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## **THE EFFECT OF ETHNICITY IN A GIVING SITUATION – STUDENTS VERSUS SENIORS**

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### **Abstract**

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Today's recognition of Stockholm as a multi-ethnic society entails that people's attitudes towards diversity in terms of ethnicity is of social importance. This paper examines the effect of ethnicity in a giving situation where students and seniors are compared. An experiment is conducted, where the respondents are allowed to allocate a sum of money between themselves and two recipients of different ethnicity. Our results propose that there is no significant difference in giving dependent on ethnicity for neither students nor seniors. However, the students make higher monetary donations than the seniors overall, which in result provides one statistically significant difference between students and seniors when distributing money to a person with foreign background. We are analyzing our results primarily through economic theories with other relevant theories as complements. Lastly, we suggest areas for future research.

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# 1. Introduction

By analyzing possible differences in attitudes between students and seniors, this study aims to investigate the impact of ethnicity in a giving situation.

According to FN and UNHCR, the hostility towards foreigners is generally increasing in Sweden (Hall, 2016). This is truly a setback for Sweden, a country that wants to protect human rights and integrate foreigners. The hostility towards foreigners is increasing not only in Sweden, but in the whole of Europe. This discriminating behavior scares UNHCR, and the concern regards both lack of integration and the fact that many countries harden the control along the borders. Sweden has announced a temporary border control to Denmark, even though the Schengen cooperation agreement states free borders. The reason for the controls is, according to the government, that the outside borders of the European Union are insufficient which thereby threatens the national security (TT, 2017). Nevertheless, these actions are spurring hostility towards foreigners. UNHCR argues that the European principles must be restored. Dignity, solidarity, and human rights are fundamentals of the European Union, and these values should similarly reflect the society in Sweden.

This statement from FN and UNHCR aroused a curiosity concerning whether the hostility can be identified in the capital of Sweden in a giving situation. If people are allowed to allocate a sum of money, will their choice be affected by ethnicity? This study will make meaningful contributions to existing studies, by providing further insights to how attitudes towards ethnicity differs between two age groups.

## 1.1 Purpose

The purpose of this study is to observe by what means giving behavior differs depending on ethnicity, and explore any thinkable discrepancy between students at Stockholm School of Economics and senior citizens, people born the latest in 1952, in Stockholm. A comparison between two different age-groups regarding the impact of ethnicity is a research void we want to explore further in our study. More specifically, we want to investigate a group of students and a group of seniors in terms of the amount given to two persons of different ethnicity, which will be done in a Dictator game. The Dictator game is often used in similar contexts as it captures both behavioral and attitudinal measures, which is of high importance in our study. Firstly, we are asking if there is a difference in giving towards a person with Swedish as opposed to foreign

background *within* the group of students and seniors respectively. Secondly, we are investigating if the giving behavior differs when comparing students to seniors.

## 1.2 Earlier Findings

In the short prospect, there are factors implying that intolerance becomes more common, which is confirmed by both the Minister of Equality, Nyamko Sabuni, and the Minister of Integration, Erik Ullenhag. With this taken into account, there is reason to believe that ethnicity matters in a giving situation. According to the sociology professor Mella from Uppsala University, Swedes have become more negative towards ethnic diversity since 2005. The professor states that 5.7% of the Swedish population indicated an extremely negative attitude towards diversity, which is a remarkable increase from the 3.8% in 2005 (Landes 2008). At the same time, between the years 2005–2006 Sweden faced a 32% increase in the inflow of immigrants, in comparison with a total increase in the inflow of 32% between 1997–2005 (Statistics Sweden, 2008). Thus, these statistics imply a positive correlation between number of immigrants and the negative attitudes towards them. With this in mind, negative attitudes should have increased even more in recent years, since the latest statistics show that the inflow of immigrants has continued to grow between 2011 and 2016 with a total of 69%, giving an annual increase of 11.5% (Statistics Sweden, 2016).

Previous research has supported that age has a significant impact on attitudes towards diversity. The ones with the most positive attitude towards variety in ethnicity are young people, women, highly educated people, and inhabitants of a big city (Höjer, 2011), which gives reason for expecting a difference between the generations.

Conversely, there are other recent researches that are pointing to a different reality. According to Höjer (2011), there is a clear long-term progress in terms of xenophobia, the fear of what is perceived as foreign or strange. Research on the general opinion regarding immigrants shows that xenophobia has decreased, both globally and in the long-term prospect. One significant factor regarding attitudes towards ethnic diversity is similarly acknowledged in age. This factor's impact has although been recognized to differ over time, and presented itself as a much stronger factor around 35 years ago. Altogether, Sweden is known to be a country on top in terms of tolerance, and for this reason it is possible to argue that ethnicity would not matter in a giving situation for neither students or seniors.

To summarize, previous studies have both supported and rejected the belief that hostile attitudes

prevail at a high degree in Sweden. Furthermore, several studies claim that age is a significant factor in this aspect, but how strong the actual impact of age is remains unclear. For that reason, we find it highly interesting to observe two generations during a giving situation built primarily on ethnicity, in order to investigate possible differences.

## 2. Current State of Knowledge

Xenophobia is known as the perceptions of an 'ingroup' towards an 'outgroup', including suspicion of activities, fear of losing identity and an aspiration to keep the purity of the ingroup (Mensah Yawlui, R. 2013). For our study, the 'ingroup' can be described as 'ethnically similar' while reversely the 'outgroup' would be described as 'ethnically different'. Consequently, the theories behind xenophobia are relevant in contemplation of predicting the results of our study. There are several theories that seek to explain the phenomenon of xenophobia, of which we will initially delve into the "Social Identity Theory", "Parochial altruism", and the "Realistic Conflict Theory" to later continue with the findings and explanations from basic economic theory. We have specifically chosen to explore these theories as they complement each other and provide further explanatory value to our subject of interest.

### 2.1 Social Identity Theory

To investigate the concept of xenophobia, it is vital to consider the Social Identity Theory which contributes with valuable insights to the existence of thoughts in terms of an ingroup and outgroup. According to Tajfel (1978), social identity is defined as "that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership". The concept of social identity depends on the status and performance of the observed group, and the relation between an observed ingroup in contrast to a specific outgroup will change with time. For this reason, there will be a continuous desire to reach the ultimate goal, a positive social identity, as the relations change between groups. In order to reach a positive social identity, there needs to be a positive discrepancy between the ingroup and the outgroup.

### 2.2 Parochial Altruism

Another possible explanation for xenophobia's existence can be referred to the approach of gene/culture for understanding human cooperation. This behavior, called parochial altruism, is

where evolutionary pressures make people enhance cooperation towards insiders, and reversely counteract outsiders (Bowles 2008; 2009, Boyd and Richerson 2005). This behavior underpins that a pro-social behavior may be reinforced among the ingroup, while the opposite result can be expected towards outsiders. Subsequently, this behavior of parochial altruism motivates an anticipation of a difference in giving dependent on ethnicity, conceding that ingroups and outgroups are prevailing.

In a study by Whitt and Wilson (2007), a Dictator game has been used to assess the effect of ethnicity on decision making in postwar Bosnia. The purpose of the experiment was to evaluate the behavior within different groups; (Muslims, Croats, and Serbs) thus investigating the strength of the different ingroups. The authors had reasons for expecting an effect of parochial altruism due to earlier violent conflicts between these groups in Bosnia. The results from the experiment revealed a preferential ingroup treatment, although the outgroup bias was much smaller than expected. Consequently, they concluded that the experiment displayed a positive sign for reconciliation after the violent conflict in Bosnia. Thus, even after a violent conflict, genes/culture did not have an impact large enough to result in a strong outgroup bias.

## 2.3 Realistic Conflict Theory

The Realistic Conflict Theory states that there is a connection between group conflict, negative prejudices, stereotypes, and competition between groups for desired resources. As follows, a conflict between groups occurs when there is competition for limited resources. The theory is supported by an experiment by Sherif (1936), where a group of twelve-year-old boys with close to identical backgrounds was separated into two different groups. All the boys were unknown to each other, and randomly assigned to one of the two groups. In the next step a competition stage was introduced, where a trophy was to be awarded to the winning team. The competition between the two groups got very intense. Situations where the groups could gain at the expense of the other group occurred and verbal prejudices were expressed. Also, when the boys were given the task of listing features of the two groups, they expressed very favorable features when describing their ingroup, and conversely very unfavorable features when describing the outgroup. Subsequently, this experiment supports the Realistic Conflict Theory which suggests that xenophobic behavior will occur when there are limited resources.

