Do previous good deeds to a third party make people more tolerant of bad deeds against them? An experimental investigation

P. Ndodjang [a,b], G. Grolleau [a,c], L. Ibanez [d,*]

[a] Montpellier SupAgro, UMR1135 LAMETA, F-34000 Montpellier, France
[b] Centre for Population, Poverty and Public Policy Studies, Luxembourg
[c] LESSAC, Burgundy School of Business, France
[d] INRA, UMR1135 LAMETA, F-34000 Montpellier, France

HIGHLIGHTS

- Modified ultimatum game with performed good deed towards third party by proposer.
- We show that previous good deeds make responders more tolerant to unfair proposals.
- Individuals are not only influenced by payoffs or equity issues, but also by past deeds.

ARTICLE INFO

ABSTRACT

How do people react to a mix of good deeds to a third party and bad deeds against them? A modified ultimatum game shows that previous good deeds make responders substantially more tolerant to unfair proposals.

1. Introduction

We frequently see individuals performing good and bad deeds. The theory of reciprocity predicts that 'good deeds' are usually rewarded while bad ones are punished, even if it is costly for the individual (Falk and Fischbacher, 2006; Rabin, 1993). Nevertheless, little is known on people's reactions when they face a mix of good and bad deeds, especially if their reaction is costly for them. We explore how individuals behave when they face a bad deed perpetrated by someone who has previously performed a good deed directed not to them, but to a third party. Does the 'victim'

simply ignore this previous good deed and react to the bad deed? Or does he take into account the virtuous act, and if so, what will be the overall effect? For example, will consumers be less willing to boycott a polluting firm if this firm devotes a part of its profits to fight hunger in the world? In the same vein, does a firm proposing cause-related products make consumers more tolerant to price increases? To fill this gap, we designed a modified ultimatum game where the proposer first performs a good deed towards a third party. We investigate whether the responder is more or less tolerant to a proposer's unfair sharing because of his previous good deed to a third party.

The originality of our paper is at least twofold. First, we consider in a coherent framework how people react to a mix of good and bad deeds, when they are victims of bad deeds. Second, we test the predictions of licensing others' past moral behavior theory that states that people who commit a bad deed are judged less harshly

* Correspondence to: 2, place Pierre Viala, Bât. 26, 34060 Montpellier Cedex 1, France. Tel.: +33 0 4 99 61 30 13; fax: +33 0 4 67 54 58 05.
E-mail address: ibanez@supagro.inra.fr (L. Ibanez).

when they have previously performed a good deed. The remainder of this note is organized as follows. Section 2 provides an overview of related literature and presents our main behavioral hypothesis. Section 3 exposes the experimental strategy. The results are presented and discussed in Section 4. Section 5 concludes and draws some policy implications.

2. Overview of related literature and hypotheses

Psychologists frequently describe people's behavior as being influenced by a strong need to maintain consistency between one's actions, or even feelings, and certain values, long term goals, or identities they seek to uphold (Benabou and Tirole, 2006). Nevertheless, individuals' actions do not always seem consistent. For instance, one will refrain from eating an unhealthy main course and will feel himself licensed to choose a sweet dessert. Subsequent actions that are inconsistent with prior deeds can be due to the influence of these prior deeds. It is precisely what the moral licensing theory predicts: prior good deeds can affect individuals' future behavior and liberate them to act in ways that are not consistent with their prior actions.[1] Some studies provide empirical support that past good deeds can *license* individuals to engage in socially undesirable behaviors (see Clot et al., in press). For example, Khan and Dhar (2006) showed that preferences for a luxury product were significantly higher for individuals who imagined performing a charitable action first (57.4%) than for others who do not (27.7%). In the same vein, Sachdeva et al. (2009) found that writing a self-relevant story containing positive words referring to fairness and carefulness reduces people's donation (up to $10) to a charity of their choice ($5.30 for those who wrote a negative story *versus* $1.07 for those who wrote a positive story). In another experiment, Mazar and Zhong (2010) showed that purchasing green products increased antisocial behaviors, such as lying and stealing.

