THREE FIELD EXPERIMENTS ON NGO REPUTATION AND OPPORTUNISM

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THREE CUPS OF DECEIT?

- Greg Mortenson
- Founded Central Asia Institute
- Raised tens of millions of dollars for school construction
- *60 Minutes* exposé alleged that he fabricated stories & used CAI money for his own benefit
- Settled lawsuit, repaying CAI $1 million
- NGO opportunism exception or rule?
NGOS AS RATIONAL FIRMS

- Price sensitive to competition
- Price sensitive to signals of asymmetric information
NGOS AS OPPORTUNISTS

- Very price sensitive to opportunities
- Responsive to asymmetric information
- Not necessarily price sensitive to competition
NGOS AS GUARDIANS OF REPUTATION

- Responsive to signals of **credibility** (Gourevitch, Lake & Stein 2012)
- Not necessarily responsive to competition, signals of asymmetric information, or financial opportunities
THREE FIELD EXPERIMENTS

- **Experiment 1:**
  - 1,303 local NGOs in Uganda

- **Experiment 2:**
  - 14,793 international NGOs worldwide

- **Experiment 3:**
  - 1,956 NGOs in India (52,365 invites)

**Context:**

- Sincere but tentative invitations to receive more information about research partnerships with PEDL
Dear [NGO NAME]:

My name is Dr. Daniel Nielson. We are collecting information about possible research partnerships. This is not an invitation for immediate collaboration, but information you provide will help us.

Our projects generally last 2-6 months, involve 1-4 NGO staff members, and have budgets between $5,000 and $100,000. We sometimes reimburse partners for their costs. If we were to arrange a research partnership with your organization, how much money (in U.S. dollars) would you require to fund each staff member per day? In other words, what is the average personnel cost for one person's work for one day?

For now a detailed budget will not be necessary. You may reply directly to this message or click on the link below:

<INSERT LINK TO: “PEDL Potential Partner Form”>

Thank you for your willingness to respond.

Sincerely,

Daniel L. Nielson, PhD
Director, Political Economy and Development Lab
Brigham Young University
OUTCOMES

- Outcome measures:
  - Response rates
  - Estimates for reimbursement of staff wages and other personnel costs
EXPERIMENTAL CONDITIONS

Audit
- “...all PEDL projects are subject to thorough audits...”

Competition
- “...we are sending a similar email to many organizations...”

Prior Knowledge
- “...we have worked with many NGOs around the world...”

Big Money
- “...past projects have been supported by more than $3 million...”
Experiment 1: No blocking, equal sized $n$’s across conditions

Experiment 2:
- Block Randomization by world region & NGO sector
- Control $n = \sum$ all treatment $n$’s to address multiple-comparisons problem

Experiment 3:
- Control $n = \sum$ treatment $n$’s
- Block randomization by NGO size & state
- Assigned to treatment after survey to address selection bias
PREDICTIONS?

INVITATION: WRITE THEM DOWN
AUDIT, COMPETITION, PRIOR KNOWLEDGE, BIG MONEY
RESULTS
EXPERIMENT 1 - UGANDA - TREATMENT EFFECTS

Response Rate

- Placebo: 12.5%
- Audit: 25%
- Competition: 37.5%
- Prior Knowledge: 50%
- Big Money: 0%

Wage Bid UGX (2.5/97.5 Winsorized)

- Placebo: 1.500m UGX
- Audit: 1.125m UGX
- Competition: 0.750m UGX
- Prior Knowledge: 0.375m UGX
- Big Money: 0.000m UGX

**Bold** = Significant for Response Rate

**Bold** = Significant for Wage Bid
## EXPERIMENT 1 RESULTS: UGANDA

<table>
<thead>
<tr>
<th>Condition</th>
<th>N</th>
<th>Response</th>
<th>MEAN WAGE REPORTED (SHILLINGS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1: Full Range</td>
</tr>
<tr>
<td>Placebo</td>
<td>263</td>
<td>49</td>
<td>742,122</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>18.6%</td>
<td>-140,928</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.596</td>
</tr>
<tr>
<td>Audit</td>
<td>261</td>
<td>44</td>
<td>1,022,324</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>16.9%</td>
<td>-192,582</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>0.596</td>
</tr>
<tr>
<td>Competition</td>
<td>260</td>
<td>60</td>
<td>1,958,690</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>23.1%</td>
<td>-734,824</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>0.212</td>
</tr>
<tr>
<td>Prior Knowledge</td>
<td>259</td>
<td>33*</td>
<td>897,158</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>12.7%</td>
<td>-229,909</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>0.065</td>
</tr>
<tr>
<td>Big Money</td>
<td>260</td>
<td>36</td>
<td>1,891,805*</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>13.8%</td>
<td>-679,206</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>0.139</td>
</tr>
</tbody>
</table>
EXPERIMENT 2 - GLOBAL - TREATMENT EFFECTS

Response Rate
Wage Bid USD (2.5/97.5 Winsorized)

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Response Rate</th>
<th>Wage Bid USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placebo</td>
<td>0%</td>
<td>150 USD</td>
</tr>
<tr>
<td>Audit</td>
<td>3.75%</td>
<td>112.5 USD</td>
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<tr>
<td>Competition</td>
<td>2.5%</td>
<td>75 USD</td>
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<tr>
<td>Prior Knowledge</td>
<td>Bold</td>
<td>37.5 USD</td>
</tr>
<tr>
<td>Big Money</td>
<td>Bold</td>
<td>0 USD</td>
</tr>
</tbody>
</table>

Bold = Significant for Response Rate
Bold = Significant for Wage Bid
## EXPERIMENT 2 RESULTS: GLOBAL

