

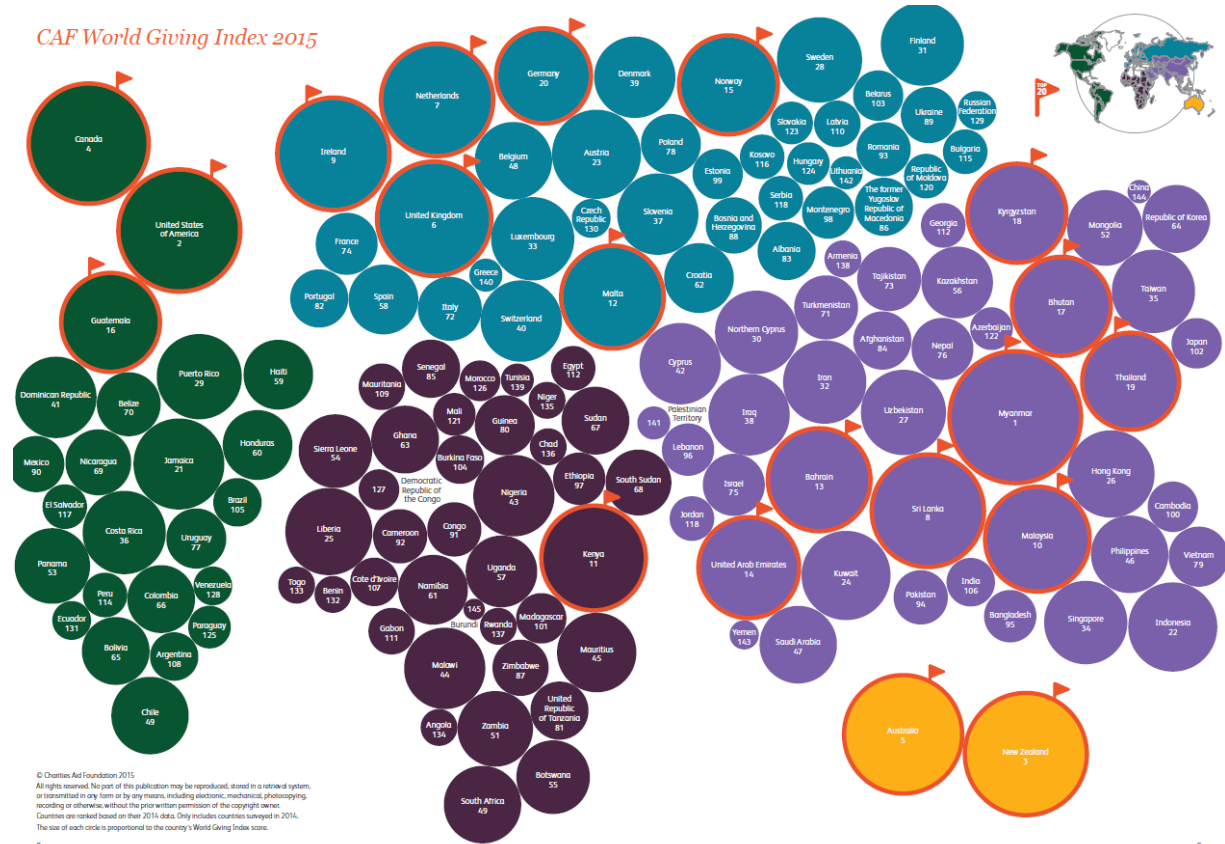
Motivating prosocial behavior: Economic incentives and moral concerns

Nicola Lacetera

University of Toronto

Prosocial activities: a large “global industry”

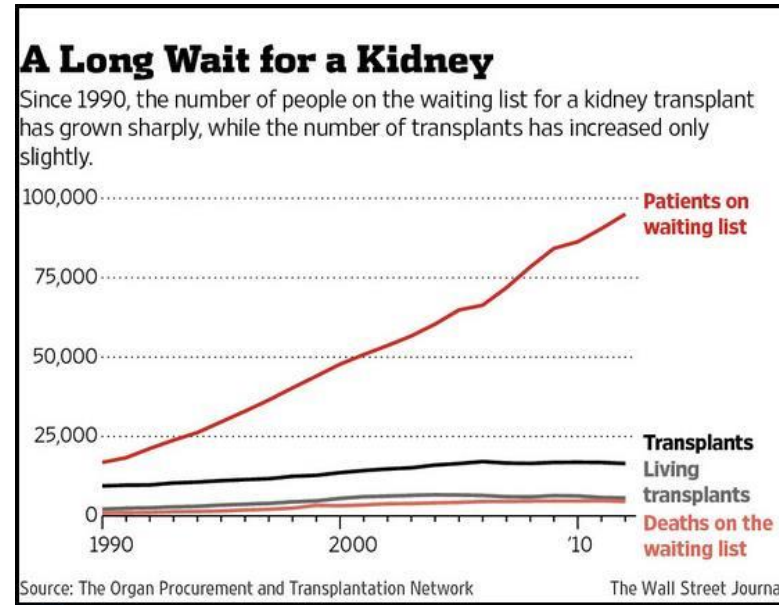
- ~8B volunteer hrs. in the U.S. (~\$185B), 4.6B in Germany (~\$100B), ~50% population in Canada (~2B hours)
- Similar \$\$ values for charitable giving
- Contribution to provision of public goods (education, health, environment)
- Individually rewarding (~13,000GBP/yr -- Fujiwara et al. 2013)



Prosocial activities: shortage is the rule, not the exception

Many strategies to increase volunteering, donations

- Campaigns, awareness, social image, marketing techniques (defaults, framing, social pressure identifiable victim, etc...)
- **One particularly obvious, but controversial: provide *economic incentives***



 **American Red Cross** **URGENT need for donors**

About **80,000**
fewer donations than expected since May.




We're half way through the summer, but you can still help.



2 extra donors per drive will ensure blood products are available for patients this summer.

