

WHY DONATE AND FOR WHAT? THE PSEUDOINEFFICACY BIAS IN DONATING BEHAVIOR

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Abstract

Charitable donations represent a possible indirect way to face the social challenge of poverty with people donating a certain amount of money independently of their social status and social roles. As such, scholarly authors devoted to the study of charity and donating behavior have proposed several models following different perspectives to explain the motivational factors and the individual conditions affecting donating behavior. In the present study, we aim at contributing to the selfish altruism model by suggesting the effect of pseudoinefficacy as possible cognitive bias which may be detrimental for deciding to donate. On the one hand, the selfish altruism model has gained notable attention as a possible explanation of the decision-making process underlying donating behavior. This model suggests that people offer aid to receive something in return or to gain a personal advantage. Such a personal benefit can be seen as the individual sense of being morally satisfied, namely, warm-glow. That is, those who donate may feel higher levels of social esteem, gratitude and respect from others which are aspects feeding their warm-glow. Individuals would decide to donate by the possibility to gain moral satisfaction rather than acting for the common good. On the other hand, according to cognitive psychology, pseudoinefficacy may affect donating behaviors as an illusion of inefficacy that arises when individuals can only help some people but not others who yet are equally in need. In this sense, the phenomenon of pseudoinefficacy contributes to the selfish altruism model as an explanation of the individuals' emotions that may reduce donors' warm-glow. Ultimately, we propose a critical and interdisciplinary review of donating behaviors model and propose a research agenda for further investigations. Given the widespread of poverty as linked to the worldwide changes (i.e., novel pandemic of Sars-Cov-2), theoretical indications and reflections on donating behavior represent a pragmatic and moral concern whose relevance rests in the potential applied implications.

Keywords: *Donating behavior, selfish altruism, decision-making process, pseudoinefficacy, research agenda.*

1. Introduction

Charity includes a wide range of manners to help the *underprivileged* (emphasis added) which can be grouped into three main activities, namely, (a) development of welfare trust to reduce poverty, (b) promoting education, and (c) promoting social initiatives for social benefit (see, Shaikh & McLarney, 2005). Beneficial initiatives for society include – inter alia – fundraising programs that no-profit organizations can organize with the aim to help people in need whose outcome is defined as *charitable donations*. Given the widespread of poverty as linked to the worldwide changes (e.g., pandemic of Sars-Cov-2, inadequate distribution of resources and wealth, excessive demographic expansion in certain countries), a good understanding of reasons to donate money is worth doing as means to promote successful marketing strategy to trigger charitable giving (Piferi & Lawler, 2006).

In this vein, understanding the motivational factors and the individual conditions affecting donating behavior is crucial. However, the literature on behavior associated with charitable donations is sparse. Indeed, scholars devoted to the study of charity and donating behavior have proposed several models to explain the psychological antecedents of donating behaviors by employing different perspectives (Bekkers et al., 2011).

The present contribution aims at complementing the selfish altruism theories on donating behavior by discussing the role of the so-called cognitive bias *pseudoinefficacy*. We will argue that pseudoinefficacy may be an individual detrimental factor for deciding to donate. We will suggest

considering donating behavior via a cognitive psychology approach through which taking into account the decision-making process laying at its basis.

Accordingly, we will firstly introduce the literature on donating behaviors by reporting both the role of individual and contextual aspects related to donations. Then, we will introduce the role of altruism as a motivating factor in donation processes, referring to the main psychological perspectives on this issue. With a focus on the so-called selfish altruism perspective, we will then examine the literature on the decision-making process behind donations. In this, we will frame the study of donating behavior in the study of cognitive biases that may affect such process. Accordingly, we will argue that the specific cognitive bias *pseudoinefficacy* plays an important role in this cognitive mechanisms. Finally, we will propose a research agenda by presenting three propositions for theory-building and research conducting on donating behaviors.

