

**A STUDY OF THE RELATIONSHIP BETWEEN INDICATORS AND
PUBLIC DONATION INTENTION IN PENANG: A PERSPECTIVE OF
PLANNED BEHAVIOR THEORY WITH INCLUSION OF SOME
COGNITIVE FACTORS**

By

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Degree of Master of Business Administration**

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DEDICATION

.....to the underprivileged

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*"Yesterday's the past,
Tomorrow's the future,
but today is a gift...
That's why it's called the present"*

~Bil Keane

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ABSTRAK (MALAY)

Kekekalan untuk terus beroperasi bagi organisasi amal telah dicabar oleh peningkatan permintaan bagi perkhidmatan mereka serta sokongan kerajaan yang berkurangan, dan keadaan ini telah membawa kepada peningkatan keperluan untuk dermaan kebajikan (Sargeant, Lee, dan Jay, 2002). Senario di Malaysia adalah konsisten di mana suatu pemerhatian yang dibuat melalui laman web amal tempatan, www.hati.org.my menunjukkan bahawa badan amal tercabar untuk mendapatkan derma yang besar untuk menampung kos operasi yang tinggi (contohnya, Silver Jubilee Home for the Aged di Pulau Pinang memerlukan wang sebanyak RM100K setiap bulan). Ini telah menyebabkan pertubuhan amal terpaksa sama ada melancarkan kempen pungutan derma mereka sendiri yang kurang berkesan kerana kekurangan pengetahuan mengumpul derma atau mendapatkan perkhidmatan daripada profesional. Namun begitu, mendapatkan bantuan daripada organisasi pungutan derma profesional dianggap sebagai tidak sihat oleh Datuk Lee Kah Choon, Setiausaha Parlimen Kementerian Kesihatan kerana yuran yang dikenakan oleh para profesional terlalu tinggi sehingga 50-70% daripada jumlah sumbangan yang dikutip (Foong dan Ng, 2007). Oleh itu, kajian ini dijalankan untuk meningkatkan pemahaman ke atas niat menderma orang awam di Pulau Pinang. Kajian ini selaras dengan pemerhatian Reis (1998) bahawa individu adalah penyumbang utama kepada kebajikan dimana sebagai contoh, 75% daripada jumlah sumbangan tahun 1997 di Amerika Syarikat datang daripada sumbangan orang ramai. Theory of Planned Behavior (TOPB) yang dipelopori oleh Azjen (1991) digunakan sebagai asas untuk kajian ini kerana ia didapati jarang digunakan dalam bidang kajian pendermaan wang walaupun TOPB merupakan sebuah model yang agak luas diterima pakai dalam kajian niat dan kelakuan (Bartolini, 2005; van derLinden, 2011). Rangka kerja teori kajian ini menambah empat lagi factor kognitif di atas model TOPB iaitu Amanah, Kesedaran Masalah, egoisme dan Hubungan berdasarkan kajian sastera yang menyeluruh ke atas lebih daripada 500 kajian yang lain yang berkaitan dengan penyelidikan amal oleh Bekkers dan Wiepking (2007). Pertimbangan untuk menambah faktor kognitif adalah sejajar dengan Social Cognitive Theory (Bandura, 1986) yang mempercayai bahawa kognitif adalah penting dalam mempengaruhi tingkah laku. Malah, Cheung dan Chan (2000) menyatakan bahawa kognitif sosial adalah berguna untuk menerangkan tingkah laku derma.

Selepas penapisan ke atas jawapan yang tidak lengkap dalam soal selidik, populasi sampel yang dihasilkan mengandungi 477 responden, memenuhi cadangan Gay et al. (2005)

bahawa sampel lebih daripada 400 diperlukan untuk saiz populasi yang lebih besar daripada 5000. Analisis regresi berganda menunjukkan bahawa petunjuk yang signifikan ($p < 0.01$) untuk mempengaruhi niat derma adalah sikap, persepsi kawalan tingkah laku, amanah, kesedaran masalah dan hubungan. Norma subjektif dan egoisme didapati tidak signifikan kepada niat derma. Implikasi teori dan keputusan turut dibincangkan.

ABSTRACT

The continuous survival of charity organizations has been challenged with increasing demand for their services as well as diminishing government supports, leading to ever-increasing need for charity giving (Sargeant, Lee, and Jay, 2002). Scenario in Malaysia is similar, where an assessment made through local charity website, www.hati.org.my shows charitable organizations are challenged to raise significant donation to cover high demand for their services (e.g. Silver Jubilee Home for the Aged requiring RM100K every month in Penang). This has led to charity organizations either launching their own crude donation drive due to lack of fundraising knowledge or soliciting services from professionals. Nevertheless, associations with professional fundraisers are regarded as unhealthy by Datuk Lee Kah Choon, parliamentary secretary of Health Ministry as fees charged by these professionals are heavily exorbitant which can be as high as 50-70% of total donation raised (Foong and Ng, 2007). This study is therefore carried out to provide better understanding into public donation intention in Penang, in-line with Reis (1998) observation that individuals are the prime contributors to charity giving (e.g. 75% of total 1997 donation in United States came from public donations). Ajzen (1991)'s Theory of Planned Behavior (TOPB) is applied as cornerstone of this study as it was found to be rarely used to in area of monetary donation despite being a widely adopted intention-behavior model (Bartolini, 2005; van der Linden, 2011). Present theoretical framework also extends TOPB model to include four more cognitive factors namely Trust, Problem Awareness, Egoism and Relationship leveraging on 8 key donation drivers identified through extensive literature review of over 500 charity researches by Bekkers and Wiepking (2007). This extended framework's consideration of cognitive factors is in-line with Social Cognitive Theory (Bandura, 1986)'s believe that cognition is significant in influencing behavior. In fact, Cheung and Chan (2000) further noted that social cognitive perspective is useful to describe donation behavior.

After filtering incomplete responses to the questionnaire, the resulting population sample contains 477 respondents, meeting Gay et al. (2005)'s suggestion of over 400 samples required for population size larger than 5000. Multiple regression analysis shows that indicators that are significant ($p < 0.01$) to influence donation intention are attitude, perceived behavioral control, trust, problem awareness and relationship. Subjective norm and egoism are found to be insignificant to donation intention. Theoretical and applied implications of the results are discussed.

Chapter 1

INTRODUCTION

The Hand That Gives, Is Greater Than The Hand That Receives

~ Prophet Muhammad, S.A.W.

