

# Online Appendix

## Appendix A: Experiments' Instructions

### A.1. Instructions Experiments 1 and 2

We use the following color coding to highlight the main adjustments in the experimental treatments:

Experiment 1-gray    Inefficiency transparency-violet    Destination transparency-brown    Overhead transparency-blue

#### Instructions

Thank you for agreeing to participate in our experiment on fundraising strategies. **Please read the instructions carefully.** Your payment will depend on your correct understanding of the instructions. There are three parts in our experiment. During the first part, you will be asked to read the instructions of the experiment and answer a short test to verify you understand the experimental setup. During the second part, you will decide where you would like your donation to be used and then you will make donation related decisions. During the third and final part of the study, you will fill out a survey.

**Payment:** Your total payment from the study will be equal to the payment that results from your decisions related to donations plus a fixed payment of \$2.0 for your participation. The amount you decide to donate will be given to Action Against Hunger USA.

#### Decision Task

In this experiment, you will make two donor-related decisions to Action Against Hunger. Action Against Hunger is a non-profit humanitarian organization whose primary goal is to create a better way to deal with hunger. About 821 million people go to bed hungry every night. For almost 40 years, Action Against Hunger has led the global movement that aims to end life-threatening hunger. Every year, it helps people across nearly 50 countries to provide for themselves, see their children grow up strong, and for communities to prosper.

Action Against Hunger conducts the following three programs:

1. Nutrition and Health: to prevent undernutrition and save the lives of malnourished children.
2. Water, Sanitation and Hygiene: to improve access to safe drinking water and adequate sanitation for communities.
3. Emergency Response: to save lives and alleviate suffering of populations affected by disasters.

In the first donor-related decision, you will decide whether you would like to make a *restricted* or *unrestricted* donation to Action Against Hunger. A restricted donation means that you will pick **one** of the three programs and Action Against Hunger must use your donation **only** for **your preferred program**. An unrestricted donation means that Action Against Hunger uses your donation in **{any of the three programs / where it is needed most}**.

In the second donor-related decision, you will decide how to allocate a certain number of TOKENS we give to you between Action Against Hunger and yourself. Action Against Hunger will receive the tokens you allocate to them and you will retain the tokens you allocated to yourself. 100 tokens are equivalent to \$1.0.

#### Sample Decisions

Below is an example of the type of donation decisions you will make. The example is not meant to guide your decision in any way. On the actual decision page, you are free to select any allocation you prefer.

*Example:* Assume that you have already decided whether you would like to make a *restricted* or *unrestricted* donation. Therefore, you already know the desired destination of your donation and you know that Action Against Hunger will use your donation accordingly. Now, assume that you have been given 50 tokens to allocate between Action Against Hunger and yourself.

- You may decide to allocate nothing towards Action Against Hunger and 50 tokens to yourself. Therefore, Action Against Hunger will receive a donation of 0 tokens (i.e., \$0), and your payment from the decision will be 50 tokens (i.e., \$0.5). Your total payment for participating in the study will be \$0.5 plus your fixed payment of \$2.0 for a total payment of \$2.5.

- Alternatively, you may decide to allocate 50 tokens towards Action Against Hunger and nothing to yourself. Therefore, Action Against Hunger will receive a donation of 50 tokens (i.e., \$0.5), and your payment from the decision will be 0 tokens (i.e., \$0). Your total payment for participating in the study will be \$0 plus your fixed payment of \$2.0 for a total payment of \$2.0.

- Finally, you may decide to allocate any amount between 0 and 50 tokens to Action Against Hunger and the remainder to yourself. Suppose you decide to allocate 20 tokens towards Action Against Hunger and 30 tokens to yourself. Therefore, Action Against Hunger will receive a donation of 20 tokens (i.e., \$0.2), and your payment from the decision will be 30 tokens (i.e., \$0.3). Your total payment for participating in the study will be \$0.3 plus your fixed payment of \$2.0 for a total payment of \$2.3.

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### ***Why is it different to give restricted vs. unrestricted donations?***

Restricted donations limit how the organization can use the funds, causing that some programs receive more funding than they can spend, while others remain underfunded. Unrestricted donations, in contrast, allow the organization to allocate the funds according to where the need is greatest, making a 100% efficient use of the donations. Having unrestricted support from donors like you ensures that Action Against Hunger can provide rapid and targeted care to the people who they know need it the most.

### ***How does the organization allocate unrestricted donations?***

Action Against Hunger assesses the needs of all the three programs and allocates the unrestricted donations according to wherever the need for donations is greatest. GRF CPAs & Advisors, an independent auditor certified by the government, verifies that all unrestricted donations are allocated to these three programs and outlines what each program receives in a public and independent report. In addition, GRF audits all financial reports from Action Against Hunger and provides a public report of the organization's statements of activities that confirms whether the financial statements are complete and correct.

