Excusing Selfishness in Charitable Giving: the Role of Risk

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Potential donors often give less when there is greater risk that their donation will have less impact. While this behavior could be fully rationalized by standard economic models, this paper shows that an additional mechanism is relevant – the use of risk as an excuse not to give.

[to cite]:


[url]:

http://www.acrwebsite.org/volumes/1019442/volumes/v43/NA-43

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It Is Not What It Seems:
Unexpected Influences On Doing Good For Yourself And Others

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Paper #1: Cross-Domain Effects of Guilt on Desire for Self-Improvement Products
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Paper #4: Excusing Selfishness in Charitable Giving: The Role of Risk
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SESSION OVERVIEW
Consumer behavior researchers have been increasingly interested in consumer welfare, as testified by numerous recent publications on topics such as self-control (Wilcox and Stephen 2013), food consumption (Wansink and van Ittersum 2013), and promotion of healthy life-styles (Bolton et al. 2007). Consumer welfare can be improved by doing good not only for oneself but also for others: helping (Weinstein and Ryan 2010), volunteering (Petty and Hewitt 2001), or donating (Dunn, Aknin, and Norton 2014) have been shown to positively influence well-being.

This session investigates doing good both for self and others, and deals with a number of diverse phenomena: self-improvement, self-control, and prosocial behavior. The objective of the session is to examine factors that can unexpectedly facilitate or prevent doing good for the self and others. Surprisingly, factors generally considered as potentially damaging for consumer welfare, such as guilt and indulgence, end up being useful in fostering self-improvement and long-term healthier eating. Similarly, factors generally considered as beneficial for consumer welfare, such as malleable beliefs and a rational approach to giving, turn out to be detrimental to prosocial behavior.

The paper by Allard and White demonstrates positive consequences for the self of an affective experience generally considered as detrimental: guilt. The paper highlights that guilt activates a self-improvement motive, and therefore facilitates preferences for options enabling this self-improvement. The paper by Gu, Klesse, Botti and Faro illustrates how reaching closure with a choice of a want (e.g., chocolate cake) over a should (e.g., fruit salad) option lead to greater indulgence. This response, which is potentially self-damaging in the short term, has desirable long-term consequences in that it increases the likelihood to eat healthier in a subsequent choice.

These first two papers focus on factors that may have an unexpected positive impact on doing good for the self. The last two papers focus on factors that may have an unexpected negative impact on doing good for others. The paper by Levontin and Johar shows that belief in change, which is considered as valuable for the self, reveals a dark side when it comes to doing good for others. Individuals who believe that personal qualities are malleable (“incremental theorists”) are less likely to help than those who do not (“entity theorists”). The fourth paper by Exley studies how potential donors use the perceived risk that their donations may have a low impact as an excuse not to give. Donors’ attention to the performance of non-profit organizations represents a sensible attitude toward charitable giving but can also justify the decision of not donating.

As a whole, these papers include studies that involve both hypothetical scenarios and actual experiences in the lab and the field. They raise questions such as: What factors considered as harmful for the self can foster doing good for others? What factors considered as valuable in prosocial settings can prevent doing good for the self? Focusing on doing good for yourself and others is expected to connect researchers interested in different topics such as consumer welfare, prosocial behavior, and self-control.

Cross-Domain Effects of Guilt on Desire for Self-Improvement Products

EXTENDED ABSTRACT
The current research highlights a novel downstream consequence of guilt—cross-domain preferences for choices enabling self-improvement. We propose that when opportunities to engage in actions directly aimed at addressing the source of the guilt are not available, guilt activates a general motive to improve the self. We show that guilt can lead to preferences for options geared toward improving important facets of the self, even in domains unrelated to the one where the guilt originated. Importantly, this increase in desire for self-improvement products is not observed in response to other negative emotions (e.g., shame, embarrassment, or sadness).

