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journal homepage: [www.elsevier.com/locate/socec](http://www.elsevier.com/locate/socec)Nudging charitable giving: Three field experiments<sup>☆</sup>Homa S. Zarghamee<sup>a,1</sup>, Kent D. Messer<sup>b,\*</sup>, Jacob R. Fooks<sup>b</sup>, William D. Schulze<sup>c</sup>,  
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## ABSTRACT

We present three field experiments that probe the influence of choice architecture on the contributions of a total of 328 participants to real charities. In the first experiment, framing a one-time donation opportunity as an opt-out as opposed to opt-in decision significantly increases donations to an environmental non-profit. In the second experiment, an automatic donation mechanism is provided that allows subjects to self-select into an opt-out framing; when combined with incentive-neutral, social-norm supporting activities (cheap talk and voting), automatic donations sustain increased contributions over a ten-month study period to an HIV/AIDS-related charity. In the third experiment, we study the extent to which the mention of HIV/AIDS in the charity's informational material impacts the emotions and donations of potential donors. In this case the connection to HIV/AIDS does not elicit stigma, but we do find that changes in mood from exposure to the charity's informational material predict increased donations, and that donors experience an improved mood from donating.

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## 1. Introduction

Charities (also known as non-profit organizations and non-governmental organizations) provide a wide array of services to the public or their members. While charities are likely underfunded due to free-riding, their abundance both in the breadth of causes and their endurance over time suggests that factors influence charitable giving in ways that are beyond the simple theoretical Nash equilibrium prediction of near complete free riding. In this research, we present three field experiments involving 328 participants presented with the opportunity to donate to environmental or HIV/AIDS related charities. We focus on factors that influence charitable giving without influencing explicit economic incentives; these include framing, social norms, and mood. The charities we worked with gave us considerable leeway for the purposes of directly testing the effects of these factors, granting us

direct mail-access to their potential donors, having their Executive Directors speak directly with research participants, allowing us to make changes to their informational material, and even setting up parallel charities with different names to minimize confounding effects. The result is a unique set of field experiments. For each of these in turn, we provide motivation and introduction, the experimental design and results, and a discussion of the results' implications. We conclude with policy implications for philanthropy.

## 2. Study 1 – changing the default donation

In Richard Thaler and Cass Sunstein's *Nudge: Improving Decisions about Health, Wealth, and Happiness*, the moniker "choice architecture" is given to the design and contextualization of options, conscious of the influence such context can have on choices and outcomes (Thaler and Sunstein, 2008). An important tool for a choice architect is the selection of the status quo, as people tend to display a biased preference for the status quo (or default option) over actively opting out of it in favor of an alternative. A charity's optimal design of the status quo can be a powerful tool in maximizing donations.

Status quo bias exists in many fields and in a variety of forms (see Kahneman et al., 1993 for a review of the evidence). Madrian and Shea (2001) famously showed that if 401(k) choices are framed as opting out instead of opting in, both participation and savings rates dramatically increase.

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Johnson and Goldstein (2003) showed that the fraction of the population that donates organs is significantly higher in countries where citizens have to register in order *not* to be donors (85.9–99.98%) than in countries where citizens have to register to be donors (4.3–27.5%). Johnson et al. (2002) investigated this topic in an online experiment about contact preferences from a website by simply having different pre-selected boxes. Johnson et al. (1993) demonstrated that in the auto insurance industry status quo bias can be used to generate higher participation rates for additional coverage.

The reason that status quo bias exists closely relates to the value formation process. When individuals' values or preferences are not well formulated, decisions are made on the spot and can be affected by the framing, with the default option used as a reference point (Kahneman and Tversky, 1979; Samuelson and Zeckhauser, 1988; Johnson et al., 2002; Fischhoff, 1991; Payne et al., 1992; Slovic, 1995). Loss aversion may also help explain preference for defaults, as potential losses loom larger in expected utility than equally sized gains (Kahneman et al., 1991). Finally, Korenok et al. (2014) find that in dictator games that hold constant the set of possible final divisions of money between dictator and recipient but vary the frame of the dictator's decision between giving and taking, dictators are more generous the more they would have to take from the recipient to achieve a payoff. This means that individuals do not judge giving and not taking equivalently and have a preference for not taking over giving. Such a preference may provide a basis for or an alternative explanation of preference for defaults.

