bills). It was 4 dollars more than their expected compensation for participation in the experimental session. This letter was reproduced here:

Thank you very much for participating in our experiment; we value your involvement!

We would also like to express our appreciation for the generosity of an anonymous nonprofit organization that has funded our research. They made it possible for us to pay you \$14 for your participation in this one-hour experiment! You will find your \$14 earnings in envelope #2.

Before you leave the experiment today, we invite you to donate a small portion of your earnings during this hour to this nonprofit organization. Your donation will provide more research opportunities for you in the future, as well as enhance our ability to fund similar research.

To assure the anonymity of your donation decision, please fold your donation inside of this instruction page, and put both the instruction page and your donation into envelope #1. Then, please seal envelope #1 and hand it back to the experimenter on your way out.

This process will make sure that your donation is anonymous, as your name does not appear on the envelopes. So, please donate as you wish.

We're asking for a donation of up to \$4 to this organization. You are under absolutely NO obligation to donate any money, as these monies are yours. One previous participant contributed all of his (her) \$14 earnings during the hour.

Once again, we appreciate your participation in the experiment, and thank you in advance for your generous donation!

Sincerely yours,
The Research Team

P.S. Don't forget to fold your donation in this instruction and seal them in envelope #1!

First, identity esteem was measured by modifying Luhtanen and Crocker's (1992) collective self-esteem scale to account for gender. This scale was presented to participants as a separate and unrelated study before they opened the envelopes and read the letter described as follows. The four items were measured on a nine-point scale from (1) Strongly Disagree to (9) Strongly Agree. "I am a worthy member of my gender group," "I feel I don't have much to offer to my gender group," "I am a cooperative participant in the activities of my gender group," and "I often feel I'm a useless member of my gender group." These four items were combined into an aggregate measure ($\alpha=.70$) that formed an index of identity esteem.

Second, identity congruency was manipulated in a letter that participants received with their \$14 payment for the experimental session. It thanks subjects for their participation, and requests a contribution toward future research activities. The letter includes an example of another participant who contributed their entire \$14. Similar to Study 4.1, the other person's (high) donation was held constant (\$14) and manipulated whether the previous contributor was male or female. In the identity congruency (incongruent) condition, participants' gender matched (mismatched) the donors' gender in the letter.

Dependent variable. The amount of money participants donated was the dependent variable.

Results

Hypothesis 4.2a was tested by a hierarchical regression on the dependent variable. In step 1, gender and age were entered into the model. Step 2 entered the two main effects of the dummy-coded identity congruency variable (mismatch=0; match=1) and the identity esteem measure. In step 3, a 2-way interaction was entered as our direct test of H4.2a. To minimize multi-collinearity, the covariate (gender identity esteem) is mean-centered prior to creating the cross product terms (Aiken and West, 1991).

The main effects in step 2 did not produce a significant change in the R^2 for the omnibus test ($F(2, 38)=.05$, n.s.), but the two-way interaction term did ($F(1, 37)=7.87$, $p<.05$). The omnibus analysis showed a marginally significant main effect of identity esteem ($t=1.80$, $p<.1$) that was qualified by a significant identity congruency x identity esteem two-way interaction ($t=2.81$, $p<.05$). To understand the nature of these results, a graph is created to show the identity congruency x identity esteem interaction using procedures recommended by Aiken and West (1991). The identity congruency variable is on the x-axis and the amount of the donation is on the y-axis; each slope represents this relationship at +1 and -1 standard deviations above and below the mean for gender identity esteem, shown in Figure 4.1.

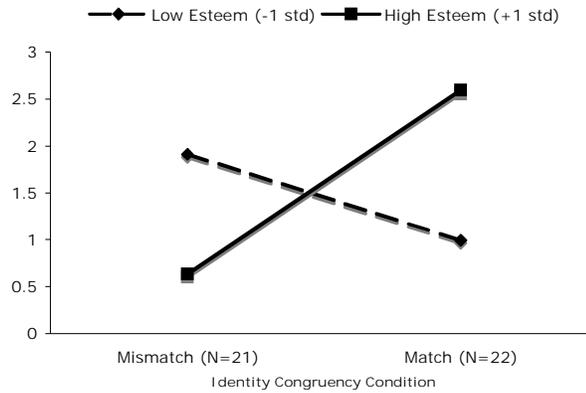


Figure 4.1. Identity Congruency Effect on Donations Emerges in People with High but not Low Identity Esteem

This pattern supports Hypothesis 4.2a. It shows that the effect of identity congruency on donations depends on dispositional identity esteem. This two-way interaction is driven by two different patterns of the main effect of identity congruency. More specifically, the positive slope of identity congruency is significant in the high identity esteem condition (value of slope=1.97, SE of slope=.95, $t=2.06$, $p<.05$), whereas the negative slope is not significant in the low identity esteem condition (value of slope=-.92, SE of slope=0.82, $t=1.12$, n.s.). Consistent with the theoretical underpinnings suggested by previous identity research, when identity esteem is high, the relevant identity cue of the other giver's gender affects giving more. This relationship does not occur when identity esteem is low.

Discussion

In this experiment, we find that the identity congruency effect on donation is more likely to emerge when the target donor has high identity esteem. This pattern was found

in actual contributing behavior in the laboratory setting and in a context in which participants' giving was made privately.

One advantage of this experiment is that the identity esteem variable was buried in another survey and was measured before the identity congruency manipulation, so the identity esteem variable could not have been affected by the experimental manipulation of identity congruency.

However, this study has limitations. Because identity esteem was measured instead of manipulated, it may correlate with some other unobserved factors that may produce the effect. The manipulation of an identity-based factor of interest would provide additional insights into the identity congruency effect. Moreover, there may be something idiosyncratic to undergraduate giving behavior that may not generalize to an adult population. The next study attempts to address these internal and external validity limitations by manipulating an additional factor identified in the literature (self-other focus) and by exploring its moderating impact on the identity congruency effect in an adult population.

Experiment 4.2b: Identity Congruency and Self-Other Focus in Adults

The social identity function (Shavitt, 1990) argues that identity-based attitudes and judgments not only help donors classify themselves but also may become the embodiment of a unique social classification or reference group (Nelson, Shavitt, Schunnum and Barkmeier, 1997; Shavitt, 1990, 1989; Shavitt and Nelson, 2000). Over time, these attitudes not only result from shared group beliefs but also actually come to embody group membership itself. This process is likely to result in a collectively

anchored preference or attitude that is formed via identification processes (Kelman, 1961) and is held, expressed, or used as a guide for behavior in order to establish, maintain, or even communicate that basis of social identification to others (Reed, 2004).

Identity-based judgments, attitudes, and beliefs are unsurprisingly quite resistant to counter-persuasion (Bolton and Reed, 2004), and research suggests that this may be at least partially due to the fact that such beliefs are perceived as having social reality in that they exist within a social network of others with similar views (Visser and Mirabile, 2004). If such conjecture is valid, it leads to the prediction that the kind of identity congruency effects presented in this article may be heightened if one is thinking about others at the moment one is making a decision to donate:

H4.2b: The identity congruency effect will be moderated by self-other focus and is more likely to emerge when target donors focus on others than when they focus on themselves.

Method

Participants. Two hundred twelve professionals in a market in the downtown of a Midwest city completed a survey voluntarily while having lunch.

Design. The study is a 2 (identity congruency: match vs. mismatch) x 2 (focus: self vs. other) between-subjects design with both factors manipulated.

Procedure. First, self vs. other focus was manipulated by asking participants to read a short passage as part of a reading comprehension task (Aaker and Lee, 2001). There were two versions of the passage, designed to induce an other (self) focus.

Please imagine that National Public Radio (NPR) has been all public radio listeners' (your) favorite American media channel for more than 40 years. Today, NPR has been joined by many more other national and international news organizations to suit all public radio listeners' (your) intellectual and emotional tastes. They are all made with the same attention to provide quality programming to all public radio listeners (you).

