

Motives for (In)effective Giving: Comparing Rural and Urban Groups in South Africa.

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Abstract: Different cultures have their own set of norms and values that not only shape people's motives but also influences their decision making. What may be viewed as logical and ethical in one culture, may be seen as illogical or unethical in another. One area that is consistently affected by cross-cultural differences in motives is charitable giving. Recently, there has been an increase in interest around effective altruism— a social movement and philosophy that argues, people should give to charities that do the most good. Prior research that has found that people do not give based on efficiency; instead, people give based on subjective preferences. Using OLS models and a utility maximizing structural model, this paper provides insights that help us understand the trade-offs people make between effectiveness and meaningfulness when they donate. Further, this paper shows that salient characteristic matches between a donor and a recipient, such as matches on nationality and suffering from a familiar affliction, increase donation amounts. This research has the potential to both inform highly effective charities on how to better target different cultures as well as advance our theoretical understanding on giving motives by shedding light on how culture impacts the development and acquisition of these disparate motives.

1. Introduction

Using OLS models and a utility maximizing structural model, this paper provides insights that help us understand the trade-offs people make between effectiveness and meaningfulness when they donate. Further, this paper shows that salient characteristic matches between a donor and a recipient, such as matches on nationality and suffering from a familiar affliction, increase donation amounts.

People are other regarding, even willing to incur significant costs to ensure that equitable outcomes are achieved. In 2020 alone, Giving USA estimated that Americans gave approximately \$471.44 billion to charities, which was equivalent to 2.24% of the US GDP. However, people have a predisposition of giving inefficiently — donating to charities that are not the most effective. The main driver of this outcome is that people are impure altruists, implying they do not only consider supply and demand factors when they donate, but are also motivated by factors that provide a warm glow feeling (Andreoni 1990). This paper shows that welfare maximization concerns are secondary to meaningful concerns when giving decisions are made.

Effective altruism is a philosophical ideology that argues, people should always donate to charities that do the most good. Only welfare maximization concerns should drive giving. Experts predict, among charities that help the global poor, effective charities are 100 times more effective than average charities (Caviola et al., 2020). We can conclude that effective charities can achieve a significant amount of good— many lives can be saved and bettered if welfare maximization is the main motive for giving. However, there are important issues that must be addressed concerning the ideals of effective altruism.

People have a natural inclination to want to help others who are in need. People are not effective altruists because of their approach to donating. Let us think of donating as making an

investment—in the same way someone may think of investing in stocks or real estate as making an investment. When people are making decisions that have to do with the latter (stocks and real estates), they go out of their way to acquire relevant information so that a well-informed decision may be made. The decision to invest is arguably objective, for the most part, and driven by the expected return on investment. According to Berman et al., (2018) people view donating as being a purely subjective decision. People place a greater weight on their emotions, feelings, and attachment to a cause when they donate. Unlike other investment decisions, the main concern is not the expected return on investment when it concerns donating.

Another issue with effective altruism is that it suggests giving based on any other preferences other than effectiveness is unethical. There are many instances where it may be shown that giving based on effectiveness may be deemed unethical. For instance, assume that you are faced with a donation choice between two charities, A and B. Charity A helps those who are poor in your community. charity B helps those who are poor in a different country from your own. Now assume that charity B is ten times more effective than charity A. According to the effective altruism logic, you should give to charity B because more people are helped. Ethically speaking, is this the correct choice? What if you are rooted in your community and know everyone on a personal level? Is it better to help a neighbor in need or a stranger? Strong positive and normative arguments can be made for donating to either charity.

Extensive multidisciplinary research has been done to try and understand giving behavior. However, most of the research has been written using samples from Western, Educated, Industrialized, Rich, and Democratic samples (hereafter referred to as WEIRD samples). This is problematic because most of the world is non-WEIRD. Consequently, our general understanding of giving behavior is limited since findings from WEIRD samples cannot be

generalized. Fortunately, there has been a steady increase in the amount of research done using non-WEIRD samples. This paper contributes to the increasing cross-cultural giving literature by analyzing giving behavior in a South African context. Specifically, we compare the giving behavior between a rural and an urban group. Comparing two groups within the same country has its merits because the giving literature has showed that altruistic behavior is heterogenous between countries. This paper shows that the trade-off between meaningfulness and effectiveness differs between the rural and the urban group, highlighting the existence of heterogenous giving motives.

2. Literature Review

Altruism

A classical economic assumption is that humans are self-interested. However, literature in the social sciences has, to a large extent, disproved the pure self-interest hypothesis. For example, economic games — such as the dictator, ultimatum, and public good games — show that humans are other regarding, even when dealing with people who are not kin. There are different types of altruism such. Kin altruism, which partly explains giving behavior in this paper, involves behaving in a manner that increases the likelihood of survival of a genetic relative at some cost to one's own chances of survival (Ashton et al. 1998). Kinship altruism is observed if relatedness, r , exceeds the cost-to-benefit ratio of the altruistic act: $r > \frac{c}{b}$ (Nowak 2006).

