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## Upfront

### Altruism in Disguise

**Gifts are not an incentive for donors to give—they're an excuse**

By Vinay Jain

Stanford Social Innovation Review  
Winter 2003

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## FUNDRAISING

# Altruism in Disguise

*Gifts are not an incentive for donors to give – they’re an excuse*

There’s a widely held perception that most people live their lives asking “What’s in it for me?” – even when they’re doing charity. Volunteers often talk about how volunteering is good because it gives *them* something to do. Charities that offer gifts in exchange for donations bank on the likelihood that people will give more if they feel something tangible in return.

A recent study challenged this cardinal assumption of human motivation. The study found that people do respond better to charitable appeals that give them something in return – not because they are self-interested, but because they are altruistic. The act of receiving something in return for their donation provides a sense of exchange that satisfies the donor’s impulse to help but allows them to attribute it to self-interest. By not acknowledging their genuine compassion, donors avoid committing themselves as “do-gooders” who may bear responsibility to help this nonprofit again, or other nonprofits in the future.

Dale Miller, from the Stanford Graduate School of Business, John G. Holmes, from the University of Waterloo, and Melvin J. Lerner, from Florida Atlantic University, conducted two experiments to arrive at this conclusion. Their study was published last year in the *Journal of Experimental Social Psychology* (vol. 38).

Their first experiment confirmed that people do donate more when they receive a product in exchange for a donation, even though the product itself isn’t of value to the donor. They prefer the “fiction” of exchange

because it provides “psychological cover for their act of compassion.” In the experiment, people were asked to donate money to either purchase softball equipment for a group of children, or for a program to help children with severe emotional problems. Some people were asked to give a straight donation, while others were offered candles in exchange for their donations.

People gave three times more in donations to the children with emotional problems when they received a candle in return. However, they gave the same amount to the children on the softball team whether they received candles or not. This means that the candles held little interest to donors; it was actually the neediness of the cause that affected the amount donated. The exchange of donation for candles was an excuse, not an incentive, for donors to give.

A second experiment took it a bit further. People were invited to buy candles for \$3, with \$1 going to support either the softball team or the children’s organization. One group of people was told that \$3 was a bargain price; a second group was told it was fair market price; and a third group was told it was an above-market “altruist’s” price. If people were motivated by a desire to appear altruistic, one would expect more of them to purchase candles at the altruist’s price than at the bargain price.

The study found that the candle sales for the softball team were equal, regardless of the sales pitch. (Remember that the softball team was not

seen as a particularly needy cause.) However, when it came to supporting the emotionally disturbed kids, many more candles were sold at the bargain price than at the fair price, and more at the fair price than at the altruist’s price. In other words, people prefer to donate when it can be viewed as economic self-interest, as opposed to pure charity.

Why? People fear that if they give without regard to their self-interest, they’ll be seen as naive; they also fear that once they contribute to a worthy cause, they won’t know where their responsibility ends.

Getting something in exchange for our donation, the study said, helps us overcome both obstacles. We can explain our charitable impulses as acts of self-interest instead of benevolence. It also allows us to insulate ourselves from the “psychological contract” that might come from an open-ended relationship with a nonprofit. With exchange-based charity, our obligation ends with the transaction.

One implication of the findings is that if the donors are moved by a needy cause, then the value of the product given in return (a candle, for instance) doesn’t matter much. It’s the mere fact that *something* is offered that’s significant. “If you think that people are disposed to help [your cause] ... you might not need to offer them nearly as much as you think you do,” said Miller.

–Vinay Jain