Can the Pursuit of a Laudable Mission Harm an Institution?

Trust, Reward, and Non-Profit Organizations

Malavika Srinivasan
Northwestern University

Daniel Diermeier, Ph. D.
Ford Center for Global Citizenship- Kellogg School of Management
Primary Advisor

Jeannette Colyvas, Ph.D
School of Education and Social Policy
Second Reader

Eric Uhlmann, Ph.D
Ford Center for Global Citizenship- Kellogg School of Management
Third Reader
Research Area

Non-profit institutions fulfill a critical niche in both American society and the world. By abandoning the goal of producing a profit, these organizations work to produce a good that is available to the public at no cost. In recent years, these organizations have expanded, and now they produce pure public, private, and mixed goods (Okten & Weisbrod, 2000). Their programs and the issues for which they lobby in local, state, and national governments underscore their importance for individuals around the world.

The non-profit sector shares many similarities with private institutions. Both sectors depend on outside investments or donations in order to sustain their development and operations. In addition, both non-profits and for-profits rely on reputation and consumer trust in order to innovate, create, and continue their work. The public holds inherently negative biases towards for-profits, but the psychological processes underlying perceptions of non-profits are still not fully understood. So, by comparing non-profits and for-profits along dimensions of trust and reputation, researchers can better understand how moral judgments of both types of organizations are formed and how investment/donation behaviors are affected. The following research will aim to further understand how trust affects non-profit organizations, how betrayals of that trust are perceived, and how these findings compare with established empirical research on for-profit organizations and reputational crises. The researcher therefore asks the question, can having a praiseworthy mission actually harm an organization?
The Non-profit Sector

Non-profit institutions are considered a third sector in the world, as a complement to governments and the private market. Salamon (1994, p. 115) attributes the emergence of the non-profit sector to “four crises and two revolutions” arising from a failure of both for-profit institutions and governments to provide solutions to some societal problems. Non-profits are tasked with the requirement to produce these collective goods. Non-profits are both quasi-market and quasi-state, because they have an obligation to the public good, but also need to attract funds in order to continue to function (Prewitt, 2006).

Often the government does not have the time or resources to fully and appropriately address all of society’s troubles, but the for-profit sector may not be considered the appropriate forum to solve these issues. Non-profits are subject to the non-distribution constraint, which means that any excess revenue or profits cannot be shared with employees or shareholders. Therefore, non-profits are preferred to for-profits to produce public goods, because individuals can be confident that their interests, or those that the non-profits aim to serve, will not be compromised due to individual profit-seeking (Steinberg, 2006). The structure of non-profits also differs from that of for-profits, because they deliver services or make grants, rely on donations instead of investments, and are held accountable by different governing boards (Steinberg, 2006).

The non-profit sector has been growing rapidly, with social welfare ones in particular growing at a rate of 19.6% a year, while for-profits are growing at about half
that speed at 8.3% annually (Baumgartner & Leech, 1998). There are several types of non-profits including advocacy, arts and performance, civic, cultural, education, health, human service, and social welfare ones. The author recognizes that the non-distribution constraint may be one of the few characteristics that all non-profits share, so for the purpose of this research, the author focused on a social welfare organization.

With an unsteady economy, fundraising for non-profit organizations has become difficult due to cuts in government expenditures that have thereby increased reliance on individual donations (Das, Kerkhof, & Kuiper, 2008). Assuming that individuals make donation decisions based on perceptions of organizations, one must understand how individuals form their judgments. In addition, to determine factors that influence perceptions of both non-profit and for-profit organizations, one must understand commonly held psychological and moral biases and attitudes that affect creation of opinions.

**Trust**

Trust is a social construct that serves as the bedrock of society. It influences behavior towards one another, drives the operation of markets, and lies at the heart of relationships (Zand, 1972). Trust is psychologically important because it enables cooperative behavior (Gambetta, 1988), reduces conflict, and facilitates work groups (Meyerson, Weick, & Kramer, 1996), and therefore is essential to the functioning of organizations, both non-profit and for-profit.

For the purpose of the following research, the researcher will define trust as “a psychological state composing the intention to accept vulnerability based on positive
expectations of the intentions or behavior of another” (Rousseau, Sitkin, Burt, & Canerer, 1998; p. 395). Trust involves three components: dependency among parties, vulnerability of at least one party, and positive (confident) expectations or beliefs by at least one party (Koehler & Gershoff, 2003).

**Psychological and Moral Biases**

Individuals’ opinions regarding organizations are shaped by both the individuals’ beliefs and their moral and psychological biases. These perceptions of organizations are critical in understanding the underlying motivations for donation and investment behavior. Research has determined that individuals make negative attributions readily. Human beings are willing to assume the worst of each other (Rozin & Royzman, 2001), and this negativity bias can be generalized to perceptions of organizations, based on research regarding for-profits from Peters et. al (1997). People weigh negative acts more heavily than positive acts when forming impressions of others, because social actors are assumed to often have ulterior motives (Rozin & Royzman, 2001).

Building upon the negativity bias is the notion of the moral bias of prior beliefs. Darley and Gross (1983) showed that prior expectations influence how people interpret ambiguous information. In one study, participants viewed a video of a young girl taking an achievement test; some participants were informed that she was from a lower socioeconomic status and others from a middle class family. Even though the same video of the little girl was shown, participants told she was from a lower socioeconomic status identified her as less intelligent than if she was middle-class (Darley & Gross, 1983). The prior belief that the girl was poor affected the participants’ impressions of her academic
capabilities. So, once the public develops negative perceptions about an organization, these perceptions might influence their judgments.

Such moral judgments are made intuitively, instead of being grounded in logic (Haidt, 2001; Sunstein, 2005). Betrayal of trust causes more outrage than if someone who was not a beneficiary of that trust commits a similar act. This effect of betrayed trust could have negative implications for organizations, like non-profits, that may be considered trustworthy by the public.

**Trust and Organizations**

Psychological and moral biases and trust are highly relevant because of their effect on the operation of non-profit and for-profit organizations. Because trust is necessary to move society forward, people are sensitive to violations of trust; this makes it empirically meaningful, because of its effect on reputation.

