

## DOCTORAL THESIS

# Do emotional appeals always work in fund-raising efforts?: an explanation of schema congruity theory and emotion regulation on nonprofit and for-profit fund raising

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DO EMOTIONAL APPEALS ALWAYS WORK IN FUND-RAISING EFFORTS?  
AN EXPLANATION OF SCHEMA CONGRUITY THEORY AND EMOTION  
REGULATION ON NONPROFIT AND FOR-PROFIT FUND-RAISING

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Do Emotional Appeals Always Work in Fund-raising Efforts?  
An Explanation of Schema Congruity Theory and Emotion Regulation on  
Nonprofit and For-profit Fund-raising

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A thesis submitted in partial fulfillment of the requirements

for the degree of

Doctor of Philosophy

Principal Supervisor: Prof. PRENDERGAST Gerard Paul

Hong Kong Baptist University

July 2015

## **DECLARATION**

I hereby declare that this thesis represents my own work which has been done after registration for the degree of PhD at Hong Kong Baptist University, and has not been previously included in a thesis, dissertation submitted to this or any other institution for a degree, diploma or other qualification.

Signature\_\_\_\_\_

Date: July 2015

## **ABSTRACT**

Across three experiments, I demonstrate that when for-profit organizations focus on the emotional aspects of fund-raising appeals, the evaluations of their appeal decline and they are unsuccessful in generating positive donation intentions; however, this is not the case for nonprofit organizations. In particular, experiment 1 reveals that affective, emotional appeals are viewed more favorably by consumers when they are connected with nonprofit organizations; in contrast, rational, unemotional appeals have greater favorability when they are associated with for-profit organizations. This interaction effect is mediated by the processing fluency, in which the nonprofit organization concepts (vs. for-profit concepts) are congruent with the emotional dimensions of the fund-raising content, causing an ease of processing and positive appeal evaluations. In experiment 2, I find converging evidence that people tend to place little weight on their actual emotional responses in making donation decisions when a for-profit organization is involved. Consumers tend to exhibit a donation flatline, displaying equivalent donation behavior regardless of the actual emotional experiences involved. In experiment 3, I further demonstrate that people's memory performance actually becomes impaired when a high-intensity negative emotional appeal is presented by a for-profit organization but not when it is presented by a nonprofit organization, which again reveals that for-profit organizations' use of emotional appeals to connect with consumers' affective feelings may backfire. I argue that this is because the activation of for-profit concepts (vs. nonprofit concepts) gives rise to the cognitive system (vs. the affective system), leading people to regulate their emotions via suppression in order to conduct a careful assessment of the appeal content; this results in a donation flatline.

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## **CHAPTER 1: INTRODUCTION**

Corporate social responsibility (CSR) has come to be recognized as an integral component of a corporation's strategic marketing objectives (Wagner, Lutz, & Weitz, 2009). Fund-raising programs are particularly common among for-profit organizations who hope to generate a positive corporate image (Dean, 2004). For instance, since 1991, Cathay Pacific Airways, an international airline based in Hong Kong, has been running the "Change for Good" in-flight fund-raising program, which encourages passengers to donate the spare change from their journeys. The money collected is used to fund UNICEF's healthcare projects in more than 150 developing countries (Cathaypacific.com). However, despite the fact that a corporation's socially responsible behavior can enhance its image (Sen & Bhattacharya, 2001) and increase brand loyalty and advocacy behaviors (Du, Bhattacharya, & Sen, 2007), consumer donations through for-profit organizations are typically significantly less than donations through nonprofit organizations. Given that for-profit organizations often involve themselves in charitable donations for corporate image-building purposes, what remains unknown is whether nonprofits and for-profits differ in how they drive giving.

Recent research addressing donation behavior has honed in on factors such as sympathy and empathy (Fisher, Vandenbosch, & Anita, 2008; Small, Loewenstein, & Slovic, 2007; Small & Verrochi, 2009), identity congruence (Aaker & Akutsu, 2009), and the effect of the number of victims (Slovic, 2007). Little is known about the role of organization type in giving. One way to investigate this question is to look at consumers' stereotypes of nonprofit and

for-profit organizations. For instance, researchers have shown that consumers form stereotypes of an organization that are primarily rooted in knowledge of whether an organization is not-for-profit or for-profit. Nonprofits are perceived as warmer and as more trustworthy than for-profits when the organization is affiliated with a charitable cause, and fund-raising programs linked to the concept of making a profit may trigger a conflict with CSR initiatives (Aaker, Vohs, & Mogilner, 2010; Hansmann, 1981). If consumers fundamentally perceive nonprofits as warmer than for-profits, two important questions arise. First, how should nonprofits and for-profits manage their fund-raising content to increase positive evaluations of the appeal? Second, how might consumers' stereotypes about nonprofits and for-profits affect donation behavior?

To answer these two questions, I conducted three experiments. Experiment 1 examined how organization type interacted with fund-raising message to affect favorability by consumers toward the fund-raising appeal. My logic is based on the theory of schema congruity. Schema research suggests that information is stored in memory and dispatched in associative networks. When a concept is seen as having a good match with an evoked category, perceived congruity occurs, leading to a favorable evaluation (Aggarwal & McGill, 2007; Meyers-Levy & Tybout, 1989). A fundamental characteristic of fund-raising appeals is whether they emphasize the appeal to donors' emotions (emotional appeals) or to their sense of logic (rational appeals). A fund-raising appeal, for example, may cite a real story to open the donor's heart, including descriptions of the victim's suffering. Conversely, the appeal could be less emotional if it included detailed information, such as the benefits of giving and the destination of the funds. Nonprofit organizations may be associated with concepts of warmth, including "sincerity," "generosity," and "trustworthiness," and for-profit organizations may

trigger concepts of self-interest, such as “profit-making,” “callous,” and “hypocritical” (Aaker, Vohs, & Mogilner, 2010; Wagner, Lutz, & Weitz, 2009). Therefore, I suggest that framing a fund-raising message as emotional and personal in the nonprofit context causes schema congruity, resulting in positive evaluations of the appeal. The reason is that congruency of the fund-raising message and the activated organization concepts generate greater processing fluency than messages that conflict with the organization’s schema. This greater processing fluency in turn allows the meaning of the message to be grasped more easily and evaluated more positively (Lee & Labroo, 2004).

If the organization type influences consumers' evaluations of fund-raising appeals, what are the downstream consequences? Experiments 2 and 3 determined whether consumer stereotypes about nonprofit and for-profit organizations influence donation behavior and how such influence works. Intuitively, the magnitude of the emotional response should be proportional to the needs of the victims, and this would translate into a desire to give (Schelling, 1968). However, building on the emotion regulation perspective, I posit that high-intensity negative emotional fund-raising appeals can have a positive effect on donation behavior only when the organization is a nonprofit. My explanation is that the activation of organization concepts gives rise to two separate information-processing systems: the affective system, which is dominated by emotional experiences, and the cognitive system, which is more likely to be evoked by analytical thinking and logical reasoning. This leads to different levels of emotion regulation and influences subsequent donation decisions.

Because nonprofit organizations elicit warmth-related concepts which are congruent with the values inherent in fund-raising activities, people are less suspicious about the fund-raising motivation. They are relatively sensitive to their

actual emotional experiences and may make donation decisions driven by the levels of emotions experienced toward the appeal. Emotion regulation by suppression is not operative in this case because effective feeling suppression requires people to maintain an active focus on "having no feelings" in their working memory (Qiu, Lee, & Yeung, 2009).

Alternatively, when the fund-raiser is a for-profit organization, organization concepts such as profit making and hypocrisy may trigger people to use a sophisticated attribution process in evaluating the credibility of the fund-raising message. The conflict between the for-profit organization's concepts and fund-raising initiatives promotes greater reliance on the cognitive system when making donation decisions. In other words, people may suppress their emotions toward the high-intensity negative emotional appeal so that they can conduct a careful assessment of the fund-raising motives, which leads to a donation flatline even though the intensity of their emotional response increases.

The remainder of this thesis comprises three sections. First, I draw upon related literature on organization stereotypes, schema congruity theory, and emotion regulation to develop my hypotheses. Second, I present three experimental studies and discuss the results. Finally, I conclude by discussing the limitations and opportunities for future research.

## **CHAPTER 2: LITERATURE REVIEW**

More for-profit organizations than ever before are supporting CSR initiatives; for example, HSBC, one of the world's largest financial services institutions, has raised more than HKD 200 million to help with earthquake relief and recovery projects in Sichuan Province, China (HSBC.com, 2015). McDonald's has established the Ronald McDonald House Charities to raise funds for ill children and their families. CSR, broadly conceptualized as corporate actions to promote and improve social benefits, has proved to enhance consumer perceptions of an organization, product evaluations, and purchase intentions (Brown & Dacin, 1997; Sen & Bhattacharya, 2001). Although existing research has investigated the consequences of CSR for corporations, no research exists that examines how for-profits and nonprofits generate charitable giving or for whom specific types of fund-raising appeals are effective.

One way to answer these two questions is to consult the stereotype literature. The term "stereotype" refers to simple and overall judgments and beliefs about specific groups or individuals based on previous experiences and assumptions (Fiske, Cuddy, Glick, & Xu, 2002). Prior research has demonstrated that people hold stereotypes about nonprofit and for-profit organizations and routinely rely on those stereotypes in making consumption decisions (Fombrun & Shanley, 1990). The two dimensions that primarily help people categorize nonprofit and for-profit corporations are "warmth" and "competence." The dimensions of warmth and competence are two underlying stereotypes used in formulating overall evaluations about personalities and cultures, and the correlation between the two dimensions often varies across stereotype content (Judd, James-Hawkins, Yzerbyt,

& Kashima, 2005). For example, the two dimensions seem to be positively related in the judgment of personality traits and individuals: An employee can be high in warmth and competence. However, they tend to be negatively related in the judgment of groups and cultures: Some stereotyped groups are viewed as warm but incompetent (e.g., homemakers, disabled people, elderly people), whereas some are seen as competent but cold (e.g., working moms, Asians, Jews) (Cuddy, Fiske, & Glick, 2004).

Aaker, Vohs, and Mogilner (2010) demonstrated that judgments of organizations are indeed governed by the same dimensions used in judgments of traits, people, groups, and cultures. Three experiments confirmed that consumers perceive a for-profit corporation as higher than a nonprofit corporation in competence-related dimensions such as “effectiveness,” “intelligence,” “capability,” “skillfulness,” and “competitiveness”. In contrast, they judge a nonprofit corporation as higher than a for-profit corporation in warmth-related dimensions such as “generosity,” “kindness,” “honesty,” and “sincerity”. The high level of perceived competence in fact drives consumers’ preference for products made by for-profits over nonprofits. A nonprofit organization that is regarded as warm is said to signal low-quality offerings, powerlessness, and low status.

People may perceive nonprofits as warmer than for-profits because they care about society, but less competent because they often demonstrate high commitment to socially responsible practices, which may not be cost-effective. Conversely, for-profits are judged as possessing a higher level of competence in terms of value creation, production, and investment, but less warmth due to their profit-making motive (Hansmann, 1981). This conjecture also parallels the CSR literature, hinting that differences in perceptions of nonprofits vs. for-profits may be associated with organization practices. An increasing number of for-profit

organizations are making CSR an important strategic mission by presenting their operations as in compliance with a set of standards associated with socially responsible behaviors. However, not all of these organizations appear to be completely socially responsible. For example, on one hand, McDonald's has promised to reduce unhealthful artificial trans fats, but, on the other, its Chicken McNuggets sourced from China were found to have used rotten meat (wn.com, 2014). The discrepancy between an organization's stated CSR objectives and its actual practices may make consumers skeptical about its CSR initiatives, thereby eroding its brand image and profitability. Moreover, consumers will assume that for-profit organizations are demonstrating hypocrisy when a discrepancy emerges between CSR information and observed behaviors (Wagner, Lutz, & Weitz, 2009).