From a conceptual viewpoint, the self-licensing literature suggests two mechanisms that can explain why good deeds can lead to subsequent bad deeds. First, good deeds reframe bad deeds. In the so-called moral credentials model, good deeds change the meaning of subsequent behaviors, which are not perceived as bad deeds at all. For instance, using a low-energy light bulb can unconsciously lead the individual not to switch off lights when leaving a room, thinking that he does not waste energy because of the energy-saving bulb. Second, good deeds balance bad ones out and generate moral credits (Effron and Monin, 2010; Miller and Effron, 2010). In the moral credits model, good deeds establish moral credits like deposits in a bank account that can be 'withdrawn' to 'purchase' the right to perform bad deeds (Effron and Monin, 2010; Krumm and Corning, 2008; Merritt et al., 2010; Miller and Effron, 2010). In short, licensing theory predicts that individuals, like people who observe them, are sometimes willing to license morally dubious behaviors based on individuals' prior moral behavior (Merritt et al., 2010).

The theory of reciprocity is a frequently used framework to analyze how individuals react to others' behaviors. This theory predicts that good deeds are usually rewarded while bad ones are punished. This theory has been refined, for instance, by distinguishing direct *versus* indirect reciprocity or altruistic *versus* strong reciprocity. Fehr et al. (2002) and Fehr and Fischbacher (2004) shed light on the difference between strong reciprocity and altruistic reciprocity. An altruistic reciprocator conditions his behavior on the previous behavior of another actor. He is willing

to help another actor even if it is costly because he expects long term net benefits. On the other hand, a person is a strong reciprocator if he is willing to sacrifice resources to reward fair and to punish unfair behavior even if this is costly and provides neither present nor future material rewards for him (Fehr et al., 2002). Strong reciprocity conditions behavior depending on the respect or violation of social norms by others. The model of Falk and Fischbacher (2006) also predicts that there are two aspects underlying the evaluation of the kindness of an action: the consequences of the considered action, and the agent's underlying intentions. Nevertheless, reciprocity models do not offer clear predictions of a victim's behavior when the author of the bad deed has previously performed a good deed in favor of a third party. We call this situation a 'reciprocity dilemma' because it mixes direct and indirect reciprocity, negative and positive reciprocity. Predicting the overall effect is unclear. In our above-mentioned example, if a responder is an altruistic reciprocator, his reaction will be to punish the proposer for the unkind behavior towards him. However, strong reciprocity predicts that a responder could reward a proposer because of his good deed towards a third party in order to reward the respect of some social norms.

The inequity aversion developed by Fehr and Schmidt (1999) constitutes an alternative framework to predict individuals' behavior when they interact with others. This theory asserts that individuals are averse to inequity and are willing to sacrifice resources to reduce it. Unlike predictions of traditional economics, which stipulate that agents maximize their absolute payoff regardless of their past actions or others' choices, our hypothesis is that past actions matter and influence the willingness of individuals to reduce inequity.

3. Experimental design

We conducted a paper and pencil experiment with students and staff from the universities of Montpellier and Nîmes (south of France). 162 students (from a wide range of disciplines) and staff (mean age = 36.6 years and 78% females) participated in this experiment. Participants were members of the university chorale and the experiment was run at the end of weekly rehearsals. All subjects were unfamiliar with experimental economics. They received a show-up-fee of €5. The instructions were read aloud by the monitor and were also available on a written sheet. Participants were asked not to talk during the experiment; otherwise they would be excluded from the drawing lots. A €30 prize was available to every pairs of participants chosen through drawing lots (1 winner per 15 players).[2] Before inviting the subjects to make their decisions, the monitor asked them whether they had well understood the rules of the game.

Our experiment consists of a one-shot ultimatum game with two treatments (see Fig. 1): a between-subject experiment with a Good Deed Treatment (GDT) where the proposer has previously performed a good deed and a Control Treatment (CT) in which the proposer did not. The GDT included two stages. In the first stage, the proposer has the possibility to engage himself into a prosocial action towards a third party.[3] More precisely, the proposer has to

---

[1] Sachdeva et al. (2009) provide evidence that this phenomenon also occurs in the opposite direction. Indeed, because of previous bad deeds, individuals can be more likely to undertake good deeds, that is, moral cleansing.

---

[2] A similar method is used in Exadaktylos et al. (2013).

[3] The proposer has also been given the possibility to refuse to help the association as we aimed to induce a voluntary good deed. There was only one proposer who did not offer to volunteer for the charity in the good deed treatment (GDT) and she/he has been deleted from the database. Consequently, the responders faced proposals only from people who stated their willingness to volunteer in favor of the charity. As suggested by a referee, an insightful extension is about the effect of refusing to perform the good deed or accepting but on responders' reactions. In this case, we might expect a strong negative reaction from responders to unfair offers. Unfortunately, we cannot investigate this interesting issue with our data.