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Words Are Important: Adding the Adjective 'For-Profit' To the Term 'Social Enterprise' Affects Intentions to Donate

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Abstract: *- As nonprofit organizations consider launching social enterprise ventures, it is important to continue the investigation of how communication about these ventures affects individual donation decisions. Non-profits cannot successfully seed businesses among the poor and reduce poverty rates if they cannot fund raise. Utilizing a choice-based conjoint survey of donors from four nonprofit organizations, a sample of 191 participants indicated that a nonprofit organization's administrative efficiency was the most important attribute when choosing between donations. However, attributes concerning the venture itself (the profitability of the venture, the venture's location, the entrepreneurial competence of those starting the venture, and terms used to describe the venture) were all significantly more important to donors than the age of the nonprofit organization launching the venture. These findings extend previous research studies.*

Keywords: *- social enterprise; nonprofit organizations; donors; choice-based conjoint*

Poverty can be reduced through non-profits that help to seed business among the poor. Poverty reduction, through entrepreneurship, can tap a large market of consumers through the provision of desirable goods and services. Regional economies with a dynamic firm population are better able to preserve or even strengthen their competitiveness (Habersetzer, 2016) and enhance their survival rates (Tavassoli & Jienwatcharamongkhol, 2016). Grassroots entrepreneurship, in many countries where poverty levels are high, starts with micro-entrepreneurship. Even though there is an accidental or chance aspect to triggering entrepreneurial endeavors (Isaksen, 2016), the ability to finance these endeavors is critical to their launch. In fact, this may be the single most significant means by which those in poverty can pull themselves out of an economic and socially oppressive environment. It is difficult for those in poverty to see a hopeful change when non-profits are not able to acquire the funding that they need to make a difference in the lives of those they serve. As a result, a passive attitude prevails and a potential micro-entrepreneur is lost without hope. Almost anyone can be a micro-entrepreneur. However, without access to financial resources it is difficult to facilitate the transition of entrepreneurial and innovative ideas into businesses growth and wealth creation.

Obtaining funding is essential for the sustainability of nonprofit organizations and has become a challenge for many nonprofits (Glänzel & Scheuerle, 2015). While donations can come from corporations, foundations, individuals, or other types of stakeholders, individual donors accounted for 72% of charitable donations in 2014 (Giving-USA, 2015) making individuals one of the most important donor groups for nonprofit organizations. Research has shown that individuals who participate in charitable giving are not homogeneous (Helms & Thornton, 2012). Yet, much of the donation literature has focused on giving information at an organizational level (Feiler, Wicker, & Breuer, 2015; Grizzle, 2015; Marudas, Hahn, & Jacobs, 2012, 2014; Saxton, Neely, & Guo, 2014; Weisbrod & Dominguez, 1986) and not at the level of individual donors. The public goods theory and the subsequent economic model indicated that potential donors operate with a marketplace mentality, choosing to donate based on price, quality, and information (Okten & Weisbrod, 2000). Therefore, the following research applied the marketplace mentality of donors to an investigation of the

willingness of individuals to make a donation via Lancaster's (1966) consumer choice theory. Choice-based conjoint surveys and hierarchical Bayes analysis was used to determine the relative importance of two nonprofit organization attributes and four venture attributes. Nonprofit organizations are dependent upon donors. Therefore, they must know what to communicate to donors about their organization in order to facilitate better donor participation. Both the attributes of the nonprofit organization and the attributes of the nonprofit organization's venture are of interest and are shown in Figure 1. Of particular interest are the terms used to describe the venture (social enterprise, for-profit social enterprise, or business). In all, our research provides participant donor choice rankings of 19 attribute-levels.

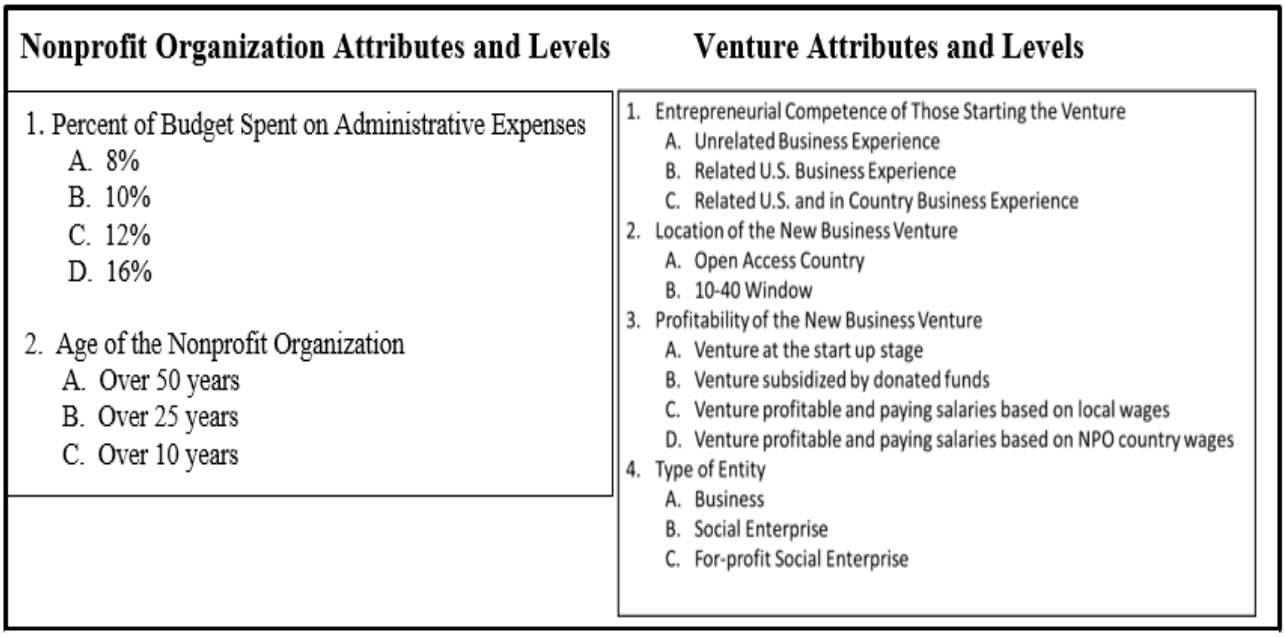


Figure1. *Nonprofit organization and venture attributes with corresponding attribute levels.*

This study investigated the donation intents of 191 individual donors and found that the percent of the budget spent on administrative expenses, was significantly more important to donors than any other attribute. Additionally, the four venture attributes were all significantly more important to donors than the age of the nonprofit organization. All the attributes, except the age of the nonprofit organization, had significant within-group differences. That is, within each attribute grouping, donors had some attributes that they found favorable and others that were comparatively less favorable. For example, calling the venture a social enterprise was very favorable, but calling the venture a for-profit social enterprise was comparatively unfavorable. Additionally, an 8% administrative expense ratio was the most favorable of all attributes, but a 16% administrative expense ratio was the most unfavorable of the 19 choice attributes.

Literature Review

Researchers and practitioners consider social enterprises to be hybrid organizations whose sustainability depends on both commercial performance and an advancement of their social mission (Battilana & Lee, 2014). Thus, social enterprises have a double or triple bottom line. One bottom line concerns social impact results, another refers to profitability, and sometimes practitioners add a third bottom line regarding an environmental impact or an additional social mission. This dual or triple focus increases the complexity of fundraising messaging as concerns about the potential mission drift of the organization or confusion regarding the hybrid nature of the organization might need to be addressed (Doherty et al., 2014; Stecker, 2014).

Social enterprise has emerged as a global movement involving many organizations (Battilana & Lee, 2014; Doherty et al., 2014; Zainon, Ahmad, Bakar, Sarman, & Amat, 2015). Researchers have

attributed this increased interest in social enterprise to social, political, and economic trends, such as the increased marketization of the nonprofit sector, the establishment of governmental offices like the Office of Social Innovation and Civic Participation in the United States, and the increased competition between nonprofit and for-profit organizations (Doherty, 2011). The Nobel Peace Prize awarded to Yunus in 2006 for the creation of a micro-credit social enterprise brought further publicity to the growing social enterprise movement.

As social enterprise leaders seek to use market-based processes and business techniques to fund solutions to environmental and social problems, sometimes the commercial activity itself is part of the solution to the problem (Plerhoples, 2015). For example, Minnesota Diversified Industries is a nonprofit social enterprise that began operating in the manufacturing sector in 1973 with a goal to provide jobs and train young adults with learning disabilities. The social problem addressed by Minnesota Diversified Industries was the need for employment opportunities for people with disabilities and the founder created a manufacturing business to meet this need. In 2015, about 43% of Minnesota Diversified Industries employees had disabilities and the annual revenue of Minnesota Diversified Industries was over $45 million. In 2015, over 40 years after formation, donations still accounted for 1% of these revenues (Minnesota Diversified Industries, 2015). While some social enterprises do not rely heavily on funds from donors, donors do provide funding needed for continued sustainability (Zainon et al., 2015).