In summary, a growing body of evidence suggests that people form stereotypes about nonprofit and for-profit organizations. Nonprofit organizations are high in warmth-related dimensions and are trusted more than for-profits because the not-for-profit motive aligns better with CSR activities (Aaker, Vohs, & Mogilner, 2010). Conversely, for-profit organizations have fallen under the self-interest umbrella and become less trusted than nonprofit organizations when engaging in CSR initiatives.

## **2.1 Organization Schema in Appeal Evaluations**

Of great interest to both practitioners and researchers is that if people perceive for-profits as hypocritical and possessing a low level of warmth, these organization concepts will clash with those triggered by fund-raising appeals. I propose that when consumers relate for-profit concepts to a for-profit's emotional fund-raising appeal, two contrasting goals are activated, whose incongruence is likely to cause a lack of fluency that leads to unfavorable appeal evaluations.

My proposition is based on the theory of schema congruity, which suggests that categories are stored in memory in associative networks; when a concept is compatible with an evoked category, perceived congruity occurs, generating a pleasing processing experience and favorable evaluation (Aggarwal & McGill, 2007; Meyers-Levy & Tybout, 1989). I advance this proposition by suggesting that people with prior experiences with and knowledge of an organization type—whether nonprofit or for-profit—will develop central concepts about it. These concepts can operate at a subconscious level and guide judgments when they are accessible (Fombrun & Shanley, 1990; Torelli & Ahluwalia, 2011). For instance, nonprofit organizations that are judged as warm, kind, and generous will automatically activate altruistic values of caring for society. In contrast, for-profit organizations that are judged as competent, effective, and efficient will spontaneously generate egoistic values for helping.

The schema congruity theory has been widely adopted across the product and brand evaluation domains. For example, participants primed with a human schema were more likely to perceive a car as a person and in turn evaluate the car more positively when it was endowed with a smile rather than a frown (Aggarwal & McGrill, 2007). To explain the generalization of schema congruity effects across product evaluation domains, Torelli and Ahluwalia (2011) postulated that when both the brand and the product extension generate the same cultural schema, their congruency is likely to evoke fluency that results in positive product extension evaluations. These two studies suggested that cueing of a product category schema can make other beliefs, values, and concepts strongly related to it become accessible and operational at a subconscious level, and the evaluations of a new product may depend on the level of congruity between that product's features and the evoked category schema (Aggarwal & McGill, 2007; Meyers-Levy & Tybout,

1989). Extending these findings, I predict that people's evaluations of a fund-raising appeal are more favorable when the frame of the message matches the organizational schemas than when the frame conflicts with these schemas.

## **2.2 Emotional vs. Rational Fund-Raising Appeal**

Both nonprofits and for-profits have displayed photographs of sad-faced victims, large-scale tragedies, or specific victims of misfortune to induce the compassion that encourages giving. This is mainly because people's willingness to donate can be influenced by their empathy with people in need. The empathy-helping hypothesis suggests that we experience negative emotions when someone we care about is in need, and helping is a way to alleviate those negative emotions (Fisher, Vandenbosch, & Anita, 2008). Failing to help or donate may lead to negative feelings such as shame, guilt, or embarrassment (Batson, 1990). The fund-raising appeals that might be used by a nonprofit or for-profit can either focus on inducing a negative emotional condition in the prospective donor (emotional appeal) or emphasize the need in a rational and analytical way (rational appeal). A fund-raising appeal for the Ronald McDonald House Charities, for example, might highlight the personal narrative of a child, showing how blood cancer causes the child and her family to suffer. In contrast, the appeal could focus on childhood cancer facts and the way Ronald McDonald House Charities uses the funds to carry out its mission.

On the basis of the schema congruity explanation, I posit that because the nonprofit concept is perceived to be more congruent with emotional fund-raising content than with rational content, an appeal by a nonprofit that evokes negative emotions is likely to lead to an ease of processing that results in a positive evaluation of the appeal. Formally,

H1: When the fund-raiser is a nonprofit organization, consumers have a more favorable evaluation of an emotional fund-raising appeal than of a rational appeal.

Conversely, for-profit organizations that are closely linked with corporate self-interest may induce concepts such as “profit-making” and “egoism”; adding negative emotional content is likely to diminish consumers’ favorable view of the appeal because the incongruity between the organization type and fund-raising content is made stronger and a lack of fluency is more salient. In turn, an appeal designed to provide rich corporate information and factual analysis would in fact be a perfect fit with the for-profit concepts, generating greater processing fluency and leading to positive evaluations of appeals. Formally,

H2: When the fund-raiser is a for-profit organization, consumers have a more favorable evaluation of a rational fund-raising appeal than of an emotional appeal.

H3: The interactive effect of organization type and fund-raising content on appeal evaluations is mediated by the subjective experience of processing fluency.

### **2.3 Emotion Regulation and Donation Intention**

The schema congruity theory posits that an emotional (vs. rational) appeal is particularly successful in encouraging positive consumer evaluations for nonprofit (vs. for-profit) organizations. Consistent with this notion, I argue that in the domain of charitable giving, people’s judgments can be made either in an

affective, feeling-based manner or in a cognitive, reasoned-based manner. In other words, intense negative emotions do not always increase consumers' donation intentions. I anticipate that when the fund-raiser is a for-profit, consumers may tend to tap into a cognitive, reasoned-based system in making donation decisions; whereas consumers may rely on affective responses as a decision-making system when the appeal is presented by a nonprofit. I integrate the literature on schema congruity and emotion regulation to make this prediction.

Emotion regulation is a common and spontaneous feature of everyday life that we might not be aware of when it arises (Gross, 1998a). It refers to people's active attempts to influence "which emotions they have, when they have them, and how they experience and express these emotions" (Gross, 1998a, p. 275). For instance, we might feel depressed after a meeting but want to be in good spirits for a family dinner, or we may feel sad after a fight with our parents but still need to hold back tears at work. When we want to prevent ourselves from experiencing overwhelming levels of emotion, we regulate it.

Previous research has adopted emotion regulation to explain why multiple victims do not necessarily elicit stronger emotions and more donations than individual victims do. For instance, Cameron and Payne (2011) demonstrated that emotion regulation is the cause of the collapse of compassion for multiple victims and that people are motivated to regulate their emotional responses to avoid eliciting an unwanted and undesired emotion. In one of their experiments, when participants were asked to help, those who saw one victim reported more compassionate emotions than those who saw eight victims, demonstrating the collapse of compassion. In contrast, when participants were not asked to help, they reported significantly greater compassion for multiple victims than for a single victim. The results suggested that people may perceive that helping

behavior toward multiple victims is financially and emotionally costly, thus motivating them to regulate emotions that are seen as burdensome. People therefore are motivated to avoid compassion when they anticipate an inability to comprehend large-scale suffering on an emotional level.

How does emotion regulation occur? Emotion regulation is an emotion-generative process that unfolds changes in emotional response (Gross, 1998a). During emotion regulation, people may either modify or shut down intense emotions at one of five stages: (a) selection of the situation, (b) modification of the situation, (c) deployment of attention, (d) change of cognition, or (e) modulation of responses (Gross, 1998b). The first four stages are classified as antecedent-focused regulation strategies, suggesting that people may attempt to shut down an emotion at the front end and that they try to manage and modify the processes that give rise to emotions. Reappraisal is a common form of antecedent-focused emotion regulation that intervenes and changes the subsequent emotion trajectory before it has been fully generated. In contrast, the last emotion regulation stage, modulation of responses, is response-focused, and refers to people's attempt to manage behaviors resulting from an emotion. Suppression is a form of response-focused emotion regulation that involves inhibiting an emotion that has already generated expressive behavior (Richards & Gross, 2000). The distinction between the two major classes of emotion regulation is that antecedent-focused emotion regulation argues that when people foresee that they are about to experience undesired emotions, they will take steps to prevent the emotional upheaval from occurring. A good example is that we might switch off the television if we anticipate news reports about thousands of people killed in a tsunami. However, response-focused emotion regulation describes a situation in which people experience undesired emotions but then inhibit the outward signs of

their inner feelings. Often, suppression generates inconsistency between inner and outer expression (e.g., people may stay calm while knowing thousands of people were killed in a tsunami) (Gross & John, 2003).

The two emotion regulation strategies also lead to different cognitive consequences (Gross, 2002). An experiment conducted by Gross (2002) showed that participants' memory performance was more impaired in terms of both objective memory and memory confidence ratings when they were asked to inhibit their ongoing emotion-expressive behavior (suppress) during a short film clip that elicited negative emotions compared to other participants who were asked simply to watch the identical film (control). A second study, added a reappraisal condition to the experiment. Participants were presented with a series of slides that elicited either high or low levels of negative emotion. As in the first study, some of the participants were assigned to inhibit emotion-expressive behavior (suppress). Others simply watched the slides (control). Still others were asked to watch the slides with the detached identity of a medical professional (reappraise). After slide viewing, a surprise memory test was administered. Results indicated that reappraisal had no impact on memory, whereas suppressors performed less well than control participants did on the memory tests. One explanation stems from the ego-depletion model (Baumeister, Bratslavsky, Muraven, & Tice, 1998; Richards & Gross, 2000), which suggests that any kind of self-regulation consumes mental resources. For effective emotion regulation through suppression to occur, suppressors must make an effort to modify behavior to achieve the desired state of emotion. Such self-corrective actions deplete a continual outlay of attentional resources, thus decreasing cognitive resources for processing other concurrent tasks so that they can later be remembered.

Cameron and Payne (2011) attempted to demonstrate the dynamics of

emotion regulation. In their experiment, they forewarned participants by telling them that they would be asked to rate their emotions toward a child (or multiple children) and then measure their emotional reactions in real time, moment by moment. The results showed that people's emotions toward multiple victims did not initially increase and then decrease as might be expected in response-focused emotion regulation. Rather, the findings suggested that people who expect to see multiple victims take steps to eliminate emotions at the front end. In other words, people choose to regulate their emotions by reappraisal when they anticipate experiencing an emotion-eliciting situation. However, Cameron and Payne's studies did not specify whether the fund-raiser was a for-profit or a nonprofit organization; thus, the role of organization type in emotion regulation and donation behaviors remains unclear. My proposition is that people may in fact regulate emotions differently based on the type of fund-raiser.

As argued previously, people hold stereotypes about organizations and judge nonprofits as higher on warmth-related, altruistic concepts and for-profits as higher on competence-related, egoistic concepts. I propose that these organization concepts, once activated, can give rise to two types of processing systems: the affective, feeling-based system and the cognitive, reasoned-based system. The underlying reason is that nonprofit organizations are perceived as caring and soliciting donations for a socially desirable purpose. Since the fit between nonprofit organization concepts and motives of fund-raising induces an ease of processing fluency, it acts as an indication suggesting that feeling-based processing would be adequate. Thus, people are likely to rely on a shortcut - affective feelings while making donation decisions (Alter, Oppenheimer, Epley & Eyre, 2007). In contrast, for-profit organizations often involve themselves in charitable giving for corporate image-building and self-interest purposes.

Activating the for-profit concepts induces a cognitive decision system in people because the mismatch between the for-profit concepts and the fund-raising motives are expected to generate more thoughts, which trigger people to use a sophisticated attribution approach in evaluating the message (Szykman, Bloom, & Blazing, 2004). The conflict between for-profit concepts and motives of fund-raising induces disfluency, causing people to rely on cognition while forming donation judgments (Alter, Oppenheimer, Epley & Eyre, 2007).

