

Increasing donations or stealing altruism? Incentives and substitution effects in pro-social behavior

Nicola Lacetera, Case Western Reserve University

Mario Macis, University of Michigan and IZA

Robert Slonim, University of Sydney

Abstract

We examine how extrinsic incentives affect blood donations through the analysis of 14,000 Red Cross blood drives in NE Ohio. Drive-location fixed-effects regressions show that the number of donors who attempt to donate and the number of units of blood collected significantly increase when there are promotions. The effects are similar in magnitude regardless of whether promotions have material or symbolic value, but are significantly larger when both types of promotions are offered. There is also a significant increase in the number of donors being deferred from donating when either material or non-material incentives are offered, but the increase in deferrals is proportional to the increase in presenting donors, suggesting that no disproportionate increase in bad-quality donors is enticed by these incentives. These results, however, only reflect the immediate, “partial” effect of the provision of promotions. We further show that the presence of material incentives at one drive-location significantly lowers turnout at temporally and spatially neighboring drives, which suggests that donors may be substituting their altruistic activity across locations and time in response to the incentives. Neglecting these substitution effects in the analysis would thus result in an overestimate of the aggregate effect of incentives on the supply of blood and could lead to a misleading conclusion on the effect of material rewards on pro-social behavior.