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The role of social connections in charitable fundraising: Evidence from a natural field experiment

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ABSTRACT

The economics literature suggests that enhanced social connection can increase trust amongst agents, which can ultimately lead to more efficient economic outcomes, including increased provision of public goods. This study provides a test of whether social connections (proxied via agent similarities in race and gender) influences giving to a charitable fundraiser using data gathered from more than 2000 households approached in an actual door-to-door fundraising drive. We find limited evidence of the importance of such social connections. A robust result in the data, however, is that our minority solicitors, whether approaching a majority or minority household, are considerably less likely to obtain a contribution, and conditional on securing a contribution, gift size is lower than their majority counterparts receive.

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1. Introduction

It is well established that relying upon voluntary contributions for the provision of public goods generally results in the under provision of such goods relative to first-best levels. Numerous mechanisms have been proposed to alleviate the tendency of agents to free-ride (see, e.g., Green and Ledyard, 1977; Walker, 1981; Rapoport and McKee, 1990; Varian, 1994; Föllmer, 1996). A related literature that has recently expanded considerably revolves around instrument choice for the private organizations attempting to provide public goods. Approaches used by individual charities and foundations range from incentives and matching (Kleef and Coates, 2003), seed money (Anderson, 1998; List and Locking-Lay, 2002), charitable auctions (Engen and McManus, 2007; Goeree et al., 2005) toaffles and lotteries (Morgan, 2000; Morgan and Sofonea, 2000; Lindry et al., 2006; Lange et al., 2007).

At the same time, a literature has evolved that highlights that in the absence of complete contracts, individuals critically rely upon trust in others to overcome market failures. In settings where individuals meet one another, transactions costs are reduced and large organizations function more efficiently. A growing literature that examines the relationship between trust and economic outcomes at both the individual (see, e.g., Fehr and List, 2004; Karlan, 2005) and macro-level (see, e.g., Acemoglu, 1972; Putnam, 1993; Knack and Keefer, 1997) reveals the importance of trust and trustworthiness.¹

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 This is a similar spirit, economists have begun to examine the role of trust attitudes in cooperation (see, e.g., Cialdini et al., 2004; Anderson and Hiron, 2006). As many important economic transactions involve situations of multi-lateral cooperation with free-ride incentives, the extent to which people will

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The role of social connections in charitable fundraising: Evidence from a natural field experiment

The economics literature suggests that enhanced social connection can increase trust amongst agents, which can ultimately lead to more efficient economic outcomes, including increased provision of public goods. This study provides a test of whether social connectedness (proxied via agent similarities in race and gender) influences giving to a charitable fundraiser. Using data gathered from more than 2000 households approached in an actual door-to-door fundraising drive, we find limited evidence of the importance of such social connections. A robust result in the data, however, is that our minority solicitors, whether approaching a majority or minority household, are considerably less likely to obtain a contribution, and conditional on securing a contribution, gift size is lower than their majority counterparts receive.

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