<table>
<thead>
<tr>
<th>Condition</th>
<th>N</th>
<th>Response</th>
<th>Full Range</th>
<th>2.5/97.5 Winsorized</th>
<th>5/95 Winsorized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Placebo</strong></td>
<td>7,389</td>
<td>255</td>
<td>135.9</td>
<td>133.26</td>
<td>129.16</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>3.5%</td>
<td>-9.97</td>
<td>-9.3</td>
<td>-8.48</td>
</tr>
<tr>
<td><strong>Audit</strong></td>
<td>1,850</td>
<td>87**</td>
<td>233.64**</td>
<td>145.23</td>
<td>137.53</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>4.7%</td>
<td>-68.04</td>
<td>-18</td>
<td>-15.73</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td>0.011</td>
<td>0.024</td>
<td>0.531</td>
<td>0.626</td>
</tr>
<tr>
<td><strong>Competition</strong></td>
<td>1,848</td>
<td>74</td>
<td>144.64</td>
<td>137.89</td>
<td>131.79</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>4%</td>
<td>-21.3</td>
<td>-18.34</td>
<td>-16.18</td>
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<tr>
<td>P-value</td>
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<td>0.251</td>
<td>0.689</td>
<td>0.816</td>
<td>0.884</td>
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<tr>
<td><strong>Prior Knowledge</strong></td>
<td>1,848</td>
<td>87**</td>
<td>141.97</td>
<td>106.24</td>
<td>103</td>
</tr>
<tr>
<td>Proportion</td>
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<td>4.7%</td>
<td>-41.4</td>
<td>-13.49</td>
<td>-12.1</td>
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<tr>
<td>P-value</td>
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<td>0.011</td>
<td>0.838</td>
<td>0.129</td>
<td>0.106</td>
</tr>
<tr>
<td><strong>Big Money</strong></td>
<td>1,848</td>
<td>79*</td>
<td>139.83</td>
<td>139.91</td>
<td>139.46</td>
</tr>
<tr>
<td>Proportion</td>
<td></td>
<td>4.3%</td>
<td>-15.31</td>
<td>-15.3</td>
<td>-15.14</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td>0.09</td>
<td>0.843</td>
<td>0.723</td>
<td>0.555</td>
</tr>
</tbody>
</table>
EXPERIMENT 3 - INDIA - TREATMENT EFFECTS

Wage Bid in Rupees (2.5/97.5 Winsorized)

Placebo
Audit
Competition
Prior Knowledge
Big Money

**Bold** = Significant for Wage Bid
## EXPERIMENT 3 RESULTS: INDIA

<table>
<thead>
<tr>
<th>Condition</th>
<th>N</th>
<th>1: Full Range of Values</th>
<th>2: 2.5/97.5 Winsorized</th>
<th>3: 5/95 Winsorized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Placebo</strong></td>
<td>973</td>
<td>74280.64</td>
<td>1927.70</td>
<td>1658.28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(22060.45)</td>
<td>(95.57)</td>
<td>(62.79)</td>
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<tr>
<td><strong>Audit</strong></td>
<td>248</td>
<td>24982.31</td>
<td>1743.96</td>
<td>1525.62</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(17034.39)</td>
<td>(169.79)</td>
<td>(107.54)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.2686</td>
<td>0.377</td>
<td>0.329</td>
</tr>
<tr>
<td><strong>Competition</strong></td>
<td>242</td>
<td>42695.74</td>
<td><strong>1392.69</strong>*</td>
<td><strong>1322.11</strong>**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(41320.98)</td>
<td>(121.29)</td>
<td>(93.59)</td>
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<tr>
<td></td>
<td></td>
<td>0.630</td>
<td>0.009</td>
<td>0.014</td>
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<tr>
<td><strong>Prior Knowledge</strong></td>
<td>247</td>
<td>12170.34</td>
<td>1696.53</td>
<td>1480.56</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(9428.93)</td>
<td>(173.80)</td>
<td>(114.98)</td>
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<tr>
<td></td>
<td></td>
<td>0.159</td>
<td>0.269</td>
<td>0.196</td>
</tr>
<tr>
<td><strong>Big Money</strong></td>
<td>246</td>
<td>7880.39</td>
<td>2015.39</td>
<td>1761.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5509.10)</td>
<td>(188.99)</td>
<td>(126.01)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.131</td>
<td>0.680</td>
<td>0.460</td>
</tr>
</tbody>
</table>
FINDINGS SUMMARIZED
**Experiment 1 - Uganda:**
- Response rates decreased by 1/3 for Prior Knowledge condition
- Wage bids roughly doubled for Big Money condition
- All other results null
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- **Experiment 2 - Global:**
  - Audits, Prior Knowledge & Big Money increased response rates by 1/4 to 1/3
  - No significant effects on wage bids
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  - Competition condition reduced wage bids by 2/5
  - Signs consistent with NGOs as firms, but no others significant
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**Score:** Authors: 2-24 or 8% correct; Audience: ?
FINDINGS FURTHER SUMMARIZED

- Experiment 1 on Ugandan NGOs suggests significant opportunism
- Experiment 2 on global NGOs provides no evidence of opportunism
- Shows evidence that INGOs seem to care chiefly about reputation
- Experiment 3 suggests that Indian NGOs are sensitive to price competition
FINDINGS FINALLY SUMMARIZED
EXPERIMENT 4 PLAN

- **53,000 NGOs in WANGO**
  (The World Association of Non-Governmental Orgs.)

- Two embedded, full-factorial experiments

- **Exper. 1: Reputation/credibility signals** (student, professor, affiliation/credentials) on **response rates**

- After entering Qualtrics platform, re-randomized into information conditions:

  - **Exper. 2: Information** re: Audit, Prior Knowledge, Competition, Big Money on **wage bids**