Compassion can be put into practice if one recognizes the fact that every human being is a member of humanity and the human family regardless of differences in religion, culture, color and creed. Deep down there is no difference.

~ Dalai Lama

1.1 Introduction

This chapter provides overview on research outline of the study. It begins with background of the study followed by discussion on identified problem statement that leads to research objectives and research question. Definitions of key terms are included to improve readability. This chapter is wrapped up with sharing on significance of the study as well as preview on remaining chapters of the thesis.

1.2 Background

Charity is generally regarded as synonymous to giving and it includes not only common types of financial donation but includes a spectrum of methods in which people exercise their goodwill to the underprivileged community. In United Kingdom, charity in its legal definition comprises four principal components: trusts for the relief of poverty; trusts for the advancement of education; trusts for the advancement of religion; and trusts for other purposes beneficial to the community as discussed by Saher Shaikh and Carolan McLarney (2005). Charity takes several forms of terminologies in different parts of the world. While the word charity and altruism are commonly used on the United Kingdom, the general term used in United States is philanthropy (Wright, 2002).

A number of us may think that charity is a luxury and thus only participated by people whom have additional money or resources after resolving their needs like education, food, accommodation, healthcare, etc. This assumption would lead to notion that the poor has nothing to offer and therefore not in capacity to participate in charity giving. Nevertheless, this is not the case as even the poor can participate in charity giving through making small donations or other means of contribution including time, skills and products. Non-monetary contributions too are very crucial in regards to the voluntary charity sector similar to the importance of monetary donations.

Study on charity is interestingly a relatively new area of research. Friedman and McGarvie (2002) discussed that the phenomenon of charity or philanthropy was not regarded as a field for systematic scholarly endeavor until the last quarter of the 20th century. They stated that early in the century, “philanthropy” mainly resides in American school of social work and represented narrowly focused remedial efforts for social improvement. Friedman and McGarvie (2002) found that by early 1980 philanthropy institutions started to be established to occupy distinct third space between government and the private market economy. They discuss that these philanthropy institutions are often regarded as charitable organizations that act as mediating entity to help collect donations from contributors and channel them to the required parties. They also mentioned that these organizations are generally non-profit organizations which carry out various forms of activities including fund-raisings, philanthropies, religious charity giving and donations. Reis (1998) encouragingly found that 75 percent of 1997 total donations in US were contributed by individuals and he believes that this justify the growing need for researches into the area of donation intention.

Charity and the spirit of giving are deeply rooted in Malaysia. This is evident with the numerous charitable organizations that are highly dependent on donations such as old folks home, children and woman shelter, orphanages, home for the disabled, natural disaster relief as well as woman and children abused centers, cancer hospitals and many other non-profit organizations that strive for betterment of the underprivileged through charity services. General responses to fund-raising activities has been encouraging for example RM510, 097 donation raised by IC4U Charity Concert 2010 for the beneficiaries of Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (PPKKCTM) to support its dire

need to buy a new home for 138 children from all races and Dignity For Children Foundation to provide quality education for the underprivileged (Khoo, 2011).

Donation drives for medical treatment to support those unable to cope with high cost of medical care too have been favorable with recent efforts from apolitical IMCA Medical Foundation raising RM500, 000 from Penang fundraising dinner to assist the poor, who are suffering from chronic ailments which can be effectively treated. The foundation has helped cases ranging from providing prosthetic limbs and hearing aides to cataract operations and major heart surgery as sometimes the waiting list for government hospitals are too long and patient needed immediate attention (Tan, 2011).

When natural disaster occurs, Malaysians come all out to donate generously as can be seen with recent efforts to donate to victims of the Japan earthquake where Malaysians from all walks of life came together in show of force to support both monetary donations and voluntary services to relieve the victims' sufferings (Sipalan, 2011). Our very own two-time All-England champion Lee Chong Wei recently organized charity fundraiser for Japan at Juara Stadium in Bukit Kiara and another at Penang Komtar Geodesic Dome to target RM1mil fund-raising for the victims (Lim, 2011). Beautiful Malaysian artist Hannah Tan even went as far as "auctioning" herself to raise RM100, 000 for Japan earthquake and tsunami victims with highest bidder got to join her for a karaoke session (Majid, 2011).

In Malaysia, charity does not confine to only individuals but widely participated by corporate organizations, religious institutions as well as non-profit organizations. Corporations in Malaysia are actively involved in charity services under Corporate Social Responsibility (CSR) initiative where organizations recognize that they have responsibilities to contribute back to the society where they operate (Premananthini, 2012; Sagarani, 2012). Malaysia media corporations too played a key role in providing a powerful platform to spread information and create awareness about social events and charity needs where individuals can do a lot towards urgent charity needs or for victims of natural disasters such as tsunami, earthquakes and volcano eruptions not only in Malaysia but also in international landscape (Chan, 2011).

Malaysia is also a nation with highly diversified religious beliefs. Major religions adopted by Malaysians include Islam, Buddhism, Hinduism and Christianity which

promotes harmonious living and encourages cultivating good values like supporting humanitarian causes. Buddhists are highly keen to provide gifts in form of monetary donation or products like robe for monks to temples which they believe that in doing so, they'd accumulate meritorious deeds that strengthen their karma (Brown and Hutton, 2011). This is evident with the ability to gather and sustain considerable donations required to support maintenance of the many and big temples, for example the Kek Lok Si temple in Penang that is arguably the largest Buddhist temple complex in Southeast Asia (Tan, 2010). Department of Islamic Development Malaysia (JAKIM) published "Panduan Zakat di Malaysia" (Malaysia Zakat Guide) in the year 2001 explaining that Muslims in Malaysia are obliged to contribute "zakat" which is done through a form of taxation mechanism coordinated by state Religious Council under the authority of Sultan or head of state. The guide also explains other voluntary contributions mechanisms in Islam including waqf (gift of land or property) and sadaqah (Spontaneous charitable gifts). Hinduism and Christianity related charity activities are also going strong in the country with religious classes and active charity programs in Hindu Temple and Churches as strong testaments (Leong, 2009).