### ***How does the organization allocate unrestricted donations?***

In 2020, unrestricted donations were allocated as follows, 50% to Nutrition and Health, 32% to Water, Sanitation and Hygiene, 9% to Emergency Response and 9% to management and fundraising expenses.

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**Make your decision**

Remember that donations to Action Against Hunger are used to support operations in any of the following three programs:

1. Nutrition and Health
2. Water, Sanitation and Hygiene
3. Emergency Response

In this part of the session, you will be in the role of a donor. First you need to decide whether you would like to *restrict* your donation amount to be used only in your preferred program or whether you would like to give *unrestricted* donations for which Action Against Hunger will decide on their own discretion how to use the donations for {any of the three programs / where they are needed most}.

**Make your decision:**

I would like my donation to go to (choose one option):

- o My preferred program (restricted)**
  - o Nutrition and Health
  - o Water, Sanitation and Hygiene
  - o Emergency Response
- o {Any of the programs / Where it is needed most} (unrestricted)**

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**Make your donation decision**

*Remember that amounts will be shown in tokens instead dollars. 100 tokens are equivalent to \$1.0.*

You will make two decisions. When you have completed the final survey, we will randomly select one of the two decisions you made for payment.

For the first decision, you are asked to allocate the funds (in column A) between Action Against Hunger (column B) and yourself (column C). The allocation must sum to funds available in column (A). Remember that Action Against Hunger will [decide on **their own discretion** how to use your donation for {**any of the three programs/ where it is needed most**}][use your donation on **your preferred program**, which is *chosen program*].

Please be sure that (B) + (C) = (A)

Budget (in tokens) to be allocated between -[{any of the three programs/Action Against Hunger}] -[ <i>chosen program</i> ] and myself (A)	Tokens allocated to [{any of the three programs/Action Against Hunger}] [ <i>chosen program</i> ] (B)	Tokens allocated to myself (C)
100 [60]		

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**Make your second donation decision**

*Remember that amounts will be shown in tokens instead dollars. 100 tokens are equivalent to \$1.0.*

For this decision you are asked to allocate the funds (in column A) between Action Against Hunger (column B) and yourself (column C). The allocation must sum to funds available in column (A). [Remember that Action Against Hunger will decide on **their own discretion** how to use your donation for **{any of the three programs/ where it is needed most}**]. [Remember that Action Against Hunger will use your donation on **your preferred program**, which is *chosen program*.]

Please be sure that  $(B) + (C) = (A)$

Budget (in tokens) to be allocated between -{{any of the three programs/Action Against Hunger}} - <i>chosen program</i> and myself (A)	Tokens allocated to {{any of the three programs/Action Against Hunger}} <i>chosen program</i> (B)	Tokens allocated to myself (C)
100		

## A.2. Instructions Experiment 3

### Instructions

Thank you for agreeing to participate in our experiment on fundraising strategies. **Please read the instructions carefully.** Your payment will depend on your correct understanding of the instructions. There are three parts in our experiment. During the first part, you will be asked to read the instructions of the experiment and answer a short test to verify you understand the experimental setup. During the second part, you will make four independent donation decisions directed to a humanitarian organization. During the third and final part of the study, you will fill out a survey.

**Payment:** When you have completed the final survey, we will randomly select one of the four donation decisions you made during the experiment for payment. Your total payment from the study will be equal to the payment that results from the chosen donation decision plus a fixed payment of \$2.0 for your participation. The amount you decide to donate will be given to Action Against Hunger USA.

### Decision Task

In this experiment, you will decide donation amounts to Action Against Hunger. Action Against Hunger is a non-profit humanitarian organization whose primary goal is to create a better way to deal with hunger. About 821 million people go to bed hungry every night. For almost 40 years, Action Against Hunger has led the global movement that aims to end life-threatening hunger. Every year, it helps people across nearly 50 countries to provide for themselves, see their children grow up strong, and for communities to prosper.

Donations to Action Against Hunger are used in any of the following three programs:

1. Nutrition and Health: to prevent undernutrition and save the lives of malnourished children.
2. Water, Sanitation and Hygiene: to improve access to safe drinking water and adequate sanitation for communities.
3. Emergency Response: to save lives and alleviate suffering of populations affected by disasters.

You will make four [unrestricted][restricted] donation decisions. This means that [Action Against Hunger may use your donation in any of the three programs][you will pick one of the three programs and Action Against Hunger must use your donation only for your preferred program]. In addition to your donation, the research team has agreed to give a fixed donation towards Action Against Hunger. Similar to your donation,

Action Against Hunger [may][must] use the research team's donation [for any of the three programs][only for your preferred program].