Employers also enter into psychological contracts with their employees, where one party believes an obligation has formed that requires a return of future benefits. Trust is therefore a valid predictor of job satisfaction and employees’ willingness to stay with their company (Morrison & Robinson, 1997; Robinson, 1996). Violations of psychological contracts occur when one party think the other has broken this implied promise (MacNeil, 1985), and such violations decrease trust and respect (Davis and Todd, 1985). This rupture of the psychological contract generates distrust, dissatisfaction, and possibly the dissolution of the relationship itself (Rousseau, 1989). Rousseau’s research showed that these strong affective feelings extend to perceptions of persons associated with employer-employee relationships (1989).
This loss of trust is particularly important to the functioning of organizations; Brockner, Tyler, and Cooper-Schneider (1992), found that individuals with higher faith in the judicial system had much more negative reactions to losing in court compared to those with lower expectations, showing that “the higher they are, the harder they fall”. This affirms research that ascertained that betrayals of trust by individuals who receive social trust (e.g., theft by a babysitter) are punished more severely than equally harmful acts that do not constitute a betrayal (Koehler & Gershoff, 2003). Betrayals anger people because they threaten the social order by suggesting that individuals in positions of authority are abusing their power (Koehler & Gerfhoff, 2003). These reactions to betrayals could be particularly relevant to non-profit organizations with laudable missions. The research will also look to ascertain whether donors to non-profit organizations enter into similar psychological contracts when they invest with the organization, and if so, how potential violations of these contracts affect non-profits.

**Businesses, Crisis Management, and Corporate Social Responsibility**

Not just the loss of trust, but also the effect of prior beliefs has been shown to be especially problematic for corporations, who are perceived to have poor character and be untrustworthy. In fact for-profit organizations are noted as some of the least trusted groups in America (Peters, Covello, McCallum, 1997). Recent empirical evidence indicates that a company accused of ethics violations is often automatically assumed to be guilty (Uhlmann, Heinze, & Diermeier, 2009). As noted earlier, negativity bias might color perceptions of social responsibility, because the public might assume that the corporation has an agenda.
When examining a negative perception in a corporate environment, Tannenbaum, Uhlmann, and Diermeier (2008) found that manipulative pro-social behavior could actually be worse than doing nothing at all. Their experiment ascertained that a company who donated money, but then spent even more money promoting that donation was seen as less trustworthy and ethically sound than a company that did not donate. As a profit-driven organization, the goals of the corporation may not be socially admired. As a few researchers found, one mitigating factor to these feelings of distrust towards a company is commitment to a certain brand. Ahluwalia, Brunkrant, & Unnava (2003) found that individuals are more likely to try to explain negative press or information about a company if they were committed to the brand.

Non-profit Organizations and Donation Behavior

Unlike business and corporations, non-profits may be beneficiaries of public trust because they are assumed to be morally and ethically sound. This belief may arise from the abandonment of producing a profit or the mission of providing goods to the entire public. Even if so, little empirical research has been done on the psychological processes underlying non-profit reputation and the effect of these processes on donation behavior.

Non-profit and for-profit organizations both produce goods that are available to public and private markets. Non-profits could not function without a reliable stream of funding, and private donations have accounted for roughly one-fifth of the revenues of the non-profit sector in the United States (Brown & Slivinksi, 2006). Donation-seeking efforts by non-profits are also affected by the number of government grants the non-profit receives, because an increase in grants reduces the need for fundraising (Rose-Ackerman,
1987). However, government funding has declined in both absolute and constant dollars (Gronbjerg & Smith, 1999), which leads to an increased reliance on individual donations.

Raising funds is a common area where non-profits compete with one another, especially with those who share similar ideological missions. Donors can therefore help drive the strategy and focus of a non-profit, because research has shown that ignoring donor preferences causes a greater decrease in donations when a non-profit faces competition (Brown & Slivinksi, 2006). In addition, as non-profits become more dependent on external funding, they become more bureaucratic and professionalized (Smith and Lipsky, 1993). By centralizing their decision-making and aiming to be more efficient and professional, non-profits may be trying to appeal to donors who are also considering giving to for-profit competitors.

Donors, like investors in for-profits, consider price, advertising, and their disposable income (Weisbrod & Dominguez, 1986). Research also shows that donors prefer low-cost non-profits, because they perceive non-profits as maximizing resources (Bekkers, 2008). Non-profit organizations also enjoy a commitment effect, similar to for-profits, that shows donors are often committed to a certain institution or cause (Rose-Ackerman, 1982).

Unlike investors in for-profits, however, donors are giving to an organization where they may not be part of the target consumer base. In addition, donors also consider the mission of the non-profit and ideological alignment with their individual values. At the same time, donors do not receive a product in exchange for their investment, and therefore it is difficult for them to monitor the impact of a donation. They are unable to receive a tangible return compared to investors in for-profit organizations. As a result,
donors must rely on the institution for information regarding their donation and for signals regarding its trustworthiness (Weisbrod & Dominguez, 1986).

**Employment and Salary**

Individual consumers hold inherently positive beliefs towards not just non-profit organizations, but also their employees. Non-profit workers have been shown to derive well-being from working, and therefore receive lower wages than their for-profit counterparts (Leete, 2006). Similar research has been done with executive compensation, but research posits that after controlling for all relevant job characteristics, non-profit Chief Executive Officers might be paid roughly on par with their for-profit counterparts (Leete, 2006). Even though the comparison between non-profit and for-profit leaders’ compensation is not clear, individuals do expect non-profit employees to obtain a certain sense of “well-being” and “warmth” from their work, and that such non-pecuniary rewards and professional prestige leads consumers to view them positively. For lack of data, however, “nonmonetary benefits and job characteristics have been left out of comparisons between non-profit and for-profit compensation” (Leete, 2006, p. 165). So, there is considerable room to research the comparison between non-profit and for-profit executive compensation.

Non-profits can provide legal forms of perks, like high-rent office suites and funding for loosely related conferences in exotic locales, but excessive compensation is legally prohibited by the non-distribution constraint (Steinberg, 2006). The following research attempts to ascertain what individual donors consider excessive compensation, and whether donors distinguish between the perks accorded to leaders of non-profit
operations versus other rewards. For example, donors may perceive pay structures that include minor or frivolous reward levels as an indication of a lack of intrinsic motivation on behalf of non-profit leaders at best, or fraud at worst (Leete, 2006).

**Non-profit Organizations and Trust**

Research by Rousseau et al. found that people do not need to develop trust when their exchange is “highly structure and easily monitored” (1998, page 399). Often, a donation is hard to monitor and its individual impact is difficult to measure, which means that non-profits must rely on trust in their relationships with consumers and donors. In fact, non-profits provide a more trustworthy option when quality is difficult to measure (Gumport & Snydman, 2006). Though the non-distribution constraint already serves as an indicator of trustworthiness of non-profits, research has also shown that several other aspects affect this perception.