However, despite Malaysia's deeply rooted charity giving culture, it remains puzzling that charity organizations are constantly challenged to raise required fund to provide services to the underprivileged. Halim in Malay Mail July 21, 2008 reported that some organizations resorted to use reserve funds to cope with daily expenditure whenever public donation are not sufficient, indicating that charity organizations are highly dependable on public charitable giving. Andrew provided example that during the fuel price increase in 2008, Yayasan Sunbeam Homes, a children care charity center observed that public donations dropped by 40%, causing the organization to source from reserve fund which can only last for a year to support monthly expenses of RM80, 000 required for rent, food, clothing, tuition, fee, fuel and etc.

To make the matter worse, charitable need is on a rising trend. This can be observed from Table 1.0 to Table 1.2 from Ministry of Woman, Family and Community Development which provides statistical evidence on the growing number of profiles and expenses required to support the less fortunate community. This trend is indeed very

concerning as highlighted in New Straits Times Dec 8, 2011 that some 675,000, or one out of three people, aged 60 and above are abandoned by their children.

Negeri	2005		2006		2007	
	Bil. Kes	RM	Bil. Kes	RM	Bil. Kes	RM
Johor	1,940	3,015,225.00	2,152	5,164,800.00	2,362	5,693,600.00
Kedah	1,108	1,081,440.00	1,261	1,786,200.00	1,335	2,377,800.00
Kelantan	2,595	3,214,395.00	2,601	6,159,200.00	3,911	6,628,800.00
Melaka	1,022	1,630,155.00	1,217	2,511,600.00	1,615	3,479,800.00
Negeri Sembilan	1,273	2,060,640.00	1,591	3,383,800.00	1,663	3,412,500.00
Pahang	1,804	2,960,595.00	1,929	4,341,400.00	2,145	4,483,200.00
Perak	895	1,557,395.00	1,039	2,031,400.00	1,325	2,688,600.00
Perlis	352	517,995.00	358	822,600.00	392	940,800.00
Pulau Pinang	1,253	1,936,170.00	1,364	3,189,000.00	1,966	4,110,400.00
Sabah	4,454	4,357,800.00	4,621	4,911,600.00	3,865	4,755,090.00
Sarawak	2,945	3,637,700.00	3,185	3,755,000.00	2,396	2,983,100.00
Selangor	1,783	2,891,700.00	1,845	4,800,400.00	2,159	4,098,600.00
Terengganu	699	1,148,745.00	652	1,356,000.00	654	1,545,400.00
W.P. Kuala Lumpur	1,099	1,275,880.00	1,683	3,100,000.00	1,824	4,377,600.00
W.P. Labuan	34	56,970.00	26	56,400.00	24	57,600.00
Jumlah	23,256	31,342,805.00	25,524	47,369,400.00	27,636	51,632,890.00

Table 1.0. Number of Elderly Care Assistance and Total Sum (RM), 2005-07

Source: Ministry of Woman, Family and Community Development

Negeri	2005			2006			2007		
	L	P	Jum	L	P	Jum	L	P	Jum
Johor	53	7	60	27	36	63	21	71	92
Kedah	3	9	12	5	3	8	1	4	5
Kelantan	0	13	13	1	23	24	8	20	28
Melaka	0	0	0	0	0	0	0	7	7
Negeri Sembilan	0	2	2	9	4	13	2	36	38
Pahang	1	9	10	17	38	55	18	47	65
Perak	14	17	31	4	15	19	4	30	34
Perlis	0	0	0	0	0	0	1	0	1
Pulau Pinang	11	20	31	23	45	68	8	39	47
Sabah	0	0	0	0	0	0	23	10	33
Sarawak	0	11	11	0	6	6	12	9	21
Selangor	17	41	58	17	29	46	22	64	86
Terengganu	22	22	44	15	43	58	6	20	26
W.P. Kuala Lumpur	0	0	0	7	16	23	6	13	19
W.P. Labuan	0	0	0	0	0	0	0	1	1
Jumlah	121	151	272	125	258	383	132	371	503

Table 1.1. Number of Child Care Assistance and Rehabilitation, 2005-07

Source: Ministry of Woman, Family and Community Development

Negeri	2005		2006		2007	
	Bil. Kes	RM	Bil. Kes	RM	Bil. Kes	RM
Johor	74	123,038.00	160	203,370.00	83	152,631.00
Kedah	131	120,233.00	196	151,694.00	58	76,917.00
Kelantan	283	81,510.00	59	52,975.00	90	40,000.00
Melaka	58	164,970.50	131	226,184.00	109	346,454.00
Negeri Sembilan	62	84,201.00	54	61,260.00	73	53,703.00
Pahang	97	106,565.00	97	97,820.00	42	37,090.00
Perak	138	132,812.00	139	139,324.00	52	57,282.00
Perlis	73	28,982.00	32	14,400.00	22	11,223.00
Pulau Pinang	93	57,820.00	57	79,346.00	55	103,730.00
Sabah	60	59,499.00	178	255,775.00	75	120,215.00
Sarawak	44	73,850.00	50	121,805.00	69	181,105.00
Selangor	197	306,788.00	171	80,265.00	219	434,008.00
Terengganu	36	39,428.00	80	148,341.00	51	111,435.00
W.P. Kuala Lumpur	216	666,450.00	233	723,530.00	161	574,677.00
W.P. Labuan	10	11,225.00	0	0.00	7	32,670.00
Jumlah	1,572	2,057,371.50	1,637	2,356,089.00	1,166	2,333,140.00

Table 1.2. *Number of Cases Supports for Persons with Disabilities, 2005-07*

Source: Ministry of Woman, Family and Community Development

In short, the above phenomenon has highlighted a troubling issue where charity organizations are constantly in need of donations despite deeply rooted charity giving culture in Malaysia. If this situation is left unresolved, charitable organization sustainability would be risked and ultimately the well-being of underprivileged community under their care will also be affected.

1.3 Problem Statement

The continuous survival of charity organizations has been challenged with increasing demand for their services as well as diminishing government supports, making public charity giving a critical factor for sustainability of charity organizations (Sargeant, Lee, and Jay, 2002). An assessment made through Malaysian non-profit based charity website, www.hati.org.my indicates that charitable organizations' operational cost is high and comes from public donations e.g. Silver Jubilee Home for the Aged (RM100K per month), EDEN Handicap Service Centre (RM70K per month) and Shan Children's Home (RM8K per month).