For each decision you will decide how to allocate a certain number of TOKENS we give to you between Action Against Hunger and yourself. Action Against Hunger will receive the tokens you allocate to them plus the research team's fixed donation. You will retain the tokens you allocated to yourself. The number of tokens that you can allocate between Action Against Hunger and you, as well as the research team's fixed donation, will vary across the decisions. Note that 100 tokens are equivalent to \$1.0.

### Sample Decisions

Below is an example of the type of donation decisions you will make. The example is not meant to guide your decision in any way. On the actual decision page, you are free to select any allocation you prefer.

*Example:* Assume that the research team's fixed donation towards Action Against Hunger is 25 tokens. Now, assume that you have been given 50 tokens to allocate between Action Against Hunger and yourself.

- You may decide to allocate nothing towards Action Against Hunger and 50 tokens to yourself. If this decision is selected for payment, Action Against Hunger will receive the research team's fixed donation of 25 tokens (i.e., \$0.25) to use in [any of the three programs] [your preferred program], and your payment from the decision will be 50 tokens (i.e., \$0.5). Your total payment for participating in the study will be \$0.5 plus your fixed payment of \$2.0 for a total payment of \$2.5.

- Alternatively, you may decide to allocate 50 tokens towards Action Against Hunger and nothing to yourself. If this decision is selected for payment, Action Against Hunger will receive a donation of  $50+25=75$  tokens (i.e., \$0.75) to use in [any of the three programs] [your preferred program], and your payment from the decision will be 0 tokens (i.e., \$0). Your total payment for participating in the study will be \$0 plus your fixed payment of \$2.0 for a total payment of \$2.0.

- Finally, you may decide to allocate any amount between 0 and 50 tokens to Action Against Hunger and the remainder to yourself. Suppose you decide to allocate 20 tokens towards Action Against Hunger and 30 tokens to yourself. If this decision is selected for payment, Action Against Hunger will receive a donation of  $20+25=45$  tokens (i.e., \$0.45) to use in [any of the three programs][your preferred program], and your payment from the decision will be 30 tokens (i.e., \$0.3). Your total payment for participating in the study will be \$0.3 plus your fixed payment of \$2.0 for a total payment of \$2.3.

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### Make your decision

Remember that [your unrestricted donations][donations] to Action Against Hunger [will be used][are used] in any of the following three programs:

1. Nutrition and Health
2. Water, Sanitation and Hygiene
3. Emergency Response

[I understand that Action Against Hunger will decide on their own discretion how to use my donation for any of the three programs.

o I understand]

[In this part of the session, you will first decide your preferred program. Action Against Hunger must use your donation only for your preferred program.

Make your decision:

I would like my donation to go to (choose one option):

- o Nutrition and Health
- o Water, Sanitation and Hygiene
- o Emergency Response]

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### Make your donation decision

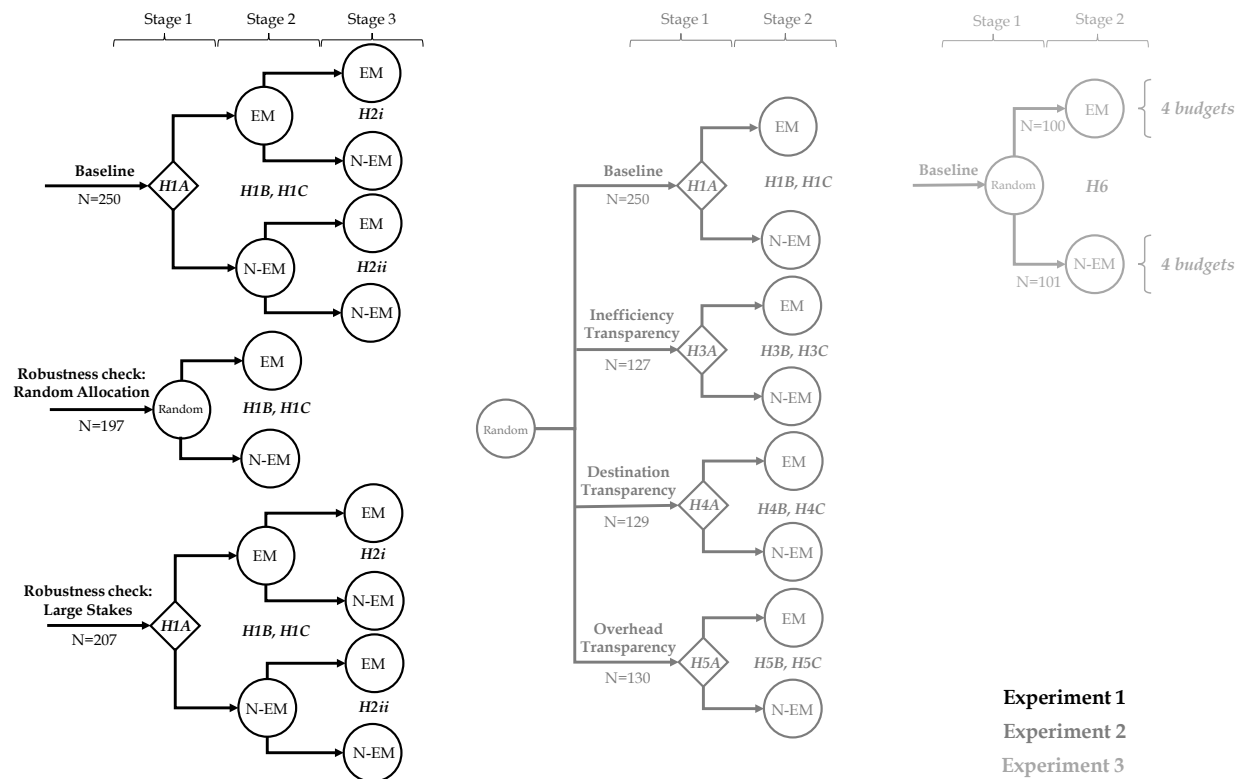
*Remember that amounts will be shown in tokens instead dollars. 100 tokens are equivalent to \$1.0.*