1-800-RED CROSS | redcrossblood.org #ChooseYourDay



Blood donations: value and shortages

- 16M units of blood collected in the US every year, ~ 900K in Canada (CBS)
- Uses: cancer, blood diseases, surgeries (20%), premature babies, accidents
- No substitutes, short storage (max 42 days)
- Tech. advance (e.g., transplants) + pop. aging increase demand
- Voluntary, anonymous, unpaid donor system in Western countries
- Replacement/emergency – based in many developing countries
- Value of the activity and shortages well known

Blood shortage in DC area reaches critical levels

Washington Examiner, July 8 2010

BENIN: Blood shortage proves deadly - Thursday, October 09, 2008

"That leaves us with a 75 percent coverage rate for the country," said Agassoussi, "At least 25 percent of people [who need blood] are dying needlessly."

[Home](#) » [Indian Health News](#)

Canada facing 'concerning' blood shortage

More than 50,000 donations needed between now and Labour Day

[CBC News](#) Posted: Aug 07, 2013 2:03 PM ET Last Updated: Aug 08, 2013 1:26 PM ET

I think Americans need to understand how tenuous the blood supply is," *NYT, 10/2008*

Shortage of Blood in India as Blood Banks Do Not Maintain Buffer Stocks

by Gopalan on May 27, 2008 at 10:44 AM

Blood donations: would incentives backfire?

WHO, Nuffield Council, some national blood banks/collection agencies: blood to be collected only from unpaid, volunteer donors

- Behavioral arguments
 - “Crowding out” of intrinsic, altruistic motivations
 - “Adverse selection” of donors
- Ethical principle of gratuity/public good

An Intervention Ladder for promoting donation

Non-altruist focused

6 financial incentives that leave the donor in a better financial position as a result of donating

5 interventions offering associated benefits in kind to encourage those who would not otherwise have contemplated donating to consider doing so

4 interventions as an extra prompt or encouragement for those already disposed to donate for altruistic reasons

Altruist focused

3 interventions to remove barriers and disincentives to donation experienced by those disposed to donate

2 recognition of, and gratitude for, altruistic donation, through whatever methods are appropriate both to the form of donation and the donor concerned

1 information about the need for the donation of bodily material for others' treatment or for medical research

Blood donor payments to be outlawed in Ontario

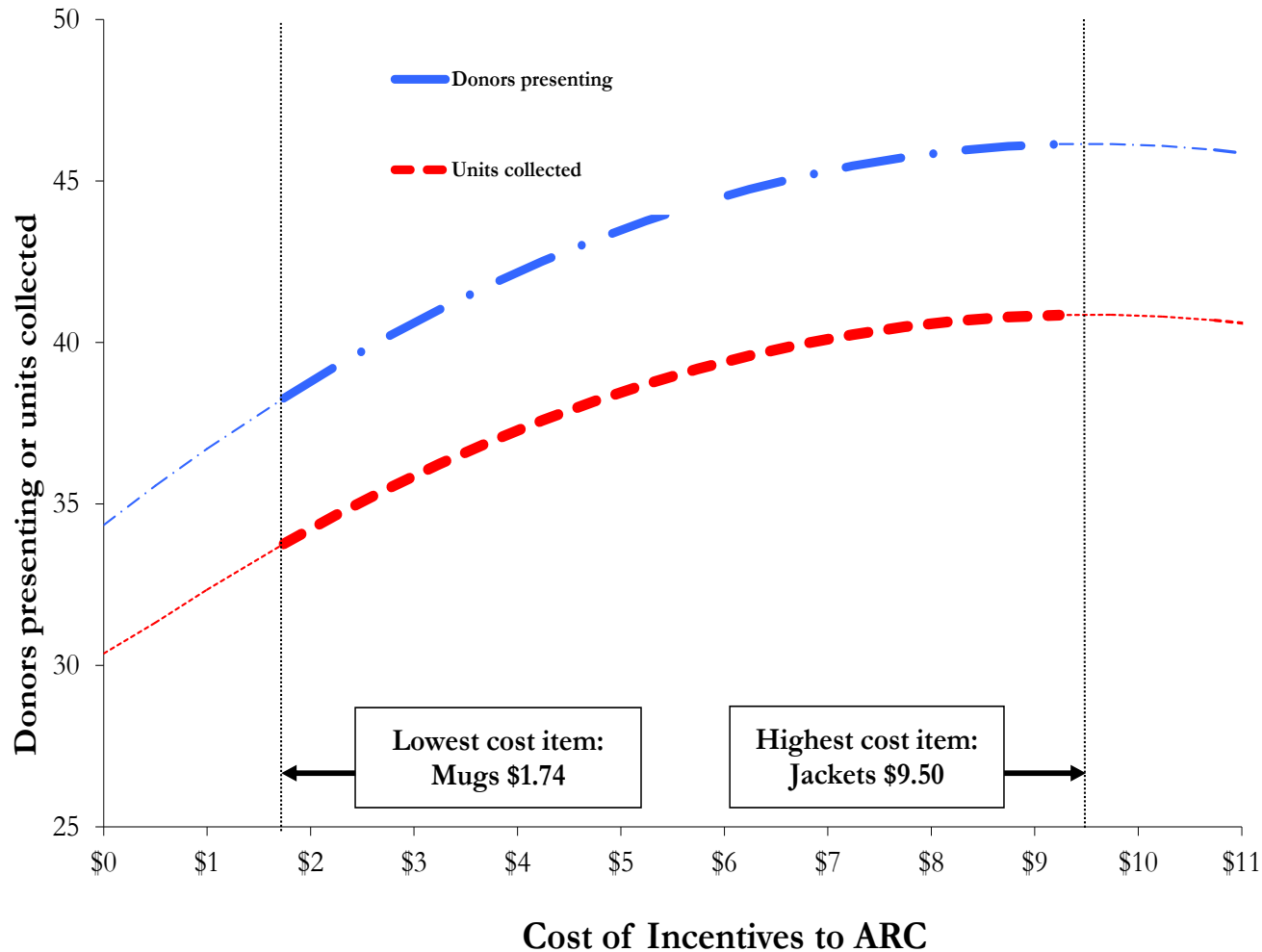
[CBC News](#) Posted: Mar 14, 2014 9:42 AM ET Last Updated: Mar 14, 2014 4:34 PM ET

Blood donations: would incentives backfire?