What seems puzzling is that charity organizations continue to struggle for donation despite deeply rooted charity giving culture in Malaysia. Operators of charitable organizations are neither professional fundraiser nor are they marketers that are able to run effective and efficient fundraisings. This has led to charity organizations either launching their own crude fundraising or soliciting services from professionals. There are

plentiful of professional fundraisers that has managed to make themselves essential to charity organizations, nonetheless such associations are unhealthy according to Datuk Lee Kah Choon, parliamentary secretary of Health Ministry. (Foong and Ng, 2007). Foong and Ng (2007) reported that this is due to the fact that fees charged by these professionals heavily are exorbitant which can be as high as 50-70% of total donation raised. What this simply means is that when a charity organization needed RM10K per month for example, the agreement with professional fundraiser would instead be to raise RM20K. In fact, this scenario is not unique to Malaysia but a general issue where even in United States, it was reported that more than 115,000 charity organizations paid a total of 2 billion dollars every year to professional fundraisers (Kelly, 1998). More recently, New York Attorney General reported that 77% of charities that solicit Telemarketing fundraisers only managed to retain less than half of the amount raised (Schneiderman, 2011).

Despite significance of this issue, the author did not find clear studies in Malaysia to help better understand indicators to public donation intention. In fact, it was surprising to find that Theory of Planned Behavior (Ajzen, 1985) which is a broadly utilized intention-behavior model (Conner and Armitage, 1998) has not been actively applied into area of charitable donation (Bartolini, 2005). Bartolini (2005) found that although TOPB has been utilized in numerous aspects of pro-social intention and behavior prediction such as volunteering (Okun and Sloane, 2002; Warburton and Terry, 2000), giving blood (Giles and Cairns, 1995) and organ donation (Kopfman and Smith, 1996) the theory has not been actively applied to the charitable donation. This observation is supported by van der Linden (2011) who found that only of late, Smith and McSweeney (2007) applied TOPB to analyze monetary donation intention. Thus, this study warrants being undertaken to study donors' cognitive process to charitable giving from perspective of TOPB. Ajzen (1991) made note that Theory of Planned Behavior is, in principle, open to the inclusion of additional predictors if it can be shown that they capture a significant proportion of the variance in intention. Therefore, this study leverages on Bekkers and Wiepking (2007)'s extensive literature review of over 500 charity giving researches to extend TOPB model to cover key donation indicator including trust, problem awareness, egoism and relationship.

1.4 Research Objectives

This study attempts to accomplish three main objectives as follows:

- (1) To understand indicators of public donation intention in Penang; a location different in many aspects from UK and US where most of charity related researches has been conducted
- (2) To examine whether there is a relationship between components of Theory of Planned Behavior (attitude, perceived behavioral control, subjective norm) with intentions to donate money; a research area which has yet to be actively explored (Bartolini, 2005; van der Linden 2011)
- (3) To examine whether there is a relationship between extended components (trust, problem awareness, egoism, relationship) with intentions to donate money based on extensive literature review of over 500 charity related researches by Bekkers and Wiepking (2007)

1.5 Research Question

Following are the research questions in order to accomplish above objectives:

- (a) What are the indicators of public donation intention in Penang?
- (b) What is the relationship between attitude of donors and their intention to donate?
- (c) What is the relationship between perceived behavioral control of donors and their intention to donate?
- (d) What is the relationship between subjective norm of donors and their intention to donate?
- (e) What is the relationship between trust of donors and their intention to donate?
- (f) What is the relationship between problem awareness of donors and their intention to donate?
- (g) What is the relationship between egoism of donors and their intention to donate?
- (h) Does relationship between charity organization and donors influence their intention to donate?

1.6 Definition of Key Terms

(1) Behavioral intention

The extent to which an individual intends to perform a specific behavior (Ajzen, 1991)

(2) Attitude

The extent to which an individual intends to perform a specific behavior (Ajzen, 1985)

(3) Perceived Behavioral Control

The extent to which individuals believe that they are able to perform the behavior (Ajzen, 1985)

(4) Subjective Norm

The extent to which individuals think that significant others want them to engage in the behavior (Ajzen, 1985)

(5) Trust

A state of mind that enables its possessor to be willing to make herself vulnerable to another—that is, to rely on another despite a positive risk that the other will act in a way that can harm the truster (Hill and O'Hara, 2005)

(6) Problem Awareness

The extent to which people understand, acknowledge and value the collective environmental problems and risks, and feel responsibility for the problems (Steg, 2003)

(7) Egoism

A motivational state with the ultimate goal of increasing one's own welfare (Batson, 1991)

1.7 Significance of the Study

In regards to academic value, this study contributes to charitable giving literature and Theory of Planned Behavior (TOPB). TOPB predicts that people take into account their attitude toward a behavior, subjective norms related to engaging that behavior and perceived behavioral control before forming intention to engage in the behavior and actually carrying out the behavior (Ajzen, 1985). Bartolini (2005) and van der Linden (2011) found that the theory has not been actively applied to the charitable donation. Therefore, this study provides significance to enrich TOPB research into area of charitable donation while extending the theory to consider indicators of charitable donation including trust, problem awareness, egoism and relationship as guided by Bekkers and Wiepking (2007) through their extensive review of over 500 researches.

In regards to practical value, this study provides empirically tested results regarding public donation intention that would be useful to charity organizations, government and private sectors. To charity organization and private sector CSR programs, the study helps surface critical factors to be focused to improve effectiveness and efficiency of charity fundraising. To the government, this study provides better insight into donation intention to facilitate development of policies (e.g. education, awareness programs, and regulation) that encourages public donations.

1.8 Organization of the Remaining Chapters

This research is presented in five chapters beginning with this Chapter 1 that provided general introduction and overview of the study. Foundation that shapes theoretical framework of this research is further discussed through literature review in Chapter 2. Chapter 3 details out research design considerations including measured variables, sample characteristics and data analysis procedures. Chapter 4 provides description and analysis on data collected as well as the processed results from SPSS statistical tool. Finally, the last chapter, Chapter 5 discusses and synthesizes overall findings and provides conclusion to this study as well as providing suggestion for future research.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on discussing past literatures that is related to charity and behavior intention researches including overview of literature on donation indicators, intention models and the underlying theories. These literature reviews facilitate development of theoretical framework and formation of hypotheses for this research that are duly discussed in the later part of the chapter.

