

Research
Poverty and Achievement, Revisited
By Jessica Ruvinsky

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Ideas Research

BY JESSICA RUVINSKY

INDIVIDUAL GIVING

Sponsoring Hope

▶ A young couple in Uganda, when asked if they would like to enter their newborn into a child sponsorship program—a program similar to the one that helped both of them get through school and into good jobs—said no. “Poverty ended with us,” they explained.

International child sponsorship programs collectively raise more than \$3 billion per year. Those photos of developing world kids that get pasted to so many refrigerator doors in the developed world clearly help large aid organizations to raise funds. But do the kids benefit from the money donated on their behalf? Researchers have now tracked many of these children into adulthood, and the answer—at least for one child sponsorship organization—is yes. “The impacts that we find on secondary school completion and on employment are fairly remarkable,” says Bruce Wydick, a professor of econom-

ics and international studies at the University of San Francisco. “We did the study in six countries, and in all six countries we find positive impacts from sponsorship.”

Wydick and colleagues followed more than 10,000 adults in Bolivia, Guatemala, India, Kenya, the Philippines, and Uganda. The adults who had received charitable sponsorship

also 35 percent more likely to have a white-collar job.

“It’s probably the impact evaluation that most changed my mind about things,” says David McKenzie, lead economist in the World Bank’s research department. The impact in this case is especially notable, he says, “given the lack of results of many other development interventions that have been darlings of the aid world.”

The results of this study don’t necessarily apply to all child sponsorship programs. Wydick and his colleagues contacted many sponsorship organizations, but only one—Compassion International—was willing to participate in the study. Compassion

International is a child-focused, church-based organization that follows a pure sponsorship model: Instead of using sponsor donations to build village-level public goods like a road or a school, it directs benefits to individual children. Compassion, moreover, attends not only to children’s need for meals, immu-

nizations, and tutoring support, but also to their emotional, spiritual, and social development. In that way, the Compassion program instills a sense of hope.

And hope, as Wydick has discovered in follow-up studies, may be crucial to the program’s positive outcomes. “If you only gave hope to kids without giving them some *basis* for hope, that probably wouldn’t work very well,” he says. “But if you only did things like provide school tuition and uniforms for kids, without increasing the level of aspirations, they might not believe that they’re actually capable of greater levels of education and better employment than their parents.”

The Compassion program is relatively expensive, but it has a lasting impact—especially on certain groups of people. “If you want to do a really good thing in the world, sponsor a girl in sub-Saharan Africa through an organization that uses a pure sponsorship model,” says Wydick. “And if you want to do something great in the world, sponsor 10 [girls].” ■

Bruce Wydick, Paul Glewwe, and Laine Rutledge, “Does International Child Sponsorship Work? A Six-Country Study of Impacts on Adult Life Outcomes,” *Journal of Political Economy*, 121, 2013.



A study of one child sponsorship organization shows that the sponsor model can yield positive long-term results.

as children are one-third more likely to have finished high school, and on average they complete more than a year of additional education. They are

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CORPORATE PHILANTHROPY

Good (and Not-So-Good) Neighbors

► Apple, Google, Intel, the Gap: Each of these companies has a truly global reach. But they're also based in the San Francisco Bay Area, and when the Super Bowl comes to that area in 2016, they will bring a hometown attitude to the event. These and other locally headquartered companies have already pledged about \$30 million in Super Bowl-related giving, and 25 percent of that amount will go to Bay Area nonprofit groups. That's a lot of money for charity. But as recent research shows, it's a common phenomenon.

Things that happen in a community make a difference to corporate giving, "even [for] very global organizations, even in this very global age," says András Tilcsik, assistant professor of strategic management at the University of Toronto Rotman School of Management. "There is an elevation in the willingness to give, and we see that trickling down to the whole local nonprofit sector."

Tilcsik and his co-author, Christopher Marquis, focus their research on events that affect a metropolitan area for good or for ill. With a mega-event such as a Super Bowl, the Olympics, or a national political convention, "we find a strong, and in some cases dramatically strong, positive relationship between the event occurring in the community and the amount of corporate giving that takes place right before, during, and subsequent to the event," says Tilcsik. Small-scale natural disasters have the same effect on philanthropy. After a flood or a storm, for example, locally

based companies typically rally in support of their neighbors.

But with respect to an adverse event, scale matters. And it matters in a seemingly counter-intuitive way. "With a really large, devastating, Katrina-scale disaster, we see the opposite" of corporate generosity, Tilcsik says. In that scenario, locally headquartered companies temporarily—and often dramatically—*reduce* their charitable contributions.

Big events can strengthen—or sever—the links that connect organizations. "A mega-event can be a magnet, if you will, that really gathers the corporations around," says Mary Ann Glynn, professor of management and organization at Boston College. She cites the example of the 1996 Olympics in Atlanta:

"Suddenly, companies were in touch with each other that may not have been in touch before."

With peers comes peer pressure, and that can be a good thing. "You want to be around the best," says Daniel Lurie, a Bay Area nonprofit executive and the chair of the Super Bowl L host committee. "We had some of the best companies in the world signing on. It made our 'ask' a little easier."

In the wake of a mega-disaster, meanwhile, the breaking of ties between local corporations and local nonprofits can have far-reaching consequences. "A lot of times, the focus is on recovery, in the sense of physical rebuilding and infrastructure," says Tilcsik. "But if the local corporate sector cannot or doesn't help the recovery of the local nonprofit sector, then you might see a much longer lag in the recovery of local civil society." ■

András Tilcsik and Christopher Marquis, "Punctuated Generosity: How Mega-events and Natural Disasters Affect Corporate Philanthropy in U.S. Communities," *Administrative Science Quarterly*, 58, 2013.



