



# Be a Good Samaritan to a Good Samaritan: Field evidence of other-regarding preferences in China



Simon Chang<sup>a,\*</sup>, Thomas S. Dee<sup>b</sup>, Chun Wing Tse<sup>c</sup>, Li Yu<sup>c</sup>

<sup>a</sup> University of Western Australia, 35 Stirling Highway, Crawley, WA 6009, Australia

<sup>b</sup> Stanford University, 520 Galvez Mall, CERAS Building, 5th Floor, Stanford, CA 94305-3084, USA

<sup>c</sup> Central University of Finance and Economics, 39 Xueyuan South Road, Haidian District, Beijing 100081, China

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## ABSTRACT

We conducted a large-scale lost letter experiment in Beijing, a megacity with >21 million residents, to test if the observed altruistic attribute of the letter recipient would induce more passersby to return the lost letters. The treatment letters were addressed to a nationally renowned charitable organization in China, while the control letters were intended to an invented individual. A total of 832 ready-to-be-posted letters were distributed in 208 communities across eight districts in the city. The overall return rate was 13%. Yet, the return rate of the treatment letters (17%) was nearly twice as high as that of the control letters (9%). The finding adds large-scale field experiment evidence in support of the other-regarding preferences theory. In addition, we also found that the lost letters were more likely to be returned if they were dropped in communities with a relatively higher income or a postal box located closer.

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## 1. Introduction

Since Adam Smith, many prominent economists have pointed out that people are often concerned about the well-being of others and such other-regarding preferences may have important economic consequences (Smith, 1759; Becker, 1974; Arrow, 1981; Samuelson, 1993; Simon, 1993; Sen, 1995).<sup>1</sup> In the past few decades, behavioral economists have gathered a large body of laboratory evidence against the self-interest hypothesis on which modern economics theory still hinges. Unfortunately, the laboratory evidence was mainly based on game experiments of small scale.<sup>2</sup> It is thus unclear how the findings derived from small-scale experiments apply to the population at large.

Instead of using game experiments, we conducted a large-scale field experiment in China to test whether an individual's other-regarding preferences vary across subjects of different traits. In particular, we adopted the *lost letter technique* (LLT), which was originally devised by Stanley Milgram, an American social psychologist (Milgram, Mann, & Harter, 1965). The LLT intentionally leaves ready-to-be-posted letters on the ground or any visible place for people who pass by to pick up and drop into a postal box. Returning the lost letter is an altruistic act of the passerby indicating that she not only cares about but also actually helps

\* Corresponding author.

E-mail address: [simon.chang@uwa.edu.au](mailto:simon.chang@uwa.edu.au) (S. Chang).

<sup>1</sup> In general, other-regarding preferences refer to that the well-being of others is a determinant of one's utility. However, the effect of others' well-being on one's utility can be either positive or negative. If the effect is positive, one is considered to have altruistic preferences. On the contrary, if the effect is negative, one is then viewed as having spiteful preferences.

<sup>2</sup> Game experiments often provide participant financial rewards. The number of participants is thus restricted by the budget.

other people. Therefore, the return rate of the lost letters can be used to measure the other-regarding preferences of the passersby.

This field experiment was carried out in Beijing, the capital of China, where traditionally individuals are positioned in a web of countless personal relationships organized through a differential mode of association (Fei, 1992). Moral rights and duties are defined differently in accordance with one's position in a given relationship. In general, suspicion and hostility increase with social distance and may even become dominant when dealing with strangers (Chen, 2005). In recent years, several high-profile social incidents in contemporary China involving rescuers of accident victims being extorted by the very victims who they helped were immensely publicized by the media and internet.<sup>3</sup> Such stories hint at the risks in helping strangers in rapidly transforming China and may even discourage people from becoming Good Samaritans (Yan, 2009).<sup>4</sup> It is helpful to recognize that our field experiment was conducted under such social atmosphere.