Research regarding donor perceptions of use of social enterprise by organizations in order to generate funding or to provide social impact is mixed and although the terms social enterprise and social entrepreneurship have two different meanings, researchers frequently use the terms interchangeably (Luke & Chu, 2013). Andersson and Self (2014) found that including words related to social entrepreneurship were associated with an increase of 30% in participant willingness to donate in comparison with a control group that left social entrepreneurship terms out of the scenario. Conversely, Smith, Cronley, and Barr (2012) found that the introduction of a social enterprise by a nonprofit organization was associated with a significant decrease in donation intentions by participants.

In the seminal research regarding donations by Weisbrod and Dominguez (1986) and the resulting economic model of giving, information about the quality and efficiency of nonprofit organizations focused on the age of the nonprofit organization and the amount of money spent on fundraising. Since 1986, researchers have expanded the economic model of giving to include the influence of government grants, commercial income, additional measures of efficiency, total assets, and a ratio regarding the wealth of the nonprofit organization (Marudas, Hahn, & Jacobs, 2014). However, the research regarding donations and social enterprise has been focused on the use of information regarding the term social enterprise and mission consistency terms and has not included the other terms identified in the economic model of giving (Andersson & Self, 2014; Smith et al., 2012). Therefore, the following research combined factors from the economic model of giving, namely, price, quality, and commercial income, with factors from social enterprise research, namely, entrepreneurial competence, mission consistency, and the term social enterprise. In previous research, age was the proxy for quality and the profitability of the venture depicted commercial income (Marudas et. al, 2014). The location of the social enterprise depicted mission consistency (Smith et al., 2012).

Donations to organizations can come from many different types of stakeholders, such as corporations, foundations, and individuals, but individuals are the most important source of donations in terms of the amount of money contributed. In 2014, individuals accounted for 72% of charitable donations (Giving-USA, 2015). Given the importance of individuals, previous researchers have investigated the sociological and psychological motives individuals have for giving (Bekkers & Wiepking, 2011a, 2011b; Wiepking &

Bekkers, 2012). However, subsequent researchers found that individuals who participated in charitable giving were not homogeneous (Helms & Thornton, 2012). For example, religious giving by religious individuals was the least sensitive to changes in the price of giving, while secular giving by nonreligious individuals had the highest price elasticity (Helms & Thornton, 2012). Additionally, philanthropic behavior varied across different types of religions. For example, charitable giving was weaker in religions that had a high degree of private worship, such as Islamic women and Hindus, than in those with a high degree of public worship (Carabain & Bekkers, 2011). In addition to variations amongst individual donor characteristics, the determinates of giving varied significantly across charitable causes leading researchers to suggest that future empirical studies needed to show disaggregated results by charitable cause (Casale & Baumann, 2015). Given the fact that religious organizations have consistently constituted the largest percentage donations by recipient category (Giving-USA, 2015), the focus of this research was on the donation decisions of individuals who donated to religious nonprofit organizations.

A challenge for nonprofit organization leaders is to determine what information donors desire (Szper & Prakash, 2011). Saxton et al. (2014) found there was a significant positive relationship between the level of charitable donations and the amount of disclosure provided by a nonprofit organization website. For organizations that were less reliant on donations, such as those with social enterprises, performance disclosures were more significant than financial disclosures in affecting the level of charitable contributions (Saxton et al., 2014). Nevertheless, the impact of Charity Navigator ratings used to capture information about program efficiency on donations is mixed. Using a random sample of 525 nonprofit organizations listed on Charity Navigator in 2007, Gordon, Knock, and Neely (2009) found a positive relationship between changes in donations and changes in Charity Navigator ratings. Conversely, Szper and Prakash (2011) investigated the relationship between donations and Charity Navigator ratings for Washington State nonprofit organizations between 2004 and 2007 and found that rating changes did not affect donations.

The problem

Accessing funding needed for sustainability is one of the most critical issues facing the social enterprise sector (Glänzel & Scheuerle, 2015; Martin, 2015). The psychological and sociological factors concerning individuals' motives for charitable giving have been identified (Bekkers & Wiepking, 2011b; Wiepking & Bekkers, 2012), as have the nonprofit organizational factors that affect charitable donations (Marudas, Hahn, & Jacobs, 2012; Marudas et al., 2014). However, an investigation of how donors react to social enterprise activity and choose between donation choices from nonprofit organizations is important and needed (Kinsbergen & Tolsma, 2013). Research regarding the influence of the term, social enterprise, on donation decisions is mixed (Andersson & Self, 2014; Smith et al., 2012), while mission consistency and entrepreneurial competency may positively influence donation decisions regarding social enterprises (Smith et al., 2012).

At the organizational level, the economic model of giving (Weisbrod & Dominguez, 1986) indicated significant attributes across nonprofit organizations regarding price, age of the nonprofit organization, and profitability of the commercial enterprise. The problem is that nonprofit leaders do not know how these previous terms might influence a donation decision at an individual choice level. As more nonprofits use social media to compete for funding and the competition is global, there is a need to create appropriate fundraising messaging or risk bankruptcy. Information regarding the importance of these attributes is necessary to create fundraising messaging used to communicate information to donors (Lyons & Kickul, 2013). Identifying messaging barriers to funding (Glänzel & Scheuerle, 2015; Kickul & Lyons, 2015) and adapting to the expectations of funders is necessary to achieve adequate funding (Achleitner, Spiess-Knafl, & Volk, 2014). Closing social enterprises

due to inadequate funding would eliminate the positive economic and environmental impact they have on local economies (Ko, 2012).

There is intense competition amongst nonprofit organizations for funding. Weisbrod's (1986) public goods theory regarding the competitive marketplace for charitable giving viewed the competitive attributes of nonprofit organizations as a mixture of price, quality, and advertising. Advertising was considered the fundraising information regarding the quality and price of the organization. The age of the organization was the measure of quality, and price was the cost to donors to buy $1.00 of the nonprofit organization's output (Okten & Weisbrod, 2000). With the advent of the internet, there are new options for advertising and Saxton, Neely, and Guo (2014) extended Weisbrod's economic model of giving to identify the possibility of a correlation between additional web disclosures and increased donations. Their research showed a positive correlation between financial disclosures and donation levels, but donations were not sensitive to performance related information (Saxton et al., 2014). However, the Saxton et al. research and previous research regarding the economic model of giving (Herzer & Nunnenkamp, 2013; Marudas et al., 2014; Szper & Prakash, 2011), were explorations of charitable donation decisions at the organizational level and not at the individual donation decision level. Therefore, the following study was an exploration of charitable donation decisions at an individual level. The goal of this study was to determine what information, if any, with regard to price, age of the nonprofit organization, profitability of the commercial enterprise, location, entrepreneurial competence, and the use of the term social enterprise significantly influenced individual donation decisions. The use of conjoint analysis simulated the marketplace described by Weisbrod's public goods theory and allowed for categorization of the information so that donor tradeoffs among donation options could be quantified (Kuzmanovic & Martic, 2012). This was significant in that it extended the use of factors from the economic model of giving to an individual donation decision level.

Secondly, the study explored of the use of the term social enterprise on individual donation decisions. Nonprofit organizations have been using commercial income to provide sustainability for many years and by 1992 earned income comprised about 73.5% of all nonprofit organization funding (Weisbrod, 1998). However, this commercial revenue was associated with a crowding out effect and Grizzle (2015) found that an increase in program revenue by 10% led to a .4% decrease in donations. Smith et al. (2012) found this negative correlation between commercial income and donations applied to social enterprises as well. Conversely, Andersson and Self (2014), found that adding wording related to social entrepreneurship was associated with a 30% increase in willingness to donate in comparison with a control group. Therefore, the research design in the following study separated the concepts of general business, social enterprise, and for-profit social enterprise to identify if word choice influenced individual donation choice decisions. Nonprofit organization leaders will possibly utilize the results from this research to enable them to have an understanding of the influence of the words used to identify commercial endeavors and to have an empirically based response to policy-makers and others who view social enterprise as a best practice approach (Andersson & Self, 2014; Miller, Grimes, McMullen, & Vogus, 2012).

