



Giving to Africa and perceptions of poverty

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ABSTRACT

We conduct two simple experiments in which student participants are invited to give some of the money that they have earned to an international development charity for use in one of two African countries. In the between-groups experiment, participants are given the opportunity to donate to one country only. They are matched randomly with a country, and are given information about why that country might be poor; the information varies between the two treatments. In the within-group experiment, participants are given the opportunity to donate to either or both of the countries, and are given all of the information. Analysis of the results indicates that the effect of the difference in experimental design on the decisions made depends partly on observable participant characteristics. The results can be interpreted in terms of a model incorporating self-image.

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1. Introduction

What motivates people to give money to international development charities? Does it matter to potential donors *why* the recipient country is poor? To what extent does the level of charity depend on individual characteristics, such as gender, interest in world affairs, or participation in social group activities? This paper seeks to analyze all of these questions using a set of Dictator Game experiments.

Several existing papers report the results of experiments designed to explore the effect on charitable donations of information about the charity. In these experiments, different information sets are used as different treatments. This paper reports results from a similar set of experiments using a group of student participants from a New Zealand university. However, we focus on the factors that might explain variations in the way that different participants respond to the treatment. We also explore how variation in the number of choices that participants are offered affects their behavior. The next section puts our experiments in context by reviewing two areas of the literature: the effect of information about the recipient on donations, and the effect of participant characteristics on transfers in experimental games. We then discuss our experimental design, and the theories that might be used to interpret observed experimental behavior, before presenting our results.

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2. Literature review

2.1. Charitable donations and information about the recipients in Dictator Games

Our experiment is a version of the Dictator Game, in which participants are given a sum of money and then have the opportunity to transfer some proportion of the money to someone else. In our case, the recipient is a charity rather than another experimental participant. This type of game has been used to study a number of aspects of charitable giving, including the impact on donations of subsidies (Eckel & Grossman, 2003; Davis, 2006) and taxes (Crumpler & Grossman, 2008). The studies most relevant to our own are those focussing on information provided about the recipient. Three existing Dictator Game studies – Brañas-Garza (2006), Fong and Luttmer (2009), and Small, Loewenstein, and Slovic (2007) – use treatments similar to ours, although without our focus on the effect of observable participant characteristics, or the effect of different explanations for why the recipient country is poor.¹

Small et al. (2007) focus on motives for giving money to an international development charity operating in Africa. Their Dictator Game is used to explore whether people give more when presented with personal information about an 'identifiable victim', rather than statistical information about the magnitude of the problem of poverty in Africa. Having been paid \$5 for completing a survey, participants were handed a letter containing information about poverty in Africa, and inviting them to donate part of their \$5 to Save the Children. In the first treatment, participants were given statistical information about the problems of starvation in Africa, and told that this was caused by food shortages resulting from a lack of rainfall. In a second treatment, participants were given a picture of a young girl from Africa and a brief description of her, noting that she faced the threat of starvation and that participants' donations would change her life for the better. In a third treatment, participants were provided with both the statistical information and the picture and description. Donations were highest with the second treatment and lowest with the first. The authors' interpretation of this result is that people give more when they can picture the individual recipient; providing statistical information just creates a perception that the problem of poverty is too overwhelming for anything to be done.

Fong and Luttmer (2009) explore whether donations to two local charities in the US depend on perceptions about the worthiness of the recipients. Their study was carried out online. Participants saw photographs of charity recipients, and heard an audio tape with information about the charity. Different treatments varied the information about the charities and their recipients, in order to give different impressions about their worthiness. A subsequent survey was designed to elicit participants' perceptions about worthiness. Moreover, some participants were shown photographs of mainly black recipients, and others photographs of mainly white recipients. On average, participants rated their own racial group as more worthy, but did not give more to them. However, more money was given in treatments designed to create impressions of greater worthiness.

Brañas-Garza (2006) explores whether the amount given to overseas charities by students at two Spanish universities depends on being told that the money will go to poor people, and on information about what the money will be used for. In the *no information* treatment, each participant was given three 5-Euro notes and told that she could divide these between herself and three other people; no information about the recipients was provided. In the *poverty* treatment, each participant was told that the recipients were poor communities in undeveloped countries and that 'this amount of money can be very useful in these countries'. In the *medicines* treatment, participants were given the same information as in the *poverty* treatment, and also told that the money would be used to buy medicines. In the *no information* treatment the mean donation was €1.50. This increased to €9 for the *poverty* treatment and to €12 for the *medicines* treatment. Providing information about the recipients, especially drawing attention to their poverty, increases donations in the Dictator Game.

2.2. Experimental behavior and participant characteristics

Although they are not directly concerned with charitable giving, other experiments explore the correlations between participants' decisions and their observable characteristics. Many of these focus on correlations with the subjects studied by student participants, with an emphasis on Economics majors compared to others. The results are very mixed. For example, Frey and Meier (2005) and Yezer, Goldfarb, and Poppen (1996) present evidence from Dictator Games indicating that Economics majors are significantly more generous than majors in many other subject areas. However, Carter and Irons (1991) find that Economics majors are significantly less likely to propose egalitarian shares in an Ultimatum Game, and Frank, Gilovich, and Regan (1993) find that Economics professors report significantly less generosity in charitable giving than professors in other subjects. Overall, this literature does not provide any strong priors about which majors should exhibit more altruism in our experiments. Moreover, the emphasis on Economics majors versus all others reflects a particular concern among economists about the effect of teaching their subject on student behavior, and there may be other subjects that have equally large effects. Nevertheless, there is some reason to believe that behavior may differ significantly across major subject groups.

¹ There is a non-experimental literature which analyses why some countries receive more foreign aid than others. With a few exceptions (such as Feeny and Clarke, 2007), this literature focuses on aid from official sources (i.e. bilateral and multilateral aid), rather than private individuals via NGOs. Key papers in this literature include Burnside and Dollar (2000) and Alesina and Dollar (2000). Poorer and more democratic countries generally receive more aid. There is also evidence that governments give more aid *per capita* to former colonies and countries with smaller populations.

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