The praiseworthy goals and mission of non-profits contribute to the perceived trustworthiness of these organizations. Firstly, by producing a collective good, non-profits are committed to the general public welfare. Minkoff and Powell go so far to say that the mission is a “clarion call” for non-profit organizations where “devotion to a mission wraps the consumer in a blanket of trust” (2006, p. 591).

Trust also emerges when there is information about the competence or reputation of an organization, and non-profit tax status can serve as that information signal. In fact, the mere existence of some known trustworthy non-profits can imply the trustworthiness of other non-profits, leading individuals to view the market of non-profit organizations to be trustworthy as a whole (Hirth, 1999).
This public trust is partly a function of asymmetry of information (Hansmann, 1980). While information about the financial status of for-profit corporations is readily available on websites or annual reports, the same cannot be said for non-profit organizations. Guidestar, an online service, is intended to provide information regarding the financials of a non-profit organization; however, the information is difficult to sort through and requires an extensive amount of time and effort for individuals (Bekkers, 2008). Though IRS data on non-profits has become more accurate, the collection of such data is growing at a gradual rate and has yet to become comprehensive (Boris & Steuerle, 2006). In addition, non-profits have minimal external accountability, with the exception of their governing boards, due to ambiguous legal language. Therefore, they do not need to document their activities to the same extent as their government or for-profit counterparts (Smith, & Gronbjerg, 2006). Private donor parties have limited ability to enforce non-profit law, and the Internal Revenue Service could not address the accumulation of potential donor-perceived fraudulent behavior (e.g. accumulation of excess income) in any way but revoking its tax status. Therefore, “accepting non-profit status as a signal of trustworthiness results in the law bestowing a halo on any non-profit organization regardless of merit” (Brody, 1996, p. 460).

When considering donors relationships with the institutions they invest in, Sargeant and Lee showed that the greater the level of trust, the larger or more often the donation (2004). Non-profits may be subject to less negative prior beliefs and may not be affected by negativity bias because of their social mission. At the same time, in a situation of betrayal, they may be subject to more public outrage because they rely on the trust of the public, as Sunstein (2005) argued in other cases of interpersonal betrayal. In situations
of the breaking of trust, researchers have not compared non-profits and for-profits and how investments are affected. In addition, they have not investigated whether the leader of the non-profit affects perceptions of organization.

This field of research that examines crisis management and situations of betrayal with for-profit entities is fairly nascent. The results have yet to be extrapolated to non-profits or the psychological and moral processes that affect donation behavior. The present research will examine if the compensation of the leader of a non-profit can serve as a proxy to signal the reputation and trustworthiness of the organization.

**Research Question**

Based on previous research, the researcher infers that non-profit organizations are considered purveyors of trust, because they produce a public, common good, are not subject to a profit distribution constraint, and have positive, praiseworthy missions. Individuals continually choose to donate without always knowing the impact of their donation, other financial information about the organization, or sometimes where their money is directed. For-profit corporations, on the other hand, are often considered some of the least trustworthy institutions, as further explained in the above literature. This research studies whether participants seek different qualities in for-profit versus non-profit leaders. More specifically, the study will examine perceptions of perks and the value of these perks given to Presidents of non-profit and for-profit institutions.

The research clarifies and elaborates on the intersection between reward, type of organization, and trust. Specifically, it looks at how these rewards like leadership...
compensation affects individuals and trust in the organizations that they lead.

Primary Question:
This research closely examined individual opinions to ascertain, “Does receipt of a perk affect perceptions of a leader of an organization?”

While doing so, the research attempted to understand how a perk affects moral judgments and global trust, as well as donation behavior.

Secondary Question:
The researcher analyzed “Do perceptions of Presidents/CEOs signal anything about the trustworthiness of both non-profit and for-profit organizations?”

The research again focused its questions around perceptions of trust, as well as whether the use of funds for an executive perk leads to a threatened worldview.

Data Collection

Sample and Site
The researcher was granted permission to conduct the survey online using a system called Mechanical Turk, an online information sharing website hosted by Amazon Web Services. It is a crowdsourcing Internet marketplace, where researchers with the Ford Center for Global Citizenship have collected data previously published. Participants
who have access to the system are of all ages older than eighteen, varied socioeconomic statuses, nationalities, and education levels. Previous research indicates that individuals who have access to Mechanical Turk tend to be younger, slightly more educated, and of average education levels compared to the general internet population (Ipeirotis, 2010). Participants were compensated for their time based on set prices for Mechanical Turk participation. The Ford Center for Global Citizenship sponsored the study financially, and I thank them for their support.

Respondents do not pay to participate in the Mechanical Turk system, and the website does not keep track of any identifying information. Data was automatically de-identified, such that participants’ identity was anonymous. The only treatment given was the random assignment of condition that occurred automatically through the website.

Instruments

Each subject read a consent form online that explained that his or her responses were voluntary, that he or she could withdraw at any time from the study, and that he or she would still be compensated for his or her time (Appendix A). The study examined how individuals perceived the receipt of a perk by the President, and how reward signaled global trust in the leader of a non-profit or for-profit institution. The subject was administered a survey that provided a comparison of two candidates for the President of either a non-profit or for-profit organization (Appendix B). Then several questions were asked in order to ascertain opinions regarding the morality and capability of the candidates (Appendix C). The between candidate design was utilized to ensure that participants made relative comparisons of the target candidate versus the control
candidate.

Then, the survey tested whether providing a perk affects the perceptions of trustworthiness and morality of the organization, by stating that the organization hired the candidate who requested a perk (Appendix D). These questions addressed negative emotions towards the organization, as well as questions to determine feelings of global trust (Appendices C and D). Also, questions were used to determine the subject’s willingness to donate money to the selected candidate for President and willingness to sign a petition in support (Appendices C and D). In addition, respondents answered several questions regarding threatened faith in the world, a known consequence of trust violations (Koehler & Gershoff, 2003). The questions assessed the extent to which an organization provided its executive a perk made the participants feel as though the world was unstable, chaotic, and unfair. Lastly, several questions regarding the subject’s demographics were asked in the survey including gender, political affiliation, nationality, and ethnicity (Appendix E). Finally, a series of manipulation check questions were asked to ensure participants were actively participating and understood the scenario (Appendix E).