WHO, Nuffield Council, some national blood banks/collection agencies: blood to be collected only from unpaid, volunteer donors

- Empirical basis on numerous studies
 - Surveys, hypothetical experiments showing negative attitudes of potential donors toward cash and “close-to-cash” rewards (Chmielewski et al. 2012; Costa-i-Font et al. 2012; Glynn et al. 2003; Mellström and Johannesson 2008; Sanchez et al. 2001)
 - Subjects more positive toward rewards also reporting more “risky” behaviors (e.g., drug use) (Glynn et al. 2003, Sanchez et al. 2001)

Recent evidence: incentives work

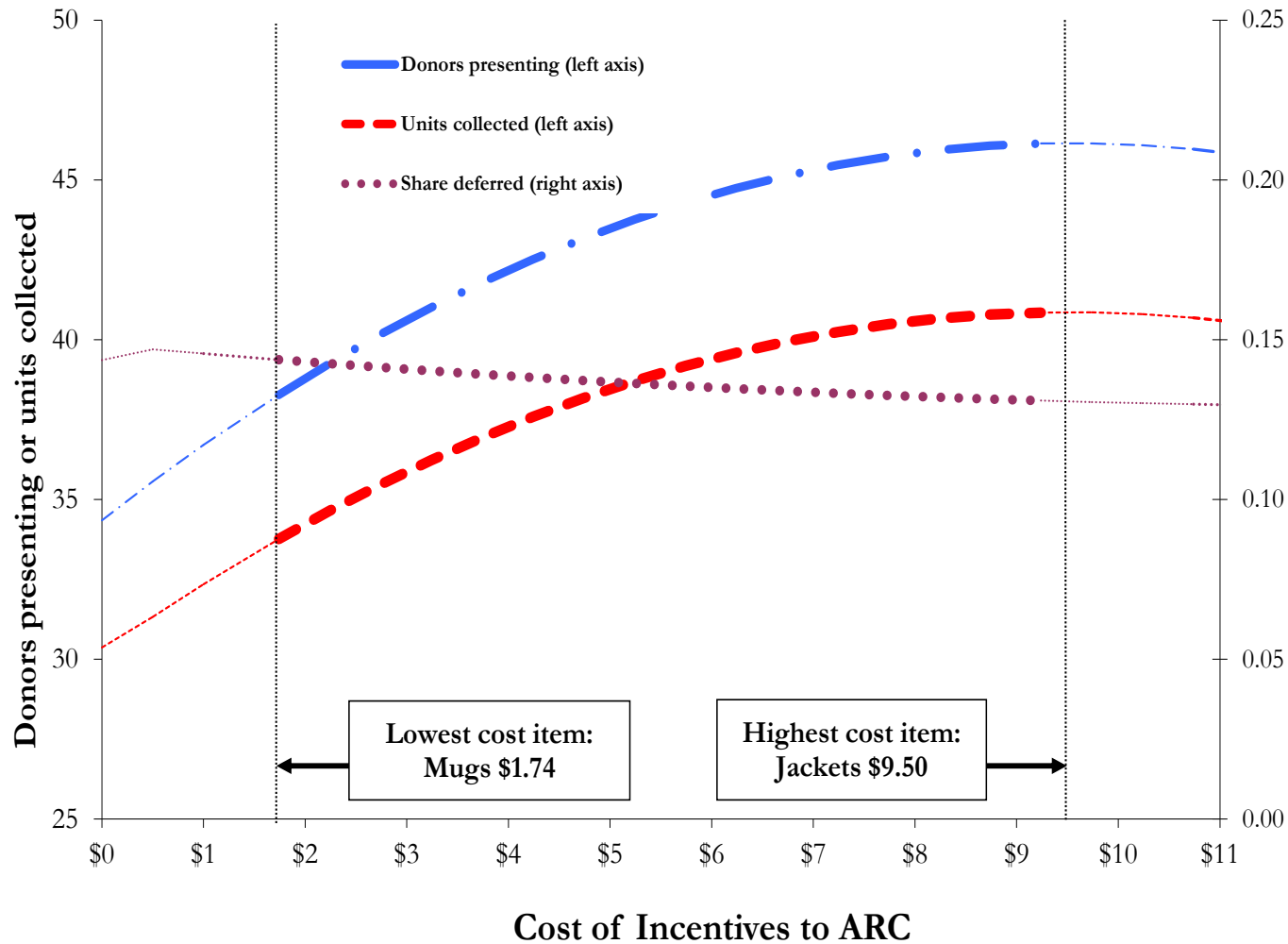


Lacetera-Macis-Slonim (2012): Observational analysis of ~14,000 ARC blood drives in N. Ohio. Incentive items include t-shirts, mugs, coupons, etc.

Exploit “haphazard” within-drive variation in availability of incentive items, over time



