Donation Behavior for Nonprofit and Voluntary Sector: The Role of Compassion

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Abstract
The nonprofit and voluntary sector also known as the third sector economy plays a key role for human and ecological sustainable wellbeing in order to address the critical situations of poverty, depleted resources, welfare and social exclusion. One way to grow and sustain the sector is by getting contributions and donations from other organizations or individual persons. Building on the revised Theory of Planned Behavior, this research attempts to explore what motivates people to donate, and determine if compassion plays a role of a moderator. Based on the structural model, the findings indicate attitude, perceived behavioral control, descriptive norm and moral norms are significant predictors to donation behavior. In addition, the relationship between moral norm and donation behavior is stronger when compassion is higher. The findings would be beneficial in putting up strategies to strengthen the nonprofit and voluntary sector by focusing on the social psychology attitudes for others and from others. As the study did not control for the size of the nonprofit organizations, we suggest future research to consider on the limitation that would be consistent with the “impact model of philanthropy” that postulates for maximum impact donation especially for sustainable wellbeing.

Keywords: Donation; Theory of Planned Behavior; Compassion; Donation behavior nonprofit and voluntary sector; Third sector economy.

1. Introduction
The world is ageing. With depleted resources, welfare, social exclusion and poverty are on the rise (Defourny et al., 2001). To address the critical situation, the nonprofit and voluntary sector also known as the third sector economy that plays a key role for human and ecological sustainable wellbeing is well positioned (Defourny et al., 2014). This sector is driven by the socio-economic initiative that belongs to neither the traditional private for profits sector nor to the public sector. One way to grow and sustain the nonprofit and voluntary sector is by getting contributions and donations from other organizations or individual persons. However, the question would be what would encourage people to donate for the people in need? (Cox et al., 2018) suggest donation behavior could be motivated by the desire for image enhancement while (Kashif et al., 2015) believe it depicts the support for helpful contributions. In fact, from the philosophy and religion point of view, donation and charity lead to prosperity (Van and Sander, 2011).

Van and Sander (2011) claim most research on donations are based on descriptive role of demography and socio-economic factors. While they are essential, understanding the social-psychological factors that underlie donators’ behavior is equally important. Building from Azjen (1991) Theory of Planned Behavior, (Smith and Andrée, 2007) attempted to predict donation intention by extending social norm as prescriptive, descriptive and moral norms. Van and Sander (2011) then conducted a study to contrast the importance of moral conviction as a personal motivation, to that of explicit social consideration of both prescriptive and descriptive norms. Extending both studies, it is the aimed of the paper to predict the factors that would determine donation behavior against the backdrop of voluntary and nonprofit sector, and also to examine the interaction effect of compassion. Compassion is a form of empathy, which is an emotional process linked strongly to moral behavior (Tangney et al., 2007).

2. Review of Literature
2.1. Theory of Planned Behavior
In Theory of Planned Behavior (TPB), Azjen (1991) argues human behavior is guided by three predictors of 1) behavioral belief that produces attitudes towards the behavior, 2) normative belief that reflects social pressure or subjective norm and 3) control belief that gives rise to perceived behavioral control. A meta-review of TPB found the predictors explain about 40% – 60% of the intention variances, but the percentage of the actual behavior variances is generally lower (Van and Sander, 2011) which is commonly referred to as ‘behavior-intention gap’. Although TPB is highly referred and applied for many social psychological researches to understand human behavior, there are arguments on the appropriateness of social norms in measuring personal norm. Van and Sander (2011), argue on how moral norms are theoretically distinct from social norms and claim personal norms are lacking.
in TPB that explains human actions. Some recent research work on donations that were built based on TPB include Veludo-de-Oliveira et al. (2017) and Chen (2017).

2.2. Antecedents of Donation Behavior

Attitude, perceived behavioral control and social norms have been studied quite extensively as determinants to donation intention. The factor of attitude was always found to be the strongest predictor while social norms would be the weakest. Earlier works include Armitage et al. (2001) and Giles et al. (2004). Considering the weakest relationship of social norm, the theoretical explanation was then expended and, the theory was revised by Smith and Andrée (2007) with the inclusion of moral norms, a clear distinction between descriptive and injunctive norms to define social norms and the inclusion of past behavior. The findings confirm on the roles played by attitude, perceived behavioral control, prescriptive norms, moral norms and past behavior as significant predictors. Moral norms, which are based upon internal and emotional processes, emphasize feelings of personal responsibility rather than reflecting exogenous social pressure (Van and Sander, 2011). Smith and Andrée (2007) relate prescriptive social norms to how significant others think a person ought to behave whereas injunctive social norms describe the behavior of significant others. Van and Sander (2011) later replicated the study on the revised TPB to confirm on the factors and redefined injunctive social norms as descriptive norms. However, it was found attitude, perceived behavioral control, moral norms and perceived behavioral controls were the only significant predictors while both prescriptive and descriptive norms had no significant relationships to the outcome.

