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Making an impact? The importance of aid effectiveness for charitable giving. A laboratory experiment.

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Making an impact? The importance of aid effectiveness for charitable giving. A laboratory experiment.

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March 1, 2015

Abstract

The question if private donors care about aid effectiveness when they donate to an international charity has received little attention in the literature on private charitable giving as well as in development microeconomics. This discussion is important, because a considerable share of foreign aid stems from private sources. Thus, individual donors can have an important influence on increasing social welfare by directing their funds to more effective organizations. We conducted a laboratory experiment to investigate if private donors want information about the exact impact of their donation to an international charity before they donate, and how much they care about aid impact compared to other information: namely, information about administrations costs, and the recipient type benefiting from their donation. Our main results are the following. First, the demand was lowest for information about aid effectiveness, and highest for information about the recipient type. Second, donation levels were not significantly affected by differences in aid effectiveness, but were significantly affected by differences in administration costs, and recipient types. Participants in the administrations costs group used the additional information to “punish” the less preferred NGO by decreasing their transfers to zero. Participants in the recipient type group used the additional information to “reward” the preferred recipient type with higher-than-average transfers.

JEL Code: D64,L31,O12

Key Words: Charitable giving, aid impact, aid effectiveness, fairness, social preferences

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1 Aid Effectiveness And Private Charitable Giving

In the experimental economics literature, a considerable amount of research has been conducted on private charitable giving. One important strand of this literature studies why people gain utility from donating to charity. Andreoni (1990) developed one of the most applied, and most tested models of charitable giving and, with it, coined the term “warm glow”. Someone who experiences pure “warm glow” derives utility from the act of giving, not from contributing to the provision of the public good. His model also defines the opposite case of pure “altruistic giving”, which is motivated by the will to maximize the supply of the public good. It further describes the intermediate cases of “impure altruism” for individuals who are motivated by both, warm glow and altruism. Another important strand of the literature takes an empirical approach to study what induces people to give (more). List, for example, has conducted a number of experiments to test which fundraising methods lead to an increase in donations and/or an expansion in the donor base, and hence to an increase in the supply of the charitable good (e.g. Karlan and List, 2007; List and Lucking-Riley, 2002; Rondeau and List, 2008). Many studies in both these strands implicitly assume that an increase in the amount of the charitable good leads to an increase in the beneficiary’s welfare, although this is not self-evident. Public goods providers, such as international charities, differ in how effectively they improve social welfare. Hence, the question if private individual donors factor differences between charities regards their aid effectiveness when into their donation decisions, has important welfare implications, but has received little attention in the experimental economics literature.

In development economic research, the question whether individual donors want to spend their money in a way that improves social welfare, has received little attention as well. Especially development microeconomics is much more focused on aid recipients than on the decision making of private individual donors. Over the last decade, microeconomic studies, based on randomized controlled trials, have therefore considerably extended our knowledge about aid interventions that have effectively increased social welfare - in a broad range of sectors¹. But there is few research on the question, if individual donors use this knowledge to support effective aid policies and projects. This topic is important, however, because a considerable share of foreign aid is provided by private individuals. In Switzerland for example, private charitable giving to the international aid sector stood at 442.1 million US Dollars in 2013². In the United States of America (US) it stood 199 million US Dollars in 2011 (Global Impact 2013). Thus, private individual donors can have an appreciable influence on increasing the welfare of poor population groups in foreign countries, by directing their funds to more effective organizations.

In this study, we seek to contribute to reducing the present knowledge gap about whether private donors value aid effectiveness, when they donate to an international charity (NGO). Concerning existing evidence on this topic, a recent field experiment by Karlan and Wood (2014) is the only study we are aware of that analyzed how information about aid effectiveness influences donation behavior. It tested if private donors give more to an international NGO, when they are told that its activities effectively increase the beneficiaries’ welfare. Karlan and Wood (2014) sent out three different fundraising letters to previous donors of an NGO that provides microcrediting services in low income countries. Participants in the control group received a donation appeal, describing the story of a poor women the NGO had helped to generate a better income. The first treatment group received a similar appeal, supplemented with the information that the NGO’s positive development

¹The examples are numerous since every aid intervention is evaluated separately. These studies include aid that is provided by private international charities (ref’s). For an overview of randomized controlled trials see *The Abdul Latif Jameel Poverty Action Lab*.

²See the *Swiss Federal Department of Foreign Affairs FDFA*.

impact was scientifically proven. The second treatment group received the same appeal as the first treatment group, but was additionally told that the scientific proof was generated by Yale researchers who had used a rigorous impact evaluation method, namely a randomized controlled trial. The results of their study show that donation behavior is, on average, unaffected by providing information about aid effectiveness. However, large donors, who had previously donated more than 100 USD, donated more when they learned about the NGO's effectiveness, while small donors donated less.

Similar to Karlan and Wood (2014), we ask if private donors care about aid effectiveness, but take a different approach to investigate the question. By means of a laboratory experiment, we aim to empirically answer two research questions. In the first question, we investigate if individuals want to be informed about aid effectiveness before giving money; and, if so, how much they are interested in aid effectiveness, compared to other information that is provided to them. To the best of our knowledge, we are the first to experimentally test how important aid impact is compared to other donation-relevant information. In the second question, we investigate how the possibility to make a well-informed decision, and the different types of information we offer, influence the donation behavior of our participants. We are particularly interested in the participants' relative interest in aid impact, and in finding out, if they take the opportunity to increase their donation to the higher impact project.

In the first question, we consider that some donors may not be interested in making a well-informed decision. On the one hand, Andreoni's theory predicts that pure warm glowers should not be interested in information about aid effectiveness, since they do not strive to maximize the beneficiaries' welfare (Andreoni 1990). Information about aid effectiveness should therefore be of little value to donors who are first motivated by warm glow. On the other hand, in real life, acquiring information about aid impact involves considerable search costs as well as cognitive effort. These costs may keep donors from making well-informed decisions. The few experiments that investigate if people make informed donation decisions (none is on aid effectiveness) show, that only a minority of potential donors is willing to acquire non-costless information about the precise use of their gift (Null 2011, Fong and Oberholzer-Gee 2011). By offering our participants different types of information, we moreover consider the possibility that donors may not necessarily prioritize information about aid effectiveness over certain other information. First, studies that have analyzed donor preferences for specific types of information suggest, that a charity's financial characteristics, especially its administration costs, play an important role in guiding private donation decisions (Gregory and Howard 2009, Borgloh et al. 2013, Caviola et al. 2014). This also applies to information about the recipient type who benefits from a donation (Bachke et al. 2014). Second, aid effectiveness still plays a limited role in the information that NGOs and charity evaluators communicate to private donors. The average donor may therefore lack awareness of the importance of aid effectiveness in donating.

As far as donor preferences are concerned, Gregory and Howard (2009) find, that donors bother about administration costs and have downward skewed beliefs about how much overhead spending is necessary to guarantee an organization's proper functioning. They report that pressure on NGOs to keep overheads low, can lead to lower-than-necessary overhead spending and, in consequence, compromise the quality of charitable work. It can also lead to underreporting administration costs. Referencing a survey from 2001 conducted by the Better Business Bureau's Wise Giving Alliance³, Gregory and Howard (2009) furthermore report that the survey participants ranked "overhead ratio and financial transparency to be more important [...] in determining their willingness to give [...] than the success of the organization's programs". While a survey question cannot prove that administration costs are more important than aid effectiveness, it suggests at least that information about the latter

³BBB Wise Giving Alliance

is not necessarily prioritized. The findings of Caviola et al. (2014) are more nuanced, and point in both directions. The participants in their experiment tended to give more to more cost-effective charities, even if these charities had relatively higher administration costs. However, they also find that a low overhead ratio is valued for its own sake: participants started giving more to the less cost-effective charity, the higher the administration costs of the more cost-effective alternative became. Borgloh et al. (2013) tested in a lab-in-field experiment how information about a charity’s financials influences donation behavior. Among other things, they find that participants preferred financially smaller NGOs, which, they believed, had smaller administration costs, and hence provided more money directly to the charitable cause. Overall, administration costs rather have a negative connotation for private donors.

Apart from financial information, it also matters to donors to which purpose, to which recipient group, and to which geographical region they give. An experiment by Bachke et al. (2014) shows that, among those three attributes, the recipient group matters most. Especially children are perceived as most vulnerable and deserving of protection. They receive the most donations, followed by girls, women and boys. The geographical region, and the charitable cause, also matter: Sub-Saharan Africa received more donations than other regions. Furthermore, health and education projects received more donations than agricultural projects and peace building projects. Nunnenkamp and Öhler (2010) also analyze donor preferences for different types of information, using cross-sectional data on private giving in the US. They show that donors seem to be more interested in earmarking their donation for a specific purpose, than in considering information about overhead costs, and/or the degree of specialization of an NGO. However, they conjecture that a tick-box option that many NGOs offer on their websites to designate donations for a specific purpose, could have biased individuals towards earmarking their funds. Ticking a box requires very little search effort, compared to reviewing other information that is available about an NGO.

The practice of the private donor market also provides hints that donors may not necessarily prioritize information about aid effectiveness over other available information. As far as the communication of NGOs, and charity evaluators with private donors is concerned, careful internet research by the authors of this study suggests, that Swiss NGOs seldom provide evidence-based information about the impact of their work, or advertize it in order to raise funds. Internet research furthermore suggests, that established charity evaluators, such as the German Foundation “DZI”⁴, the North American “Charity Navigator”⁵ and the Swiss Foundation “ZEWO”⁶ - who publish donation guidelines, and issue seals of approval for NGOs - have traditionally focused on topics such as administration costs, financial transparency and fair fundraising, but not on aid effectiveness.

In view of the above studies’ findings, and the information that practitioners communicate to private donors, we defined “Recipient Type” and “Administration Costs” as two further information types in addition to “Aid Impact”, that the participants in our experiment would likely find relevant when taking a donation decision.

To answer our two research questions, we assigned each of our participants to one, and only one, of the three information types: AID IMPACT, RECIPIENT TYPE and ADMINISTRATION COSTS. Independent of the information type, all participants knew they could make a real donation to a Swiss NGO, that aims to improve the education of poor children and young people in low income countries. The NGO’s name and the project locations remained undisclosed until the end of the experiment. The participants in each group further knew, that their donation would support one, and only one, of two projects or NGOs.