The impact of ethnicity is investigated in a supplementary study by Bursell (2007) whose results can be explained through the Realistic Conflict Theory. The authors have examined observed

gaps in the labor market between foreign- and native-born. The study compares individuals with an African or Middle Eastern origin to Sweden-born individuals with Swedish parents. Beholding the differences in unemployment between the two groups, the results show that the gap between foreign- and native-born is dramatically large. According to the test results, an individual with an Arabic or African name had to apply twice as many times as a native-born in order to be called to an interview. In addition, there is no proof that this difference decreases over time. Oppositely, the study rather shows a small increase. The Realistic Conflict Theory explains how the position on these terms can be interpreted as the desired resource, which consequently creates intergroup conflict, stereotypes and prejudice.

## 2.4 Economic Theories

### 2.4.1 Rational Choice Theory

The Rational Choice Theory states that individuals will always make logical and thoughtful decisions. The theory comprises three main ideas: (1) Human beings base their behavior on rational calculations, (2) They act with rationality when making choices, and (3) Their choices are aimed at optimization of their pleasure or profit. Consequently, individuals will make a rational decision that corresponds to their best self-interest and on that ground act in respect to a selfish utility-maximization (Coleman 1994). However, there are several critiques directed at the Rational Choice Theory as it simplifies the term rationality and cannot be used to explain all situations (Seven Pillars Institute). In addition, to give a different amount to a person with foreign background and a person with Swedish background is hard to explain with a perspective based on the Rational Choice Theory. The most rational decision in respect to ethics is unquestionably to make a fair choice by acknowledging the background's irrelevance. This leads us to consider this basic tenet of behavioral economics; the concept of weighing benefits and costs and how it explains the phenomenon of xenophobia.

### 2.4.2 Benefits and Costs

According to the most basic economic principle, actions are determined by a weighing of benefits and costs in pursuance of increasing utility. Thus, it would be the utility of discriminating a member of another group that creates xenophobia. In other words, xenophobia will be observed in situations where it can be useful to the respondent. Thinking in terms of an ingroup and outgroup can be interpreted in the economic concept of benefits and costs. There can be large

benefits to gain from belonging to an ingroup, but also costs when opposing the ingroups stability. These must be weighed against each other when choosing to either follow or break the norm within the ingroup.

The *Expected Utility Theory* comprises decision making when there is uncertainty regarding the outcome, where the result will be the act that creates highest expected utility (Bernoulli 1954). This theory explains how xenophobia can be produced even before a different group is introduced; if their introduction may be damaging and in the absence of any other cultural forces that claim that being xenophobic is harmful. To summarize, there might exist xenophobia in situations where foreigners may be harmful, or where a xenophobic action provides a greater benefit than cost. To be added, these behaviors might yet be concealed by norms.

### 2.4.3 Game Theory and Conventions

Since our study revolves around a Dictator game, it is relevant to introduce game theory. To begin with, a norm, or convention, is defined by Lewis (1969) as “... a general sense of common interest; which sense all the members of the society express to one another, and which induces them to regulate their conduct by certain rules”. When this common sense of interest is known and mutually expressed between people, it creates a suitable behavior and resolution. A convention is thus known to be a behavioral rule that people follow even in the absence of formal rules and laws.

In game theory, a convention is “one of a set of sets of strategies such that no player may obtain a better result changing her/his strategy, and that no new strategy may be introduced such that a player may obtain a better result through the adoption of it” (Ortona 2016). In other words, in comparison to the Nash equilibrium, a convention cannot be invaded and consequently creates a stable equilibrium. In a prisoner’s dilemma, the stable equilibrium can easily be proven to be a non-cooperative action after an n-subject repeated game. However, there are several situations where a cooperative action would constitute the equilibrium, and consequently form conventions. When analyzing why some conventions occur in a certain society, the initial state is essential. An important aspect in maintaining conventions, is that the players that follow them will also punish someone who contradicts them, and that everyone is aware of that (Ortona 2016).

According to Ortona (2016), an aspect that can explain why some choose a cooperative strategy over a non-cooperative, is the relevance of genetic relationships. Cooperative actions are more present among members of the same ethnic group, and members of the same community will oppose any obstacle to a cooperative convention. Furthermore, this behavior will be stronger in a small, stable, and simple society. Regarding what may destroy a cooperative convention, the set of strategies in the equilibrium might change with the set of players, the payoffs or the repetition conditions. To provide a real-world illustration, a rapid inflow of immigrants in a small, stable, and simple society would provide this result. Accordingly, when a cooperative convention is implemented, members of a community will perceive a change as harmful as it conceivably could reduce their productivity. The introduction of a different ethnic group is likely to constitute such a change. Furthermore, cooperative conventions are most important to the weakest members, such as poor and elderly people. Consequently, this theory recognizes that xenophobia should occur more recurrently among weaker members, for instance seniors.

#### 2.4.4 Dictator Game and Utility Function Evidence

There exist many different game theories with the purpose to explain social behavior. One that is often used to investigate fairness is the Dictator game. The game consists of two players, where one plays the *dictator* and the other the *receiver*. The dictator allocates a sum of money, typically 10 dollars, to distribute freely between him/herself and the receiver (Engel 2011). The receiver has a passive role, i.e. has no opportunity to accept or reject the money, in comparison to the well-known ultimatum game that is played at two stages (Güth et. al. 1982). By and large, a Dictator game reflects the true selfishness of the dictator, since the receiver has no direct influence on the dictator's choice of distribution. Thinking about the selfish assumption, i.e. assuming people are selfish, the dictator will do what is best for him/herself and not for the group. In this context, this would denote that the dictator keeps the whole amount of money. However, several earlier researches, for example one by Andreoni and Bernheim (2009), have found that norm compliance is observable in a Dictator game. That is, the dictators are exposed to social norms which, depending on the person, impedes selfish behavior. Equivalently, image and social esteem will affect the decision of the dictator.

The following utility function captures many of the observed game regularities in a Dictator game (Andreoni & Bernheim 2009):

$$U_i = u(1 - s, m) + n_i v(s - 1/2) \quad (1)$$

where  $\frac{1}{2}$  is the social norm (the ideal gift is to share the money equally),  $n_i$  is a parameter that captures to which extent the dictator,  $i$ , cares about following the norm. The share given to the recipient is presented by  $s$ , while  $m$  is the social image of the dictator which is given by the dictator's assumption on the recipient's belief about  $n$  which is conditional on the dictator's choice of  $s$ . The sub-utility functions  $u$  and  $v$  are both assumed to be concave in  $s$  and  $(s-1)$ , but while  $u$  is constantly increasing in both arguments,  $v$  faces its maximum-point at  $s=\frac{1}{2}$ . In this equation, the heterogeneity in behavior among dictators is captured by the assuming differences in  $n$  (the norm-compliance parameter).

Equation (1) suggests that a larger  $n$  only results in larger amount of giving  $s$  up to the amount of  $s=\frac{1}{2}$ . This implies that the dictator will stop giving at this point even if social image  $m$  is strong. In addition, equation (1) explains why the anonymity of the dictator matters, since people do care about social status (Hoffman et al, 1994).

The dictator's option of "taking" reduces giving. The ideal behavior is to share equally ( $s=\frac{1}{2}$ ), but since the game involves "taking", any small amount of gift in place of the most selfish option of keeping it all, will separate oneself from the most selfish people (Dreber et al, 2013). Moreover, the social distance between the dictator and the recipient has a clear impact on the monetary distribution. When the recipient is visible, the dictator tends to give more (Bohnet and Frey 1999).

