Giving versus Taking for a Cause*

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Abstract

This study focuses on subjects' willingness to give to and take from a charity. We implement a "real donation" Dictator Game with initial endowments allocated in one of two ways: all to the subjects or all to the charity. Subjects are allowed to redistribute the endowments as they wish. We find that the initial allocation is irrelevant; final donations to the charities are nearly identical, in sharp contrast to similar research with an anonymous student recipient. Our findings imply that such framing no longer matters when a charity is substituted for an anonymous individual in the dictator setting.

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Giving versus Taking for a Cause

1. Introduction

Generosity in the Dictator Game has proven to be very sensitive to how the decisions are framed. Several recent papers contrast “giving” and “taking” frames, and demonstrate that the ability to take substantially reduces giving in the game.¹ Indeed List (2007) and Bardsley (2008) argue that this sensitivity implies that giving in the “standard” Dictator Game is a mere artifact of the lab setting, and Krupka and Weber (2013) support this argument by showing that the social norm elicited under the taking frame entails less generosity. Cappelen et al. (2013) note that the unfamiliar setting of the dictator game may create uncertainty about the dictators’ perceived entitlement to their “manna from heaven,” making behaviour particularly sensitive to framing differences.² Kovenok et al. (2014) confirm and extend the giving/taking framing result; however, Dreber et al. (2013) and Smith (2015) show no difference in behaviour in giving and taking games.³

In this paper we replace the anonymous student recipient with a charitable organization in a “real donation” lab experiment (Eckel and Grossman 1996, EG hereafter), Fong and Luttmer 2009). This change in the design may strengthen the social norm of giving, since subjects find giving to charity a more familiar context than the standard game, making subjects less sensitive to framing. We then allocate initial endowments either to the subjects or to the charities, and subjects reallocate their initial endowments as they wish. We find that the final amounts allocated to the charities are independent of whether the choice option is

¹ This result echoes an early study by Andreoni (1995) showing markedly less generosity a public goods game with a taking frame. Bolton and Katok (1998) also report that extending the range of the dictator’s choices decreases giving.

² This study is innovative also because it recruits subjects from the general population, and the study is conducted via the internet. They find no significant difference between earned and unearned endowments.

³ In related Dictator Game studies, Achtziger et al. (2015) show that ego depletion reduces giving; Chowdhury et al. 2014 show that women give more under both giving and taking frames; Smith (2015) examines beliefs about giving in the two frames.

presented as giving or as taking. Furthermore we achieve this outcome without manipulating the salience of social norms (Cubitt et al. 2011).

2. Material and Methods

For each session, a group monitor is randomly chosen to observe and assist in conducting the experiment, and receives a flat fee of \$20. Packets containing instructions, a code number, and allocation form (including a form listing ten charities with brief descriptions of the services provided by each) are distributed (see the on-line Appendix). Instructions are read aloud and questions privately answered. Subjects each select one charity from the list to receive any contributions they make and then make their allocation decisions.

Subjects participate in one of two treatments – Self\$20 and Charity\$20. The \$20 endowment is allocated to the subject or the charity, respectively. Subjects can reallocate the endowments between themselves and the charities as they see fit.

Subjects then complete a short demographic survey. Subjects' earnings are placed in envelopes marked with code numbers, and subjects retrieve their envelopes as they exit the room. Checks for the amount of the total donations to each charity are mailed by a proctor and the monitor.

3. Theory

We hypothesize, similar to EG's argument, that altruistic giving and nonaltruistic taking require context and, more importantly, context may make social norms regarding giving more salient and more consistent. The social norm regarding giving is likely to be more generally known and accepted when the recipient is a charity rather than an anonymous student, because giving to a charity is a common activity, while giving to an anonymous student is an unusual and unfamiliar activity where norms are less obvious.

We address this issue by introducing context: subjects give to or take from an actual charity. This change, we argue, makes more apparent the social norm regarding giving and

should lead to more consistency in subjects' giving behavior. Our null hypothesis is: *The final allocation will be independent of the initial endowment point.*

4. Results

Fifty-five subjects (not including monitors) participated: 25 in the Self\$20 treatment and 30 in the Charity\$20 treatment.⁴ A summary of subject characteristics by treatment is reported in the on-line Appendix Table 1.

The cumulative distributions of final donations received by the charities for the two treatments; are illustrated in Figure 1. The distributions are almost identical, consistent with our null hypothesis that the final allocation of the endowments is independent of the initial allocation. In Table 1 we report summary statistics on the final donations by treatment. We find no evidence of a differential effect; mean final donations are \$3.56 and \$3.60, respectively. Furthermore there is little difference in the proportion of extreme contributions; in both treatments, approximately one-third of all subjects give nothing to or take everything from their selected charities, and approximately 10% give everything or take nothing. Pairwise means tests and robust rank order tests (Ben Mamoun, 2006), reported in Table 1, indicate no differences in mean final donations and no difference in the distributions of final donations, respectively. Fisher Exact tests show no significant difference across treatments in the proportion of subjects who give everything and who give nothing.