Past research shows that the experience of guilt often leads individuals to engage in actions allowing for reparation of the wrongdoing in a way that can directly resolve feelings of guilt (e.g., Ansline 1975; Tangney and Dearing 2002). Guilt can also lead to behaviors aimed at indirectly addressing the feelings of guilt by reducing people’s negative mood either through mood-repairing behaviors such as prosocial actions or hedonic consumption (e.g., Bybee et al. 1996; De Hooge, Zeelenberg, and Breugelmans 2007; Konecki 1972) or through an avoidance of wasteful or immoral consumption choices that would further worsen their mood (e.g., chips or CDs; Khan and Dhar 2006; Kivetz and Keinan 2006; Zemack-Rugar, Bettman, and Fitzsimons 2007).

The current research introduces a third downstream consequence of guilt—its ability to induce a generalized desire for self-improvement. We suggest that because guilt is associated with a salient awareness of a failure to meet important self-standards (Miceli and Castelfranchi 1998; Tracy and Robins 2004), it can activate a general motivation to improve the self through consumption choices with self-improvement features. In sum, we propose that one additional response to guilt is to seek out options enabling self-improvement, even in domains unrelated to the source of the guilt.

Study 1 (n = 169, MTurk) utilizes a 2 (guilt vs. neutral) between-participants design and demonstrates our framework that guilt activates self-improvement strivings, which then lead to preferences for self-improvement products. Participants recalled either a time
when they let someone down and felt guilty about it or a neutral encounter. Afterwards, participants rated their general motivation to self-improve (four 7-point items; e.g., “I want to do better;” α = .82). Participants were then asked to provide their likelihood of using a fitness-tracking app offering a number of self-improvement features including a pedometer, calorie counter, and sleep cycle visualization options (“very unlikely-improbable/very likely-probable,” r = .98), and controlling for fitness level. Participants in the guilt condition (M = 5.68) were more likely to use the app compared to those in the control condition (M = 5.19; F(1, 166) = 4.01, p < .05), and such effect was mediated by activated self-improvement strivings (CI95: [0.01, 0.30]).

Study 2 (n = 166, students) uses a mixed design with a 2-level between-participants factors (emotion: guilt vs. neutral) and a 2-level within-participants factor (pre-choice vs. post-choice measures of guilt and of desire for self-improvement). This study rules out an alternative explanation relying on mood-repair and instead tests that the selection of self-improvement options was serving a self-improvement function, through a steeper decline in the intensity of the self-improvement strivings for those who selected a self-improvement product.

After the emotional manipulation (same as study 1), participants reported the extent to which the event they described made them feel guilty (guilty, repentant, blameworthy; Tangey et al. 1996; 1 = not at all, 7 = very much; α = .96) and their self-improvement strivings (see study 1; α = .84). Participants were then shown a pack of sticky notes with the caption: “Sticky notes for effective knowledge retention—the secret weapon of students wishing to improve” and were offered the option to forgo ($1) in exchange for the product. After making their choice, participants answered the two scales for a second time.

Participants were more likely to select the self-improvement product in the guilt (64.7%) compared to the control condition (49.4%; χ²(1) = 3.98, p < .05). For the guilt measure, a repeated-measures ANOVA revealed only a decay of the effect of the guilt manipulation over time (repeated measure by emotion interaction (F(1,162) = 14.47, p < .001), suggesting that choosing the self-improvement product (vs. not) had no influence on the magnitude of the guilt decay. For self-improvement strivings, results revealed a steeper difference between post minus pre self-improvement desire score by product choice (three-way interaction F(1,162) = 3.57, p = .06) suggesting that selecting a self-improvement product can address the guilt-heightened desire for self-improvement. Pre-choice self-improvement striving score also mediates the effect of guilt on product choice (CI95: [0.08, 0.97]). Thus, the results in this study appear to be driven by a desire for self-improvement, rather than a mood management motive.