Altruistic behavior is not only explained by kinship because people regularly act altruistically toward strangers. To explain this occurrence researchers claim that some humans have a strong reciprocity trait, whereby they cooperate with others and punish those who violate the norms of cooperation, at a personal cost, even when it is implausible to expect that

these costs will be repaid (Gintis et al. 2003). Economic games — such as the dictator, ultimatum, and public good games — show that humans are other regarding, even when dealing with people who are not kin (Fehr and Fischbacher 2003).

Altruism: Culture, Preference, & Identity

Culture influences people's giving behavior. Culture can be understood as beliefs and values groups transmit, unchanged, from generation to generation (Alesina and Giuliano 2015; Bowles and Gintis 2011). Altruistic decisions are sometimes rightly understood as social dilemmas. To achieve outcomes that are optimal, when making decisions that qualify as social dilemmas, people use moral systems: functional psychological and biological mechanisms that regulate behavior in social dilemmas (Enke 2019). Moral systems are a function of kinship systems, which refers to the extent of how strong family ties are. There are two types of kinship systems: tight and loose kinship. Tight kinship is characterized by effective cooperation that favors helping people who are perceived as being part of the in-group. Conversely, loose kinship is characterized by interactions between strangers, with no emphasis placed on in-groupness. It is important to note that people in loose kinship societies are not more or less prosocial than people in tight kinship societies; instead, they allocate a given prosocial “budget” more uniformly (Cappelen, Enke, and Tungodden 2022). The observed heterogeneous altruistic behavior between and within countries is likely due to family tightness and moral systems.

Moral decisions take place in some social-relational context that dictates whether the decision is judged favorably or negatively. According to the relational models theory (RMT), when people interact with someone they may feel close to — due to sharing a salient feature—the interaction is classified as operating under the framework of the communal sharing model (CS) (Rai and Fiske 2011). The moral motive in CS models is unity. Unity requires that, within in-groups, people provide aid based on need without regard to earned merit or any expectation

of later reciprocation (Rai and Fiske 2011; Everett, Faber, and Crockett 2015). Even when people face the possibility of incurring costs from favoring their ingroup members, they still favor their ingroup (Kubota et al. 2013). Due to a strong sense of obligation to help one's own kind, it makes sense that the effectiveness of a charity would be of secondary importance.

Altruistic behavior is a product of preferences, which are influenced by culture. Tabellini (2008) presents a model that explains the existence of heterogeneous social preferences between societies. It shows that preferences are caused by internalized norms and values, which are a product of a parent's investment in their child's socialization. Norms and values differ between societies because of limited and generalized morality. Limited morality represents a setting where norms are applicable to a small circle of people you may feel close to, while generalized morality represents a state where norms are applied to everyone. In the context of this paper, the model predicts that trade-offs between effectiveness and meaningfulness will be different depending on the type of society or group being observed.

Economic behavior is also influenced by a person's identity. According to Akerlof and Kranton (2000), identity influences behavior through prescriptions assigned to someone by various social categories that are in effect when someone has to make a decision. In their model, identity is based on social categories, which are groupings of people defined by social class or other common attributes of a social nature (such as gender, race, and age). A person's utility is a function of their identity (or self-image), actions they take, and the actions of other's. An important conclusion from the model is that a person's identity is a function of some social category. This means social categories affect people's behavior because they make decisions that maximize their utility with respect to their social category. This paper shows that shared salient characteristics between a donor and a recipient leads to higher donation amounts. Also, the paper shows that priming groups on their shared group identity affects the trade-off they

make between effectiveness and meaningfulness. There are numerous papers that show that people alter their behavior — usually to favor their ingroup — if they are primed on identity (Benjamin, Choi, and Strickland 2010; Pavey, Greitemeyer, and Sparks 2011; McLeish and Oxoby 2011; Cikara et al. 2014; Kessler and Milkman 2018).