**Design**

The study used a 2 (type of organization: company or charity) x 3 (compensation: cash-only, large perk, small perk) design, as displayed below.

<table>
<thead>
<tr>
<th></th>
<th>Cash-only compensation (no perk requested)</th>
<th>Large perk (chauffeur-driven limo)</th>
<th>Small perk (mineral water from Sweden)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For-Profit (Jens Shoes Corporation)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
In half of the conditions, the organization was a shoe company (Jens Shoes Corporation), and in the other half, a social service non-profit (Somalia Hunger Relief Charity). Participants were asked to evaluate and compare two candidates for President of the organization. Both candidates had graduate business degrees and similar work experience. To ensure that the candidate's backgrounds did not affect the results, the descriptions were counterbalanced. In all conditions (both non-profit and for-profit), the control candidate requested a compensation of $400,000 each year. In the cash only compensation condition, the other candidate, henceforth referred to as the target candidate, also requested $400,000 a year in salary. In the small perk condition, the target candidate asked for a salary of $395,000 plus mineral water flown from Switzerland at a cost of $5,000 a year. In the large perk condition, the target candidate requested a salary of $350,000 a year plus a chauffeured limousine on weekends at a cost of $50,000 a year. The control candidate’s salary was equivalent to the monetary value of the target candidate’s requested compensation in order to eliminate the possibility that participants would prefer a lower cost individual, even if they requested a perk. This focuses the results on the perceptions of both small and large perks received by leaders of organizations.

**Method of Analysis**

SPSS was used to analyze the differences in mean for all questions regarding opinions of the candidates or the organization. Responses for our dependent measures
were analyzed using analyses of variance and follow up t-tests. All statistically significant results ($p = .05$) are presented, and non-significant results were also noted. In order to eliminate any researcher bias, the online Mechanical Turk system randomly assigned conditions.

**Candidate Evaluations**

Participants were asked to compare the two candidates along the dimensions of selfish, morally upstanding, responsible and trustworthy. Evaluations along these dimensions were highly correlated and loaded on a single underlying factor (Cronbach’s $\alpha = .91$). Therefore, subject responses were averaged to form a reliable composite.

**Predicted Actions as Leader**

In the same between-candidate design, participants responded to questions regarding who would make more responsible decisions as a leader and who would act in the best interests of the organization.

**Donation/Investment Behavior**

Participants responded to questions regarding whom they preferred to donate money with (in the charity condition), or invest money with (in the company condition). These responses serve as a secondary indicator of how strongly participants feel about the receipt of a perk by the target candidate.
Hiring Preferences

Participants also answered whom they would prefer to hire, in order to better understand whether they felt compensation affected the ability of an individual to lead.

Trust in Organization

Participants were informed that the organization hired the target candidate.
Respondents first reported their global trust and then evaluated the organization along several dimensions (trustworthy, dependable, and reliable). The average of these trust items formed a reliable composite ($\alpha = .86$).

Moral Judgments of the Organization

Participants evaluated the organization along the dimensions of good (1=bad, 7=good), favorable (1=unfavorable, 7=favorable), and positive (1=negative, 7=positive). Subject’s responses were highly correlated ($\alpha = .94$), and formed a reliable composite of moral judgments of the organization.

Betrayal by the Organization

Participants were asked whether they felt betrayed by the company’s choice of the target candidate for President/CEO (1= strongly disagree, 7 = strongly agree).

Support of the Organization

In addition, they responded to whether they would sign a petition in support of the organization (1= strongly disagree, 7 = strongly agree).
Threatened Worldview

Participants were asked whether they felt the world was a chaotic, unfair, and uncertain place (1= strongly disagree, 7= strongly agree), and responses were averaged to form a reliable composite (α = .94).

Demographics

Lastly, respondents reported their gender, age, political affiliation, and nationality.

Results

Demographics of Sample

There were a total of 265 survey participants. 54.7% of respondents indicated they were male, while the remaining 44.9% were female. Participants ranged in age from 19 to 68, with the majority of respondents under the age of 30. 43.8% of respondents said that they lived in the United States, while the other 56.2% live in countries around the world. Of those who responded that they did not live in the United States, 83.89 % were from South Asian countries (India and Bangladesh). 43.5% of participants indicated they were liberal, 16.1% of participants indicated they were conservative, and the rest moderate or unsure (See Appendix F). Gender and nationality did not moderate any of the reported effects.

Candidate Evaluations

The participants’ responses produced a significant interaction between the type of
organization (company vs. charity) and the target’s compensation (cash only, large perk, or small perk) with regard to candidate evaluations \( (F(2, 255) = 3.50, p = .03) \) through an analysis of variance test (ANOVA).

In the case of the Somalia Hunger Relief Charity, there was a significant effect of requested compensation in the non-profit condition \( (F(2,121) = 7.92, p = .001) \). The target candidate was evaluated significantly less positively when she requested a perk rather than monetary compensation, and this was true regardless of the magnitude of the perk. The request of a large perk \( (M = 3.46, SD = 1.47) \), and a small perk \( (M = 3.03, SD = 1.36) \) were perceived significantly differently than cash-only compensation \( (M = 4.25, SD = 1.29) \). However, there was no noted difference in candidate evaluations between the large and small perks conditions for President of Somalia Hunger Relief Charity \( (t(87) = 1.40, p = .16) \).

In the Jens Shoes Company condition, a significant effect of the target’s requested compensation emerged \( (F(2,134) = 9.07, p <.001) \). The target candidate was evaluated significantly less positively when she requested a large perk \( (M = 2.84, SD = 1.11) \) then when she requested only monetary compensation \( (M = 3.94, SD = 1.24) \). However, this same significance in not noted with a small perk and monetary compensation, as the target was not evaluated significantly more negatively \( (M = 3.47, SD = 1.47) \). The target candidate was also perceived significantly more negatively in the large perk than in the small perk condition \( (t(84) = 2.24, p = .03) \) (Appendix G).

**Predicted Actions as Leader**

A significant effect emerged of the size of perk (no perk, small, large) on
participants’ views on which candidate would make more responsible decisions 
\(F(2,258) = 5.934, p = .003\). Interestingly, there was only a significant effect of perk in 
the company case, not in the non-profit case. This was unexpected, because it was clear 
that non-profit candidates who received a small or large perk were considered more 
negatively (e.g. less responsible) than a candidate who did not. In the case of the Jens 
Shoes Corporation, a candidate who requested a large perk \((M = 2.81, SD = 1.527)\) was 
perceived significantly less positively than a candidate who did not receive a perk \((M = 
3.98, SD = 1.679, t(96), p < .001)\), and there was no significant effect for candidates who 
received a small perk \((M = 3.49, SD = 1.791)\).