Thirdly, the research represents an extension of the previous research regarding the effect of entrepreneurial competence and mission consistency on donation decisions regarding social enterprises (Smith et al., 2012). Smith et al. investigated the effect of entrepreneurial competency in terms of the success or failure of a business and emphasized the amount of money the business was earning. The following study separated utility associated with the profitability of the business from utility association with the competency of the entrepreneur. As suggested by Alderson (2012), the research included an

investigation the intersection of social enterprise and faith-based organizations. In addition to the theoretical significance of the research, the ability for social enterprise leaders to choose fundraising information that directly appeals to their target donor market is an important sustainability factor. Specifically, word choice is important for donors. For example, in a research experiment in which solicitors wore either a T-shirt stating, Loving = Helping, Donating = Helping, or no inscription, the use of the word loving led to a significant increase in donations (Charles-Sire, Guéguen, Pascual, & Meineri, 2012). In investment research, the tone of the language used in disclosures investor significantly influenced judgments (Hales, Kuang, & Venkataraman, 2011). Given the previous researchers' results regarding tone and word usage, determining the significance of information with regard to price, age of the nonprofit organization, profitability of the commercial enterprise, location, entrepreneurial competence, and the use of the term social enterprise for individual donation decisions might enable organizations to target word usage in order to enhance funding and improve sustainability.

The purpose of this quantitative, correlational study was to investigate the hierarchy of importance of the factors of price, age of the nonprofit organization, profitability of the commercial enterprise, location, entrepreneurial competence, and the use of the term social enterprise with respect to influencing an individual's donation decision. By calculating the utility scores for each these factors (the use of the term social enterprise, price, profitability, age, entrepreneurial competence, and location) with regards to an individual's donation decision, it was possible to determine how important each of these donation attributes were relative to each other (Brimble, Vyvyan, & Ng, 2013). The survey instrument involved a list of attributes modeled after previous research (Andorfer & Otte, 2013; Brimble et al., 2013; Kinsbergen & Tolsma, 2013; Smith et al., 2012). In the next sections we will discuss non-profit organizations, ventures, donors and potential model for fundraising efficacy. This will be followed by a discussion of the methods along with a discussion of the findings, and then the implications, recommendations, and the conclusions from the study.

Non-Profit Organizations

A literature review focused on nonprofit donations identified important attributes related to the nonprofit organization based on the economic model of giving (Weisbrod & Dominguez, 1986). The relevant attributes were the age of the nonprofit organization and a measure of the price of a donation. Prior research indicated that the age of the nonprofit organization served as a proxy for the quality of the nonprofit organization (Marudas, Hahn, & Jacobs, 2012; Saxton, Neely, & Guo, 2014; Weisbrod & Dominguez, 1986). Previous researchers found that the age of the nonprofit organization attribute was insignificant when they used the economic model of giving and additional informational factors concerning web disclosure to investigate donations to organizations (Saxton et al., 2014). Researchers found a positive relationship between age of the nonprofit and utility (Calabrese, 2011; Saxton & Wang, 2014; Weisbrod & Dominguez, 1986). As a result of this previous research, our study participants were informed that "age" referred to the age of the nonprofit organization that was helping the venture.

Marudas et al. (2012) found that the best parsimonious model of donations based on the economic model of giving included only two measures of price or nonprofit organization inefficiency: (i) the cost to raise a dollar and (ii) administrative inefficiency. Research by Kinsbergen & Tolsma (2013) regarding donations to international development organizations found support for the significance of a low overhead ratio. These results differed from the results of Frumkin & Kim (2001) who found that nonprofit organization leaders using cost efficiency to position the organization in the marketplace fared no better than less efficient organizations regarding donations. Similarly, research concerning donations to arts and culture organizations showed that donors were indifferent to administrative efficiency (Grizzle,

2015). Administrative efficiency was defined as administrative expenses/total expenses by both Frumkin (2008) and Marudas et al. (2012) and was used in the current research study. Administrative efficiency was defined for survey participants as the percent of budget spent on administrative expenses.

Ventures

Social enterprise literature supports the four terms used in this research regarding the nonprofit organization enterprise: (1) terms used to describe the entity (Andersson & Self, 2014); (2) location of the new business venture (Heyes & Martin, 2015); (3) the entrepreneurial competence of those starting the venture (Smith, Cronley, & Barr, 2012); and (4) profitability of the new venture (Wicker, Breuer, & Hennigs, 2012). Heyes and Martin (2015) found that the ability of donors to choose a particular donation location affected the level of donations more than the characteristics of the nongovernmental organizations. Research by Andorfer and Otte (2013) also showed that country location affected participants willingness to donate.

Social enterprise leaders desire to bring about positive social change, but if the social enterprise is not profitable, the ability to establish a vehicle for social change is diminished (Bates, 2015). Therefore, profitability of the new venture was included as an attribute. Research by Wicker, Breuer, and Hennigs (2012) showed that donors to sporting nonprofit organizations located in Germany were more willing to donate when a club appeared to be strong enough to generate revenues from its core product than when the club received sponsorships. Conversely, Herzer and Nunnenkamp (2013) and Grizzle (2015) found a negative relationship between commercial revenues and donations suggesting that as nonprofits become more profitable, donors are less willing to provide support. Feiler, et al. (2015) found that a commercial orientation had a negative effect on donations. When separated into charitable giving categories, revenues had a positive relationship with charitable donations to the international giving category and a negative relationship with charitable donations to the social services, culture and the arts, and law and legal services categories (McKay, Moro, Teasdale, & Clifford, 2014). Research by Herman and Rendina (2001) demonstrated that commercial activities had little or no importance in donor decisions; donors mostly cared about commercial activity in relation to the advancement of the mission of the organization.

Previous research by Smith et al. (2012) found that perceived entrepreneurial competence had an effect on individual donation decisions. Donation intention was significantly higher when a social enterprise was perceived as competent. Entrepreneurial competence has been defined in terms of the set of skills, knowledge, and attitude required for a business, the capacity of a person to solve problems, the knowledge to act responsibly, and the qualification of a person to develop an activity (Minello, Alves Scherer, & da Costa Alves, 2014).

Social enterprise/entrepreneurship researchers frequently use the terms social enterprise and social entrepreneurship interchangeably (Luke & Chu, 2013) and the field of social enterprise is considered to be in a pre-paradigmatic state (Alegre, 2015). The struggle for a singular definition for social enterprise occurs among practitioners (Ridley-Duff & Southcombe, 2012) and academics (Choi & Majumdar, 2014; Young & Lecy, 2014). Therefore, the term "social enterprise" has had multiple definitions. Young and Lecy (2014) have argued for the use of a zoo metaphor to describe social enterprise instead of a single definition. Therefore, the term social enterprise is likely to have different meanings or connote different feelings for donors depending on which definition forms the basis for their understanding of social enterprise. Smith, et. al (2012) found the term was associated with decreased donation intentions, but Andersson and Self (2014) found the term was associated with a 30% increase in donation intentions. A definition of social enterprise was not provided for participants in our study.

Donors

Individual donors accounted for 72% of charitable donations in 2014 (Giving-USA, 2015) making individuals one of the most important stakeholder groups for nonprofit organizations. Research has shown that individuals who participate in charitable giving are not homogeneous (Helms & Thornton, 2012). The determinants of giving vary significantly across charitable causes (Carabain & Bekkers, 2011). For these reasons, this research focused on the largest recipient category of giving–religious organizations (Giving-USA, 2015). In 2014, approximately 52 million household gave to religious nonprofit organizations (Giving-USA, 2015). Charitable behavior, however, varies across different religions. In previous research studies, both the religious preference of the donor and the recipient nonprofit organization had an influence on giving behavior (Helms & Thornton, 2012). Private worship religions donate less than those with a high degree of public worship (Carabain & Bekkers, 2011). Public worship nonprofit organizations include Christians, Jews, and Mormons. Given the difficulty of contacting the 52 million households, our study focused on donors to Christian nonprofit organizations. As far as importance in our economy, Christian charities such as the Salvation Army, World Vision, Compassion International, and Catholic Charities USA were among the top 15 of America's largest charities in 2014 (Barrett & Alexander, 2015). As leaders of these organizations begin to launch social enterprises as a way to help people rise out of poverty and to provide organizational funding, they need to know if terms like social enterprise are helpful or hurtful to their quest to raise donations. Four Christian nonprofit organizations were willing to send the survey out to their donors.

Data and Method

Demographics of participants

A total of 2630 donors from four Christian nonprofit organizations were invited by email to participate in a choice-based conjoint survey. There were 191 valid surveys consisting of donors from all five geographical regions of the United States. The participants were almost evenly split regarding their personal gender identification. The population of interest for this study was individual donors to Christian nonprofit organizations. The consent form included an affirmation that the participant had donated to a Christian nonprofit organization within the last year and was at least 18 years old. The a priori projections in Chapter 3 indicated that 140 participants would be needed for this study. The final sample size was 191 and over the target sample size of 140. Table 1 shows that survey participants came from all five parts of the United States and from one country outside of the United States. Almost 55% of the survey participants were from the western states and about 27 % were from the southeastern states. These two areas accounted for almost 82% of participants. While there were participants in each age group, the 65 or over category had the largest number of participants (33.5%), followed by the 55-64 group (27.2%) and the 45-54 group (18.8%). These three groups accounted for almost 80% of all participants. The participants split almost evenly regarding their personal gender identification. Using previous journal article categories of gender, the survey respondents were 50% male and 49% female. One person declined to answer the gender question.