For each decision in the following table, you are asked to allocate the funds (in column B) between Action Against Hunger (column C) and yourself (column D). The allocation must sum to funds available in column (B). The total funds Action Against Hunger will receive equals the sum of the research team's fixed donation and the amount you allocate to the organization: (A)+(C). [Remember that Action Against Hunger will decide on their own discretion how to use the research team's and your donation for any of the three programs: Nutrition and Health, Water, Sanitation and Hygiene, or Emergency Response.][Remember that Action Against Hunger will use your donation on your preferred program, which is *chosen program*.]

Please be sure that (C) + (D) = (B)

	Research team's fixed donation (in tokens) towards -[any of the three programs] -[ <i>chosen program</i> ] (A)	Budget (in tokens) to be allocated between [any of the three programs][ <i>chosen program</i> ] and myself (B)	Tokens allocated to [any of the three programs][ <i>chosen program</i> ] (C)	Tokens allocated to myself (D)	Total donation that [any of the three programs][ <i>chosen program</i> ] will receive (A)+(C)
1	0	100			
2	20	80			
3	40	60			
4	20	60			

## Appendix B: Experimental Design



## Appendix C: Descriptive Statistics

Table A.1 reports the summary statistics for the responses participants gave in the survey in all three experiments. We measure experience donating as a binary variable, which takes the value of 1 if participants have previously donated to a charity and 0 otherwise. To estimate participants' predisposition to donate, we ask the following questions on a scale from 1 to 7 (Rushton et al. 2019, Mejia et al. 2019): *How often do you donate?* *How often have you given money to a stranger who needed it (or asked for it)?* *How often have you donated goods or clothes to a charity?* *How often have you done volunteer work for a charity?* To quantify each participant's predisposition to donate, we first confirm his or her responses to the four questions are consistent with each other by measuring the associated Cronbach's alpha value (0.79 for the three experiments). Then, we take the average score across all four answers as the participant's general predisposition to donate. A higher average score indicates a higher level of predisposition to donate. Finally, we asked participants to report their interest in the charity, previous need for humanitarian aid and socio-economic status on a scale from 1 to 7. Higher average scores indicate greater interest in the charity, previous needs and higher socio-economic status.

**Table A.1** Descriptive statistics.

Variable	Experiment 1		Experiment 2		Experiment 3		All		Min	Max
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.		
Experience donating	0.89	(0.32)	0.90	(0.29)	0.90	(0.31)	0.89	(0.31)	0	1
Predisposition to donate	3.81	(1.24)	3.87	(1.16)	3.65	(1.15)	3.81	(1.21)	1	7
Interest in charity	4.18	(1.70)	4.13	(1.62)	3.75	(1.64)	4.09	(1.67)	1	7
Previous needs	2.36	(1.71)	2.48	(1.80)	2.05	(1.58)	2.35	(1.72)	1	7
Soc-eco status	3.65	(1.31)	3.84	(1.27)	3.50	(1.32)	3.69	(1.31)	1	7
Male	0.54	(0.50)	0.48	(0.50)	0.58	(0.50)	0.52	(0.50)	0	1
Age	40.56	(11.66)	40.20	(11.62)	39.18	(10.54)	40.22	(11.47)	18	80

## References

- Mejia, Jorge, Gloria Urrea, Alfonso J. Pedraza-Martinez. 2019. Operational transparency on crowdfunding platforms: Effect on donations for emergency response. *Production and Operations Management* **28**(7) 1773-1791.
- Rushton, J. Philippe, Roland D. Chrisjohn, G. Cynthia Fekken. 1981. The altruistic personality and the self-report altruism scale. *Personality and Individual Differences* **2**(4) 293-302.