This task was presented to participants as a separate and unrelated study before they received the scenario explained in the next section. Participants then rated four manipulation check questions on a scale of one (not at all) to seven (a lot): “Your thoughts were focused on just you,” “Your thoughts about the paragraph were focused on just yourself,” “Your thoughts were focused on other listeners,” and “Your thoughts about the paragraph were focused on other public radio listeners.” Also asked were two questions on a scale of one (you) to seven (other public radio listeners): “Your thoughts were focused on you or other public radio listeners,” and “Your thoughts about the paragraph were focused on you or other public radio listeners.”

Second, identity congruency was manipulated in a scenario that was carefully developed to mimic the situation in public radio fundraising:

Participants read one version of the following message in the identity congruency task:

NOW PLEASE IMAGINE that you have been listening to a public radio station every day for the past four years. Another listener, Mary (Tom), listens to the same radio station.

This is the only radio station that Mary (Tom) listens to.

Every morning Mary (Tom) wakes up, and she (he) turns on the radio. She (He) has her (his) breakfast and prepares for the day with the radio in the background.

Every evening, as soon as she (he) gets off work, she (he) turns on the same station and listens to it on her (his) way home.

She (He) has been to several station-sponsored events and concerts. This radio station is very important in her (his) life, and if it were to go away, she (he) would miss it.

ASSUME that this station is currently having its on-air fund drive. You have been listening to the campaign for a few hours each day for the past three days and have decided that you want to become a contributing member of the station.

You called the radio station to make a contribution.

During your conversation with a volunteer on the phone, you were told they had just spoken with another donor, Mary (Tom), and that she (he) had contributed \$200 this year.

Respondents were told they were prepared to contribute to a public radio station and that another donor had given \$200. They were then asked for their contribution. Identity congruency was manipulated similarly to Experiments 4.1 and 4.2a; the previous donor's contribution was held constant (\$200) and it was manipulated whether or not the previous donor was male or female. In the identity congruent condition, participants' gender matched the donors' gender in the scenario, and was switched in the identity incongruent condition.

Dependent variable. Right after this scenario, participants made the following decision:

“Now, this volunteer asks how much you want to contribute to this radio station:

How much would you likely contribute to this radio station (hypothetically in this scenario)? \$_____.”

Results

Manipulation checks. The scenario included two manipulation checks (“In this scenario, how much did the other member contribute to the radio station?” and “In this scenario, what is the name of the other member?”). One hundred eighty-two participants correctly responded to the manipulation check questions and answered all questions. We included only the data from those respondents.

The six manipulation check items for self-other focus were reliable ($\alpha=.81$). The participants in the self-focus condition had a significantly lower score ($M=3.69$, $SD=1.29$, $N=88$) than the other-focus condition ($M=4.53$, $SD=1.25$, $N=94$) according to a two-way t-test ($t=4.48$, $p<.05$). Thus, the reading comprehension passage successfully shifted participants’ attention to either self or others.

Hypothesis testing. Hypothesis 4.2b was tested in a hierarchical regression on the dependent variable. In step 1, gender and age were entered into the model. Step 2 entered the dummy-coded identity congruency variable (mismatch=0, match=1) and the dummy-coded self-other focus variable (self=0, other=1) to test two independent main effects. In step 3, a two-way interaction was entered as our direct test of H4.2b.

The main effects in step 2 did not produce a significant change in the R^2 for the omnibus test ($F(2,177)=.44$, n.s.), but the two-way interaction term did ($F(1,176)=5.78$, $p<.05$). The omnibus analysis also showed a significant main effect of self-other focus ($t=2.26$, $p<.05$) that was qualified by a significant identity congruency x self-other focus two-way interaction ($t=2.41$, $p<.05$). People’s self-reported donation intentions are higher

in the self condition than in the other condition. These results were graphed as the identity congruency x self-other focus interaction. The identity congruency variable is on the x-axis and the amount of the donation is on the y-axis; each slope represents this relationship at either self or other focus in Figure 4.2.

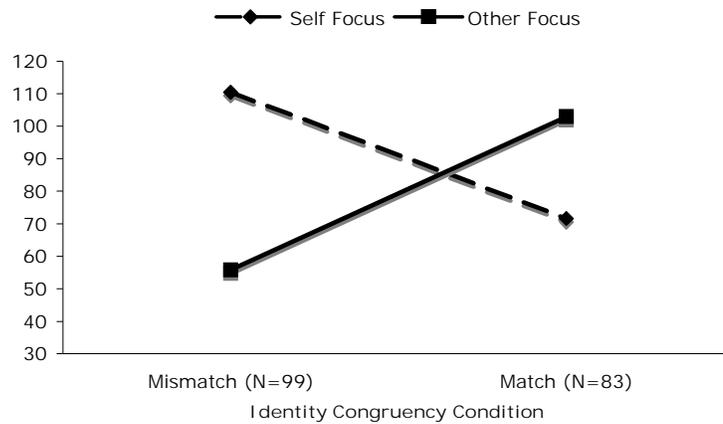


Figure 4.2. Identity Congruency Effect on Donations Emerges When People Focus on Others but not Self

This pattern supports Hypothesis 4.2b. It shows that the effect of identity congruency on donations depends on the self-other focus at the time participants made their decisions. This two-way interaction is driven by two different patterns of the main effect of identity congruency. More specifically, the positive slope of identity congruency is significant in the other-focused condition (value of slope=47.04, SE of slope=17.84, $t=2.64$, $p<.05$), whereas the negative slope of identity congruency is not significant in the self-focused condition (value of slope=-38.87, SE of slope=40.00, $t=.97$, n.s.). As participants' attention shifts from themselves to others, the identity congruency effect emerges.

Discussion

This experiment shows that the identity congruency effect is stronger when the target donors focus their attention on others than when they focus their attention on themselves. This result suggests that the social reality surrounding donors may be heightened in donors' minds when cognitive resources are directed outward. Experiment 4.2b also addresses a key limitation of Experiment 4.2a by manipulating (instead of measuring) a short-term situational moderator in a general (instead of an undergraduate) population.

This result is consistent with previous research showing that when people think collectively, their behavior is more affected by norms of the group (Bontempo and Rivero, 1992; Miller, 1994). In addition, this study shows that when people direct their mental resources outward, even just one other previous donor's behavior is enough to trigger the social identification processes and hence affect people's behavioral intentions.

Study Experiment 4.3a and 4.3b: Identity Congruency, Identity Esteem and Self-Other Focus on Donation Intentions in Two Populations

This chapter thus far investigated a dispositional and a transitory moderator of the identity congruency effects on donation. At the theoretical level, identity-based processes may be triggered by both stable individual difference variables (e.g., identity esteem) and transitory informational processing factors (e.g., self-other focus). To bolster this interpretation, Experiments 4.2a and 4.2b examined the independent impact of these two moderators on the identity congruency effect and found evidence consistent with the previously described theoretical arguments. It is time now to explore synergistic

interaction effects of these two moderators on identity congruency effects on donation intentions in both undergraduate and general population samples. The following more stringent and complex prediction is tested:

H4.3: The identity congruency effect will be the strongest when target donors' identity esteem is high and the target donors exhibit an other-focus (a three-way interaction).

Suppose that a target donor has a particular level of dispositional gender identity esteem (i.e., either high or low). If the identity of a previous donor is congruent with the target donor along the gender dimension (i.e., their genders match with each other), the esteem of the identity is high (i.e., the target donor feels good about having a certain gender identity), and the target donor's cognitive thoughts are currently focused on others who also share that identity (i.e., on other previous donors instead of the target donor him- or herself), it should be more likely that the behavior of the previous donor will affect the target donor's decision of how much to give.

Therefore, the activation potential associated with a high level of identity esteem coupled with the focus of thoughts on others who share that identity may *jointly* heighten the effect of identity congruency on donation intentions. In other words, neither one of the moderators can maximize the identity congruency effect. They jointly create the most potential to influence consumers' decision making.