⁴DZI, Germany

⁵Charity Navigator, USA

⁶ZEWO, Switzerland

The participants in the AID IMPACT group obtained information about two projects whose effectiveness they could directly compare on the basis of the number of additional school days the respective project activities achieved. The participants in the RECIPIENT TYPE group obtained information about the respective target groups of two education projects, namely school children and young artists. By contrasting children with adolescents, we appealed to donors’ preferences for certain recipient groups, and to what they perceive as money well spent for poverty alleviation. The participants in the ADMINISTRATION COSTS group obtained information about the level of an NGO’s administration costs, which they knew could be either below or above the average administration costs of Swiss NGOs. Moreover, a share of the participants in each “information type” group was given the possibility to buy the information what project or NGO they would support with their donation: the lower or higher impact project; the project for school children or young artists; an NGO with low or high administrations costs. The participants in the control groups could not buy this extra information. Hence, they did not know exactly which NGO or project they would support. The control and treatment groups within each information type group only differed in the possibility to acquire additional information about the exact use of their donation. All other information was identical.

Our main results are the following. Overall, about 28 percent of the participants who had the opportunity to do so, bought the additional information and thus made a well-informed decision - the minority. However, the demand for information varied considerably with the information type: it was highest in the RECIPIENT TYPE, second highest in the ADMINISTRATION COSTS group, and lowest in the AID IMPACT group. Furthermore, we find that information about aid effectiveness did not significantly affect the participants’ donation behavior: information buyers, who knew which project they would support; non-buyers, who preferred to stay uninformed; and ignorant donors in the control group, who were not offered additional information, did not differ significantly in their donation behavior. Hence, despite the fact that we use a different experimental approach than Karlan and Wood (2014), we also find that information about aid effectiveness has, on average, no significant influence on donation behavior. However, we do find that additional information has a significant effect on donation behavior in the other two experimental groups. Participants in the ADMINISTRATION COSTS group who bought the information used it, to significantly reduce the transfer to the NGO with higher administration costs. This “punishing” behavior led to an overall decline in average donations among well-informed individuals. In contrast, participants in the RECIPIENT TYPE group who bought the information used it, to significantly increase the transfer to the project promoting the education of school children. This “rewarding” behavior led to an overall increase in average donations among well-informed individuals.

The remainder of the paper is structured as follows. In Section 2 we describe the design of our experiment. In Section 3, we present and discuss our results. In Section 4, we summarize the results and discuss their policy relevance.

2 Experimental Design

2.1 Basic Set-Up

Between March and June 2014, we held a total of twelve experimental sessions at the Decision Science Laboratory (DeSciL) of the Swiss Federal Institute of Technology (ETH) in Zurich⁷. Each session lasted approximately one hour, and was conducted by an experimenter and a research assistant. 265

⁷The experiment is approved by the ETH Ethics Commission: <http://www.vpf.ethz.ch/about/commissions/EK>

participants took part in the experiment. They were randomly recruited from a common subject pool of ETH Zurich and the University of Zurich. Most subjects in the pool are students, but staff members can also register⁸. The experiment was designed with an online survey software called Unipark⁹. It was entirely computer based. The participants were randomly assigned to the computer cubicles and to the experimental treatments. There was no verbal, written or computer-based interaction between participants during the experiment. Thus, all decisions were autonomously and independently taken. Moreover, the participants' identities and decisions were anonymized. Participation in the study was voluntary and participants had the right to drop out of a session at any time. The drop out rate was zero.

The experiment consisted of five parts, as shown in Figure 1. In Part 3, we generated our two dependent variables: (1) the decision to buy information and (2) the donated amount. The participants started with the task in Part 1 and ended with the exit survey in Part 4. Except for the exit survey, all tasks were incentive based. Participants received a fix show-up payment of 10 Swiss Francs. They could earn an additional variable amount between 0 and 65 Swiss Francs by completing the experiment. Including the show-up payment, average earnings were at 36.65 Swiss Francs, which is somewhat above the hourly pay of a student assistant at the university. Participants were paid out at the end of each session. Together with their pay-offs, they received a hand-out with information about the NGO they were assigned to due to their specific treatment. Moreover, they received the link to the website where the donation receipt was shown.

Part 1	Part 2	Part 3	Part 4	Part 5
Social Preferences	Real Effort Tasks	Risk Preferences	Donation Decision	Exit Survey

Figure 1

In Part 1, we elicited the participants' social preferences with the Social Value Orientation (SVO) Slider Measure from Murphy et al. (2011). This method was developed to generate a continuous indicator of an individual's social preferences, i.e. the concern for others. A description of the method is given in the Appendix (see Appendix A). We use the social preferences index as a proxy variable for an individual's altruistic attitude. We are aware that the social preference index can at best approximate altruistic motives. However, we think the index is less biased than measures that elicit social preferences based on survey questions, or which use donation levels to approximate a donor's altruism. In fact, as we will see later, our results suggest that donation levels may not be a reliable measure to capture altruistic preferences (make that link!).

In Part 2, the participants could earn money by completing two real effort tasks. The first task consisted of solving very simple arithmetic problems, namely adding up five single-digit numbers in a given time frame. It is a simplified version of a real effort task used by Reinstein and Riener (2012). They argue that this numerical task is less likely to evoke self-interested thinking than similar numerical tasks used in previous studies (see p.233 of their study). The second task consisted of a knowledge quiz. Both tasks were incorporated into the experiment in order to make participants feel more entitled to their endowment, given that they had to make an effort to earn (at least part of) it. The study of Reinstein and Riener (2012) suggests that individuals make more genuine donation decisions when they use money gained through own effort instead of "house money" supplied by the experimenter. The knowledge quiz fulfilled the additional function of "priming" the participants for global policy problems.

⁸check percent of non-students in sample

⁹<http://www.unipark.com/64-1-about-unipark.htm>

In Part 3, we elicited the participants' risk preferences, in order to account for the possibility that risk averse individuals may (a) be more likely to buy information, and (b) donate less when they do not know the exact use of their donation. Participants played four lottery rounds, with five choice options each. They could choose exactly one option of five options in each round. In order to obtain more real (and hence reliable) choices, the monetary amounts participants could win increased from round to round. The maximum amount one could win was 20 CHF. It was not possible to lose money. Participants knew that only one, randomly selected lottery round was going to be paid out. The amount a participant won was determined by the choice (s)he had made in that randomly selected round. The lottery game we used is an adapted version of Binswanger (1980).

In Part 4, the participants were asked to make a donation decision. They could donate any preferred amount of their variable earnings to a Swiss Charity (NGO), that provides development aid in the education sector to poor target groups in low income countries. We opted for education projects for children and young people, because, as Bachke et al. (2014) have shown, it seems a popular cause, and a popular recipient group to donate to. To increase the external validity of the results, we let the participants make real donations. The donations from the experiment were transferred to the NGOs we had picked for the study. The participants could check the bank transfer receipt on the laboratory's website a few weeks later. The names of the charities were only disclosed after the experiment had ended in order to avoid that preferences for certain NGOs would influence individual donation decisions, and/or the decision to buy additional information. Likewise, a country or geographic region was deliberately not specified to not let geographic preferences influence donation decisions.

In Part 5, the participants answered the questions of the exit survey. Amongst other things, we asked them what they believe how many of the other participants had also donated (they had to indicate a percentage), and how much the other participants had donated (they had to indicate an amount in Swiss Francs). Since previous studies have shown that beliefs about the behavior of others can affect individual decisions, we control for this in our analysis as well (references).

2.2 Design Donation Decision

The design of the donation decision is mainly based on the experimental design used by Fong and Oberholzer-Gee (2011). Our specific set-up is as follows. We used a between-subject design, i.e. each subject was randomly assigned to one information type only, and was not aware of the other information types, in order to avoid carry-over effects. Figure 2 below summarizes the specific information given to the participants in each group.

- In the AID IMPACT group, participants were informed that they could donate to an NGO running the following two projects, and that their donation would support just one of those two projects. Project I finances additional primary school teachers, which results in 1 additional week of schooling per Swiss Franc donated. Project II finances meals in primary schools, which results in 1.5 additional weeks of schooling per Swiss Franc donated. We explicitly mentioned the activities undertaken by the NGO (additional teachers; school meals), to ensure we are talking about aid impact and not about cost-effectiveness¹⁰. Moreover, we added a sentence stating that, with 100 Swiss Francs invested in Project II (Project I), the NGO can send a child to school for an additional 3 years (2 years). We scaled up the numbers to counteract the potential problem that the participants perceive the impact in both projects as low, because it is expressed in small units (weeks).

¹⁰For a definition of cost-effectiveness, see <http://sites.harvard.edu/fs/docs/icb.topic1163647.files/Handouts/H5.pdf>

AID IMPACT	
Project I	Project II
1 CHF, 1 extra week of schooling (additional teachers)	1 CHF, 1.5 extra week of schooling (school meals)

RECIPIENT TYPE	
Project I	Project II
School children (additional teachers)	Young artists (educational center)

ADMINISTRATION COSTS	
NGO	NGO
1 CHF, 10 percent administration costs (90 percent for beneficiary)	1 CHF, 40 percent administration costs (60 percent for beneficiary)

Figure 2: *Information Types*

- In the RECIPIENT TYPE group, participants were informed that they could donate to an NGO running the following two projects, and that their donation would support just one of those two projects. Project I finances additional primary school teachers to facilitate better education to school children. Project II finances an education center for young artists to support their professionalization.
- In the ADMINISTRATION COSTS group, participants were informed that they could donate to an NGO with administration costs anywhere between 10 percent and 40 percent. To give the participants a reference point, we informed them that the average administration costs for Swiss NGOs in the sector lie at 23 percent. In addition, we paraphrased the statement saying that, with administration costs at 10 (40) percent, every Swiss Franc donated resulted in the beneficiary receiving 90 (60) percent of the donated total. We wanted to state clearly that an increase in administration costs from 10 to 40 percent results in a 50 percent reduction in net transfers to the recipient.

In each of the above three groups, a certain share of participants was offered to buy additional information about where exactly their donation was going: to the project financing school meals or additional teachers (AID IMPACT); to the project for school children or young artists (RECIPIENT TYPE); to an NGO with low or high administration costs (ADMINISTRATION COSTS). Participants were randomly assigned to the *Offer To Buy* treatment. Note that the only difference between the treatment group, who did get the *Offer To Buy*, and the control group, who did not get the *Offer To Buy*, was that the participants in the treatment group could learn to which NGO or project their donation was going, while the participants in the control group did not know exactly to which NGO or project their donation was going. It could be either of the two. The price of the information was 30 Swiss Rappen (about 25 Euro cents), which is less than one percent of participants' average earnings. The treated participants first decided if they wanted to buy the information and then made their donation decision. Those who decided to buy the information, were randomly assigned to one of the two possible outcomes in each group. For example, suppose a participant in the RECIPIENT TYPE group bought the information and learned that her donation would support the education center for young artists (not the school children). After reading the information, (s)he was asked if (s)he wants to donate and, if so, how much. The participants in the treatment group who did not buy the information, were in the same situation as the participants in the control group: they did not know exactly to which project/NGO their donation was going, and made a decision under uncertainty.