Study 3 (n = 157, students) compares the effects of guilt (vs. neutral) on self-improvement against embarrassment, shame, sadness and controls for the alternative explanation of a punishment-seeking motivation (e.g., Nelissen and Zeelenberg 2009). Participants were first assigned to one of five emotional-recall conditions (short definitions of the emotions were provided). Then, participants read about the functional benefits of two herbal teas, the “Get Smart (self-improvement)” and “Get Happy (control)” flavors, and reported their willingness to pay for a box of each product. Participants also rated the extent to which they were currently seeking punishment- using four 7-point items (e.g., “I want to deny myself rewards,” α = .89). A repeated-measures ANOVA identified a significant interaction between product type and emotion on willingness to pay (F(4, 152) = 2.43, p = .05). Only participants in the guilt condition were willing to pay more for the self-improvement product compared to the control product (F(1, 152) = 4.25, p < .05). In addition, this effect does not appear to be explained by desire for punishment-seeking.

Taken together, these studies provide converging evidence that the experience of guilt can lead to increased preferences for self-improvement consumption choices, even in domains different from where the guilt originated.

**Choice Closure Increases Indulgence (But Only Once!)**

**EXTENDED ABSTRACT**

Consumers frequently face a trade-off between what they want (e.g., chocolate cake) and what they should (e.g., fruit salad) choose. In such situations, consumers experience a conflict between highly desirable options that allow immediate pleasure (want options) and those that are less immediately appealing but provide more long-term benefits (should options) (Bazerman, Tenbrunsel, and Wade-Benzoni 1998; Thaler and Shefrin 1981). Literature has shown that choosing want options evokes negative feelings, such as guilt (Giner-Sorolla 2001; Kivetz and Simonson 2002), which may decrease the pleasure derived from the desirable consumption experience.

We propose choice closure—a psychological process by which decision makers come to perceive a decision to be complete (Gu, Botti, and Faro 2013)—as a means to reduce the negative feelings derived from choosing the want in place of the should option. Recent research (Gu et al. 2013) demonstrated that choice closure triggers (e.g., physical acts such as closing a lid and visual cues such as rejection signs) inhibit unfavorable comparisons between the selected and the rejected options, increasing satisfaction with the decision outcome in the context of difficult decisions. In the case of decisions that involve a want versus should conflict, we predict choice closure to inhibit the unfavorable feelings (e.g., Bitterly et al. 2014) induced by choosing the want option and, hence, enhance the pleasure individuals derive from their choice. However, by allowing consumers to maximize indulgence in the short-term, choice closure might reduce their desire to indulge again in the long term. Hence, consumers presented with a second conflicting choice might be more likely to choose the should option when they have reached closure on their first want option than when they have not. We test these predictions in four studies—three laboratory and one field study—utilizing different triggers of choice closure, and different manifestations of pleasure (e.g., intended consumption and enjoyment).

In Study 1 (n = 153), participants chose between M&Ms (want option) and grapes (should option) that were covered with a transparent lid. Initially, all participants were asked to remove the lid. To manipulate choice closure, half of them were asked to put the lid back on the rejected option after making their choice (closure condition) while the other half left the lid open (no-closure condition). Next, all participants poured as many M&Ms/grapes into their own cup as they wanted to eat. In line with our prediction that closure increases the tendency to indulge, participants in the choice closure condition poured more grams of M&Ms (Mclosure = 9.79 versus Mno-closure = 7.21, F(1,150) = 6.47, p = .012). The amount of grapes poured was not affected by choice closure.

In Study 2 (n = 120), we replicated this finding by controlling for self-selection. Participants chose between two options—yogurt coated peanuts and chocolate coated raisins. Choice closure was manipulated as in the previous study. Regardless of their choice, participants in the want condition were provided some feedback describing their selection as superior on taste but inferior on healthiness. Participants in the control condition did not receive any feedback. Next, all participants poured as much as they wanted to eat of the chosen snack into their own cup. Utilizing square-root transforma-
tion, the results show that choice closure increased the amount of grams poured in the want condition (\(M_{\text{closure}} = 7.94\) versus \(M_{\text{no-closure}} = 7.55\), \(F(1, 1330) = 4.74, p = .04\)). The amount poured in the control condition was not affected by choice closure.