Since the experimental procedure is identical in the two experiments, their methods and results will be reported side by side.

Method

Design. The study is a 2 (identity congruency: match vs. mismatch) x 2 (identity esteem: low vs. high) x 2 (self-other focus: self vs. others) between-subjects design with the latter two factors as measured covariates.

Procedure. A scenario was developed similarly to Experiment 4.2b. The only difference between these experiments and Experiment 4.2b is that the previous contribution was changed from \$200 to \$25, and the other person's contribution from \$200 to \$75. This modification was designed to help adjust for the small available budget to the undergraduate population in Experiment 3a; and to increase the generalizability of findings from Experiment 4.2b by testing a different dollar amount in a similar adult population.

Identity congruency was manipulated similarly to all previous experiments; the amount of contribution was held constant (\$75) and whether or not the previous contributor was male or female was manipulated. Identity esteem was measured using the same scale items as Experiment 4.2a.

Two new questions were tested to measure the self-other focus of the participants (versus manipulating, as we did in Experiment 2b). Participants were asked, "How would you describe your decision to donate the amount you wrote down?" This question was answered on a 1-9 point Likert scale on the following two dimensions: from "based on thoughts about me" (1) to "based on thoughts about others" (9), and from "internal considerations" (1) to "external considerations" (9). These two items were combined to

form an index ($\alpha=.82$) that was a measure of the extent to which the participants were more internally focused (self-focused) or externally focused (other-focused) at the time they decided their own contribution. A pretest conducted on 176 participants showed that these two items were internally consistent with our adapted Aaker and Lee (2001) manipulation check questions with an alpha of .76.

Dependent variable. Immediately following the scenario described previously, participants responded to the following dependent variable:

“Now, this volunteer asks how much you want to contribute to this radio station: How much would you likely contribute to this radio station? \$_____.”

Results Experiment 4.3a

Participants. One hundred ninety-seven undergraduate students in a northeastern university completed a survey voluntarily. Participants were provided with identity congruent or incongruent information, either male or female, assessed their gender esteem identity, their focus of attention, and donation intentions.

Manipulation checks. The scenario included three manipulation checks (“How much did you contribute?”, “How much does the other station member contribute?”, and “In this scenario, what is the name of the other member?”). One hundred eighty-four undergraduate participants correctly responded to the manipulation check questions and answered all questions on the survey. Only the data from those respondents were

included here. Identity self-esteem ($t=.76$, n.s.) and self-other focus scores ($t=.44$, n.s.) are not influenced by the match versus mismatch identity manipulation according to two-tailed t-tests.

Hypothesis testing. Hypothesis 4.3 was tested in a hierarchical regression on the dependent variable. In step 1, gender and age were entered into the model. Step 2 entered in the dummy-coded identity congruency variable (mismatch=0, match=1); the measure of the extent to which identity esteem was high; and the measure of the extent to which participants were thinking of others (externally), as three independent main effects. In step 3, all three possible higher-order, two-way interactions were entered. In step 4, the three-way interaction was entered as our direct test of Hypothesis 4.3. As in the previous experiments, the covariates were mean-centered prior to creating the cross-product terms in order to minimize multi-collinearity.

The main effects in step 2 produced a significant change in the R^2 for the omnibus test ($F(3,178)=8.23$, $p<.05$) and so did the three-way interaction term ($F(1,174)=6.27$, $p<.05$). The omnibus analysis showed a significant main effect of self-other focus ($t=2.60$, $p<.05$) that was qualified by a significant gender congruency x identity esteem x self-other focus three-way interaction ($t=2.50$, $p<.05$).

Two additional follow-up analyses were conducted. The dependent variable was again the intended donation amount. In step 1, the gender of the participants and their age were added to the model. In step 2, identity congruency and self-other focus were added. In step 3, the identity congruency x self-other focus two-way interaction was added. This

regression analysis was conducted twice, at two levels of gender identity esteem split at the median.

These results are graphed as the identity congruency x self-other focus interaction at both levels of gender identity esteem. The identity congruency variable is on the x-axis, and the amount the participants wrote in as their donation intentions is on the y-axis. Each slope represents this relationship at +1 and -1 standard deviations above and below the mean for the self-other focus measure. These two plots are shown in Figure 4.3.

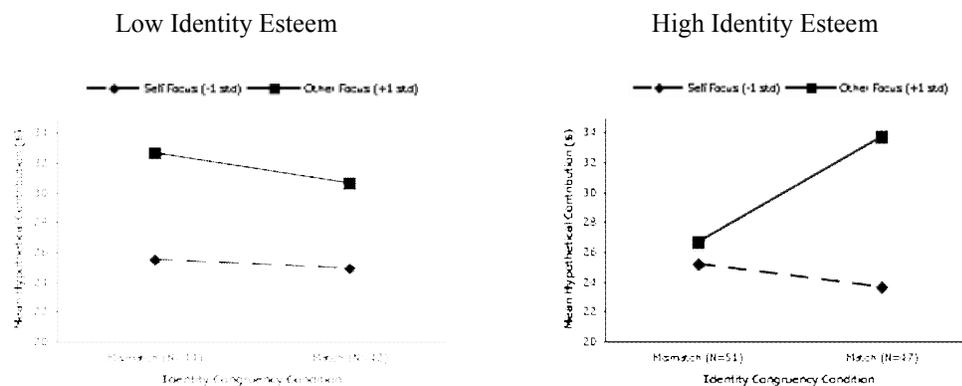


Figure 4.3. Identity Congruency Effect on Amount of Hypothetical Contribution Only Emerges in High Identity Esteem with Other Focused Thoughts (Undergraduate Sample)

This pattern supports Hypothesis 3. This three-way interaction is driven by two different patterns of two-ways at each level of identity esteem. This analysis shows that for those with low identity esteem, there is a main effect of self-other focus ($t=2.78$, $p<.05$) so that for every unit increase in their other-focus, there is a corresponding increase in the amount donated, irrespective of the other variables. Also, at the level of low identity esteem, the congruency effect does not exist, either when participants focus on themselves (value of slope=-.62, SE of slope=2.70, $t=.23$, n.s.) or when they focus on others (value of slope=-2.07, SE of slope=2.29, $t=.90$, n.s.).

In contrast, among those with high identity esteem, there is a significant identity congruency x self-other focus two-way interaction ($t=2.57, p<.05$). When participants have high identity esteem, congruency effects emerge only when donors focus on others (value of slope=7.07, SE of slope=2.60, $t=2.72, p<.05$), but not when they focus on themselves (value of slope=-1.51, SE of slope=2.15, $t=-.70, n.s.$). This result is consistent with Hypothesis 4.3.

Results Experiment 4.3b

Participants. One hundred fourteen people were recruited when they attended a free concert in the downtown of a Midwest city. They completed a survey voluntarily.

Manipulation checks. The survey included three manipulation checks (“How much did you contribute?”, “How much does the other station member contribute?”, and “In this scenario, what is the name of the other member?”). Ninety-one participants correctly responded to the manipulation check questions and answered all questions on the survey. Only the data from those respondents were included here. Identity self-esteem ($t=1.13, n.s.$) and self-other focus scores ($t=.40, n.s.$) are not influenced by the match versus mismatch identity manipulation according to two-tailed t-tests.

Hypothesis testing. Hypothesis 4.3 was tested in the same four-step hierarchical regression on the dependent variable as in the previous experiment. As in Experiment 4.3a, the main effects in step 2 produced a significant change in the R^2 for the omnibus

test ($F(3, 85)=4.92, p<.05$), as did the three-way interaction term ($F(1,81)=4.28, p<.05$). The omnibus analysis showed a marginally significant main effect of self-other focus ($t=1.83, p<.1$) that was qualified by a significant three-way interaction ($t=2.07, p<.05$).

To explore the nature of this effect, the same two additional follow-up analyses were conducted as in Experiment 4.3a, and they were graphed in Figure 4.4.