2.2 Review of the Literature

Charles Darwin in his 1859 Theory of Natural Selection and biological observations discuss that in a stable population, each member struggles to survive where only those with better condition to suit the environment will be more likely to survive (Coyne, 2009). This theory has further evolved to the idea of Social Darwinism by a 19th century philosopher, Herbert Spencer whom applied the theory to social, political, and economic landscapes (Leonard, 2009). Leonard discussed that in its simplest form, Social Darwinism advocates that through natural selection, the strong survive and the weak perish. However, Social Darwinism hardly made sense in the context of social welfare where charity giving is deeply rooted in our civilized society today to the extent that an extremely remarkable sum of USD 291 billion dollars was donated to American charitable organizations in 2010 alone according to American Association of Fundraising Counsel (2011). Why would public be willing to donate their hard earned money to charity?

To understand this, charity giving phenomenon has been explored considerably across interdisciplinary areas including marketing, social psychology, economic sociology, economics and sociology (Hladka, 2009). Jas (2000) provided his perspective to explain this puzzling phenomenon. He argues that people can gain from charity giving,

not necessarily in material context where people engage charity not just for the sake of self-fulfilling but also influenced by the social environment. Jas discussed that people tend to contribute to public good as they believe that doing so would help build a collective resource that they themselves can leverage on when needed. In addition, he also believes that this tendency would further be encouraged when people believe that the society is guided by the same set of custom and would contribute similar to them.

Sargeant (1999) presented considerable empirical data of over 1300 donors and discussed on the decision making process that leads to charitable giving where he examined on two categories of variables that can influence charity giving decision process that falls under extrinsic and intrinsic factors, On extrinsic factor, demographic factors including age, gender, religion and income have been found to influence charity giving. Many other researches supported these extrinsic factors including Griskevicius, Tybur, Sundie, Cialdini, Miller, and Kenrick (2007) that discuss social related benefit in charity giving which gives rise to social status in indicating the individual's wealth. On the other hand, there are also intrinsic factors that influence donation intention. Indicators found to have an impact to charity giving include emotional factors such as guilt, fear, empathy, sympathy and pity (Kottasz, 2004). Kottasz (2004) also found that attitude towards charitable organization influences charitable behavior. His views are echoed by Sheth, Mittal and Newman (1999). Dunn, Aknin, and Norton (2008) also discusses that individuals intrinsically benefited from charitable giving in a psychologically way by experiencing well-being and personal happiness from the act of donation.

In recent years, much researches has been carried out to consider broader range of factors influencing charitable giving, including management quality and effectiveness of charity organizations by Glaser (1994), Sargeant and West (2001) as well as Grace and Griffinm (2006) suggesting that donation behavior is guided by the manner which public perceive the importance of the charity organization, the purpose of a specific fundraising, or their level of involvement. Small and Verrochi (2009) further contributed to broader range for charity influencing factor by discussing that charitable behavior should be uniquely considered from perspective of Emotion Expression and Contagion.

2.3 Mechanisms of Charitable Giving

In an attempt to summarize charity giving mechanism that has been widely explored in numerous researches, Bekkers and Wiepking (2007) performed an overwhelming review of more than 500 papers and identified 8 mechanisms as most important drivers to charitable giving which is further discussed in following sections.

2.3.1 Awareness of need

Bekkers and Wiepking (2007) observes that awareness of need is the first prerequisite for philanthropy as donors need to first be aware of the needs. They note that awareness of need is a mechanism that is the result of actions from fundraisers or donation seekers. Bekkers and Wiepking (2007) found that there are various categories of needs including material needs (e.g. clothing, food, home, laundry and healthcare), social needs (e.g. a need for company) and psychological needs (e.g. consolation). Bekkers and Wiepking (2007) also overviewed a number of researches that affirms the significance of need awareness including Feldman and Feldman (1985) whose telethon watching experiment observes increase of favorable attitudes toward disabled individuals, Cheung and Chan (2000) whose international relief donation survey found positive effect of need awareness on intention and Bennett and Kottasz (2000) whose relief sector fundraising survey found increase of donation as a result of television advertisement on charity need. Bekkers (2008) too observed that people who has family member that suffer from certain illness has more tendency to give to charity that addresses those illness.

2.3.2 Solicitation

Non-profit organizations solicit donors using many different methods including using newspapers advertisements, exhibitions, catalogue distribution, face-to-face engagement, direct mail and home to home canvassing (Sargeant and Jay, 2004). Bekkers and Wiepking (2007) discussed that the use of these solicitation method has the potential to generate donation from prospect donors. This is in-line with study by Dolinski, Grzyb,

Olejnik, Prusakowski, and Urban (2005) that found increase of solicitation increases donation. Considerable number of researches that supports similar notion includes Bryant, Jeon-Slaughter, Kang and Tax (2003) finding that 85 percent of 1995 giving and volunteering happens following solicitation and Lindskold, Forte, Haake and Schmidt (1977) experiments showing that active solicitation increases likelihood of donation. Though there are many researches supporting this, Bekkers and Wiepking (2007) is prompt to point out that we should not conveniently imply that increasing solicitation increases donation but rather it is essential to take into account other possible factors that may come into play. This is supported by Diepen, Donkers, and Fransesc (2009) research finding that increase of solicitation frequency could result in “donor fatigue” and could reduce donations. Piersma and Jonker (2004) also found that in fact, number of solicitation can be reduced if solicitation can be more targeted.

2.3.3 Cost and benefits

The cost factor is obvious as financial donation itself involves monetary cost. Mount (1996) pointed out that the ability to give is crucial with consideration on the cost and discussed that givers who contribute big amount of money has the tendency to budget their donation compared to those who donate in lesser amount. In fact, request for large donations has lower probability be entertained (Andreoni and Miller, 2002). This is in-line with Mount’s observation that charitable organization that rely on public donation would receive good amount of donation should they stress on “thoughtful and proportionate” giving at whatever sum that public can afford. In other words, donation would increase when requested donation (i.e. cost to donor) are lowered (Bekkers, 2005). The significance of cost is articulated well by Sargeant and Jay (2004) in their point that donors will be better off not making a donation and keeping their money to themselves. Harbaugh (1998) also point out importance of cost consideration where he researched on practice of charity organizations to report donations according to monetary categories and found that donors generally have the tendency to donate only the least amount required to qualify to a certain category.

In terms of benefit, Olson (1965) discussed that donations may be viewed as a form of exchange where there is a factor of return benefit for example access to particular gift for example in Landry, Lange, List, Price, and Rupp (2006) found lotteries to be able to increase number of donors. Miller (1999) study further provide support on donation benefits where he found that material benefit as part of donation is actually helpful to enable donation which would otherwise be held by self-interest.