By offering our participants the possibility to buy extra information about the precise use of their gift, we followed the experimental design used by Fong and Oberholzer-Gee (2011) who investigate if individuals are willing to pay for information that enables them to achieve an income distribution that is in line with their preferences. The subjects in their study could buy the information which recipient type they would support with their donation: a drug-abuser or a disabled person, both living in a public housing project in a larger city in the US. On the one hand it provides us with a means to test which type of information is most important to potential donors. Moreover, it allows us to compare the donation behavior of those who want to make an informed decision with the donation behavior of those who prefer to stay uninformed, and the ignorant donors in the control group who were not offered to buy information. On the other hand, we can take account of the fact that, in reality, acquiring information about the exact use of one's donation is costly: it involves search costs and cognitive effort. It is not easy for private individuals to know the impact of their gift, because the required information is more often than not difficult to find. Information about administration costs and the targeted recipient group is relatively easier to access, but still involves some search costs. Off course, mimicking the reality in a laboratory experiment is impossible. Whether a participant in an experiment who is not willing to sacrifice a small amount to obtain ready-made information that would allow her to act more in line with her preferences, or increase the welfare impact of her gift, would also not engage in information searching in real life, is unclear.

Figure 3 below summarizes the set-up of the donation decision and shows the number of observations per experimental groups. The gray shaded areas mark our main treatments: the *Information Types* and the *Offer To Buy*.

In addition to these main treatments, 128 of the 265 participants were randomly assigned to one further treatment. They were informed that the NGO they can donate to has the "ZEWO" seal of approval. ZEWO is a Swiss foundation that certifies Swiss charities, amongst other things, for "[...] offering transparent information and true and fair financial reporting"¹¹. They received this information in the general description of the donation procedure, **before** they were assigned to a specific information type. The *ZEWO* treatment was incorporated into the design in order to test if informing about the seal of approval has a positive effect on individual donation decisions (because it evokes trust in the charity) and a negative effect on the decision to buy additional information (because, from the donor's view, it might reduce the necessity to verify that donations are put to a good use). Note however, that we only mentioned that the NGO has the *ZEWO* certificate. We did not explain what the certificate implies in detail. Hence, if we observe the hypothesized results depends to some extent on whether the participants know the *ZEWO* label.

¹¹See also <http://www.zewo.ch/>

Aid Impact (n=114)	No Offer (n=49)		
	Offer (n=65)	Non-Buyers (n=53)	
		Buyers (n=12)	1 week (n=6)
			1.5 weeks (n=6)
Recipient Type (n=74)	No Offer (n=30)		
	Offer (n=44)	Non-Buyers (n=26)	
		Buyers (n=18)	Young Artists (n=7)
			School Children (n=11)
Admin. Costs (n=77)	No Offer (n=31)		
	Offer (n=46)	Non-Buyers (n=33)	
		Buyers (n=13)	40% Admin. (n=6)
			10% Admin. (n=7)

Figure 3: Observations Per Experimental Group

3 Results

This section is divided into two subsections. In the first subsection, we present and discuss the analysis of the decision to buy information. As stated earlier, we are particularly interested in the relative demand for information about aid impact. In the second subsection, we present and discuss the analysis of the decision to donate.

3.1 Information Buying

Based on Andreoni’s theory of warm-glow giving (1990), we can form a general hypothesis about the motivation of individuals who (do not) self-select into information buying. Donors who are more strongly motivated by warm glow, i.e. who mainly derive utility from act of giving, should be less likely to buy information. For these donors, the marginal utility of obtaining information about the precise use of their gift should be smaller, because they gain little to no utility from the welfare impact of their donation. In contrast, more altruistically motivated donors should be more likely to buy information. For these donors, the marginal utility of knowing the precise use of their gift should be larger, because they gain utility from (influencing) the welfare impact of their donation.

If the assumption is correct that altruistically motivated individuals self-select into information buying, we should observe a positive significant influence of the social preferences index on the decision to buy information.

Note, that our hypothesis does not imply that information buyers are pure altruists, and that non-buyers are pure warm glowers. Buyers as well as non-buyers may be impure altruists. Thus, they may be motivated by both, altruism and warm glow. That is quite possible, since previous research has shown that individuals behave “impurely” altruistic (see Crumpler and Grossman (2008)

for a literature review). Further note, that we assume that all information buyers at least had the intention to donate. To someone who never intended to donate, the value of knowing the precise use of a donation is zero. For such a person it would not make sense to pay 0.3 Swiss Francs for information that has zero value. One could argue that a non-donor may still buy information, because (s)he gains utility from learning to what NGO or project a hypothetical donation would have gone. However, we think this case is highly unlikely, and do not attach further meaning to it.

From the above hypothesis, we can derive further assumptions about the type of information participants might be most interested in. If altruists are more likely to buy information, we should observe the highest demand for information in the AID IMPACT group, the second-highest demand in the ADMINISTRATION COSTS group, and the lowest demand in the RECIPIENT TYPE group. The rationale is as follows:

Only participants in the AID IMPACT group obtain information about a donation's effectiveness. Hence, they are the only ones who have a real opportunity to influence social welfare. Since altruistically motivated donors want to increase social welfare, they should be highly interested in information about aid effectiveness.

Participants in the ADMINISTRATION COSTS group obtain information about an NGO's cost efficiency. This does not tell them anything about the NGO's effectiveness in the first place: many different combinations of a charity's cost efficiency and aid effectiveness are possible. However, we can certainly argue that, if NGOs are similarly effective, lower administration costs can lead to higher social welfare, because more money is directly allocated to the recipient. It is possible that participants in the ADMINISTRATION COSTS group pursue such a line of thinking, because they have no information about aid effectiveness. Thus, altruists may be interested in information about administration costs, because it can have a welfare implication.

The information presented to the participants in the RECIPIENT TYPE group is least suited to objectively assess a donation's welfare impact. Altruists should therefore have little interest in knowing the recipient type. Hence, the demand for information should be lowest in this group.

Overall, 27.7 percent of those participants who were offered to buy information, decided to do so. This number is relatively close to the number Fong and Oberholzer-Gee (2011) obtained in their study: 32.8 percent of their subjects were willing to pay, in order to learn whether they were facing a drug-abuser or a disabled person. We find supporting evidence for our hypothesis that altruistically motivated individuals rather buy information. As can be seen in Table 1, individuals with a higher social preferences index are significantly more likely to buy information, on average. With regard to our hypothesis, the results suggest that only a minority of the participants was sufficiently altruistic and opted for making a well-informed decision. Thus, the majority seems to be more strongly motivated by warm glow.

Figure 4 shows the information buying behavior by *Information Type*. We observe that the propensity to buy information is highest in the RECIPIENT TYPE group, second highest in the ADMINISTRATION COSTS group, and lowest in the AID IMPACT group. This is the opposite of what we expected.

We use regression analysis to test if the share of information buyers significantly differs between the three groups. We hold the participants' social preferences, personal characteristics, and beliefs about the donation behavior of others constant. The personal characteristics include: gender, nationality, and risk attitudes. The results are shown in Table 1.

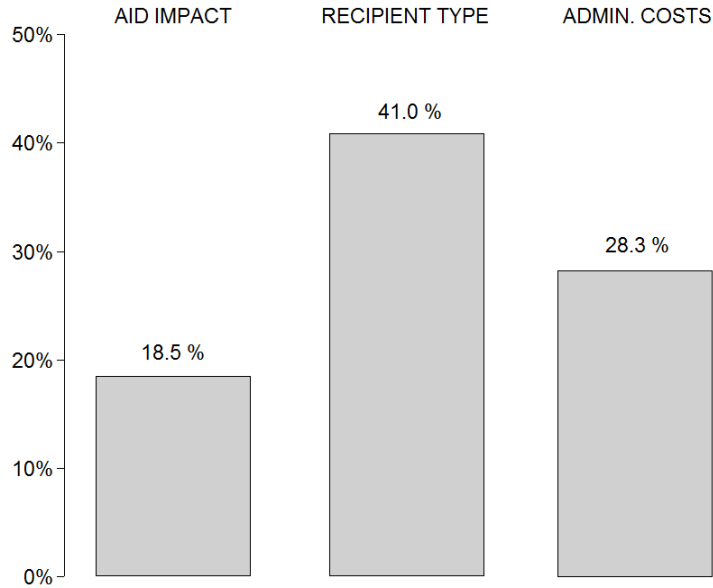


Figure 4: Mean Share Of Information Buyers By *Information Type*

We find that participants in the RECIPIENT TYPE group are significantly more likely to buy information than participants in the AID IMPACT group. Moreover, the mean share of information buyers in the RECIPIENT TYPE group is significantly higher than the grand mean of 27.7 percent ($p=.022$), while the mean share of information buyers in the AID IMPACT group is significantly lower than the grand mean ($p=.024$).

Participants in the ADMINISTRATION COSTS group are not significantly more likely to buy information than participants in the AID IMPACT group ($p=.0202$). There is furthermore no significant difference in the share of information buyers between the RECIPIENT TYPE group and ADMINISTRATION COSTS group ($p=.19$)¹².

As we stated above, these findings run counter to what we assumed *a priori* about the type of information altruistically motivated individuals' would be most interested in. Hence, while the theory of warm-glow giving helps us to shed light on the general motive for buying information, namely altruism, it cannot explain the differences in preferences for certain information types. However, drawing from existing empirical evidence on charitable giving, we can offer plausible explanations for the observed differences in information buying. We consider it likely that a “framing effect” is (at least partly) responsible for these differences. By framing effect we mean, that the decision context created by each information type, influenced the probability with which the participants decided to buy the information. The framing effect will also help us to explain the differences in donation behavior we discuss in the next section. In the following, we discuss the specifics of the framing effect in relation to information buying.

¹²Since we compare more than two groups, this last result cannot be directly read off the regression table, but requires separate hypothesis testing.

