



On the complementarity of prosocial norms: The case of restaurant tipping during the holidays



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ABSTRACT

The literature in economics overwhelmingly supports the hypothesis that people have (pure and impure) preferences for altruism. It has also been shown that prosocial acts or norms that dictate prosocial behavior can sometimes crowd out other prosocial behaviors. This paper tests whether a well-understood prosocial norm—generosity during the holiday season (i.e., around Christmas)—crowds out or complements tipping behavior, another prosocial norm. By examining seasonal differences in within-customer tipping behavior using two years of sales data from a busy restaurant, I find that during the holiday season tipping rates are higher, not lower. This effect appears to be driven by those who are already generous. The finding suggests that individuals do not necessarily view two prosocial norms as competing; rather, such norms can be complementary. Motives for prosocial norms like tipping are discussed.

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1. Introduction

Countless studies in economics and psychology show that *homo economicus* is an unrealistic, yet convenient assumption. Observed economic behavior suggests that while people do act in their own material self-interest, they also gain utility from behaving prosocially toward others. But people also have a preference for conforming to social norms. Sometimes these norms dictate that we act prosocially even when we do not want to (e.g., when we offer to share our favorite food with a dining partner, or purchase things we do not want from our colleagues' children).

Such social expectations abound and at times can compete with each other. Consider, for instance, a case in which after a customer purchases a cup of coffee, she must decide whether to leave her change in the tip jar or with the beggar outside the cafe. On the other hand, one might wish to give to her alma mater during the holiday season, which is typically a time one is expected to be generous toward family and friends. Can generosity in one area increase or decrease the marginal utility of generosity in another area?

In the current paper, I examine a similar case of potentially competing (or complementary) social norms: generosity around the Christmas season and tipping in restaurants. I am able to do this by assessing whether an exogenous increase in the marginal utility of generosity in many areas of life (the holiday season) affects one prosocial behavior over time (tipping). Using two years of restaurant tipping data, I find that people tip significantly *more* during the holidays than they

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do throughout the rest of the calendar year. Moreover, I find that this jump in tipping during the holidays is driven by the tippers who are already very generous, not those who are relatively stingy to begin with.

The structure is as follows. [Section 2](#) gives a brief background of the literature on norms and prosocial behavior. [Section 3](#) describes in detail the dataset and the empirical methodology employed in the analysis. [Section 4](#) describes the results of the analysis. [Section 5](#) contains a discussion about how prosocial norms interact and what motivates individuals to be prosocial, and briefly concludes.

2. Background

There are several reasons why people might have tendencies to be prosocial. Our utility might be a function of what others have, or we might actually gain utility or “warm-glow” from the act of giving to others ([Andreoni, 1990](#)). Despite the fact that being prosocial could directly affect our utility functions, we do not always give only because we want to.

While individuals might be prosocial and want to give, social pressure can also induce giving. [DellaVigna et al. \(2012\)](#) ran a large-scale field experiment in which research assistants traveled door-to-door to solicit donations on the streets of Chicago. Some of these households were informed in advance that the solicitors would be arriving (and were given the explicit time the solicitor would show up). Other households were given no such advanced notice. Households that first saw the flyer were far less likely to answer their doors when the solicitors arrived. This indicates that we sometimes act prosocially because of social pressure, and not because giving improves our own welfare.

The holiday season (i.e., the time around Christmas) is, according to the conventional wisdom, the season of “giving”. During this time of year, people are expected to help others, give to others, and act prosocially in general. Even though the holidays might be a nice time of the year, the generosity we extend to one another might not be welfare-improving.¹ To my knowledge, empirical analysis has never been brought to bear on this conventional wisdom.

Tipping represents another ubiquitous prosocial norm. Customers might wish to signal their perceptions of service quality (positively or negatively) to their servers. Yet they might also gain utility from adhering to social norms regarding tipping ([Conlin et al., 2003](#); [Azar, 2004](#)). Some of us might gain utility from tipping per se, although we might not wish to tip as much as the social norm dictates.

The question in the current paper lies in what happens when two prosocial norms interact. When one prosocial expectation interacts with another, researchers have found that one can potentially crowd out the other. This idea was described by [Cain et al. \(2005\)](#), who coined the term “moral licensing”.² This means that when people do things that are “good”, they tend to feel that they have the license to indulge in “bad” behaviors.

A similar phenomenon is presented in [Levitt's \(2006\)](#) paper about an honor system for collecting donations. For several years, an economist ran a bagel-delivery service at various corporate offices and collected donations in a locked box at each location. Thus, donations were private, so large contributions never became noticed and defecting by stealing a bagel was never detected. Levitt found that around the holidays, the amount of money left in these boxes was significantly lower. Perhaps in this setting people felt licensed to not pay for bagels if they were buying expensive gifts for friends, family, and coworkers around the same time.

To determine whether the holiday generosity norm and the tipping norm are substitutes or complements, I employ strong inference ([Platt, 1964](#)). In essence, tipping will either be higher or lower during the holiday season. If tipping is higher, then we know the two norms are complementary; if lower, they are substitutes. Thus the complementarity of two prosocial norms is for empirics to determine.

3. Data and methods

3.1. Data

Tipping data were collected from 11,766 credit-card receipts for transactions that occurred between June 1, 1999, and June 29, 2001, at a non-chain restaurant in upstate New York. Entrees typically cost between \$10 and \$15. For each receipt, a transcriber recorded the patron's first name, waitress's unique server number,³ date and time of the transaction, last four digits of the credit-card account, the card's expiration date, card type (e.g., MasterCard), the machine-printed amount of the bill, the customer's handwritten tip amount, and the customer's handwritten total (bill amount plus tip amount).

9376 transactions are usable in the analysis. 474 were eliminated because the customer's handwritten total on the receipt was not equal to the sum of the machine-printed bill amount and the handwritten tip amount. In 64 of these cases, the customers indicated that a cash tip would be rendered by writing “cash” on the tip line of the receipt. The remaining 410 cases were dropped as a result of errors on the part of the customer or the transcriber. Either the customer made an addition mistake or the transcriber misread the customers' handwriting. In addition, 1908 observations which had \$0 recorded as the tip amount were excluded. Servers at the restaurant confirmed that zero-dollar tips almost never occur. Thus, I assume that

¹ [Waldfoegel \(1993\)](#) finds that gift-giving during Christmas is not welfare-increasing, but rather, results in a deadweight loss.

² See also [Monin and Miller's \(2001\)](#) concept of “self-licensing”.

³ Note that all servers in this restaurant throughout the span of the data were female.

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