



Social norms and gift behavior: Theory and evidence from Romania

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ABSTRACT

In many developing and transitional countries with limited public income redistribution, inter-household transfers in general, and gifts in particular, are sizable and very important. We use unique Romanian survey data that enables us to isolate pure gifts from other private transfers. We explicitly focus on the importance of community-wide social norms, and find that they indeed play a major role for both the occurrence and the values of gifts. More exactly, our results suggest that the overall predominant gift motive among Romanian households is a norm of reciprocity. Moreover, this norm seems to be dominating for gifts to middle- and high-income households. Even though poor households receive to the same extent, norms of both impure altruism and reciprocity tend to be important. Hence, although the poor may not reciprocate gifts to the same extent as the rich, they still receive, since there is a social norm to give, especially to the poor.

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1. Introduction

Private gift transfers are important all over the world. People give gifts to family, friends, neighbors, etc. Parents may give to their children out of love and affection, or one may help a person in a bad situation out of compassion or empathy. However, this is not the whole picture. In everyday life there are many situations where gift giving is rather a result of fulfilling some social norms and customs. Imagine a wedding; no one shows up empty-handed, since it is usually a social norm to bring a gift. Also imagine a neighborhood where neighbors help each other with different tasks. Then there is a social norm to contribute, and no one wants to appear less generous than others. In such a reciprocal network, a person is more inclined to give to those who have been generous. This kind of behavior is likely to be especially important in transition and developing countries where people adopt and recognize the value of certain norm-guided behaviors (Platteau, 2006).¹ Yet, most of the existing work on private transfers in developing countries has been focused on altruistic and exchange motives, and not on such norms (see, e.g., Cox et al., 1998, 2004; Cai et al., 2006; Kazianga, 2006).

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¹ Social norms are usually recognized as an essential component of social capital (see Keefer and Knack, 2008 for a review on the link between social capital and social norms). Also Portes (1998) considers the norms of reciprocity and some other internalized norms (such as donating to charity, obeying traffic rules) when examining the “microfoundations” of social capital.

The overall purpose of the present paper is to shed some light on why people give gifts to each other. Most previous studies have been concerned with private transfers in general, but since we can easily imagine that people may have different motives for lending money and for giving pure gifts, we believe that a lot can be gained in terms of understanding these behaviors by studying one kind of transfer at a time. We use an unusually rich Romanian data set that distinguishes among pure gifts, loans, exchanges of services, and payments. This enables us to isolate pure gifts from other transfers in a way that was not possible in most previous studies. We concentrate on gifts, since they are the most frequent and the most sizable kind of private transfer in Romania (Amelina et al., 2004). Hence, we exclude transfers explicitly made as loans or for exchange reasons.² Our main finding is that social norms have a strong impact on gift transfers in Romania and, as far as we know, this is the first economic study that explicitly takes social norms into account when studying inter-household gifts. However, an increasing number of papers consider the social dimension of private transfers (see, e.g., Sugden, 1984; Ravallion and Dearden, 1988; Seinen and Schram, 2006; Cassar et al., 2007; Platteau and Sekeris, 2007).

Romania is a country with limited public transfers and where inter-household transfers in general, and gifts in particular, are very important (Amelina et al., 2004). Ninety-five percent of our sampled households were involved in gift transfers during 2002. Sociological and anthropological studies have documented the social importance of gift transfers in Romania, especially in terms of gifts connected to important traditions and ceremonies such as the alms and funerals (Kligman, 1988; Hann, 2006).³ In developing and transition countries, inter-household transfers are typically larger and much more common than in Western countries. In Burkina Faso, private transfers received constitute 33 percent of recipient household income on average (Kazianga, 2006). As a comparison, they account for 4.6 percent in Poland (Cox et al., 1997) and for around 12 percent in Romania, while in the U.S. the proportion is only about 1 percent (Schoeni, 1997). Still, there are very few studies on inter-household transfers in transition and developing countries, and many of them have focused on risk-sharing mechanisms and the role of gifts and other informal transfers as buffers against different types of shocks (see, e.g., Fafchamps, 1992; Fafchamps and Lund, 2003).

We set up a simple theoretical model in which social norms related to *impure altruism* and *reciprocity* motivate gift behavior. In particular, *impure altruism* refers to that, in some situations or to certain people (like the poor), one may feel socially obliged to give, irrespective of the recipient's own gift behavior, and it may be induced by, e.g., traditions (cf. the alms gift). We also take *reciprocity* into account, and assume that people want to reward those who have shown generous behavior (cf. the above-mentioned neighborhood). Our two gift motives result in different predictions regarding both the occurrence and the magnitude of gifts: the impure altruism norm predicts that gifts are negatively correlated with recipient income, while reciprocity predicts a positive relationship since higher income increases the possibility to take part in informal reciprocal networks. Moreover, we expect larger gifts in communities where social norms are stronger. All these predictions are then tested empirically.

A strong and novel result is that social norms have a positive impact on both the occurrence of gifts and the gift value conditional on there being a positive gift. Our findings suggest that both the reciprocity and the impure altruism norm may be simultaneously present, but that the reciprocity norm is the overall dominating gift motive among Romanian households. However, we uncover different dominating motives for gifts to the poor and to the non-poor even though the two groups receive to the same extent. We find that the reciprocity norm is dominating for gifts to high- and middle-income households, while we cannot disentangle one dominating gift motive for the poor, since both norms of reciprocity and of impure altruism seem to matter. Moreover, the lower the income, the stronger the relative importance of impure altruism as compared to the reciprocity norm.

The remainder of the paper is organized as follows. In Section 2, we discuss our two gift motives and set up a simple formal model of private gift giving. Then we derive comparative statics to be tested in the empirical part. Section 3 presents the data, and our general estimation results for receiving are presented and analyzed in Section 4. In Section 5, we analyze motives for gift giving to rich and poor separately. We also look into potential differences between monetary and in-kind gifts in Section 6. Finally, Section 7 concludes the paper.

2. Private gift giving

As mentioned in the Introduction, there are different theoretical explanations for gift behavior, and as discussed by Schokkaert (2006), multiple motives are likely to be present at the same time. In what follows we set up a simple model that highlights a few important aspects of gift giving that we use as a framework to interpret our empirical results. More exactly, our model focuses on social norms as a key motive to inter-household gifts. Norms could be especially decisive in societies where most gifts are transferred between non-family members. One example is Romania, where norms of gift giving are affected by, e.g., traditional and religious rituals (Kligman, 1988; Vaduva, 1977; Pop, 1999) and do therefore vary across communities. In what follows, we assume that individuals take these social norms as given in their decision

² We also exclude the “negative” side of gifts, i.e., bribing, although, e.g., Schechter (2007) shows that in rural Paraguay, gifts can be given to potential thieves to deter theft.

³ Among many other religious rituals, alms are offered at many other occasions, e.g., 40 days after the funeral and during *Mosi*—an important Orthodox ritual (i.e., Christmas *Mosi*, Easter *Mosi*, etc.) where besides free food and drinks, the family of the deceased gives clothes, animals and other objects (such as furniture) (Vaduva, 1977; Pop, 1999).

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