Table1:- Demographic Information Regarding Sample

Demographics (n = 191)	Frequency	Percentage
Geographic Location		
Midwest-IA, IL, KS, MI, MN, MO, ND, NE, OH, SD, WI	9	0.047
Northeast-CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT	3	0.016
Southeast-AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV	52	0.272
Southwest-AZ, NO, OK, TX	22	0.115
West-AK, CA, CO, HI, ID, MT, NV, OR, UT, WA, WY	104	0.545
Residing outside the United States	1	0.005
Age Group		
18-24	5	0.026
25-34	15	0.079
35-44	19	0.099
45-54	36	0.188
55-64	52	0.272
65+	64	0.335
International Mission Work Donor		
No	4	0.02
Yes	187	0.98
Gender		
Female	94	0.49
Male	96	0.5
Prefer not to answer	1	0.01
Donations Last Year		
$10 to $50	4	0.021
$51 to $100	4	0.021
$101 to $500	15	0.079
$501 to $1000	16	0.084
$1001 to $5000	46	0.241
$5001 to $10,000	39	0.204
Over $10,000	67	0.351

While the setting presented in the survey regarded a nonprofit organization that was engaged in Christian international mission work and was exploring a new strategy for reaching new people groups, participants were not required have donated to such an organization to participate in the survey. The population of interest was individual donors to Christian nonprofit organizations. A demographic question was included in the survey that investigated whether the participant had donated to a Christian nonprofit organization focused on international mission work within the last year. Table 1 shows that only four participants, or 2% of the total, had not donated to a Christian nonprofit organization focused on international mission work within the last year. The final demographic question involved having participants indicate approximately how much money that they had donated to nonprofit organizations last year. Thirty-five percent of the sample gave over $10,000 to nonprofit organizations last year. Twenty percent of the sample gave between $5001 and $10,000 and 79% of participants gave at least $1001 last year.

Survey

The choice-based conjoint survey allowed participants to determine which attributes were most important to them and to choose from mixtures of those attributes or to determine that none of the choices were favorable and choose "none" of the donation choices presented. This survey asked donors to choose donations based on two

organizational attributes (age and the administrative expense ratio) and four venture factors (location, profitability, entrepreneurial experience, and the terms used to describe the entity). Instead of using all 864 donation choice combinations, the balanced overlap method in the Sawtooth Software program was used to create survey choice profiles that were almost orthogonal. As participants randomly logged on to the survey link, they were given one of the 12 different surveys created by the Sawtooth Software program. The setting for the survey is shown in Figure 2. The prompt for the survey and an example survey task page is shown in Figure 3.

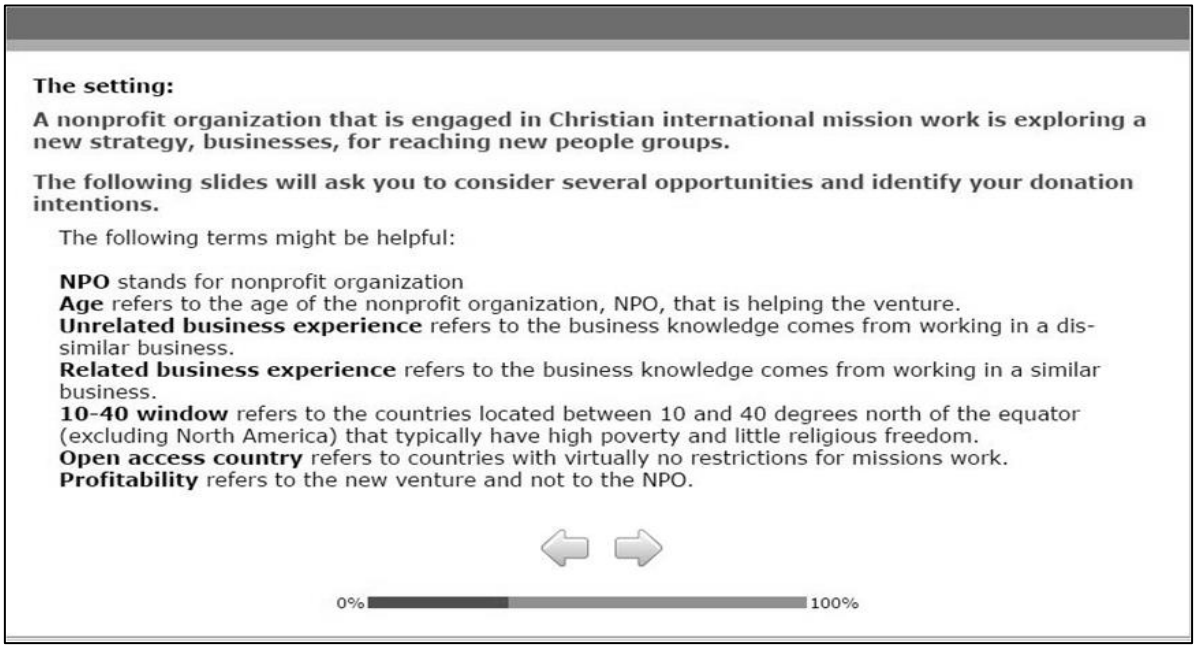
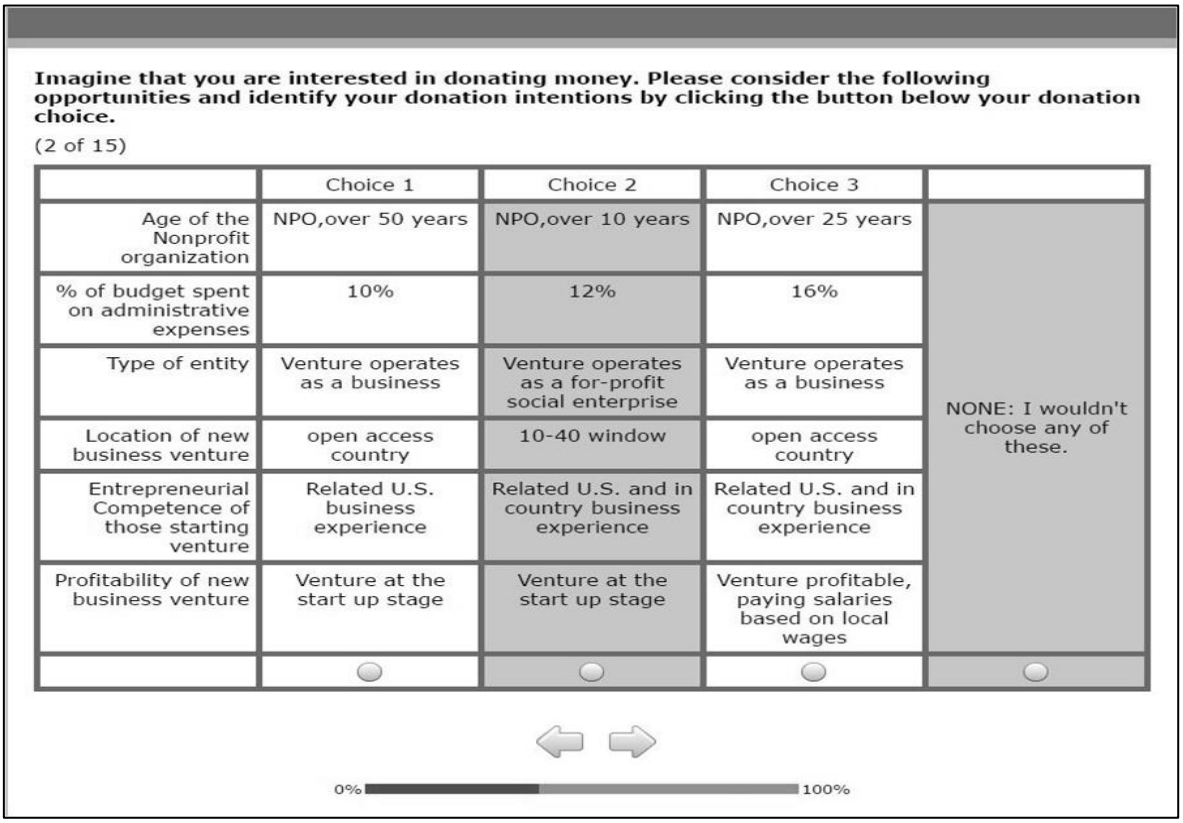


Figure 2. *Survey page outlining setting and some definitions for participants.*



	Choice 1	Choice 2	Choice 3	
Age of the Nonprofit organization	NPO,over 50 years	NPO,over 10 years	NPO,over 25 years	NONE: I wouldn't choose any of these.
% of budget spent on administrative expenses	10%	12%	16%	
Type of entity	Venture operates as a business	Venture operates as a for-profit social enterprise	Venture operates as a business	
Location of new business venture	open access country	10-40 window	open access country	
Entrepreneurial Competence of those starting venture	Related U.S. business experience	Related U.S. and in country business experience	Related U.S. and in country business experience	
Profitability of new business venture	Venture at the start up stage	Venture at the start up stage	Venture profitable, paying salaries based on local wages	
	○	○	○	○

Figure 3. *Example of Donor Choice Task.*

Discussion of the Findings

Consistent with previous research, the percent of the budget spent on administrative expenses had the highest average importance for survey participants. The results also showed that the attributes of new venture location, entrepreneurial competence of the new venture leader, profitability of the new venture, and the terms used to describe the venture were all significantly more important to survey participants than the age of the nonprofit organization.