The participants’ data also showed a significant interaction between the size of the 
perk and type of organization in regards to which candidate would act in the best interests 
of the organization \(F(2,258) = 4.398, p = .013\). In the Somalia Hunger Relief Charity 
condition, there was a significant effect of a requested perk as part of compensation 
\(F(2,122) = 5.407, p = .006\). The control candidate \((M = 4.22, SD = 1.588)\) was viewed 
to be more likely than the target candidate who requested a small perk to act in the best 
interests of the charity \((M = 2.95, SD = 1.552, t(74), p = .001)\), and though this finding is 
not significant for a large perk \((M = 3.57, SD = 1.848)\), it is in the right direction.

Similarly, in the Jens Shoes Company condition, the data shows a significant effect of the 
requested compensation \(F(2,136) = 9.114, p < .001\)). Consistent with prior findings of 
candidate evaluation, the target candidate was perceived to be less likely to act in the best 
interests of the organization when she requested a large perk \((M = 2.53, SD = 1.195)\) then 
when she requested only cash compensation \((M =3.88, SD = 1.762, t(96) = 4.402, p 
< .001)\). However, this finding is not noted with a small perk, but the target candidate was
perceived significantly more negatively in the large perk than in the small perk condition ($t(86) = 2.688, p = .009$).

**Donation/Investment Behavior**

The data revealed a significant interaction between the type of organization (company or charity) and size of perk (none, small, or large) on participants’ willingness to donate or invest with a candidate ($F(2, 257) = 5.901, p = .003$). In the charity condition, there was a significant effect of requested compensation ($F(2,121) = 7.634, p = .001$), where participants preferred to donate to the control candidate ($M = 4.49, SD = 1.721$) versus the target candidate who receives a large perk ($M = 3.45, SD = 1.948, t(82) = 2.522, p = .014$) or a small perk ($M = 2.88, SD = 1.667, t(73) = 4.112, p < .001$). Also, there was no significant difference in willingness to donate between the large and small perks conditions, ($t(87) = 1.474, p = .144$). In line with previous results, in the company condition, the subject’s responses showed a similar significant effect of perk ($F(2,135) = 6.353, p = .002$). Again, participants preferred to invest to the control candidate ($M = 3.86, SD = 1.800$) versus the large perk target candidate ($M = 2.64, SD = 1.466, t(96) = 3.673, p < .001$), but this was not noted with the small perk target candidate ($M = 3.45, SD = 1.880$). In addition, participants significantly preferred to invest in the small perk condition versus the large perk condition ($t(82) = 2.261, p = .03$) (Appendix G).

**Hiring Preferences**

In addition, the participants’ responses indicate a significant interaction between the type of organization and target’s compensation and their subsequent effect on a
subject’s hiring decisions. Respondents were asked to indicate which candidate they
would prefer to hire, and this interaction was significant according to an analysis of
variance test (ANOVA), \(F(2, 257) = 5.901, p = .003\). In the Somalia Hunger Relief
condition, there was a significant effect of requested compensation \(F(2,121) = 10.354, p
< .001\), where participants preferred to hire the control candidate \((M = 4.64, SD = 2.031)\)
to the small perk target candidate \((M = 2.58, SD = 1.662, t(74) = 4.868, p < .001)\) and the
large perk candidate \((M = 3.71, SD = 2.179, t(83) = 1.989, p = .050)\). Interestingly, there
was also an unexpected significant difference between the preference for the large perk
candidate over the small perk candidate \((t(87) = 2.721, p = .008)\). In the Jens Shoes
Corporation condition, there was a significant effect of compensation \(F(2,135) = 15.125,
p = .012\) on hiring decisions. There is a preference for hiring the control candidate \((M =
3.76, SD = 1.935)\) over the large perk target candidate \((M = 2.66, SD = 1.508, t(96), p = .
002)\), but not the small perk target candidate \((M = 3.35, SD = 1.994)\) and no noted
difference between the small and large perk (Appendix G).

Trust in Organization

After being informed that the organization chose the target candidate to be its
leader, participants responded regarding their perceptions of the organization. There was
no significant interaction between type of organization and compensation with regard to
perceived trust along the dimensions of dependable, trustworthy, and reliable \(F(2,251) =
1.40, p = .25\). However, the further analyses revealed an interesting pattern in the Somalia
Hunger Relief Charity condition, with a statistically significant effect of the perk received
by its leader on trust \((F(2,119) = 5.22, p = .007)\). Participants rated the charity as more
trustworthy in the cash only condition ($M = 4.68, SD = 1.10$), compared to both the large perk ($M = 4.02, SD = 1.36$), and small perk conditions ($M = 3.73, SD = 1.33$). There was no difference between the two perk conditions however.

In the Jens Shoes Corporation condition, compensation and perk given to the leader did not significantly affect participants’ trust in the organization ($F(2,132) = 1.18$, $p = .31$). Receipt of a perk by the leader elicited similar trust levels in the cash, large perk, and small perk conditions respectively ($Ms = 4.42, 4.15, 4.09, SDs = 1.22, .94, 1.11$) (Appendix G).

**Moral Judgments of the Organization**

Similar to the trust in organization finding, the charity was viewed as less moral in the large perk ($M = 4.05, SD = 1.52$) and small perk ($M = 3.83, SD = 1.53$) conditions compared to the control condition ($M = 4.81, SD = 1.28, t(82)=2.41, p=.018$ and $t(73)=3.00, p=.004$) respectively, but there was not a statistical difference between the two perk conditions.

The Jens Shoes Company was perceived more positively in the cash condition ($M = 4.73, SD = 1.32$) than in the large perk condition ($M = 3.98, SD = 1.20$), but this was not significantly true for the small perk condition ($M = 4.09, SD = 1.35$), ($F(2,133)= 4.826$, $p=.009$). There was no noted difference between the two perk conditions (Appendix G).