In Study 3 (\(n = 332\)), we measured indulgence by asking consumers’ the level of enjoyment they expected to derive from their choice of chocolate cake (want option) or fruit salad (should option). Choice closure was manipulated by exposing half of the participants to a visual cue of closure after making their choice (i.e., a “rejected” sign attached to the rejected option) while the other half saw the pictures of both options without any additional sign. Choice closure increased the anticipated enjoyment for individuals that chose the chocolate cake (\(M_{\text{closure}} = 7.94\) versus \(M_{\text{no-closure}} = 7.55\), \(F(1, 228) = 4.25, p = .04\)). The enjoyment of those that opted for the fruit salad was not affected by choice closure.

The results of these three studies denote that choice closure increases pleasure with want options manifesting itself in greater quantity poured for intended consumption or higher anticipated enjoyment. In Study 4 (\(n = 111\)), we investigated potential downstream consequences in a field setting. We predicted that consumers who reached closure over their decision to select a want option and fully enjoyed their experience would experience a lower desire to indulge again in a subsequent choice. Guests of a restaurant chose a dessert out of four options, two wants (i.e., Crème de Brulée and chocolate cake) and two shoulds (i.e., yogurt and fruit salad). Notably, guests either received a two-page menu that could be closed (closure condition) or a one-page menu (no-closure condition) that could not be closed. For those guests that chose one of the want options, the waitress asked whether they wanted ice crème (want option) or berries (should option) on the side. Significantly fewer participants in the closure condition chose the ice crème as the side than in the no-closure condition (52.2% versus 71.4%, \(c^2(1) = 4.02, p = .045\)), indicating that reaching closure on a first indulgent choice decreases the tendency to indulge again in a subsequent decision.

Overall, these findings denote two positive consequences of choice closure when choosing between want and should options: closure increases the pleasure individuals’ derive from their choice of a want option and it decreases their tendency to continue indulging in a subsequent decision.

**“Serves you Right”? The Dark Side of a Malleable Mindset**

**EXTENDED ABSTRACT**

Individuals differ greatly in their view about whether people’s traits can adapt, change and grow over time (Chiu, Hong, and Dweck 1997; Levy, Stroessner, and Dweck 1998; Mukhopadhyay and Johar, 2005). Whereas “entity theorists” hold a fixed mindset of personal traits and characters, and do not believe that personal qualities can adapt, change and grow over time (Chiu, Hong, and Dweck 1997), whereas “incremental theorists” hold a more malleable and dynamic view of traits and believe that personal qualities can change much over time. “Incremental theorists” hold a more malleable and dynamic view of traits and believe that personal qualities can change much over time, “incremental theorists” hold a more malleable and dynamic view of traits and believe that personal qualities can change much over time, “incremental theorists” hold a more malleable and dynamic view of traits and believe that personal qualities can change much over time, “incremental theorists” hold a more malleable and dynamic view of traits and believe that personal qualities can change much over time.

In Study 1 (\(n = 80\)) participants first read a short paragraph (the well-established implicit theories manipulation, Chiu, Hong, et al. 1997) that presented research suggesting that personality is either fixed (entity condition) or malleable (incremental condition). Participants then read about the Williams family that is desperately poor, has no home and faces a threat of severe hunger. Participants reported whether they would be willing to donate money to help the Williams family, to volunteer helping families like the Williams family, and whether they believed that the Williams family are to be blamed for their condition. Note that blame for the Williams family’s dire situation is ambiguous—it could be a result of dispositional or situational causes. As expected, following the entity manipulation participants were more willing to donate money and to volunteer (\(M_{\text{entity}} = 5.38, SD = 1.68; M_{\text{incremental}} = 5.33, SD = 1.72\)) than following the incremental manipulation (\(M_{\text{incremental}} = 4.51, SD = 1.54, F(1,79) = 5.58, p = .021; M_{\text{entity}} = 4.74, SD = 1.31, F(1,79) = 2.84, p = .096\)). Also as expected incremental theorists believed that the Williams family are to be blamed for their condition (\(M = 3.26, SD = 1.29\)) more than entity theorists (\(M = 2.62, SD = 1.40, F(1,78) = 4.36, p = .040\)). Mediational analyses (Hayes, model 4) using bootstrapping (Preacher, Rucker, & Hayes, 2007) with 5000 replications confirmed that blaming the victims mediates the effect of incremental (vs. entity) beliefs on participants’ willingness to donate money (95% CI = [−.678, −.019]).