In studying donation behavior, compassion was also believed to relate strongly to good action. Strauss et al. (2016) suggest compassion is a fundamental tenet in many religions that is not only about feeling touched by a person’s suffering, but also about wanting to act to help them. Gilbert et al. (2017) further described compassion could be measured as dimensions of 1) feel for other people, 2) compassion from other people and 3) self-compassion. Gu et al. (2017) also provides a descriptive explanation of compassion as being motivated to act to alleviate suffering of others. Therefore, with the importance of compassion to helping out people and the mixed findings of donation predictors, the research argues compassion relates significantly to donation behavior and it also plays a role as a moderating factor between the predictors and donation. Based on the discussion, we offer the following hypotheses:

H1: There is a positive significant relationship between attitude and donation behavior
H2: There is a positive significant relationship between perceived behavioral control and donation behavior
H3: There is a positive significant relationship between injunctive norm and donation behavior
H4: There is a positive significant relationship between descriptive norm and donation behavior
H5: There is a positive significant relationship between moral norm and donation behavior
H6: There is a positive significant relationship between compassion and donation behavior
H7: Relationships between attitude and donation behavior is stronger when compassion is higher
H8: Relationship between perceived behavioral control and donation behavior is stronger when compassion is higher
H9: Relationship between injunctive norm and donation behavior is stronger when compassion is higher
H10: Relationship between descriptive norm and donation behavior is stronger when compassion is higher
H11: Relationship between moral norm and donation behavior is stronger when compassion is higher

3. Methodology

3.1. Population, Sample size and Instrumentation

The population of the study was anyone above the age of 18 who has made some previous donations for the sector. Using a purposive sampling technique, and recommendations by Hair et al. (2014) the sample was set to 250. However, considering issues with response rate and taking (Hair et al., 2014) for suggestion larger sample improves precision and reliability of PLS-SEM results, invitation to participate was send to more than 500 potential subjects.

An online survey was utilized to collect the data. Google form was used as a platform for online questionnaires. In order to expedite the task and to get many respondents, invitation to participate in the survey was sent to the identified groups via Whatsapp application since Whatsapp is the main choice many to communicate and share information in a simple way, effective interface, cost saving without time restriction. The instrument was designed by adopting the items from past research. Items to measure attitude was adopted from (Van and Sander, 2011); perceived behavioural control, descriptive norm, injunctive norm, moral norm and donation behaviour were adopted from Smith and Andrée (2007) while compassion was adopted from Gilbert et al. (2017). The items were modified accordingly in order to fit the context of the study and validated by experts in the field. All items were scored on a five-point likert scale ranging from (1) not true to (5) very true and recoded accordingly.

3.2. Respondents’ Demographic Profile

A total of 283 useful data was used in this study and based on Pallant (2005); the number is adequate. The respondents’ profiles are depicted in Table 1. Out of 283 respondents, 209 (73.9%) of them were female and 74 (26.1%) were male. Most of them were employees and students, with the percentage of 50.9% and 41% respectively. The majority of the respondents donated their money to charity (94.7%) other than orphanage (53.7%), NGO for nonprofits (39.5%), homeless shelter (36.7%), and others (29.7%).
Prior to the analysis, an examination for common method variance was performed using the Harman’s single test. The single factor result of 37.057%, which is less than the suggested cut off point of 50% by Podsakoff et al. (1986) shows the evidence that there is no common factor loading on all measures, hence indicates common method bias was not a threat in this research.

| Variable          | Frequency | %  | Variable           | Frequency | %  |
|-------------------|-----------|----|--------------------|-----------|----|
| Gender            |           |    | Where the money is |           |    |
| Male              | 74        | 26.1| donated            |           |    |
| Female            | 209       | 73.9| Charity            | 268       | 94.7|
| Occupation        |           |    | Homeless Shelter   | 104       | 36.7|
| Student           | 116       | 41.0| NGO for nonprofits | 112       | 39.6|
| Employee          | 144       | 50.9| Orphanage          | 152       | 53.7|
| Retiree           | 1         | .04 | Others             | 84        | 29.7|
| Others            | 22        | 7.8 |                    | 31.11 years (17-59) |