**Support of Organization**

There was no significant interaction between type of organization and compensation when participants were asked if they would sign a petition in support of the
Threatened Worldview

There was also no significant interaction between type of organization and compensation when it came to the existential threat items, \( F(2,258) = 1.32, p = .27 \). Further examination noted that this finding was true for the company condition, where compensation of the leader of the Jens Shoes Corporation did not affect whether participants saw the world as a chaotic, unstable, and unfair place \( F<1 \), with similar means in the cash-only, large perk, and small perk conditions (\( M_s = 2.91, 3.16, \) and 3.36, \( SD_s = 1.63, 1.48, 1.44 \) respectively).

On the other hand, providing the leader of the Somalia Hunger Relief charity with a perk significantly impacted existential threat \( F(2,122) = 5.33, p = .006 \), with higher levels of threatened worldview in the small perk condition (\( M = 4.03, SD = 1.76 \)) than in the monetary compensation condition (\( M = .283, SD = .158 \)), \( t(74)=3.11, p = .003 \). Contrary to our expectations however, there was no statistically significant effect between the control and large perk conditions (\( M = 3.22, SD = 1.68 \)), \( t(83)=1.11, p = .27 \).

Trust as a mediator of threatened worldview

In order to determine whether there is a case of mediation, the independent variable must affect the proposed mediator and the dependent variable, and the proposed mediator must affect the dependent variable (Koehler & Gershoff, 2003). Using a regression analysis, the researcher tested whether diminished trust in the Somalia Hunger Relief charity mediated the effects of its leaders compensation of a small perk on feelings
of existential threat. The analyses focused on the small perk (expensive mineral water) cases because it was the only condition that elicited feelings of existential threat. A loss of trust in the charity mediated the effects of providing a perk on existential threat.

**Discussion**

These results indicate that an individual contending for leadership of a charity is perceived as irresponsible and more selfish if she requests a non-monetary reward as part of her compensation. This finding is particularly salient, and holds even for a small perk, despite the fact that the cash value of the requested compensation is equivalent for both candidates. Previous literature argues that the public views non-profit leaders inherently positively because they are expected to receive such non-monetary rewards for their work (Leete, 2006). The researcher argues that the presence of even a small perk suggests a lack of intrinsic motivation, which calls into question the candidate’s trustworthiness and ability to lead an organization that produces a good that will benefit the greater public.

The researcher also asked participants to evaluate the candidates’ ability to act in the best interests of the organization. When asked who would act in the best interests of the Somalia Hunger Relief Charity, there was a significant effect of requested compensation. The control candidate was significantly believed to act in the best interests of the organization compared to the target candidate who requested a small perk, and also preferred to the candidate who requested a large perk. In summary, request of a perk by a candidate for leadership of a charity leads participants to perceive her as less trustworthy and less likely to act in the best interests of the organization. These finds relate to those of
Koehler and Gershoff, where individuals who betray the public trust are punished more severely than those who are not beneficiaries of that trust (2003). This suggests that the leader of a charity is expected to derive some personal well-being from her position, and that the receipt of a perk suggests this may not be true.

For a company, the request of a small perk was tolerated, but a large perk was not. The candidate who requested a small perk was not evaluated to be less trustworthy, and was still thought to act in the best interests of the organization and make responsible decisions. The consistency of these findings leads one to believe that the receipt of a small perk is considered appropriate for for-profit organizations, because perks could be perceived as performance-based rewards. The target candidate who asked for large perk was perceived to be more selfish, less morally upstanding, and less trustworthy, as well as having a diminished ability to make responsible decisions or act in the best interests of the organization. For-profits are subject to a distribution constraint, where excess profits must either be re-invested in the company or given to shareholders or its employees. A perk of the magnitude of a chauffeur-driven car might suggest to individuals that the leader of the company would personally benefit from any profit at the expense of the company. It could also be argued that consumers are currently hypersensitive to the receipt of golden parachutes and excessive corporate perks, in light of corporate bailouts where executives received perks after benefiting from government support.

**Donation, Investment Behavior, and Hiring Preferences**

Participants’ willingness to invest or donate was also significantly affected by the request of a perk by a candidate for President of an organization. For the Somalia Hunger
Relief Charity, respondents stated that they preferred to donate to the cash-only candidate instead of the target candidate who requested a small or a large perk. Donors are often unable to track the impact of their donation, and therefore rely on the non-profit to effectively use its monetary contribution. By requesting a perk, leaders of a charity might imply to donors that their money would not be used to better the functioning of the organization or improve the charity’s programs, but instead be used to funds other perks or irresponsible expenses for its leadership. This implication directly questions the foundation of non-profits, because non-profit organizations are subject to a non-distribution constraint. These findings regarding donation behavior are of particular interest, since non-profits currently rely more on individual donations due to a decline in government grants (Gronbjerg & Smith, 1999). Participants also significantly preferred to hire the control candidate versus the candidate who requested a small perk, and the control candidate was also preferred to the large perk target candidate, though not to a significant degree.

In contrast with the above finding, investors to a company preferred to invest with and hire the control candidate instead of the large perk candidate, but there was not a statistically significant effect of a small perk. Again, as with all of the aforementioned findings with the Jens Shoes Corporation, the magnitude of the perk is what is of most importance to participants. Perhaps a small perk is tolerated for a for-profit company because it could be considered a performance-based measure to encourage success, but the same is not true for a large perk.

The findings suggest that any candidate for the leadership of a non-profit is held to a higher standard than candidates for a similar position in a for-profit. Non-profit
leaders are expected to simply derive personal satisfaction from their position. The request of a perk, large or small, indicates to donors that the positive mission of a non-profit may not be enough for leaders. In some ways, request of a perk is also considered a betrayal of the trust that the public instills in non-profit leaders to produce a public good.

**Trust in Organizations**

Previous research notes that trust has three components: dependency among parties, vulnerability of at least one party, and positive (confident) expectations of beliefs by at least one party (Koehler & Gershoff, 2003). The public has a trust-based relationship with a non-profit organization. The non-profit depends on the funding from the public and the public is vulnerable to abuse by the non-profit, but expects that the non-distribution constraint to ensure that the non-profit will act on behalf of the public good. Therefore, the researcher posits that individuals enter into a kind of psychological contract with non-profit organizations. Psychological contracts involve implicit beliefs about what behaviors are appropriate, and the breaking of this contract leads to distrust and dissatisfaction that can extend to perceptions of persons associated with the relationship (Rousseau, 1989). Previous researchers have closely examined this phenomenon in relation to employer-employee relationships. In this particular case, we argue that individuals expect non-profits to use their donations and funding to produce a good that will benefit the greater public. They implicitly expect funds to only be used for this purpose, and not for the furnishing of perks of any magnitude. Donors are also more vulnerable than investors when they give, because they often don’t know where their money is going. Therefore, a perceived breach of this trust, by the request of a perk and
the subsequent hiring of a President who requests such perks leads to distrust.