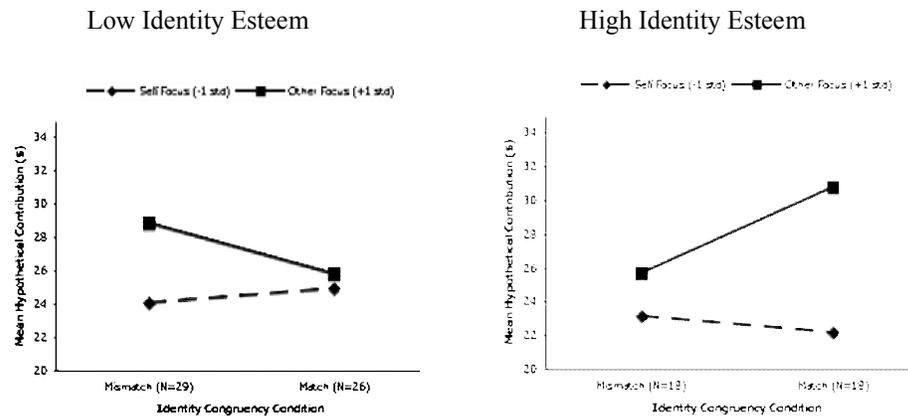


Figure 4.4. Identity Congruency Effect on Amount of Hypothetical Contribution Only Emerges in High Identity Esteem with Other Focused Thoughts (Adult Sample)

This pattern is consistent with Hypothesis 4.3, replicating the results from Experiment 4.3a in the general population. This three-way interaction is again driven by two different patterns of the two-way interactions at each level of identity esteem. When people have low identity esteem, they give more when their thoughts focus on others than when their thoughts focus on themselves ($t=2.75, p<.05$). However, for this population the congruency effect does not emerge when people focus on themselves (value of slope=-.85, SE of slope=2.19, $t=.39, n.s.$) or when they focus on others (value of slope=-3.11, SE of slope=2.12, $t=1.47, n.s.$).

Among those with high gender identity esteem, however, there is a marginally significant gender congruency x self-other focus two-way interaction ($t=1.69, p<.1$).

When people have high identity esteem, the congruency effect emerges only when they focus on others (value of slope=5.09, SE of slope=2.57, $t=1.97$, $p<.05$), but not when they focus on themselves (value of slope=-.98, SE of slope=2.51, $t=.39$, n.s.). This result replicates the findings from Experiment 3a and further supports Hypothesis 3.

Discussion of Experiments 4.3a and 4.3b

Experiments 4.3a and 4.3b provide further support for the identity-based explanation of the identity congruency effect by showing a three-way interaction in the undergraduate and general population. More specifically, they find that the identity congruency effect is the strongest (the positive slope is significant) when identity esteem is high and the focus is on others. This is an additional demonstration that both factors-stable individual difference variables and temporary information processing variables-jointly moderate the identity congruency effect. Experiments 4.3a and 4.3b are the first studies to demonstrate this three-way interaction in the identity and marketing literature.

Discussion, Implications, Limitations and Future Research

This chapter studies the influence of identity-based congruency along the gender dimension in the context of nonprofit marketing. Experiment 4.1 demonstrates the *identity congruency effect* on actual donations to a public radio station; giving by an identity-congruent previous donor has a significantly higher impact on the target donor's giving than the giving by an identity-incongruent previous donor. Two laboratory and two field experiments were then conducted to explore the identity-based processes of this

effect. Two moderators were identified: identity esteem and self-other focus. These studies showed that high identity esteem (measured in Experiment 4.2a in the laboratory) and other focus (manipulated in Experiment 4.2b in the field) increased the impact of the congruency effect on donation decisions. Finally, a three-way interaction was identified between identity congruency, identity esteem, and self-other focus in the lab using undergraduates (Experiment 4.3a) and in the field with an adult population (Experiment 4.3b). These latter two studies found that when people have low identity esteem, the congruency effect does not emerge, regardless of self-other focus. On the other hand, when people have high identity esteem, the congruency effect is significant only when people focus on others instead of themselves. These findings supported the last hypothesis that the identity congruency effect is the strongest when identity esteem is high (an internal and dispositional identity-based trait) and attention is focused on others (a situational state switching between the self and the external social reality).

Like any study, this research has limitations. Although the examination of moderators is often an equal if not sometimes better way of exploring the psychological mechanisms (Spencer, Zanna and Fong, 2005) of the identity congruency effect, in-depth exploration of mediators is a fruitful avenue for future research. Potential mediators include the Inclusion of the Other Scale (Aron, Aron and Smollan, 1992) or the Inclusion of the Ingroup in the Self Scale (Tropp and Wright, 2001). Another way to explore the mechanisms behind identity congruency effects is to include a condition where no identity is activated and see how that condition compared to the congruent or the incongruent conditions. Also, the generalizability of the moderating effects found in this

paper is potentially limited by the type of identity tested, the specific instance of public radio, and the domain of nonprofit marketing chosen.

One important limitation involves the identity tested. Gender is a pre-determined stable trait identity, which is not chosen by consumers (like the liberal versus conservative identity) or intentionally created by marketers (like music lovers versus news lovers). In particular, self-chosen identities or marketing-context-specific identities may carry stronger diagnostic cues than pre-determined identities. For example, being a liberal might be more diagnostic than being a female when it comes to the decision about whether or not to donate to public radio. Similarly, being a music lover might be more diagnostic than being a liberal when it comes to the decision about whether to donate to a *news* public radio station or a *contemporary music* public radio station. Future research is necessary to investigate how different identities may trigger different identity-based processes to influence consumer behavior.

The second limitation involves the specific type of nonprofit organization (i.e., public radio) that is studied in the field. It is the researcher's belief that the influence of the identity-based process on donation behavior identified in public radio can be generalizable to most nonprofit organizations. However, there may very well be differences between different types of nonprofits. For example, donors to international humanitarian relief and development nonprofit organizations such as CARE and Oxfam are typically not also beneficiaries of the organizations' work, unlike the public radio situation where donors listen to the programming. There may exist thus an identity type by organization type interaction effect in such situations. More specifically, one might expect to see a relatively small congruency effect of stable and general identities such as

gender and race in all nonprofit organizations, whereas one might expect to see a relatively large congruency effect of less stable but more specific (i.e., more diagnostic) identities such as environmental protector, public radio listener, or AIDS fighter only in a few directly “identity-diagnosable” organizations.

A final limitation has to do with the nonprofit domain chosen and the generalizability of this research to for-profit marketing. This dissertation is directly interested in nonprofit marketing because it is an unexplored domain that has been growing in importance in recent years. The findings presented in this chapter, however, are useful and novel for for-profit practitioners and academics, as well. Future research is necessary to pinpoint the generalizability of these findings in for-profit marketing because of how the identity-based processes work in all consumer products might differ. In particular, products that individuals use to signal their uniqueness are likely to be less valued when others consume them. In such situations, the identity congruency effects may be reversed.

These results have important implications for both practitioners and for marketing academics. For practitioners, these results suggest techniques to raise revenues without additional costs; providing information of others’ contributions with identity congruency, and inducing an other focus. The effect size is large; in Experiment 1, donors give \$105.70 in the identity-incongruent condition, but \$141.88 in the identity-congruent condition—an additional 34 percent. As Chapter II of this thesis showed that such increase in donations level could be lasting for at least one year.

Furthermore, the identification of the mechanisms through which the effect operates can be helpful for practitioners. For example, practitioners can use fundraising letters to remind people of the high esteem they have about belonging to a certain social category

and to focus people's attention on groups of other donors who share that social identity. Then on the pledge form, they can suggest appropriate levels of identity-congruent information to increase donation revenue.