Existing research suggests that when people's decisions are based on the affective system, they tend to respond to their actual emotional experiences when making decisions (Epstein, 1998). In the helping context, people relying on their affective feelings place little weight on the scope of tragedy and more on narratives; for example, they will not perceive helping multiple victims as more financially costly than helping a single victim (Hsee, Rottenstreich, & Xiao, 2005). Affective feelings may also trigger impatience in decision-making, thus driving people to focus on the immediate outcomes of helping rather than foreseeing the trade-offs in helping (Chang & Pham, 2012). By this account, I argue that both kinds of emotion regulation, reappraisal and suppression, seem unattainable when people rely on their feelings for processing. People tapping into the affective system are not motivated to avoid feeling compassion because they tend to overlook motivational variables for reappraisal, such as foreseeing helping as emotionally overwhelming and financially costly. People who rely on the affective system are indeed poor suppressors because to reactively regulate emotions through suppression, people have to continually keep the goal of "having no feelings" active in working memory (Qiu, Lee, & Yeung, 2009), which creates a paradoxical situation in the affective mode.

Thus, I hypothesize that the nonprofit concepts will induce consumers to

employ the affective system in processing a fund-raising appeal. In so doing, a high-intensity negative emotional appeal should generate higher donation intentions than a low-intensity negative emotional appeal when the fund-raiser is a nonprofit organization. This is because a high-intensity negative emotional appeal in which many victims are in need of help will trigger greater compassion and donation than a low-intensity negative emotional appeal in which a single victim is presented. Formally,

H4: The effect of a negative emotional appeal on donation intentions is moderated by organization type. Specifically, when the fund-raiser is a nonprofit organization, a high-intensity negative emotional appeal is more effective than a low-intensity negative emotional appeal in generating donations. However, this effect is attenuated when the fund-raiser is a for-profit organization.

In contrast, I predict that consumers who engage in the cognitive processing mode when assessing the for-profit fund-raising appeal are skilled at regulating their emotions by suppression. The reason is that people may want to attend to the non-affective aspects of the appeal, and regulating emotions reactively rather than proactively allows them to evaluate the fund-raising motives and content carefully, thereby making a logical donation decision. If suppression takes place, I expect consumers to exhibit a donation flatline in the face of increasing negative emotions evoked by the affect-rich appeal. More interestingly, the emotion regulation literature suggests that when the feeling-suppression process is activated, it occupies abundant attentional and regulatory resources in our working memory, which then depletes resources that could be used for processing

other events that would have been later recalled (Gross, 2002).

H5: The effect of a negative emotional appeal on memory performance is moderated by organization type. Specifically, when the fund-raiser is a for-profit organization, consumers' ability to recall the appeal is weaker for the high-intensity negative emotional appeal than for the low-intensity negative emotional appeal. However, this effect is attenuated when the fund-raiser is a nonprofit organization.

## **CHAPTER 3: OVERVIEW OF HYPOTHESES**

I tested the five hypotheses in three experiments to examine the role of organization type in appeal evaluations and donation intention. Experiment 1 tested my first three hypotheses suggesting that emotional fund-raising appeals generate more favorable evaluations than rational appeals when the fund-raiser is a nonprofit (hypothesis 1). Rational appeals lead to more positive evaluations than emotional appeals when the fund-raiser is a for-profit (hypothesis 2). Recent research on schema congruity has demonstrated that people's evaluations of a luxury brand decreased when the content of its CSR activities (i.e., self-transcendence) was in conflict with the activated luxury brand concepts (i.e., self-enhancement) (Torelli, Monga, & Kaikati, 2011). I therefore predicted that participants would be more likely to indicate favorability of the fund-raising appeal when there was a perceived match between the fund-raising content (i.e., emotional vs. rational) and the activated organization concepts (i.e., altruistic vs. egoistic in serving society). This interaction effect was driven by processing fluency (hypothesis 3), which means that participants perceived more ease in processing when the organization concepts were compatible than when they conflicted with the fund-raising content.

Experiment 1 demonstrated the conditions in which consumers have more positive evaluations toward the appeal presented by a nonprofit than by a for-profit organization. Emotional fund-raising appeals did not always work for for-profit organizations. I further proposed in experiment 2 that donation intentions, like appeal evaluations, did not depend solely on affective responses. Specifically, experiment 2 tested my fourth hypothesis postulating that

high-intensity negative emotional appeals are more effective than low-intensity negative emotional appeals in encouraging donation intentions for nonprofit organizations, but not for for-profit organizations (hypothesis 4). My logic is that the concepts about nonprofits give rise to the affective processing system, which promotes greater reliance on affective feelings in making donation decisions. People are not motivated to regulate their emotions and donation is a function of the magnitude of the needs of the people. Previous research has suggested that multiple victims elicited more emotion than single victims did (Cameron & Payne, 2011; Kogut & Ritov, 2005). I manipulated negative emotion-intensity using one vs. multiple victims, and organization type using the same fictitious brand name for nonprofit and for-profit organizations. I was therefore able to assess people's donation intentions and compassion toward high- vs. low-intensity negative emotional appeals. Consistent with my predictions, high-intensity negative emotional appeals (more victims were in need of help) increased donation intentions, and participants became poor emotion regulators when viewing nonprofit fund-raising appeals. I also observed a donation flatline toward multiple victims in the for-profit appeals, indicating that even if participants felt more compassion toward multiple victims than toward a single victim, their donation intentions did not increase proportionally. In other words, participants displayed a greater trend toward emotion suppression when viewing for-profit fund-raising appeals.

To increase the robustness and generalizability of my findings, I tested the relationship between the organization type and negative emotions on memory performance in experiment 3. Prior research showed that emotion regulation through suppression leads to memory impairment (Gross, 2002). If people regulate their emotions through suppression when viewing for-profit fund-raising

appeals, I would expect an impact on memory performance as well. This time, I manipulated emotion intensity using images of nine children diagnosed with cancer. Half the participants were told that these children had fully recovered, eliciting the low-level of negative emotions condition. The other half were told that the children were suffering from cancer and looking for appropriate cancer treatments, eliciting the high-level of negative emotions condition. I used the same fictitious brand name as in the first two experiments for nonprofit and for-profit organization manipulation. A surprise memory check for detailed information contained in the fund-raising appeal was administered at the end of the experiment. As predicted, when the fund-raiser was a for-profit organization, consumers' ability to recall the appeal diminished more with the high-intensity negative emotional appeal than the low-intensity emotional appeal. However, this was not the case for a nonprofit organization (hypothesis 5).

In summary, my three experiments provide converging evidence that people's favorable evaluations and donation intentions toward nonprofit and for-profit organizations are not driven primarily by affective responses. This is because people tend to comprehend fund-raising information by nonprofits and for-profits through operation of the affective and cognitive information processing systems, respectively. In particular, people are good suppressors when they tap into the cognitive rather than the affective system; they display less willingness to donate and poorer memory performance toward for-profit organizations than toward nonprofit organizations when experiencing a greater sense of negative emotions.

## CHAPTER 4: EXPERIMENTS

### 4.1 Experiment 1

This experiment tested the prediction that congruity between the organization's concepts and fund-raising content increases processing fluency, thus enhancing people's evaluations of the fund-raising appeal. I hypothesized that when the fund-raiser is a nonprofit (vs. a for-profit), an emotional appeal (vs. a rational appeal) leads to a more favorable appeal evaluation.

#### 4.1.1 Method

**Participants.** One hundred and seven participants (77 female, 33 male; mean age = 21 years) from a university in Hong Kong participated in the experiment for course credit.

**Design and procedure.** The study utilized a 2 (organization type: nonprofit vs. for-profit) x 2 (fund-raising content: emotional vs. rational) between-subjects design. Participants were given a folder that contained a fund-raising appeal in the form of a pamphlet about a child being diagnosed with blood cancer and related measures. For two minutes, participants were first exposed to information about the fund-raiser. Half the participants saw that a nonprofit organization was the fund-raiser, whereas the other half saw that a for-profit organization was the fund-raiser. I used a fictitious organization name - Unishares - for both the nonprofit and for-profit organization to avoid possible bias from the use of a familiar organization. Following the information about the fund-raiser, participants read either an emotional, narrative story or a less emotional, factual

appeal describing the suffering and treatment that the child had experienced.

They then turned a page to answer a series of questions. Participants were asked to return the fund-raising appeal and the measures to their original folder upon completion. Participants were then thanked and debriefed.

**Measures.** Participants were first asked to rate the favorability of the fund-raising appeal. The favorability of appeal was assessed using a 3-item scale ( $\alpha = .86$ ; Torelli, Monga, & Kaikati, 2012) on a 7-point scale (from 1 = *poor/unfavorable/bad* to 7 = *excellent/favorable/good*). Participants were then asked to indicate their subjective experience of disfluency on a 3-item scale ( $\alpha = .64$ ; Fang, Singh, & Ahluwalia, 2007) on a 7-point scale (from 1 = *very difficult to understand/imagine /required a lot of effort* to 7 = *very easy to understand/imagine/required very little effort*). At the end of the questionnaire, participants were asked to rate on 7-point Likert scales (from 1 = *strongly disagree* to 7 = *strong agree*) the extent to which they believed Unishares to be a nonprofit or the extent to which they believed it to be a for-profit (reversed coded), adapted from Aaker, Vohs, and Mogilner (2010). These two items were highly correlated at  $r = .96$  and thus combined as an index of perceived organization type. As a check of the efficacy of the appeal content manipulation, participants were also asked to rate their experienced affect regarding the appeal content, that is, how sad, bad, and negative they felt about the appeal content on 7-point scales ( $\alpha = .89$ ; Dunn & Ashton-James, 2007). To validate that a nonprofit organization was perceived as warmer than a for-profit organization, participants were asked to rate their perceptions on 7-point scales of the organization's warmth (warm and generous,  $r = .66$ ; Aaker, Vohs, & Mogilner, 2010). Finally, demographic information about their gender and age was collected (see Appendix A for all the measures and their reliability statistics).

## 4.1.2 Results

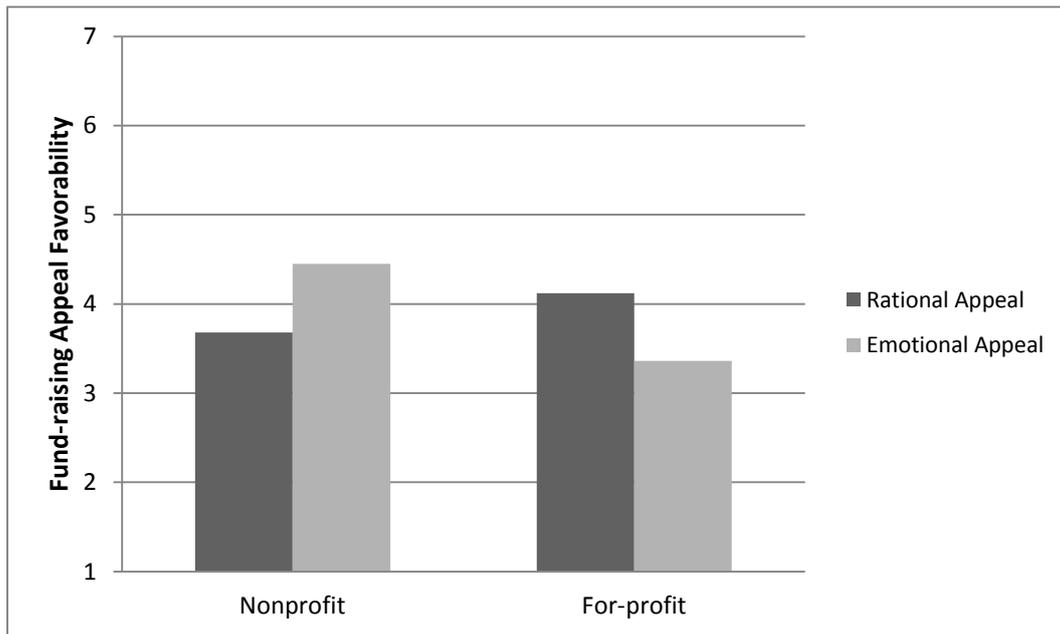
**Manipulation checks.** As a check of the organization type manipulation, a 2 (type or organization: nonprofit vs. for-profit) x 2 (fund-raising content: emotional vs. rational) between-subjects ANOVA on perceived organization type index yielded only a significant main effect of type of organization ( $F(1, 103) = 243.79, p < .001$ ). No other effects were significant. As predicted, in the nonprofit condition, participants held a stronger belief that Unishares was a nonprofit organization ( $M_{nonprofit} = 5.55, SD = 1.47$  vs.  $M_{for-profit} = 1.93, SD = 1.13; F(1, 105) = 201.81, p < .001$ ). In the for-profit condition, participants held a stronger belief that Unishares was a for-profit organization ( $M_{nonprofit} = 2.21, SD = 1.30$  vs.  $M_{for-profit} = 5.97, SD = 1.18; F(1, 105) = 244.02, p < .001$ ).