### 3.3. Assessment of measurement model

The conceptual model was empirically analyzed using SmartPLS version 3 for confirming on the validity and reliability. The indicator loading, CR and AVE for the reflective constructs are shown in the Table 2. Few items were deleted due to low factor loading and for the purpose of increasing the AVEs. They were two items to measure perceived behavioral control “I have control over whether I could donate money to charities or community service organizations” (PBC2) and “It is mostly up to me whether I donate money to charities or community service organizations” (PBC3), one item to measure descriptive norm “Those people who are closest to me do not donate money to charities or community service organizations” (DNorm2 Recode), one item to measure compassion “I am accepting, non-critical and non-judgemental of other people’s distress” (COM6) and two items to measure donation behavior “Over the past four weeks, I donated money to charities or community service organizations” (DB2) and “How often during the past few weeks have you donated money to charities or community service organizations? (1 = not at all, 5 = frequently).” (DB4).

The rest of the item loading exceeds the minimum recommendation value of 0.6, which is required for an exploratory study (Ramayah et al.). Based on the results shown in Table 2, all constructs meet the minimum value of the threshold requirement of composite reliability (CR)> 0.7 and average variance extraction (AVE) are greater than 0.5 (Ramayah et al.).

### Table 2. Internal Consistency and Convergent Validity

| Construct                              | Mean | Std Dev | Item Loading | C. Alpha | CR  | AVE  |
|----------------------------------------|------|---------|--------------|----------|-----|------|
| Attitude (ATT): Donation is            |      |         |              | 0.907    | 0.926| 0.641|
| Att1: Unpleasant – pleasant            | 4.622| 0.590   | 0.781        |          |     |      |
| Att2: Useless- useful                  | 4.728| 0.490   | 0.759        |          |     |      |
| Att3: Unfavourable – favourable        | 4.633| 0.582   | 0.827        |          |     |      |
| Att4: Inconsiderate – considerate      | 4.657| 0.563   | 0.803        |          |     |      |
| Att5: Bad – good                       | 4.749| 0.457   | 0.776        |          |     |      |
| Att6: Unsatisfying – satisfying        | 4.661| 0.605   | 0.786        |          |     |      |
| Att7: Negative – positive              | 4.763| 0.441   | 0.867        |          |     |      |

| Perceived Behavioral Control (PBC)     |      |         |              | 0.757    | 0.86 | 0.673|
| PBC1: could easily donate              | 4.551| 0.635   | 0.725        |          |     |      |
| PBC4: confident that I could donate    | 4.420| 0.685   | 0.867        |          |     |      |
| PBC5: donating is easy to do           | 4.396| 0.722   | 0.861        |          |     |      |

| Injunctive Norm (INJNorm)              |      |         |              | 0.901    | 0.931| 0.772|
| INJNorm1: people closest to me would support me in making donations | 4.449| 0.806   | 0.866        |          |     |      |
| INJNorm2: people closest to me would approve me in making donations | 4.484| 0.772   | 0.913        |          |     |      |
| INJNorm3: Most people who are important to me think that my donations would be desirable | 4.346| 0.828   | 0.823        |          |     |      |
| INJNorm4: If I donated money, the people closest to me would | 4.473| 0.794   | 0.909        |          |     |      |
Next, a discriminant validity procedure was conducted to observe how the constructs are truly distinct from one another. This is achieved by assessing the cross loading criterion, Fornell-Lacker’s (1981) criterion and Heterotrait-Monotrait ratio of correlations (HTMT). Based on the results shown in Table 3, there is a clear evidence of the discriminant validity establishment following the suggestions of Kline (2004) and Gold et al. (2001). The square-root of the AVEs of all latent variables which are shown in bold are higher than the correlations on other variables. As there has been criticism on the usage of Fornell-Lacker’s (1981) criterion to detect discriminant validity, HTMT ratio correlations as suggested by (Henseler et al. (2015)) that offers a stringent of better discriminant criterion was used. The results of the HTMT inference using bootstrapping confidence interval technique are less than 1. Therefore, it is confirmed every construct is truly distinct from one another.
In addition, prior to the structural model development, a procedure for addressing the collinearity issue was conducted. Pallant (2011) suggest the existence of multicollinearity does not contribute to a good regression model and the value of VIF should be assessed. Hair et al. (2011) suggest that VIF value of 5 or higher indicates a potential collinearity problem while Diamantopoulos et al. (2006) suggest a more stringent criterion of VIF less 3.3. Following both, the results in Table 3 indicate multicollinearity is not an issue in this study since the VIF values for all the constructs are less than 5. The next step is to proceed with the structural model and hypothesis testing.

