

PEOPLE PERCEPTION AND ITS IMPACT ON THE PHILANTHROPIC ORGANIZATIONS

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ABSTRACT

Philanthropy provides moral support to mankind to fight against the social problems which are either manmade or natural. Pakistan which is Muslim community, people donate a lot each year but still the social problems there. Instead of decreasing these problems, these are increasing. Recently, Pakistan has shown a downward behavior for philanthropy. This shows that people perception is diverting from this noble cause that is not good sign as it can effects performance of Philanthropic organizations and ultimately can imbalance society. Aim of this study is to analyze people perception about philanthropic organizations and to check that how successfully these organizations are using impression management to make themselves prominent in society. This study will also analyze the moderating role of impression management on people perception for performance of philanthropic organizations. Result shows that people perception and impression management have significant and positive effect on performance of philanthropic organization. Results also mention that impression management fails to moderate on people perception for performance of philanthropic organizations working in Pakistan.

Keyword: *People Perception, Impression Management & Philanthropic organizations*

INTRODUCTION

Economy tells the information about the stability or instability of a society. Usually economy is divided into three sectors and each sector is of equivalent importance. Three sectors of economy are; private sector, public sector and non-profit organizations. Motives behind first two sectors of economy is about profit. Both private and public sector organizations do their businesses to earn profit. Whereas third sector of economy consists of voluntary and not for profit organizations (Payton, 1999). Third sector of economy is known by different names such as, the third sector, philanthropic sector, social sector or charitable sector. Philanthropy is an act of private giving in form of time or valuables like security, money or property to accomplish the purposes of purposes (Salamon, 1992). Internationally philanthropy is measured in three perspectives and these are volunteering, helping strangers and donating money (World Giving Index, 2014). Philanthropy is about giving voluntarily. Whereas voluntary giving seems uncomplete if we see it from Islamic perspective regarding its function. The philosophical basis of Islamic philanthropy is "duty" of worship of God. Two types of instruments of philanthropy exists in Islam, some are mandatory, others are voluntary such as Zakāh, Nadhr, Waqf and so on (Ismail, Zaenal & Shafiai, 2015).

Philanthropy is a giving behavior, generally in form of charitable gifts to others in society. So it is a moral effort for freedom of man from his social troubles. To minimize social differences from society, philanthropy is one of the way to make economic justice and betterment for the people living in that society. Rich individuals donate their wealth over philanthropy (Steinberg, 2003). One school of thought states that the actual display of these social programs performed by the philanthropists is just a "mask" to hide social injustice (Stiglitz, 2002). Recent research has been conducted to analyze impact of variables which influence on people perception for organizational performance and it suggest variety of moderating variables which effectively moderate (Gephart, Maanen & Oberlechner, 2009) but little attention has been paid on impression management to act as a moderator on people perception for the performance of philanthropic organizations. Merely Zivnuska supports interacting behavior of impression management and acuities on performance of organization (Zivnuska, Kacmar, Witt, Carlson & Bratton, 2004). Whereas from motivation to reward perspective of expectancy theory, we suppose that when organizations are perceived as good and if organizations adopt such a behavior according to the expectations of people than it will help them to gain satisfactory performance ratings.

By using expectancy theory, philanthropic organizations can identify their work according to the requirements of society. These organizations are certain up to some extent that they can adopt different behaviors according to the requirement of society to achieve desired reward. These organizations are using impression management behavior as a tool to increase the probability of successfully gaining the valuable rewards. This study provides a support to expectancy theory to obtain desired results. Expectancy theory helps an organization to understand that how perception of people could allow an organization to adjust its impressions to achieve good performance and to make itself more prominent in society. In addition, to identify the effects of people perception on performance of philanthropic organizations in presence of impression management also acts as a moderator.