A check on the participants' affect toward the appeal was also performed during the experiment. A 2 (type or organization: nonprofit vs. for-profit) x 2 (fund-raising content: emotional vs. rational) between-subjects ANOVA was run on the affect manipulation check scale. Only the main effect of affect was significant. As expected, participants perceived the appeal using narrative to be sadder than the appeal focusing on factual descriptions ( $M_{emotional} = 3.96, SD = 1.19$  vs.  $M_{rational} = 3.32, SD = 1.10; F(1, 103) = 9.30, p < .01$ ).

Finally, a one-way ANOVA was conducted to confirm that nonprofits are seen as warmer than for-profits. Consistent with prior research conducted by Aaker, Vohs, and Mogilner (2010), participants perceived a nonprofit organization as warmer ( $M = 4.27, SD = 1.19$ ) than a for-profit organization ( $M = 3.56, SD = 1.14, F(1, 106) = 9.76, p < .01$ ).

**Fund-raising appeal evaluations.** A two-way between-subjects ANOVA was conducted to examine the effects of organization type and fund-raising content on fund-raising appeal evaluations. There was a significant interaction between fund-raising content and organization type ( $F(1, 103) = 20.34, p < .05$ ) but no main effects of fund-raising content or the type of organization on fund-raising appeal evaluations, ( $F < 1, ns$ ). Planned contrasts for the nonprofit condition showed that participants had for a more favorable view of emotional appeals containing a narrative ( $M = 4.45, SD = .74$ ) than of rational appeals with factual descriptions ( $M = 3.68, SD = 1.03; F(1, 103) = 9.25, p < .01$ ). This pattern was reversed when the organization was for-profit, which prompted greater favorability ratings for rational appeals referencing factual descriptions ( $M = 4.12, SD = .85$ ) than emotional appeals containing a narrative ( $M = 3.36, SD = .82; F(1, 103) = 11.33, p < .01$ ), supporting hypothesis 1 and hypothesis 2. Figure 1 displays the patterns of means for the interaction between fund-raising content and organization type on appeal evaluations.

**Figure 1: Fund-raising Appeal Favorability by Type of Organization and Fund-raising Content**



Note: The dependent variable was fund-raising appeal favorability rated on a scale ranging from 1 to 7

**Processing fluency.** A similar ANOVA on processing fluency revealed a significant interaction between fund-raising content and organization type ( $F(1, 103) = 8.27, p < .05$ ) but no main effects of fund-raising content or type of organization on fund-raising appeal evaluations ( $F < 1, ns$ ). Planned contrasts for the nonprofit condition showed that participants experienced less fluency for rational appeals with factual descriptions ( $M = 4.85, SD = 1.05$ ) than for emotional appeals containing a narrative ( $M = 5.43, SD = .99; F(1, 103) = 4.40, p < .05$ ). This pattern was reversed when the organization was for-profit, which prompted less fluency for emotional appeals containing a narrative ( $M = 4.57, SD = 1.02$ ) than for rational appeals referencing factual descriptions ( $M = 5.11, SD = 1.05; F(1, 103) = 4.01, p = .05$ ).

**Mediating role of processing fluency.** Next, to test whether processing fluency mediated the effect of fund-raising content and organization type on

fund-raising appeal evaluations, we performed a mediated moderation analysis recommended by Muller, Judd and Yzerbyt (2005). First, consistent with earlier ANOVA results on fund-raising appeal evaluations, fund-raising content and organization type had a direct effect on appeal evaluations ( $\beta = -1.52$ ,  $t(103) = -4.50$ ,  $p < .001$ ). Second, the match between emotional (rational) appeal and nonprofit (for-profit) increased the ease of processing fluency ( $\beta = -1.12$ ,  $t(103) = -2.88$ ,  $p < .01$ ). Finally, the direct effect of fund-raising content and organization type on appeal evaluations was significantly reduced ( $\beta = -1.16$ ,  $t(103) = -3.55$ ,  $p < .01$ ) after controlling for processing fluency ( $z = -2.33$ ,  $p < .05$ ).

We performed the analyses using 5,000 bootstrapped samples (Hayes, 2012; PROCESS SPSS macro; model 8) with the fund-raising content condition as the independent variable, organization type as the moderator, processing fluency as the mediator, and fund-raising appeal evaluations as the dependent variable. This analysis showed that the indirect effect was significant ( $a \times b = -.36$ ), with a 95% confidence interval excluding zero (-.78 to -.10). As predicted in hypothesis 3, the moderating effect of fund-raising content  $\times$  organization type on fund-raising appeal evaluations was mediated by processing fluency.

### **4.1.3 Discussion**

This study provides evidence that participants viewing a nonprofit (vs. a for-profit) fund-raising appeal experienced more fluency and evaluated the fund-raising appeal more favorably in the presence of emotional fund-raising content. My findings support the view that when people are exposed to a nonprofit organization, its semantic associations (e.g., generosity, kindness, warmth, sincerity) become accessible in memory, and a fund-raising appeal that carries emotional content may be perceived as compatible with these nonprofit concepts.

This results in more fluent processing of the appeal and in turn a more favorable evaluation of the appeal. In contrast, when people encounter for-profit fund-raising, concepts such as competency, self-interest, and hypocrisy come to mind, interfering with people's processing of a fund-raising appeal with emotional content. The schema incongruity effect decreases the level of processing fluency, thus leading to a less favorable evaluation of the fund-raising appeal.

These results are consistent with the schema congruity hypothesis (Meyers-Levy & Tybout, 1989), which predicts that evaluation of a target is due to the perceived fit between the features of an item and an activated schema (Aggarwal & McGill, 2007; Fiske, 1982; Meyers-Levy & Tybout, 1989). In line with Torelli et al. (2011), this effect is driven by processing fluency. That is, people seem to experience an ease in processing and evaluate the fund-raising appeal (the target) more favorably when they perceive congruity between the fund-raising appeal and the organization's concepts.

This study provides the first detailed picture of how people evaluate fund-raising appeals by nonprofit and for-profit organizations schematically. The findings also shed light on people's processing systems when viewing fund-raising appeals. If an affective (or a non-affective) schema becomes more accessible in people's minds when exposed to a nonprofit (or for-profit) fund-raising appeal, I speculate that people are more likely to tap into two distinct processing systems when making subsequent donation judgments.

Integrating the schema congruity and emotion regulation literature, I examined how the nonprofit and for-profit concepts influenced people's donation intentions in experiment 2.

## 4.2 Experiment 2

In experiment 1, I provided evidence that schema congruity, that is, the match between the organization's concepts and the fund-raising content, can trigger processing fluency, leading to a positive evaluation of the fund-raising appeal. Building on the stereotyping literature, I believe that the concepts of nonprofit and for-profit organizations will activate people to engage in two processing modes, an affective system and a cognitive system, respectively, and that the differences in processing mode might influence their subsequent emotion regulation strategies and donation behavior. Experiment 2 was created to test consumers' donation intentions toward nonprofit and for-profit fund-raising appeals.

Specifically, I hypothesized that high-intensity negative emotional appeals are more effective than low-intensity negative emotional appeals in generating donations to nonprofit organizations. I therefore manipulated the level of negative emotions by using one vs. eight sad-faced children with cancer. I expected that when the fund-raiser is a nonprofit organization, displaying imagery of eight sad-faced children with cancer (high-emotion) would drive greater donation intentions than showing one such child (low-emotion). However, this would not be the case in the for-profit condition.

My logic is that the schemas of nonprofit organizations trigger people to make feeling-based decisions. They become poor regulators because their feelings drive them to focus on immediate donation outcomes rather than the anticipated costs and commitment (Chang & Pham, 2012). When a nonprofit organization is presented, I predict that consumers' donation intentions increase as compassion increases.

However, people viewing a for-profit organization's fund-raising appeal show a preference for regulating emotions by suppression. This is because the concepts of for-profit organizations induce a cognitive mind-set in people so that they tend to focus on non-emotional aspects of the appeal, such as the organization's background and fund-raising motives. Regulating emotions by suppression allows them to analyze the fund-raising content in a comprehensive way, facilitating a logical donation decision. If people down-regulate emotion through suppression when a for-profit organization is the fund-raiser, their subsequent donation behavior will reflect the effect of suppression. That is, although they feel more compassion for the eight children than for the single child, they tend to inhibit their behavioral expression of inner feelings, displaying a donation flatline.

#### **4.2.1 Method**

**Participants.** One hundred and thirty-nine participants (113 female, 26 male; mean age = 21 years) from a university in Hong Kong participated in the experiment in exchange for course credit.

**Design and procedure.** Participants were given a donation scenario in which they were randomly assigned to one of four donation conditions comprising the 2 (negative emotion-intensity: one victim vs. eight victims) x 2 (organization type: nonprofit vs. for-profit) between-subjects design. Similar to experiment 1, participants were presented with a child cancer fund-raising pamphlet containing information about the fund-raiser and imagery of the child (children). Again, I manipulated the organization type by using a fictitious brand name - Unishares - in both the nonprofit and for-profit conditions. Participants were first exposed to the organization information for one minute, and then exposed to the negative

emotion-intensity manipulation. Participants were forewarned that they would be viewing an image of a single (multiple) sad-faced child (children) and would be asked to rate their emotions toward the child (children) and their willingness to donate to help the child (children). These were the experimental instructions adopted from Cameron and Payne (2011). By doing so, participants would remain aware and motivated to regulate their emotions as they arose.

The participants were then instructed to turn over the pamphlet and view the imagery. In the high-level of negative emotions condition, participants saw eight separate black-and-white child images with names. In the low-level of negative emotions condition, participants were presented with a black-and-white image of one child with name. The children were sad-faced as they were suffering from cancer and seeking help. I manipulated the level of negative emotions by one versus eight children because prior research has suggested that multiple victims elicit great negative emotion than a single victim (Cameron & Payne, 2001; Kogut & Ritov, 2005). Participants then turned to the next page to answer a series of questions. Participants were later thanked and debriefed.

**Measures.** Participants were first asked to rate their compassion toward the child (children). The compassion-related feelings and attitudes toward the child or children were assessed using a 9-item compassion scale ( $\alpha = .82$ ; Cameron & Payne, 2011) on a 7-point scale (from 1 = *not at all* to 7 = *extremely*). Participants were then asked to indicate the probability that they would donate money to help the child (children) on a 3-item scale ( $\alpha = .94$ ; Mckenzie, Lutz, & Belch, 1986). At the end of the questionnaire, participants were asked to rate on a 7-point Likert scale (from 1 = *strongly disagree* to 7 = *strong agree*) the extent to which they believed Unishares to be a nonprofit and the extent to which they believed it to be for-profit (reversed coded), adapted from Aaker, Vohs, and Mogilner (2010).