This research is also important for academics. This is the first paper to demonstrate the influence of identity-based congruency on decisions in the nonprofit domain. Furthermore, it is the first to examine identity esteem and self-other focus as joint moderators for the identity-based congruency effect. Subject to the limitations discussed previously, this result can generalize to both other nonprofit settings and the for-profit marketing domains. Overall, these results offer advice for practitioners and identify new directions for academics in the area of identity-based marketing.

CHAPTER V

Conclusion

This philanthropic studies PhD thesis looks at the general laws about the social psychological contexts of giving. It builds upon the theoretical literature in economics, nonprofit management, consumer behavior and social psychology, and studies the effects of social information, social norms and social identity on giving. In addition, it utilizes experimental and survey methods and generates a set of replicable fundraising techniques. These techniques are directly applicable to improve practice in fundraising and to enhance donor engagement in giving. The conclusion chapter will discuss the theoretical and methodological contributions and future directions of the current research and suggest how they may improve philanthropic practice. Reflections will be offered at the end on how this thesis contributes to the field of philanthropic studies.

Theory

Contribution

Chapters II and III study the effects of social information and social norms on giving. The dependent variable of interest is the level of hypothetical or actual giving. They show that the social information about the amount of one other donor's contribution influences the level of the target donor's giving (Croson and Shang, 2008; Shang and Croson, 2006)

and that social information changes donors' perception of descriptive social norms and thus changes donor behavior (Croson, Femida and Shang, 2007). The effect of social information and perceived social norms on giving is situational or transient, i.e., donors were told about another donor's previous contribution right before they made a donation and the influence of social information on giving happens instantly as soon as donors receive the information.

Chapter IV delved deeper into understanding the more stable and dispositional psychological constructs involved in such transient effects, i.e., social identity. Such identification is dispositional because it is developed over time in a person's life, not on the spot as donors make a donation. This research shows that donors give more money if told that a previous donor who shares their identity (a dispositional fact) also made a large contribution (a transient action by another). This effect is more likely to occur when donors have high social identity esteem (a dispositional good feeling about being a member of a certain category) and when attention is focused on others (a transient focus of attention at the time of making a donation).

These psychological processes are studied as part of the objective world that can be understood by general laws, and philanthropic actions are studied as a consequence of the interaction between the external environment and the internal psychological characteristics and processes. It contributes to the economics literature by offering evidence that confirms the set of theories that predict positive relationships between others' giving and one's own giving. It contributes to the nonprofit management and marketing literature by offering causal evidence on the effect of social information on giving through perceived descriptive social norms. It contributes to the consumer

behavior and social psychology literature by providing evidence on how social identity moderates the effect of social information on giving through both transient and dispositional psychological processes and individual characters. Together, these studies contribute to the theory development in the understanding the social psychological contexts of giving.

Future Directions

Future directions for each individual stream of research were discussed in Chapters II, III and IV. This general conclusion chapter will offer some general directions on how the theory development in the understanding of the social psychological contexts of philanthropy will continue from the entirety of this thesis research project.

First, more empirical research needs to be conducted. Social identification (Brewer and Gardner, 1996) stood out as the psychological construct that has been least studied in social psychology and consumer behavior (Brewer and Kramer, 1986; Charng, Pilianvin and Challero, 1988; Reed, 2004; Forehand, Deshpandé and Reed, 2002; DeMarree, Wheeler and Petty, 2005; Mandel, 2003), least utilized in nonprofit marketing and fundraising (Bhattacharya, Rao and Glynn, 1995) and least appreciated by donors when reflecting on their own contribution experience (personal conversations with major donors, regular donors and volunteers). Therefore, a fruitful direction of future research is to expand the research agenda to study how the social identity of being a nonprofit member influences lifetime donation and planned giving (Sargeant and Shang, 2008), and how a more general social identity of being a moral person influences lifetime giving

over a long-term life span (Shang and Reed, 2008). Other psychological mechanisms that can be explored include the effect of social networks on giving (Shang and Croson, 2008), the effect of exchange and communal relationships on giving (Shang and Clark, 2008), and the effect of emotions on giving (Kopelman and Shang, 2008; Lee and Shang, 2008). These empirical findings will paint a fuller picture of the interaction between the environmental and the individual factors that determine individual philanthropic actions.

Second, these empirical studies will also make clear that philanthropic psychology constitutes its own area of theoretical inquiry, and there is a great need for theoretical advancement. It requires scholarly insights from multiple disciplines, including psychology, economics, marketing, management, sociology and anthropology, as well as industry wisdom from fundraising professionals, donors and volunteers. Future research in philanthropic psychology aims to develop theories using all necessary sources of information, generate actionable knowledge, improve the practice of philanthropy and encourage its participation.

The multi-disciplinary nature of the empirical, as well as the theoretical research in the future, are representative of the nature of the field of philanthropic studies. This thesis identified its niche in each individual discipline and its future research will continue to contribute to each discipline and make connections between these disciplines and philanthropic studies.

Methodology

Contribution

This thesis uses an informed eclecticism approach (Easterby-Smith, Thorpe and Lowe, 1991). It is informed by personal experiences, observations and reflections, and it evolved into a national data collection effort in nine public radio stations around the country over a period of five years from 2003 to 2007. The data collection included both field experimental and survey data (for other studies, please see Shang and Reed, 2008; Shang and Croson, 2008; Shang and Clark, 2008; Kopelman and Shang, 2008; Lee and Shang, 2008). The studies reported in this thesis are only a very small portion of the data collected from this national study. The conclusion section will discuss the internal and external validity of these studies, and outline future research directions.

First, this thesis studied causal, as well as correlational, relationships between psychological mechanisms and giving, with the former being the primary focus. Correlational evidence was collected using quantitative donor surveys in Chapter III, Study 3.1, and causal evidence was obtained using experimental methods in all laboratory and field experiments. Main effects, as well as mediators and moderators (Spencer, Zana and Fong, 2005) were tested to understand the causal relationship between social information and giving. Each psychological mechanism was tested and replicated in at least two studies.

The precautions taken in randomized experimental design and replication assured high internal validity of this research (Mitchell and Jolley, 1996; Reis and Judd, 2000).

For example, in all field experiments, double-blind experimental design was used to assure that neither the experimenter nor the participants were aware of the hypotheses being tested; random samples of donors were randomly assigned to each experimental condition; and experimenters were not aware of the experimental treatment they were to implement until when they read the manipulations to the donors (the treatments were all covered by Post-it notes). With such procedures, any expectation effects from the experimenter or social desirability effects from the participants were minimized.

Second, the psychological mechanisms measured and tested in this thesis have high external validity. On the dependent variables, this thesis studies multiple dependent variables: hypothetical donations in scenario studies, self-reported giving in the past, and actual giving in the past, in the future, and on the spot right after each experimental manipulation. This last dependent variable was measured on donations made to public radio as well as donations made to another type of nonprofit organization (Study 4.2a). Thus, the psychological mechanisms tested in this thesis should be generalizable across this variety of behavioral indicators of giving in the public radio industry and in other industries, as well.

Third, the overall sample size in this thesis is about 2500 participants. These participants include first-time and multiple-time active and lapsed public radio donors, as well as undergraduate students and samples of the general U.S. population. Thus, the results should be generalizable to all these populations.

Future Directions

The findings from this thesis thus have high internal validity. It also has high external validity subject to the following constraints. First, only monetary donations made during one's lifetime at the level of annual memberships were studied in this thesis. Very few donors in the samples belong to the major donor level, and no donation studied in this thesis is a legacy gift. It is possible that major giving and legacy giving are driven by very different social psychological determinants than what is being studied in this thesis. However, since the industry and scholarly research on major giving (Fredricks, 2006; Ostower, 1995; Prince and File, 2001) and legacy giving (Sargeant, Hilton and Wymer, 2006; Sargeant, Wymer and Hilton, 2006; Sargeant, Routley and Scaife, 2007) is only in its infancy, very little empirical evidence exists to provide intuitions about how they may differ. This is clearly an open area of research in the future.