The results from this study indicated that the percentage of the budget spent on administrative expenses, with an average favorability of 31%, was almost twice as important for participants as the next highest attribute. The administrative expense ratio attribute had the strongest within-group difference of all attribute groups ($\chi 2 = 327.35$, $p < .01$). Surprisingly, there was a big difference in favorability between levels of 10% and 12% of budget spent on administrative expenses. Results indicated that a ratio of 10% ranked second highest in favorability while a ratio of 12% ranked 14th out of 19 total choice level attributes.

Age was the other organizational factor in the study. At 7.03%, age of the nonprofit organization appeared to be less important than in studies of donation influences that did not consider venture attributes. There was not a significant within-group difference between the levels of the age attribute. The within-group chi square is not significant for the age of the nonprofit organization and showed that sample respondents did not ascribe age to be a relatively important attribute when choosing between donation choices.

The results showed that attributes of the venture were very important to donors. The four attributes concerning the venture collectively had 61% of the overall importance for a donation decision. Of these, the most important was location of the new venture, at 16.06%, followed by entrepreneurial competence of those starting the venture, at 15.75%, profitability of the venture, at 15.15%, and the term used to describe the venture, at 14.80%. The following table shows the ranking of each specific attribute description.

Table 2:- Hierarchical Bayes Model Results

Attributes	Average Importance	Specific Attribute Choice	Utility	Rank
Percent of budget spent on admin expenses	31.21	16%	-106.00	19
		12%	-12.53	14
		10%	45.70	2
		8%	72.83	1
Location of new business venture	16.06	10-40 window	34.75	4
		Open access country	-34.75	17
Entrepreneurial competence of those starting venture	15.75	Related U.S. and in country business experience	41.16	3
		Related U.S. business experience	6.97	8
		Unrelated business experience	-48.13	18
Profitability of new business venture	15.15	Venture profitable, paying salaries based on NPO country wages	8.86	7
		Venture profitable, paying salaries based on local wages	12.74	6
		Venture subsidized by donated funds	-0.95	12
		Venture at the start up stage	-20.65	15
Term used to describe the venture	14.80	Venture operates as a for-profit social enterprise	-26.17	16
		Venture operates as a social enterprise	21.65	5
		Venture operates as a business	4.52	8
Age of the nonprofit organization	7.03	NPO, over 50 years	1.29	10
		NPO, over 25 years	1.19	11
		NPO, over 10 years	-2.47	13

An important finding of this research is that as leaders create new ventures with a social mission in mind, donors identify attributes of the new venture to be very important when choosing among donation options. Related U.S. and in-country experience was the most important venture characteristic for donors. Additionally, simply having unrelated business experience was comparatively unfavorable for the participants. This was consistent with previous research by Smith et al. in 2012 who found that perceived entrepreneurial competence had an effect on individual donation decisions.

The attribute levels for the location of the new business venture show a significant within-group difference between locating the new business venture in an open access country or locating it in the 10-40 window. Many faith-based organizations consider addressing the physical well-being of communities as a core aspect of their existence (Clarke & Ware, 2015). Given the fact that the 10-40 window is comprised of countries located between 10 and 40 degrees north of the equator (excluding North America) that typically have high poverty and little religious freedom (Rundle, 2014), this donor choice preference is understandable. In a report conducted in 2002, 86% of donations to international organizations came from households that supported religious congregations (Schnable, 2015).

The findings regarding the type of entity preferences of participants show that the use of the term social enterprise was preferred over business. This supports the earlier research of Andersson and Self (2014). While the term social enterprise ranked fifth in favorability, calling the new venture a for-profit social enterprise ranked 16th out of a total of 19. Using the qualifier of for-profit before the term social enterprise resulted in relative dissatisfaction for donors.

This study informs an important gap in knowledge about the importance of social enterprise attributes for donors. The findings from this study show that participants had limited interest in donating to ventures at the startup stage, started by someone with unrelated business experience, and located in an open access country. Donors were interested in donating to a social enterprise, located in the 10-40 window, started by someone with related U.S. and in country experience, paying salaries based on local wages, with an 8 to 10% administrative efficiency. In addition, this research supports the importance of a nonprofit's administrative efficiency for donors. The price factor ranked significantly higher in average importance than other factors, giving credence to the premise that price is important to donors in the context of social enterprise ventures. Social enterprise leaders searching for funding should take note of the fact that while mission is important donors still desire for their money to be used efficiently.

This study is also important in that it investigated diverse participants' choices instead of using the secondary data from nonprofit organizations. The research design used in this study provided the ablility to determine the utility associated with the terms social enterprise, business, and for-profit social enterprise. Future research is needed to understand why donors respond so negatively to a for-profit social enterprise as compared to an entity simply referred to as a social enterprise. The for-profit status may be viewed as inconsistent with the mission of the nonprofit and thereby lead to decreased donations similar to the research of Smith et al. (2012) or in may be due to a crowd-in effect (Grizzle, 2015) resulting from the increase in profit. More specifically, using open-ended questions and qualitative research might be needed to determine what about the term for-profit was so negative for the donors in the sample.

Counting analysis.

Counting analysis is one method of summarizing the preferences from a choice-based conjoint survey. In this analysis, the number of times an attribute level was chosen is divided by the number of times it was presented to survey participants. Counting analysis shows on average, the levels that were preferred by this sample of participants. The count proportions are closely related to conjoint

utilities and are ratio scaled data (Orme, 2014). The results from Table 3 show respondent preferences for each level within the attribute categories using the counting proportions. The chi-square statistics indicate the significance of the within attribute proportions.

Table 3:- Preferences of Respondents based on Proportions

Attributes	Proportion	χ^2
Age of the nonprofit organization		
NPO,over 50 years	0.296	
NPO,over 25 years	0.283	
NPO,over 10 years	0.259	
Within Att. Chi-Square		5.47
Percent of budget spent on administrative expenses		
16%	0.122	
12%	0.217	
10%	0.337	
8%	0.439	
Within Att. Chi-Square		327.35 **
Term social enterprise		
Venture operates as a for-profit so	0.217	
Venture operates as a social enterp	0.342	
Venture operates as a business	0.282	
Within Att. Chi-Square		59.72 **
Location of new business venture		
10-40 window	0.355	
open access country	0.206	
Within Att. Chi-Square		124.75 **
Entrepreneurial competence of those starting venture		
Related U.S. and in country busine	0.367	
Related U.S. business experience	0.285	
Unrelated business experience	0.188	
Within Att. Chi-Square		120.82 **
Profitability of new business venture		
Venture profitable, paying salaries	0.279	
Venture profitable, paying salaries	0.32	
Venture subsidized by donated fun	0.286	
Venture at the start up stage	0.235	
Within Att. Chi-Square		20.17 **

Note. N = 191. **p < .01.

The within group chi square is not significant for the age of the nonprofit organization and shows that sample respondents did not ascribe this to be a relatively important factor for choosing between donation choices. The nonprofit attribute is the only attribute for which this is the case. The five other attributes have significant within group differences. The strongest within group difference is found in the percent of budget spent on administrative expenses level ($\chi2 = 329.35$, $p < .01$). The lowest level for this attribute was 8% with a proportion of .439 and it was chosen 3.6 times more than the highest level of 12% with a proportion of .122. The second strongest within group difference concerned the location of the new business venture ($\chi2 = 124.75$, $p < .01$). Respondents chose the 10-40 window location 1.7 times more than the open access country location. The location attribute had fewer levels than the number of choices within a task making the sum of its proportions lower than the other attributes. Another strong within group difference was regarding entrepreneurial competence ($\chi2 = 120.82$, $p < .01$). Related U.S. and in country business experience was preferred by participants over unrelated business experience almost two to one. The counts proportions show that on average the respondents preferred a nonprofit organization that has been in operation for over 50 years, with only 8% of the budget spent on administrative expenses, operating a social enterprise located in the 10-40 window, by someone with related U.S. and in country business

experience, and paying salaries based on local country wages.