## 2.5 Prediction of Results

We predict that there will be a difference between students and seniors in giving to a person with Swedish background and a person with foreign background due to several factors. Firstly, we anticipate that the groups identify themselves with an ingroup in terms of ethnicity to different extents. The seniors have grown up in a society where the ingroup of Swedes was considerably clearer and more easily defined than it is today in the multi-ethnic society of Stockholm. With this said, we believe seniors will give more to the person with Swedish background relatively to the person with foreign background. For students, we predict that ethnicity lacks significance in a giving situation. In addition, the norm compliance and the prevailing conventions are expected to differ between the two groups where seniors are reasoned to be more likely to fall into xenophobic behaviors. However, we predict that the difference would be larger in another situation where competition for limited resources was present.

## 3. Research Design

### 3.1 Limits to Scope

In order to achieve our aim, additional data of students and seniors respectively in the Stockholm area needs to be collected. We have limited our research to students at Stockholm School of Economics and seniors living in Stockholm, and studied how these people distribute money in a giving situation in relation to ethnicity. More specifically, the giving situation corresponds to a case where the recipients are in need of money. Consequently, we will not be able to make any conclusions on the effect of ethnicity in other situations or in the society as a whole.

### 3.2 Method

We have conducted a survey involving a Dictator game to portray a situation similar to what we want to explore. In addition, the survey contains supplementary demographic as well as control questions to secure validity and diversity. The most important questions were presented in the beginning while the demographic questions appeared towards the end, seeing that the attention decreases along the survey (Sagfossen, 2016).

Due to limited resources, we constructed an internet survey which contained a replication of a Dictator game. In the classic Dictator game, there is a person A, the dictator, that has the entire decision making power (Engel 2011). In our study this person will be the student or senior that responds to the survey. The dictator will be given limited information about the recipients, person B. With the purpose of investigating the impact of ethnicity, we are describing two different recipients where ethnicity is the only information that will vary. Person A will be asked to distribute SEK 100 between him/herself and person B, who in turn will lack impact on this decision. Person A is given this specific amount to distribute freely as it approximately corresponds to USD 10, which is the standard stake in a Dictator game (Engel 2011).

Unfortunately, due to budget constraints only one of the respondents' allocations, chosen at random, will be fulfilled. The aim is to induce the feeling of making a choice of distribution that is important and carries implication.

The Dictator game will be executed in two different parts of the survey. In the first part, person A will receive the information that person B is of Swedish origin as well as certain additional information, see section 3.3. Person A will then choose how to distribute the money between him/herself and person B. In the second part, person A will be asked to distribute an additional

SEK 100 between him/herself and person B who in this case is ethnically different. The additional information will remain the same in accordance with the first part.

The dictator is informed to play a **giving-game**. However, the name of the game, for example keeping-game or taking-game, is not of importance due to earlier research by Dreber et al (2013).

### 3.3 Recipients

Both described recipients will be said to work for Situation Sthlm since 2007. Situation Sthlm is a social enterprise in Stockholm consisting of street magazine sales. The sellers are homeless, and as follows the company creates jobs and money generation for people that have struggling life conditions (Situation Sthlm). The fact that the recipients are homeless was clarified in the statement. Furthermore, the recipients are both described to be around 50 years old, childless, and male. Besides these identical descriptions, one recipient is said to have a Swedish background, and the other to have a foreign background.

### 3.4 Motivation Behind Experimental Design

The respondents of students were collected at SSE, which corresponds to a highly homogenous group. On a very positive note, this allows us to make conclusions regarding the group that SSE students represent. In comparison with other universities, the age range of students at SSE is markedly low and the education level is considered very high. In this aspect, the students at SSE constitute an optimal representation of young people with a high level of education.

The only information that differs in the two parts of the experiment is ethnicity. The intention behind this is to assure that if person A changes his/her distribution between the two recipients, it is proceeding from this given information. In this way, it is feasible to clearly connect the results to the varying ethnicity of person B. Consequently, we do not have to control for whether a change in distribution was based on person B's gender, age or other specified information that has been given.

In addition, it is necessary to supply additional information when explaining person B and to not be too straightforward with the ethnicity. For that reason, we have formulated the additional information differently when describing the recipients, even though the content is intended to be identical. The idea is to disguise our purpose to some extent. It is not preferable that the

respondents have a clear idea of what the subject of interest is, and subsequently make a forced conscious choice based on their reasoning of what they are expected to do. The aspiration is that the recipient is aware of the fact that ethnicity differs in the two cases, but without recognition of it as our main purpose.

By simply naming the recipient's background as Swedish or foreign, we are excluding mistaken assumptions associated with person B's specific country of origin. For example, one might believe that a person from a certain country is in greater need of money if that specified country's conditions are poorer when weighed against Sweden's. It is partly for this reason we let both of the two recipients work for Situation Sthlm in Stockholm, thus guaranteeing that they have the same outset and external environment. When the recipients work and live at the same place, but are ethnically different, we are positive to capture the effect of ethnicity alone.

Another reason for adding the information that the person works for Situation Sthlm is that we want to portray an actual giving situation that is common in real life in Stockholm. We explicitly chose a social enterprise that operates locally, in order to see how strong the effect of ethnicity is in a giving situation in Stockholm.

The amount of money person A is allowed to distribute will be given to him/her, thus not taken from own pocket, for several reasons. Firstly, we do not want the respondents to be discouraged from completing the survey in the belief that they have something to lose. However, it is important that the respondent makes a conscious choice when deciding the distribution. By this reason the respondent will be given an amount that can be realized. If the stakes are nothing at all, it is more likely that the respondent makes a careless choice that has no real significance. Even if the respondents have nothing to lose, the alternative cost is still SEK 200 against zero. Secondly, the purpose of this study is to evaluate if giving is affected by ethnicity, and not whether the person is altruistic or not. In the case where person A is handed the amount of money, we are convinced that the likelihood of person A distributing any money at all to person B increases. In that event we expect to see a greater effect on our results, since a difference in the distribution will be more likely to appear when the amount given is separated from zero. Thereupon, the conclusion follows that financial limitations are not righteous for this purpose.

We let person A execute both parts of the experiments. The reason for this is that we want to exclude the impact of a person's general attitude towards giving. If person A for instance has an

altruistic behavior regardless of ethnicity, it is essential that we can measure this possible bias and see the difference.

With all this taken into account, the questions are formulated as to not be biased or rhetorical. Even though the short description of person B somewhat gives room for further subjective judgments, such as *why* the persons are homeless, the questions themselves are straightforward and inhibit assumptions made by the respondents. For instance, we are controlling for people's different relations to Situation Sthlm by asking the question "what is your impression of Situation Sthlm? Positive, Negative or No impression/ Neutral?". The control questions were intended to control for differences in responses as well as to ensure consistent and serious answers. For example, after each of the distributions the respondent was asked to sum the amount given and kept, to confirm that s/he had understood the Dictator game.

As a part of the demographic questions, we are controlling for the level of income. This was considered essential as earlier research has shown that different levels of income have had a significant effect on giving. In a recent paper by Andreoni et. al. (2017), the authors found that rich people are more than twice as generous as the poor, when not controlling for external pressures among the poor people. This is believed to possibly affect attitudes towards variety, as limited resources are a cause for conflict between groups according to the Realistic Conflict Theory. With this in mind, we will control for "LowIncome" in a regression analysis in section 5.5.

### 3.5 Participants

The answers were collected between 8–24 of March 2017. The survey was sent out to students at Stockholm School of Economics by Facebook messages, while the responses from seniors were collected physically at ICA Supermarket Fältöversten (14/3), ICA Fridhemsplan (15/3), Coop Odengatan (16/3), ICA Rosenlundsgatan (22/3), and at activities through PRO (the Swedish National Pensioners' Organization). The activities were watercolor painting at Hantverkargatan (15/3), dancing at Rosenlundsgatan (17/3), boule at Liljeholmshallen (24/3), and poetry at Hantverkargatan (24/3). The response rate was much higher among the students, where the study was sent out to approximately 150 people whereof 125 completed it, giving a response rate of 0.8. Collecting answers from seniors presented a greater challenge, where around one out of four asked completed the survey, giving a response rate of 0.25. The average completion time for students was 180 seconds, and 350 seconds for seniors. The different response rates between the

groups can be explained by several factors. These are reasons such as students' possibility of choosing a time to complete it, since seniors needed to complete it physically and immediately. Other factors could be the student's ability to easier process information, or the fact that many of the students invited are familiar with us. After removing some unfinished questionnaires as well as five respondents that were neither students or seniors and thus not in our target group, we ended up with 228 responses to use.

