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Proctor: Donors should go with their instincts

Premium content from Business First by Allen J. Proctor

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New research suggests that nonprofits are best viewed by donors as if they were an impressionist painting. One of the remarkable qualities of impressionism is that looking from a distance conveys more about the intrinsic value of the painting than looking at it closely. When examined from a few inches away, the viewer sees dabs of seemingly unrelated color with no clear image emerging. It is only from afar that one sees how all those dabs fit together and form an image of beauty and insight.

So it seems for nonprofits. In an extensive article in the Boston Globe, Leon Neyfakh reports on recent research by the Giving USA Foundation and the Center on Philanthropy at Indiana University on why people give to charity. Their findings are not only counterintuitive, they also cast in doubt the benefits of building databases about nonprofits and publicizing measures of their performance and effectiveness. The bottom line of their research: "Thinking harder about how to give makes us less likely to give at all." Giving is an emotional action and thinking too analytically about a gift counters the generous emotional stimulus.

Researchers are discovering several possible reasons why we give to nonprofits. Some research suggests it is not altruism or a sense of concern for others that prompts us, but rather that giving provides us with a way to feel we are moral and satisfied with our role in the world. The economist [James Andreoni](#) wrote, "The reason we give money is that it makes us feel good – regardless of how much it benefits the people we're ostensibly trying to help." Other research suggests that social pressure and the need to avoid the appearance of being compassionless prompts much of our giving.

This motive seems to be independent of a rational desire to have our giving be as effective as possible. Jonathan Baron at **University of Pennsylvania** ran an experiment where he asked participants to identify which charity they preferred: One that was so efficient it could afford to put 20 percent of their gift into advertising or another that needed more money to achieve the same service levels. They favored the second nonprofit because they could see more of their gift at work, regardless of the fact that their gift would do less good.

This conclusion is reinforced by the work of Cygnus Applied Research on the appeal of online giving. It found that donors in all age brackets are getting frustrated with mailed appeals, especially those containing gifts such as calendars or address labels. They believe online giving saves the nonprofit money so that more of their gift is being used.

Most interestingly for the emotional versus cognitive tension, their research found that most donors could not be influenced by additional information to give more but they could be influenced by new information to give less or to stop giving altogether.

For example, other research has found that showing a photograph of a starving African child with her name and age prompted the most donors to give. But donors who were provided with more information about famine in Africa –more to think about – were less likely to give. Similarly, another study found that providing information about a nonprofit's overhead costs made donors less likely to give.

Research on the impact of challenge or matching programs finds that the existence of a match increases giving but the size of the match has no impact on the amount that people give. Once again, the feel-good motive to participate in the match overrides the analytical motive to maximize the impact of one's gift.

This raises the question of whether donors ought to be more analytical, or should we just accept that emotion is the primary motive to give? Clearly, databases such as Power Philanthropy, Guidestar.org, GiveWell, **Charity Navigator** and **Better Business Bureau** are intended to increase the amount of information a donor can analyze before choosing to donate. Are they futile or counterproductive, or are they an important and ultimately beneficial trend-changer?

Some analysis does appear to be counterproductive. Once a typical donor looks closely at the impact of his gift on a nonprofit, he realizes how little his contribution is going to help the nonprofit. If one can't give \$1 million or \$10 million, what difference is \$100 going to make? This type of analysis erodes the emotional impulse and can lead to a decision not to bother with giving.

On the other hand, analysis that highlights a set of charities from the overwhelming number that exist does help to moderate the incentive for a donor to analyze, letting the emotional motive rule. Simple rankings or Top 10 lists are good examples of ways to shortcut the need to think.

University of Pittsburgh economist [Lise Vesterlund](#) likens the impulse to give to the temptation to eat. Her interpretation of the value of rankings is that they allow the temptations to be indulged by using these favored lists to put the "carrots" closer at hand than the "chocolates." The remaining issue, however, is who gets to determine which nonprofits are carrots and which are chocolates. And what is wrong with indulging in a chocolate from time to time?