Recent evidence: incentives work

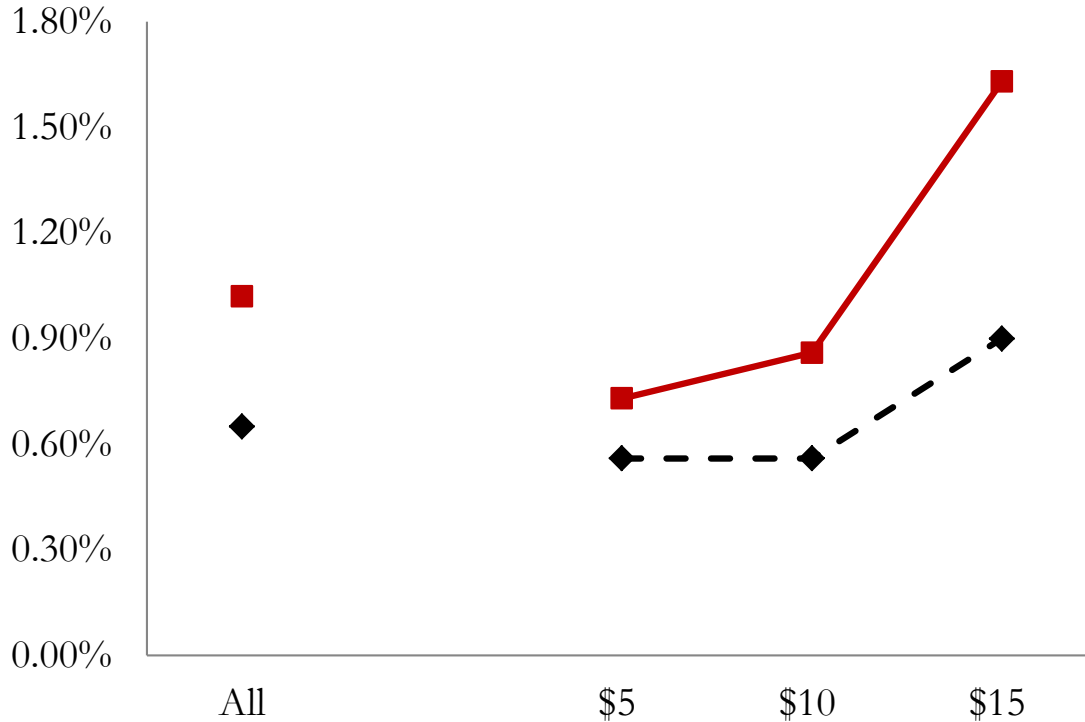


Lacetera-Macis-Slonim (2012): Observational analysis of ~14,000 ARC blood drives in N. Ohio. Incentive items include t-shirts, mugs, coupons, etc.

Exploit “haphazard” within-drive variation in availability of incentive items, over time



Recent evidence: incentives work



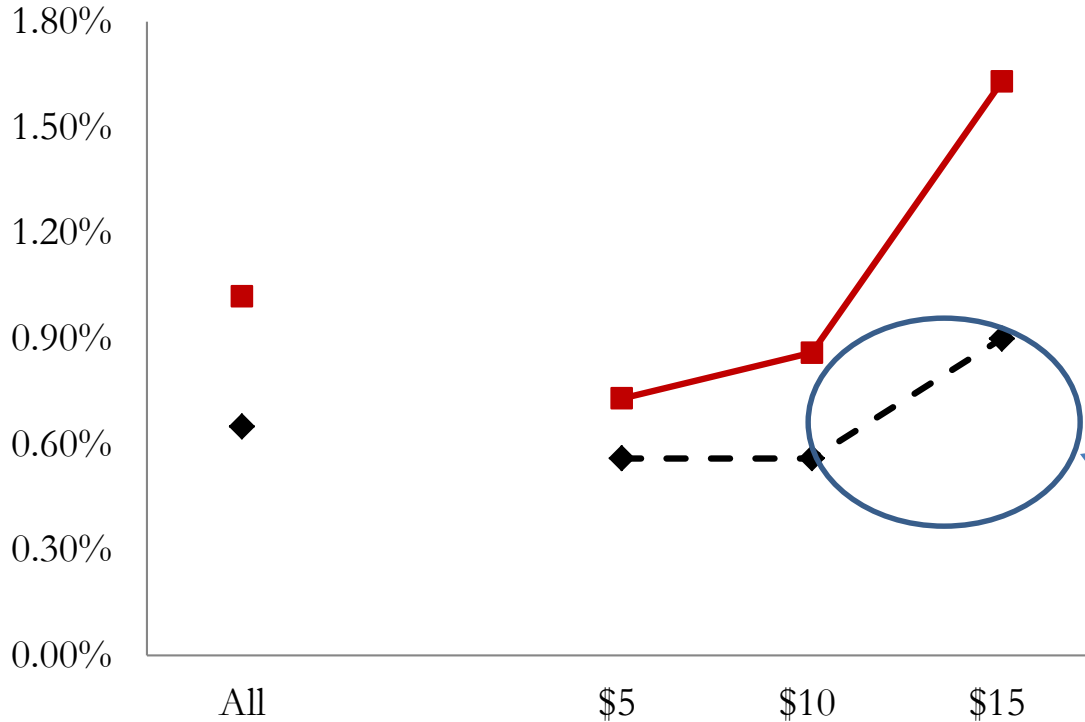
Lacetera-Macis-Slonim (2014): Field experiment with ~100,000 subjects in N. Ohio. Incentive items are \$5-10-15 gift cards

—◆— not informed of the reward —■— informed of the reward

For a given intervention drive, half subjects informed of rewards, half not informed. All would receive gift cards



Recent evidence: incentives work



Lacetera-Macis-Slonim (2014): Field experiment with ~100,000 subjects in N. Ohio. Incentive items are \$5-10-15 gift cards