## 4. Hypotheses

1. Is there a different result in giving, in the matter of ethnicity, *within* each group of students and seniors?

H0: *There is no difference within the groups.*

H1: *There is a difference within the groups.*

2. Is there a different result in giving, in the matter of ethnicity, *between* the two groups, students and seniors?

H0: *There is no difference between the groups.*

H1: *There is a difference between the groups.*

In order to test our hypotheses, we are going to compare the means of the distributions.

## 5. Data

### 5.1 Variables

We have collected and computed following variables in order to test our hypotheses.

Variable	Description
sumgiventoSwedish	The amount given, of a possible SEK 100, to the described person with a Swedish background
sumgivetoForeign	The amount given, of a possible SEK 100, to the described person with a foreign background
Students	First identified as students at Stockholm School of Economics, and then separated from seniors based on age
Seniors	Grouped based on age higher than 65 years old
ImpressionOfSitSthlm	On impression of Situation Sthlm there are three choices, 1. Positive, 2. Negative and 3. No opinion/neutral
Income	There were five different ranges to choose between: 1. <10.000, 2. 10.000–19.999, 3 20.000–29.999, 4. 30.000–39.999, 5. >40.000, per month
DifferenceGiving	A computed variable of ["sumgiventoSwedish" - "sumgivetoForeign"]
StudentDummy	A computed dummy where Student = 1, Seniors = 0
WomanDummy	A computed dummy where Woman = 1, All others = 0
PositiveDummy	A computed dummy on ImpressionOfSitSthlm where Positive = 1, All others = 0
LowIncome	A computed dummy on Income where Income < 10.000 = 1, All others = 0

*Table 1: Variables*

### 5.2 Descriptive Statistics

#### 5.2.1 Total Sample

N = 228, where 40.8% are men and 59.2% women.

Descriptive Statistics							
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic      Std. Error		Std. Deviation Statistic	Variance Statistic
Amount given - Swedish background	228	,00	100,00	74,0395	2,33440	35,24869	1242,470
Amount given - foreign background	228	,00	100,00	73,9298	2,32932	35,17201	1237,070
Valid N (listwise)	228						

*Table 2: Descriptive Statistics of Amount Given*

Mean giving to a person with Swedish background: SEK 74.04 (2.33).

Mean giving to a person with foreign background: SEK 73.93 (2.33).

Figure 1, to the right, displays the difference in giving to a person with Swedish background and a person with foreign background. It can be observed that the great majority chooses to not change their distribution dependent on ethnicity. However, there are some outliers that contribute to a positive mean difference of SEK 0.11, which implies a slightly favorable distribution to a person with Swedish background.

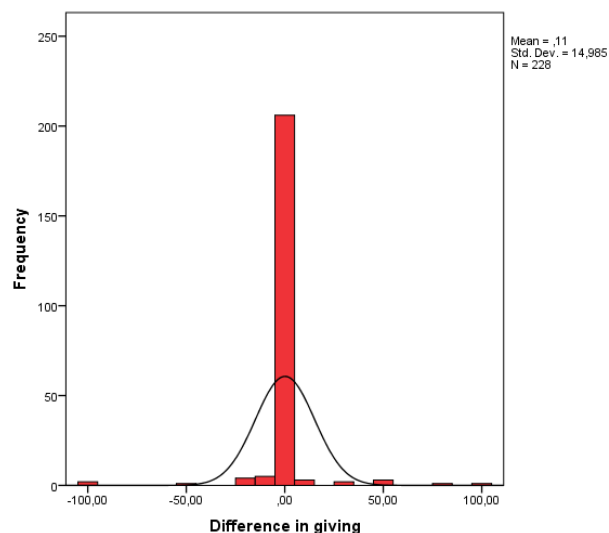


Figure 1: “DifferenceGiving”

	STUDENTS	SENIORS
<b>Gender</b>		
Male	54.4%	24.3%
Female	45.6%	75.7%
<b>Impression of Situation Sthlm</b>		
Positive	56.0%	86.4%
Negative	3.2%	0.0%
No impression/neutral	21.6%	13.6%
<b>Monthly income</b>		
Less than SEK 10 000	44.0%	6.8%
SEK 10 000 – 19 999	40%	67.0%
SEK 20 000 – 29 999	10.4%	15.5%
SEK 30 000 – 39 999	4.0%	4.9%
More than SEK 40 000	1.6%	5.8%

Table 3: Descriptive statistics of control questions

The most important differences between the groups is that the gender distribution among students are much more balanced than for seniors. Among the seniors, 75.7% of the participants are women, which however could be an issue you can read more about on page 31. Moreover, the majority of both groups have a positive impression of Situation Sthlm, even though the positive attitude percentage was greatest among seniors.

## 5.2.2 Students

N = 125, where 54.4% are men and 45.6% women.

Mean giving to a person with Swedish background: SEK 78.00

Giving 0: 12.8 %

Giving 50: 8.0 %

Giving 100: 69.6 %

Mean giving to a person with foreign background: SEK 78.72

Giving 0: 11.2 %

Giving 50: 8.8 %

Giving 100: 69.6 %

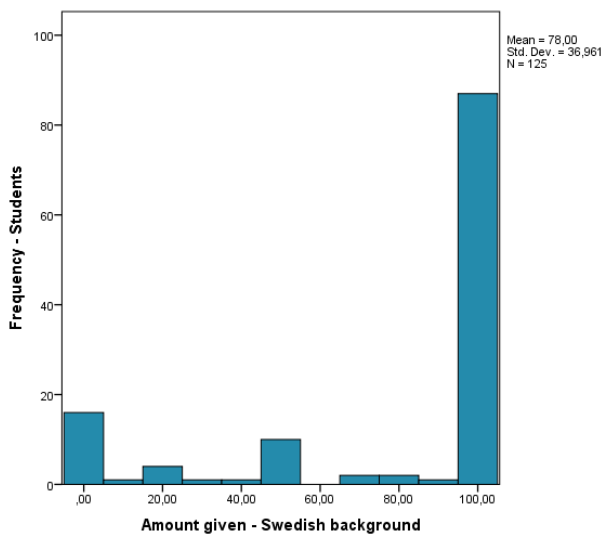


Figure 2: Amount given – Swedish background

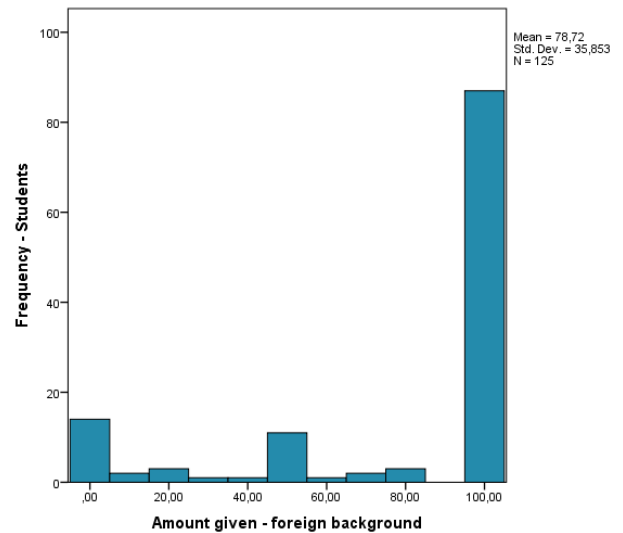


Figure 3: Amount given – foreign background

Of the total amount of 125 students, 8% changed their distribution between the two described recipients of different origin. There were 10 students who changed their distributions, whereof 7 of them made a favorable distribution to the person with foreign background.

### 5.2.3 Seniors

N = 103, where 24.3% are men and 75.7% women.