Second, only monetary donations were tested as dependent variables in this thesis. Giving, however, is only one very limited form of philanthropy. Other forms of philanthropy include the voluntary donation of time, talent and other treasures like one's body parts. In order to develop theories in philanthropic psychology, the dependent variable of interest cannot and should not be limited to monetary giving only. More research is necessary to study a whole range of philanthropic behavior, particularly the donation of creative items like signatures, smiles or hand-holding. More generally, it might be in receiving that one gives (Gunderman, 2007). So emotions like gratitude when receiving help, sadness when failing to help, and pride when personally experiencing the

outcome of one's own philanthropic activities are all worthwhile research topics that beg for further research.

Third, public radio is the main nonprofit industry being studied in this thesis. These research findings are believed to be generalizable to all donation situations where people take others' actions into consideration in their own donation decisions. Human reactions to others' actions are quite general in all domains of people's lives from children's toy playing (Aronson, 2007) to adults' consumption of private goods (Cialdini, 2001). More testing is still necessary in order to understand the precise magnitudes of such effects in all types of nonprofit organizations, their boundaries effects, their long-term impacts, whether some social information might be more effective in some nonprofit organizations than others, and whether the effect of various types of social information is complementary or supplemental.

Fourth, all studies tested situations in which individuals make decisions (real or hypothetical) in response to written or verbal material or appeals. This focus somewhat limits the potential to generalize the results to other solicitation situations. One interesting avenue for further research would be to identify different fundraising interactions such as face-to-face solicitation (Cialdini, 2001) or web fundraising (Sargeant, 2001c) and to examine the impact of social information, social norms and social identity in each.

Finally, all studies were conducted in the United States. Therefore, no cultural differences can be identified. As suggested by other literature, philanthropic behavior may very well be influenced by the social environment differently in different cultures (Fukuyama, 1995; Ilchman, Katz and Queen II, 1998; Mauss, 1990; Putnam 1993, 2000;

Salamon, Sokolowski and Associates, 2004; Wilson, 1993). Thus, future research along the cultural dimension is also necessary.

Future directions suggested in all the above areas will help provide a more complete picture of the psychology of philanthropic activities. Such development in the theoretical and the empirical research together will be valuable to improve the practice philanthropy.

Practice

Contribution

The Center on Philanthropy at Indiana University stated in its overview to increase the understanding of philanthropy, improve its practice, and enhance philanthropic participation. This thesis echoes this statement. It does not belong to the type of scientific research that is conducted for pure intellectual curiosity. Instead it is action research (Esterby-Smith, Thorpe and Lowe, 1991) that is designed to improve the practice of philanthropy and to enhance philanthropic participation. It has done so in two ways: its theory to inspire practice and its methodology to guide practice.

This thesis developed theoretical insights to encourage professional fundraisers and donors to think differently about their philanthropic practice. This research is only one example of how the fundraising mentality in one industry, i.e., the public radio industry, which has focused on the dyadic exchange aspects of public service generating public support, can be changed by highlighting the importance of understanding the social psychological contexts in which such dyadic exchange relationship occurs. It

demonstrates the economic potential of such understanding and encourages fundraisers to think differently about how to design their daily practices. If applied by all fundraisers in the industry, annual individual donation revenue can be increased by at least 10% (\$25 million), not counting potential growth each year following for public radio. The figure can go up to \$65 million if applied to the entire public broadcasting industry.

In addition, this thesis tested these theoretical hypotheses using replicable techniques. Thus its findings go beyond providing only new ways of thinking about fundraising; they provide concrete techniques to improve practice. Practical suggestions were made at the end of Chapters II, III and IV for each social psychological context studied in each chapter. This thesis showed precisely the range of the most effective levels of social information and the magnitude of its immediate and long-term impact on giving. It tested the causal mechanisms of such effects, so fundraisers understand how to enhance the effects by changing people's perceived social norms or social identity congruency. Such nuances can only be gained by conducting marketing research that meets scholarly standards.

Future directions

Marketing research, however, is only the first step in changing the practice of philanthropy. It provides the knowledge base. There is still a long way to go until when the knowledge base can become the default mentality and influence techniques of the fundraising practices. Consultancy and training are the two necessary steps moving forward.

First, consultancy services are necessary in order to explain all the nuances to fundraising professionals, so they understand the whys behind the hows, and so they do not misuse the techniques. For example, only knowing social information influences giving, without knowing the upper bound of such effect, can be detrimental to the fundraising practices. Only knowing social information influences giving will not help fundraisers to maximize the effectiveness of social information through the usage of similarity cues. Only knowing matching information increases giving will not help fundraisers to direct donors' attention to focus on others and thus to optimize the effect of social information similarity. Hands-on consultancy thus is necessary in order to help fundraising professionals understand the hows (techniques) and the whys (theories) and to use them both to optimize fundraising.

Second, the impact of hands-on consultancy on an industry or on the fundraising practice in general may not be as dramatic or as significant as if a large number of fundraisers can be trained in the research ideas and techniques, so they can implement them without consultancy services provided by research. There will never be enough academic researchers to explore all possible psychological principles and generate replicable and applicable techniques that can meet the demands in the fundraising industry. There will be even fewer scholars who would spend their research time to do hands-on consultancy. Thus, fundraising professionals need to enhance their ability to understand donor psychology themselves and they need to be trained in order to recognize and test robust techniques. Therefore, the training and education of fundraisers on the theories and techniques of philanthropic psychology is a necessary step following this thesis research.

This education should not be limited to fundraisers alone; it should be extended to donors, as well. Donors not only need to understand the fundraising environment through educational websites like the Charity Facts (<http://www.charityfacts.org/>), they also need to understand themselves, i.e., their own psychology in philanthropic actions. This understanding will not only improve the quality of their donation decision, but also improve their satisfaction in philanthropic activities, and thus enhance their participation in philanthropy throughout life.

Consultancy and education for fundraisers and donors on the theories and methodologies of philanthropic psychology thus are the future directions in practice that follow this thesis research.

Philanthropic studies

The field of philanthropic studies researches all voluntary actions serving the public good (Payton, 1988). The collection of actions may include the voluntary giving of time, money and talent by individuals, associations, and institutions to their families, associations or institutions for the public good (Powell and Steinberg, 2006). This thesis focuses on the individual giving of money to institutions.

Philanthropic studies is a multi-disciplinary field of academic inquiry. Social sciences and the humanities are the two main intellectual traditions that study philanthropy. This thesis clearly lies within the social sciences tradition. It makes theoretical contributions in philanthropic studies by connecting and contributing to the theory development in multiple disciplines, including economics, nonprofit management and marketing, consumer behavior and social psychology.

Philanthropic studies covers research using multiple research methods, both qualitative and quantitative. These multiple methods provide both narrative descriptions and causal understanding of philanthropy. This thesis lies at the quantitative and causal end of this inquiry.

Philanthropic studies is not only an academic field of inquiry, but it is also connected with the practice of philanthropy. This thesis paid special attention to the applicability of the research findings and identified avenues to improve the practice of fundraising by providing ideas as well as techniques for improvement.

Summary

This thesis makes theoretical contributions to the understanding of the effect of social information, social norms and social identities on giving in the multiple disciplines of economics, nonprofit management and marketing, consumer behavior and social psychology. It makes methodological contribution to the study of psychological determinants of giving conducting field experiments and donor surveys on multiple populations including existing and potential nonprofit donors, undergraduates and samples of U.S. populations. It makes practical contribution to improve fundraising practices and donor engagement in philanthropic activities by inspiring new thinking (theories) and guiding new practices (methods). The fulfillment of these objectives together will contribute to the development of this young multi-disciplinary field called philanthropic studies.

