

Study uncovers strategies for increasing charitable giving

December 18 2015



Kent Messer, Director of the Center for Experimental & Applied Economics at the University of Delaware, recently conducted a study that looked at ways to increase charitable giving. Credit: University of Delaware

With the holiday season at a fever pitch and charitable giving on people's minds, new research from the University of Delaware suggests that for organizations interested in increasing the number of givers and the amount of donations, the solution might be as easy as a simple change in how charitable gifts are made.

For the past three years, as part of their course requirements, 190 of Kent Messer's undergraduate students have attended a guest lecture presented by Kate Hackett, executive director of Delaware Wild Lands (DWL).

Following the lecture, Messer, the Unidel Howard Cosgrove Chair for the Environment, director of the Center for Experimental and Applied Economics and co-director of the Center for Behavioral and Experimental Agri-Environmental Research in the University's College of Agriculture and Natural Resources (CANR), has explained to the students that as part of a research study, they would have an opportunity to make a charitable donation to DWL using the students' class earnings from earlier in the semester.

Messer would then divide the class into two groups: the donation group and the refund group.

The donation group was given their money in cash and asked by Messer how much, if anything at all, they would like to donate to DWL.

The refund group was told that their money would be automatically

donated to DWL unless they completed a simple form requesting their money back.

"We wanted to examine whether 'defaults' matter for [charitable giving](#) and whether by altering the defaults we could 'nudge' people to make higher charitable giving. By randomly splitting the class into half, we were ensuring that we had a control group. This enabled us to make an apples-to-apples comparison and directly compare the students' charitable giving behavior," Messer said.

The researchers found that the students in the refund group were more likely to donate, and that they donated a larger amount of money than the students in the donation group.

Seventy-five percent of students in the refund group made a charitable gift to DWL that averaged \$3.71 per person while 44 percent of students in the donation group made a charitable donation to DWL that averaged \$2.03 per person.

Messer attributes this to one main factor: the default setting.

"In general, humans tend to stick with the status quo, which means that the default setting can have a huge impact on human behavior, and this is something that we see in a number of settings, from employee retirement savings plans to agriculture cost-share auctions," said Messer.

While charitable organizations can't simply deduct money directly from a person's paycheck and then not give that money back unless they fill out a form, there are ways in which charitable organizations can increase donations, such as increasing the suggested amount of giving, from \$30 to \$50, for example.

"Thinking creatively about ways to change the choice setting can do wonders. I conducted a study with colleagues at Cornell University where we had members of a church make charitable donations automatically, such as having the money be charged monthly on their credit cards. We found that people gave more to this charity and sustained this giving over time. In essence, these people had selected to set a default on themselves to give more to this charitable cause," said Messer.

Messer worked on the project with Jacob Fooks, who has since graduated and now works for the United States Department of Agriculture's Economic Research Service, and Shang Wu, who started working with Messer as a master's student and is now a doctoral student in CANR.

This research is scheduled for publication in an upcoming special issue on 'Experiments in Charitable Giving' in the *Journal of Behavioral and Experimental Economics*.

"Working on research projects like this is interesting and exciting because it uses a simple classroom setting to mimic and better understand questions that can have a huge impact in reality. It provides me with inspiration on how knowledge learned in books can be linked to understand and deal with issues in the field," said Wu. "Relevant organizations should be aware of and consider adopting variations on this idea since it shows people's charitable decisions can be influenced significantly with a no-cost simple tweak in the framing of questions."

Money from the experiment was all donated to the Great Cypress Swamp project that is run through DWL.

Hackett said that it was great to collaborate on the project and to see a non-profit organization partner with a researcher on the project.

"At Delaware Wild Lands we welcome opportunities to partner with University of Delaware researchers and students. Working with leaders and learners in the fields of economics and the environment helps us innovate and extend our mission to protect critical wildlife habitat and natural resources. In this study, we worked with researchers to formulate ways to improve charitable donation rates, and we also received considerable donations as a part of this study that directly supported Delaware Wild Lands' Great Cypress Swamp restoration project in Sussex County," said Hackett.

Provided by University of Delaware

Citation: Study uncovers strategies for increasing charitable giving (2015, December 18)
retrieved 28 April 2024 from <https://phys.org/news/2015-12-uncovers-strategies-charitable.html>

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