Journal of Behavioral and Experimental Economics 66 (2017) 129–136

Contents lists available at ScienceDirect

Journal of Behavioral and Experimental Economics

journal homepage: www.elsevier.com/locate/jbee

Social influences on charitable giving in the workplace☆

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ARTICLE INFO

Article history:
Received 16 April 2014
Revised 30 May 2015
Accepted 20 December 2015
Available online 20 April 2016

Keywords:
Field experiments
Altruism
Charitable giving
Social influences

ABSTRACT

Social influences have been widely recorded in charitable giving. In two field experiments, we attempt to exogenously manipulate sources of social influence in the workplace. This environment allows the use of administrative data to map participants' hierarchies in a network, and their approximate proximity to each-other socially. In our first experiment, participants are sent an email by the CEO asking them to donate a day's salary to charity. When this email is personalised, being addressed to "Dear John" rather than "Dear Colleague", donations significantly increase. In the second experiment, we provide some participants with information about the proportion of their colleagues who have already donated. In this case, the social norm is not to donate (only 7.5% have donated). We find no negative effects of this information on future donations, and that for some, high-ranking groups, the effect is (perhaps counterintuitively) positive. We suggest that relationships within the workplace—a concern for status relative to the CEO, or for the firm's reputation—may explain these results.

1. Introduction

There is a great and growing academic literature showing that people are influenced by each other. Less studied are the influences in the workplace, an environment in which most adults spend the largest portion of their waking hours, and in which we might expect hierarchy and reputation to play an important role.

This paper investigates several forms of social influences (influence, either passively or actively, of one person on another) on charitable donations in the workplace. In particular we test two specific types of social influence—the reduction of social distance (Charness and Gneezy, 2008) between solicitor and potential donor and the provision of social information on the rate of donation in the population. Our experimental environment is a large investment bank in London with around 7000 staff. This environment offers several attractions for experimentation. Participants are divided into business units, many of which have similar functions, but which are geographically disparate, and anecdote suggests do not communicate with each other. In addition, considerable data are available about donations (when they are made and how), and the process of making donations (via email, a website, or by swiping your ID card) is simple. Finally, of particular relevance for this research is that the workplace is intrinsically hierarchical, and our data contain information on participants' ranks in the company, allowing us to identify the effectiveness of treatments on various segments of the hierarchy. Participants in the study are asked to make a donation of a relatively large and salient amount; a single day's pay (£1000, $1500 on average). Participants can give multiple days' pay if they want to (very few participants do, however), but cannot donate less than, or fractions of, this amount through the campaign.

We report two findings—first, that a personalised email from the CEO has a large and powerful effect on donation behaviour on our sample. Second, we find that negative social information does not have a significant influence on donation behaviour. Sub-group analysis reveals that participants who are at the top and bottom of the firm are more responsive to an email from the CEO, and that senior individuals appear to be positively influenced by news of a negative social norm around giving.

The remainder of this paper is structured as follows: in the next section we discuss the background and previous literature in this area. In Section 3 we describe the design of the experiment, while Section 4 reports the results. Section 5 offers discussion and conclusions.

☆ This research was funded by the Economic and Social Science Research Council., the Charities Aid Foundation and the UK Cabinet Office. I am grateful to Sarah Smith for her supervision, and to my colleagues in the Behavioural Insights Team. Thanks also to Alex Tupper and Rachael Hogg for excellent research assistance, and to the employees of the bank who made this experiment possible. Finally, I am grateful to seminar participants in CMPO and conference participants at the 2013 SPI conference in Chicago for useful comments, and to the editors of the special issue of the Journal of Behavioural and Experimental Economics, and two anonymous reviewers for their comments.

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http://dx.doi.org/10.1016/j.socec.2015.12.004
2214-8043/

2. Related literature

2.1. Identity of solicitor

There are theoretical reasons why the identity of a solicitor might influence an individual's decision to donate. These reasons can be split according to whether they concern the quality of the charity, or the relationship between solicitor and donor.

First, some other donors may be known (or may be able to make it known), that they are more informed about the quality of the public good provided by the charity, and hence their donation may trigger donations from others because of the information it imparts (Vesterlund, 2003). Famous philanthropists, such as Brooke Astor, Bill Gates and Warren Buffett, might be thought to fall into this type of solicitor. Alternatively, if a solicitor is a beneficiary of the charitable donation, the reduction in social distance between beneficiary and donor might also motivate donations.