Mean giving to a person with Swedish background: SEK 69.23

Giving 0: 4.9%

Giving 50: 30.1%

Giving 100: 46.6%

Mean giving to a person with foreign background: SEK 68.12

Giving 0: 5.8%

Giving 50: 26.2%

Giving 100: 44.7%

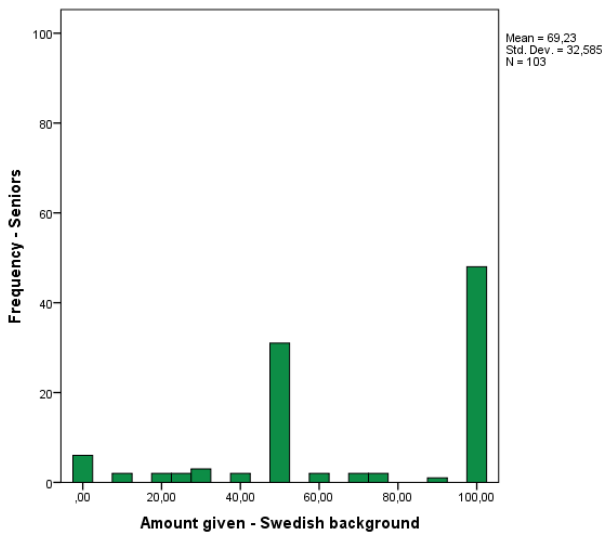


Figure 4: Amount given – Swedish background

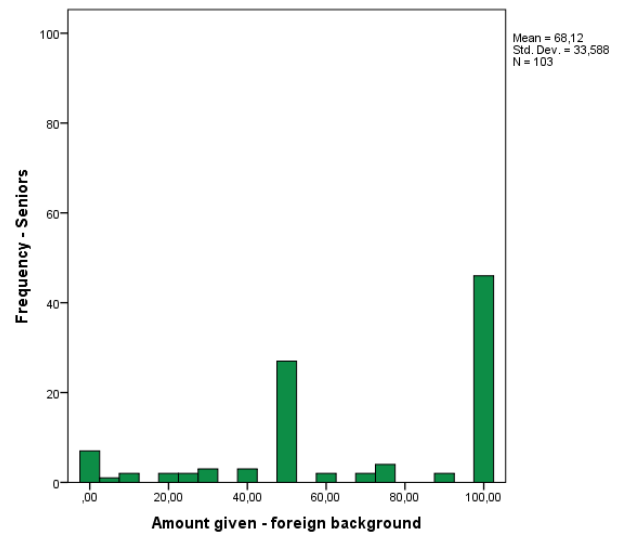


Figure 5: Amount given – foreign background

Of the total number of seniors, 11.65 % made a difference in the distribution between a person of Swedish respectively foreign origin. Of the total 12 seniors who changed their distribution, 7 of them did a favorable distribution to the person with Swedish origin.

### 5.2.4 Normality

Since our sample size is greater than 30, the Central Limit Theorem is applicable. We can thereby assume that our sample medium is approximately normally distributed. With respect to this, parametric tests are applicable when testing our hypotheses.

### 5.3 Testing for Differences in Giving Within a Group

When testing our first hypothesis, we made a One-Sample T-test, selected on each group of students and seniors respectively. Our test variable is “DifferenceGiving”, which is used to examine whether there is a statistically significant difference in giving dependent on ethnicity.

#### 5.3.1 Students

Starting with the group of students, the mean difference in giving is negative at -0.720, implying that students in average give more to the person with foreign background. The result is, however, not statistically significant ( $p=0.620$ ).

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
DifferenceGiving	-,498	124	,620	-,72000	-3,5832	2,1432

Table 4: Difference in giving among students

We can therefore not reject our first null-hypothesis, that students make no difference in giving dependent on ethnicity.

#### 5.3.2 Seniors

When testing within the group of seniors, the mean difference in giving is positive at 1.117, indicating that seniors give slightly more to a person with Swedish background in contrast to a person with foreign background. However, this difference in giving is not statistically significant ( $p= 0.400$ ).

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
DifferenceGiving	,845	102	,400	1,11650	-1,5046	3,7376

Table 5: Difference in giving among seniors

Consequently, we cannot reject our first null-hypothesis in the case of seniors either; that there is no difference in giving in respect to ethnicity.

## 5.4 Testing for Differences in Giving Between the Groups

### 5.4.1 Comparing “DifferenceGiving” Between the Groups

To test our second hypothesis, we have performed an Independent Samples T-test. In the test, “DifferenceGiving” was used as the test variable and “StudentDummy” as the grouping variable.

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
DifferenceGiving	Equal variances assumed	,008	,928	-,921	226	,358	-1,83650	1,99477	-5,76724	2,09423
	Equal variances not assumed			-,937	225,988	,350	-1,83650	1,95931	-5,69736	2,02435

Table 6: Difference in giving between students and seniors

The T-test gives a negative correlation between students and seniors in terms of difference in giving to a person with Swedish and foreign background. In other words, students give slightly more to a person with foreign background, in contrast to seniors who oppositely make a distribution somewhat in favor to the person with Swedish background. However, these differences between the groups are not statistically significant at the 5% significant level (Sig 2-tailed = 0.358). Consequently, we cannot reject our second null-hypothesis,  $H_0$ : *There is no difference between the groups.*

### 5.4.2 Difference in Amount Given Between the Groups

To test the difference in the amount given between students and seniors we performed another Independent Samples T-test. The test variables are “sumgiventoSvensk” and “sumgiventoForeign”, and the grouping variable is the dummy variable “StudentDummy”.

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Amount given - Swedish background	Equal variances assumed	,437	,509	1,879	226	,061	8,76699	4,66474	-,42496	17,95894
	Equal variances not assumed			1,902	224,946	,058	8,76699	4,60841	-,31419	17,84817
Amount given - foreign background	Equal variances assumed	,011	,915	2,286	226	,023	10,60350	4,63750	1,46523	19,74176
	Equal variances not assumed			2,301	222,274	,022	10,60350	4,60830	1,52195	19,68504

Table 7: Difference in amount given between students and seniors

Considering the amount given to a person with Swedish background, there is no statistically significant difference between students and seniors ( $p=0.061$ ). On the other hand, when observing the amount given to a person with foreign background, there is a statistically significant difference between the groups ( $p=0.023$ ). The groups are different from each other seeing that students give more than seniors, regardless of the recipient's ethnicity. Referring to our descriptive statistics, students mean giving is SEK 78.00 to the person with Swedish background, while seniors mean giving is SEK 69.23. These amounts correspond to a difference of SEK 8.77. Moreover, when giving to a person with foreign background the mean giving is SEK 78.72 for students, while it is SEK 68.11 for seniors. The noteworthy aspect is that the mean giving for students is increasing when the recipient has a foreign background, while oppositely it is decreasing among seniors. Consequently, this difference corresponds to SEK 10.61 which results in a significant gap in giving between the two generations.

Therefore, when testing the difference in the amount given between the groups, we cannot reject our second null-hypothesis when the recipient is of Swedish background. However, in the second case where the recipient is of foreign background, our results support at a 95 % confidence level that there is a difference between the groups in the amount given.

## 5.5 Regression

A regression analysis was implemented to control for different variables. The variable “DifferenceGiving” was used as the dependent variable, and the dummies for gender, impression of Situation Sthlm, and income were included as independent variables.

$$\text{DifferenceGiving} = \beta_0 + \text{StudentDummy}\beta_1 + \text{WomanDummy}\beta_2 + \text{PositiveDummy}\beta_3 + \text{LowIncome}\beta_4$$

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1,348	2,940		,459	,647
	StudentDummy	-2,943	2,432	-,098	-1,210	,227
	Woman	,443	2,155	,015	,206	,837
	Positive	-,863	2,298	-,027	-,376	,707
	Low income	2,629	2,492	,078	1,055	,293

a. Dependent Variable: DifferenceGiving

Table 8: Controlling for different variables

Firstly, a negative “DifferenceGiving” can be interpreted as favorable to the recipient with foreign background, as any difference lower than zero means that he receives a greater amount than the recipient with Swedish background. Reversibly, a positive “DifferenceGiving” would be in favor to the recipient with Swedish background, as any difference greater than zero entails that he receives a greater amount than the recipient with foreign background.

