Accepted Manuscript

Who cares about social image?

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 PII:
 S0014-2921(18)30136-3

 DOI:
 https://doi.org/10.1016/j.euroecorev.2018.08.001

 Reference:
 EER 3173

The Cardinal Stream Str	
CONTENTS	
M. Mardan, Why countries differ in thin capitalization rules: The role of financial development	,
E Langot and M. Lemoine, Strategic fiscal policies in Europe: Why does the labour wedge matter?	15
H. Fehr, M. Kallweit and F. Kindermann, Families and social security	30
P. Huber, H. Oberhofer and M. Pfaffermayr, Who creates jobs? Econometric modeling and evidence for Austrian firm level data	57
LHull, Amortization requirements and household indebtedness: An application to Swedish-style mortgages	72
P. Akyol and K. Krishna, Preferences, selection, and value added: A structural approach	85
H. Zhang, Static and dynamic gains from costly importing of intermediate inputs: Evidence from Colombia	115
M. Ampudia and M. Ehrmann, Macroeconomic experiences and risk taking of euro area households	140
D.J. Kuenzel, WTO dispute determinants	153
A Loeper, Cross-border externalities and cooperation among representative democracies	180
R. Kotschy and U. Sunde, Democracy, inequality, and institutional quality	209
P. Sauré, Time-intensive R & D and unbalanced trade D. Murphy, Excess capacity in a fixed-cost economy	225
o, marging, excess capacity in a rock cost control y	140
Contents continued on outside bo	ik cove
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To appear in: European Economic Review

Received date:17 February 2017Accepted date:6 August 2018

Please cite this article as: Jana Friedrichsen, Dirk Engelmann, Who cares about social image?, *European Economic Review* (2018), doi: https://doi.org/10.1016/j.euroecorev.2018.08.001

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Who cares about social image?

Jana Friedrichsen^{*} Dirk Engelmann[†]

June 17, 2018

Abstract

This paper experimentally investigates how concerns for social approval relate to intrinsic motivations to purchase ethically. Participants state their willingness-topay for both a fair trade and a conventional chocolate bar in private or publicly. A standard model of social image predicts that all participants increase their fair trade premium when facing an audience. We find that the premium is indeed higher in public than in private. This effect, however, is driven by participants who preferred a conventional chocolate bar over a fair trade one in a pre-lab choice. For those who chose the fair trade chocolate bar, public exposure does not change the fair trade premium. This is captured by a generalized model where intrinsic preferences and the concern for social approval are negatively correlated.

JEL-codes: C91, D12 *Keywords:* image concerns; ethical consumption; fair trade; social approval; experiments

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