2.3.4 Altruism

The term altruism was coined by French philosopher and sociologist Auguste Comte (1798–1857) which is derived from Latin word *alter* which means “to others” or “of others” (Hodge, 2008). Hodge discussed that altruism entails action, with no conditions or reward-seeking, that is intended to benefit another without regards to the personal diminution that may occur. The pure altruism model posits that the motivation for altruism will increase the provision of goods for others where the key component is selflessness, a notion of active benevolence without any internal or external rewards (Robert, 1984). In short, Robert (1984) defines that altruistic individuals make donations without any anticipation of their own preferences or self-interest.

Becker (1974) believes that pure altruistic donor exhibits desire to improve the general well-being of recipients, which falls under the standard model of public goods provision. He denotes that pure altruists see the outcome of their charity giving in the form of increased public goods. Therefore, the view is that public good is a collective responsibility where increase of support by other donors or government would decrease the donation of the individual (Bolton and Katok, 1998). Simply put, when altruistic individual realizes increase of donation by others, their donation decreases accordingly. Robert (1984) has in fact carried out study to prove this phenomenon where he observed that in the mid-1930s U.S. government intervention on charitable activities have considerably discouraged individual donations that forces the government to increase donations even further to supplement the decrease in individual donations.

2.3.5 Reputation

Why does individual willing donate to charity at the expense of costs or material losses to themselves? Harbaugh (1998) posits that recognition could be valuable to individuals as it contributes to their reputation directly. Bekkers and Wiepking (2007) defines that the reputation concept refers to social consequences to the donor as a result from donation that may be tangible or intangible. For example, being recognized as a donor helps build reputation of high moral standards (Wiepking, 2008) and signal of wealth that is intangible but may also be tangible if measured from perspective of income and business opportunity improvements. Recognition reward can come in various forms including ribbons and wristbands (Grace and Griffin, 2004) as well as being watched by solicitor (Bull and Gibson, 1981). On the other hand, Bekkers and Wiepking (2007) also discussed that not giving donation damages the individual's reputation as substantiated through various researches including Alpizar, Carlsson, and Johansson-Stenman (2008) and Bateson, Nettle, and Roberts (2006). Bekkers and Wiepking (2007) further discussed that although donor often deny importance of social pressure, the fact is that survey found strong relation between donation and social pressure.

2.3.6 Psychological benefits

Andreoni (1988) discussed that there are area where pure altruism could not fully explain including the fact that full crowding out does not occur even in scenario of government contribution. As an alternative model to pure altruism, Andreoni (1989) proposed a "warm glow" model which suggests that people actually gain from physiological benefit by giving donation. Andreoni (1989) explains the warm glow mechanism as the satisfaction that giver would feel as a result of freedom from guilt when they donate, knowing that their contribution went to a worthy cause. Bekkers and Wiepking (2007) supports this argument and discussed that donation does not only bring benefit to the recipient but also to the donor in form of psychological benefits including alleviating positive mood, and reducing the feelings of guilt. The alleviation of positive mood was in fact further proven through (Harbaugh, Mayr and Burghart, 2007)

neurological study where they found evidence that donations to charitable organization triggers brain neurological activity linked to reward processing. Bekkers and Wiepking (2007) also discussed that the joy of giving may be manipulated by gentle thoughts such as thinking about their own death, about an act of forgiveness or about things in life for which they are grateful.

Small and Verrochi (2009) discovers that facial expression of the recipient plays a role in donation request where inclusion sad expressions of recipients in fundraising advertisement will influence giver to feel sad, leading to higher amount of donation raised. Emotion expression on charitable appeals plays an important role in influencing donations. Emotion appeals are likely to cause contagion in donors thus influencing donor emotion beyond the individual's awareness. When the emotion appeals successfully infiltrates into the donor's emotional state, they'll be able to experience emotion state consistent with the recipient's emotion profile this enhances persuasion and resulting greater sympathy and donation behavior. This study is also consistent with earlier research by Cialdini, Arps, Fultz and Beaman (1987) that individual would experience increased sense of empathy and sadness that stimulate helping behavior when they watch another person suffer a mild electric shock.

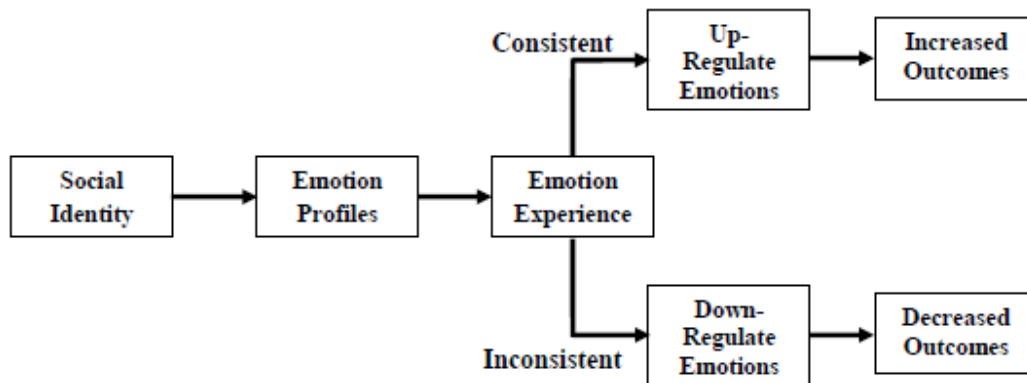


Figure 2.0, Facial Emotion Expression Model, Small and Verrochi (2009)

Anik, Aknin, Norton and Dunn (2009) explored evidence that shows happier people give more and giving makes people happier. Going by that argument, giving operate in a feedback loop manner with happier people giving and getting happier to induce them to give even more. This knowledge may evolve to notion for charity organization to advertise happy emotion benefit of performing charity as encouragement for individuals to give more. Dunn, Aknin, and Norton (2008) discussed that individuals wrongly understand that spending money for their own well-being makes them happier than spending money on charity, indicating considerable room for individuals to be informed of the contrary. However, Anik et al. (2009) explored possible negative consequences of advertising these benefits by providing argument that this would lead people to the wrong –selfish” direction with individuals keen only on exchange based charity to trade donations back for feel good emotions instead of altruistic reasons thereby resolving short term donation gain but disrupts long-term growth of charitable giving. In short, this causes a –crowding out” effect on intrinsic motivation the risks commercializing charitable behaviour that may result in detrimental consequences (Frey and Jegen, 2001). This argument suggests that rewarding children for their performance would over-justify their interest and undermines the children’s intrinsic motivation to do well.