Using counting analysis, there were also three significant within group interactions between attributes. At the $p < .01$ level, there was an interaction between age of the nonprofit organization and both the profitability of the new business venture and the type of entity (social enterprise or business). At the $p < .05$ level, there was and interaction between the percentages spent on administrative expenses and the entrepreneurial competency of those starting the venture. While these counts/proportions show on average which levels were preferred for this sample of individual donors, they are not helpful in determining how combinations of all attributes added together would be preferred. Additionally, the results from counting analysis are not helpful in comparing one attribute to another attribute in regards to utility preferences.

Logit and hierarchical Bayes analysis.

Logit or hierarchical Bayes analysis is necessary to determine the estimations for the attribute part-worth utilities from which total utilities can be calculated (Orme, 2014). A utility is a measure of the relative attractiveness of each attribute. Therefore, the higher a utility, the more attractive the attribute is to donors and levels with high utilities have a large positive impact on influencing respondents to choose a particular donation choice. Aggregate logit combines all the information from respondents and estimates a single set of utilities to fit the total sample. In simple terms, aggregate logit is similar to assuming that an average person took a long survey since a single set of utilities to represent all respondents assumes homogeneity. In contrast, the hierarchical Bayes model allows for heterogeneity of respondents. The results for the hierarchical Bayes model will be presented after the presentation of results for aggregate logit.

The utility values in the aggregate logit model are found for each level so that the probability of a given level produces the maximum likely fit to the choices made by participants. For example, the utility associated with the age of the nonprofit was calculated using the following model.

$$PA = \exp(UA) / [\exp(UA) + \exp(UB) + \exp(UC) + \exp(UD) + \exp(UE)] \quad (1)$$

In Equation 1, PA is the probability of choosing alternative for age of the nonprofit. UA is the total utility for age of the nonprofit and the other subscripts refer to each of the other attribute categories. The utility estimates reflect the impact that each attribute has on donation choice and were measured independently of the other attributes. The Sawtooth Software logit analysis is an iterative process and finds the maximum likelihood solutions for fitting a multinomial logit model to the survey choice data. The maximum number of iterations is 20, but the model converged after only four iterations. Based on the chi-square data ($\chi 2 = 899.51$, 15 df), respondent choices are significantly affected by the attribute choices.

Table 4 shows the average utility scores for each level based on the aggregate logit model as calculated using a Sawtooth Software application. There is a large dis-utility (U = -134.75) associated with 16% of the budget spent on administrative expenses and the largest utility (U = 105.31) is associated with 8% of the budget spent on administrative expenses. The next largest utility was associated with entrepreneurial competence with related U.S. and in country business experience obtaining a utility of 59.26. There was a large dis-utility associated with having unrelated business experience (U = -68.89).

Table 4:- Logit Average Utility Scores with Zero-Centered Differences

Attribute Level	Utility
NPO,over 50 years	0.61
NPO,over 25 years	2.81
NPO,over 10 years	-3.41
16%	-134.75
12%	-25.66
10%	55.10
8%	105.31
Venture operates as a for-profit social enterprise	-36.80
Venture operates as a social enterprise	31.01
Venture operates as a business	5.79
10-40 window	47.77
open access country	-47.77
Related U.S. and in country business experience	59.26
Related U.S. business experience	9.63
Unrelated business experience	-68.89
Venture profitable, paying salaries based on NPO country wages	9.19
Venture profitable, paying salaries based on local wages	26.26
Venture subsidized by donated funds	0.51
Venture at the start up stage	-35.96

In order to understand the relative importance of each attribute to the average participant, the difference each attribute makes in the total utility of the donation choice was calculated. The calculation is made by computing the range in utility of each attribute and then dividing the range by the sum of all the ranges. The average importance scores are shown in Figure 4.

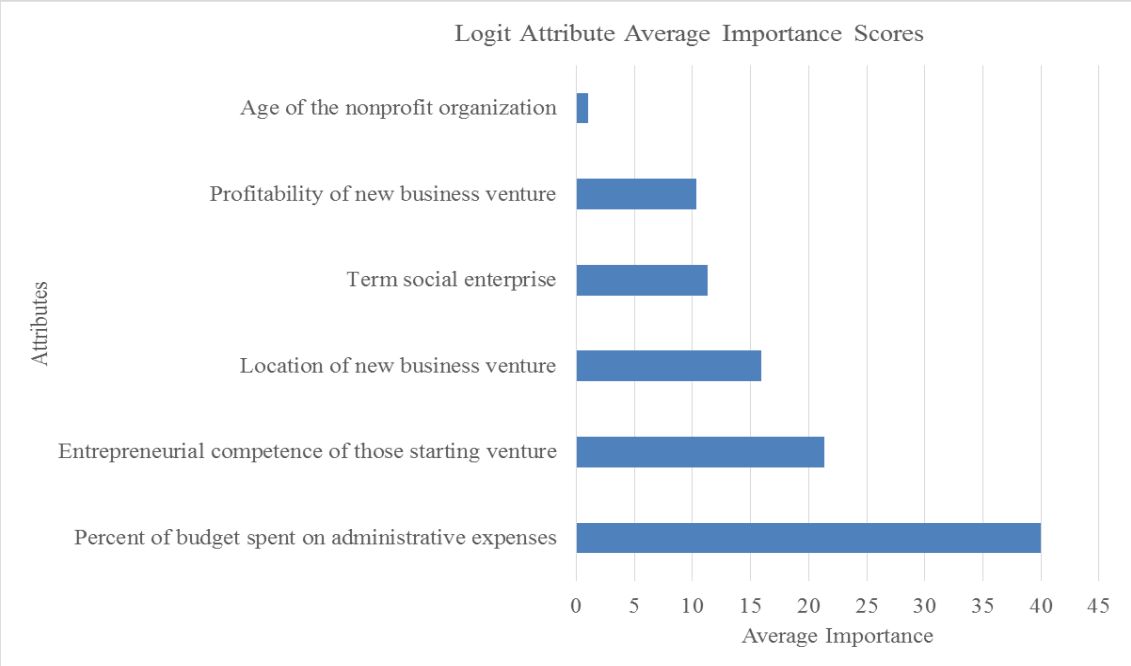


Figure 4. *The average importance scores for attributes based on the logit model.*

The results show that the percentage of budget a nonprofit organization spends on administrative expenses was almost twice as important as the next highest attribute, the entrepreneurial competence of those starting the proposed venture. The age of the nonprofit organization was of relatively small importance to donors. These average importance scores show that there is a difference in the relative importance of at least one of the attribute terms. In the previous results using counts, the age of the nonprofit had a significant interaction effect, but using the logit model, these interactions did not produce significant improvement on the model ($\chi^2 = 9.35$, 20 d.f.).

These logit calculations assume homogeneity of participants which is not a given for participants in this sample. Therefore, the hierarchical Bayes analysis was used to account for the differences in utilities among survey participants. The hierarchical Bayes model has two levels. At the top level, the respondents' parameters are described by a multivariate normal distribution characterized by a vector of means and a covariance matrix. The lower level assumes that given an individual respondent's betas, a particular model governs the probabilities associated with the respondent's donation choices. The lower level model dominates if there is a lot of information per respondent and the respondent is consistent. The Sawtooth Software program was used to estimate the vector of mean population betas, the matrix of population beta covariances, and a vector of betas for each respondent. The software program makes use of Gibbs sampling to obtain point estimates of each respondent's betas by averaging thousands of random draws. Figure 5 shows the iterative process used by the Sawtooth Software program.