Giving Motives

The literature points to various mechanisms that drive people to give to charity. We also know that people do not always give to charity because they want to help those in need. People are impure altruists because their giving is influenced by a desire to increase welfare and to experience a warm glow feeling (Andreoni 1990). Impure altruism makes it plausible to believe that people would value meaningfulness above welfare maximization when making giving choices. A common observation in the giving literature is that people are ineffective givers. The preference for ineffective giving is so strong that numerous studies have found, people still give ineffectively when they are presented with information that helps them identify effective charities (Caviola et al. 2020; Karlan and Wood 2017; Bergh and Reinstein 2021; Metzger and Günther 2019). However, information on effectiveness does help those individuals who identify as effective altruists. People are not swayed by information on effectiveness because they view donating as being a subjective endeavor. Since the goal is not to maximize returns, the provision of information will not have a significant influence on the giving decision. It could also be the case that people are just not motivated by effectiveness. There could be other motives driving giving that people place a higher weight on compared to effectiveness. Genç et al., (2021) find that people place a greater weight on where a donation will be spent rather than on how effective the donation will be when making a giving decision. This finding adds further credibility to the idea that meaningfulness is the dominant cause driving giving. Giving motives that fall under meaningfulness are mostly a combination of

emotional pull (or attachment) and ingroup bias factors. An increase in salient features between a donor and a charity or recipient, increases the probability that the donor will donate to that specific charity or person.

This paper uses eight common motives, found in the literature, that drive giving, to measure the tradeoff people make between meaningfulness and effectiveness when giving. Further, by comparing rural and urban groups, within the same country, this paper shows the existence of heterogeneous giving behavior. Finally, the paper measures the effect of salient characteristic matches between a donor and a recipient on the amount donated. We find that on average people give based on meaningfulness. Also, matches on nationality and affliction increase the donation amount the most. Another important finding is that socioeconomic status plays an important role in shaping a person's giving behavior.

3.1 Data

In total there were 584 subjects who took part in the survey. 285 subjects are in the rural group and 299 are in the urban group. Group assignment is determined by four criteria: education level, residential environment, income per annum, and age. Subjects who are in the urban group must have at least a bachelor's degree, live in an urban environment, earn at least R500 thousand, per annum and be at least 18 years old. Subjects in the rural group must have an education level that is less than a bachelor's degree, they must live in a rural environment, earn less than R500 thousand per annum, and be at least 18 years old.

Not all the subjects in either group met the criteria. For the urban group, due to a limit on the number of subjects who earned R500 thousand or more per annum, we had to allow people who earned less to take part in the survey. Similarly in the rural group, we had to allow some subjects who had a bachelor's degree to take part in the survey. Tables 1 and 2 show the household incomes, ages, and education levels of both groups. From the tables, we can conclude

that the rural group contains people who can be described as having a low socioeconomic status and the urban group contains people who have a high socioeconomic status.

Members in the urban group were acquired from Prolific, meaning they are from all over South Africa. The rural group was recruited from Appelsbosch Kwa-Zulu Natal, which is a small rural town in South Africa.

Due to the differences in demographics between the two groups, we expect the rural group to display behavior associated with tight kinship societies (communal values) and the urban group to display behavior associated with loose kinship societies (universal values).

3.2 Survey

There are two questions this paper answers. The first is, what are the different trade-offs people make between meaningfulness and effective giving? The second is, how do shared salient characteristics between a donor and a recipient affect the amount donated? In both questions we are interested in understanding how and why outcomes differ between the rural and urban group. To answer the questions, we use a survey.

The survey is split into four blocks: 1) Pre-manipulation block, 2) Donating Between Two Charities block, 3) General Generosity A block, 4) General Generosity B block. In the first block, subjects are asked numerous questions that are used to elicit their preferences. This section is also used to vet whether a subject qualifies to take the survey or not. To assess the first research question, we use what we call giving tasks. A giving task represents a motive for giving—in total there are eight giving tasks. In each giving task, a subject is put in a hypothetical scenario where they are required to make a donation choice between two charities, A and B. Each charity helps either ingroup members or outgroup members. We use answers from the first block of the survey to create these outgroups and ingroups.

In the second block, subjects complete the eight giving tasks. As mentioned previously, in each giving task there are two charities, A and B. Charity A helps 10 people who you may feel close to, and Charity B helps 100 people who you may not feel close to. In other words, Charity A represents giving based off meaningfulness and Charity B giving based off effectiveness. Charity A and B represents real charities. In each giving task, the subjects are instructed to allocate a percentage of a donation between the two charities. The allocation between the charities must always add up to 100 percent. The eight giving tasks are Community, Country, Cause Passion, Cause Affliction, Ideology, Religion, Generation, and Species. Table 9 describes the outgroups and ingroups.

In the third section, subjects are given an endowment of R 1612. Subjects are then asked how much of the endowment they want to donate. The question states that the donation amount must be between R161 and R1612. The reason for this is that the answers from this block are used in the fourth block. To get answers that make sense and are useful from the fourth block, we need subjects to at least donate R161.

The fourth block is used to answer the second research question. This block shows subjects two paragraphs that contain information about two children, William and Anika. The paragraphs include information on specific characteristics we are interested in studying. Specifically, we want to test how a match between the donor (subject) and recipient (William and Anika) on these characteristics affects the amount donated. The potential characteristic matches are on a country match, gender match, country match, religion match, family size match, hobby match, and affliction match. We also want to estimate how a child's (William and Anika) family's income level affects the donation amount, and how a matching multiplier rate from an anonymous donor affects the donation amount. We include these estimates in the

regressions we run. Once a subject has read a paragraph, they decide how much they want to donate to the first child and then repeat the process for the second child.