Table 1: Decision To Buy Information - Probit (marginal effects)

<hr/>	
Reference Group: AID IMPACT	
ADMIN. COSTS Dummy	.106 (.08)
RECIPIENT TYPE Dummy	.218** (.08)
<i>ZEWO Label</i>	
Zewo Dummy	-.001 (.07)
<i>Social Preferences</i>	
Social Preferences Index	.010** (.00)
<i>Belief About Others' Behavior</i>	
Share Of Donors In %	.001 (.00)
<i>Earnings Experiment</i>	
Total Earnings In CHF (incl. Show Up)	.003 (.01)
<hr/>	
<i>Personal Characteristics</i>	Yes
Pseudo R^2	.14
Observations	155
<hr/>	
Standard errors in parentheses;	
+ p<0.10, * p<0.05, ** p<0.01	

The relatively high interest in additional information in the RECIPIENT TYPE group fits in with the finding of Bachke et al. (2014) that, among various recipient types, donors had the strongest preference for children, who they considered most vulnerable and deserving of help. By contrasting children with young artists - and this is what we intended with our design - we possibly appealed to what participants perceived as a fair or reasonable distribution of money. The intention to “help” the children may have provoked the participants’ desire to have control over the allocation of their gift, more than in the other *Information Type* groups. This, in turn, may have led to a higher share of information buyers. However, if participants actually consider it fairer to give money to school children than to young artist, we should observe that donations to school children are significantly higher than to young artists. As we discuss later, this is precisely what we find.

A complementary and valid explanation why participants exhibited a higher interest in information about the recipient type than in the other information, is based on what experimental studies in Psychology call the “identifiable victim effect” (see e.g. Slovic (2010), Small et al. (2007)). The identifiable victim effect describes the phenomenon that people do not value lives consistently, because they are far more willing to help or donate to an identifiable victim than a statistical victim (Jenni and Loewenstein (1997), Small et al. (2007)). Slovic (2010) explains this phenomenon, amongst other things, with people’s lack of capacity to identify with and feel empathy for statistical victims as compared to a single identifiable victim. For this reason, it is said that a decision environment in which individuals can emotionally relate to and develop empathy for the beneficiary, raises funds much more successfully than an environment in which the beneficiary is presented as an impersonal, statistical “case”. Although our donation appeal was not based on a single identifiable victim, the RECIPIENT TYPE group clearly faced the most “emotional” and least objective of all three decision context. Moreover, it was the only appeal that was not based on statistical information. This more emotional decision context may have additionally helped trigger a comparatively strong desire to control the allocation of money.

The donation appeal in the ADMINISTRATION COSTS group stands in direct contrast to the RE-

RECIPIENT TYPE group. It was based on clinical, statistical information about an NGO's administration costs. In addition, the decision context in the ADMINISTRATION COSTS group was rather negatively framed. As we discussed in the introduction, administration costs have a negative connotation. Moreover, participants knew that their donation might go to an NGO with 40 percent administration costs. It is not unreasonable to assume that an NGO with such a level of overhead spending might be believed to be "wasting" donation money by paying its staff high salaries instead of giving it to the poor. The unemotional, and rather negatively framed decision context possibly decreased the participants' intention to donate, and hence the desire to control the allocation of their gift. This, in turn, may have led to a lower share of information buyers than in the RECIPIENT TYPE group. In the next section, we present further evidence in support of the argument that participants in the ADMINISTRATION COSTS group were indeed less willing to donate than participants in the RECIPIENT TYPE group.

The decision context in the AID IMPACT group lies between the more extreme decision context of the other two groups. On the one hand, it is more emotionally tangible than the ADMINISTRATION COSTS context, since it at least refers to school children as recipients. On the other hand, it is less emotional than the RECIPIENT TYPE context, since it shows a dry statistical comparison between two possible outcomes. Hence, from an "identifiable victim" perspective, it is comprehensible that the interest in the recipient type was higher than the interest in aid effectiveness. But, if it is true that donors respond more strongly to content they can emotionally relate to, should we not observe a higher share of information buying in the AID IMPACT group than in the ADMINISTRATION COSTS group? Principally yes, but not in this specific case. As we will further discuss in the section on the donation decision, our data generally support the behavior favored by the identifiable victim effect. However, the details of each decision context contribute to its framing as well. These details can play a decisive role in explaining our results. First, the donation appeal in the AID IMPACT group was probably not much more emotional than the donation appeal in the ADMINISTRATION COSTS group. Second, participants in the AID IMPACT group possibly saw a relatively lower added value in buying additional information about the use of their gift, because the outcome in the AID IMPACT group was uncontroversial: in any case, children still received additional schooling. In the other two *Information Type* groups, in contrast, the outcomes - high administration costs, and a "less deserving" recipient type - were more controversial. Hence, the objective and uncontroversial framing in the AID IMPACT group probably least provoked the participants' wish to influence the allocation of their gift; despite the fact that one project was 50 percent more effective than the alternative.

An additional factor that may have contributed to the comparatively low interest in information about aid impact, is the potential lack of awareness about it. As we discussed earlier, charities and charity evaluators still put a greater focus on communicating topics other than aid effectiveness, such as an NGO's administration costs. Moreover, and this comes back to the identifiable victim effect, a great number of NGOs use donation appeals based on identifiable victims to raise funds. In other words, they often base their donation appeals on specific recipient types. Anyone who has ever seen ads from NGOs, or visited an NGO's website, has probably encountered a donation appeal based on a heartwarming story of a person living in poverty. In summary, the content that many aid practitioners communicate, may bias individuals towards information about recipient types and administration costs.

It is worth highlighting some findings of the donation decision here, as they fit in well with the results of the information buying decisions. In the RECIPIENT TYPE group, the ignorant donors in the control group donated significantly less than their counterparts in the other two *Information Type* groups. That means, among the participant groups who could not buy information about the

exact use of their gift, the RECIPIENT TYPE group donated least. At the same time, participants in the RECIPIENT TYPE group were most likely to buy information. These results are very consistent: those individuals who would have preferred to know the use of their gift, decreased their transfers when that information was missing. In contrast, individuals who showed less interest in the precise use of their gift, donated more when information was missing. The light gray shaded bars in Figure 5 illustrate this result.

There are three further results to report. First, the regression in Table 1 shows that informing the participants about an NGO's ZEWÓ certificate has, as expected, a negative effect on the decision to buy information. But, the coefficient is very small and not statistically significant. It is not possible to say if the ZEWÓ dummy has no influence, because it is not known to the participants, because they do not attach enough importance to it to consider it in their information buying decision, or because it cannot substitute the information that is otherwise offered. Second, a participant's average earnings did not influence the decision to buy information. Third, the participant's belief about how many of the other participants donated a positive amount, did as well not significantly influence the decision to buy. This makes sense. In comparison to the average earnings of 36.65 CHF, the 0.3 CHF fee for obtaining information was very low. Thus, the earnings should hardly be relevant for the decision to buy information. A similar statement holds for the belief about the donation behavior of others: how many of the other participants also donated a positive amount, should not be relevant for the decision to buy information. Last but not least, an individual's risk preference does also not significantly influence the decision to buy information.

In light of these results, we can answer our first research question, whether donors want to know the exact use, or exact impact, of their gift before giving money; and, if so, what type of information they are most interested in.

We find that 27.7 percent of the participants who had the opportunity to do so, bought the information and made a well-informed decision - the minority. This minority of information buyers is, on average, more altruistic than the non-buying majority. Moreover, we find that the propensity to buy information significantly varied with the information type. The participants were least interested in information about aid impact, and most interested in information about the recipient type who would receive their donation. These findings run counter to our assumption that altruistically motivated individuals', i.e. information buyers, should be most interested in information about aid impact, because it is the type of information which is most suited to assess if one effectively influences social welfare outcomes. We suggested that a framing effect can offer plausible explanations for the observed differences in information buying. The above-average interest in information in the recipient type can be explained with the participants' interest in achieving a distribution of donation money which they consider fair and/or reasonable, and it can be explained with the identifiable victim effect. The latter also helps to explain a lesser interest in the other two *Information Type* groups, but only partly. The decision environments in the AID IMPACT and ADMINISTRATION COSTS group were less emotional, and more objectively framed, which may have tempered the participants willingness to donate (more), and their interest in knowing the exact use of their gift. However, from the analysis of the donation decision we already know that the answer is a little bit more complex than this. Therefore, it is important to take the details of the specific decision context into account. Concerning the AID IMPACT group, it is possible that the uncontroversial outcome reduced the perceived added value of information. This may have contributed to lowering the demand for information, without significantly lowering the willingness to donate. A potential lack of awareness about the importance of aid effectiveness to charitable giving may also have added to a reduced interest in acquiring information about it. In the ADMINISTRATION COSTS group, the statistical, and rather negative framing

likely lowered the willingness to donate; hence the lower demand in information in this group than in the RECIPIENT TYPE group. However, as said above, what may have increased the interest in information in the ADMINISTRATION COSTS group, compared to the AID IMPACT group, is the fact that participants wanted to avoid a “bad” outcome, namely high administration costs.

3.2 Donation Decision

In this subsection, we address our second research question, how possessing detailed information about the use of one’s donation affects donation behavior; and how the effect of possessing such detailed information varies with the information type.

To first provide an overview of the data, we briefly describe and analyze the main treatment and interaction effects. Then, we compare the donation behavior of buyers, non-buyers, and ignorant donors within *Information Type* groups in greater detail.

In order to statistically compare the between-group differences presented in Figure 5, we use regression analysis. Again, we hold social preferences, personal characteristics, and the beliefs about the donation behavior of others, constant. The results can be examined in detail in Table D1 in Appendix D. The main findings can be summarized as follows. Note that the *ZEWO* treatment has a small and insignificant effect on information buying and donation behavior throughout. Therefore, we do not further discuss it in the paper.

3.2.1 Between-Group Donation Behavior

Overall, the participants donated 2.45 CHF (Std dev=3.25 CHF), or 6.68 percent of their average earnings. Moreover, 56.23 percent of the participants donated a positive amount. Table B2 in Appendix B provides a summary of the mean donation behavior by main treatment group. For the sake of completeness we also provide a regression analysis in Table D1 in Appendix D, which tests if the differences in donation behavior between the main treatment groups are significant. Like before, we hold the participants’ social preferences, personal characteristics (gender, nationality, and risk attitudes), and beliefs about the donation behavior of others constant. In summary, the results indicate that, at the very aggregate level, offering different types of information as well as the possibility to make a well-informed decision, does not lead to significant differences in donation behavior. However, it should be emphasized that this analysis is quite coarse, and therefore limitedly informative.

Going beyond the main effects by interacting the *Offer To Buy* with the *Information Type* renders the analysis of the between-group differences in donation behavior much more interesting, and sets the stage for the within-group analysis. Figure 5 summarizes the donated amount in each of the six experimental groups that we obtain, by breaking the numbers down by *Offer To Buy* and *Information Type*. The box-and-whisker plot in Figure C1 in Appendix C shows a more detailed distribution of the data in each of these groups.

