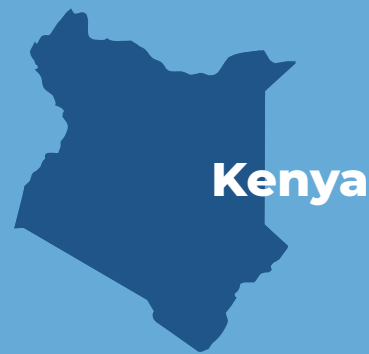


Behavioral Themes
Pro-social preferences,
altruism, reciprocity, trust

Sector
Charitable giving

Project Type
Lab experiment

Sample Size
640 participants



Understanding the drivers of charitable giving in Kenya





Photo credit: Matthew Spiteri

What social levers are most likely to drive charitable giving?

Charitable giving has recently grown through technology-based crowdfunding tools that are helping people across the world to meet a variety of financial needs. In the developing world, communal fundraising is a critical insurance function to be significantly more important as households tend to rely on their social networks (friends, work, colleagues, neighbors and family) to cope with negative financial shocks through charitable contributions.

Existing research has identified pro-social preferences, as important motivators of charitable giving. Intuitively, these pro-social preferences tend to overlap and interact in a variety of ways depending on several factors including the type of fundraising need, available funds and the nature of relationship between the giver and the recipient. However, little research has been conducted to understand how the nature of relationships between a contributor and a recipient of charitable giving influences the drivers of giving.