### 3. Results and Findings

In order to test for the hypotheses, PLS algorithm was used with a bootstrapping resampling technique of 1000 sub-samples for ensuring the accuracy of the PLS estimates as recommended by Hair et al. (2014). The results of one-tailed path coefficients are shown in Table 4. Following (Hair et al., 2017) for acceptance of t value > 1.28 for p value < 0.10, it was found attitude (β = 0.070, p<0.10), perceived behavioral control (β = 0.193, p<0.01), descriptive norm (β = 0.093, p<0.10) and moral norm (β = 0.466, p<0.01) play their roles as donation behavior predictors. In addition, testing compassion as the moderator produced a result of a stronger interaction between moral norm and donation behavior. Thus, it could be concluded H1, H2, H4, H5 and H11 were supported.

Next, the values of coefficient of determination (R²) of 0.52 suggests the exogenous constructs explain 52.0% of variances in donation behavior, which Hair et al. (2017) considered as moderate. The R² excluding the interacting effect of compassion is 0.473 with effect size (f²) of 0.077. Based on effect size determination for interaction effects by Kenny and David (2016) with 0.005, 0.01 and 0.025 for small, medium and large effect size respectively, it suggests for large effect size for the study. Additionally, the f² values that represent the effect size of a specific exogenous construct on the endogenous construct (Hair et al., 2016)

were also assessed. It could be concluded the effect sizes for moral norm and the moderation of compassion between moral norm and donation behavior are large, descriptive norm to be medium, and small effect size for attitude, perceived behavioral control and the interaction of compassion to perceived behavioral control and descriptive norm.

### 5. Discussion

The research was conducted with twofold objectives. One is to explore the donation behavior predictors and two is to determine the interaction effect of compassion within the landscape of the nonprofit and voluntary sector or the third sector economy. The results of the structural model suggest attitude, perceived behavioral control, descriptive and moral norms are donation behavior antecedents. In addition, compassion is playing its role as the moderator in the relationship between moral norm and donation behavior. The findings provide relevant insights into the social-psychological factors that underlie an individual’s donating behavior, which supports the TPB model in explaining for an individual’s donation behavior.
Consistent with prior research, moral norm is found to be the strongest predictor. Comparatively, this is similar to the findings of Van and Sander (2011) and Smith and Andrée (2007). Therefore it provides the evidence that involving in charity, doing good deeds, and helping those in needs is an act of moral obligation to donors. For them, donating money is not for image building or pleasure, rather is a self-principle. In addition, the finding is also consistent with the Value-Belief-Norm that proposes the feelings of personal obligation and moral responsibility are the driving factors towards pro-social behavior.

Moreover, the significant relationship between descriptive norm and donation behavior highlights the importance of social influence to one’s decision to donate. While both Van and Sander (2011) and Smith and Andrée (2007) emphasized on the role played by descriptive norm, the findings of their studies did not support for the predictions. One possible explanation is the context of the study. Since the present study was conducted in an Asian country which social stimulus plays a role in many decisions, it might explain for the significant relationship. Thus, although (Van and Sander, 2011) and (Smith and Andrée, 2007) suggested to measure TPB’s social norms as descriptive and injunctive norms, we believe how the items would be used should be in accordance to the setting of the study. Hence, the findings provide a basis for further research exploration in determining the effects of social influence and personal obligation towards pro social behavior in a single study.

In addition, relating perceived behavioral control to the study, comparing it with donation attitude gives a different perspective. Though both play the predicting roles, the relationship is stronger for perceived behavioral control. Interestingly, unlike the findings from TPB meta-analysis, in this study, how one perceives the positive and benefits of donation would not be strong enough to urge him to donate. But for having the power and capability to control for how the money should be contributed is more important in the donors’ decision to act. The present study also indicates a stronger relationship between moral norm and donation behavior when compassion is higher. Thus, it could be concluded a person would feel more personally obligated and motivated to help those in need when the feel for others exists.

6. Conclusion and Future Research Direction

In this study, we explored what motivate people to donate and examined the interaction effect of compassion within the landscape of the nonprofit and voluntary sector or the third sector economy. We believe the findings do not only provide relevant insights into the importance of measuring descriptive and injunctive norms as surrogates to social norms in explaining donation behavior, but it also confirms on the role played by moral value as a motivating factor. Based on the interaction effect of compassion, we believe it is important to emphasize the human feeling for others and from others for strengthening the donation behavior and also in planning for the crowd funding strategies. In essence, this study could strengthen the basis of theoretical discussion as donation behavior could be explained from the realm of sociology and psychology theories. However, as the research did not control for the average size of the charity organizations that the respondents donated to, or the value of the donations, our future research plan is to consider testing them as the results would be more consistent with the “impact model of philanthropy” that postulates for maximum impact donation.

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