Finally, in Table 2 we report results from a censored Tobit regression, with the allocation to the charity as the dependent variable, controlling for treatment and subject characteristics. We control for gender (Male =1 if male), if the subject is employed (Employed = 1 if employed full or part-time), if the subject attends religious services at least once a month (Attends Religious Services = 1 if yes), the number of economics classes taken (Number of

⁴ A χ^2 contingency table test indicates no significant difference in charity choices across treatments ($\chi^2(8)=8.6$, $p=0.62$).

Economics Classes Taken), and race (Caucasian =1 if yes). Results indicate no significant difference in final contributions between Self\$20 and Charity\$20. Of the subject characteristic variables, only Male and Major are significant; males are less generous than females and business/economics majors are less generous than majors from other disciplines.⁵

5. Discussion and Conclusion

Previous studies show a strong effect of the framing of decisions as those involving giving, or involving taking, in a Dictator Game. We argue, as did EG, that the typical Dictator game lacks context. Context can make social norms more salient and more consistent. The social norm regarding giving is more generally known and accepted when the recipient is a charity rather than an anonymous other student. For example, all three of the major Western religions treat charitable giving as a religious obligation, a social norm, but such giving typically involves giving to those needier than oneself. We hypothesize that context makes more apparent the social norm regarding giving and should lead to more consistency in subjects' giving behavior.

We introduce context by replacing anonymous student recipients with charitable organizations. The standard Dictator Game represents a situation that is artificial and unfamiliar to subjects – they rarely encounter a setting where “found” money can be allocated to an anonymous person about whom little is known: as such, subjects may not know or agree on norms for behavior, and their perceptions may be easily swayed by changes in framing. But the decision to give to charity is encountered frequently in their daily lives, and thus norms for behavior are likely to be better established, more widely held and more robust to changes in framing than the standard game.

⁵ The finding that males are less generous than females is consistent with findings from Dictator Games where the recipient is a “good cause” (see Li et al. 2011).

In our treatments where endowments are either allocated all to the individual (Self\$20) or all to the charity (Charity\$20), and the game is presented as either giving to a charity or taking from a charity, the presentation is shown to have no effect on final contributions and we are unable to reject the null hypothesis that: *the final allocation is independent of the initial endowment point*. In both treatments, final amounts received by the charities average approximately 20% of the total endowment.⁶

Our results offer support for EG's argument that context matters and especially so when considering other-regarding behavior. A particular characteristic of the standard Dictator Game context -- the use of anonymous students as recipients -- may be largely responsible for the observed framing effects. The use of anonymous student recipients results in weak and inconsistent social norms, perhaps because the setting is artificial and unfamiliar to subjects. The social norm regarding giving to charity is more generally known and widely accepted than giving to an anonymous other student who is similarly situated to the decision maker.

⁶ In similar laboratory studies of giving to charities, subjects give in the range of 20% - 30% of their endowments (see Li et al., 2011; EG; and Eckel and Grossman, 2006).

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Figure 1: Cumulative Distribution of Final Donations

Table 1: Final Donations Summary Statistics

Treatment	Final Donation		
	Mean (Std. Dev.)	\$0 (% of Total)	\$20 (% of Total)
Self\$20	\$3.56 (5.29)	32.0%	8.0%
Charity\$20	\$3.60 (5.85)	36.7%	10.0%
Means Test t-statistic ^a (p-value)	t=0.03 (0.98)		
Fligner-Policello Robust Rank Order Test Statistic ^a (p-value)	u=-0.43 (0.67)		
Fisher Exact Test p-value		0.21	0.35

Table 2: Censored Tobit Regression Results for Final Donations

Variable	Coefficient(t-statistic)
Charity\$20	0.972 (0.42)
Male	-5.945 (2.34)
Employed	3.417 (1.41)
Caucasian	0.439 (0.17)
Economics/Business Major	-5.194 (2.03)
Attend Religious Services	-1.082 (0.47)
Constant	5.443 (1.68)
LLR	-125.4
N	55

Bold – significant at 5% level or better, two-tailed test.

Appendix (online only)

Appendix Table 1: Subject Characteristics

	Self\$20	Charity\$20	Fisher Exact Test p-value
Male	64.0%	73.3%	0.18
Employed ^a	60.0%	36.7%	0.07
Caucasian	68.0%	83.3%	0.11
Economics/Business Major	32.0%	33.3%	0.23
Attend Religious Services ^b	56.0%	40.0%	0.18
Instructions were clear and easy to follow			Means Test p-value
N	23	26	
Mean	4.80	4.70	0.67
(Std. Dev.)	(0.82)	(0.84)	
Charity Choices:			χ^2 Contingency Table Test Statistic (p-value)
American Cancer Society	6	13	
American Red Cross	2	3	
Big Brothers Big Sisters	7	1	
Big River Sierra Club	2	1	
Central Minnesota Task Force on Battered Women	1	3	$\chi^2(8) = 8.57^d$ (0.62)
Doctors Without Borders	3	4	
Feed the Children	2	3	
Minnesota AIDS Project	0	0	
Oxfam America	1	1	
YMCA	1	1	
N	25	30	

a – Part or full time

b – At least once a month

d – Calculated after dropping Minnesota AIDs Project (9 columns and 3 rows).