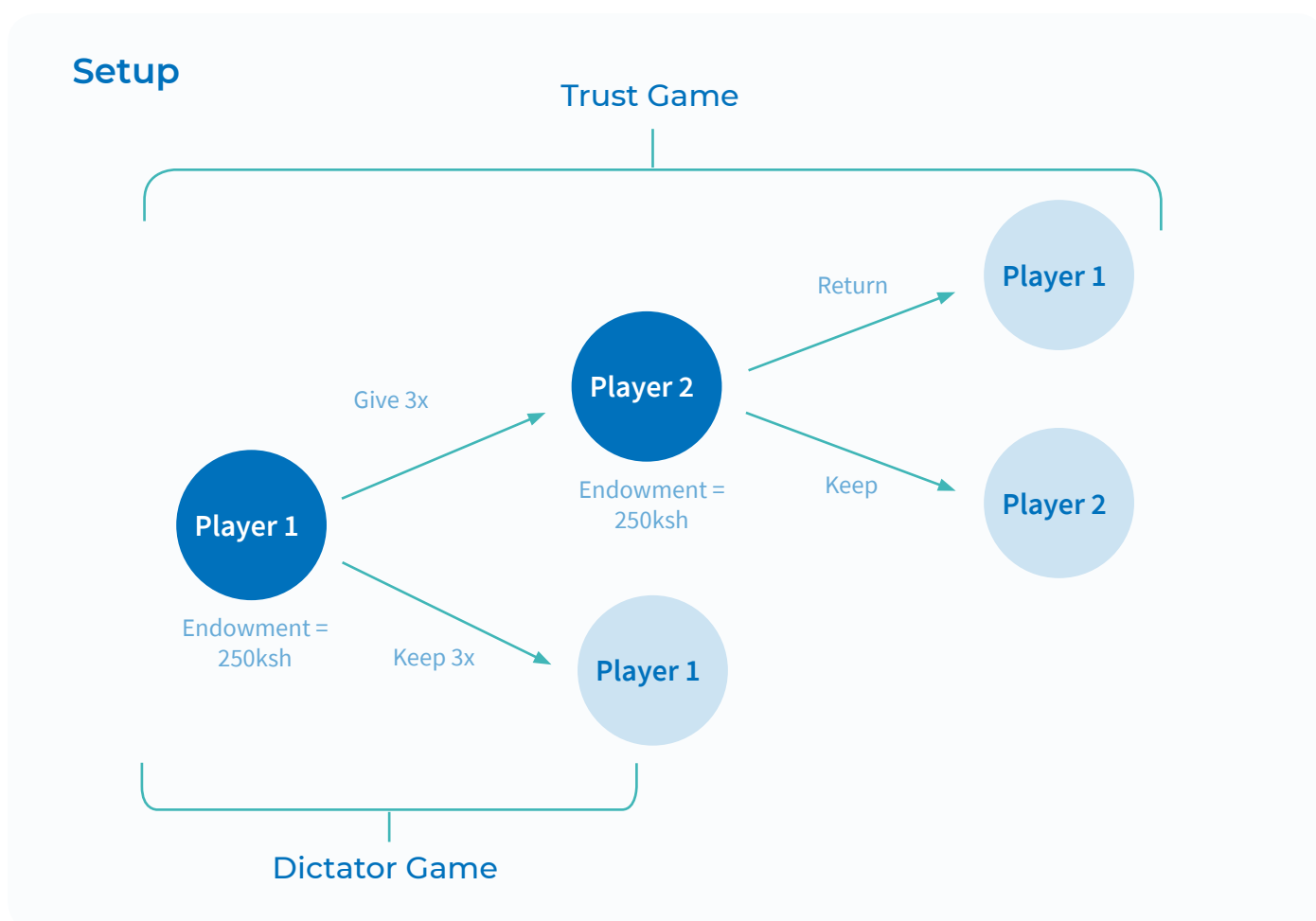
A behavioral science approach

Charitable giving is a highly complex behavior subject to a number of different motivations. Simple biases like procrastination and avoidance may stand in the way of people making initial donations. In the context of domestic giving in Kenya, we know that this tangibility of the recipient is a critical element of fundraiser , and the social connection of that recipient to the donor may greatly influence the level of contribution. This project aimed to understand how different social relationships might drive different forms of charitable giving through a lab study.

Design and Results

Our goal was to identify the primary driver of charitable giving among low-income households in Nairobi. We deployed a variation of the trust and dictator games that allowed us to isolate the motivation for giving. Further, we wanted to identify which types of identity might be effective in driving each of them towards higher giving overall.

The basic structure of this lab experiment was to have participants participate in two classic decision games: the trust and dictator games. Decisions were fully incentivized (in that their responses would dictate their payout at the end of the session). For the full experiment, participants were assigned each role in the set of games in a random order to understand their full set of decisions.



Interventions

To understand the identity effects on giving, participants were randomly assigned to one of the four following treatments. For each treatment, we conducted a short group task where participants were required to sort beans into different buckets as a team. The team payout (initial endowment) was based on the quantity of beans sorted, incentivizing teams to work together. Further, the winning team was given a flat bonus on top of their earnings to create a sense of competition with the other team.

We then used this identity to randomly assign them to different groups that would define who they played the lab games with.



Control

Participants are paired with a randomly selected player in their session, with no reference to group identities.



Out-Group

Each participant is asked to play the lab games against members from the opposite group e.g. red vs blue team member.



In-Group

Each participant is then asked to play the lab games with members of their own group e.g. red vs red team member.



Teams

A variation of the control treatment, where participants are randomly selected into teams of 3 and are asked to choose a group name, before taking part in the group effort task. Each team then plays the lab games collectively with another randomly selected team.

Investment

We find that investment giving as measured through the trust game is not drastically different (though slightly higher in the out-group) across the various identities. We do however find significantly lower altruistic giving in the out-group and teams groups, indicating that these promote a weaker sense of connection with the recipient.

Treatment	Average Trust Sent Amount	Average Dictator Give Amount Sent
Control	54.4	33.58
In-Group	65.29	32.76
Out-Group	67.6*	16.06*
Team	65*	11.11*

*statistically significant based on a one-tailed test



Discussion

Identity as a detractor, not motivator

Charitable giving is similar in magnitude, but different in motivation depending on the relationship. Our results show that collaborative relationships (as measured through in-group) did not crowd in more giving but competitive relationships (as measured through the out-group) did significantly detract from giving. This suggests that identities may not contribute to new giving, and most effort should be directed to avoid negative relationship triggers.