In Study 2 (\(n = 234\)) implicit theories were manipulated as in Study 1 and blame was also manipulated. In the high blame condition, the paragraph about the Williams family stated that Mr. Williams has lost their home in a gamble, whereas in the low blame condition the paragraph stated that the Williams family had lost their home in a hurricane disaster. Participants then responded to the same dependent variables as in study 1 as well as how many months they would be willing to volunteer. We predicted an interaction effect such that for entity theorists who attribute being in need to victims’ fixed nature, blame would have little influence on prosocial behavior. However, incremental theorists would behave less prosocially in the high blame condition, replicating the results of Study 1.

Results showed a main effect for blame on participants’ willingness to donate money (\(F(1, 228) = 19.08, p = .00\)). More importantly, we found the expected interaction between blame and implicit theories (\(F(1, 228) = 4.24, p = .04\)). Entity theorists’ willingness to donate money to the Williams family (\(M = 4.37, SD = 1.81\) did not differ between blame conditions (\(F(1,228) = 2.92, p = .089\)). However, as expected, incremental theorists were less willing to donate in the high blame condition (\(M = 3.54, SD = 1.68\) than in the low blame condition (\(M = 5.00, SD = 1.58, F(1,228) = 19.02, p = .00\)).

Finally, we found no main effects (\(F’s < 3.4\)), only the expected interaction between blame and implicit theories on participants’ willingness to volunteer (\(F(1, 228) = 4.25, p = .040\)) and the number of months they were willing to volunteer for (\(F(1, 228) = 8.05, p = .00\)).
Entity theorists’ willingness to volunteer ($M = 4.47$, $SD = 1.89$) and its duration ($M = 4.58$, $SD = 3.29$) did not differ between blame conditions ($F_{\text{volunteer}}(1,228) = .03$, $p > .250$; $F_{\text{months}}(1,228) = 2.62$, $p = .107$). However, as expected, incremental theorists were less willing to volunteer and volunteered for fewer months in the high blame condition ($M_{\text{volunteer}} = 4.26$, $SD = 1.70$; $M_{\text{months}} = 4.04$, $SD = 2.63$) than in the low blame condition ($M_{\text{volunteer}} = 5.20$, $SD = 1.72$, $F_{\text{volunteer}}(1,228) = 7.03$, $p = .009$; $M_{\text{months}} = 5.57$, $SD = 3.96$; $F_{\text{months}}(1,228) = 5.59$, $p = .019$).

The results of these two studies suggest that incremental theorists’ belief in growth might sometimes lead them to be more judgmental of others and less generous compared to entity theorists. Research is under way to examine factors that can help mitigate incremental theorists’ harsh judgments of those in need.

**Excusing Selfishness in Charitable Giving: The Role of Risk**

**EXTENDED ABSTRACT**

In the United States, 1 in 4 adults volunteer and 1 in 2 adults give to charities for an estimated combined value of $500 billion dollars per year (http://www.givingusareports.org). An established literature documents potential motives for such giving; for instance, people feel good about themselves when they help others (Andreoni 1989a; Benabou and Tirole 2006; Ariely et al. 2009). These motives, as well as standard economic models, may easily explain a common finding in charitable giving: individuals give less when there is a greater risk that their donation will have less impact (Brock et al. 2013; Krawczyk and Lec 2010). In this paper, however, I investigate whether an additional mechanism is relevant: do people use the risk that their donation may have less than the desired impact as an excuse not to give?

Given that people are frequently asked to give, and an increasing push for individuals to “give wisely,” it seems reasonable that individuals may use risk as an excuse not to give. Previous literature has documented the increasing “professionalization” and hence focus on performance in the nonprofit sector (Hwang and Powell 2009), and has demonstrated a large scope for motivations broadly related to excuses. For instance, people often behave more selfishly when they can avoid learning how their decisions affect others (Dana et al. 2007; Bartling et al. 2014), develop self-serving biases (Konow 2000; Haisley and Weber 2010), or rely on the possibility that their decisions did not influence the outcome (Dana et al. 2007; Andreoni and Bernheim 2009; Linardi and McConnell 2011; Falk and Szech 2013).