From Figure 5, we can observe that the *Offer To Buy* decreases average donations in the AID IMPACT and ADMINISTRATION COSTS group, but increases them in the RECIPIENT TYPE group. Moreover, we observe that the differences in donation levels between the control groups (no *Offer To Buy*) are more pronounced than the differences in donation levels between the treatment groups (*Offer To Buy*).

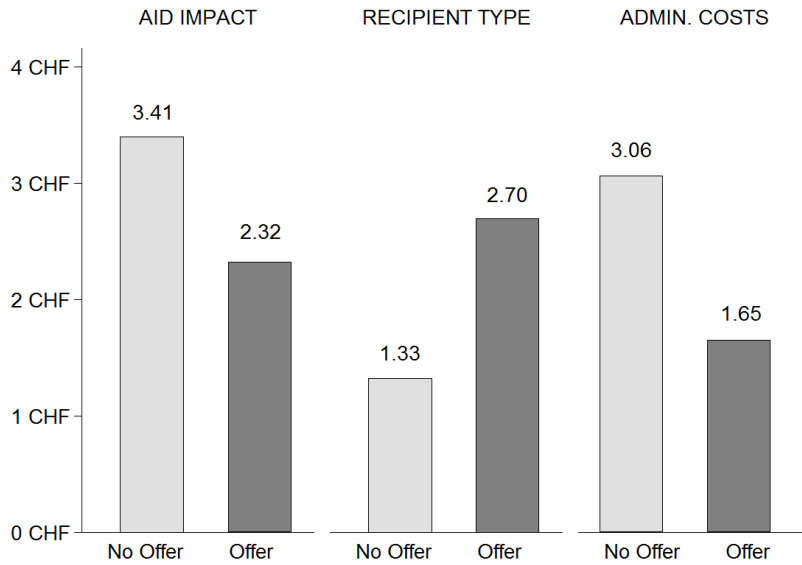


Figure 5: Mean Donation In Swiss Francs (CHF)

Concerning the donation behavior of the ignorant participants in the control groups (no *Offer To Buy*) we find the following. Participants in the ADMINISTRATION COSTS and AID IMPACT group donated significantly more than their counterparts in the RECIPIENT TYPE group ($p=0.015$ and $p=0.048$). Hence, among those who were ignorant of the exact use of their donation, the participants in the RECIPIENT TYPE group donated least, while the participants in the AID IMPACT group donated most. This is the finding we mentioned in the context of the analysis of the information buying decisions: the participants in the RECIPIENT TYPE group, who showed the highest interest in the exact use of their gift, donated less when information was missing.

Regards the donation behavior of the participants in the treatment groups (*Offer To Buy*) we find the following. First, in the AID IMPACT group as well as the RECIPIENT TYPE group, participants tended to donate more than participants in the ADMINISTRATION COSTS group. The differences are borderline significant, with a p-value of .105 for the AID IMPACT group, and p-value of p.11 for the RECIPIENT TYPE group. We will come back to this result in the next section, when we discuss possible explanations for the observed differences in donation behavior in depth. Participants in the the AID IMPACT and the RECIPIENT TYPE group were also more willing to donate than participants in the ADMINISTRATION COSTS group. The respective differences are significant at the 5 percent level at least. These results provide further support to our argument that the framing in the ADMINISTRATION COSTS group was rather negative, and therefore decreased the participants willingness to donate (more). Second, the change in donation levels that the *Offer To Buy* sparked in the RECIPIENT TYPE group, significantly differs from the change it sparked in the ADMINISTRATION COSTS group. This can be easily seen in Figure 5: while the *Offer To Buy* considerably reduces the average predicted donation in the ADMINISTRATION COSTS group, it considerably increases it in the RECIPIENT TYPE group. In the AID IMPACT group, the *Offer To Buy* does not significantly alter donation behavior.

Concerning the social preferences index, it is worth mentioning that a higher index is correlated with a higher willingness to donate and higher donations. This suggest that more altruistically motivated individuals are more likely to donate, and donate more, than less altruistic individuals.

This finding suits the assumption of the theory of warm glow-giving that, the more altruistic the individual, the higher the contribution to the charitable good. We will come back to this assumption in the next section, when we form our hypothesis.

Two further findings are worth mentioning. First, participants were more willing to donate and donated more, the higher they believed the total share of their peers was, who also donated. Hence, the participants apparently did not tend free ride on the goodwill of others. However, we need to be cautious with this interpretation, since we only asked participants in the exit survey about what they believed how the others behaved, i.e. after they took their own decision. That means, that one's own guess about the behavior of others might be endogenous: when I donated myself, I might be more optimistic about a positive decision of my peers. Second, the total earnings did not have a significant influence on the willingness to donate and the donated amount.

The above results show that donation behavior among ignorant individuals significantly varies with the type of information that is available. Moreover, they show that the change in donation behavior that is sparked by the *Offer To Buy*, significantly varies with the information type as well. In the RECIPIENT TYPE group, the possibility to know the exact use of one's gift leads to an increase in monetary transfers. The opposite statement holds for the ADMINISTRATION COSTS group. In the AID IMPACT group, the *Offer To Buy* does not lead to a significant change in donation behavior. We will further explore these results in the subsequent analysis.

3.2.2 Within-Group Donation Behavior: Buyers, Non-Buyers and Ignorant Donors

In the context of the analysis of the information buying decision, we found support for our hypothesis that altruistically motivated individuals are, on average, more likely to make a well-informed decision. This implies, that the *Offer To Buy* led to a self-selection of altruists into the group of information buyers, while warm glowers and non-donors self-selected into the group of non-buyers. Based on Andreoni's theory of warm-glow giving (Andreoni (1990)), and based on the observed self-selection effect, we can form general hypotheses about the differences in donation behavior between buyers (altruists), non-buyers (warm glowers and non-donors), and ignorant donors in the control group (altruists, warm glowers, and non-donors). By general we mean, that these hypotheses apply to all *Information Type* groups.

According to the theory, altruistic donors give more than warm glow donors, because they are willing to substitute more of their income into the charitable good (see Andreoni (1990)). As we said in the previous section, we actually find that a more altruistic attitude is significantly positively correlated with higher donations. It is important to point out that, except for the two extreme cases of pure altruism and pure warm glow, the model defines individuals as impure altruists. This means, individuals are, to varying degrees, motivated by altruism *and* warm glow. In the model, it is assumed that the more altruistic the donor, the larger the contribution to the charitable good¹³. From this assumption follows that, whether the net change in contributions to the charitable good is zero, positive, or negative, depends on how altruistic the donor population is. The theory can be applied to our case as follows.

Non-buyers versus ignorant participants:

Altruists, warm glowers, and non-donors are mixed in the control group. If self-selection increases the share of warm glowers and non-donors among non-buyers, then the non-buyers should donate less, on average, than the ignorant participants in the control group. The gap in

¹³The model is defined in such a way that the changes in transfers to the charitable good depend on the curvature of the utility function of the impure altruist. Since Andreoni defines a quasi concave utility function, the shape of individual utility functions can vary within the boundaries of the function.

average transfers between the two groups should increase with the share of non-donors among non-buyers. The gap between the two groups should also increase with the share of individuals among non-buyers who are strongly motivated by warm glow. The more individuals are motivated by warm glow, and the less they are motivated by altruism, the less will they donate.

Buyers versus ignorant participants:

Likewise, if self-selection increases the share of altruists among buyers, then the buyers should donate more, on average, than the ignorant donors in the control group. The gap between the two groups should increase with the share of donors as well as with the share of strongly altruistically motivated individuals in the group of buyers.

Buyers versus non-buyers:

If buyers are more altruistic than non-buyers due to self-selection, then average donations among buyers should be higher than among non-buyers. The size of the gap in average donation levels between buyers and non-buyers depends on two factors. First, a larger share of non-donors among non-buyers, should lead to a larger difference in monetary transfers between the two groups. Second, the difference in monetary transfers between the two groups should be larger, the higher the share of strongly altruistically motivated individuals among buyers, and the higher the share of individuals among non-buyers who are strongly motivated by warm glow.

Regards the two subgroups of buyers who were respectively assigned to the “better” and “less better” outcome, we expected that the former would donate significantly more than the latter - across information types. That means, we assumed that participants would look more favorably upon more additional school days, lower administration costs, and school children as recipients, than on less additional school days, higher administration costs, and young artists as recipients. The results - based on the regressions shown in Table 3 and visualized in Table 2 - confirm these assumptions. In the ADMINISTRATION COSTS group, buyers matched with the “better” NGO donated significantly more than buyers matched with the “less better” NGO ($p=0.0213$). The same statement holds for the RECIPIENT TYPE group ($p=0.0209$). The two buyer subgroups in the AID IMPACT group did not significantly differ in the size of their gift ($p=0.2099$), but participants still donated more to the higher impact project.

Table 2 shows the predicted average donations for each (sub)group by *Information Type*¹⁴. It contains the information of the regression analysis in Table 3 in a condensed format, and is supposed to make the (sub)group comparisons easier to follow. Table 3 shows the regression analysis of the donation behavior by *Information Type*, holding the participants’ social preferences, their personal characteristics, and their beliefs about the donation behavior of others constant. The regressions depicted in column (1),(3), and (5) only differentiate between buyers and non-buyers. They show the average effect of information buying on donation behavior, which is interesting and meaningful in itself. In the regressions depicted in column (2),(4), and (6), we split the buyers into those who were respectively matched with the “better” and “less better” NGO or project. Note that not all relevant comparisons can be directly read off the regression table and need to be tested separately. The p-values for these tests are provided in the text.

¹⁴Table D3 in Appendix D shows the predicted average share of donors for each (sub)group by *Information Type*.

Table 2: Predicted Mean Donation By (Sub)Group

	AID IMPACT		RECIPIENT TYPE		ADMINISTRATION COSTS	
No Offer To Buy	3.15 CHF		1.37 CHF		3.19 CHF	
Non-Buyers	2.56 CHF		2.31 CHF		1.48 CHF	
Buyers	2.33 CHF		3.24 CHF		1.83 CHF	
	1.20 CHF	3.5 CHF	1.91 CHF	5.28 CHF	0.39 CHF	3.43 CHF
	1 school week	1.5 school weeks	Artists	Children	40 %	10 %

We summarize the results presented in Table 2 above and Table 3 below in the order in which we presented the hypotheses. First, we compare the non-buyers with the behavior of the ignorant donors. Then, we compare the buyers with the ignorant donors. Last, we compare the buyers with the non-buyers.