The second type of solicitor influence concerns the relationship between the solicitor and the donor. If participants are concerned by conforming to a group norm (Bernheim,1994), or seeking prestige through a large donation (Harbaugh,1998), they are more likely to donate if the solicitor is a member of the group they wish to be part of than if the solicitor is a stranger whose approval is less meaningful. Glazer and Konrad (1996) theorise that charitable donations are a means to signal worthiness in an evolutionary sense, and therefore we would expect donations to be triggered when the solicitor is a potential mate. Charness and Gneezy (2008) experimentally manipulate the social distance between dictator and recipient in a dictator game by telling the dictator the first name of the recipient, and find that this reduction in social distances increases donation probability. Similarly Meer (2011) finds that donors to a university fundraising campaign are significantly more likely to donate when asked to do so by a freshman roommate than by a stranger.

Finally, contribution to a public good may be an optimal strategy if playing a repeated game and attempting to encourage future cooperation from another player. Hence, we might expect potential donors to be more responsive to solicitors with whom they have repeated strategic interaction, compared to isolated strangers.

2.2. Personalisation

The manipulation of the CEO email in our experiment is to change whether or not the employee is addressed by their first name or as 'dear colleague'. Personalised messages have been used elsewhere to encourage behaviours. For example, Karlan et al (2012) find that when sending text messages to debtors of a microfinance bank to collect late loans, including the name of the employee who lent the money reduced late loan repayments by 24%. Similarly, Haynes et al (2013) conducted an experiment with the Courts and Tribunal Service in the UK. Participants were individuals who had fines issued against them by the court, but who were late in paying, to the extent that Bailiffs were about to be sent to their houses. Participants were sent a text message asking them to pay before this happened. In one manipulation, recipients' first names were included at the beginning of the message. The proportion of recipients repaying their debt rose from 23% under the 'generic text' condition, to 33% under the personalised condition.

2.3. Peer effects

Theoretically, the effect of social information and peer behaviour on the donation behaviour of others is ambiguous. If people are concerned by the total provision of the public good, rather than their own specific contribution to it (if they are purely altruistic), as modelled in Andreoni (1989), the donations of others will serve to crowd-out further donations. Conversely, if donations serve as a source of information about the quality of the charity, as in Vesterlund (2003), or if people are conditional co-operators (Gachter, 2007) others donations can serve to crowd donations *in*.

Falk et al (2013) conducted a lab experiment in which participants were randomly assigned to two groups to play a public goods game. When playing in a group where most people contributed, players were more likely to contribute themselves than when few people were contributing.

Frey and Meier (2004) conduct a field experiment in the University of Zurich and find that students randomly assigned to be told that a high proportion of other students donated were more likely to donate than those told that the rate of giving was low. Although this was not significant in the whole sample, the authors found that past donative behaviour predicted treatment responsiveness, suggesting the existence of 'types' of people, who are differentially responsive to social information. This is interesting in narrower field contexts where the participants of the type to by social pressure may have already selected out.

In the workplace (the context for our experiment), Carman (2004) finds that participants quasi-randomly assigned to groups containing more givers are more likely to give themselves, and that there is an additional effect of senior staff in the group being givers, while Bandiera et al. (2007) find that when participants are working with friends they are more productive.

There are risks associated with 'negative' social norms, where the majority of participants do not take part in the desired behaviour. Keiser et al (2008) find that where a negative behaviour—in this case littering—is a social norm, people will conform to that norm. They also find that disorder 'spreads', with participants who encounter graffiti and litter being significantly more likely to steal than those who do not. If a minority of people make charitable donations in the workplace, making this known through social information might further discourage giving.

3. Experiment design

3.1. Environment and implementation

Our experiment took place in the offices of a large investment bank in the City of London. The experiment took place as a part of an annual fundraising campaign run by the bank's corporate social responsibility (CSR) team, in which participants are asked to donate a day's salary to charity. The bank has approximately 10,000 employees in the UK, of which 7000 are in London. Our sample includes only staff in the London offices, as we were unable to reach agreement with the office managers of other areas. Employees work in business units; the offices we study have 63 business units, which vary considerably in their role in the bank's work (Mergers and Acquisitions, Asian Markets, etc.), and are essentially autonomous in operation. Members of one business unit are not easily able to enter another. Business units are, therefore, treated as self-contained for our experiment. Participants are unaware that they are part of an experiment; (this is a 'natural field experiment' according to Harrison and List's (2004) taxonomy). With the exception of two members of staff in the bank's CSR department, the CSR director and the bank's CEO, nobody at the bank involved in implementing the experiment was aware that it was happening.

Salary is defined for these purposes as pay before bonuses and other incentives, and a day is defined as 1/260 of a year (based on a 5 day week, 52 weeks a year). Participants are, therefore, being asked to donate roughly 0.4% of their salary. Although it is possible to donate multiple days' salary, in practice (as discussed later, in the data section) very few actually do so. All money raised is split between two charities; Help a Capital Child, which helps homeless children in London, and Meningitis Research UK, which funds