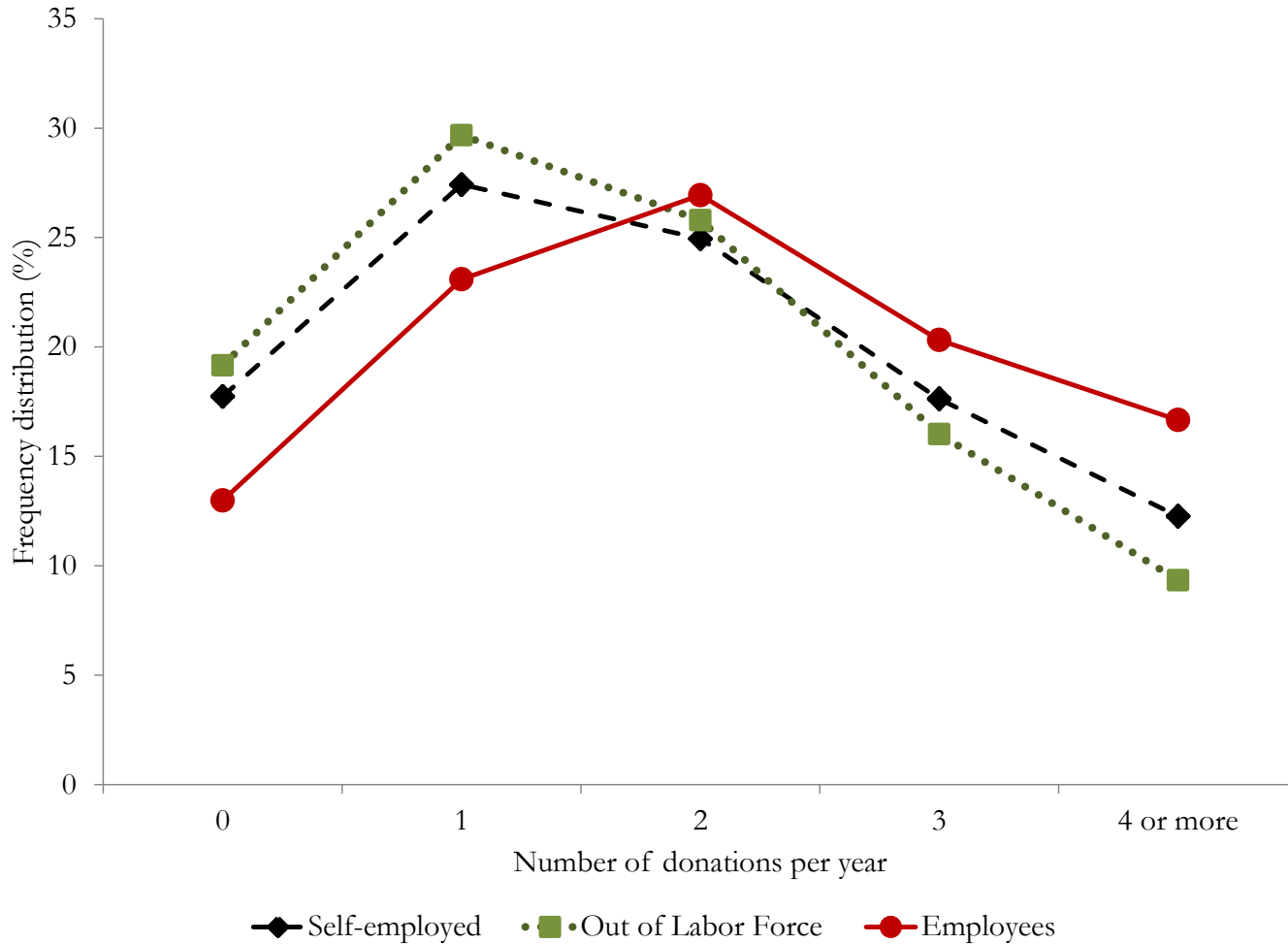
Spillover effect (driven by subjects with previous donations at sites: "neighbours")

—◆— not informed of the reward —■— informed of the reward

For a given intervention drive, half subjects informed of rewards, half not informed. All would receive gift cards



Recent evidence: incentives work

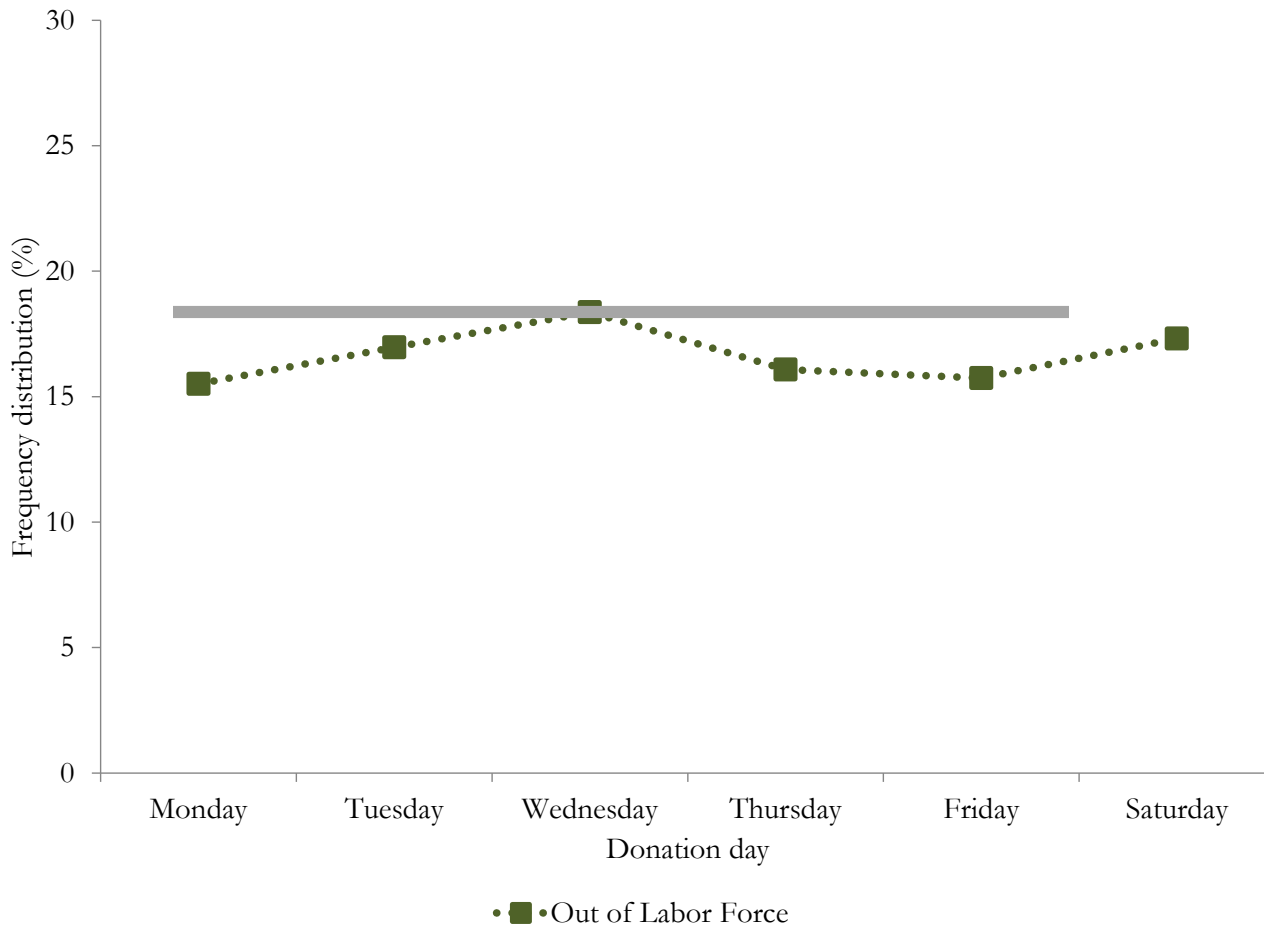


Lacetera-Macis (2013)
Analysis of 289 Italian
blood donors observed
in 1985-89 and 2002-06.
Incentive is one fully
paid day off *for*
employees