While this literature suggests a potentially large scope for excuse-driven behavior, it may be difficult to isolate excuse-driven responses from other responses to risk in charitable giving decisions, which often involve multi-faceted decision environments with no clear metric for risk. I thus begin by examining how individuals respond to objective risk in a laboratory study that allows for the necessary control. In particular, participants make a series of binary decisions between risky and riskless payoffs that may benefit themselves or the American Red Cross. A risky payoff is a lottery that yields a non-zero amount with probability $P$ and $\$0$ with probability $1 - P$. A risky payoff is a “charity lottery” if the corresponding outcome is given to the American Red Cross, or a “self lottery” if the corresponding outcome is given to the participant. A riskless payoff yields a non-zero amount with certainty. A riskless payoff is a “charity-certain amount” or “self-certain amount” if it is given to the American Red Cross or to the participant, respectively. In other words, participants face four types of binary decisions that vary according to the payoff recipients - {self lottery, charity lottery} X {self-certain amount, charity-certain amount} - and these decisions imply valuations that allow me distinguish between excuse-driven risk preferences and other responses to risk.

To begin, notice that participants do not face tradeoffs between payoffs for themselves and the charity when deciding between: (i) self lotteries and self-certain amounts, or (ii) charity lotteries and charity-certain amounts. In this no self-charity tradeoff context, excuses not to give are irrelevant as participants never decide whether or not to give - i.e., they cannot give in (i) or are forced to give in (ii). By contrast, participants always face tradeoffs between payoffs for themselves and the charity when deciding between: (iii) self lotteries and charity-certain amounts, or (iv) charity lotteries and self-certain amounts. In this self-charity tradeoff context, excuses not to give may be relevant.

I find that in the no self-charity tradeoff context, when excuses are not relevant, participants’ responses to risk in charity and self lotteries are nearly indistinguishable. However, in the self-charity tradeoff context, when excuses not to give may be relevant, participants’ responses to self risk and charity risk diverge. Consistent with excuse-driven risk preferences, participants act both more averse to charity risk and less averse to self risk. For instance, in response to introducing only 5% risk of a zero-dollar charity payoff, participants’ valuations for charity lotteries decrease by 32% in the self-charity tradeoff context. The reduction is four times larger than the corresponding 8% decrease in the no self-charity tradeoff context. That is, participants appear to overweight the possibility that charity lotteries yield zero-dollar payoffs, using it as an excuse to choose self-certain amounts over charity lotteries. These differences are robust across a range of risk levels, and to a variety of specifications, including simple comparisons of means and estimations that allows for participant-level fixed effects.

I infer from the observed treatment effects that individuals exhibit excuse-driven risk preferences. By exploiting the within-subject design of this study, additional results provide evidence for excuse-driven types of participants. First, there is a within-sample level of consistency: the same participants use both charity risk and self risk as excuses not to give. Second, there is an out-of-sample level of consistency: participants with excuse-driven risk preferences are more likely to engage in other excuse behavior in a separate incentivized “moral wiggle room” task, as developed in Dana et al. (2007).

Two additional laboratory studies document the potential prevalence of excuse-driven responses to risk. First, I find strong evidence for excuse-driven risk preferences when participants decide between payoffs for themselves and payoffs for another study participant, as opposed to payoffs for the charity. Second, I examine whether excuse-driven behavior arises in response to more commonly observed, although less precise, types of risk conveyed via charity performance metrics. Participants value charter schools with different college matriculation rates, animal shelters with different success rates, and charities with different levels of overheads costs. In line with lower charity performance metrics conveying higher risk of donations being used ineffectively or inefficiently, participants reduce their valuations for charities with lower charity performance metrics. In line with excuse-driven behavior, this reduction is larger when excuses not to give are possible, i.e., in the self-charity tradeoff context.
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