Abstract for review

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Do you like what you see? Experimental evidence on how different indicators of program effectiveness influence charitable behavior

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Abstract:

In the scientific literature, it is commonly discussed that nonprofit organizations are under increasing scrutiny from funders to prove that their programs are effective and achieve the intended results for beneficiaries (e.g., Carman, 2010). This study contributes to these recent discussions on nonprofit program effectiveness and tests how the logic frameworks’ (Ebrahim & Rangan, 2014; Hall 2014) three indicators of program effectiveness output, outcome and impact influence charitable behavior. In particular, an online survey experiment (N = 308) investigates the direct and indirect effects of the program effectiveness indicators, perceived social impact, and reflective decision making on donation and lending behavior. The results show that both outcome and impact information have a more positive direct effect on donation behavior than output information but there is little difference between outcome and impact. Moreover, perceived social impact mediates the relationships between outcome and impact information and donation behavior. Furthermore, moderated mediation analysis reveals that perceived social impact mediates the donation relationship for the (1) outcome indicator for people reporting lower levels, (2) impact indicator regardless of the level of reflective decision making. The results have important implications for theory and practice: The non-significant findings of a moderating effect of reflective decision making for impact information suggests that

all donors, regardless of their decision making mode, reward impact information as particularly sophisticated and relevant. This implies that nonprofit organizations should provide impact information as it apparently satisfies people at all levels of reflective decision making. Contrary to the expectations of this study, lending behavior is not influenced by the effectiveness indicators. A potential explanation of these findings can be found in a notion of Costa and Pesci (2016) who suggest that each stakeholder group has different information requirements and consequently reacts more favorably to different types of social impact measurement. Future research should therefore compare the effect that different social impact measurement approaches have on the lending but also donation likelihood of funders.

Most important references:

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