Preference Reversals in Donation

Tanainan Chuanchaiyakul

Department of Psychology, University of Oregon

Abstract

Our decisions can be influenced by choices presented to us. A study by Hsee (1998) suggests that these evaluations can be inconsistent when people are presented either with one choice or with many choices at once. We test whether this hypothesis applies in a donation scenario. The findings will provide us with a better understanding of preference reversals that involve money and altruistic behavior. Ultimately, we may be able to apply this result to increase donation in real-world practices.

Research Question & Hypothesis

Whether preference reversals apply in a donation scenario; we hypothesize that preference reversals also occur in donation schema: amounts of money donated are reversed between single choice evaluation and double choice evaluation

	Single Low	Single High	Joint Low and High
With Picture			
Without Picture	$300	$600	$300 and $600

Methods

- 600 Amazon Mechanical Turk members were recruited to participate in the study for compensation.
- Using Qualtrics, participants were assigned to one of six conditions and given information about donation box(es):
    - A picture of a donation box with a low amount of money
    - A picture of one donation box with a high amount of money
    - A picture of two donation boxes with a low amount of money and high amount of money, respectively
    - A description of a donation box with $300 in the box
    - A description of a donation box with $600 in the box
    - A description of donation boxes with $300 and $600 in each box, respectively
- Single conditions: participants choose the amount of money they are willing to donate out of a given $100.
- Joint conditions: participants had to choose to which box they would like to donate and how much out of a given $100.

Preference Reversal in Donation
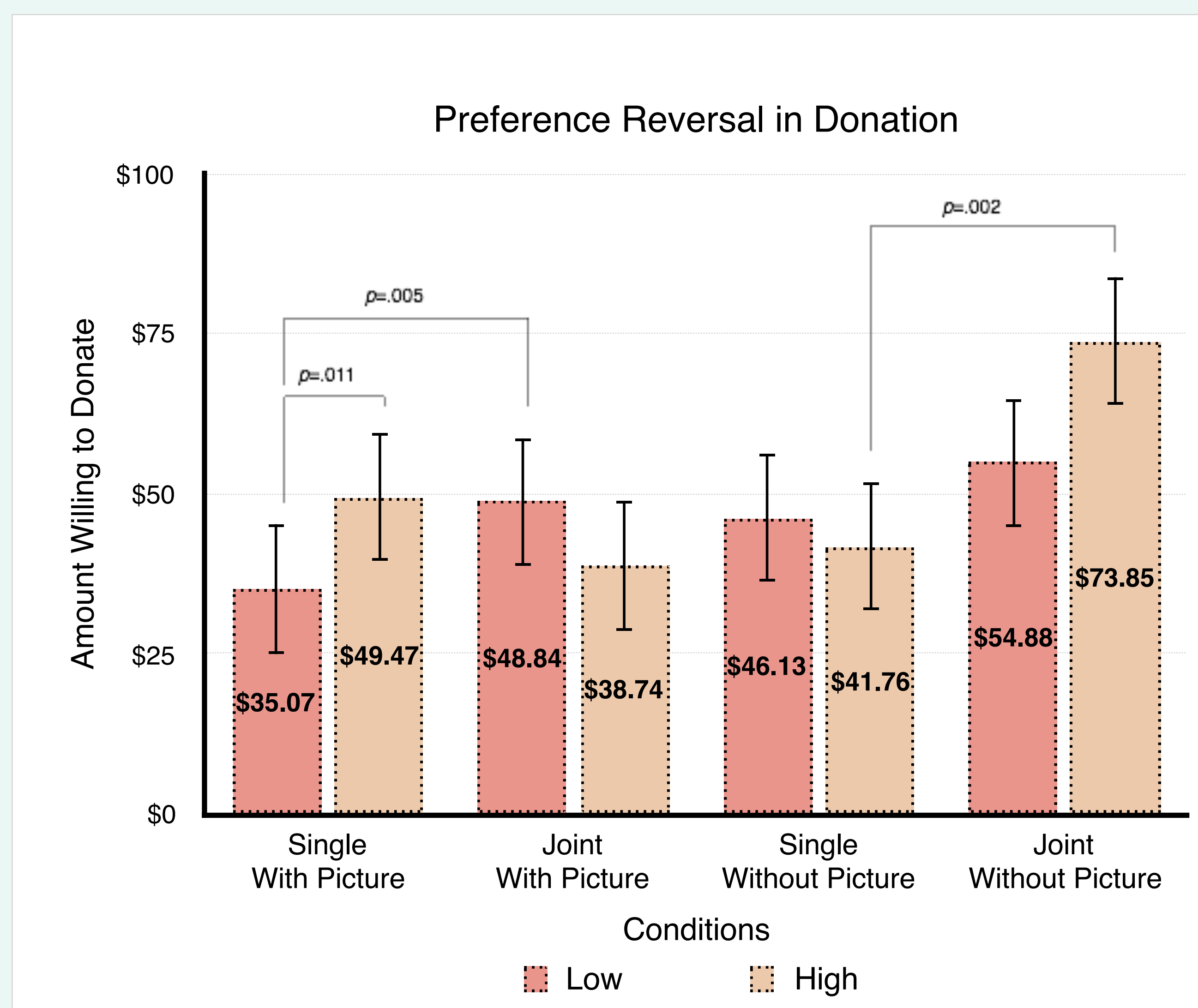
Results

Donation Comparisons

- Single with picture: $ low < $ high
- Single vs Joint with picture: $ low single < $ high single
- Single vs Joint without picture: $ high single < $ high joint

Conclusion

- People show reversed preferences when many choices are displayed, compared to a single choice decision.

References

Hawkins, S. A. (1994). Information processing strategies in riskless preference reversals: The prominence effect. *Organizational Behavior and Human Decision Processes*, *59*(1), 1-26.

Hsee, C. K. (1996). The evaluability hypothesis: An explanation for preference reversals between joint and separate evaluations of alternatives. *Organizational behavior and human decision processes*, *67*(3), 247-257.

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