2. Literature review

2.1. Donor's features behind donations and the role of altruism

Studies on charitable donations have focused on the identification and comprehension of individual and contextual aspects related to donations. Firstly, individual differences related to the intention to, and actual donation are socio-demographic variables such as age, education, social status or religion orientation (Bekkers, 2010; Wiepking & Bekkers, 2010; White et al., 2016). Also, prosocial tendencies (Fernando et al., 2014), narcissistic trait (Konrath et al., 2016) and empathy (Bekkers, 2006) emerged as contributing factors in the propensity to donate. In particular, scholarly authors showed that empathic concern and intentions to donate are positively related (Verhaert & Van den Poel, 2011). Furthermore, individual's volunteer role identity is associated to their will to donate time or money (Grube & Piliavin, 2000; Finkelstein & Brannick, 2007; White et al., 2016). Finally, individuals' experience and perception of the act of donation play a relevant role as the distance between donation and its outcomes (e.g., the distance between the donor and the beneficiaries), the awareness of the beneficiaries in itself (i.e., oneself or others), and how and by whom the request to donate is made (Bekkers, 2010; Ye et al., 2015). Secondly, contextual factors affecting donation are the perception of what others donate (Martin & Randall, 2008), the individual level of trust in charity organizations (Alhidari et al., 2018), and the behavior of their peers (Frey & Meier 2004; Shang & Croson, 2005). Also, one's family's financial situation and the donor's income can have a significant effect on the type (i.e., time vs money donation), on the amount of the donation and on the actual making of a donation (Bekkers, 2010; Mayo & Tinsley, 2009).

Furthermore, there are certain motivating factor that drives people to help others through charitable donations. According to the literature three main theoretical perspectives provide explanations on the factors that cause prosocial behavior in human beings (Hysenbelli, 2014). Firstly, the *evolutionist perspective* (see Hamilton's theory, 1964) states that humans are genetically inclined to help those who have a certain number of shared genes (see, e.g., Lyle et al., 2009; Jaeger & van Vugt, 2021). The second perspective includes *pure altruism* theories which suggest that people will help others without expecting to gain any advantage or reward (Ferguson et al., 2008). The third perspective, links to *selfish altruism* theories which suggest that aid is offered in order to receive something in return or to gain a personal advantage (Exeley, 2015; Barash et al., 2014; Ottoni-Wilhem et al., 2017).

Independently of this, the seminal work by Andreoni (1990) introduced the concept of *warm glow* (WG) to denote the feeling of pleasure arising from helping someone. Accordingly, social esteem, gratitude and the respect of others are supposed to be critical variables in terms of the decision-making process driving helping behaviors. These dimensions are stronger than the perceived utility generated by having helped another person. As such, individual gains in moral satisfaction weigh more than any improvement to the common good. According to this narcissistic vision of prosocial behaviors, individuals help others in order to experience a feeling of pleasure. For example, individuals may desire to reduce aversive arousal experienced as a consequence of the exposure to the suffering of others (Hoffman, 1981). The reduction of aversive arousal as a form of emotional regulation or mood management motivates action with the self-interest of making oneself feel better (Gross, 2002).

2.2. Viewing donating behavior through cognitive psychology: the role of cognitive biases

Moreover, the literature presents how donating behavior may be viewed through cognitive psychology by addressing the decision-making process underlying donation behaviors and cognitive biases involved in it. In this context, authors have focused on the role played by cognitive biases and the irrational thinking involved in deciding whether to offer their help to others or not (Ruminati & Bonini, 2001). For example, some authors reported evidence of the donors' tendency of choose the easier option when are called to valuate two. With individuals unable to logically evaluate the efficacy of their aid due

to the lack of objective assessments, they often use the perception of a feeling of wellbeing as a clue (Baron & Szymanska, 2009). Also, evidence displayed the donors' tendency to change constantly the charitable associations to which donate, even if it does not affect them personally or to focus on a single characteristic as being the most important excluding any others (Tversky et al. 1998). Lastly, the impulse to offer help occurs independently of the beneficiaries and the contextual features. In this sense, people tend to oppose aid programs related to tax relief since they perceive them as a restriction of free choice (Baron & Szymanska 2009).

Considering the perspectives on altruism in donating behavior (see above), Dikert and colleagues (2011) proposed a two-stage model that integrates both selfish and pure altruism perspectives via the explanation of the decision-making processes that motivates donation. Such authors investigated the role of affective reactions toward children in need of financial contributions, dividing them into empathic feelings (i.e., pure altruism) and mood management-related feelings (i.e., selfish altruism). The authors claim that decisions concerning donations to charities involve a two-stage process: the first refers to individuals' decision to donate or not and is determined by self-centered feelings; the second indicates decision about how much to donate that comes from an evaluation of other people's needs. Results showed that when confronted with the misery of others, people donate money at least partly with the intention of making themselves feel better and/or avoid post-choice regret due to not donating. Only later do they take empathic feelings into account. These results corroborate the theories of selfish altruism as primary motivation for donating behaviors. Moreover, these pieces of evidence provide indications about the role of cognitive biases in decision-making behind donating behaviour.

