

Study finds people prefer to donate time—even when charities lose out

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Each year during the holiday season, soup kitchens and charities alike are flooded with offers to volunteer. But is a donation of your time most beneficial to the charity, or would a financial contribution provide more

value?

Researchers from Portland State University and Texas A&M University wondered what drives volunteering—especially when a [monetary donation](#) would have more impact. Their study, "Why Do People Volunteer? An Experimental Analysis of Preferences for Time Donations," was published in this spring in the journal *Management Science*.

PSU Assistant Professor of Economics J. Forrest Williams worked with Texas A&M economics professors Alexander Brown and Jonathan Meer to consider what drives volunteers. They found time and time again, people preferred to donate their time even when doing so is less efficient

Why do people make that choice? Williams said the "warm glow" effect appears to be responsible. Warm glow is described simply as the positive feeling associated with volunteering or donating to charity.

"If you have really high wages, why would you give up a few hundred dollars an hour, when you could just work an hour and donate that amount and then provide significantly more value than your time would be worth to the charity?" Williams said.

Past research assumes, he added, that when given the choice between donating \$10 worth of someone's time and \$10, the options are equivalent. Their research proves otherwise.

"The warm glow you get from volunteering appears to be significantly higher than that of giving money. And that went against what a lot of the field believed," Williams said.

Their findings should inform future economic studies and conversations considering gifts of time and money, he added.

"If we are only concerned about the impact of our donations, it makes no economic sense," Williams said of people's preferences to donate time. The warm glow effect is just that persuasive.

The study controlled for a variety of factors that may influence someone's choices: recognition, networking, reciprocity, happiness gained from working with others, etc.

Participants still chose to donate their time even when their choice essentially lost money for the charity and there was no personal benefit.

"If you make \$100 an hour, then you go work in a soup kitchen and don't provide \$100 worth of service in an hour, they would be better off if you just gave them \$100," he said.

It's unclear how charities should respond to this finding. It's conceivable they could be better off insisting on donations and paying for labor to replace volunteers. But they may also lose a lot of potential donors who gain greater benefit from the volunteering experience. Those donors might end up volunteering at a competing charity. Further, volunteers might increase the visibility of the [charity](#) increasing future monetary donations, something this study could not address.

"Even if you are hyper-effective at what you do, it's just so unlikely that the value of your time there is greater than the value of the money you would give," Williams said.

More information: Alexander L. Brown et al, Why Do People Volunteer? An Experimental Analysis of Preferences for Time Donations, *Management Science* (2018). [DOI: 10.1287/mnsc.2017.2951](https://doi.org/10.1287/mnsc.2017.2951)

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