4.1 Identification Strategy

To estimate the trade-off people make between effectiveness and meaningfulness when making giving decisions, we regress each giving task on a gender dummy variable and age. For each giving task, we use t-tests to see how significant the differences between group means are. This allows us to determine if there are significant differences in giving behavior between the urban and rural groups. The OLS regression we run is,

$$Y_i = \beta_0 + \beta_1 X_1 + \dots + \beta_i X_i + \varepsilon$$

Where Y_i is the giving task, X_1 is an urban dummy variable that is 1 if the subject is in the urban group and 0 if the subject is in the rural group, X_i represents control variables, which are gender — a male dummy variable that is 1 if the subject is male and 0 otherwise — and age. We purposefully only control for two covariates because we do not want to control for characteristics between the urban and rural groups, but rather to analyze giving outcomes between two defined groups, one urban, cosmopolitan, and more educated, the other rural, embodying more traditional values, with lower income and education.

4.2 Results

Meaningfulness vs Effectiveness

Figure 1 is a bar graph that shows the percentages donated by both the rural and urban groups to the effective charity in each of the giving tasks (charity B). There are several conclusions we can draw from the graph. The first conclusion is that there are differences in donation patterns between the two groups (as shown by the p-values on the bars, which represent t-tests calculating the differences in means between the rural and urban groups). This means each group has different preferences that drive the trade-offs they make between giving

based on meaningfulness and effectiveness. The general outcome in the giving literature, that there is heterogenous giving behavior cross-culturally, holds in this context. The second conclusion is that the urban group displays greater altruistic behavior compared to the rural group. This finding is in line with what we expected to see. Since the rural group is expected to have communal values, compared to the urban group that displays universal values, it makes sense that the urban group would be more altruistic and tend to give based on effectiveness rather than meaningfulness. However, the graph does show that for specific giving tasks, namely Species, Generation, and Country, the urban group gives more so based off meaningfulness rather than effectiveness. Also, we can see that both groups tend to give mostly based on meaningfulness rather than effectiveness; this is shown by the fact that in most giving tasks, people in both groups give more to charity A than to charity B. It is interesting that in some of the giving tasks, the rural group gave more effectively than the urban group because one would assume that those in the urban group would always give more than those in the rural group because their behavior is influenced by universal values compared to those in the rural group who make decisions that are influenced by communal values. There are explanations that give an account for this behavior, which will be provided once we look at the regression results.

Table 3 represents a numerical representation of Figure 1. The table shows the differences in means between the rural and urban group. From the table we see that both groups have heterogenous giving behavior. For most of the giving tasks, the differences in the amounts donated to charity B are statistically significant.

Table 4 shows an OLS regression for each giving task. In each regression, the dependent variable of is the percentage donated to charity B (the effective charity), the variable of interest is an urban dummy variable that is 1 if a subject is in the urban group and 0 if they

are in the rural group, and the control variables are age and male, which is a dummy variable that is 1 if a subject is male and 0 if they are female.

For the Community giving task, subjects in the urban group give 8.4 percent, which is significant at the 1 percent level, more to the effective charity than subjects in the rural group. Rural group members give based on meaningfulness because they share a closer bond with their community members. In the context of this study, the rural group members were all from the same community, meaning most had lived in the area for decades. This explains why they gave more to the charity that assists their ingroup members. The effect of community is not as strong for urban group members, which explains why they gave more based on effectiveness compared to the rural group.

For the Country giving task, urban group members gave 8.2 percent less to the effective charity, which is significant at the 1 percent level, compared to the rural group. Urban group members are more nationalistic compared to rural group members. This could be because the rural group's sense of identity is defined by their nationality, whereas for the urban group their identity is defined at the community level rather than the country level. Urban group members interact more with the global world, which enhances one's attachment to their national identity, whereas this is not the case for rural group members.

For the Ideology giving task, the urban group gave 8.9 percent more to the effective charity, which is significant at the 1 percent level. In the survey ingroups and outgroups were established using a question that asked subjects how they felt about land redistribution without compensation, which is currently a topic of debate in South African politics. During Apartheid, the government at the time took land forcibly from people of color. A substantial amount of the land that was taken was farmland. Rural group members use farmland more than urban group members, which is why this issue is more relevant to them. Due to this, rural group members

are likely to give to a charity that helps those individuals who are politically like-minded on the issue of land redistribution.