These two items were highly correlated at  $r = .92$  and thus combined as an index of perceived organization type. As a check of the negative emotion-intensity, participants were asked to indicate whether they had seen one child or multiple children in the appeal. Finally, demographic information about their gender, age, and nationality was collected (see Appendix B for all the measures and their reliability statistics).

#### 4.2.2 Results

**Manipulation checks.** A 2 (type of organization: nonprofit vs. for-profit) x 2 (negative emotion-intensity: one victim vs. eight victims) between-subjects ANOVA on perceived organization type index yielded only a significant main effect of type of organization ( $F(1, 135) = 121.79, p < .001$ ). No other effects were significant. As predicted, in the nonprofit condition, participants held a stronger belief that Unishares was a nonprofit organization ( $M_{nonprofit} = 5.58, SD = 1.32$  vs.  $M_{for-profit} = 2.94, SD = 1.85; F(1, 137) = 95.10, p < .001$ ). Also, in the for-profit condition, participants held a stronger belief that Unishares was a for-profit organization ( $M_{nonprofit} = 2.28, SD = 1.20$  vs.  $M_{for-profit} = 5.25, SD = 1.74; F(1, 137) = 138.91, p < .001$ ), which indicated that the type of organization manipulation was successful. All the participants correctly recalled the number of victims they saw in the fund-raising appeal, indicating that the negative emotion-intensity manipulation was successful.

**Compassion.** I examined the effect of organization type and number of victims on compassion. Interestingly, there was only a significant main effect of number of victims ( $F(1, 135) = 10.26, p < .01$ ), suggesting that participants felt greater compassion for multiple victims ( $M = 5.24, SD = .66$ ) than for a single

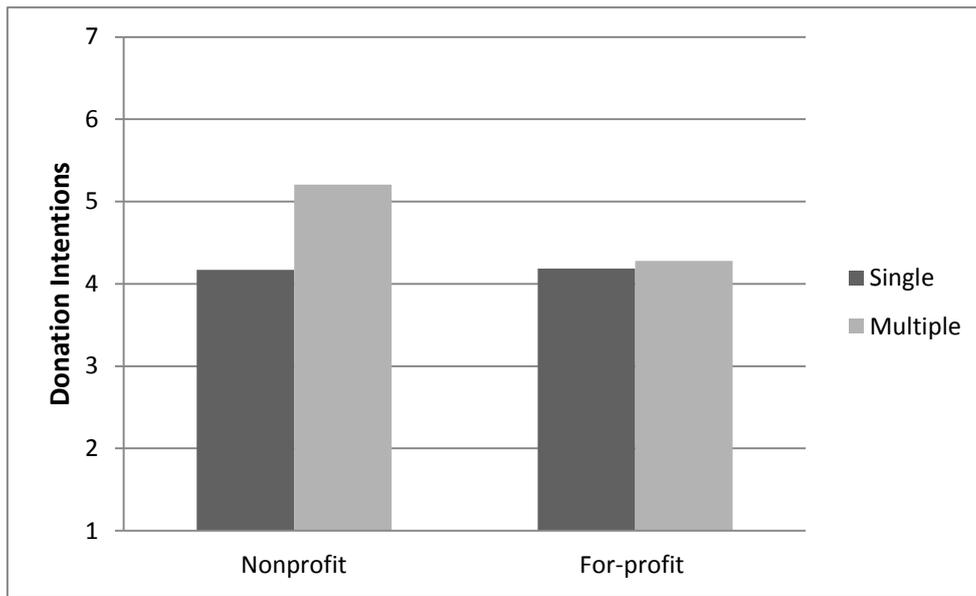
victim ( $M = 4.82$ ,  $SD = .83$ ) regardless of whether it was a nonprofit or for-profit organization.

**Donation intention.** A 2 (type or organization: nonprofit vs. for-profit) x 2 (negative emotion-intensity: one victim vs. eight victims) between-subjects ANOVA was run on donation intention. The results revealed a main effect of organization type  $F(1, 135) = 6.88$ ,  $p < .05$ . Participants showed a greater willingness to donate when the fund-raiser was a nonprofit organization ( $M = 4.78$ ,  $SD = 1.35$ ) than when it was a for-profit organization ( $M = 4.18$ ,  $SD = 1.33$ ).

The results also revealed a significant interaction effect of organization type and number of victims,  $F(1, 135) = 4.88$ ,  $p < .05$ . I probed the interaction by examining the effect for number of victims separately in the nonprofit and for-profit conditions. As predicted, there was no significant effect of number of victims on donation  $F(1, 135) = .002$ ,  $p > .05$  in the for-profit condition. In the nonprofit condition, in contrast, participants reported significantly higher donation intention,  $F(1, 135) = 9.82$ ,  $p < .01$ , when they saw multiple victims ( $M = 5.24$ ,  $SD = .95$ ) versus a single victim ( $M = 4.28$ ,  $SD = 1.53$ ), supporting hypothesis 4.

Together, these results suggest that in the nonprofit condition, participants' compassion ratings in the one-victim and eight-victim conditions were congruent with their subsequent donation intention. However, in the for-profit condition, even though participants felt more compassion for multiple victims than for a single victim, their donation ratings did not increase as the victims involved increased. According to the emotion regulation literature, this inconsistency between compassion ratings and donation tendencies in the for-profit domain may be due to an active attempt to regulate emotions by suppression (Gross, 2002). Figure 2 displays the patterns of means for the interaction between type of organization and number of victims on donation intention.

**Figure 2: Donation Intentions by Organization Type and Number of Victims**



Note: The dependent variable was donation intentions rated on a scale ranging from 1 to 7.

### 4.2.3 Other Analyses

**Perceived familiarity and warmth.** I also measured participants' perceived familiarity with and perceived warmth of the fictitious Unishares brand. The results of a one-way ANOVA suggested the Unishares brand was similarly unfamiliar for participants in the nonprofit ( $M = 1.39$ ) and for-profit conditions ( $M = 1.36$ ,  $p > .05$ ). Given that participants were unfamiliar with the Unishares brand, they perceived Unishares as warmer when it was a nonprofit organization ( $M = 4.66$ ) than when it was a for-profit organization ( $M = 4.04$ ,  $p < .01$ ), which replicates the results of experiment 1 (see Appendix B for the measures and their reliability statistics).

#### **4.2.4 Discussion**

This study experimentally manipulated the type of organization and the level of negative emotions, showing that people felt more compassion for multiple victims than for a single victim. However, the only significant trend was greater donations for nonprofit than for for-profit organizations. This effect suggested that people were motivated to regulate emotions by means of suppression toward multiple victims when the fund-raiser was a for-profit organization, but not when it was a nonprofit. These results are consistent with my theorizing, which predicted that activating nonprofit and for-profit schemas triggers two distinct modes of information processing: the affective system and the cognitive system. People who rely on the affective system are poor regulators because feelings drive them to focus on immediate outcomes associated with helping rather than future consequences. Instead of foreseeing helping as being psychologically and materially costly, their donation decisions are more likely to be driven by the intense compassion they experience at that moment (Chang & Pham, 2012). In contrast, people viewing a fund-raising appeal offered by a for-profit organization tap into a cognitive processing system. They attend more to non-emotional features of the appeal, which induces them to regulate their emotions by suppression. It comes as no surprise then that only those activated by the for-profit schema take steps to regulate emotions.

The pattern of compassion and donation ratings sheds further light on the exact process of emotion regulation. People showed greater compassion for multiple victims than for a single victim in both nonprofit and for-profit conditions. Instead of donating more to multiple victims, people's donation tendencies seem not to be driven by compassion in the for-profit condition. This

pattern is consistent with research conducted by Gross (2002), suggesting that regulating emotion by suppression inhibits behavioral intention, but not emotional experience.

To reiterate, experiment 1 reveals that when the fund-raiser is a nonprofit (vs. a for-profit) organization, people show a greater preference for a fund-raising appeal with emotional content due to processing fluency. Experiment 2 provides evidence that people's donation behavior after viewing a for-profit fund-raising appeal is not driven by affect. Specifically, my results suggest that those who anticipate seeing multiple victims in a for-profit fund-raising appeal are motivated to regulate their emotions by suppression. People viewing multiple victims in a nonprofit fund-raising appeal are unable to do so. The results from experiments 1 and 2 demonstrate that nonprofit and for-profit concepts, once activated, continually influence people's evaluation of the fund-raising appeal, their choice of emotion regulation strategies, and their subsequent donation behavior.

### **4.3 Experiment 3**

Experiment 3 was designed to illuminate further the relationship between the organization type and emotion regulation mechanisms. Previous research has demonstrated that if people reactively regulate emotions by suppression, they exhibit poor memory performance in other events. This is because the ongoing process of monitoring affective response tendencies consumes both attentional and regulatory resources from working memory, leading to inadequate resources for processing information that can later be remembered (Gross, 2002). If this is the case, I expected that participants' ability to recall the high-intensity negative emotional appeal content would have decreased when the fund-raiser is a

for-profit.

I manipulated negative emotion-intensity using images of nine children diagnosed with cancer. In the low-level of negative emotions condition, participants were told that these children with happy faces had fully recovered after receiving cancer treatments. In the high-level of negative emotions condition, participants were told that these children with sad faces were suffering from cancer and had to go without treatment because of lack of money. The reason for using a different negative emotion-intensity manipulation in experiment 3 is that prior research on the impact of number of victims on people's emotional reactions toward fund-raising appeals has yielded mixed results. In some research, as the number of people in need increases, the level of compassion people feel and their willingness to contribute increase as well (Schelling, 1968). In other research, people appear to be largely insensitive and place little weight on the number of victims in need (Dunn & Ashton-James, 2007). For example, the identified victim effect argues that people tend to display more compassion and more willingness to help individual victims than they do to help multiple victims, particularly when they see personal details such as name, age, and image of the victim. However, willingness to help multiple victims is not expected to differ between identified and unidentified targets. Therefore, in this current experiment, I deliberately used a different negative emotion-intensity manipulation to increase the robustness of the findings. As in experiments 1 and 2, the type of organization was manipulated by using a fictitious brand name. To measure participants' memory performance, I conducted a surprise memory check on fund-raising content at the end of the experiment.

### 4.3.1 Method

**Participants.** One hundred and five participants (74 female, 31 male; mean age = 21 years) from a university in Hong Kong participated in the experiment in exchange for course credit.

**Design and procedure.** Participants were randomly assigned to one of four donation conditions comprising the 2 (negative emotion-intensity: low vs. high) x 2 (organization type: nonprofit vs. for-profit) between-subjects design. Participants were seated at individual computer workstations and forewarned that they would be presented a fund-raising appeal containing images of nine children diagnosed with cancer. They would be asked to rate their emotions toward the children. They received this instruction because such an expectation allowed participants to remain aware and motivated to regulate their emotions as they arose (Cameron & Payne, 2011).

As in experiments 1 and 2, the type of organization was manipulated by using a fictitious nonprofit and a fictitious for-profit organization – Unishares. Participants were first exposed to the organization information, in addition to an overview of data about cancer in children, and then exposed to fund-raising appeals containing information about nine children diagnosed with cancer. Half the participants were told that the children were suffering from cancer and in need of treatment, which activated high-emotion; the other half were told the children had recovered after receiving cancer treatments, which activated low-emotion. All of this took place over the course of two minutes.

Accordingly, in the high-emotion condition, participants were presented with nine slides of sad-faced children who were suffering from cancer (with names and cancer type), and in the low-emotion condition, with nine slides of children (with

names and cancer type) who appeared healthy because they had recovered. Each image was on the screen for 20 seconds. Participants then turned a page to answer a set of questions measuring compassion-related feelings and their tendency to suppress their negative emotions. Because I also was interested in their memory performance, I administered a surprise memory test for detailed information contained in the fund-raising appeal after a five-minute distractor task. Participants were then thanked and debriefed.