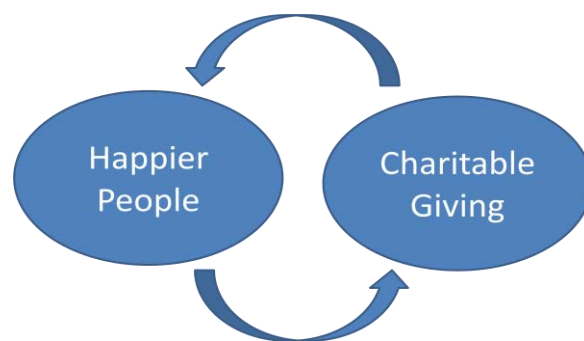


Figure 2.1, Self-Interested Charitable Behavior Model, Anik et al. (2009)

2.3.7 Values

In regards to ethical value, charity organizations are generally held in high regards in relative to profit based organizations. Charity organizations are also generally regarded as one that is not capitalistic in nature, focusing on compassion rather than egoism (Malloy and Agarwal, 2003). Unethical practices have often caught the attention of Malaysia media and public. Unfortunately, issues of unethical practices are not only confined to profit based organization but have infected charity organizations as well. For example on malpractices of charitable activity, Kamin (2007) reported that fees charged by professional fundraisers are heavily exorbitant that can fetch to as high as 50-70% of total donation raised according to Yayasan Sunbeams Home founder Pastor Alvin Tan. That is, if a particular charity home needed RM10, 000 a month to sustain itself, then the contract with professional fundraiser would be for it to raise at least RM20, 000. The contracted professional fundraisers keep the bulk collected donations for themselves to cover their fees, profits and costs. These forms of unethical behavior have damaged the image and reputation of charity organizations in the hearts and attitude of the donors. Therefore, value is very important to either help encourage or discourage donors to perform donations.

Bekkers and Wiepking (2007) discussed that studies on effect of social value on charity are non-existent as values are difficult if not impossible to manipulate. Studies have instead established linkage between attitudes to value. Wiepking (2008) elaborated that charity is a pathway to achieve desired state that moves a person's view closer to the ideal scenario. Definition of ideal scenario depends on the person's own value system. Therefore, a person attitude towards charity and donation behavior helps move the person state of affair closer to his/ her value system. People who have altruistic values for example are more likely to donate as their value is to make the world a better place to live in (Bekkers and Schuyt, 2008)

2.3.8 Efficacy

Bandura (1977) defines self-efficacy as the confidence that individuals have over their ability to perform a specific task. In his later research, Bandura and Locke (2003) suggest that self-efficacy is a key determinant over intention to perform a particular behavior. Bandura and Locke further discussed that perception on efficacy substantially influences people's level of motivation and performance. That is, the greater the level of perceived self-efficacy, the higher is the level of motivation. Bandura consolidate self-efficacy thoughts in his Social Cognitive Theory (Bandura, 1982, 1986) which posits that individuals strengthen beliefs about self-efficacy in four ways that is through experiences, through observations of others, through social persuasion and through physiological state when assessing personal capabilities. Social Cognitive Theory was applicable in the area of charitable giving where Andreoni and Petrie (2004) researched that perceived efficacy is a likely factor that explains the phenomenon of leadership donations and seed money, that is, when an individual sees another donating to charity, the individual's self-efficacy would be strengthened through this observation of leadership donations or seed money by taking it as a signal that others have confidence on the charity organization (observation of others). Bekkers and Wiepking (2007) discussed that another perspective of efficacy is the perception of donors that their contribution makes a difference to the cause they are supporting. Bekkers (2006) suggest that perception of efficacy is related to charitable confidence where confidence in charity organizations increases the possibility of donation (Wiepking, 2008). One interesting finding by Sargeant and Lee (2004) was that charitable confidence influence over charitable giving is further mediated by relationship between donor and charity organization.

2.4 Contemporary Charitable Giving Researches

Brown (1997) believed that there would be no single model that contains all underlying indicators to charitable donation. Bekkers and Wiepking (2007) also believed similarly that there is still a large development area for charity related researches where they hoped that the eight mechanisms they'd summarized from over 500 literature review would provide systematic patterns to aid future charitable giving researches. This section therefore explores some contemporary researches to enhance understanding into charity giving.

2.4.1 Relationship

Bekkers and Wiepking (2007) discussed that in many cases, donation occurs only when donors are solicited rather than donors seeking opportunity themselves to donate. Bekkers and Wiepking (2007) suggest that solicitation in fact precedes the conscious deliberation of various types of costs and benefits of donating. Some instances of solicitation are suggested by Henze (2004) whom leverages on marketing techniques to reach out to donors including keeping solicitation message simple and adopting segmented solicitation strategy. However, Bekkers and Wiepking (2007) also pointed out that we should not conveniently imply that increasing solicitation increases donation but rather it is important to consider other possible factors that may come into play. This is in-line with research by Small and Simonsohn (2006) who found that relationship improves charitable giving through experiment that observes donation increase when a donor knows a particular victim. Empirically, Sargeant and McKenzie (1998) carried out a qualitative research and surprisingly found out that about 50% of people who donate do not donate to that charity again, leading to observation that development of long-term relationships between charities and donors is key to success of charity fundraising. This is supported by Henze (2004) that survey shows people whom make big donations are unlikely to make subsequent donations but rather attention should be focused on developing long-term relationships with donors.

2.4.2 Egoism

Lacewing (2008) discussed that from psychological perspective, egoism is where people only act in manner that benefits their self-interest. Based on egoism school of thought, self-interest is the only reason people would act morally and contribute to charity giving. Lacewing (2008) shared that proponents of egoism believe every case of moral act including charitable giving can be explained through self interest ranging from deriving satisfaction and pleasure to avoiding guilt and pain from their appeared self-less act.

Sargeant and Lee (2004) summarized several key aspects of self-interest that is related to pro-social behavior including self esteem (feel better by giving), atonement for sin (atone past sins), recognition, access to service (benefit), reciprocation (return a favor), in memoriam (in memory of someone close) and tax (benefit). Bekkers and Wiepking (2007) through their literature reviews also found several key self-interest mechanisms that drive charitable giving including cost and benefit, gaining reputation and getting physiological benefits.

