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Abstract

An important principle of economics is that people respond to incentives. For that reason, government and organizations implement incentives to encourage prosocial behavior. This paper looks at how monetary and nonmonetary incentives change people's decisions to act prosocially, and how these effects differ across gender. It will start by discussing the paper about the effect of monetary incentives on charity donations, and will then look at the literature on the drivers of prosocial behavior and the effectiveness of incentives. Lastly, we will tackle unanswered questions by suggesting a more comprehensive experimental design that addresses the gaps in the literature by considering a new population.

JEL Classification: C91, C93, D90

Keywords: Individual Behavior, Laboratory Experiments, Field Experiment, Prosocial behavior

1. Introduction

2. Main paper

3. Reproduction of

The following section will discuss the reproduction of all the relevant figures, p-values and regression results to “Click for Charity” experiment presented in the paper. The discussed regression tables are at the end of the paper, and the relevant regression for the mentioned p-values can be found in the appendix. We weren't able to replicate the results for “Bike for Charity” as the data was not available.

As in the, the analysis of the results will focus first on the good cause and the bad cause cases separately in two figures below and then finally analyze of all causes together by running an OLS regression. The two figures below are substantially similar and don't differ graphically from the original paper's.

Figure 1 below summarizes the effort of participants for the cause in the public and private conditions, with and without incentives. The first panel (A) defines the good cause by the participant's perception of the cause, while the

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second panel (B) defines it by the consensus of the Princeton students (Red Cross for the good cause). The figure shows the average number of keypresses and their standard errors by payment scheme and visibility of the participation. The quantitative results are consistent across both panels. Firstly, in support of the Image motivation hypothesis, we see that without incentives, participants produce more effort in the public conditions. The difference was significant at the 5% and 1% level for panel A and B respectively. The introduction of monetary incentives does not increase the effort in the public conditions, but does so in private condition. In the public condition, there is a non-statistically significant decline ($p>0.3$ for both panels) in effort. In the private condition, there is a significant increase ($p=0.048$ and $p=0.023$ for panel A and B respectively) in effort. These results support the effectiveness hypothesis.

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E-mail: hlavac at fas.harvard.edu % Date and time: Sun, May 05, 2019 - 12:53:50 AM

Table 1: Table A1: Group-level analysis of defections: Dependent variable = proportion of members that default

	Proportion of members that default		
	<i>felm</i>	<i>OLS</i>	
	Groups of 2 or 3	All groups	
	(1)	(2)	(3)
1:Density of close friends and family network within group	-0.067*** (0.021)	-0.034 (0.029)	-0.155** (0.066)
2:Number of group members	0.030 (0.021)	0.001 (0.004)	-0.004 (0.005)
1x2			0.039** (0.019)
Average gamble choice	0.012 (0.011)	0.012 (0.009)	0.011 (0.009)
Proportion of females	0.050 (0.048)	0.032 (0.037)	0.031 (0.037)
Average age	-0.000 (0.002)	-0.000 (0.001)	-0.000 (0.001)
Proportion living in municipal centre	0.082** (0.036)	0.031 (0.031)	0.021 (0.031)
Average years of education	-0.013*** (0.005)	-0.010** (0.005)	-0.010** (0.005)
Proportion married	-0.047 (0.048)	-0.001 (0.035)	-0.004 (0.035)
Average log household consumption	0.007 (0.027)	-0.019 (0.025)	-0.018 (0.025)
Average household size	0.004 (0.006)	0.004 (0.004)	0.004 (0.004)
Constant	-0.124 (0.340)	0.212 (0.312)	0.218 (0.311)
Municipality dummies	no	no	yes
Observations	251	526	526

Notes:

***Significant at the 1 percent level.

**Significant at the 5 percent level.

*Significant at the 10 percent level.

Linear regression coefficients reported.