For the Religion giving task, the urban group gave 9 percent more to the effective charity, which is significant at the 1 percent level. In general, the rural group members are more traditional and hold conservative views, meaning they are more prone to assisting or supporting causes that help those who share similar religious beliefs. Urban group members are more open and tolerant towards people with differing beliefs, mainly because they are exposed to more people.

For the Generation giving task, the urban group gave 5 percent less to the effective charity, which is significant at the 5 percent level. For this giving task, the ingroup was people who are alive now versus the outgroup that was people who are alive 100 years from now. In more rural societies, the idea of nurturing and taking care of future generations is important because they are the ones who keep cultural traditions and values alive. By not caring and investing in future generations, traditional beliefs, customs, and values soon become obsolete. This explains why the rural group gave more to the effective charity; members view it as a means to carry forward their legacy and culture.

For the Species giving task, the urban group gave 10 percent less to the effective charity, which is significant at the 1 percent level. This result is explained by the fact that rural group members live near and interact with animals almost daily. Most rural group members will own livestock such as cows, goats, sheep, and dogs, which influences them to care about the wellbeing of animals. Inversely, urban group members rarely interact with animals and most people in South Africa do not own pets, which means they care far less about animals compared to rural group members.

For the Cause Affliction giving task, the urban group gave 4.5 percent more to the effective charity, which is significant at the 10 percent level. In tight knit rural communities, most people suffer from a handful of the same afflictions. However, in urban communities, people are exposed to a wide range of afflictions, meaning they are inclined to give to charities that are more effective and help alleviate a multitude of afflictions even if the donor has not suffered from that affliction. The inverse is true for the rural group since they are inclined to give to the charity that alleviates the affliction that most people in their community has or is suffering with.

For the Cause Passion giving task, there is no significant giving difference between the rural and urban groups.

In the survey, subjects were presented with an endowment of R1,612 and asked how much of that endowment they would like to donate. Table 5 presents the results. The rural group donated 59% versus the urban groups 65%. Also, the urban group gave 6 percent more than rural group, which indicates that the urban group exhibit greater altruistic behavior. Important to note from these results is that subjects were required to donate at least 10 percent of the endowment. This was done so that donation amounts could be generated to study how characteristic matches affect donation amounts.

Effect of Characteristic Matches on Donation Amount

Table 6 shows the results from three separate regressions that we ran to study how characteristic matches affected the amounts donated to William and Anika. The first regression is a fixed effects regression. Estimates from the fixed effect regression are biased because the transfer amount data is censored from below (0) and above (1612). The second regression is a random effects tobit model. This model accounts for the censoring; however, the estimates are likely to still be biased due to the strong assumption that the individual unobserved

heterogeneity is uncorrelated with the independent variables; this is likely violated. The final regression, which will be the one we focus on, is the tobit model. The results show that a country match between the donor and child increases the transfer amount R166.63, which is significant at the 1 percent level. The result holds in the other two regressions. An affliction match increases the transfer amount by R41.20, which is significant at the 5 percent level. Also, the results show that if a child comes from a family with a higher income, they receive a lower transfer (R4.63 less, which is significant at the 1 percent level). An interesting estimate is that of the anonymous donor matching rate (Xfold). We had assumed that this estimate would not only be large but also statistically significant. On the contrary, we see that it is insignificant and has a negative point estimate. These results are interesting; however, it is worth assessing the differences between the rural and the urban groups to see which group is driving the results we observe.

Table 7 presents the results for the urban and rural groups. The country match is significant in both groups; however, it is clearly more salient for urban group members. A country match increases the transfer amount by R273.17 for the urban group, whereas it only increases it by R66.20 for rural group members. We can also see that the richer a child's family, the lower the transfer amount they receive; this is true for both groups.. As Perct _hh_inc increases by 10 percent, the amount donated decreases by R3.59. The affliction match is insignificant for both groups, but one could argue that it does positively influence the transfer amount for the rural group. Finally, the Xfold variable is still insignificant, in both groups, but the sign is positive for the rural group. This result is consistent with other literature that finds increasing the anonymous donor matching rate of a donation does not increase the donation amount (Karlan and List 2007).

The above results provide details that help us understand the motives people have for giving. Already we can conclude that effectiveness alone is not the main motivator of giving. Instead, there are many factors, which are tied to socioeconomic status, culture, environment, and so on that influence a person's giving behavior. Meaningfulness plays an important role in influencing giving behavior. Also, matches in salient characteristics impact the amount people donate. In this case, a country match seems to be the most important motivator of donating.