So, as anticipated, hiring a candidate who requested a perk led to diminished perceptions of competence and negative feelings towards a charity, irrespective of the size of the perk. Participants evaluated the Somalia Hunger Relief Charity as significantly more trustworthy in the cash-only condition versus the large perk and small perk conditions. There was also no noted difference between the two perk conditions, suggesting that the use of funds for anything but salary shakes individuals’ confidence in the non-profit. Simultaneously, participants did not like that the funds of the for-profit were used for egregious perks in the Jens Shoes Corporation condition, and hiring a large perk candidate affected evaluations of the company along the dimension of negative-positive, bad-good, and unfavorable-favorable. On the other hand, the perceived trust in the Jens Shoes Corporation was not questioned when it provided its leader with either a large or a small perk. As previous research as seen, the goals of a for-profit are not socially admired, and people hold an inherent negative bias towards companies; as a result, providing a perk may not appear out of character of a for-profit organization.

Positive prior beliefs could be working against a non-profit; a frivolous expense is viewed as more harmful for organization with a prosocial mission. Non-profit perks are not as widely documented as corporate perks, but there are some noted cases of excessive healthcare and retirement plans and flights to exotic locations (Steinberg, 2006). The lack of knowledge of non-profit perks does not mean that they don’t exist, but rather than there is not a clear indication or available information on tax forms or watchdogs searching for such perks. It is evident that hiring a candidate who requests a perk affects favorable feelings towards a non-profit organization. This relates closely to the idea that
the “higher they are, the harder they fall” (Brockner, Tyler, & Cooper-Schneider, 1992). People have more implicit trust in non-profits because they produce public goods and are subject to the non-distribution constraint. What is more interesting is that the mere idea of trust can be evoked with just the title “Somalia Hunger Relief Charity.” This indicates that one good non-profit has spillover benefits to other non-profits. Even if donors do not know what the non-profit truly engages in, the mere mention of charity bestows a kind of “goodness” on an organization.

**Threatened Worldview**

Providing the leader of the Somalia Hunger Relief charity with a perk evoked feelings that the world was a more chaotic, unstable, and unfair place. This further suggests that breaking a psychological contract is considered such a betrayal that it threatens people's faith in the world (Koehler & Gershoff, 2003).

**Limitations and Future Directions**

It is difficult for the above findings to be extrapolated to the public, because the survey was administered online through Mechanical Turk. By choosing this population, the researcher does not account for participants who are not able to use the Internet. Individuals who use Mechanical Turk tend to be younger and slightly more educated than the overall world population, and therefore the sample was not fully representative of the public at large (Ipeirotis, 2010). Research indicates that more educated people tend to attracted to moral issues when considering donating, and it is possible that the title
“Somalia Hunger Relief” could be considered a moral appeal (Havens, O’Hearlihy, & Schervish, 2006). In addition, participants were paid minimally, and this could affect the validity of the results. Interestingly, there were not significant differences seen between genders and among nationalities. On the other hand, established research shows that there are noted differences between ethnicities and gender in donation behavior (Havens et. al., 2006). This study focused primarily on moral judgments and trust evaluations of a company or non-profit when providing a perk to its leader, but there was no difference between genders or cultures in the questions regarding donation behavior. In addition, inherent attitudes about non-profits and for-profits internationally may not be well understood, which is especially relevant since 47.14% of respondents were from India and Bangladesh.

The researcher only selected one type of non-profit, a social service agency, compared to just one kind of for-profit, a shoes company. This does not accurately reflect the broad spectrum of non-profits that include business affiliations, arts organizations, or hospital. As a result, the researcher cannot definitively say if the aforementioned findings are due to the status of the organization (non-profit), or its presumed mission (Somalia Hunger Relief). In order to ascertain whether the profit-maximizing mission of the organization or the praiseworthy goals leads receipt of CEO perks to be perceived negatively, several more studies must be conducted.

Previous literature indicates that non-profit labels cannot signal trustworthiness if the consumers or donors are unaware (Steinberg, 2006). So, in order to determine whether the non-profit title, versus the mission, replicates the findings, future researchers should replicate the study. In the first reproduction, the organization should be health-care
institutions, who have a positive mission, but can either be for-profit or non-profit (Schlesinger & Gray, 2006). The research should clearly delineate what type of organization it is, but control for its mission. Another way to ascertain this would be to compare a non-profit co-op bookstore or farmer’s market with a for-profit bookstore or supermarket, or researchers could re-do the research utilizing an arts organization. However, they must be careful what type of arts organization they choose, as orchestras, operas, and dance companies are more commonly non-profits, while for-profits dominate in Broadway plays, dinner theaters, and jazz ensembles (DiMaggio, 2006).

Secondly, to test the findings based on mission, instead of status, researchers should compare a non-profit organization and a for-profit that heavily invests in corporate social responsibility (CSR), and control for the focus of the non-profit and donations of the for-profit. Previous empirical research ascertained that companies that give are considered more trustworthy (Galaskiewicz, 2006).

Lastly, researchers should also see if these findings hold with social care and education organizations. Social care non-profits, like other non-profits, are subject to global trust. However, earlier empirical research suggests that the trust for social care non-profits is called “goodwill trust” and is more labor intensive and relational than the trust sustained by other non-profits (Kendall, Knapp, & Forder, 2006). This knowledge would make a comparison between social care non-profits and for-profits using the perk scenarios different and interesting.
Conclusion

An organization that has a praiseworthy mission or goals is held to a higher standard than a profit-maximizing organization. Because non-profits produce a public good and are not subject to a distribution constraint, their tax status confers trust to the greater public.

A candidate for leadership of the Somalia Hunger Relief Charity was perceived negatively if she requested a small (mineral water from Sweden) or large perk (chauffeur-driven car on weekends) as part of her compensation. The candidate who requests only cash-compensation is preferred to donate to and to hire. On the other hand, only the magnitude of the perk (a limousine) affected the perceived trust, hiring preferences, and investment behavior in candidates for President for a for-profit organization.