In this study, we focused on whether people with other-regarding preferences treat subjects of different traits differently. In particular, we tested whether people are more likely to help those who appear to be an altruistic subject. To do that, we designed two types of letters. The first type was addressed to a nationally renowned charitable organization in China to serve as the treatment letter. The second type was intended to an invented individual with a gender-neutral name as the control letter. The letters were all stamped and sealed. From the envelope, people can only observe the intended recipients and a postal office box number, which was shared by both the treatment and control letters. In other words, the only difference that can be observed on the envelope is the recipient. There was no information about the sender on the envelope, either.

We carried out three rounds of lost letter experiment in Beijing, one of the most populous megacities in the world with >21 million residents. A total of 832 letters, of which half were treatment letters and the other half control letters, were distributed in 208 residential communities across eight districts in the city.<sup>5</sup> A residential community in Beijing typically consists of residential buildings, public facilities and a management committee. The number of residents in a community ranges from hundreds to thousands.

Our main experiment result shows that the overall return rate was only 13%, which is not difficult to comprehend given the current social atmosphere in China. Yet, the return rate of the treatment letters, 16.83%, was almost twice as high as that of the control letters, 9.13%. This stark difference suggests that people are more willing to help altruistic subjects than those without such trait, even though nowadays Chinese people are worried about the risks of helping strangers. This finding is also consistent with the other-regarding preferences theories that were proposed in the past two decades.

In addition, we also found that the return rate was positively associated with the community's income but negatively related to the distance to the postal box. The timing of letter dropping also matters as we found that the return rate increased steadily for letters dropped between 7 and 10 AM and then suddenly plummeted after 10 AM. This finding is likely to be correlated with the changing number and composition of the passersby across hours.

Restricted by our experimental design, we were unable to directly observe the characteristics of the passersby as well as the process that mediated the return of the letters. Although we collected information on the income of the community residents via pre-experiment survey, we could not rule out the possibility that non-residents could also come across the lost letters, which could have clouded the effect of the income on the return rate. Despite these limitations, our paper contributes to the literature by adding, to the best of our knowledge, the first large-scale field experiment evidence in China in support of other-regarding preferences.

The rest of this paper is organized as follows. The second section reviews the related literature. The third section delineates the experiment design in details. The fourth section reports the experiment results. The fifth section discusses the motives and alternative explanations. We then conclude in the last section.

## 2. Other-regarding preferences: theories and experimental evidence

### 2.1. Theories of other-regarding preferences

Variants of other-regarding preferences models were mostly developed in the last two decades such as the *outcome-based social preferences models* (Fehr & Schmidt, 1999; Bolton & Ockenfels, 2000), the *interdependent preferences models* (IPMs) (Levine, 1998; Gul & Pesendorfer, 2006; Rotemberg, 2008), the *intention-based reciprocity models* (Rabin, 1993; Dufwenberg & Kirchsteiger, 2004). The outcome-based models assume that a person's utility is a function of the resources allocated to her

<sup>3</sup> For example, on 11 July 2005 in Ningbo City of Zhejiang province, a high-school student voluntarily escorted a woman hit by a truck to a local hospital and paid 200 Yuan for her medical treatment. However, the woman eventually accused him of complicity with the runaway truck driver and demanded an additional 500 Yuan in compensation. She argued that if the student did not know the truck driver, he would not have sent her to the hospital and paid for her medical expenses. The policeman investigating this incident did not dispute the woman's argument and asked the student to prove that he indeed did not know the truck driver (Yan, 2009).

<sup>4</sup> A shocking tragedy in Foshan city of Guangdong province in 2011 serves as an indication. A two-year-old girl was run over by two vans in a hardware market district. As she lay on the ground, a total of 18 people passed by but none came to her rescue. The girl was eventually sent to a hospital but died days later. This incident was widely broadcast by both national and international media (Wines, 2011).

<sup>5</sup> The eight districts include all six districts in central Beijing and two in the suburban area. According to the Bureau of Statistics in Beijing, the population of the eight districts in 2013 amounts to 15.7 million or 74% of the total population in Beijing. In our study, the number of the residents living in the 208 communities is estimated to be at least 40,000.

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