LITERATURE REVIEW

Various attributes of individuals favor several good causes depending on personal values of donors' or the organizational values to whom he/she admires most. The demographic factors also effect feeling to donate and level of contribution offered (Smith, 2010). People perception likely to shape the behavior of perceivers' by different mechanisms. Considerations which impact the tendency to donate are: perceptions that charity is 'efficient', brand appearance of charity, feeling of guiltiness about not giving to charity, degree of similarity exists between donor and beneficiary and physical friendliness in result of making a donation (Sargeant, 1999). Another type of people behavior is impression management, which helps to achieve the different outcomes depends upon the requirements of the perceiver. It is important to describe that how perception of individuals can influence on performance of philanthropic organizations and how these organizations achieve

high performance assessment by effecting on perception of people in presence of impression management which is also acting as a moderator. When an organization attempts to change the impressions of others and individuals also respond according to the demand, so in that case it can be said that organization is following expectancy theory. According to the expectancy theory, individuals adjust their behaviors based on their intention of expected outcomes (Jones, Corbin & Fromme, 2001).

Work that charities do is important to our society, so it is vital that various stakeholders have access to key information on what charities are doing and how they are doing it. It will ultimately increase public trust and confidence in sector by making the public more knowledgeable about their work of charities and making it more difficult for other people to misuse charities (Lawrence & Sheila, 2009). Perception is active and top to down process. As people do not directly perceive what something is, so people start making assumptions during inference process which may/may not be correct (Burr, 2015). When information is limited or unclear than in that case, “perception is rarely successful” and people tend to perceive things that are most probably based on their knowledge and past experience (Keller & Schoenfeld, 2014). To penetrate more in society, for philanthropy, it is necessary that people should value their strong and energetic character for civil society and role played by private performers to support it. In some countries, there exists a limited acceptance in growing role of civil society and a reasonable opportunity of public action. Other countries in which state has committed to provide all the basic services, in those countries people have strong believe that only state should kept this responsibility with itself although there exist certain extensive declines in their services.

Additionally, shifting towards strategic giving approach, role of philanthropy viewed by some philanthropic institutions on its cultural concentration is important rather than act as a facilitator for societal change (Johnson, 2010). Some recognizes that giving pattern of rich donors is that they support privileged organizations (Ostrower, 1997). Similarly, Wiepking and Maas (2009) finds that the basic intention behind philanthropy of the rich is to preserve elite culture because philanthropy by American people is mostly about serving the interests of rich other than to take care of interests of the poor. However, more focus is being on outcome of that philanthropy rather than on the process of decision making. Research on charitable giving states that donors interpret ‘social information’ of contributions by others as a signal of quality. Donors could perceive the decrease of subsidies from the government which is a sign that organization is less trustworthy. This development could be due to the change in regulations of third sector organizations. As the sense of responsibility of third sector organizations in delivering the public services is increasing so government would require transparency, more control and more strict evaluation of the performance of these organizations (Bekkers & De Wit, 2014).

Perceptual process plays a key role in formation of impressions about groups. They do it to effect the person perception and it helps to allows rapid and accurate detection of performance. Such

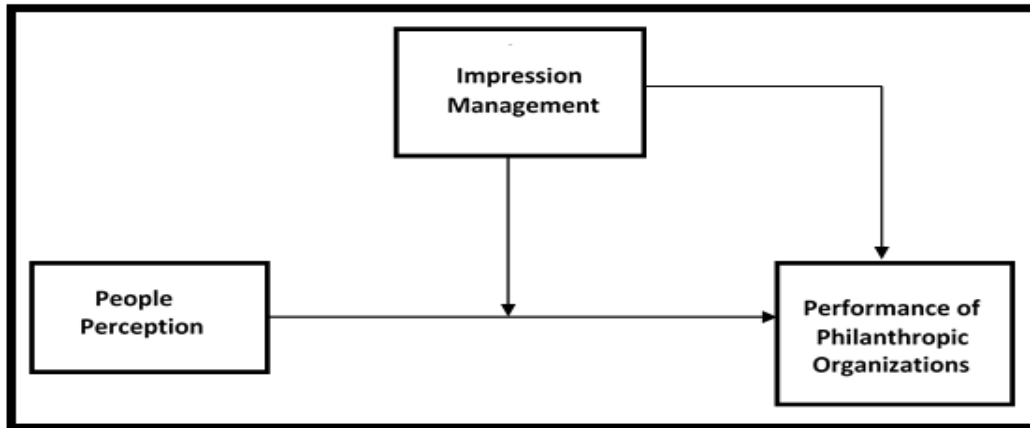
people perception processes shape social and the organizational behavior (Galinsky et al., 2013). Evaluation of group performance is equally based on perceptions of group in action (Heidemeier & Moser, 2009). People perception towards the organizations is directed by personal experiences, values and motivations. People expects from organizations to have presence of social media and that media engage in communicating the society about sense of non-government organizations like representing about need for realistic, clear and relevant information but people interpretation are sensitive to perceptions about trustworthiness and sincerity. People describe their observations of organizational efficiency to appearances of non-government organizations. Study also reveals that there is need to communicate transparency about internal and external objectives, strategies and processes which are followed in organization (Anderson, 2014). Impression management is a purposeful behavior which is an attempt to control the impressions of other through certain act of organization (Arndt & Bigelow, 2000).