**Measures.** I measured the degree to which participants suppressed their negative emotions on a 7-point Likert scale (from 1 = *strongly disagree* to 7 = *strongly agree*,  $r = .74$ ; Gross & John, 2003) after viewing the fund-raising appeal. To gain further insights into the emotion regulation process, I included the 5-item corporate hypocrisy scale ( $\alpha = .91$ ; Wagner, Lutz, & Weitz, 2009) to measure consumers' perceptions of organization hypocrisy, and the 3-item CSR beliefs scale ( $\alpha = .88$ ; Wagner, Lutz, & Weitz, 2009) to measure consumers' CSR beliefs toward the organization. Measuring consumers' perceptions of organizational hypocrisy and CSR beliefs allowed us to examine whether consumers see for-profits as more hypocritical than nonprofits when engaging in CSR activities. I believe that when consumers are skeptical of the CSR objectives of the fund-raiser, they tend to evaluate the fund-raising appeal carefully and thus are more likely to rely on the cognitive system when making donation decisions, resulting in a greater tendency to suppress their negative emotions reactively. Finally, I included the 2-item warmth scale ( $r = .67$ ; Aaker, Vohs, & Mogilner, 2010) to measure perceived warmth associated with organization type and the 3-item familiarity scale ( $\alpha = .94$ ; Aaker & Schmitt, 2001) to measure perceived familiarity of the organization brand.

After completing the questionnaire, participants answered three

forced-choice memory questions that covered detailed information (e.g., ways of using the donated funds, mortality rate of childhood cancer) of the fund-raising appeal (see Appendix C for all the measures and their reliability statistics).

### 4.3.2 Results

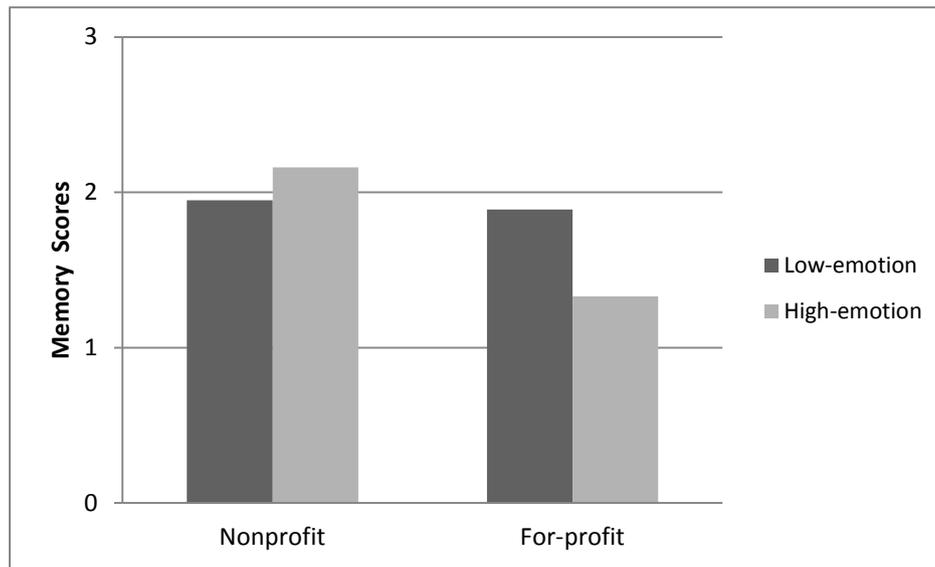
**Manipulation checks.** As manipulation checks, participants were asked to rate the extent to which they agreed with the statements, “I believe that Unishares is a nonprofit organization” and “I believe that Unishares is a for-profit organization” (reversed coded) adapted from Aaker, Vohs, and Mogilner (2010). These two items were highly correlated at  $r = .94$  and thus combined as an index of perceived organization type. A 2 (organization type: nonprofit vs. for-profit) x 2 (negative emotion-intensity: low vs. high) between-subjects ANOVA on perceived organization type index yielded only a significant main effect of type of organization ( $F(1, 101) = 192.85, p < .001$ ). No other effects were significant. As predicted, in the nonprofit condition, participants held a stronger belief that Unishares was a nonprofit organization ( $M_{nonprofit} = 5.84, SD = 1.24$  vs.  $M_{for-profit} = 2.30, SD = 1.38; F(1, 103) = 190.93, p < .001$ ). Also, in the for-profit condition, participants held a stronger belief that Unishares was a for-profit organization ( $M_{nonprofit} = 2.41, SD = 1.25$  vs.  $M_{for-profit} = 5.59, SD = 1.25; F(1, 103) = 139.36, p < .001$ ), which indicated that the type of organization manipulation was successful.

A check on the participants' negative emotions (sadness, distress, revulsion;  $\alpha = .93$ ; Richards & Gross, 2000) toward the appeal was also performed during the experiment. A 2 (type or organization: nonprofit vs. for-profit) x 2 (negative emotion-intensity: low vs. high) between-subjects ANOVA was run on the

negative emotions manipulation check scale. Only the main effect of negative emotions was significant. As expected, participants perceived pictures of children suffering from cancer as more emotionally intense than pictures of children who had recovered after receiving cancer treatments ( $M_{high-emotion} = 5.81, SD = .91$  vs.  $M_{low-emotion} = 3.05, SD = 1.44; F(1, 101) = 136.68, p < .001$ ).

**Memory performance.** To assess participants' memory performance, a 2 (organization type: nonprofit vs. for-profit) x 2 (negative emotion-intensity: high vs. low) ANCOVA was run on participants' memory scores. To control for participants' general ability, self-reported grade point average (GPA) was used as a covariate in the analysis. As predicted, there was a significant main effect of type of organization,  $F(1, 100) = 5.75, p < .05$ , indicating that participants recalled the fund-raising content less well when the organization was a for-profit ( $M = 1.61, SD = .94$ ) than when it was a nonprofit ( $M = 2.08, SD = .96$ ). The results also revealed a significant interaction effect between type of organization and negative emotion-intensity,  $F(1, 100) = 3.84, p < .05$ . Figure 3 displays the patterns of means for the interaction between type of organization and number of victims on memory performance.

**Figure 3: Memory Scores by Organization Type and Negative Emotion-intensity**



Note: The dependent variable was memory scores rated on a scale ranging from 0 to 3.

More specifically, I examined the effect of negative emotion-intensity separately in the nonprofit and for-profit conditions. When the fund-raising appeal was presented by a nonprofit organization, memory performance did not differ across emotion-intensive conditions ( $M_{low-emotion} = 1.95, SD = .19$  vs.  $M_{high-emotion} = 2.16, SD = .17$ ),  $F(1, 100) = .69, p > .05$ . However, when the fund-raising appeal was presented by a for-profit organization, participants remembered the high-level of negative emotions appeal ( $M = 1.33, SD = .88$ ) less well than the low-level of negative emotions appeal ( $M = 1.89, SD = .93$ ),  $F(1, 100) = 3.77, p = .056$ , supporting hypothesis 5.

**Suppression tendency.** To obtain additional insight into the emotion regulation process, a 2 (organization type: nonprofit vs. for-profit) x 2 (negative emotion-intensity: high vs. low) ANOVA was conducted on participants' suppression tendency. The results revealed a significant main effect of negative emotion-intensity,  $F(1, 101) = 7.23, p < .05$ , showing that participants generally

had a greater tendency to suppress their negative emotions toward high-intensity negative emotional appeals ( $M = 3.87, SD = 1.32$ ) than toward low-intensity negative emotional appeals ( $M = 3.15, SD = 1.49$ ). A marginally significant main effect of type of organization, ( $F(1, 101) = 3.22, p = .076$ ) existed, suggesting that participants showed a greater tendency to suppress their negative emotions when the fund-raising appeal was presented by a for-profit than a nonprofit.

Although there was no significant interaction effect between type of organization and negative emotion-intensity ( $F(1, 101) = 2.69, p > .05$ ), I probed the interaction by examining the effect of negative emotion-intensity separately in the nonprofit and for-profit conditions. In the for-profit condition, participants reported a greater tendency to suppress their emotions toward a high-intensity negative emotional fund-raising appeal ( $M = 4.33, SD = 1.46$ ) than toward a low-intensity negative emotional fund-raising appeal ( $M = 3.17, SD = 1.61$ ),  $F(1, 101) = 9.66, p < .01$ . In contrast, this effect was not significant in the nonprofit condition ( $M_{low-emotion} = 3.13, SD = .28$  vs.  $M_{high-emotion} = 3.41, SD = .27$ ),  $F(1, 101) = .53, p > .05$ . These findings are consistent with the view that when the fund-raiser is a for-profit organization, participants are more likely to suppress their negative emotions toward a high-intensity (vs. low-intensity) negative emotional fund-raising appeal, which adversely affects their ability to recall the fund-raising content.

### 4.3.3 Other Analyses

**Perceived warmth and familiarity.** Supporting the idea that a nonprofit organization is perceived as warmer than a for-profit organization, a significant two-way interaction existed between organization type and negative emotion-intensity,  $F(1, 101) = 3.94, p < .05$ . Planned contrasts showed that when

a high-intensity negative emotional fund-raising appeal was presented by a nonprofit organization ( $M = 4.70, SD = .95$ ), the appeal was seen as warmer than when it was presented by a for-profit organization ( $M = 3.56, SD = 1.22$ );  $F(1, 101) = 13.15, p < .01$ . The main effect of organization type, regardless of negative emotion-intensity, also revealed that participants generally judged a nonprofit organization ( $M = 4.55, SD = 1.14$ ) as warmer than a for-profit organization ( $M = 3.84, SD = 1.21$ );  $F(1, 101) = 9.34, p < .01$ , conceptually replicating experiments 1 and 2. I also measured perceived familiarity with the Unishares brand. The results revealed that the Unishares brand was similarly unfamiliar to participants in the nonprofit ( $M = 1.46, SD = .63$ ) and for-profit conditions ( $M = 1.38, SD = .68, p > .05$ ). The findings also support my arguments that nonprofit organizations are associated with warm and altruistic concepts. When the fund-raiser is a nonprofit organization (vs. a for-profit), people are less likely to generate deliberate thoughts, thus facilitating greater reliance on the affective system when making donation decisions, and leading to a lower tendency to suppress their negative emotions.

**Organization hypocrisy and CSR beliefs.** I also explored consumers' perceptions of organizational hypocrisy and CSR beliefs toward the organization. The results revealed only a main effect of organization type, suggesting that when engaging in fund-raising activities, participants perceive a for-profit organization ( $M = 4.10, SD = 1.11$ ) as more hypocritical than a nonprofit organization ( $M = 3.13, SD = .98$ );  $F(1, 101) = 22.59, p < .01$ . In addition, participants are more likely to judge a nonprofit organization ( $M = 4.65, SD = .97$ ) as more socially responsible than a for-profit organization when engaging in fund-raising activities ( $M = 4.13, SD = 1.17$ );  $F(1, 101) = 5.87, p < .05$ . This is consistent with my theory that when the fund-raiser is a for-profit organization (vs. a nonprofit), concepts

such as organization hypocrisy trigger people to assess the fund-raising appeal carefully, thus promoting greater reliance on the cognitive system when making donation decisions, and leading to a higher tendency to suppress their negative emotions.

#### **4.4.4 Discussion**

The findings in experiment 3 highlight several points that warrant further discussion. First, previous research has shown that attempts to suppress negative emotions can result in memory impairment (Qiu, Lee, & Yeung, 2009; Richards & Gross, 2000). This is because suppression consumes attentional and regulatory resources, which decreases resources available for other tasks. This experiment provides evidence that consumers' memory diminished during a high-intensity (vs. low-intensity) negative emotional fund-raising appeal when the fund-raiser was a for-profit organization. This was not the case, however, when the fund-raiser was a nonprofit.