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CURRICULUM VITAE

Yue Shang

EDUCATION

Indiana University	Philanthropic Studies	PhD 2008
University of Pennsylvania	Psychology	MA 2003
Carnegie Mellon University	Psychology	MS 2002
Beijing Normal University	Psychology	BS 2000

ACADEMIC APPOINTMENTS

Postdoctoral Fellow, Center on Philanthropy, Indiana University, May 2008 - Aug. 2009

RESEARCH INTERESTS

Philanthropic Psychology, Donor Behavior, Judgment and Decision Making, Fund Development, Nonprofit Marketing

PUBLICATIONS

Reder, Lynne, Keith Weber, Jen Shang and Polina Vanyukov (2003). The adaptive character of the attention system: statistical sensitivity in a target localization task. *Journal of Experimental Psychology: Human Perception and Performance*, 29 (3), 631-649.

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Shang, Jen and Rachel Croson (2008). Field Experiments in Charitable Contribution: The Impact of Social Influence on the Voluntary Provision of Public Goods. Revise and resubmit in *The Economic Journal*.

Croson, Rachel, Femida Handy and Jen Shang. Gender Difference in Norm Formation and Fundraising (2008b). Revise and Resubmit in *International Journal of Nonprofit and Voluntary Sector Marketing*.

Sargeant, Adrian, Jen Shang and Haseeb Ahmed Shabbir (2008). The Public Policy Implications for Nonprofit Marketing A Framework to Guide Public Policy to Increase Philanthropic Giving. Submit to *Journal of Public Policy and Marketing*.

Gino, Francesca, Shang, Jen & Croson, Rachel (2008). Telling or Showing? Effects of Advice from Others on Judgment. Submit to *Journal of Applied Psychology*.

WORKING PAPERS

Shang, Jen and Reed, Americus (2008). The Effect of Moral Identity Discrepancy on Charitable Giving. In preparation for *Journal of Personality and Social Psychology*.

Shang, Jen and Reed, Americus (2008). The Effect of Generosity and Social Networks on Moral Identity Discrepancy. In preparation for *Journal of Consumer Research*.

Shang, Jen and Croson, Rachel (2008). The Effect of Social Networks on Donations. In preparation for *American Economic Review*.

Shang, Jen and Croson, Rachel (2008). Who Makes Me Give More? Friends or Coworkers? In preparation for *Nonprofit and Voluntary Sector Quarterly*.

Kopelman, Shirli and Shang Jen (2008). The Effect of Positive Emotion and Collective Self on Generosity. In preparation for *Academy of Management Journal*.

Sargeant, Adrian and Shang Jen (2008). The Organizational Identification Process in Annual Giving. In Preparation for *Nonprofit and Voluntary Sector Quarterly*.

Sargeant, Adrian and Shang Jen (2008). The Identification Process in Bequest Giving. In Preparation for *Nonprofit Management and Leadership*.

Shang, Jen, Thomas, Tara & Kopelman, Shirli (2008). The Impact of Social Identity in Charitable Giving: Drinking Buddies Generate More Alumni Giving than Business Partners. In preparation for *Nonprofit Management and Leadership*.

PROJECTS IN PROGRESS

Identification, Death and Bequest Giving, with Adrian Sargeant and Jane Hudson.

Moral Identity Discrepancy and Probability Models of Generosity, with Americus Reed and Peter Fader.

Collective Identity Esteem and Communal and Exchange Relationships in Giving, with Steve Graham and Margaret Clark.

Comparative Guilt and Giving, with Leonard Lee.

Religious Identity in Religious Giving, with Americus Reed and Adrian Sargeant.

PRESENTATIONS

Sargeant, Adrian; Shang, Jen and Shabbir, Haseeb Ahmed. The Public Policy Implications for Nonprofit Marketing A Framework to Guide Public Policy to Increase Philanthropic Giving, ARNOVA, Atlanta, GA, Nov. 23 - 24, 2007

Shang, Jen & Croson, Rachel. Motivations for Giving. Competitive Session Public Radio Development and Marketing Conference (PRDMC), Reno, NV, Jul. 12 - 14, 2007.

Shang, Jen & Croson, Rachel Social Dilemmas in the Field: Field Experiments on Voluntary Contributions to Public Radio, 12th International Conference on Social Dilemmas, Seattle, WA, Jul. 8 - 12, 2007

Kopelman, Shirli & Shang, Jen. The Effect of Positive Emotion and Collective Self on Generosity, 12th International Conference on Social Dilemmas, Seattle, WA, Jul. 8 - 12, 2007

Shang, Jen & Croson, Rachel. Social Network Effect in Giving: Evidence from Field Experiments. Society of Personality and Social Psychology. Memphis, TN, Jan. 18 - 21, 2007.

Shang, Jen & Croson, Rachel. Social Network Effect in Giving: Evidence from Field Experiments. Annual Meeting of The Allied Social Science Associations. Chicago, IL, Jan. 7 - 9, 2007.

Shang, Jen & Croson, Rachel. I have more friends, so I give more; or so I think? Panel discussion in Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), Chicago, IL, Nov. 16 - 18, 2006.

Thomas, T., Shang, J. and Kopelman, S. Social Identity and Power in the Field: Implications for Charitable Contribution to Public Goods. Competitive Paper in Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), Chicago, IL, Nov. 16 - 18, 2006.

Shang, Jen, Americus Reed & Croson, Rachel. "I" Give, but "We" Give More: The Impact of Identity and the Mere Social Information Effect on Donation Behavior. Special Sessions in North American Conference of the Association for Consumer Research (ACR), Orlando, FL, Sep. 29 - Oct. 2, 2006.

Thomas, T., Shang, J. and Kopelman, S. Social Identity and Power in the Field: Implications for Charitable Contribution to Public Goods. The Academy of Management Meeting, Atlanta, GA, Aug. 11 - 16, 2006.

Shang, Jen & Croson, Rachel. Motivations for Giving. Competitive Session Public Radio Development and Marketing Conference (PRDMC), New Orleans, LA, Jul. 26 - 29, 2006.

Shang, Jen & Croson, Rachel. Field Experiments in Public Goods Provision: Social Comparisons. Competitive Paper in Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), Los Angeles, CA, Sep. 29 - Oct. 2, 2005.

Shang, Jen & Croson, Rachel. Field Experiments in Public Goods Provision: Social Comparisons. Competitive Paper in North American Conference of the Association for Consumer Research (ACR), San Antonio, TX, Sep. 29 - Oct. 2, 2005.

Shang, Jen & Croson, Rachel. Social Influence in Nonprofit Marketing. Panel on Public Policy and Marketing in North American Conference of the Association for Consumer Research (ACR), San Antonio, TX, Sep. 29 - Oct. 2, 2005.

Shang, Jen & Croson, Rachel (2005). Field Experiments in Public Goods Provision: Social Comparisons. Economic Science Association Meeting (ESA), Montreal, Canada, Jun. 23 - 26, 2005.

Shang, Jen & Croson, Rachel (2005). Psychological Motivations for Giving to Public Radio: Survey Research on Public Radio Membership. Annual Meeting of The Allied Social Science Associations. Philadelphia, PA, Jan. 7 - 9, 2005.

Shang, Jen & Croson, Rachel (2005). Social Comparisons in Public Good Provision: Field Experiments from Public Radio. Annual Meeting of The Allied Social Science Associations. Philadelphia, PA, Jan. 7 - 9, 2005.

Shang, Jen & Croson, Rachel (2004). The Impact of Social Comparisons on Repeated Contributions. The Society of Judgment and Decision Making Conference (SJDM). Minneapolis, MN, Nov. 20 - 22, 2004.

Shang, Jen & Croson, Rachel (2004). Social Comparisons and Social Dilemmas: Field Experiments in Nonprofit Fundraising. The Academy of Management Meeting. New Orleans, LA, Aug. 6 - 11, 2004.

Shang, Jen & Croson, Rachel (2004). Psychological Motivations in Public Radio Fundraising. Public Radio Development and Marketing Conference (PRDMC). Austin, TX, Jul. 29 - 31, 2004.