Standard errors (in parentheses)

adjusted to account of non-independence within municipalities by clustering

Figure 1: Assortative match with respect to risk attitudes by different types o

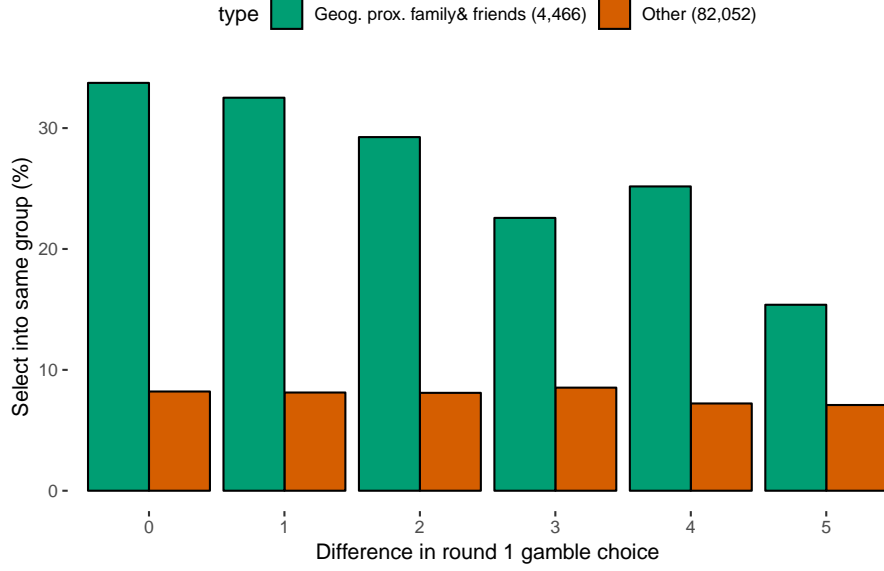


Table 1: Experimental subjects

	Full Sample			Sample Analysed		
	Obs.	Mean/Prop	s.d.	Obs.	Mean/Prop	s.d.
Female	2420	87.52%	33.06	2321	87.2%	33.41
Age (years)	2396	41.78	11.39	2321	41.72	11.37
Education (years)	2397	3.7	3.12	2321	3.7	3.13
Household head	2423	28.64%		2321	28.78%	
Married	2420	77.11%		2321	77.73%	
Lives in municipal centre	2478	33.86%	47.33	2321	34.38%	47.51
Household consumption ('000 Pesos/month) 2	2478	433.64	254.9	2321	427.28	249.91
Log household consumption per month	2478	12.82		2321	12.81	
Household size	2452	7.34	3.19	2321	7.27	3.13
No. of kin recognized in session	2506	0.32		2321	0.32	
No. of friends recognized in session	2506	2.39	2.57	2321	2.42	2.57

Table 2: Gamble choices

Gamble Choice	Low payoff(yellow)	High payoff(blue)	Expected value	Standard Deviation	Risk aversion class	CRRA range
Gamble1	3000	3000	3000	0	Extreme	infinity to 7.49
Gamble2	2700	5700	4200	2121	Severe	7.49 to 1.73
Gamble3	2400	7200	4800	3394	Intermediate	1.73 to 0.81
Gamble4	1800	9000	5400	5091	Moderate	0.81 to 0.46
Gamble5	1000	11000	6000	7071	Slight-neutral	0.47 to 0.00
Gamble6	0	12000	6000	8485	Neutral-negative	0 to -ve infinity

Table3: Experimental data				
Variables	Full Sample		Sample Analysed	
	Mean/Prop	s.d.	Mean/Prop	s.d.
Gamble choice 1st round				
Gamble 1(safe)	8.739%		8.746%	
Gamble 2	17.757%		17.665%	
Gamble 3	18.196%		18.311%	
Gamble 4	29.29%		29.168%	
Gamble 5	11.253%		11.116%	
Gamble 6(riskiest)	14.765%		14.994%	
Won gamble in 1st round	54.7%		54.5%	
Winings 1st round ('000 Pesos)	5.842	3.832	5.835	3.838
Joined a group	86.2%		86.9%	
Number of co-group members	4.195	5.776	3.687	3.899
Gamble choice 2nd round				
Gamble 1(safe)	6.028%		5.991%	
Gamble 2	12.854%		12.759%	
Gamble 3	17.685%		17.759%	
Gamble 4	28.942%		28.75%	
Gamble 5	17.206%		17.328%	
Gamble 6(riskiest)	17.285%		17.414%	
Won gamble in 2nd round	57.7%		57.7%	
Reneged having won gamble	6.3%		6.4%	
Reneged having lost gamble	1.8%		1.8%	
Winnings 2nd round ('000 Pesos)	6.134	4.046	6.133	4.052
Observations	2506		2321	

