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journal homepage: www.elsevier.com/locate/jeboSeasonal altruism: How Christmas shapes unsolicited charitable giving[☆]Mathias Ekström^{a,b,*}^a Department of Economics, NHH Norwegian School of Economics, Helleveien 30, Bergen 5045, Norway^b Research Institute of Industrial Economics, Grevgatan 34, Stockholm 10215, Sweden

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ABSTRACT

Christmas is a holiday of Christian origin with traditions that emphasize prosocial behavior, including charitable giving, but does it actually make people more *altruistic*? Responding to this question poses a challenge because of the confounding factors of charitable tax breaks, reciprocity motives, pressure from the solicitors and persuasive campaigns for giving that are more prevalent in December. In this paper, I use a unique solicitation situation where these factors are eliminated. Based on nine years of data and more than 50 million giving decisions, I provide three main results. First, the month of December is associated with a 14% increase in the probability to make a donation, thereby providing strong support to the notion of seasonal altruism. Second, exploiting a reform that changed the price of giving, I find that this December effect is equivalent to a 32% discount on charitable giving. Finally, half of the December increase in generosity persists into January before returning to the baseline in February.

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I have always thought of Christmas time, when it has come round, as a good time; a kind, forgiving, charitable time; the only time I know of, in the long calendar of the year, when men and women seem by one consent to open their shut-up hearts freely, and to think of people below them as if they really were fellow passengers to the grave, and not another race of creatures bound on other journeys. Charles Dickens

1. Introduction

Charitable giving in the United States corresponds to two percent of the gross domestic product (Andreoni, 2006) – equivalent to some 360 billion USD in 2016. An intriguing fact is that a considerable fraction of this money is given in December, the last month of the calendar year. For example, a survey of 101 different charity organizations reveals that they receive, on average, 40% of their annual contributions in the period from Thanksgiving to New Year (Charity Navigator, 2011).

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Similarly, a report by the Network for Good, a platform for online giving used by more than 45,000 nonprofits, shows that 31% of all charitable giving takes place in December and that 12% is given in the last three days of the year (Stein, 2015). What can possibly explain this huge surge in charitable giving at the end of the year? In this paper, I seek to understand whether people, evincing the Christmas spirit highlighted in the Charles Dickens quote, actually do become more *altruistic* in December.

Altruism – defined as actions that are costly to the individual but that benefit other person(s) without the expectation of reciprocity or compensation in return – is a key concept in the social preference literature and has been extensively studied by economists (Andreoni, 1989; 1990; Becker, 1976; Simon, 1993).¹ Of particular interest is altruism towards strangers (e.g., charitable giving), which is considered a deeply human trait that may be hardwired into our brains (Christov-Moore et al., 2017). However, Shariff and Norenzayan (2007) argue that religion, broadly defined, played a key role in expanding our circle of cooperation to unrelated strangers. Although not universal, Christmas is a widespread holiday, of Christian origin, with a particular focus on generosity and kindness towards others (D’Costa, 2016).² A direct test on whether and to what extent an institution such as Christmas shapes altruism can therefore provide important insights into its cultural underpinnings (Fehr and Fischbacher, 2003).³

To answer this research question, we need to go beyond the aggregate data available because there are (at least) three reasons to expect more charitable giving in December – even without a change in the level of altruism.

First, in most countries, including the United States, there is a tax deduction for donations to qualified charity organizations. Thus, for tax purposes, it makes sense to postpone giving until the end of the year, because people will have a better understanding of their annual income. As the wealthy typically gain more from tax planning, it is not very surprising that December 31 is the day of the year with the highest average level of donations (Stein, 2015).

Second, the increase in charitable giving in December may reflect reciprocal motives, rather than purely an increase in altruism. Gift exchange is a cornerstone of modern Christmas celebrations, and end-of-year giving is bound to partly reflect this tradition. In fact, two-thirds of all gifts in the United States are for religious or educational purposes (List, 2011) – causes where individuals have a vested interest and may want to return a favor.

Third, we are likely to observe more total giving in December simply because people are exposed to more giving opportunities, or possibly because solicitors exert more social pressure in the holiday season (Andreoni et al., 2011; DellaVigna et al., 2012; Pharoah and McKenzie, 2009). These are clearly supply-side factors, whereas altruism would imply a shift in the demand for giving.

To investigate whether people become more altruistic in December, I analyze data based on more than 50 million giving decisions from 2006 to 2014, where we can exclude these potential confounding effects. More specifically, I make use of the situation faced by recyclers in a large Swedish supermarket chain.⁴ When customers of this chain recycle their cans and bottles, they have to make a choice: whether to keep the money or donate it to a well-known charity organization concerned with foreign aid. The choice is made by pressing one of two buttons placed side by side on the recycling machine. In effect, this means that the decision problem mimics the nonstrategic situation featured in dictator games, which makes it very suitable for studying altruistic preferences.

For the purpose of identifying seasonal variation in altruism, there are several features that are particularly important to note. First, monetary incentives for giving, including tax breaks, are completely absent. Second, there is no interrelationship between the donor and the cause of the charity – foreign aid – which rules out a reciprocity motive. Third, solicitation is impersonal, anonymous and exposes the set of potential donors to the same campaign material throughout the year. In sum, the decision environment involves a redistributive choice between self and others without the expectation of reciprocity, sanctions or compensation in return. Thus, it allows for a clean test of whether people are more altruistic in December.⁵

There are three main findings from the analysis.

First, in December each year, the probability to donate increases by 14%. December is therefore, far and away, the month with the largest share of donations. This result is robust to the inclusion of store and year fixed effects; and neither the number of recycling transactions, the value of the refunds, nor the composition of customers (or containers) can explain this seasonal pattern. Thus, I find strong support for an end-of-year boost in altruism.

Second, I estimate that the end-of-year increase in altruism is equivalent to a 32% discount on the cost of giving. To undertake the comparison, I exploit a feature whereby the cost of giving changed dramatically. As a consequence of the abandonment of the 50 öre coin in Sweden in 2010, the deposit on aluminum cans increased from SEK 0.50 to SEK 1.00. I

¹ Consistent with the literature on charitable giving, I use the broadest definition of the term altruism, which includes both pure and impure altruism (see, for example, Andreoni, 1989 and Ottoni-Wilhelm et al., 2017). Impure altruism refers to the non-pecuniary utility the individual gets from their specific contribution to the cause (often referred to as warm-glow), whereas pure altruism refers to the non-pecuniary utility an individual gets from the total contribution to the cause (independent of their own gift).

² Christmas is a formal public holiday in all countries of the world except: Afghanistan, Algeria, Azerbaijan, Bahrain, Bhutan, Cambodia, China, Comoros, Iran, Israel, Japan, Kuwait, Laos, Libya, Maldives, Mauritania, Mongolia, Morocco, North Korea, Oman, Pakistan, Qatar, Sahrabi Arab Democratic Republic, Saudi Arabia, Somalia, Tajikistan, Thailand, Tunisia, Turkey, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

³ It is reasonable to assume that Christmas mainly affects people who celebrate the holiday. Hence, when I use the word “people” in the text, the relevant population is individuals of Christian heritage living in developed Western countries.

⁴ This setting has previously been exploited for research purposes (see, e.g., Ekström, 2012 and Knutsson et al., 2013).

⁵ Note that I include *indirect* social pressure, such as, shared social norms and general campaigns promoting generosity in December, in the term Christmas spirit. What I claim is fixed, is the pressure exerted by the particular charity organization. I elaborate on potential explanations in Section 5.

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