Shang, Jen & Croson, Rachel (2003). Social Comparisons in Public Goods Provision in the Field. International Economic Science Association Meeting (ESA), Amsterdam, The Netherlands. Jun. 11 - 14, 2004.

Kurzban, Robert & Shang, Jen (2002). Information Seeking in Public Goods Provision. The Society of Judgment and Decision Making Conference (SJDM). Kansas City, KS, Nov 24 - 25, 2002.

GRANTS

Post-Doc Research Grant on Philanthropy Psychology from the William and Flora Hewlett Foundation, \$63,000, May 2008 - Aug. 2009.

Graduate Student Research Grant from the Center on Philanthropy at Indiana University, \$1,000, Jan. 2008.

Legacy Leaders Planned Giving Research Grant Program The Association of Fundraising Professionals, with Adrian Sargeant, \$14,756, Nov. 2007 - Aug. 2008.

The Ernest W. Wood Doctoral Fellowship in Philanthropy from The Center on Philanthropy at Indiana University and The Association of Fundraising Professionals Foundation for Philanthropy, \$10,000, Aug. 2007 - May 2008.

Competitive Grant from The Corporation for Public Broadcasting: Motives for Giving, with Rachel Croson, \$311,370, Oct. 2005 - Oct. 2007.

Time-sharing Experiments for the Social Sciences (TESS) grant for experimental survey research (NSF-funded grant), with Francesca Gino and Rachel Croson, 2005.

The Aspen Institute Grants for Doctoral Dissertation Research, \$17,208, 2004 - 2006.

NSF Doctoral Dissertation Research Grant in Economics, \$14,820, 2004 - 2006.

The Risk and Management and Decision Processes Center at the Wharton School, University of Pennsylvania, PhD Research Grant, \$2000, Summer 2003.

PROFESSIONAL ACTIVITIES

Professional Associations

Association for Consumer Research
Academy of Management
Association for Research on Nonprofit and Voluntary Actions
Economic Science Association Society of Judgment and Decision Making
Society of Personality and Social Psychology
Public Radio Development and Marketing

Refereeing

American Economic Review, Experimental Economics, Journal of Economic Behavior and Organization, Nonprofit and Voluntary Sector Quarterly, International Journal of Nonprofit and Voluntary Sector Marketing, Time-sharing Experiments for Social Science (an NSF-funded infrastructure project).

HONORS

The Ernest W. Wood Doctoral Fellowship in Philanthropy (offered by the Association for Fundraising Professionals and the Center on Philanthropy at Indiana University), 2007
The Aspen Institute Dissertation Award for Nonprofit Research, 2004
The National Science Foundation Dissertation Award in Economics, 2004

TEACHING INTERESTS

Philanthropic Psychology, Donor Behavior, Managerial Decision Making, Experimental Research, Social Psychology, General Psychology, Fund Development, Marketing Research, Nonprofit Marketing

TEACHING EXPERIENCE

Fund Development (MA, MPA), Instructor, SPEA, Indiana U., Bloomington, Fall, 2008
Nonprofit Marketing, Instructor, SPEA, Indiana U., Indianapolis, Fall, 2008
Managerial Decision Making (MBA), Teaching Assistant, Wharton, UPenn, Fall, 2007
Managerial Decision Making (MBA), Teaching Assistant, Wharton, UPenn, Spring, 2005
Judgment and Decision Making, Instructor, Psychology, UPenn, Summer, 2004
Social Psychology, Teaching Assistant, Psychology, UPenn, Fall, 2004
Managerial Decision Making (MBA), Teaching Assistant, Wharton, UPenn, Spring, 2004
Experimental Psychology, Teaching Assistant, Psychology, UPenn, Spring, 2004
Negotiation (MBA), Teaching Assistant, Wharton, UPenn, Spring, 2003
Child Development, Teaching Assistant, Psychology, Carnegie Mellon U., Fall, 2001

DISSEMINATION OF RESEARCH OUTSIDE THE SCIENTIFIC COMMUNITY

Train and educate nonprofit advancement, fund development and fund raising staff and nonprofit board members on the essential knowledge of philanthropic psychology and donor behavior. Train and educate donors on how to optimize their donation decisions and achieve the most potential in life with such decisions.

INDUSTRY PUBLICATIONS AND MASS MEDIA

“What Makes People Give?” By David Leonhardt in the New York Times, March 9, 2008, cited Jen Shang’s dissertation research findings.

Sargeant, Adrian and Shang, Jen (2008). National Occupational Standards for Fundraising, UK Workforce Hub, London.

Shang, Jen (2006). Individual Giving, *Giving USA*, the Annual Report on Philanthropy, Giving USA Foundation TM.

INDUSTRY PRESENTATIONS

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| National Public Radio (NPR)
Revenue Research Meeting host by Barbara Appleby | Oct. 17, 2007 |
| Target Analysis Group
2006 DonorCentrics TM Public TV Major Market Meeting host by Carol Rhine | Nov. 14, 2006 |
| National Public Radio (NPR)
Revenue Research Meeting host by Barbara Appleby | Oct. 16, 2006 |

INDUSTRY EXPERIENCE

Consultancy in General Fundraising

Fundraising National Occupational Standards Consultancy, UK May - Dec. 2007
Research and revise the Fundraising National Occupational Standards in the UK with Professor Adrian Sargeant. Such revision takes place every ten years in the UK.

Consultancy in Public Radio

WGUC in Cincinnati, OH Dec. 2007 - Present
Currently conducting a study on the motivations for bequest giving with this stations bequest givers using focus groups.

- WAMU in Washington, DC Dec. 2007 - Present
Currently conducting a study on the motivations for bequest giving with this stations bequest givers using focus groups.
- WUOM in Ann Arbor, MI May 2006 - Present
Currently conducting a study of the station's on-air fund drive and direct marketing campaigns and study trends in the membership database
- Vermont Public Radio in Colchester, VT May 2006 - Present
Currently conducting a study of the station's on-air fund drive and direct marketing campaigns and study trends in the membership database
- WBUR in Boston, MA May 2006 - Present
Currently conducting a study of the station's on-air fund drive and direct marketing campaigns and study trends in the membership database
- KPFK in Los Angeles, CA Mar. 2006 - Present
Currently conducting a study of the station's on-air fund drive and direct marketing campaigns and study trends in the membership database
- WFIU in Bloomington, IN Feb. 2006 - Present
Currently conducting a study of the station's on-air fund drive and direct marketing campaigns and study trends in the membership database
- Chicago Public Radio in Chicago, IL Jan. 2006 - Present
Currently conducting a study of the station's on-air fund drive and direct marketing campaigns and study trends in the membership database
- Minnesota Public Radio (MPR) in St. Paul, MN Mar. 2004 - 2006
Conducted a two-year in-depth study of the station's membership, identifying individual characteristics and psychological motivations of lapsed versus current members
- KUAT.FM & KUAZ.FM in Tucson, AZ Jan. 2004 - 2006
Increased contribution on average 45% (\$30) per new donor during on-air drive
- WXPN in Philadelphia, PA Feb. 2003 - Jan. 2006
Increased contributions on average 30% (\$25) per new donor during on-air drive
Increased contribution on average \$30 per renewing donor during on-air drive

Consultancy in Higher Education

- Indiana University Foundation Dec. 2007 - Present
Currently conducting a study on the motivations for bequest giving with this stations bequest givers using focus groups.

Ross Business School, University of Michigan, Ann Arbor Mar. 2004 - 2005
Conduct fundraising research for the alumni-giving program

Consultancy in Public Television

KUAT in Tucson, AZ Mar. 2004 - Jan. 2006
Conducting an in-depth analysis of effectiveness of station's on-air fundraising messages

Consultancy in Religious Organizations

Eldridge Street Projects, New York, NY Jan. 2006 - Aug. 2006
Conducting fundraising tests in their renewal mailing campaigns

America Baptist Women's Ministry Jul. 2003 - 2004
Increased contributions 128% (\$54) per renewing donor during mailing campaign