In Table 8 it can be observed that “StudentDummy” and “LowIncome” are the variables whose beta coefficients are most separated from zero. In other words, the greatest impact on “DifferenceGiving” is whether the respondent is a student or senior, and whether s/he has an income in the lowest range (less than SEK 10 000 /month). It can also be concluded that the variable “StudentDummy” has a negative correlation to “DifferenceGiving”, which implies that when the dictator is a student, the difference in the amount given will be in favor to the person with foreign background. Controversially, the coefficient for “LowIncome” is positive which implies that the recipient with Swedish background is receiving a greater amount than the recipient with foreign background when the dictator has an income in the lowest range. The coefficient closest to zero is for “WomanDummy”, meaning that gender has the lowest impact

on “DifferenceGiving”.<sup>1</sup> To be noted, neither of the coefficients are statistically significant and are therefore not fully reliable.

We similarly controlled for whether the differences in age within the group of seniors had a significant impact on “DifferenceGiving”. In other words, we compared the difference in giving for seniors above the age of 80, to seniors between 65 and 80 years old. Inserting a dummy for seniors above 80 (Seniors>80 years = 1, Seniors<80 = 0) generated a positive beta coefficient of 2.796. This infers that seniors above the age of 80 make an even more distinct preferential distribution to a person with Swedish background in comparison to a senior below 80 years old. In other words, a person with Swedish background is more likely to receive a favorable distribution when the age of the respondent is higher. However, this is not statistically significant ( $p=0.460$ ) and will not be explored further. *The table with these statistics are placed in appendix as “Table 11”.*

Below, we have investigated different combinations of the chosen standard variables to further examine their impact of “DifferenceGiving”.

If...	Coefficient
Student, woman, negative/neutral, not low income	-2.500
Student, woman, positive, not low income	-3.363
Student, woman, positive, low income	-0.734
Student, woman, negative/neutral, low income	0.129
Student, man, negative/neutral, not low income	-2.943
Student, man, positive, not low income	-3.806
Student, man, positive, low income	-1.177
Student, man, negative/neutral, low income	-0.314
Senior, woman, negative/neutral, not low income	3.386
Senior, woman, positive, now low income	2.523
Senior, woman, positive, low income	5.152
Senior, woman, negative/neutral, low income	6.015
Senior, man, negative/neutral, not low income	2.943
Senior, man, positive, not low income	2,080
Senior, man, positive, low income	4.709
Senior, man, negative/neutral, low income	5.572

*Table 9: Different combinations*

<sup>1</sup> We have also controlled for the negative impression of Situation Sthlm, defined as the variable “Negative” (Negative = 1, Positive/Neutral=0). However, it was remarkably statistically insignificant ( $p=0.902$ ) and with a similar negative effect on “DifferenceGiving” (-0.956) as when the dictator has a positive impression. Therefore, we have not done any further analysis on its effect on “DifferenceGiving”. The table is placed in the appendix as “Table 10”.

When the dictator is a student, the coefficients are negative in all cases except one. This is not surprising considering our earlier results, that students give a slightly greater amount to a person with foreign background. The only combination of variables for a student that shows a difference in giving favorable to the person with Swedish background, is when the recipient in addition is a woman, has a negative/neutral impression of Situation Sthlm and a low income ( $\beta = 0.129$ ). This is likewise the coefficient closest to zero, meaning that this combination of variables gives the most equal choice of distribution, seeing a giving behavior that is only in small favor to the person with Swedish background.

Furthermore, it is interesting to observe the combinations that contribute to the greatest difference in giving to the recipients. The choice most favorable to the recipient with foreign background comes to light when the dictator is a student, man, has a positive impression of Situation Sthlm and not an income in the lowest range ( $\beta = -3.806$ ). When the student instead is a woman, but as before has a positive impression of Situation Sthlm and not an income in the lowest range, the coefficient shows a slightly smaller difference ( $\beta = -3.363$ ). This indicates, again, that the impact of gender is not of great matter.

The most positive coefficient, indicating a giving behavior in favor to a person with Swedish background, occurs when the dictator is a senior, woman, has a negative or neutral impression of Situation Sthlm and a low income ( $\beta = 6.015$ ). However, the sample size is not large enough to give a statistically significant result in any of the combinations.

## 6. Analysis

### 6.1 Key Findings

The purpose of this thesis has been to investigate if ethnicity has any impact for students and/or seniors in a giving situation. In the interest of investigating any effects, we have used two hypotheses. Firstly, we hypothesized if the amount given *within* each group of students and seniors vary with ethnicity. We could identify a difference in mean giving dependent on the recipient's background, where students gave SEK 0.72 more to a person with foreign background. Oppositely, seniors gave SEK 1.11 less to a person with foreign origin. Perceptibly, neither of these differences were large enough to be statistically significant ( $p=0.620$  within the group of students and  $p=0.400$  within the group of seniors).

Secondly, we hypothesized if giving with regards to ethnicity was different *between* students and seniors. To test this hypothesis, we both examined whether it existed a different behavior between the groups in terms of changing the monetary distribution on the base of varying ethnicity, as well as for differences in amount giving. In the first scenario, the differences in giving based on ethnicity did not show any statistically significant result ( $p=0.358$ ). This is consistent with the fact that neither students nor seniors showed any statistically significant difference when testing the first hypothesis, supporting once more that ethnicity does not matter in a giving situation. Furthermore, we can conclude from the descriptive statistics that students gave more than seniors, regardless of ethnicity. With the initial state that the recipient has a Swedish background, students could be seen to increase their amount giving in the next step when the recipient had a foreign background, while seniors could be seen to decrease their amount given. When testing for differences in the amount given between the groups, only the difference of SEK 10.61 when giving to the person with foreign background was large enough to be statistically significant ( $p=0.023$ ).

Another interesting finding was that the seniors had a greater heterogeneity in distributions than students, who were more likely to give either SEK 0 or 100.

To summarize, our results indicate that ethnicity has no impact in a giving situation for neither students or seniors. Thus, the groups are not statistically significantly different from each other in terms of giving different amounts with regards to recipient's ethnicity. On the other hand, students and seniors are significantly different from each other in terms of amount given to a

person with foreign background. In the next section, we are interpreting these results with existing theories.

## 6.2 Interpretation

### 6.2.1 Utility Function

Referring back to the utility function, equation (1), one of the game regularities in a Dictator game is that the social norm is  $1/2$ . In our study, this would denote that the students and seniors ought to keep SEK 50 and consequently give the other SEK 50. However, our results show that only 8.4% of the students and 28.15% of the seniors in average chose to follow this norm. The most frequent choice in our study was to give the whole amount, SEK 100. Within the groups, 69.9% of the students and 45.65% of the seniors respectively chose to give the full amount. With this in mind, we argue that the norm in our study is not obliged to be  $1/2$ . A flaw in the function is that it does not take into account any characteristics of the dictator or the recipient, which would possibly change the norm of the distribution. In our study, the recipient is homeless and in need of money, which in result increases the norm of giving. Thus, the sub-utility function  $v$  is facing its maximum point at a higher level than  $s=1/2$ .

Furthermore, the descriptive statistics support that the socially accepted distribution that forms the norm is to give the same amount to both recipients, in other words to make a choice independently of ethnicity. Since we did not find any statistically significant differences in giving regarding ethnicity for neither students or seniors, we can conclude that the norm compliance parameter is very strong.

The fact that students chose to give a higher amount of money than seniors, regardless of ethnicity, can be explained by two parts of the equation. It could either be the case that the norm compliance behavior is more powerful, or that the social image is stronger among students. If the social image is strong, the dictator chooses to distribute according to the underlying assumption of what s/he thinks the recipient is expecting from him/her. In this sense, the students have chosen to distribute a fair amount of money that reflects the norm. This results in a greater amount compared to seniors in where the social image is not as strong. Furthermore, as already argued above, the norm of the amount given appears to be greater than  $1/2$  since the recipient is homeless and in need of money. As students give the impression to care to a larger extent about following this norm, the norm compliance parameter, is stronger among students in comparison

to seniors, which explains why the students gave more. This is consistent with the results demonstrating that the seniors had a larger spread among the choices of distributions. In other words, within the group of seniors there is a higher level of heterogeneity which is explained by the norm-compliance parameter, as it has no strong impact on seniors. For that reason, the norm compliance behavior can be said to be more varying among seniors.