Exploit cross sectional as
well as within-person
variation in labor market
status



Recent evidence: incentives work

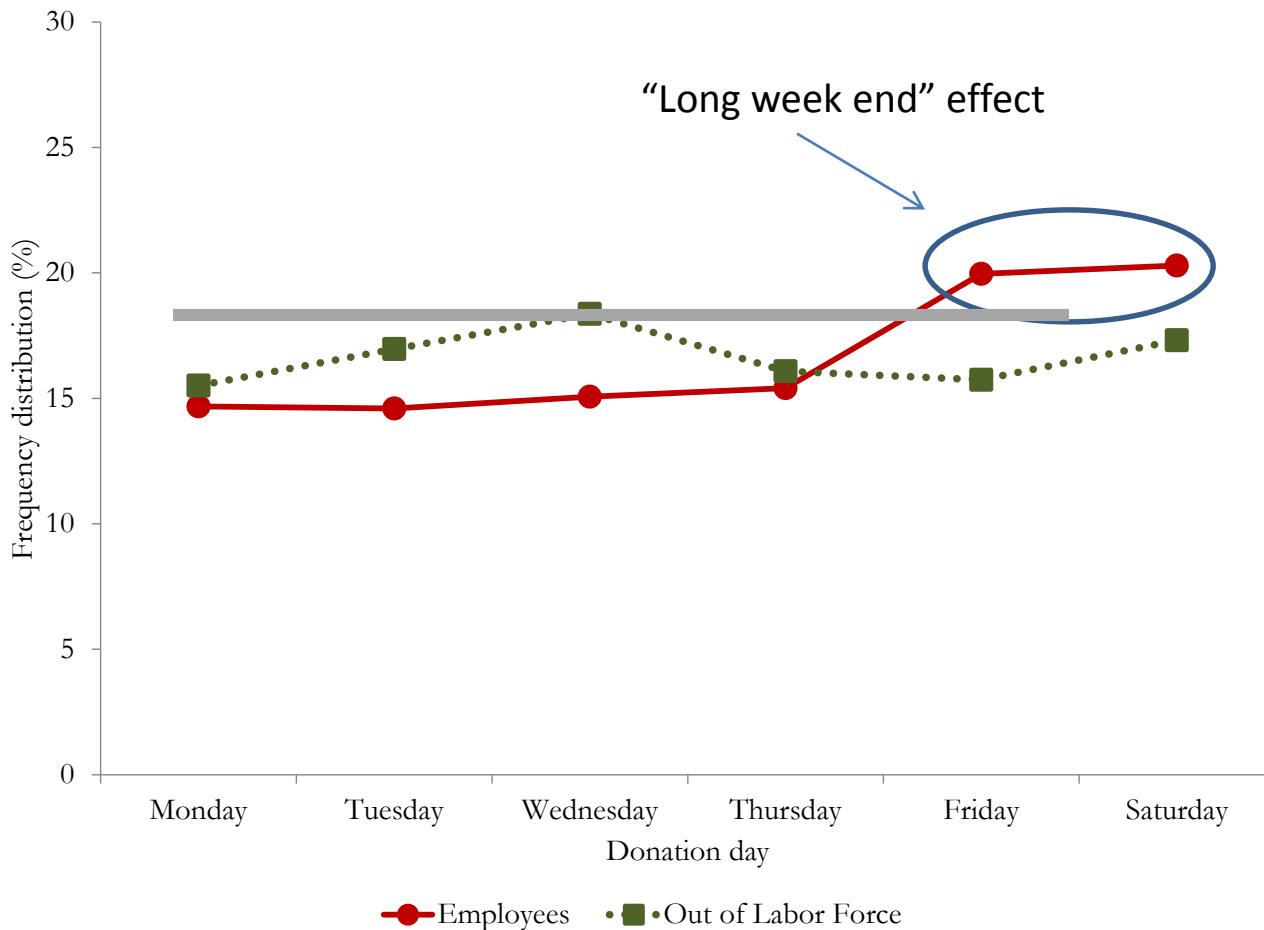


Lacetera-Macis (2013)
Analysis of 289 Italian
blood donors observed
in 1985-89 and 2002-06.
Incentive is one fully
paid day off *for*
employees

Exploit cross sectional as
well as within-person
variation in labor market
status