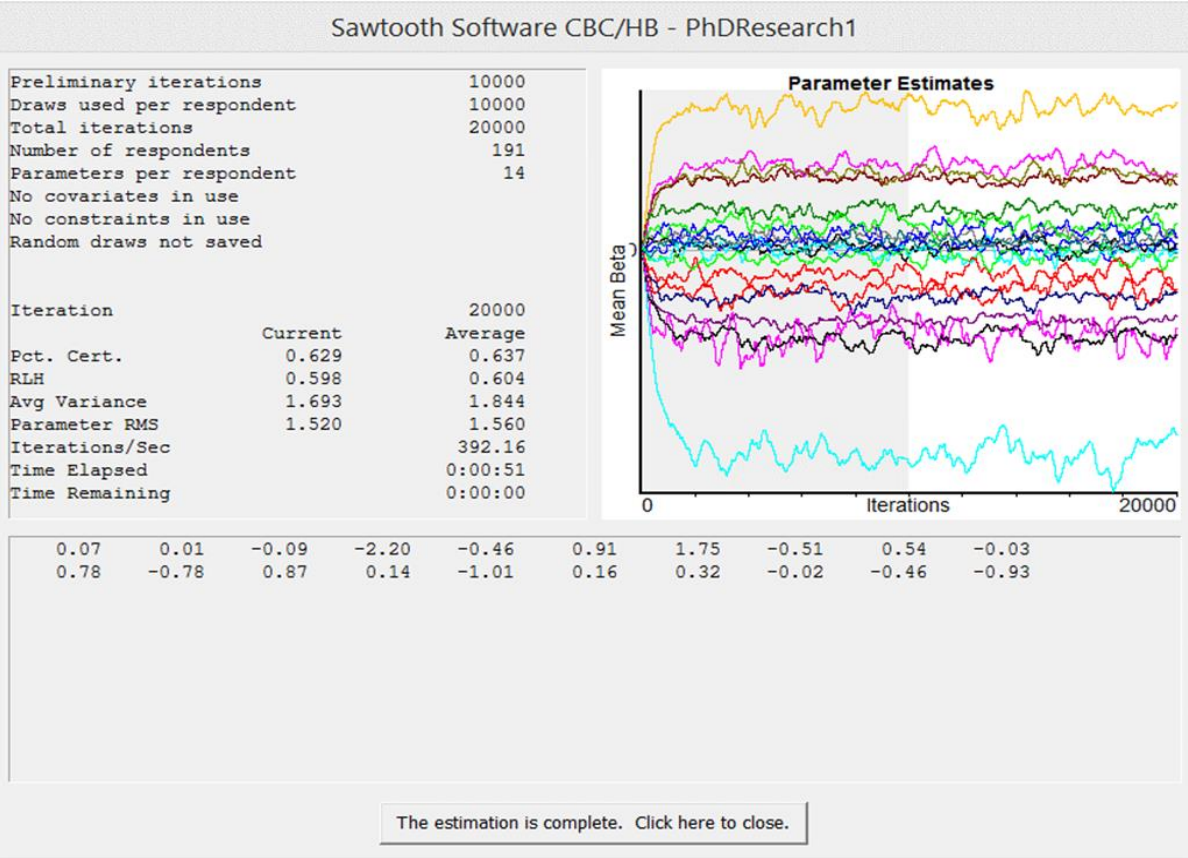


Figure 5. *Hierarchical Bayes Model Convergence for Parameter Estimates.*

All iterations start at zero and update based on the estimates of the vector of mean population betas, the matrix of population beta covariances, and the individual respondent utilities. Each color in Figure 5 represents a part-worth utility and the Sawtooth Software program codes each level as an independent variable. The goal is to continue the draws until the part-worths oscillate around a

central point. The grey area of Figure 5 shows the burn area of the iterations and the white area shows where the data from subsequent draws begins to be saved. The RLM measure is the symbol for the root likelihood and is a measure of how well the solution fits the data. Similar to R2, the best possible value is 1.0. The worst possible value is the reciprocal of the number of choices available in the tasks, which is ¼ or .25 for this study. The RLM in this study is .598. The numbers in the box below the graph are the attribute betas.

The resulting average utilities scores for each attribute level were very similar to the average utilities from the logit analysis. The difference in the results was due to the fact that hierarchical Bayes uses the individual utility scores from participants instead of averages allowing for the heterogeneity of the sample. Using the individual utilities information, the Sawtooth Software program computed the average importance scores for each attribute. The percent of budget spent on administrative expenses still had the most importance for respondents with a 31.21 % impact. The location of the new business venture moved up into second place with an average importance of 16.06%, closely followed by the entrepreneurial competence of those starting the venture (15.75%). The profitability of the new venture (15.15%) moved into fourth place, displacing the social enterprise term (14.80%). The age of the nonprofit organization was least important with a score of 7.03%. This again shows that there is a difference in the relative importance of the attributes.

Table 5:- Hierarchical Bayes Model Results

Factor	Average Importance	Level	Utility	Rank
Age of the nonprofit organization	7.03	NPO, over 50 years	1.29	10
		NPO, over 25 years	1.19	11
		NPO, over 10 years	-2.47	13
Percent of budget spent on admin expenses	31.21	16%	-106.00	19
		12%	-12.53	14
		10%	45.70	2
		8%	72.83	1
Term social enterprise	14.80	Venture operates as a for-profit social enterp	-26.17	16
		Venture operates as a social enterprise	21.65	5
		Venture operates as a business	4.52	8
Location of new business venture	16.06	10-40 window	34.75	4
		Open access country	-34.75	17
Entrepreneurial competence of those starting ventur	15.75	Related U.S. and in country business experie	41.16	3
		Related U.S. business experience	6.97	8
		Unrelated business experience	-48.13	18
Profitability of new business venture	15.15	Venture profitable, paying salaries based on NPO country wages	8.86	7
		Venture profitable, paying salaries based on local wages	12.74	6
		Venture subsidized by donated funds	-0.95	12
		Venture at the start up stage	-20.65	15

In order to see if there was a significant difference between the average importance scores of the attributes a two-sample t-test was used. The results of some of the attribute comparisons are shown in Table 6. The highest average importance of 31.21 related to the percentage of the budget spent on administrative expenses was significantly different from the next highest importance regarding the location of the new business venture of 16.06 ($p < .01$). There was not a significant difference between the average importance of the location of the new business venture and the average importance regarding the entrepreneurial competence of those starting the venture, the profitability of the new business venture, or the term social enterprise. There was a significant

difference between the average importance of the age of the nonprofit organization and the other average importance scores t(191) = 9.98, p < .01.

Table 6:- Two Sample t-test Results

Attribute Comparisons	Test-statistic
Percent of budget & Location	13.05 **
Location & Competency	0.30
Location & Term social enterprise	1.17
Term social enterprise & Age	9.98 **

Note. n = 191. **p < .01.

Fixed tasks analysis. The two fixed tasks were used to evaluate the relationship between the predicted choices of the model and the actual choices made by respondents. The Sawtooth Software Market Simulator was used to generate the predicted share preferences. The comparative results are shown in Table 7. The first fixed task was completed 1/3 of the way through the survey and the second fixed task was completed 2/3's of the way through the survey. In an analysis of the two fixed choices, the respondents picked the same choice over 68% of the time. This is well over the 25% by chance success rate.

Table 7:- Comparisons between Fixed Tasks and Model Choice Predictions

	Actual Share Preference		Predicted Share
	Fixed 1	Fixed 2	Preference
Choice 1	55%	58%	59%
Choice 2	31%	27%	27%
Choice 3	7%	6%	4%
None	8%	9%	10%

The price attribute, represented in the survey by the percentage of budget spent on administrative expenses, had a significantly higher average importance for participants that any of the other attributes. Additionally, the average importance of the age of the nonprofit organization was significantly smaller than the other average importance scores. With respect to within the attribute levels, all the attributes except for the age of the nonprofit organization showed a significant difference between levels.

Evaluation of Findings

In order to determine if particular attributes had an influence on individual donation choices, this quantitative correlational study used utility theory to investigate the hierarchy of importance of price, age of the nonprofit organization, profitability of the commercial enterprise, location, entrepreneurial competence, and the term social enterprise from the perspective of individual donors to Christian nonprofit organizations. Similar to previous research regarding the economic model of giving (Marudas et. al, 2014), price, represented as the percentage of the budget spent on administrative expenses, was significantly important to individual donors as they choose between donations options. Previous research by Kinsbergen and Tolsma (2013) regarding donations to international development organizations found similar support for the significance of a low overhead ratio. These results differed from the results of Frumkin and Kim (2001) who found that nonprofit organization leaders using cost efficiency to position the organization in the marketplace fared no better than less efficient organizations in regards to donations and the research concerning donations to arts and culture organizations in which, Grizzle (2015) found that donors were indifferent to administrative efficiency.

The age of the nonprofit has been used as the proxy for the quality of nonprofit organizations since the

first presentation of the economic model of giving by Weisbrod and Dominguez (1986). The age variable was a significant factor in this seminal research for all the nonprofit organizations studied except those in the education category. Age was also a significant factor in research by Marudas et al. (2012) and Van Hulle and Dewaelheyns (2014). However, in this study, the age factor was not significant and had little importance for participants. These results are similar to the research by Saxton, Neely, and Guo (2014) who found that age was insignificant when they used the economic model of giving and additional information variables to investigate donations to organizations.

Similar to previous research regarding social enterprise, the entrepreneurial competency of those starting the venture was important (Smith et al., 2012). As Table 1 shows, having someone starting the venture with both related U.S. and in country business, experience was preferred over unrelated business experience almost two to one and over related U.S. business experience as well. Kinsbergen and Tolsma (2013) found that people were more willing to donate to organizations which appeared to have experienced leadership and whose staff was professional.