Second, if memory impairment is driven by suppression, participants in the for-profit condition should have reported a greater feeling of suppression when viewing the high-intensity negative emotional fund-raising appeal. I found that suppression in the for-profit condition appears to exist: Participants showed a greater tendency to suppress their negative emotions during a high-intensity (vs. low-intensity) negative emotional fund-raising appeal. Again, this was not evident in the nonprofit condition. Together, these results suggest that with a high-intensity negative emotional fund-raising appeal, for-profits as fund-raisers are more likely to trigger emotion regulation through suppression than nonprofits are, which ultimately impairs consumers' ability to recall the fund-raising appeal presented by for-profits.

Third, this experiment also demonstrated that consumers assume differences between organizations based on perceived warmth, CSR beliefs, and organization hypocrisy. Consumers generally view nonprofits as warmer than for-profits. When engaging in fund-raising activities, nonprofits again outperformed for-profits by being rated more socially responsible. In contrast, for-profits are seen as more hypocritical than nonprofits. These findings parallel my conjecture that nonprofit organizations are perceived as warm, whereas for-profit organizations appear self-interested and callous. When the fund-raiser is a nonprofit organization, consumers rate an emotional fund-raising appeal more favorably and spontaneously employ an affective processing mode. Their emotions and donation intentions are based on affective reactions. Regulating emotions becomes impossible for them because they are not motivated to do so. However, when the fund-raiser is a for-profit organization, consumers may show greater sensitivity and favorability toward the non-affective information of the fund-raising appeal. High perceived hypocrisy may induce consumers to deliberate about the use of money and think analytically about the value of donation. The high need for attentional resources in evaluating the appeal may facilitate affective feeling suppression but at the same time impair memory performance.

One possibility to explain why people have a weaker memory performance in the for-profit condition when a high-intensity negative emotional appeal was shown is because when the appeal is framed as highly emotional, a for-profit organization should be a mismatch with such an appeal, which triggers processing disfluency and adversely affects people's ability to remember the appeal. However, information on the organization type and descriptions of data about cancer in children was given prior to the negative emotions manipulation, suggesting that

processing disfluency did not play a prominent role behind the changes in memory performance scores.

## **CHAPTER 5: GENERAL DISCUSSION**

Both nonprofits and for-profits attempt to reach their donors on an emotional level, such as by displaying sad-faced victims, showing grand-scale tragedies, or telling personal stories, because one important reason people contribute depends on the degree of compassion they feel for the victims. Whether people rely on their actual affective feelings in evaluating fund-raising appeals and making donation decisions, however, is debatable. For instance, the emotion regulation literature suggests that people may avoid feeling emotions when they anticipate that helping will be materially costly (Cameron & Payne, 2011). With growing numbers of for-profit organizations engaging in charitable activities, this research provides important theoretical and managerial insights for CSR practitioners regarding how to frame their fund-raising appeals, as well as the processes that drive charitable giving.

I develop a theoretical framework based on the schema congruity theory and the emotion regulation literature. The framework received convergent support from three experiments. Experiment 1 demonstrated that when the for-profit organization is highlighted, consumers exhibit more favorable evaluations for rational than they do for emotional appeals. The interaction effect is driven by processing fluency. The findings provide the first glimpse that the role of affective, emotional responses in garnering positive evaluations and donations may be oversimplified. Experiment 2 validated my assumption concerning the differential impact of the affective and cognitive processing modes on emotion regulation choices and donation decisions. The findings suggest that when the fund-raiser is a nonprofit, people automatically tap into the affective processing mode. They are

unable to make affect-free donation decisions through reappraisal or suppression. As a result, when they see a high-intensity negative emotional appeal, their willingness to donate increases along with the degree of compassion they experience. In contrast, compassion triggers a disproportionately lower level of donation when the fund-raiser is a for-profit, indicating that consumers are inclined to suppress their feelings when processing fund-raising information cognitively. Finally, experiment 3 provides further evidence for my prediction by varying the manipulation of negative emotion-intensity. The change in memory performance observed in the for-profit domain shows that people suppress feelings when viewing high-intensity negative emotional appeals more than when viewing low-intensity negative emotional appeals.

Altogether, these findings demonstrated that the nonprofit concepts (i.e., warmth, generosity, altruism) and the for-profit concepts (i.e., competency, self-interest, egoism) play important roles in consumers' evaluation of fund-raising appeals and donation decisions. The findings uncovered here indicate that consumers' responses to nonprofit fund-raising appeals are a function of affective feelings, whereas consumers' responses to for-profit fund-raising appeals are more a function of cognitive analysis. Perhaps most striking, I found evidence that people can effectively regulate their emotions toward highly emotional situations depending on the processing mode into which they tap.

## **5.1 Theoretical Contributions**

The first contribution of the present study is that it enhances our understanding of the role of organization type in charitable giving. Previous research on helping and CSR has been silent on the impact of organization type—

whether nonprofit or for-profit—on consumer processing of fund-raising information. In my first experiment, I develop hypotheses about whether feeling-based emotional appeals or reason-based rational appeals are more likely to be effective. I argue that emotional appeals are more effective than rational appeals for donations to nonprofit (vs. for-profit) organizations based on the schema congruity hypothesis. I specify that people's evaluations of fund-raising appeals are more favorable when there is a perceived fit between the fund-raising message and the activated organization's concepts. Therefore, a nonprofit organization that is associated with the warmth concept may align better with an emotional fund-raising message, which causes a subjective experience of fluency, leading to favorable appeal evaluations. The differences in consumer stereotypes about nonprofit and for-profit organizations also hint that for-profit organizations may generate greater favorability when the fund-raising message is framed as unemotional and rational. The finding of my first experiment highlights the importance of considering the organization's concepts when framing a fund-raising message. To my knowledge, this research is the first to adopt schema congruity as a theoretical basis for examining consumers' evaluations of fund-raising appeals.

The second contribution is that I integrate the schema-based processing literature with the emotion regulation framework when exploring the role of organization type in consumers' donation behavior. To illuminate how organization type influences donation behavior, I suggest that the differences in organization concepts may give rise to two distinct processing systems that affect consumers' desire to donate, the affective system and the cognitive system. The findings of experiments 2 and 3 demonstrate that nonprofit donors are indeed poor emotion regulators because the associated warmth concept has activated operation

of the affective processing mode. Consequently, intense emotions experienced have a spillover effect onto willingness to donate. Conversely, a for-profit organization signals that it is profit-oriented, thus leading for-profit donors to employ the cognitive processing mode when comprehending the appeal. The feeling of emotions will not translate to greater donation intentions because they are motivated to suppress their emotions to conduct careful assessment of the appeal. The integration of schema-based processing and emotion regulation research has theoretical importance because it describes exactly how nonprofit and for-profit organizations drive giving and when emotional reaction deviates from actual donation behavior.

The third contribution is that I advanced the emotion regulation literature by proposing that emotion regulation is bounded contextually—it depends on which processing system people tap into. Previous research on emotion regulation has shown that individuals differ in their use of two common emotion regulation strategies, reappraisal and suppression, and those different forms of emotion regulation lead to different consequences (Gross & John, 2003). The distinction between the two emotion regulation strategies is that reappraisal is an antecedent-focused strategy; people move their feelings away from an emotion-eliciting stimulus before the emotional responses and reactions have become fully generated. Reappraisers may successfully down-regulate a negative emotional experience before an emotion is underway. Suppression, in contrast, is a response-focused strategy. People who suppress their emotions purposely inhibit emotional response tendencies as they arise (Gross, 1998a, b). Suppressors may still have negative emotional experiences, but they decide to minimize the negative emotional impact by inhibiting the expressive behavior of inner feelings. Since an effective feeling-suppression process requires self-monitoring

throughout an emotional event, it depletes resources that could be used for processing other tasks, thus decreasing memory performance (Gross, 2002).

Although previous research on emotion regulation has explored the different forms of emotion regulation and the different affective and cognitive consequences, the relevant studies do not paint a clear picture of how different processing systems lead to emotion regulation (Gross & John, 2003; Gross, 1998a, b; Sheppes, Scheibe, Suri, & Gross, 2011). To my knowledge, this research is the first to suggest that effective emotion regulation depends on the activated organization's concepts and the operation of relative processing systems.

## **5.2 Managerial Implications**

This research provides several clear implications for CSR practitioners. First, both nonprofit and for-profit organizations aspire to generate emotions such as compassion and sympathy when framing fund-raising appeals. However, for-profit organizations should be aware that the strategy of using emotional presentations might backfire. Thus, in terms of appeal presentations, less emotional and more sensible may be sufficient to generate consumers' favorable opinions. Second, when it comes to donation behavior, emotions such as compassion and sadness are still the driving force for donation in the nonprofit context. Stronger emotions translate into greater donation intentions for nonprofit organizations, but not for for-profit organizations. Again, an emotional, affect-rich fund-raising appeal might not be the best strategy for a for-profit organization to engender giving, as it may trigger emotion regulation by suppression, thus decreasing people's capability to recall the content of the fund-raising appeal.

## **CHAPTER 6: CONCLUSION**

This study was created with two goals in mind. First, I wanted to examine the role of organization type and fund-raising content in consumers' evaluations of fund-raising appeals. Aaker, Vohs, and Mogilner (2010) demonstrated that people hold stereotypes about nonprofit (e.g., warm, generous) and for-profit (e.g., competent, effective) organizations and that these stereotypes have a spillover effect on consumers' willingness to buy a product from these organizations. However, the literature on helping and charitable giving has been completely silent on nonprofit and for-profit stereotypes driving donor support. Building on organizational stereotypes and schema congruity literature, my research sheds light on the proper use of fund-raising appeal content and shows that displaying emotional appeal content may backfire for a for-profit organization. Second, I wanted to explore whether organization type alters consumers' perceived emotions, which then influences consumers' donation intentions. This investigation was inspired by the encouraging results in experiment 1, showing that affective feelings may not be a distinct driver of appeal evaluations. In experiments 2 and 3, I further proposed that consumers' donation intentions are a signature product of emotion regulation, in which consumers are more likely to suppress their negative feelings about emotion-eliciting appeals from for-profits than from nonprofits, leading to a donation flatline when negative emotions increase; this also impairs memory performance. This research highlights the importance of understanding how consumers view nonprofits and for-profits and provides hints for nonprofits and for-profits on how to frame an effective fund-raising appeal and garner donors' support successfully.

## 6.1 Limitations and Future Research

This research comes with limitations that present opportunities for future research. First, I proposed that the non-profit and for-profit organization concepts give rise to two separate information-processing systems, that is, the affective and cognitive systems, respectively. These two processing modes determine how likely people are to rely on affect or cognitive thinking as a decision-making system. Although this underlying mechanism has not been tested empirically in my study, the results of my three experiments provide evidence to support the assumption.

To reiterate, my first experiment demonstrates that organization schemas influence people's evaluation of a fund-raising appeal. People see nonprofit organizations as warmer than for-profit organizations. When people are exposed to a nonprofit fund-raising appeal, the warmth-related concepts such as "sincerity" and "kindness" become more accessible in people's minds (Aaker, Vohs, & Mogilner, 2010). People tend to evaluate nonprofit organizations' appeals with emotional content more favorably than appeals with rational content because the congruency between the nonprofit organization schemas and the appeal content increases the level of processing fluency (Lee & Labroo, 2004). On the contrary, highlighting rational rather than emotional content in a fund-raising appeal presented by a for-profit organization would elicit more favorable appeal evaluation. Because for-profit organizations' fundamental concepts such as "competent", "profit-making", and "self-interest" conflict with the emotional fund-raising content, the result is schema incongruity and a decrease in the level of processing fluency. The findings of my first experiment provide evidence that people adopt two separate systems when evaluating fund-raising appeals for

nonprofits and for-profits.