Rosenfeld stated in his study that impression management is a process which helps people to influence the specified image about a group or a person or for an organization and which others don't have about them (Rosenfeld et al., 1995). So it can be said that the basic principle on which theory of impression management stands is that a performer deliberately adopt such a role which helps him to maximize the personal gains under the situation which he/she is facing at that time (Garg & Tiwari, 2015). Impression management can take place in many forms depends upon the requirement that by which form it will be more effective. However there are two major classes of impression management strategies and these are defensive and assertive (Dulebohn et al., 2012). Defensive strategy is the form of impression management which is used in reaction of the poor performance while the example of defensive strategies are excuses, apologies, accounts and self-deprecation. On the other hand, assertive strategy is actively used when it is important to create a specific status among its target audience. Neither it is not adopted against some reaction nor is it adopted against any situational demand (Wayne & Liden, 1995).

For institutionally transformative potential of impression management, there are some tactics which are different from other organizational outputs regarding their purpose; these tactics are "Design activities purposefully and carried out in such a way which influence on the perception of audience of any organization" (Elsbach et al., 1998). It can take many forms and can resemble with other things which organizations do. The reason to measure activities and processes which are adapted in organizations, for evaluation of capacity of organizations. Sawhill and Williamson (2001) highlight numerous activities within non-profits which are essentially measured for evaluation and these are financial and fundraising activities. It should also be analyzed that either outcomes of non-profit organizations are closely related to its mission. To measure outcomes and to evaluate effectiveness, it is important to see that up to what extent organization was successful in achieve its developed mission and assigned goals. Grandinetti, (2008) describe different ways

to measure outcomes such as measuring satisfaction level of participant or changing behavior of participants.

Figure 1 The Conceptual Framework



The Research Hypotheses

- H₁: People perception about the philanthropic organization is positively related to the performance of a philanthropic organization.
- H₂: Impression management by philanthropic organizations is positively related to their performance in terms of volume of their philanthropy.
- H₃: Philanthropic organizations who actively engage in impression management are more likely to acquire higher prestige in terms of ratings.

RESEARCH METHODOLOGY

As this study is a quantitative study, so for this purpose a validated and reliable questionnaire has been used to collect the data from respondents. Questionnaire for this study consists of two parts. First part of questionnaire represents the demographic information of respondent, whereas second part of this questionnaire consists of 26 questions about the people perception, the impression management and performance of philanthropic organizations. Measuring Instruments used in study were adopted from literature after the permission of scholars. Sample of 300 respondents is selected to fill the questionnaire. From the selected sample size, only 210 complete and accurate questionnaires received back. Whereas incomplete questionnaires excluded from the study. So the response rate is 70%. The respondents include only those people who donate their money to the philanthropic organizations which are registered with Pakistan Centre for Philanthropy (PCP). Those organizations which are not registered with PCP are not part of this study. Target population of this study is philanthropic organizations which are working in Pakistan. Snowball sampling technique was used to measure for data collection.