Non-buyers versus ignorant participants:

The first hypothesis that non-buyers should donate less, on average, than ignorant individuals in the control group, is only confirmed for the ADMINISTRATION COSTS group : non-buyers donated significantly less than ignorant individuals (Table 3, column 1). The share of donors in the group of non-buyers also went down, but the difference is not significant at conventional significance levels ($p=.126$, regression results not shown). In line with our assumption, we observe that both, a smaller share of donors, and smaller transfers, contributed to widening the gap in average transfers between non-buyers and ignorant individuals. However, the drop in average transfers had a stronger effect on widening this gap than the drop in the average share of donors. This implies that non-buyers either preferred not to donate at all, or donated more out of warm glow (and therefore less) than out of altruism.

In the RECIPIENT TYPE group, non-buyers donated slightly, and insignificantly *more* than ignorant donors (Table 3, column 3). The fact that we observe higher, and not, as expected, lower average transfers in the group of non-buyers, is likely owed to the fact that average transfers in the control group were quite low. It is less likely owed to the fact that average transfers among non-buyers went up. They are somewhat higher than average transfers in the ADMINISTRATION COSTS control group, but a little lower than average transfers in the AID IMPACT control group.

In the AID IMPACT group, non-buyers donated less than ignorant donors as well, but the difference is not statistically significant (Table 3, column 1).

Buyers versus ignorant participants:

The second hypothesis that buyers should donate more, on average, than ignorant individuals in the control group, is only confirmed for the RECIPIENT TYPE group (see Table 3, column 3). In this group, buyers donated significantly more than ignorant individuals. The main reason for this increase in donation levels is that buyers highly “rewarded” the better outcome, namely the school children, with an average donation of 5.86 Swiss Francs (see Table 2). In fact, this subgroup donated significantly more than all other subgroups in the RECIPIENT TYPE group. The increase in transfers was high enough to compensate the lower transfers made by the subgroup matched with the young artists, and to push average donations among information buyers significantly upwards. As an additional information: the share of donors in the group of buyers was significantly higher than the share of donors in the control group, which contributed

to widen the gap in average transfers between buyers and control group (regression results not shown). Moreover, the low transfers in the control group added to generating a significant difference to the group of buyers as well. As we suggested earlier, it is quite likely that the share of individuals in the control group, who would have preferred to know the use of their gift, decreased their transfers when that information was missing. Since this share of individuals was comparatively large in the control group, average transfers decreased considerably.

In the ADMINISTRATION COSTS group, buyers donated significantly less than the control group (see Table 3, column 1). The main reason for the drop in transfers is that participants strongly “punished” the NGO with high administration costs by donating zero. The ADMINISTRATION COSTS group is the only group in which all participants in the subgroup matched with the less better outcome donated zero (see Table D3). This behavior led to an overall decrease in donation levels among information buyers, despite the fact that participants donated significantly more (but not enough to compensate) to the NGO with lower overheads. Note that the predicted average donation for this subgroup, which is shown in Table 2, is greater than zero, because we control for the participants’ social preferences, personal characteristics, and beliefs about the donation behavior of others. However, as Table B3 and B4 in Appendix B show, the actual share of donors and actual donations were zero in this subgroup.

In the AID IMPACT group, average transfers between buyers and ignorant donors were not significantly different. Average transfers in both these groups were rather similar, as Table 2 shows. Hence, those who knew the exact impact of their donation did not behave significantly different than those who did not know its exact impact.

Buyers versus non-buyers:

The third hypothesis that buyers should donate more on average than non-buyers is not confirmed - in none of the three *Information Type* groups. What helps to explain why we do not observe a significant difference between buyers and non-buyers across the board is the fact that those matched with the less better outcome donated less than those matched with the better outcome. In the RECIPIENT TYPE group as well as the ADMINISTRATION COSTS, smaller donations to the less preferred outcome lowered the overall average transfers among buyers. This, in turn, led to a convergence of the higher average transfers among buyers towards the lower average transfers among non-buyers, rendering the difference between the two groups insignificant. To a certain extent, this statement also applies to the AID IMPACT GROUP, although the difference in average transfers between the two buyer subgroups was not significant: after controlling for social preferences, personal characteristics, and beliefs about the donation behavior of others, transfers to the lower impact project are still almost three times lower than average transfer to the higher impact project. These lower transfers added to narrowing the gap to the group of non-buyers in the AID IMPACT GROUP.

Table 3: Donation in CHF - OLS

	ADMIN. COSTS		RECIPIENT TYPE		AID IMPACT	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Reference Group: No Offer To Buy</i>						
Non-Buyer	-1.737**	-1.764**				
	(.61)	(.59)				
Buyer	-1.358+					
	(.80)					
Buyer, High Overhead		-2.817**				
		(.99)				
Buyer, Low Overhead		.229				
		(1.03)				
Non-Buyer			1.018	1.023		
			(.84)	(.81)		
Buyer			1.951*			
			(.96)			
Buyer, Young Artists				.560		
				(1.08)		
Buyer, School Children				4.127**		
				(1.27)		
Non-Buyer					-.523	-.558
					(.66)	(.66)
Buyer					-.743	
					(1.00)	
Buyer, Low Impact						-1.915
						(1.35)
Buyer, High Impact						.433
						(1.35)
<i>ZEWO Label</i>						
ZEWO	.579	.670	.002	.291	-.066	.014
	(.58)	(.56)	(.74)	(.72)	(.62)	(.62)
<i>Social Preferences</i>						
Social Preferences Index	.050*	.050*	.050+	.056*	.084**	.080**
	(.02)	(.02)	(.03)	(.03)	(.02)	(.02)
<i>Belief About Others' Behavior</i>						
Share Of Donors In %	.063**	.060**	.023+	.021	.034**	.032**
	(.01)	(.01)	(.01)	(.01)	(.01)	(.01)
<i>Earnings Experiment</i>						
Total Earnings (incl. Show Up)	-.058	-.058	.023	.019	.038	.046
	(.04)	(.04)	(.05)	(.05)	(.04)	(.04)
<i>Personal Characteristics</i>						
	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	.42	.46	.11	.17	.20	.21
Observations	77	77	74	74	113	113

Standard errors in parentheses;
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$

Based on the above results, we can answer our second research question how possessing detailed information about the use of one's donation affects donation behavior; and how the effect of possessing such detailed information varies with the information type. The results of the (information buying and) donation decisions show, that some of the observed donation behavior is consistent with the theoretical predictions of warm-glow giving, and that some is not. As hypothesized, we found evidence that, overall, more altruistically motivated individuals select into information buying, while individuals who are more strongly motivated by warm glow (and non-donors) self select into non-buying. However, the donation behavior we would have expected in consequence of this selection effect was observable in some cases only. From the well-informed (and more altruistic) individuals, we expected that they would donate more than uninformed (and less altruistic) individuals. What we find is that, depending on the specific decision context, well-informed individuals may increase their average transfers, but they may as well decrease it. Particularly interesting in this context is the finding that, against our assumptions, buyers did not necessarily donate more than non-buyers. The

reaction of the buyers matched with the NGO with high administration costs illustrates this point: altruistically motivated individuals, who actually intend to donate, may even turn into non-donors, if the use of their gift is not in line with their preferences over social outcomes. Fong (2007) calls this phenomenon, that pro-social individuals are highly responsive to the “perceived worthiness of the recipient” (see p.1020), *empathic responsiveness*¹⁵. Empathic responsiveness would explain why, in certain situations, altruistic individuals do not necessarily give more than individuals who are more strongly motivated by warm glow.

A further important finding is that participants reacted more strongly to differences in administration costs and recipient types, than to differences in aid impact. This result is consistent with our earlier finding that individuals were least interested in information about aid impact, but it runs counter to what we expected. According to our hypothesis, individuals who care about social welfare outcomes (and therefore buy information), should have shown most interest in and reaction to information about differences in aid impact. Among all information types, information about aid impact was most suited to assess and positively influence social outcomes. Knowing the recipient type was least suited to this purpose. Yet, participants were most interest in this type of information.

In the following, we discuss possible reasons why some of the observed behavior is different from what we expected. The explanations we give, directly build on the framing effect that we discussed in the context of the information buying decision. First, we look into the results for the AID IMPACT group, then we go to the results for the RECIPIENT TYPE group, and last, we discuss the results for the ADMINISTRATION COSTS group.

The case of the AID IMPACT group is special in the sense that it is the only group in which none of the groups - the buyers, the non-buyers and the ignorant donors - significantly deviated from each other in their donation behavior. The results imply two things. First, there is little difference in donation behavior between well-informed and uninformed individuals when the decision problem is related to differences in aid impact. Two, well-informed individuals do not assign significantly more resources to the more effective project.

It is possible that the rather uncontroversial and statistically framed donation problem in the AID IMPACT group - and a lack of awareness about the importance of differences in aid effectiveness - favored a similar donation behavior in all (sub)groups. As we suggested earlier, the outcome in the AID IMPACT group was uncontroversial since, even in the worst case, children received additional schooling. hence, these rather low-risk outcomes may have reduced the participants’ willingness to buy information, but not their willingness to donate, even when information was missing. The fact that average transfers, and the share of donors are at a comparatively high level in the control group as well as in the group of non-buyers (see Table 2 and Table D3), points in this direction. Higher average transfers in both these groups narrowed their respective gaps to the average transfers in the group of buyers.

As far as the insignificant difference in average transfer between the two buyer subgroups is concerned, the rather unemotional and uncontroversial decision context may have tempered the magnitude of the donation reactions triggered by differences in aid effectiveness. In contrast to the other two *Information Type* groups, participants did not as strongly reward or punish the better and less better outcome. Empathic responsiveness could be part of this framing effect: in the low as well as the high impact project recipients were children; hence, they were equally worthy of support. This in turn may have reduced the buyers’ responsiveness to differences in aid effectiveness. Moreover, a lack of awareness (not knowledge) about the welfare implications of the differences in the impact between

¹⁵Fong (2007) observed this behavior in a laboratory experiment conducted in the US, where participants could donate to a real welfare recipient, living in the US. Welfare recipients who were portrayed as lazy as opposed to industrious, received drastically lower donations even from individuals who scored high on a “humanitarianism” measure.

the projects may have added to somewhat more moderate donation reaction. It is not possible to say whether the framing, a lack of awareness, or both together, lessened the difference between the two buyers subgroups.

A last point worth mentioning is that the AID IMPACT group is the only group in which information buyers were not significantly more pro-social than the non-buyers. Hence, the subgroups in the AID IMPACT group were more similar regards their altruistic preferences than the subgroups in the other two *Information Type* groups. The similarity in preferences may have additionally contributed to leveling off differences in average transfers.

In the RECIPIENT TYPE group, well-informed individuals were significantly more likely to donate, and donated more than the ignorant individuals in the control group. Hence, in this specific decision environment, the possibility to make a well-informed decision increased the participants willingness to donate, overall. We already discussed in the context of the information buying decision that, in our view, the identifiable victim effect, and a comparatively positive framing of the donation problem, provide plausible explanations for this result.