My second experiment further illuminates that the nonprofit and for-profit organization schemas, once activated, can give rise to the affective, feeling-based system and the cognitive, reasoned-based system, respectively, which influence people's subsequent donation intentions. My findings demonstrate that when a nonprofit organization conducts the fund-raiser, people feel more compassion and make greater donations for multiple victims than for a single victim. This is because people automatically tap into the affective processing system when making donation decisions. More specifically, once the affective processing mode is initiated, people may find it difficult to regulate their emotions, even though they may perceive donations as financially and psychologically costly. However, when people are exposed to for-profit organizations' fundraisers, the mismatch between the for-profit organization's concepts and the high-intensity negative emotional appeal triggers people to engage in a cognitive processing mode. People who rely on a cognitive processing mode are skilled at suppressing emotion because regulating emotions reactively allows them to analyze and evaluate the appeal in a comprehensive and rational manner, and thus make a sensible donation decision.

To further examine the premise of whether heightened nonprofit concepts lead people to pay more attention to their affective reactions, whereas activated for-profit concepts allow people to think analytically, future research may use eye-tracking technology to examine the emotional and cognitive effort underlying the donation decision process (Kuo, Hse, & Day, 2009). If people tend to rely on the cognitive mode of processing when viewing a fund-raising appeal presented by a for-profit organization, I expect that rational appeal content would capture attention more than affective content. Conversely, people may overlook rational

content when they are engaged in the affective processing mode.

The second limitation of this research is that I did not examine the dynamics of emotion regulation over time. For instance, Cameron and Payne (2011) demonstrated that emotion regulation is an ongoing process that changes over time. The results of their studies show that if reappraisal takes place, people never show greater compassion and donation intentions toward multiple rather than single victims over the time frame. By contrast, if people regulate their emotion reactively via suppression, I would expect to see multiple victims generating more compassion than a single victim early on, followed by a decrease in compassion toward multiple victims. My findings in experiment 2 revealed that participants reported significantly greater compassion and higher donation intentions toward multiple victims than toward a single victim when the fund-raiser was held by a nonprofit, but not when by a for-profit. Experiment 3 showed that participants exposed to a for-profit fund-raiser have a higher tendency to suppress their compassion toward a high-intensity negative emotional appeal than towards a low-intensity negative emotional appeal, meaning that emotion regulation by means of suppression occurs in the for-profit but not the nonprofit context. I believe that examining the time course of affective responses could provide further evidence that the reduction in donations is driven by emotion regulation via suppression.

Third, similar to all prior research in emotion regulation, I relied on self-reported measures of emotional experience, and one may argue that my results were driven by social desirability. By the social desirability account, participants may outwardly express greater donation intentions toward multiple victims than toward a single victim, as this is a normatively appropriate response. However, participants' donation intentions toward for-profit organizations did not

vary by the number of victims involved in experiment 2, suggesting that my results were not due to social desirability.

Fourth, in experiment 3, we manipulated participants' low-level of negative emotions by showing them nine slides of children who appeared healthy because they had recovered after receiving cancer treatments. However, one could also perceive the nine recovered children as pleasing, which would increase an individual's positive emotions. I expect such positive emotions to yield the same pattern of results found in experiment 3 because emotion regulation occurs when people anticipate overwhelming negative emotions that are difficult to comprehend on an emotional level. Future research may further examine whether emotion valence matters on people's motivation for emotion regulation.

Fifth, past research suggests that nonprofit organizations are seen as warm whereas for-profit organizations are perceived as competent (Aaker, Vohs & Mogilner, 2010). Nonprofit organization can generate altruistic values of caring for society, while for-profit organizations can activate egotistic values of helping. Therefore, when the fund-raising content is framed as emotional (rational), nonprofit (for-profit) organizations are perceived as a better fit with such an appeal, leading to positive fund-raising appeal evaluations. This implies that if people believe that the for-profit organization is a caring and sincere brand (e.g. Hallmark, the greeting card brand), emotional fund-raising content may lead to more favorable fund-raising appeal evaluations. It would be an interesting empirical question to be addressed in future research.

To conclude, my findings advance the current literature by demonstrating how the nonprofit and for-profit concepts influence people's evaluations of fund-raising appeals and donation behavior. Theoretically, this research, which integrates the schema congruity theory and emotion regulation literature as the

theoretical framework, delineates the psychological process underlying consumers' evaluation of fund-raising appeals and the reasons why people donate to both nonprofit and for-profit appeals. Practically, my current research highlights that rather than relying on emotional appeals, marketers should position fund-raising appeals to match the organization type. To my knowledge, this research is the first to adopt schema-based processing and emotion regulation as a theoretical basis for examining consumers' responses and donation behaviors in relation to fund-raising appeals.

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## APPENDICES

### **Appendix A: Measures for Experiment 1 and their Reliability Statistics**

#### **Appeal Favorability Measures**

(Adapted from Torelli, Monga & Kaikati (2011); 7-point semantic differential scale;  $\alpha = .86$ )

1. I find this fund-raising appeal poor/good.
2. I find this fund-raising appeal unfavorable/ favorable.
3. I find this fund-raising appeal bad/ excellent.

#### **Processing Fluency Measures**

(Adapted from Torelli, Monga & Kaikati (2011); 7-point semantic differential scale;  $\alpha = .64$ )

1. The content of the fund-raising appeal is very easy/very difficult to understand.
2. The content of the fund-raising appeal is very easy to imagine/ very difficult to imagine.
3. The content of the fund-raising appeal required very little effort/ a lot of effort to understand.

#### **Negative Affect Measures**

(Adapted from Dunn & Ashton-James (2007); 1 = *not at all, extremely*;  $\alpha = .89$ )

1. How sad do you feel after reading the fund-raising appeal?
2. How bad do you feel after reading the fund-raising appeal?
3. How negative do you feel after reading the fund-raising appeal?

#### **Manipulation Check – Type of Organization**

(Adapted from Aaker, Vohs & Mogilner (2010); 1 = *strongly disagree*, 7 = *strongly agree*,  $r = .96$ )

1. I believe that \_\_\_\_\_ is a nonprofit organization.

2. I believe that \_\_\_\_\_ is a for-profit organization (R).

**Perceived Warmth Measures**

(Adapted from Aaker, Vohs & Mogilner (2010); 1 = *strongly disagree*, 7 = *strong agree*,  $r = .66$ )

1. I believe that Unishares is warm.

2. I believe that Unishares is generous.

Note. (R) = reverse-coded

## **Appendix B: Measures for Experiment 2 and their Reliability Statistics**

### **Compassion Measures**

(Adapted from Cameron & Payne (2011); 1 = *not at all*, 7 = *extremely*;  $\alpha = .82$ )

1. How sympathetic do you feel toward this child (these children)?
2. How warm do you feel toward this child (these children) (R)?
3. How compassionate do you feel toward this child (these children)?
4. How touched were you by this child (these children)?
5. How urgent do the needs of this child (these children) seem?
6. To what extent do you feel that it is appropriate to give money to aid this child (these children)?
7. How much do you value the welfare of this child (these children) whose picture you saw?
8. How important is it to you that this child (these children) whose picture you saw be happy?
9. How important is it to you that this child (these children) whose picture you saw not suffer?

### **Donation Intention Measures**

(Adapted from Mckenzie, Lutz & Belch (1986); 7-point semantic differential scale;  $\alpha = .94$ )

1. It is unlikely/likely that I will donate money to help the child (these children).
2. It is improbable/ probable that I will donate to money to help the child (these children).
3. It is impossible/ possible that I will donate to money to help the child (these children).

### **Manipulation Check – Type of Organization**

(Adapted from Aaker, Vohs & Mogilner (2010); 1 = *strongly disagree*, 7 = *strongly agree*,  $r = .92$ )

1. I believe that \_\_\_\_\_ is a nonprofit organization.
2. I believe that \_\_\_\_\_ is a for-profit organization (R).

### **Perceived Familiarity Measures**

(Adapted from Aaker & Schmitt (2001); 7-point semantic differential scale; 1 = *strongly disagree*, 7 = *strong agree*,  $\alpha = .93$ )

1. The Unishares brand is not all familiar/very familiar to me.
2. The Unishares brand is not at all well-known/very well-known to me.
3. The Unishares brand is not at all common/very common.

### **Perceived Warmth Measures**

(Adapted from Aaker, Vohs & Mogilner (2010); 1 = *strongly disagree*, 7 = *strong agree*,  $r = .61$ )

1. I believe that Unishares is warm.
2. I believe that Unishares is generous.

Note. (R) = reverse-coded

## **Appendix C: Measures for Experiment 3 and their Reliability Statistics**

### **Suppression Tendency Measures**

(Adapted from Gross and John (2003); 1 = *strongly disagree*, 7 = *strong agree*,  $r = .74$ )

1. When viewing the fund-raising appeal, I make sure not to express my negative emotions.
2. When viewing the fund-raising appeal, I keep my emotions to myself.

### **Manipulation Check – Type of Organization**

(Adapted from Aaker, Vohs & Mogilner (2010); 1 = *strongly disagree*, 7 = *strongly agree*,  $r = .94$ )

1. I believe that \_\_\_\_\_ is a nonprofit organization.
2. I believe that \_\_\_\_\_ is a for-profit organization (R).

### **Manipulation Check – Negative Emotions**

(Adapted from Richards and Gross (2000); 1 = *not at all*, 7 = *extremely*;  $\alpha = .94$ )

1. I feel sadness when viewing the fund-raising appeal.
2. I feel distress when viewing the fund-raising appeal.
3. I feel revulsion when viewing the fund-raising appeal.

### **Perceived Warmth Measures**

(Adapted from Aaker, Vohs & Mogilner (2010); 1 = *strongly disagree*, 7 = *strong agree*,  $r = .66$ )

1. I believe that Unishares is warm.
2. I believe that Unishares is generous.

### **Corporate Hypocrisy Measures**

(Adapted from Wagner, Lutz & Weitz (2009); 1 = *strongly disagree*, 7 = *strong agree*,  $\alpha = .91$ )

1. In my opinion, Unishares acts hypocritically.
2. In my opinion, what Unishares says and does are two different things.
3. In my opinion, Unishares pretends to be something that it is not.
4. In my opinion, Unishares keeps its promises (R) .
5. In my opinion, Unishares puts its words into action (R).

### **CRS Belief Measures**

(Adapted from Wagner, Lutz & Weitz (2009); 1 = *strongly disagree*, 7 = *strong agree*,  $\alpha = .88$ )

1. In my opinion, Unishares is a socially responsible company.
2. In my opinion, Unishares is concerned to improve the well-being of society.
3. In my opinion, Unishares follows high ethical standards.

### **Perceived Familiarity Measures**

(Adapted from Aaker & Schmitt (2001); 7-point semantic differential scale; 1 = *strongly disagree*, 7 = *strong agree*,  $\alpha = .94$ )

1. The Unishares brand is not all familiar/very familiar to me.
2. The Unishares brand is not at all well-known/very well-known to me.
3. The Unishares brand is not at all common/very common.

Note. (R) = reverse-coded

## **Memory Test**

1. According to the fund-raising pamphlet, cancer is the most common cause of death among children just after poisoning and \_\_\_\_\_.
  - A. congenital heart disease
  - B. thalassemia
  - C. pneumonia
  - D. suffocation
  - E. accidents
  
2. According to the fund-raising pamphlet, the donation will be used for:
  - A. purchasing medical equipment, and improving home visit services
  - B. assisting low-income families of children with cancer
  - C. providing tuition grants for children with cancer
  - D. purchasing medical equipment, and providing psychological counseling
  - E. providing psychological counseling and medical allowance
  
3. According to the fund-raising pamphlet, the estimated number of children being killed by children cancer yearly is:
  - A. 30 to 40
  - B. 40 to 50
  - C. 50 to 60
  - D. 60 to 70
  - E. 70 to 80

## **CURRICULUM VITAE**

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