### 6.2.3 Ingroups and Outgroups

As our results provide no significant difference in giving dependent on ethnicity, neither students nor seniors show any clear sign of identifying themselves with their ethnically similar ingroup. Relating to the Social Identity Theory, the relation between two proposed groups, in our case a Swedish ingroup and a foreign outgroup, changes with time. According to the results, there is no clear distinction between the groups in today's multi-ethnic society of Stockholm. Thus, no positive social identity can be achieved by comparing the ingroup to the proposed outgroup, as the results do not support that there is a positive discrepancy between the proposed groups. Even if the dictator would identify him/herself as part of the same ingroup as the recipient in terms of ethnicity, we can conclude that it does not matter in a giving situation where person B is in need of money. Even so, there are indications that seniors to a larger extent than students identify with an ethnically similar ingroup, as this ingroup-bias is more reoccurring within seniors than within students. In addition, when controlling for age within the group of seniors, we saw an even larger ingroup-bias within the oldest seniors, once again indicating that respondents of higher age give preferential ingroup treatment to a larger degree. However, this ingroup-bias among a few individuals in the group of seniors is interesting and noteworthy but nevertheless statistically insignificant. When comparing to the study by Bursell (2007), there is a clear difference as they focus on the labor market. The ingroup identification may well be expected to be stronger when the situation revolves around a desired or limited resource, as the Realistic Conflict Theory suggests (Sherif 1936). In our study, the competition between the ingroup and outgroup should not be all that intense, since they reasonably do not compete for the same resources. Thus, it is expected that ethnicity would have a larger effect if we investigated the labor market instead of a giving situation.

### 6.2.4 Rational Choice Theory

When analyzing the different choices of distribution, it is visible that the decision corresponding to the respondent's best self-interest is individual in our study. Some people may achieve selfish utility maximization when giving the whole amount of money, while others receive the same

utility when optimizing their monetary profit. One student expressed that “The marginal utility is greater for them than for me, and therefore I will give them the whole amount of money”, while another student said that “I don’t see a reason to donate money to someone that has the opportunity and ability to communicate and interact with other people. There are other job opportunities to earn money and start over”. In a situation that does not involve an element of altruism, it would be easier to track the most rational choice based on rational calculations to predict choices of distributions. However, in this giving situation, it remains unclear what the most rational choice is, given that every individual achieve utility in different ways and are themselves in different needs. Furthermore, the effect of ethnicity might not be that visible in a giving situation due to the satisfaction people receive from doing an altruistic choice, regardless of ethnicity. In conclusion, our results are easier connected to the concept of norms, rather than the rationality of their choice.

### 6.2.5 Norms

When comparing seniors to students, the seniors appear to make a more thoughtful decision in contrast to the ‘all or nothing’ approach. When weighing the benefits and costs, seniors are most likely to either make an altruistic choice or divide the distribution equally. A fraction of them expressed a wish to know more about where the money would go, and one explicitly said “I want to know how the person became homeless. I know how this works since my brother has close experience with immigrants”. This argument supports that ingroup thinking occurred to some extent among the seniors, explaining why they gave slightly more to a person with Swedish background in comparison to a person with foreign background.

In contrast, students would rather give the whole amount, or nothing at all. Additionally, students are very likely to give the whole amount without giving it a second thought as they do not value SEK 100 as a significant amount. One student wrote, “with that amount of money the marginal utility for me to take something of the SEK 100 is basically 0”. Students appear to have acted more instinctively in accordance with a pre-made opinion, which enabled them to make a clear and quick choice. The most interesting aspect is that, regardless of the amount given, the students appeared to give the *same* amount or even more to a person with a foreign background. This is the most rooted norm among the students – a xenophobic choice is not acceptable. Accordingly, the cost of making a xenophobic choice noticeably triumphs the possible benefit for the students. To summarize, students appear to be more consequent and driven by norms in comparison to the seniors, while seniors appear to identify more with an ingroup.

In order to dare to break the norm, an important aspect is anonymity (Hoffman et al, 1994). The convention among students, to give the same amount of money to both recipients, composes a stable equilibrium. The students who follow the convention will judge the ones that do not, and the students who break the convention know about this. When anonymity prevails, students who only care about the self-image and not the norm compliance should be able to make an honest choice of distribution, even if it breaks the norm. However, anonymity does not seem to make a difference to the majority of students, seeing that the norms are strong enough to become a part of their basic values.

Furthermore, the initial state differs greatly between students and seniors, as the seniors have experienced first-hand a huge inflow of immigrants in contrast to when they grew up. The seniors giving behavior can be explained by cooperative conventions, where the convention revolves around the Swedish society where they grew up, and any change or threat to the convention is likely to be met with hostility. However, it is important to notice that the difference between the groups in giving with regards to ethnicity is yet very small. It is imaginable that other factors, such as city of residence, have a greater impact than age. In fact, that there is only a slight difference between students and seniors in giving to a person with Swedish or respectively foreign background indicates a profoundly positive progress. Since Stockholm is neither small, stable nor a simple society, it can be expected that cooperative actions today remain restrained; something our results support. For that reason, we conclude that the norm to give an equal amount to both recipients in large complies to the overall society of Stockholm.

### 6.3 Evaluation of Validity and Reliability

The results should be the same regardless of who performs the test (interrater reliability) and for repeated measurements (test-retest reliability). We are aware of the fact that 75.7% of the respondents among seniors are women which may lead to issues with the reliability and validity of the measurements. However, when testing for differences in giving dependent on gender, the result did not support that any statistically significant difference prevailed. With this taken into consideration, our results are still estimated to be valid.

Furthermore, the students at Stockholm School of Economics as well as the seniors are both supposed to represent inhabitants of a big city, Stockholm. While we have verified that the

respondents are currently living in Stockholm, we have not ensured that it equals their city of origin. This might affect the level of homogeneity within the groups as well as the interpretation of results if their choice of distribution is influenced by their background of living in a small city, for instance. Moreover, it would have been valuable to determine the education level of seniors and control for its effect on “DifferenceGiving”. However, as the sample is mainly grouped by the variable age, we have secured the most essential homogeneity of the groups to our study since we are comparing students to seniors.

Furthermore, considering the description of the two recipients, the Swedish recipient was said to be a happy salesman, while the recipient with foreign background was said to “always work with a smile on”. The intention was to formulate these descriptions differently without altering the symbolic meaning behind. However, to the observant eye one might interpret these phrases inconsistently which would question the validity of the study. On the other hand, we controlled for the interpretation of the descriptions before using them on the respondents to secure that the interpretation of the descriptions was identical regarding all aspects except for ethnicity. In addition, observing the commentary fields in the survey, several motivated their choice by pointing out the difference in ethnicity, while no one acknowledged any difference regarding the salesman’s attitude. However, we would suggest that these descriptions would be rephrased in future studies to undoubtedly provide identical interpretation, but the results are nevertheless considered to be valid for reasons stated above.

Considering the validity of the experiment’s construction, the dictators were continuously asked to firstly make a distribution between him/herself and the person with Swedish background, followed by the person with foreign background. The order remained the same, which might be a subject of causing bias if the dictator in some way feels inclined to compensate their distribution in the second part. To mix the order of the recipients would have increased the reliability of the results.

As already motivated, we interweaved the ethnicity in the description of each person in the pursuance of not making our purpose completely obvious. On the other hand, this presents a risk that the dictator intermittently has not noticed the difference in ethnicity. If so, this could provide an explanation to why we are unable to reject our null-hypotheses, that there is no statistically significant difference in giving within or between the groups. That is, if the difference in ethnicity was not noticed, the bias would be a minimizing effect of the difference in our study

rather than an exaggerated portrait of the results. However, we controlled for this to some extent by having a commentary field in the survey. When the respondents had answered the survey, a considerable number made a comment regarding the insignificance of ethnicity when making a decision. Thus, we could confirm that the choice of not making a difference in distribution was due to the insignificance of ethnicity, and not a result of the respondent's lack of awareness.

When collecting the data, the students answered the survey online while the seniors did it on paper. This can considerably question the validity in terms of anonymity, since the respondent may well feel more exposed when making their choice of distribution in physical presence rather than over the internet. It is substantially vital that the choice made by the dictator is perceived as anonymous. Otherwise, there would be a risk that the importance of social status, knowing what s/he should do, prevails over the true choice of distribution. Thus, for future studies we would recommend finding a way to reach all respondents through the internet, to avoid this bias.