5.1 Identification Strategy

To estimate how a match in characteristics between a donor and recipient affects the amount donated, we use a structural utility function where a donor's utility is a function of their own income and the recipient's income. The utility function is,

$$U_i = \ln(y_i - t_{ij}) + w'_i v_j \ln(y_j + \beta_{ij} t_{ij})$$

Where y_i and y_j are the initial incomes of person i and j , t_{ij} is the donation or transfer amount that maximizes the equation above, $w'_i v_j$ are weights that person i attaches to characteristic matches with person j (matches are the estimates of interest), and β_{ij} is the Xfold donation match by anonymous donor. Note that we want to estimate the transfer or donation amount that maximizes the utility function. To do this, we must solve for the first-order condition, i.e. $\frac{dU_i}{dt_{ij}} = 0$. The structural equation we estimate, which solves the FOC for t_{ij} is,

$$t_{ij} = \frac{w'_i v_j \cdot \beta_{ij} y_i - y_j}{\beta_{ij}(1 + w'_i v_j)}$$

The model predicts the transfer from i to j will be higher the greater the efficiency β_{ij} of the transfer from i to j , the higher the weights w'_i of the giver i , the higher the rate of matching characteristics $w'_i v_j$ between i and j , the higher i 's initial income is, and the lower j 's initial income

5.2 Results

Table 8 shows that a country and affliction match are the main influences on the amount that a donor transfers. For the whole sample, a country match increases the transfer amount by R115,05 and an affliction match increases it by R29.02. In line with previous results, once we split the sample to study the rural and urban group, we see that the country match is more salient for the urban group (increases the transfer amount by R187.69 compared to R43.45 for the rural group. We can also see that the affliction match increases the transfer amount in the rural group (there is an increase of R32,97). The implication from the results is that matches on country and affliction maximize the transfer amount for both groups.

6. Discussion

The results from Figure 1 show that people are not purely motivated by welfare maximization concerns. The first research question investigated the trade-offs people make between meaningfulness and effectiveness when giving. In both groups, meaningfulness plays a more pivotal role in influencing giving behavior. In most of the giving tasks, people allocated most of their donation to charity A, which helped the ingroup but was less effective. This finding casts doubt over the universality of the effective altruist philosophy; the belief that people should always give to charities and causes that do the most good for society. However, giving based off meaningfulness may not be an issue because it can be argued that it is ethically and morally correct to take care of one's neighbors first before trying to help everyone else. Some cultures require that one meets their ingroup's needs before those of their outgroup.

The results from figure 1 and table 4 show that socioeconomic status affects people's giving behavior. On average, members of the urban group were more effectively altruistic than members of the rural group. However, there were multiple instances where the opposite was

true. The results are in line with findings that show there are heterogeneous giving motives, even within countries.

Finally, the results from table 6, 7, and 8 show that matches on characteristics that reduce social distance increase donation amounts the most. Social distance in this case refers to the extent to which people experience a sense of familiarity (nearness and intimacy) or unfamiliarity (farness and difference) between themselves and people belonging to different social, ethnic, occupational, and religious groups from their own (Hodgetts and Stolte 2014). The two main characteristic matches that increase the transfer amount the most are an affliction and country match. Both affliction and country matches allow the donor to feel a greater sense of familiarity with either child. Another concept that helps explain the results is that of one's moral circle. A person's moral circle includes entities that a person believes should have moral standing or are worthy of moral concern. One strategy that could be used to increase effective altruism is to work on expanding people's moral circles. For instance, charities that help animals and future generations would benefit from an expanded moral circle.

Going forward, it would be interesting to study how location and culture affect giving behavior. Due to the design of this study, we cannot conclude, for instance, that location is the primary cause of the observed giving behavior. At best, we can state that the differences are due to socioeconomic differences between individuals in the rural and urban groups. Also, the results of this study cannot be generalized to represent the case for the whole of South Africa — the samples used are not representative of the whole country. The structural model can also be evaluated further to ensure that the estimates are accurate for all the parameters of interest — currently the `Perct_hh_inc` variable, which represents the household income of a child's family as a percentage of the average income of an urban household, provides estimates that logically do not make sense.

7. Conclusion

This paper set out to study the trade-offs people make between meaningfulness and effectiveness when giving. Also, the paper examines which characteristic matches between a donor and a recipient drive giving. Using OLS models, t-tests, and structural estimation, the paper shows that people are other regarding; people have heterogeneous giving behavior; and matches that reduce social distance increase donation amounts. Finally, the paper shows that socioeconomic differences between groups affect the altruistic behavior of members in a particular group. This paper has provided a descriptive analysis of the motives of giving within South Africa.

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Appendix

Table 1. Summary Statistics

Rural Group	Mean	Sd	Min	Max
Age	29.93	8.43	18	92
Sex	.47	.50	0	1
Education	.25	.43	0	1
Urban Group	Mean	Sd	Min	Max
Age	29.16	6.54	20	55
Sex	.30	.46	0	1
Education	1	0	1	1

On the above graph, Sex is a dummy variable that is 1 if the subject is male and 0 if female.