The use the term social enterprise was preferred over business as found previously by Andersson and Self (2014). However, using the qualifier of for-profit before the term social enterprise resulted in dis-utility for donors. This is similar to the results of Feiler et al. (2015) who found that a commercial orientation had a negative effect on donations. Further research will be needed to determine if the dis-utility was due to a perception of mission inconsistency or a crowding out effect as previously noted by Grizzle (2015) and Herzer and Nunnenkamp (2013).

The attribute levels for the location of the new business venture show a significant difference between locating the new business venture in an open access country or locating it in the 10-40 window. This is similar to research by Andorfer and Otte (2012) who found that their survey participants refrained from donating to affluent countries. In a previous study by Heyes and Martin (2015) the ability of donors to choose a particular area to donate affected the level of donations more than the characteristics on the nongovernmental organization. This is also similar to the mission consistency results found in the social entrepreneurship research by Smith et al. (2012) as all but four of the 191 respondents had donated to a Christian nonprofit organization focused on international mission work within the last year. As previously noted, social enterprise, business for transformation nonprofit organizations have identified strategic location as part of their business plans and location can be considered a mission consistency factor (Lai, 2015).

Regarding the profitability of the new business venture, survey respondents had the most utility for a venture that was profitable and paying salaries to workers based on local country wages. The fact that this had a higher utility than a venture that was profitable and paying wages based on the nonprofit country wages was similar to the results of Balsam and Harris (2014) who found that disclosures of high executive compensation reduced subsequent donations to the nonprofit organization. The disutility associated with the venture at the startup stage ties back to the viability of the organization. Herman and Rendina (2001) found that donors mostly cared about commercial activity in relation to the advancement of the mission of the organization. Additionally, subsequent research showed that donors to sporting nonprofit organizations located in Germany were more willing to donate when a club appeared to be strong enough to generate revenues from its core product than when the club received sponsorships (Wicker, Breuer, & Hennings, 2012).

Implications of the Study

To determine whether there was a difference in relative importance regarding the use of the term social enterprise, price, profitability, age, entrepreneurial competence, and location with respect to donation decision, hierarchical Bayes modeling was used to calculate the average

importance scores. The percentage of the nonprofit organization's budget spent on administrative expenses had the highest average importance for participants, accounting for 31.21% of the decision choice based on average importance. Location of the new business venture accounted for 16.06%, entrepreneurial competence of those starting the venture accounted for 15.75%, profitability of the new business venture accounted for 15.15%, the term social enterprise accounted for 14.80%, and the age of the nonprofit organization accounted for 7.03%. Results from a two sample t-test show that there is a statistical difference between the average importance of the percentage of the nonprofit organization's budget spent on administrative expenses and the location of the new business venture $t(191) = 13.05$, $p < .01$.

There is not a significant difference between average importance of the factors regarding the location of the new business venture, the term social enterprise, the profitability of the new business venture, and the entrepreneurial competence of those starting the venture. There was a significant difference between the average importance of the age of the nonprofit organization and the term social enterprise $t(191) = 9.98$, $p < .01$. These results indicate a difference in the relative importance of at least one of the factors, namely the price represented by the percentage of the budget spends on administrative expenses was significantly more important to donors than any other factor. Additionally, the age of the nonprofit organization was significantly less important to donors than all other factors.

These results are important to the discussion of the application of the economic model of giving in the hybrid context of social enterprise. Weisbrod and Dominguez (1986) developed the economic model of giving before nonprofit organization leaders began using websites. Saxton et al. (2014) extended the existing economic model of giving theory by the discovery that website disclosures dispersed information that was relevant to donors. In the Saxton et al. research, the age of the nonprofit organization was no longer a significant variable. Similarly, this study finds that the five other factors: the term social enterprise, price, profitability, entrepreneurial competence, term social enterprise, and location were all significantly more important to donors than the age of the nonprofit organization.

While there were participants from all parts of the United States included in the sample, only six percent of them were located in the Midwest and Northeast. Additionally, the sample only had one participant outside the United States. Therefore, the results may not apply to non-U.S. donors or those located outside the Southern or Western parts of the United States. The same line of reasoning applies to the age demographic of participants. Eighty percent of the participants were at least 45 years old. Hence, a larger sample of younger respondents might not yield the same results.

The economic model of giving was based on the Weisbrod's public goods theory and the notion that nonprofit organizations can be viewed as operating in a marketplace for public goods. The hybrid organization form that combines enterprise with social purpose attempts to address social issues by selling a core service or product (Wilson & Post, 2013). Therefore, future researchers should make use of choice based conjoint analysis as a way of determining if terms like social enterprise, the location of the venture, and the basis for the wages paid to workers are important for the particular demographic of donors that is trying to be reached for funding the organization.

Recommendations

Social enterprise leaders searching for donor funding should bear in mind the importance of administration efficiency for donors. The results show that the top two positive utility scores for participants are related to an 8% and 10% administration expense to total expense ratio. At 12%, participants began having dis-utility and the most unfavorable utility score was associated with a 16% administration to total expense ratio. As noted in the research of Achleitner, Spiess, and Volk (2014), social enterprise organization leaders must evaluate the expectations of funders and the

individual donors to Christian nonprofit organizations that participated in this survey highly value the administrative efficiency of the organization.

The research design used in this study provided the ablility to determine the utility associated with the terms social enterprise, business, and for-profit social enterprise. Andersson and Self (2014) found that the use of words related to social entrepreneurship was associated with 30% larger donations in relation to a control group and suggested that future research investigate whether other nonprofit stakeholder groups held similar views. The Andersson and Self-study's participants were students in a Master of Public Administration program. The participants in this study were individuals who donated to Christian nonprofit organizations. The results show that the term social enterprise has a higher utility (U = 21.65) that the term business (U = 4.52). However, if the type of entity is worded using the term for-profit social enterprise, then participants had dis-utility (U = -26.17). Describing a donation choice entity as a venture operating as a for-profit social enterprise ranked 16 out of the 19 attribute levels presented. This information is important for those seeking funding. Nonprofit organization leaders might use the results of this research in discussions with policy-makers who are pressuring them to begin for-profit social enterprise entities as a way to increase funding. Future research is needed to understand why donors respond so negatively to a for-profit social enterprise as compared to an entity simply referred to as a social enterprise. The for-profit status may be viewed as inconsistent with the mission of the nonprofit and thereby lead to decreased donations similar to the research of Smith et al. (2012) or in may be due to a crowd-in effect (Grizzle, 2015) resulting from the increase in profit. More specifically, using open-ended questions and qualitative research might be needed to determine what about the term for-profit was so negative for the donors in the sample.

In a similar manner, qualitative research is needed to determine why donors had dis-utility regarding ventures subsidized by donated funds. How might ventures start if donors do not want to provide the seed money to start the venture? The microfinance organization Compartamos began as a nonprofit organization and received startup funding in terms of grants and donations before changing to a for-profit enterprise.

While entrepreneurial competence of those starting the venture ranked third when looking at average importance scores, the competence level of related U.S. and in country business experience was the third highest utility rating (U = 41.16), right below a 10% administration expense ratio (U = 45.70). Smith et al. (2012) found similar results regarding the necessity of entrepreneurial competence for donors. This result regarding entrepreneurial competency is important for practitioners because it shows the need to highlight who the person is that will be heading up the social enterprise venture. The competence of the person or persons leading the venture was more important to participants than the impressions associated with the age of the nonprofit organization.

Conclusions

The purpose of this quantitative, correlational study was to investigate the hierarchy of importance of the factors of price, age of the nonprofit organization, profitability of the commercial enterprise, location, entrepreneurial competence, and the use of the term social enterprise with respect to influencing an individual's donation decision. As securing donations becomes more competitive, it is important to determine which factors have an impact on the receptivity of donors to donate to social enterprise ventures that have the ability to reduce poverty. The findings in this study have identified the importance of the price of the donation choice as exemplified by the percentage of administration expenses to total expenses. Additionally, as first highlighted by the research of Saxton et al. (2014) in their research regarding web disclosure and charitable giving, there are other terms that might be necessary to add to the economic model of giving that add information that is important to donors. In this study, information

about entrepreneurial competency, the location of the venture, the profitability of the new venture, and the term social enterprise was all significantly more important than the age of the nonprofit organization. The implication for nonprofit leaders is that if the administration efficiency ratio of their organization is 12% or greater, it may be more difficult to persuade donors to donate to them if a similar organization has a lower efficiency ratio. Additionally, the competence of the person starting the social enterprise venture is significantly more important than the length of time the nonprofit has been in existence. Future research is necessary to determine whether these results can be generalized to individual donors who are outside the Christian donation population.

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