Another limitation in our study was that we did not consider the effect of collecting data on different dates. It would be of relevance to consider when the payday for student allowance/loan, salaries and old age pension respectively occurred during this time. Sweden has a scheduled payday for old age pension, which occurred on either the 17<sup>th</sup> or 20<sup>th</sup> of March 2017 this year depending on date of birth, while salaries were paid out on the 24<sup>th</sup> of March this year. Student allowance/loan was paid out on the 31<sup>th</sup> of March this year. Thus, the distance from the payday to the time when the respondents made a distribution varies between respondents. According to Andreoni et. al. (2017), the distance from the payday influences the generosity of the respondents, when observing both rich and poor people. However, as we looked at the *difference* in giving, this should not entail any significant implication on our results.

## 7. Future Research

One of the studies presented in the introduction of this thesis suggests that the ones with the most positive attitude towards variety in ethnicity are young people, women, highly educated people, and inhabitants of a big city. Looking at our results, we did not find any statistically significant difference in giving dependent on ethnicity neither among students nor seniors. We can consequently conclude, within the groups of students, that our results are in line with earlier research, referring to that ethnicity does not matter among young people, highly educated people, and inhabitants of a big city. On the other hand, when looking within the group of seniors, another outcome was expected due to the impact of age. As a result, we argue that the impact of living in a big city is of greater importance than age when investigating the effect of ethnicity. For that reason, we urge future studies to investigate a giving situation built on ethnicity in a smaller city. It is likely that the results will show a larger effect when people with foreign background are not as integrated as they are in a big city. In this sense, the impact of age might be greater, but we leave these speculations to future studies.

## 8. Conclusions

We find evidence that fairness regarding ethnicity is very strong both within the groups of students and seniors in a giving situation in Stockholm. These results provide noteworthy insights to the importance of factors when investigating fairness across ethnicities, as age is not significant when looking within a large multi-ethnic society as Stockholm. In other words, in larger and more integrated cities we can expect that fairness across ethnicity is stronger, regardless of age. Additionally, students clearly follow the established norms that occur in the society of Stockholm, while seniors appear to identify with an ingroup to a larger extent. Even though seniors are more likely to view another person with suspicion in a situation like this, the majority are still willing to follow the overall norm of fairness across ethnicity. Thus, the norms in the society of Stockholm are stronger than the impact of ingroups, for both students and seniors in large.

We learn that a Dictator game is an effective way of finding both behavioral and attitudinal measures when investigating social norms. To simply rely on attitudinal measures would not give a fair picture of reality as the respondents could with ease give the answer expected of them. When involving both aspects we can use the attitudinal measures to explain and match the behavior of the respondents which gives us more reliable results. Some positive ingroup bias and

negative outgroup discrimination can be expected and is in fact found in our results. In accordance with economic theories, it is the presence of ingroup and outgroup mindsets that makes way for unfairness across ethnicity. However, these findings cannot be referred to patterns of unfairness across ethnicity, as there is a high level of heterogeneity among these individual choices. This is confirmed by the statistically insignificant results when testing for differences in giving. In other words, there is no widespread discriminating behavior based on ethnicity in Stockholm in a giving situation.

In addition, if discriminating behavior were to be found in any other situation, we could reject any sociobiological explanations such as Parochial Altruism and rely on the economic assumptions presented together with the Realistic Conflict Theory. Looking through the perspective of Parochial Altruism, we assume that our results would be found in other situations where people largely share the same genes and culture. Accordingly, as discrimination is a consequence of our genes/culture, we would expect that the people that share these genes/culture in Stockholm would not pursue any discriminating behavior regardless of the situation. However, with the base in economic theories, we find that discriminating behavior can emerge from many different occasions which support that the situation is an important factor. Seeing that research has shown different results regarding xenophobia in other situations, we believe that the economic theories together with the Realistic Conflict Theory give an enhanced clarification to our findings. For that reason, we believe that our results can only be applied in a giving situation.

To summarize, we found that the difference between students and seniors regarding the impact of ethnicity in a giving situation in Stockholm is smaller than expected. In other words, the norm of fairness across ethnicity is stronger than we predicted across generations in Stockholm. Thus, this study contributes with valuable insights regarding the effect of age on attitudes towards ethnicity, where the results support that age is not a statistically significant factor when observing giving behavior in a multi-ethnic society as Stockholm. Lastly, our results support the importance of a well-integrated society to reduce the view of ingroups and outgroups in contemplation of creating norms of fairness across generations.

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## Appendix

### i. Tables

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,596	2,196		,272	,786
	StudentDummy	-2,679	2,343	-,089	-1,143	,254
	Woman	,444	2,158	,015	,206	,837
	Low income	2,706	2,532	,081	1,069	,286
	Negative	-,956	7,796	-,008	-,123	,902

a. Dependent Variable: DifferenceGiving

*Table 10: Controlling for negative impressions*

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1,034	2,252		-,459	,647
	Woman	1,124	2,056	,037	,546	,585
	Positive	-,252	2,224	-,008	-,113	,910
	Low income	1,594	2,291	,047	,696	,487
	Old senior	2,796	3,780	,050	,740	,460

a. Dependent Variable: DifferenceGiving

*Table 11: Controlling for the oldest seniors*

## ii. Survey – *Translated from Swedish*

Hi, thanks for participating in our study.

Read carefully through the instructions before answering the questions!

You are going to participate in a giving-game as a part of our bachelor thesis in economics, in Stockholm School of Economics, during spring 2017.

The survey consists of three parts, where two of them are giving-games and the last part general questions. It takes no more than 3 minutes to complete the survey. All results are treated **anonymous**.

You are going to be given a sum of money to allocate between yourself and a person working at Situation Sthlm. Situation Sthlm is a social enterprise consisting of magazine sales. The salesmen are homeless people within the Stockholm area.

We will randomly select one participant where an actual payment will occur. The payment will then reflect your distribution of the money. In other words, you will receive the sum you choose to keep, and give the sum you choose to give.

### Part 1

You are now going to distribute SEK 100 between yourself and a person from Situation Sthlm. The person is a male in the age of 50 and has been selling magazines for the last 10 years as he became homeless. He has a Swedish background, no kids and has never been married. He is a happy salesman and thinks the best part about his job is to meet new people.

The choice of distribution is completely yours.

Please write your distribution below (write number in the fields)

Sum to give:

Sum to keep:

Sum the amount (should be 100):

## Part 2

You are now going to distribute another SEK 100 between yourself and a person from Situation Sthlm. The person is an unmarried man without any children. He has a foreign background and is 50 years old. He thinks costumer meetings is the most fun part of his job and he always works with a smile on. Since 2007 he has been homeless and been selling magazines for Situation Sthlm.

The choice of distribution is completely yours.

Please write your distribution below (write number in the fields)

Sum to give:

Sum to keep:

Sum the amount (should be 100):

Possibility to motivate your choice of distribution (optional)

.....  
.....

## Part 3:

Please answer these short questions:

What is your impression of Situation Sthlm?

- ☐ Positive
- ☐ Negative
- ☐ No impression/neutral

How often do you give money to charity organizations?

- ☐ Very often
- ☐ Often
- ☐ Seldom
- ☐ Very seldom
- ☐ Never

Would you have given money more often if you had a better economic position?

- ☐ Yes
- ☐ No
- ☐ I don't know

What is your current occupation?

- ☐ Student
- ☐ Employed
- ☐ Senior
- ☐ Unemployed
- ☐ Other

What is your monthly income (including CSN/ pension)?

- ☐ Less than SEK 10 000
- ☐ SEK 10 000 – 19 999
- ☐ SEK 20 000 – 29 999
- ☐ SEK 30 000 – 39 999
- ☐ More than SEK 40 000

How old are you?

How would you define your nationality?

I am:

- ☐ Man
- ☐ Women
- ☐ Other

To reach you if you win the money, please write your e-mail:

(OBS – your e-mail will only be used by this purpose, but is of course voluntary to fill in).

.....

Thank you for participating in the study.