The RECIPIENT TYPE group faced the most emotionally tangible of all three donation appeals; and it was the only group in which the donation appeal was not based on statistics. According to the identifiable victim effect, donors are more willing to donate, and donate more, when they can develop empathy for the recipient, which is easier when (s)he is not presented as a statistical “case”. Moreover, the fact that the decision environment was rather positive, may have contributed to an increased willingness to donate as well. In contrast to the ADMINISTRATION COSTS group, outcomes in the RECIPIENT TYPE group could not be categorized as clearly bad or clearly good. In the less better case, the donation still targeted recipients in need.

We are aware that the donation appeal in the RECIPIENT TYPE group does not perfectly conform to an identifiable victim scenario, since we did not portray an emotional, personal story of a single recipient. Moreover, it is legitimate to argue that the framing in the RECIPIENT TYPE group is not necessarily more positive than in the ADMINISTRATION COSTS group. Participants might be bristled at the idea that their donation could be supporting artists instead of child education. However, what we observe in the data is more in line with the identifiable victim effect, and a rather positive framing. First, we observe that, once they have the possibility to know the recipient type, participants are significantly more willing to donate, and donate more. Second, with 73.28 percent, the RECIPIENT TYPE group exhibits the highest share of donors among all groups of information buyers. It also exhibits the highest level of average donations among all groups of information buyers. Third, in the group of buyers, rewarding the better outcome outweighed punishing the less better outcome. This is particularly reflected in the fact that donations did not drop to zero in the subgroup that was matched with the less better outcome. This is intuitive. Punishing someone for being an artist by donating nothing would probably be too extreme. Poor young artists in a poor country still represent a group of individuals in need - despite the fact that they are considered less needy or deserving than children. In addition, average donations to the young artists were still a little bit higher than average donations to the less better outcome in the AID IMPACT group. We would probably not have observed this, if participants had considered supporting artists as negative or unnecessary.

In the ADMINISTRATION COSTS group, non-buyers and well-informed individuals donated significantly less than the control group. Hence, in contrast to the RECIPIENT TYPE group, the possibility to make a well-informed decision led to a reduction in average transfers. As we indicated before, it is plausible that the rather negatively and unemotionally framed decision context in the ADMINISTRATION COSTS group generated this result. In the introduction we discussed, that administration costs tend to have a negative connotation. In our case, participants knew that their donation might

go to an NGO with relatively high administration costs. That buyers donated nothing to the NGO with 40 percent administration costs suggests that this outcome was indeed perceived as negative. In addition, the donation appeal lacked a human component, since it was purely based on statistics, and did not make any reference to a beneficiary group the participants potentially could have identified with. It is possible that this environment attenuated the participants' willingness to donate, and how much they were willing to donate. The fact that the ADMINISTRATION COSTS group is the only group in which the *Offer To Buy* led to a significant reduction in transfers, points in this direction. To further support the argument, it is worthwhile making the comparison to the other two treatment groups. Earlier, we stated that participants in the AID IMPACT group and the RECIPIENT TYPE group, who received the *Offer To Buy*, tended to donate more than participants in the ADMINISTRATION COSTS group. The respective differences were borderline significant, with p-values around 0.11. Moreover, we find that participants in the AID IMPACT group and the RECIPIENT TYPE group were more willing to donate as well. The share of donors in the AID IMPACT group ($p=.0082$) and the RECIPIENT TYPE group ($p=.0380$) is significantly higher than in the ADMINISTRATION COSTS group (results not shown). This indicates that the decision context in the ADMINISTRATION COSTS group indeed reduced the willingness to donate (more), in comparison to the other two *Information Type* groups. We can interpret the significantly lower willingness to donate in the ADMINISTRATION COSTS group as a reduction in warm glow giving due to framing: a more positive and/or emotional framing may rather motivate individuals to donate out of warm glow, than a more negative and unemotional framing. This result fits in well with the claim that unemotional and statistically framed donation appeals raise funds less effectively than more emotionally framed appeals in which potential donors can relate to the recipient. The fact that we even observe a decrease in donation levels, is owed to the fact that high administration costs were clearly perceived negative.

One important finding still needs to be explained. If the framing in the RECIPIENT TYPE group increases the willingness to donate (more), why do we observe significantly lower transfers in the RECIPIENT TYPE control group, than in the ADMINISTRATION COSTS control group? We need to consider several things. First, the share of donors in the RECIPIENT TYPE control group was not significantly lower than the share of donors in the ADMINISTRATION COSTS control group ($p=0.437$). This implies that lower donations in the RECIPIENT TYPE control group played a more important role in lowering average transfers than a reduced willingness to donate. Second, the lower transfers in the RECIPIENT TYPE control group were likely driven by the reluctant donation behavior of the "conditional non-donors". Those are the altruistically motivated individuals who would have donated, if they would have known the precise use of their gift, but reduced their transfers when that information was missing. Once the *Offer To Buy* was introduced, these conditional non-donors self-selected into the group of buyers, where they significantly increased the average share of donors, and average transfers. Third, in the ADMINISTRATION COSTS group, we gave the participants a reference point for the distribution of administration costs in the population of Swiss NGOs: they were informed that the administration costs are at 23 percent on average. Studies have shown that private donors find overheads between 20 and 30 percent acceptable (ZEWO, 2010). It is possible that, because of this reference point, participants expected overhead spending to be around 20 percent, and considered the event of very high or very low administration costs less likely. In consequence, even individuals who cared about administration costs, and maybe would have preferred to know their exact level, perceived the chance of donating to an NGO with acceptable overheads sufficiently high, and donated a positive amount. This includes those individuals who would not have donated to an NGO with 40 percent administration costs.

Overall, we can say that participants in the RECIPIENT TYPE and ADMINISTRATION COSTS group

reacted more strongly to information about the use possible of their donation than participants in the AID IMPACT group. This particularly applies to the more altruistic information buyers: depending on the context, well-informed individuals either rewarded or punished the better or less better outcome. This finding fits in well with the argument of Fong (2007) that altruistic individuals are highly responsive to perceived differences in the “worthiness” of the recipient. It also fits in with a finding which resulted from a laboratory experiment conducted by Konow (2010). His study provides evidence that giving can indeed be related to positive or negative feelings, depending on the context, and that these feelings are significantly related to participants’ generosity.

4 Conclusion And Outlook

Based on a laboratory experiment, this study tested if private donors want to have information about the exact use of their donation to an international charity. It tested what type of information such donors are most interested in, and how (not) disposing of exact information about the use of one’s gift affects donation behavior. To increase the external validity of the results, the participants had to earn part of their endowment themselves, and moreover donated to real-life Swiss based NGOs, who work in the international development cooperation sector.

The results show that a minority of individuals opted for making a well-informed decision, and that this minority scores significantly higher on the altruism scale than the non-buying majority. Against our expectations, individuals were least interested in information about aid effectiveness, second-most interested in information about administration costs, and most interested in information about the recipient type.

The results moreover show that participants reacted more strongly to information about the recipient type, and administration costs, than to information about aid effectiveness. In the RECIPIENT TYPE group, information buyers highly rewarded the preferred outcome (school children), which led to an overall increase in charitable donations. In the ADMINISTRATION COSTS group, information buyers punished the less preferred outcome (high overheads), which led to an overall decrease in charitable donations.

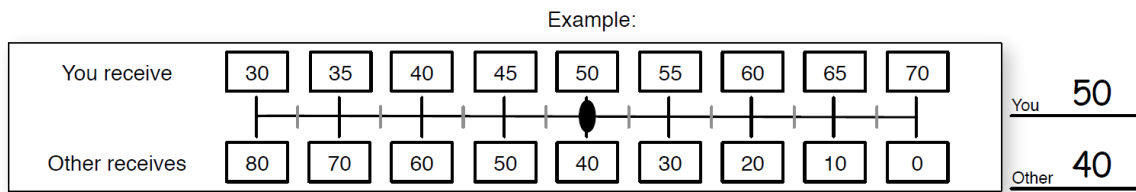
Given that information buyers are, on average, more altruistically motivated than non-buyers, these last findings imply that stronger altruistic preferences do not necessarily result in higher transfers, when a specific social outcome is perceived as inferior to an existing alternative. What makes this finding interesting is not the rather obvious fact that individuals donate more to the higher valued social outcome. What makes it interesting, is the fact that individuals preferred and rather based their decisions on information that is not really well suited to assess a donation’s actual social impact.

Some of the information buying and donation behavior we observe, is consistent with the predictions of Andreoni’s (1990) theory of warm-glow giving, and some is not. While warm-glow giving helps us to explain the general direction in which information buying and donation decision go, it cannot explain the subtleties of the behavior that arise from specific decision context. Therefore, we leaned on explanatory frameworks that evolved from the results of other laboratory experiments on charitable giving. We provided an explanation that is mainly based on a framing effect. Key components of this framing effect are whether participants can emotionally identify with the recipient (identifiable victim effect), whether they consider the social outcome as “worthy” of being supported (empathic responsiveness), and whether the decision context is generally positively or negatively framed. In addition, and independently of the framing effect, we suggested that individuals might be biased towards information about recipient types, and administration costs, because this is what charities and charity evaluators traditionally have communicated to private donors when it comes to

either raising funds or guiding donation decisions. This “communication bias” may have contributed to potential lack of awareness about the importance of aid effectiveness for private charitable giving.

However, there are two important qualifications to this last argument. First, the insights development microeconomics has generated in the last 10 to 15 years regarding the effectiveness of single aid interventions are slowly spilling over to the private charity market. Established charity evaluators, like the German DZI, and the Swiss ZEWI recently started to consider information about impact in their criteria catalogs, at least to some extent. Moreover, other new private institutions that act as information brokers in the international charity sector, and that seek to help private donors to base their donation decisions on impact, have emerged in the last couple of years (see e.g. Give Well.Org, and Phineo). The question is, of course, if these changes have been in place long enough in order to have had an appreciable effect on donation behavior. Second, and more importantly, we suggested that the way the donation appeal in the AID IMPACT group was framed - namely in an uncontroversial and objective way - may have reduced the added value of information buying, because the outcome was “good anyway”. In other words, if we had framed the donation appeal differently, we may have observed a greater interest in information about aid effectiveness. Further research is necessary to test which ways of framing the aid impact problem are most successful in attracting a donor’s attention, but do not reduce the donor’s willingness to donate.