Recent evidence: incentives work

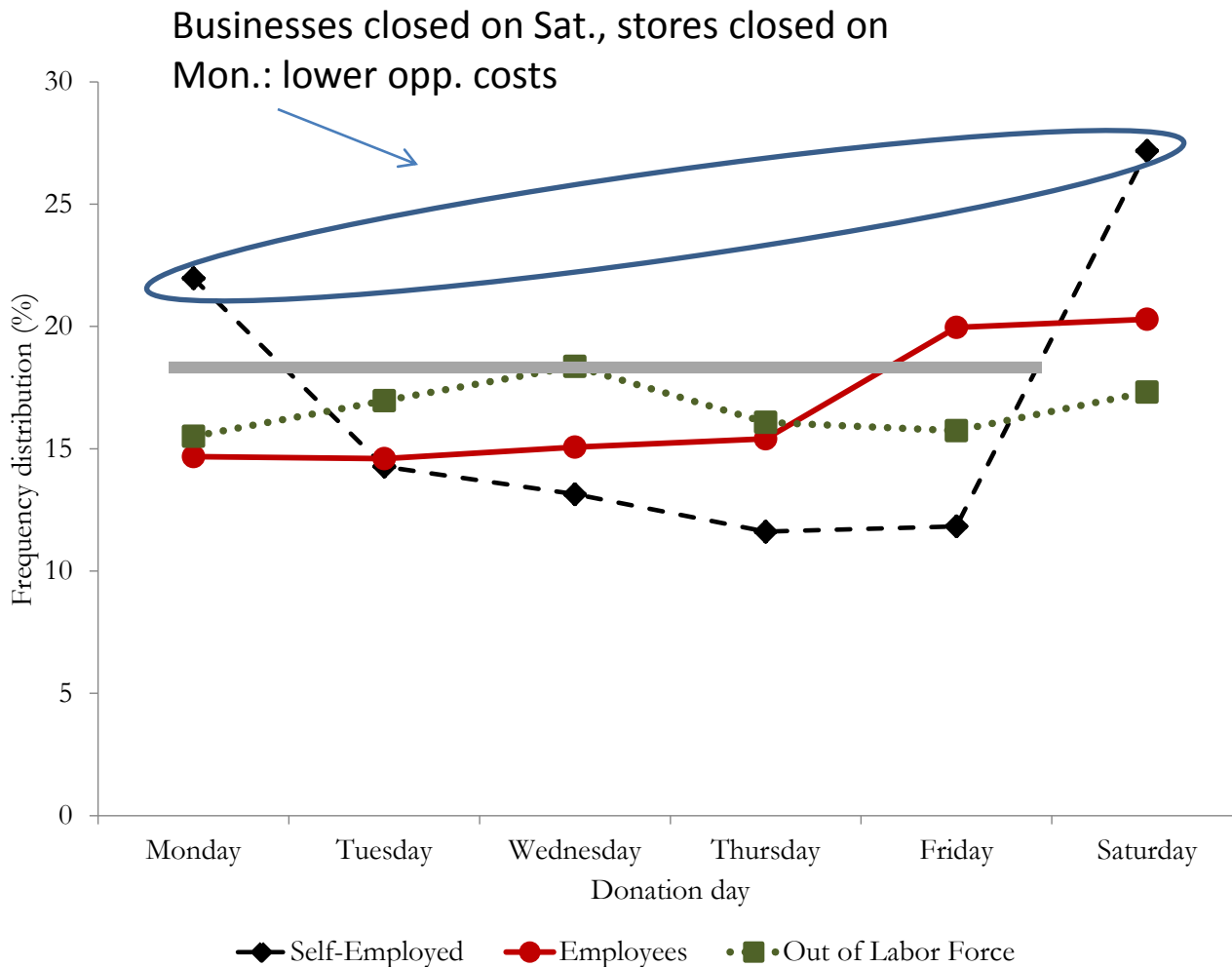


Lacetera-Macis (2013)
Analysis of 289 Italian
blood donors observed
in 1985-89 and 2002-06.
Incentive is one fully
paid day off *for*
employees

Exploit cross sectional as
well as within-person
variation in labor market
status



Recent evidence: incentives work

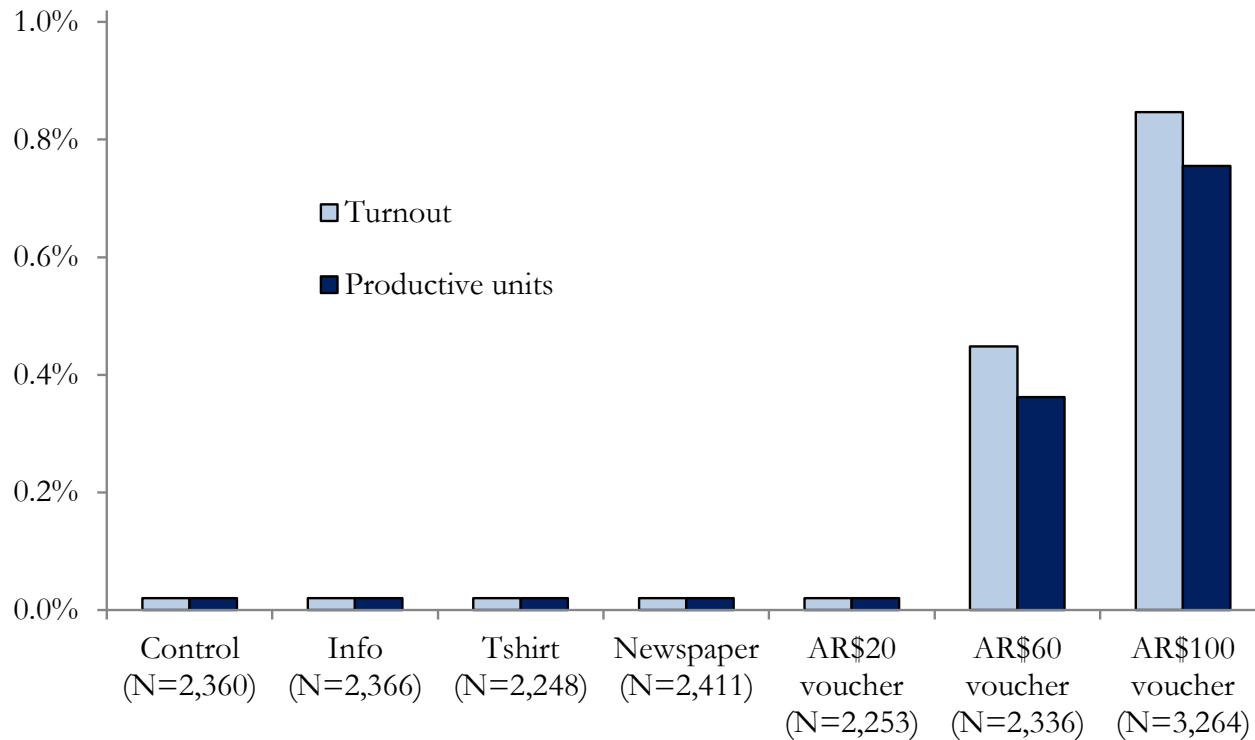


Lacetera-Macis (2013)
Analysis of 289 Italian
blood donors observed
in 1985-89 and 2002-06.
Incentive is one fully
paid day off *for*
employees

Exploit cross sectional as
well as within-person
variation in labor market
status