Education is also a dummy variable that is 1 if a subject has completed at least a bachelor's degree, otherwise 0.

Table 2. Household Income Ranges

Household Income	Rural Group	Urban Group	Total
R1,000,000 or more	0	31	31
R800,000 to R999,999	0	36	36
R500,000 to R799,999	0	105	105
R300,000 to R499,999	5	125	130
R150,000 to R299,999	9	0	9
R75,000 to R149,999	24	0	24
R40,000 to R74,999	24	0	24
R20,000 to R39,999	18	2	20
R10,000 to R19,999	37	0	37
R5,000 to R9,999	56	0	56
Less than R4,900	112	0	112

The above table represents the household income ranges of both the urban and rural group. Some members of the urban group earn less than R500k, however, this should not affect our results adversely since the differences in household incomes between the rural and urban groups is vastly different. Also, there are two members in the urban group who earned significantly less than other rural group members, they were removed from the analysis.

Figure 1. Urban vs Rural Donation Patterns

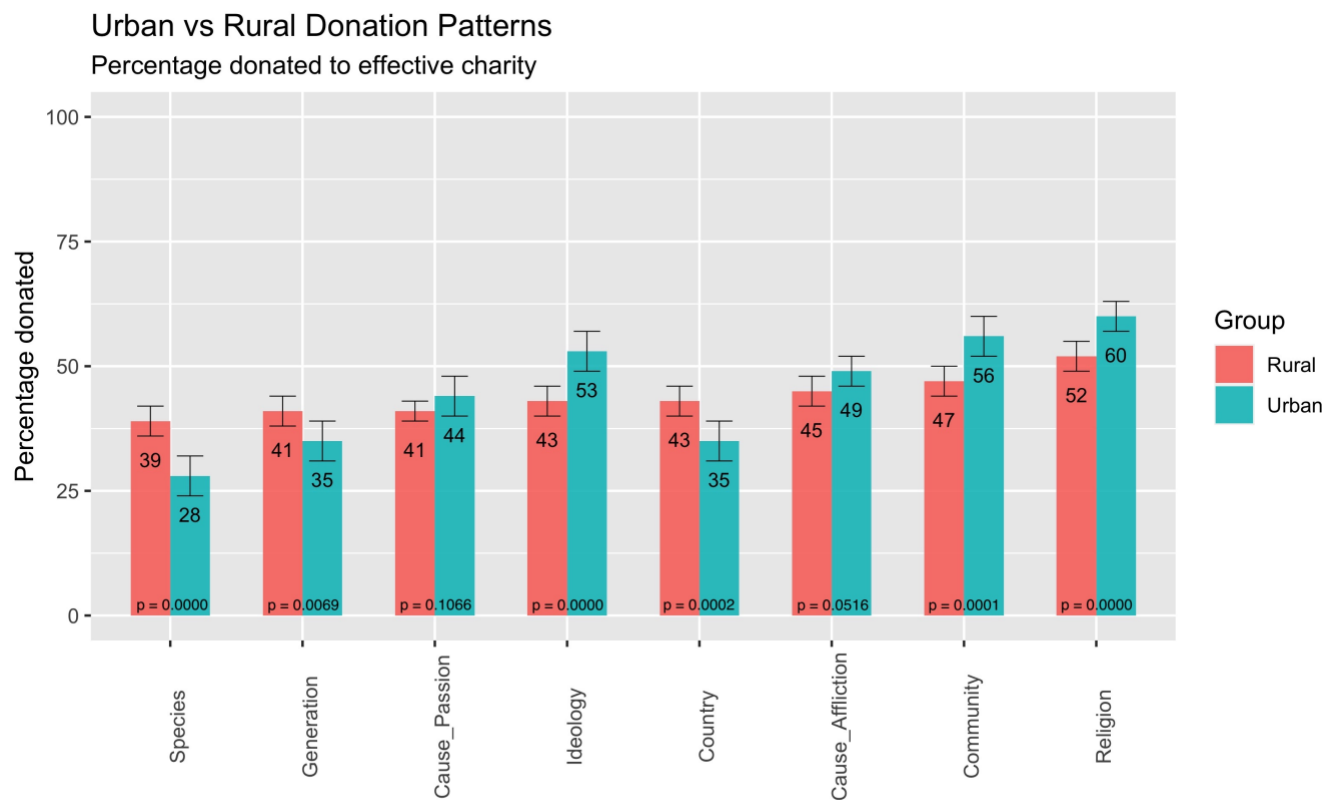


Table 3. T-tests Between Rural vs Urban

	Rural	Urban	Diff. (Rural - Urban)	s.e.
Community	47.0	55.6	-8.7***	(2.2)
Country	43.5	34.7	8.7***	(2.3)
Ideology	43.0	52.5	-9.6***	(2.3)
Religion	52.3	60.4	-8.1***	(2.0)
Generation	40.6	34.7	5.9***	(2.2)
Species	38.6	27.9	10.7***	(2.1)
Cause Affliction	44.7	48.7	-3.9*	(2.0)
Cause Passion	41.1	44.3	-3.2	(2.0)

