



Do customers return excessive change in a restaurant? A field experiment on dishonesty[☆]



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ABSTRACT

The article reports the results of a field experiment used to study dishonest behavior in a natural setting. Customers in a restaurant in tables of one or two diners who paid with cash received excessive change of either 10 or 40 Shekels (about \$3 or \$12). A majority of customers (128 out of 192) did not return the excessive change. Repeated customers returned the excessive change much more often than one-time customers. Women returned the extra change much more often than men, especially among repeated customers. Interestingly, a table with a woman and a man behaves similarly to one or two males and not to a female table. Surprisingly, tables with two diners were not significantly more likely to return the excessive change. Customers receiving 10 extra Shekels were much less likely to return them than those who received 40 extra Shekels, but it is hard to know to what extent this comes from intentional behavior versus lower likelihood to observe the extra change when it is lower. We also found evidence for variation in dishonesty as a function of the time during the day.

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1. Introduction

Dishonesty and cheating are common behaviors (Mazar and Ariely, 2006) that affect various economic activities. For example, insurance companies report that their customers add annually 24 billion dollars fraudulently to claims of property loss. Retailers lose in an average year 16 billion dollars due to customers who buy clothes, wear them, and return the used clothes for a full refund (Ariely, 2008). Theft and cheating in the workplace are estimated at 600 billion dollars annually (Mazar et al., 2008). The importance of cheating and dishonest behavior led to research on different aspects of cheating¹ and on cheating in various contexts, such as academic cheating (Jackson et al., 2002), cheating in personal relationships (DePaulo and Kashy, 1998), cheating in economic contexts (Gneezy, 2005), and cheating by advisors (Angelova and Regner, 2013).

Most of the literature involves lab experiments, and we wanted to add some field evidence to it, by conducting a field experiment in a restaurant. Customers who paid with cash received excessive change, and we examined whether customers behaved honestly and returned the excessive change to the waiter, and how this depends on various factors. One factor was

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¹ For example, Gino et al. (2013) show that people cheat more often when others benefit from their cheating.

whether 10 or 40 extra Shekels were given (about \$3 or \$12). We wanted to see whether we will obtain results similar to Gneezy (2005), where higher stakes on both sides – of the cheater and the cheated – increased deception.

Earlier literature suggests that gender differences exist in cheating behavior. Ward and Beck (1990) and Jackson et al. (2002) found that men are more dishonest than women. Tibbetts (1999), dealing with intentions to cheat on an exam, found that men have more cheating intentions than women. Tibbetts argued that women have a stronger tendency to feel shame from actions that deviate from the norm and are more influenced by moral limitations and beliefs, whereas men have less self-control, leading them to disobey rules more frequently. Erat and Gneezy (2012) showed that men are more likely than women to tell lies that are selfish, and to tell lies that benefit both the cheater and the other person. Women, on the other hand, are more likely to tell lies that hurt them but benefit the other person. Fosgaard et al. (2013) find that increasing awareness of cheating as an option significantly increases the probability that women cheat; men are not affected because they already are aware that cheating is an option even without the increased awareness. In addition, they report that when the experiment gives the subject the impression that his peers have cheated, men cheat significantly more, but women do not. Bucciol et al. (2013), in a study of bus passengers in Italy, find that men are more likely to travel without a ticket. To examine gender differences in our experiment, we documented the gender of the diners and limited our sample to tables with one or two diners. We hypothesized that female tables will return the excessive change more often than male tables.

DePaulo and Kashy (1998) examined everyday lies and report that people lie less to those who are closer to them, to those whom they meet more frequently, and to those that they know for a longer period. To examine the issue of closeness, we recorded for every customer whether he is a repeated customer or not, and whether he holds a membership card of the restaurant. A repeated customer gets to know the waiters and therefore is closer to them, and is also likely to return in the future to the restaurant compared to one-time customers. Therefore, we hypothesized that repeated customers and restaurant members will return the excessive change more often than others.

When people disobey social moral norms they feel bad and ashamed (Wirtz and Kum, 2004). It is clear that an audience who can detect and punish immoral behavior can deter such behavior. Moreover, because people care about how others perceive them, they behave in certain ways to improve their social image (Leary and Kowalski, 1990). Assuming that honesty is a valuable trait, we hypothesized that people would have more incentive to behave honestly and return the extra change given to them when they dine with someone else compared to the case that they dine alone.

2. Method

To explore the conditions that affect the decision whether to behave honestly in a real-life situation and under natural conditions of a field experiment (with subjects not being aware that this is part of an experiment), we obtained the approval of the owners and management of a large restaurant in the center of Israel to conduct the experiment at the restaurant. The restaurant offers mainly meat dishes and specializes in burgers. The restaurant can accommodate about 150–200 diners at a time. Most main dishes cost about 50–70 Shekels (\$13–18), which is similar or a little above comparable restaurants in Israel. In weekdays between 12 and 5 pm there are discounted business meals. Typical customers are middle-class people (mainly businessmen, young couples and families), aged 20–40. Over a period of several months (between March and September 2011), waiters were asked to report to one of the authors (who worked at that time as a manager in the restaurant) about cases of a table with one or two adult customers who paid the bill in cash. In these cases, subject to the need to have a balanced sample in terms of the diners composition (one or two diners and their gender), the change that was returned to the table was higher than the correct one. In half of the cases 10 extra Shekels (about \$3) were returned, and in the other half 40 extra Shekels were returned. In total, 192 observations of excessive change and how the customers behaved were recorded. The research was conducted in various days of the week and operating hours of the restaurant, from lunch until late night. The tables from which observations were collected were located in the same area, to ensure that light, temperature, music and atmosphere are similar across observations and do not create unnecessary noise in the data. As part of the regular procedures in the restaurant, waiters stay not far from a table that received the bill, so that customers who want to leave are not delayed. This allowed the waiters to observe whether the diners shared the bill, a variable that was collected for the data analysis. It also allowed customers who wanted to return the excessive change to do so easily.

After the customers left the restaurant, the waiters reported to one of the authors (in a separate room that is not visible to the restaurant's customers) about several variables: the customers' satisfaction from the meal (asking them about it is part of the regular procedure in the restaurant), who paid and whether the bill was divided between the customers, the tip left by the customers, and whether they returned the excessive change. We also knew, based on feedback from the customer,² the waiter and the manager, whether the customer is visiting the restaurant for the first time or is a repeated customer.

In addition, some more data were collected. The author who served as a manager in the restaurant knew about incidents related to the meal, such as dishes that were delayed, dissatisfaction of the customers from the service, appraisal from the customers, etc. This together with the feedback collected from the waiters was combined to create a variable of customer satisfaction on a 1–3 scale (3 being high satisfaction). The level of occupancy of the restaurant was also ranked on a 1–3 scale (3 being high occupancy).

² The regular procedure in the restaurant involved asking the customers whether they knew the restaurant and/or the menu and if they dined in it previously.

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