Appendix A Social Value Orientation



The social value orientation (SVO) indicator ranges from perfectly altruistic to perfectly competitive. The participants were sequentially shown six slider items; hence they made six decisions. Each slider item showed a set of nine predetermined monetary allocations. An example is pictured above. Every participant could pick one allocation from the set in order to assign herself and another randomly selected participant a given amount of money. Participants were told that only one of the six items was going to be paid out. Every participant was furthermore told that she was going to obtain the money she allocated herself plus the money the other participant had assigned her. Since it was guaranteed that personal identities and allocation decisions remained undisclosed, participants had little to no incentive to act strategically when taking their pick. We use the SVO indicator to test the influence of social preferences on donation behavior.

Appendix B Summary Statistics

Table B1: Summary Statistics

	Mean	sd
<i>Donation and Information Buying</i>		
Decision To Donate	0.56	0.50
Donation in Swiss Francs	2.45	3.25
Bought Information (Treatment Only)	0.28	0.45
<i>Offer To Buy</i>		
Offer To Buy	0.58	0.49
<i>ZEWO Label</i>		
ZEWO	0.48	0.50
<i>Participant Earnings</i>		
Total Earnings Self	36.66	6.99
<i>Personal Characteristics</i>		
Female	0.53	0.50
Non Swiss	0.28	0.45
<i>Social Preferences</i>		
Social Preferences	23.01	13.68
<i>Belief About Others' Behavior</i>		
Share of Donors	46.02	28.27
Amount donated	4.41	4.71
Observations	265	

Table B2: Mean Donation Behavior By Main Treatment

Mean	Aid Impact	Recipient Type	Admin. Costs	No Offer To Buy	Offer To Buy	No ZEWO	ZEWO
Share of Donors (%)	64.00	54.05	46.75	58.18	54.83	54.75	57.81
Donation (CHF)	2.79	2.14	2.22	2.75	2.23	2.53	2.41

Table B3: Mean Share Of Donors By (Sub)Group

	AID IMPACT		RECIPIENT TYPE		ADMINISTRATION COSTS	
No Offer To Buy	69.39%		43.33%		54.84%	
Non-Buyers	56.60%		46.15%		39.39%	
Buyers	75.00%		83.33%		46.15%	
	50%	100%	72.72%	100%	0%	100%
	1 school week	1.5 school weeks	Artists	Children	40 %	10 %

Table B4: Mean Donation By (Sub)Group

	AID IMPACT		RECIPIENT TYPE		ADMINISTRATION COSTS	
No Offer To Buy	3.41 CHF		1.33 CHF		3.06 CHF	
Non-Buyers	2.15 CHF		1.88 CHF		1.58 CHF	
Buyers	3.08 CHF		3.89 CHF		1.85 CHF	
	1.5 CHF	4.67 CHF	2.64 CHF	5.86 CHF	0 CHF	4 CHF
	1 school week	1.5 school weeks	Artists	Children	40 %	10 %

Appendix C Descriptive Statistics

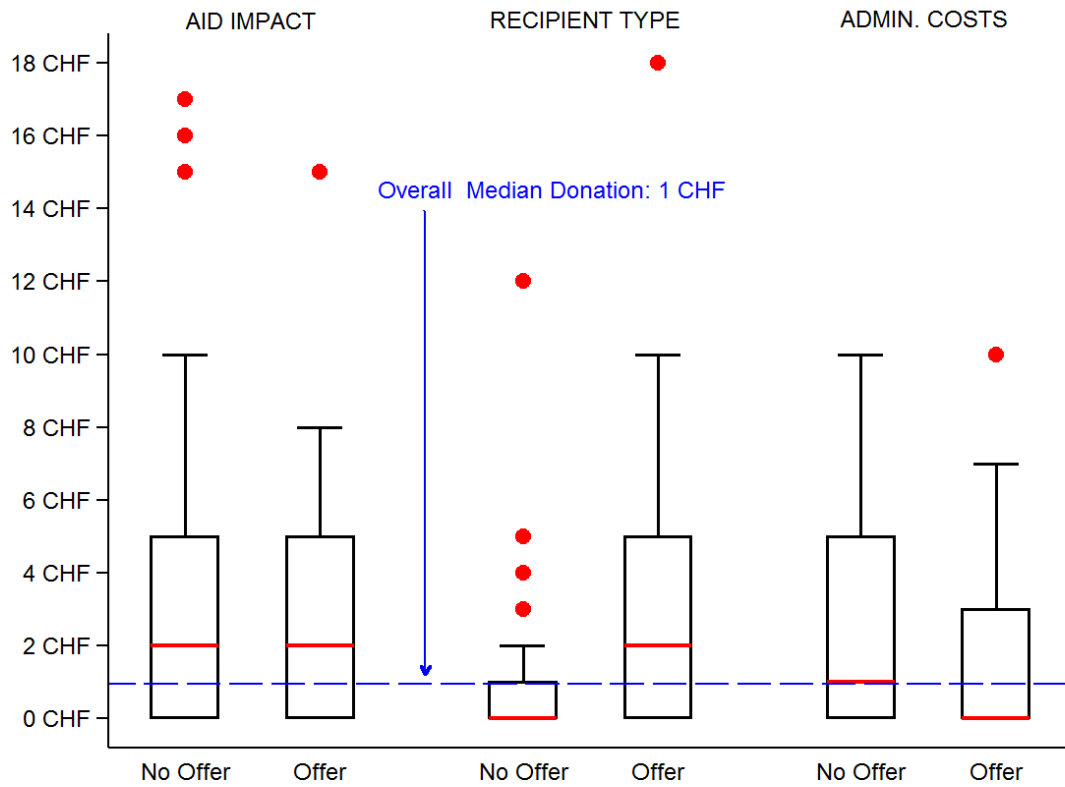


Figure C1: Box-And-Whisker Plot: Donations In CHF

Appendix D Regression Analysis

Table D1: Main Treatment Effects on Donation Behavior

(a) Decision To Donate - Probit (marginal effects)		(b) Donation in CHF - OLS	
<i>Reference Group: Administration Costs</i>		<i>Reference Group: Administration Costs</i>	
Aid Impact	.066 (.06)	Aid Impact	.030 (.43)
Recipient Type	.050 (.06)	Recipient Type	-.262 (.47)
<i>Offer To Buy</i>		<i>Offer To Buy</i>	
Offer To Buy	-.006 (.05)	Offer To Buy	-.325 (.37)
<i>ZEWO Label</i>		<i>ZEWO Label</i>	
ZEWO	-.004 (.05)	ZEWO	.005 (.36)
<i>Social Preferences</i>		<i>Social Preferences</i>	
Social Preferences	.006** (.00)	Social Preferences	.062** (.01)
<i>Belief About Others' Behavior</i>		<i>Belief About Others' Behavior</i>	
Share of Donors	.008** (.00)	Share of Donors	.041** (.01)
<i>Earnings Experiment</i>		<i>Earnings Experiment</i>	
Total Earnings (incl. Show Up)	-.002 (.00)	Total Earnings (incl. Show Up)	.002 (.03)
<i>Personal Characteristics</i>		<i>Personal Characteristics</i>	
Female	.006 (.05)	Female	-.430 (.37)
Non Swiss	.157** (.05)	Non Swiss	-.003 (.40)
Constant		Constant	-.471 (1.22)
Pseudo R^2	.33	Adjusted R^2	.23
Observations	264	Observations	264
Standard errors in parentheses; + p<0.10, * p<0.05, ** p<0.01		Standard errors in parentheses; + p<0.10, * p<0.05, ** p<0.01	

Note that we lose one observation in the regression, because one participant preferred to not state his/her sex.

The difference between the AID IMPACT and RECIPIENT TYPE group cannot directly be read off the regression tables. The p-values of the hypothesis test that Aid Impact=Recipient Type are p=.79 and p=.50 for panel (a) and (b) respectively.

Another noteworthy result is that the explanatory power of both models drops considerably when the control variables are removed (from 0.33 to .02 in panel (a); from 0.23 to 0.00 in panel (b)) (check again, explanatory power, covariate by covariate to make sure this statement is correct, check how Lazear et al. (2012) did it).

Table D2: *Offer To Buy X Information Type*

(a) Decision To Donate - Probit (marginal effects)		(b) Donation in CHF - OLS	
Reference Group: ADMINISTRATION COSTS, No <i>Offer To Buy</i>		Reference Group: ADMINISTRATION COSTS, No <i>Offer To Buy</i>	
AID IMPACT, No <i>Offer To Buy</i>	.017 (.09)	AID IMPACT, No <i>Offer To Buy</i>	-.471 (.66)
RECIPIENT TYPE, No <i>Offer To Buy</i>	-.073 (.09)	RECIPIENT TYPE, No <i>Offer To Buy</i>	-1.804* (.74)
ADMINISTRATION COSTS, <i>Offer To Buy</i>	-.103 (.09)	ADMINISTRATION COSTS, <i>Offer To Buy</i>	-1.402* (.67)
AID IMPACT, <i>Offer To Buy</i>	.079 (.12)	AID IMPACT, <i>Offer To Buy</i>	.831 (.86)
RECIPIENT TYPE, <i>Offer To Buy</i>	.217+ (.12)	RECIPIENT TYPE, <i>Offer To Buy</i>	2.559** (.95)
<i>ZEWO Label</i>		<i>ZEWO Label</i>	
ZEWO	.001 (.05)	ZEWO	.096 (.36)
<i>Personal Characteristics</i>		<i>Personal Characteristics</i>	
Female	.001 (.05)	Female	-.484 (.36)
Non Swiss	.157** (.05)	Non Swiss	-.004 (.39)
<i>Social Preferences</i>		<i>Social Preferences</i>	
Social Preferences	.006** (.00)	Social Preferences	.062** (.01)
<i>Belief About Others' Behavior</i>		<i>Belief About Others' Behavior</i>	
Share of Donors	.008** (.00)	Share of Donors	.039** (.01)
<i>Earnings Experiment</i>		<i>Earnings Experiment</i>	
Total Earnings (incl. Show Up)	-.001 (.00)	Total Earnings (incl. Show Up)	.007 (.03)
Pseudo R ²	.38	Constant	.029 (1.26)
Observations	264	Adjusted R ²	.24
Standard errors in parentheses; + p<0.10, * p<0.05, ** p<0.01		Standard errors in parentheses; + p<0.10, * p<0.05, ** p<0.01	

Table D3: Predicted Mean Share of Donors By (Sub)Group

	AID IMPACT		RECIPIENT TYPE		ADMINISTRATION COSTS	
No <i>Offer To Buy</i>	63.58%		45.67%		54.71%	
Non-Buyers	61.20%		51.22%		37.94%	
Buyers	61.82%		73.28%		46.12%	
	51.75%	100%	58.06%	100%	0.00%	100%
	1 school week	1.5 school weeks	Artists	Children	40 %	10 %

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