This diminished trust in the candidate of leadership also extended to perceptions of the organization she was hired by. Participants evaluated the Somalia Hunger Relief Charity less positively along dimensions of global trust and moral judgments if it provided its leader with either a small or large perk, and even perceived the world to be more chaotic, unstable, and unfair. On the other hand, the Jens Shoes Corporation’s global trust was not affected when it provided its leader with a perk, and only the chauffeur-driven car elicited significant negative responses.

The research posits that leaders of organizations with praiseworthy goals are expected to be driven by the mission of the organization, and therefore not necessitate any non-cash compensation. Organizations with laudable goals should be cautious if they provide their leadership with non-monetary compensation, as it leads the public to
perceive it as less trustworthy, less positive, and less competent. Future researchers
should examine ways in which this diminished trust can be regained, if possible, for such
organizations, especially since "You cannot buy a policy that will insure against loss of
public confidence" (Columbus Dispatch, 2001).
Works Cited


Appendix A

THANKS FOR HELPING US OUT!

Northwestern University

Primary Researcher: Daniel Diermeier
Student Investigator: Malavika Srinivasan

________________________________________________________________________

THIS SURVEY TAKES 5 MINUTES TO COMPLETE

THE SURVEY IS ABOUT SOCIAL ATTITUDES

YOUR RESPONSES WILL HELP RESEARCHERS DETERMINE HOW INDIVIDUALS PERCEIVE ORGANIZATIONS

You must be at least 18 years old to participate in this study. If you are 17 years or younger, please tell the experimenter.

I understand that my responses to this survey are completely anonymous, and that my participation is strictly voluntary. I may withdraw from the study at any time, without repercussion. I am free to skip any questions I prefer not to answer.

My answers to the following survey will be stored in a locked cabinet in 2001 Sheridan Road. My participation in this study does not involve any physical risk or emotional risk.

Signature: ___________________________
Printed Name: _______________________
Date: ____________________________
Appendix B

*Instructions: Please read the hiring scenario below and then answer some questions about the two job candidates.*

The Somalia Hunger Relief Charity (The Jens Shoes Corporation) is deciding between two candidates for President/CEO.

Lisa has an MBA from Harvard Business School and eight years of managerial experience at a children’s non-profit (sneakers company). She was promoted after developing successful partnerships with several international charity agencies (shoe companies) that cut overhead and administrative costs substantially. As part of her contract, Lisa is requesting a salary of $400,000 a year.

Karen has an MBA from Ross Business School at the University of Michigan and eleven years of managerial experience at an advocacy non-profit (online shoe company). She was promoted after designing a new fundraising campaign (capital campaign) that raised significantly more donations (investments) than her predecessor.

As part of her proposed contract, Karen is asking for a salary of $350,000 plus $50,000 per year for rental of a chauffeur-driven limo on the weekends.

As part of her proposed contract, Karen is asking for a salary of $395,000 plus $5,000 per year for luxury water flown from Sweden.

As part of her proposed contract with, Lisa is asking for a salary of $400,000.
Appendix C

For the questions below, please use the following scale.

<table>
<thead>
<tr>
<th>Definitely Lisa</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Definitely Karen</th>
</tr>
</thead>
</table>

___Who is a more responsible person?
___Who is probably a more morally upstanding human being?
___Who do you predict will make more responsible decisions as leader?
___Who do you predict will act in the best interests of the organization?
___Who do you predict will act based on her own selfish interests?
___Who would you prefer to donate/invest money with?
___Who would you hire as President (CEO)?

___How much does Lisa's requested compensation tell you about who she really is and what she is really like? (1: nothing, 7: a great deal)

___How much does Karen's requested compensation tell you about who she really is and what she is really like? (1: nothing, 7: a great deal)
Appendix D

Please rate your agreement with the following statements

**If Somalia Hunger Relief Charity (Jens Shoes Corporation) picked Karen as its President/CEO...**

Please use the following questions to rate the organization:

**Bad**                                               **Good**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**Unfavorable**                                       **Favorable**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**Negative**                                          **Positive**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**NOT at all dependable**                             **Very Dependable**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**NOT at all trustworthy**                            **Very Trustworthy**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**NOT at all reliable**                               **Very Reliable**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**CHARITY CONDITION:**

**Low quality programs**                             **High quality programs**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**How likely would you be to donate to this charity?**

**NOT at all likely**                                 **Very Likely**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**COMPANY CONDITION:**

**Low quality shoes**                                 **High quality shoes**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7

**How likely would you be to purchase products from this company?**

**NOT at all likely**                                 **Very Likely**
1 --------- 2 --------- 3 --------- 4 ---------5 --------- 6 ---------7
(On all items were on 7-point scales from Strongly Disagree to Strongly Agree)

If Karen was selected as CEO of my company, I would feel that the world is unfair.
If Karen was selected as CEO of my company, I would feel that the world is a less orderly place.
If Karen was selected as CEO of my company, I would feel that the world is a less certain place.
If Lisa was selected as CEO of my company, I would feel that the world is unfair.
If Lisa was selected as CEO of my company, I would feel that the world is a less orderly place.
If Lisa was selected as CEO of my company, I would feel that the world is a less certain place.

Please rate your agreement with the following statements using the scale provided below.

Strongly Disagree

1 --------- 2 --------- 3 --------- 4 --------- 5 --------- 6 --------- 7 --------- 8 --------- 9

Strongly Agree

If Somalia Hunger Relief Charity (Jens Shoes Corporation) picked Karen as its President/CEO...

I feel betrayed by the organization’s choice for President/CEO

I would sign an online petition to display my support for the organization
**Appendix E**

Politically, I am *(PLEASE CIRCLE ONE)*
- Very Liberal
- Liberal
- Somewhat Liberal
- Moderate
- Somewhat Conservative
- Conservative
- Very Conservative
- Haven’t given it much thought
- Completely unsure

My gender is (please circle one): Male Female

What country are you from? __________

My ethnicity is (please circle one): White Asian Latino Black
Other: __________

Without looking back, was the organization a charity or company?
- Charity
- Company

Without looking back, did one of the candidates request bottled water from Sweden?
- Yes
- No

Without looking back, did one of the candidates request a chauffeur driven limo on weekends?
- Yes
- No

If yes, which candidate requested the perk?
- Karen
- Lisa
Appendix F

[Bar chart showing age distribution]

[Two pie charts: one showing gender distribution, the other showing nationality distribution]

[Another pie chart showing political affiliation distribution]
Appendix G

Candidate Evaluations

Donation/Investment Behavior

Hiring Preferences
Trust in Organization

Moral Judgments of Organization