The same analysis is replicated below for the bad cause. We observe that without incentives, there is no significant difference ($p > 0.44$ for both panels) between the effort produced in the public and private conditions. When given monetary incentives, we observe the same results as for the good cause. In the public condition, there is non-significant effect on effort ($p > 0.6$ for both panels). In the private condition, we observe an increase in effort, but this difference in effectiveness across the two different visibilities is significant for panel A ($p = 0.07$) but not for panel B ($p = 0.32$).

To analyze the two causes together, the following OLS regression tables (Table 1 and 2) analyze how the private/public conditions affect the number of pressed key pairs, which reflects the effort produced. The first table controls for the perceived identification of others, and the second controls for American Red Cross and NRA. The first column of both tables show that monetary incentives increase effort in the private conditions, which doesn't hold in the public condition as column 2 shows. The two tables also show the importance of the cause, especially in the public conditions. The third columns, which combines the public and private conditions, reinforces the previous stated results about the effect of monetary incentives and the nature of the cause on the level of effort. Overall, the coefficients of our table and their statistical significance match the paper's results while our t-values differ slightly from those in the paper. Two

Table4: Experimental data				
	All dyads		Close family and friends	Other dyads
	Mean/Prop	s.d.	Mean/Prop	s.d.
Joined same group in round 2(%)	9.21%		29.467%	8.107%
Difference in gamble choice(round1)	1.639	1.265	1.682	1.637
Sum of gamble choices (round 1)	7.179	2.123	7.056	7.186
Friends and family: One or both recognized friendship or kinship(%)	10.49%		100%	5.618%
Both recognized friendship(%)	2.427%		29.019%	0.98%
Both recognized kinship(%)	0.176%		2.015%	0.076%
One recognized friendship, other kinship(%)	0.453%		5.464%	0.18%
One recognized friendship(%)	6.9%		57.77%	4.132%
One recognized kinship(%)	0.534%		5.732%	0.251%
Stranger(%)	89.51%		0%	94.382%
Geographically proximate friends and family(%)	5.162%		100%	0%
One lives in the municipal centre, one not(%)	30.951%		0%	32.635%
Different genders(%)	20.537%		16.57%	20.753%
Difference in age(years)	12.404	9.682	11.481	12.454
Difference in education (years)	3.235	2.77	2.633	3.267
Difference in marital status(%)	34.684%		30.721%	34.9%
Difference in household consumption ('000s Pesos/month)	232.84	227.244	226.585	233.181
Difference in log household consumption per month	0.589	0.489	0.583	0.59
Difference in household size	3.111	2.907	2.803	3.128
Difference in round 1 winnings ('000 Pesos)	4.182	3.213	4.079	4.188
Number who live in the municipal centre	0.715	0.78	1.161	0.691
Number of females	1.75	0.482	1.765	1.749
Sum of ages (years)	83.673	16.012	84.456	83.631
Sum of education (years)	7.352	4.512	6.71	7.387
Number married	1.55	0.592	1.595	1.548
Sum of household consumption ('000s Pesos/month)	850.188	359.942	850.359	850.179
Sum of log household consumption per month	25.621	0.845	25.601	25.622
Sum of household sizes	14.568	4.529	14.114	14.592
Sum of round 1 winnings ('000s Pesos)	11.708	5.484	11.524	11.718
obs	86518		4466	82052

coefficients had different significance levels in our results- one was significant at the 1% level in our table while it was significant at the 5% level in the paper's table, and the opposite was true for the other. We believe this change is due that the p-values are close to the cutoff between the two significance levels, so the difference might be due to the use of a difference statistical software.

4. Related literature

5. Experiment proposal

Appendix

References