

# How do age and household income influence donation amount?

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## Introduction

The aim of this research is to test if age and household income will influence donation amount based on a big database from the research of Fong and Luttmer (2009). Pharoah and Tanner (1997) state that individuals that are in their 20's and early 30's give less than people that are middle aged or older, so studying age as a variable allowed us to see if the generational trend of the young giving less is continuing. In relation to household income, younger individuals tend to have lower incomes and a study by Yao (2015) found, 'charitable givings are not based upon upbringings, but the ability to donate'. The poor tend to donate a lesser total amount but they give proportionately higher amounts in relation to their income than the wealthy. This led to us analysing whether the younger generations are not giving as much to charities because they simply cannot afford to, or that they don't see it as an important thing to do. Based on these findings, our last variable-donation amount involved testing whether overall, older individuals of a lower income give more proportionally than younger, wealthy individuals; which ties back into the first two variables.

## Methods

The amount of participants that took part in the study was 518, after removing the coding for -1 and -2. The task we undertook was called the 'Tuscaloosa task'. This involved the participants answering questions where they decided how much of their lottery winnings (\$100) they would donate to charities based in Tuscaloosa after the hurricane Katrina disaster. The first independent variable is 'Age of participant', split into 3 groupings: Younger adults: 18-34 years old; Middle-aged adults: 35-64 years old; Elderly adults: over 65 years old (including 65). The second independent variable is 'Household Income', split into 3 different bands of income: High group: Less than \$5,000 to \$19,999; Middle group: \$20,000 to \$74,999; Low group: \$75,000 or more. The dependent variable is how much of their lottery winnings (\$100) they donated to the charities. We plan to run a Factorial Repeated Measures ANOVA on our data and a correlation.

## Results

### Predicted Results:

As Figure 1 shows, we predicted that the lower the age of the participant and the higher their income, the less they will donate to charity in the 'Tuscaloosa' task.

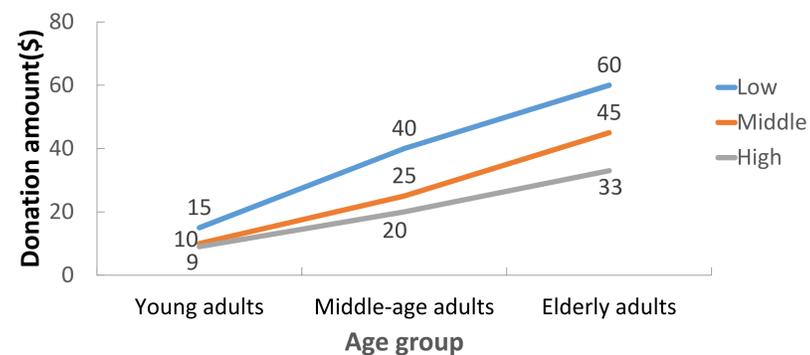


Figure 1 | The predicted donation amount of different age groups and household income groups

### Actual Results:

The results revealed that Age ( $r=.22, p<.001$ ) and Household Income ( $r=.11, p=.013$ ) had a significant small correlation with the donation amount from the Tuscaloosa task. However, there was no significant correlation found between Age and Household Income ( $r=-.08, p=.073$ ). Subsequently, an ANOVA was carried out revealing a main effect of Age ( $F(2, 509)=9.69, p<.001$ ) and Household Income ( $F(2, 509)=3.69, p=.026$ ) but a non significant interaction ( $F(4, 509)=1.29, p=.275$ ) between the two independent variables (Figure 2).

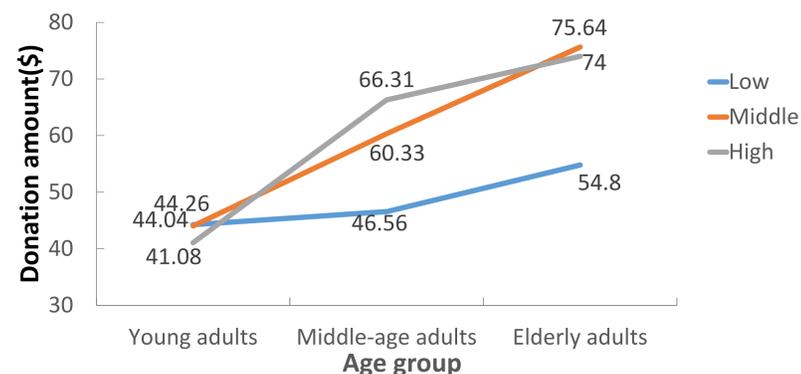


Figure 2 | The actual donation amount of different age groups and household income groups

## Conclusions

Based on the results, we can conclude that age and household income both play an important role in donation amount. The younger the participants are, the less they are willing to donate. In addition, the richer tend to donate higher proportion amount than the poor which is inconsistent with our hypothesis. The main reason may be that the proportion here may be different from the actual situation. How they treat the total \$100 may be influenced by their own economic foundation. For example, although the rich would like to donate \$74 out of \$100, they may regard \$74 as chum charge compared with what they already have in the real world. Hence, to get more reliable data, further researches should design scenes which are closer to the reality.

## References

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