In the context of charitable donations, changing the default of giving is difficult to implement. That said, examples do exist of default-changes in cooperative group funding. For example, generic-marketing efforts that support agricultural commodities, such as the Incredible Edible Egg advertising campaign, have often been funded by assessing a fee from producers at the point of sale; producers who do not want to help fund the marketing effort can subsequently opt out by writing a letter to the commodity marketing organization requesting their money back (Messer et al., 2005, 2007a, 2008). Similarly, union dues are often collected automatically as part of the payroll process; union members who do not want their dues used to support political candidates or campaigns selected by the union have to request their money back. Our study directly tests how the default donation impacts a real charitable-contribution decision.

### 3. Study 1: experiment design

This experiment was carried out as part of an undergraduate course at the University of Delaware. Students were primarily in their first or second year and represented several colleges across the university. Data was collected from the same 100-level course in each semester for five semesters, with a total of 187 students participating from 2012–2014. We consider this study to be best described as a *framed field experiments* using the taxonomy set by Harrison and List (2004). Framed field experiments are similar to laboratory experiments but with non-standard (non-collegiate) participants and “with field context in either the commodity, task, or information set that the participants can use (Harrison and List, 2004).” While involving standard participants, the research involved field context in that it was not conducted in the experimental laboratory. The decision-making in the experiment was also a field task—the choice of an actual donation to an actual environmental charity.

Throughout the semester-long course, students participated in several economic experiments in which they earned money. The field experiment was carried out at the end of the course when students were given their earnings from these previous experi-

**Table 1**

Summary of earnings and donations by treatment in Study 1, in dollars.

	Average	Min	Max	Std. dev.	N
<b>Earnings</b>	4.84	0.25	13.50	2.11	187
Donation	4.62	0.50	8.75	1.83	69
Refund	4.97	0.25	13.50	2.27	118
<b>Donation amount</b>	3.09	0	9.25	2.48	187
Donation	2.03	0	8.00	1.84	69
Refund	3.71	0	9.25	1.96	118
<b>Fraction donated = donation amount / earnings</b>	0.42187				
Donation	0.51	0	1	0.41	69
Refund	0.76	0	1	0.39	118

ments. Participants were given the opportunity to donate their earnings to a local environmental land trust, Delaware Wild Lands, Delaware's largest and oldest land trust. Delaware Wild Lands' Executive Director had given a guest lecture to the class earlier in the semester. Participants were randomly assigned to one of two treatments that were otherwise identical except for the framing of the donation decision: in the “Donation” treatment the decision of how much to donate to the charity was framed as an “opt in” decision with a default of zero, while in the “Refund” treatment it was framed as an “opt out” decision such that all earnings were by default to be donated to the charity. Participants were assigned to groups by alternating alphabetical order. Of the 187 participants, 69 were in the Donation treatment, and 118 were in the Refund treatment.<sup>2</sup>

The two treatments were conducted in separate rooms. In each room, a PowerPoint presentation of the experiment instructions was shown, including a brief description of the charity to which the students would have the opportunity to donate. Research assistants administered the experiment. It was made clear that participation in the experiment was entirely voluntary and that all decisions were confidential (including to the course instructor) and would not affect their course grades.

Each student received an envelope with a receipt indicating her total earnings, in dollars, from the semester (see Appendix A). For each student in the Donation treatment, the envelope also contained the money she had earned from the semester's experiments. On the receipt she could indicate how much of these earnings, if any, she would like to donate to Delaware Wild Lands. Each student then returned her envelope with the receipt and the money she was donating sealed inside. In the Refund treatment, the envelope did not contain any money. The receipt stated that all of her earnings would be donated to the charity unless she requested a refund. That is, she could indicate on the receipt how much of her earnings she would like to keep and *not* donate to the charity. The envelopes were then collected from the participants in the Refund treatment and returned to them with the earnings that had not been donated to the charity.

### 4. Study 1: results

In the analysis of this experiment, we are interested primarily in how the level of charitable donations responds to the framing of the donation decision. We hypothesize that average donations in each treatment will tend toward the treatment's default level: that is, higher contributions in the Refund treatment, which had a status quo donation of 100%, than in the Donation treatment, which had a status quo donation of 0%.

Table 1 presents summary statistics of earnings, donations, and the ratio of donations to earnings. Although the initial

<sup>2</sup> In one class, all subjects were in the Refund condition.

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