FINDINGS OF STUDY

Table 1 The Reliability Test

Variables	No. of Items	Cronbach's Alpha
People Perception	12	0.802
Impression Management	6	0.792
Performance	7	0.816

Table 2 Confirmatory Factor Analysis (CFA)

Indexes	Value
CMIN/DF	2.927
GFI (Goodness of Fit Index)	0.993
NFI (Normal Fit Indexed)	0.945
CFI (Comparative Fit Index)	0.959
RMSEA (Root Mean Square Error of Approx).	0.096

To check the reliability of the instrument Cronbach Alpha reliability was used. If the value of Cronbach Alpha Coefficients is above 0.70 than it considered suitable and scale with this value and greater is considered reliable. Table 1 represents that all the items selected for study are reliable. Whereas the validity of the questionnaire was analyzed through Confirmatory Factor Analysis (CFA) in AMOS 19. Indexes of model fits are shown in Table 2 and values shows that instrument is valid to use and model fits the data well. Linear Regression Analysis was also used.

Table 3 The Correlation Matrix

		People Perception	Impression Management	Performance
People Perception	Correlation	1.000	.308	.283
	Significance	.	.000	.000
	Df	0	205	205
Impression Management	Correlation	.308	1.000	.207
	Significance	.000	.	.003
	Df	205	0	205
Performance	Correlation	.283	.207	1.000
	Significance	.000	.003	.
	Df	205	205	0

Correlation matrix in Table 3 identifies that People perception has significant relationship with impression management as ($r = 0.308, p < 0.05$). In presence of control variables, Age, Gender, Marital Status, Income, Qualification and Dependents, value of impression management " r " shows that there exists a positive relationship exists between people perception and impression management. Whereas relationship of people perception with performance of philanthropic

organizations is also significant as ($r = 0.283, p < 0.05$). This positive relationship represents that if value of one variable increases, value of other variable will also increase and vice versa. Table 3 reveals that there is a significant relationship exists between impression management and performance of philanthropic organizations as ($r = 0.207, p < 0.05$) i.e. impression management and performance of philanthropic organization have positive relationship and increase in value of one variable will cause the increase in other variable and vice versa.

Table 4 The Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.525	.276	.247	.347

The table 4 depicts that 27.6% variance in dependent variable (performance of philanthropic organization) is being explained by its linear relationship with independent variables (People perception and impression management).

Table 5: Co-efficient (with moderator)

Dependent Variable		Independent Variables	Estimate	S.E.	C.R	P Label	Status
Performance	<---	Impression management	.073	.027	2.678	.007	Accept
Performance	<---	People perception	.093	.027	3.434	.000	Accept
Performance	<---	Interaction Term	-.033	.022	-1.519	.129	Reject

DISCUSSION

To check the hypotheses, AMOS has been used and results have been shown in Table 5. Results show that people perception can increase performance of philanthropic organizations in Pakistan. So first hypothesis has been accepted. Similarly, if philanthropic organizations effectively use impression management than it also helps to raise the performance of philanthropic organizations. Hence hypothesis 2 has also been accepted. This study shows that there is no moderation of impression management on people perception and on performance of philanthropic organizations, as it can be seen in Table 5. This study fails to accept third hypothesis. Impression management does not successfully moderates on the people perception and on performance of philanthropic organization so there could be a reason that philanthropic organizations does not spend much money to advertise their successes. Most of respondents agree that philanthropic organizations do their best when they know that their performance will be measured by general public. Most of organizations does not effectively use impression management, so they should rethink on their strategies or use impression management in a meaningful way. Impression management as an

independent variable significantly effects the performance of philanthropic organizations but it does not significantly effect on performance if we treat it as a moderator.

CONCLUSION

The findings of this study shows that people perception has strong influence on the performance of philanthropic organizations. Most of people have great influence of their parents on giving donation, i.e. they follow the same trend as their parents do. Demographic factors shows different trends with respect to their age, gender, marital status, income, dependents and education of donors. Whereas on organizational perspectives, people perception affects positively when people believes that their donation will be used for which they were given. It is important for the philanthropic organizations to keep up-to-date about their activities to the people donating in that organization. So when people see that their donation is used for which it was given, it gives them confidence to donate more in that philanthropic organization. On the other hand, if people observe that their donations are not properly handled by that organization, they stop giving donation to that philanthropic organization. When philanthropic organization will not receive appropriate donations, it will effects the performance of that organization. In this regard, philanthropic organization has to perform well to keep itself prominent from other organizations.

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