3. Research agenda: Pseudoinefficacy bias affect decision to donate

Accordingly, researchers have reported the role of a specific cognitive bias in donating behaviors among which the study of pseudoinefficacy suggests indications about (a) the decision to donate and (b) how much individuals donate (Västfjäll et al., 2015). This cognitive bias refers to an illusion of inefficacy arising when individuals can only help some people but not others who are equally in need. Pseudoinefficacy does not describe the act of donating, but rather is about the emotional experience laying at the basis of donor's WG. Västfjäll & Slovic (2013) have shown how individuals may report a decrease in WG about giving help when the amount of people who could not be helped increase. Authors conducted further experimental studies in which they varied systematically the number of people that might be helped and the number of those who could not (Västfjäll et al., 2015). Results showed that participants had negative feelings related to their sense of inefficacy. This led participants to minimize the levels of WG deriving from choosing to help only part of the people in need involved in the study. Participants declared that they had a more intense feeling of WG when they were presented with only one person than in the experimental conditions, where there were other people who would not benefit from any financial aid. As follow, researchers claimed that the decision regarding how much to donate may be highly influenced by emotional variables.

With the aim at contributing to this selfish altruism perspective, by suggesting the effect of pseudoinefficacy as possible cognitive bias which may be detrimental for deciding to donate, we provide three propositions to set a research agenda for further theoretical and empirical investigations. Firstly, we agree with *selfish altruism* according to which people decide to donate to receiving in return warm glow as a personal advantage (Exeley et al., 2015, Andreoni (1990)). Moreover, we claim that pseudoinefficacy bias reduce the level of donor' WG in decisions to donate.

Proposition 1: Pseudoinefficacy bias negatively affect decision to donate, i.e., higher levels of pseudoinefficacy bias reduce the level of donor' WG which in turn lead deciding to not donate.

Secondly, we argue that pseudoinefficacy suggests indications not only about the decision to donate but also on how much individuals donate (Västfjäll et al., 2015). Thus, we assume that when pseudoinefficacy occurs, people can reduce the amount of money that donors decide to donate.

Proposition 2: Pseudoinefficacy bias negatively affect the amount of donations, i.e., higher levels of pseudoinefficacy bias reduce the amount of money that donors decide to donate.

Thirdly, we argue that donors' features and experiences can affect their donating behaviors. Particularly, the fact of already being a donor or a volunteer for some time can influence the decision to donate and the amount of the donation. Moreover, we assume that pseudoinefficacy can interact

differently in decision-making process that drives those who are already donor or volunteer (or not), affecting their donating behaviors.

Proposition 3: Pseudoinefficacy bias interacts with individual's characteristics of donors, e.g., being a donor (having already donated money in the past) or not and being a volunteer (having already donated money in the past) or not.

Our assumptions can be verified by conducting experimental research. For example, cross-sectional study comprising measures of pseudoinefficacy and donating behaviour could provide initial evidence of the relationships among such cognitive bias, donor decision-making and the amount of donation. Likewise, longitudinal studies could be devised in order to verify the casual role of pseudoinefficacy in both donations and their amount. Conversely, the analysis of national data on donation could help to figure out the trends of donation as well as inferring the role of pseudoinefficacy via the comparison of different donation schemes. For example, it would be possible that a larger amount of donors may prefer to allocate larger amount of money in specific donation scheme where the beneficiaries are well described (i.e., appearing as close to the donors). By contrast, other donation scheme working via taxpayers donating to non-profit organizations may have different trends showing the effects of pseudoinefficacy. Finally, qualitative methods could be used to explore the emotional and cognitive response to donations. These methods could help to figure out the overall experience of donation as well as the how and to what extent pseudoinefficacy matters.

4. Conclusion

With poverty being more and more widespread due to the worldwide changes (e.g., pandemic of Sars-Cov-2), charitable donations represent a possible indirect way to face this social challenge. In this framework, a good understanding on what motivates people to donate is crucial to develop, for example, a successful marketing strategy which can trigger charitable giving. Since scholarly authors who focused on charity and donating behavior have proposed several models following different perspectives, in the present study we proposed a critical review of the literature that explain the motivational factors and the individual conditions affecting donating behavior. Afterwards, in accordance with the selfish altruism perspective, we proposed a research agenda for further investigations based on a model that consider pseudoinefficacy as a factor that can affect motivation to donate. We argue that our propositions can be a possible explanation of the decision-making process underlying donating behavior, and the knowledge on it can be useful to plan a research agenda for further investigations, whose relevance rests in the potential applied implications.

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