EDUCATION

Poverty and Achievement, Revisited

► Does classroom poverty lower students' academic achievement? In other words, does a high incidence of poverty among students in a given class adversely affect their performance?

A large body of research suggests that it does, and a lot of education policy follows from that finding. But that research has a significant flaw, according to Douglas Lee Lauen, associate professor of public policy at the University of North Carolina at Chapel Hill. It relies on a limited data set. With a more powerful array of data, he says, "large effects basically disappear."

Kids do, in fact, perform worse in classes where more kids are poor. But it's hard to tell by looking at data from a single point in time whether that's because of a classroom effect or because of how poverty affects individual students. The best way to tease out the causes of low achievement would be through an experiment. But as Lauen notes, "you're not going to design an

A high rate of poverty in a classroom has no direct effect on individual student performance, one researcher argues.

experiment to put a bunch of poor kids in a class deliberately and then see what happens."

Lauen overcame the limitations of earlier research by following a cohort of individual children over time. He started with a group of 100,000 third-graders who were enrolled in public schools in North Carolina. Every year until they reached eighth grade, he tracked whether each child entered a poorer or richer classroom, and whether the child's reading and math test scores went up or down. The design of this research helps clarify the relationship between those factors. If children consistently do worse in years when they are in poorer classrooms, then it would seem safe to say that classroom poverty is what causes the decline. Surprisingly, however, that isn't what happens: Classroom poverty has no appreciable effect on test scores. "It's not what I expected to find," says Lauen.

"One explanation for this is that by the time a kid is eight

years old, the effects of context have already been baked into the test score,” he says. “By third grade, it may be too late.” Another explanation is that the quality of a student’s teacher matters more than the background of his or her classmates.

Lauen conducted this research to show that school integration by socio-economic status can boost student achievement—but these results changed his mind. “Poverty mix within a classroom is probably not the most important factor,” he says. “A lot of political energy can be wasted on making assignment decisions to schools based on poverty level. That energy could perhaps more usefully be spent on improving teaching and learning.”

Other scholars disagree. More than 50 districts have implemented some form of socio-economic integration, and Lauen’s research doesn’t faze researchers who favor that approach. “What his paper rules out is the idea that just sitting next to a poor kid in your classroom makes your test score go down in that particular year,” says Sean Reardon, professor of education at Stanford University. “But that’s not the only way we think poverty might matter.” The differences between schools may be more important than the differences between classrooms, Reardon argues. It might be harder, for example, to attract good teachers to high-poverty schools. When socio-economic integration occurs, moreover, it takes place between schools—not between classrooms. Lauen “may be missing where all the action is,” says Reardon. ■

Douglas Lee Lauen and S. Michael Gaddis, “Exposure to Classroom Poverty and Test Score Achievement: Contextual Effects or Selection?” *American Journal of Sociology*, 118, 2013.

CIVIL SOCIETY

Markets Versus Morals

► Would you kill a mouse for money? Many people would. But as it turns out, the likelihood that people would do so increases sharply when they confront that choice in the context of a marketplace. “Markets erode moral behavior,” says Nora Szech, an economist at the University of Bamberg.

In an experiment conducted by Szech and her co-author, Armin Falk, student participants first viewed a photo of a mouse. Then they watched a video of a mouse dying in a gas chamber. Next they were asked if they would take 10 euros in exchange for allowing a similar mouse to die. If they said yes, the mouse was gassed. If they said no, it would live out the rest of its natural life in the company of a few other mice in an enriched environment. (In fact, the mice in question were surplus lab animals, and they were slated to be killed. The mice that participants chose to save escaped that fate.)

About 46 percent of participants said yes. That figure offers a baseline indicator of the students’ ethical attitudes. The researchers then compared that baseline response to participants’ behavior in a market context. Students bargained over the price of a mouse’s life either with one other person or with several buyers and sellers in “a simple version of a stock market,” says Szech. If they agreed on a price and made a trade, the mouse was killed. If they couldn’t agree on a price or refused to make a trade, the mouse survived.

Under market conditions, between 72 percent and 76 percent of participants were willing to kill the mouse for 10 euros or

less—a lot less, in many cases. In the multilateral market, the life of a mouse went for an average of only 5.1 euros. “The markets seduce us to make decisions that are not in line with the moral standards we have as individuals,” Szech explains.

It’s a finding that echoes what other researchers have discovered. “In a market-like environment, where you can buy and sell things and everything has a price, you’re kind of in a morality-free zone,” says Samuel Bowles, research professor and director of the Behavioral Sciences Program at the Santa Fe Institute.

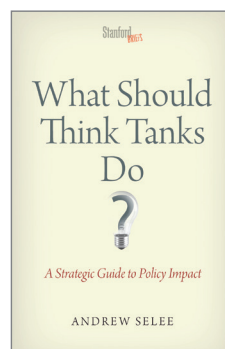
How, exactly, does market activity lead to morally questionable behavior? The researchers cite several possible explanations. Spreading the responsibility for a decision between a buyer and a seller may lessen

the sense of guilt that each of them feels. Another explanation is that a market-driven focus on prices and profits leads people to neglect the moral implications of a transaction. In any case, the effect is pervasive, according to Szech: Consumers tend to shop for products with the lowest price, not for those with the lowest social cost.

Throughout history, disagreements over what is marketable have resulted in social upheaval, Szech notes. The practice of buying and selling human beings became an issue that helped cause the US Civil War—to name one prominent example. “Our study shows that it’s right to question where markets belong and where not, and to have a social debate about that,” she says. ■

Armin Falk and Nora Szech, “Morals and Markets,” *Science*, 340, 2013.

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