Recent evidence: incentives work

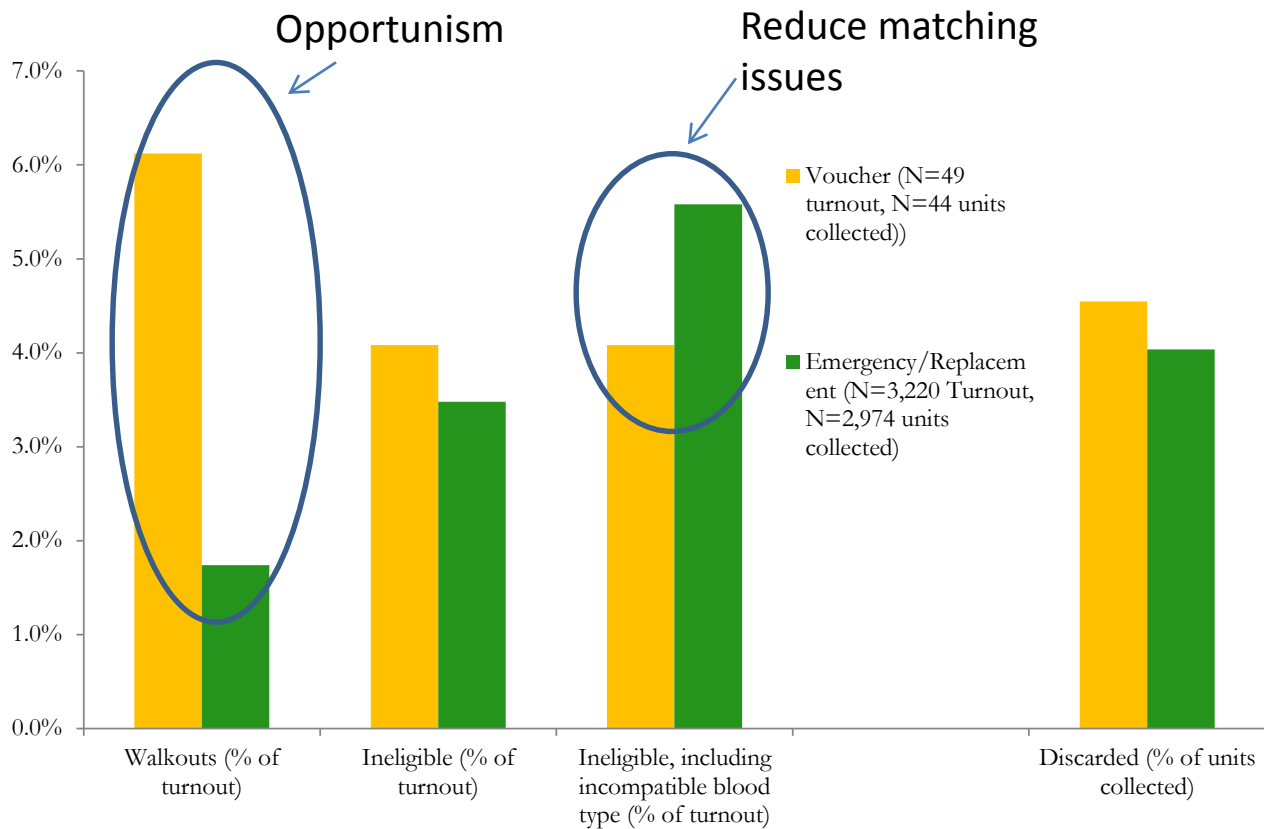


Iajya-Lacetera-Macis-Slonim (2013): Field experiment with ~18,000 subjects in Argentina (ILMS 2013)

Promote voluntary, undirected donations as opposed to emergency/replacement



Recent evidence: incentives work



Iajya-Lacetera-Macis-Slonim (2013): Field experiment with ~18,000 subjects in Argentina (ILMS 2013)

Promote voluntary, undirected donations as opposed to emergency/replacement



Recent evidence: incentives work

Implications for research and practice on altruistic activities

- Start “simple” (Lowenstein-Ubel, NYT 2010)

Recent evidence: incentives work

Implications for research and practice on altruistic activities

- Start “simple” (Lowenstein-Ubel, NYT 2010)
- ...but details may matter
 - Conditional vs. unconditional incentives for blood donors
 - Cash vs. in kind
 - Spatial, intertemporal, and activity substitution
 - Long and short term, and “optimal” frequency
 - Does size matter? Can an incentive be “too much”?
 - Cost-benefit analyses, and available alternatives/counterfactuals

Recent evidence: incentives work

Implications for research and practice on altruistic activities

- Extend to other “similar” activities
 - Organs, bone marrow (e.g. Lacetera-Macis-Stith 2014 on tax incentives in the US; Flynn vs. Holder)
 - Plasma

Recent evidence: incentives work

Implications for research and practice on altruistic activities

- Experiment with “learning” organizations
 - NGOs, public agencies, hospitals, ...

Recent evidence: incentives work...but do we like it?

The WHO, a radio listener, and me: reactions to Lacetera-Macis-Slonim (*Science* 2013)

- Letter to the editor from WHO:
Lacetera et al. do not distinguish between unacceptable economic rewards for blood donation (such as US\$15 or \$25 supermarket vouchers) and acceptable small tokens (such as a free cholesterol test). [...] the commercial collection of blood, plasma, and cellular blood components could exploit the poor (Dhingra 2013)
- A Canadian radio listener:
“Sure, I believe that those incentives increase blood donations. But I still would not use them, I don’ like the idea of it...”

Recent evidence: incentives work...but do we like it?

Repugnant transactions

- Even if participants are willing to take part in a transaction, third parties disapprove and wish to prevent it (Roth JEP 2007)
- Concerns for exploitation, coercion, fairness, “slippery slopes”, dignity of the human body, sacrality of certain principles/institutions
- Compensating blood (as well as marrow, plasma, organ) donors within this category of activities

Recent evidence: incentives work...but do we like it?

Repugnant transactions

- Does information about the supply gains from incentives change approval for payments?
- Are there “finite” increases in supply due to compensation that would lead individuals to express favor toward compensation, even if it was considered morally problematic?



Summary and conclusion

Field-based evidence on effect of incentives on blood supply counters conventional wisdom and prevailing academic and policy view: incentives do increase blood donations without negative effects on donor type, blood safety

- Consistent for different incentives items, and in different institutional settings
- Further indirect effects (spillovers, spatial/time displacement) consistent with “standard” incentive effects

Need for more contextual, field-based analyses

- Repeated incentives; Cash vs. in-kind; Other settings, esp. developing countries

Interplay between moral values and empirical evidence