2.4.3 Trust

Sargeant, Jay and Lee (2006) discussed that studies shows trust level would improve likelihood of relationship as well as generating higher level of commitment. Trust is important especially for intangible services because of objective criteria lacking in assessment of performance (Coleman, 1990). Trust has relevance charitable sector where donation services are intangible (Polonsky and Macdonald, 2000) as well as reliance on charity organizations to deliver donations to recipients (Hansmann, 1980). Trust refers to the extent of donor belief that a charity will behave as expected and fulfill its obligations (Sargeant and Lee, 2004) while commitment, according to Moorman, Zaltman, and Deshpande (1992) drives endurance to maintain a valued relationship. Sargeant and Lee (2004) hypothesized that increase of trust will result in increase of giving behavior.

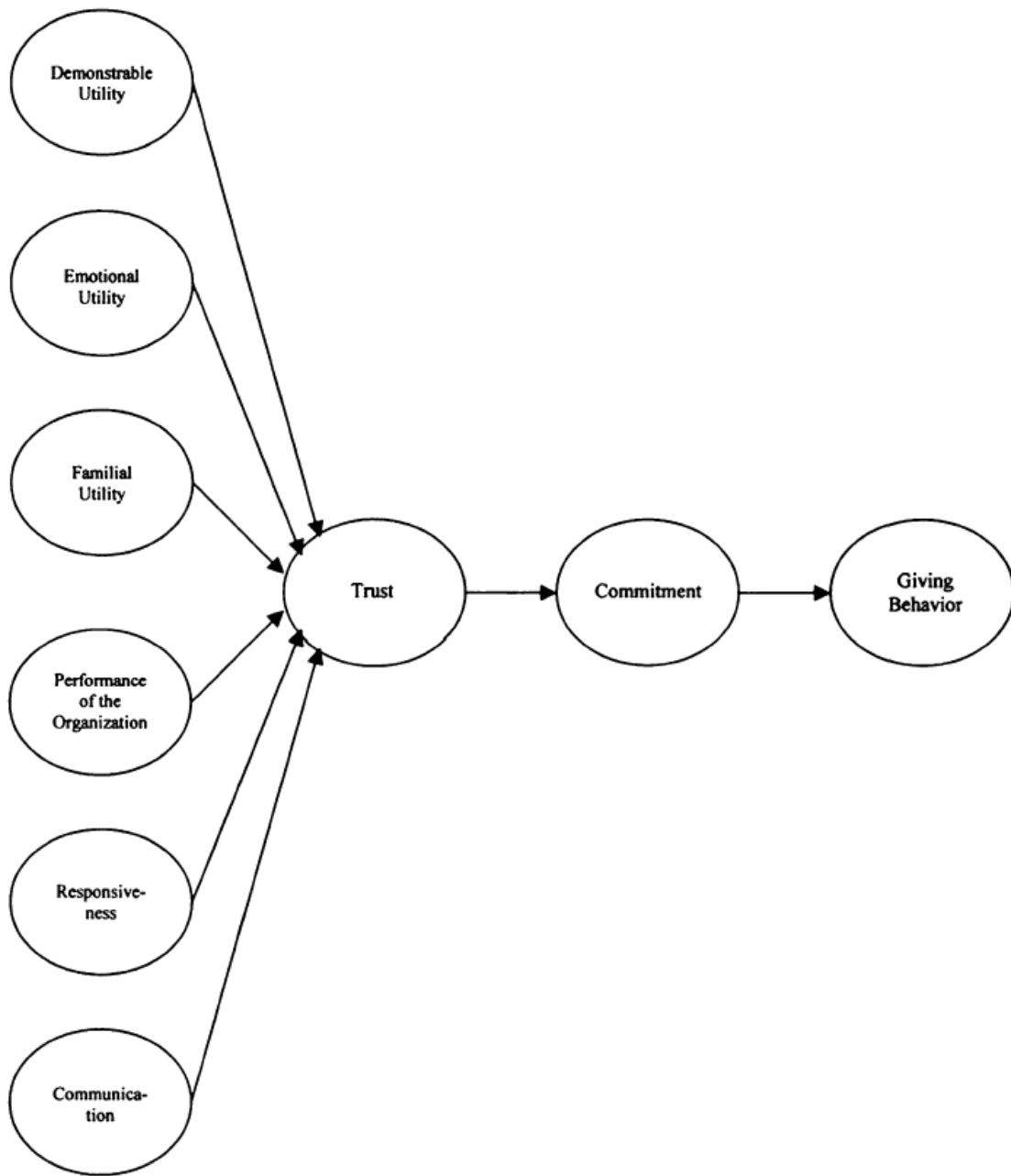


Figure 2.2, Model for US Charity Giving Behavior, Sargeant et al. 2006

2.5 Behavioral Models

Five models, Fishbein and Ajzen's (1975) Theory of Reasoned Action (TORA), Ajzen's (1991) Theory of Planned Behavior (TOPB), Bartolini's (2005) Extended Theory of Planned Behavior (ETPB), Schwartz's (1977) Norm-activation Model (NAM) and Bandura's (1982, 1986) Social Cognitive Theory are discussed in this section. Theory of Reasoned Action (Fishbein and Ajzen, 1975) has been widely used across the social science while the Theory of Planned Behavior (TOPB) is an extension of TORA with perceived behavioral control added as a variable for predicting intentions and behavior (Ajzen, 1991). Bartolini (2005) Extended Theory of Planned Behaviour (ETPB) further extends Arjzen's TOPB to include emotional involvement component to enhance prediction for charity intention.

Author	Contribution
Fishbein and Ajzen (1975)	Theory of reasoned action (TORA)
Ajzen (1991)	Theory of Planned Behaviour (TOPB)
Bartolini (2005)	Extended Theory of Planned Behaviour (ETPB)

Table 2.0. *Evolution of Charitable Intention Model*

Aside from intention based model, another model that is commonly used to explain pro-social behaviors is Schwartz's (1977) Norm Activation Model where Schwartz posits that pro-social actions occur in response to personal moral norms. Another behavioral model from social cognitive perspective that is applicable to pro-social behavior is Bandura (1986)'s Social Cognitive Theory which propose that beliefs about self-efficacy, outcome efficacy, moral obligation, need, and attribution are crucial determinants of donation or intention to donate (Cheung and Chan, 2000)