Table 4. Giving Tasks Regression Results

	Community	Country	Ideology	Religion	Generation	Species	Cause Affliction	Cause Passion
Urban	8.376*** (2.188)	-8.193*** (2.302)	8.878*** (2.288)	9.032*** (1.970)	-5.344** (2.178)	-10.044*** (2.070)	4.512** (2.008)	2.959 (1.996)
Male	-0.764 (2.264)	3.139 (2.377)	-2.974 (2.384)	5.290*** (2.007)	2.845 (2.263)	3.848* (2.157)	3.524* (2.081)	-1.658 (2.047)
Age	-0.245* (0.147)	-0.007 (0.137)	-0.222 (0.139)	0.052 (0.119)	0.091 (0.132)	0.071 (0.121)	-0.003 (0.118)	0.008 (0.119)

Dependent variable is percentage donated to effective charity (Charity B)

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 5. Personal Donation Amount

	Rural	Urban	Diff. (Rural - Urban)	s.e.
Personal Generosity	952.2	1059.4	-107.3**	(46.6)

Table 6. Effect of Characteristic Matches on Donation Amount

	Fixed Effects	Random Effects Tobit	Tobit
Sex match	-19.13 (17.170)	-19.92 (19.579)	-20.83 (20.378)
Hobby match	-9.55 (17.087)	-10.25 (19.935)	-12.01 (20.466)
Country match	142.01*** (16.778)	162.40*** (19.848)	166.63*** (20.341)
Family match	-21.87 (16.868)	-22.72 (19.669)	-23.20 (20.173)
Religion match	15.17 (17.146)	16.16 (19.662)	16.03 (20.508)
Affliction match	33.77** (17.172)	40.63** (19.728)	41.20** (20.450)
Perct_hh_inc	-5.10*** (0.845)	-5.05*** (0.816)	-4.63*** (0.916)
Xfold	-17.63 (10.834)	-8.43 (10.443)	-2.15 (11.931)
Constant	620.13*** (45.457)	554.11*** (52.021)	518.83*** (55.606)

Dependent variable is transfer amount

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 7. Effect of Characteristic Matches on Donation Amount, Rural vs Urban

	Fixed Effects		Random Effects Tobit		Tobit	
	Rural	Urban	Rural	Urban	Rural	Urban
Country match	59.10** (17.959)	228.97*** (27.925)	63.88** (19.960)	270.12*** (34.447)	66.20** (20.351)	273.17*** (36.255)
Affliction match	32.49 (18.139)	25.10 (27.423)	35.02 (20.031)	34.74 (33.483)	35.00 (20.089)	35.16 (34.738)
Perct_hh_inc	-3.59*** (0.874)	-6.73*** (1.337)	-3.69*** (0.893)	-6.64*** (1.326)	-3.52** (1.148)	-6.04*** (1.416)
Xfold	11.70 (13.874)	-43.38** (15.972)	9.81 (11.603)	-22.75 (16.998)	5.15 (16.506)	-11.76 (17.568)

Dependent variable is transfer amount

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 8. Structural Model

	Whole Sample	Urban Group	Rural Group
Country match	115.05*** (14.633)	187.69*** (25.027)	43.45*** (15.218)
Religion match	14.62 (14.682)	7.89 (24.053)	20.06 (15.400)
Family match	-19.07 (14.597)	-18.92 (23.324)	-15.12 (15.388)
Hobby match	-13.58 (14.687)	-20.39 (24.660)	7.15 (14.931)
Affliction match	29.02** (14.716)	16.96 (24.203)	32.97** (15.398)
Perct_hh_inc	-3.34e-07 (2.69e-07)	-1.07e-06*** (3.44e-07)	3.77e-06** (1.58e-06)
Constant	526.04*** (21.004)	565.00*** (34.136)	510.69*** (28.081)

Dependent variable is transfer amount

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 9. Giving Tasks

Giving Task	Ingroup	Outgroup
Cause Affliction	People suffering from the same affliction as you	People suffering from other afflictions
Cause Passion	People struggling with a cause you are passionate about	People struggling with other causes
Community	People living in the same community as you	People living in other communities
Country	People living in the same country as you	People living in other countries
Generation	People who are alive now	People who will exist in future generations
Species	Fellow humans	Intelligent mammals (e.g pigs, dolphins, dogs, cows)
Ideology	People who share the same political beliefs as you	People with different political beliefs
Religion	People who are a part of the same religion as you	People who are a part of other religions