



Social image concerns and prosocial behavior: Field evidence from a nonlinear incentive scheme

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ABSTRACT

Using longitudinal data on the entire population of blood donors in an Italian town, we examine how donors respond to a nonlinear award scheme that rewards them with symbolic prizes (medals) when they reach certain donation quotas. Our results indicate that donors significantly increase the frequency of their donations immediately before reaching the thresholds for which the rewards are given, but only if the prizes are publicly announced in the local newspaper and awarded in a public ceremony. The results are robust to several specifications, sample definitions, and controls for observable and unobservable heterogeneity. Our findings indicate that social image concerns are a primary motivator of prosocial behavior and that symbolic prizes are most effective as motivators when they are awarded publicly. We discuss the implications of our findings for policies aimed at incentivizing prosocial behavior.

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1. Introduction

Prosocial activities represent a substantial part of social life, including such actions as donating money for a cause or an organization, volunteering for a party during election times, cleaning beaches, or donating blood. The economic value of the resources devoted to volunteering or charitable giving is considerable. In the US, for example, charitable giving totals over \$260 billion, or around 1.9 percent of personal income (Andreoni, 2007), and the estimated dollar value of volunteer time is over \$240 billion (Independent Sector, 2006). Understanding what motivates individuals to contribute to prosocial causes emerges, therefore, as a topic of increasing interest in economics. The issue is made all the more pressing by the fact that, for many of these activities, supply is often below societal needs.

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Blood donations are a prominent example of the spread of altruistic activities on the one hand and of the insufficiency of the supply on the other.¹ Shortages are frequent in most western countries, and even more so in developing nations.² Blood transfusions are needed in critical situations, such as massive blood loss due to trauma, as well as during surgical interventions and to treat several chronic diseases; there is no substitute available for human blood. In addition, medical innovations, such as organ transplants and the aging of the population, are further increasing demand. Even though many individuals are eligible to donate blood and there are numerous awareness campaigns that promote its importance, only a small percentage of eligible individuals (between 5 percent and 10 percent) donate blood in the western world, and even fewer do so in developing countries. This holds for many other prosocial activities as well.

A factor that might increase the performance of prosocial activities concerns people's incentives. Individuals might simply not find it worthwhile to engage in prosocial activities if the benefits fall short of the opportunity costs. If this is the case, then explicit incentives might be effective in increasing the number and frequency of donations by the eligible population. To understand what kind of incentives might encourage prosocial behavior, however, one must first have an understanding of the motives behind altruistic behavior. In fact, recent empirical and theoretical contributions suggest that depending on what motivates individuals to contribute to prosocial causes, certain types of incentives might backfire. *Deci (1975)*, for instance, found that providing pecuniary rewards for the performance of activities that are originally motivated by intrinsic reasons leads to a reduction in the performance of those activities. More recently, similar findings have been obtained by, among others, *Frey and Oberholzer-Gee (1997)*, *Gneezy and Rustichini (2000)*, *Mellstrom and Johannesson (2008)*, and *Ariely et al. (2008)*. A few findings indicate a positive impact of material, non-cash incentives. *Goette and Stutzer (2008)* find that blood donors are attracted by the possibility of participating in a lottery at a drive. Furthermore, *Lacetera and Macis (2008)* find that the legislative provision that guarantees a paid day off work to Italian blood donors does lead to an increase in donation frequency.

Other types of extrinsic incentives, however, could increase the motivations to perform prosocial activities in an equally if not more effective way than more “material” forms of payment. For example *Frey and Neckermann (2008)* argue that, unlike explicit payments, symbolic awards may be less costly, create a special relationship between the awarding and awarded parties, and increase the self-esteem, “warm glow”, social status, and social recognition of the receiver; in contrast, rewards with an immediate monetary value can instead send a “bad signal” (to society and to one's own self) about the real motives behind the performance of a given activity (*Bénabou and Tirole, 2006*).³ If this is true, then symbolic awards could emerge as both effective and efficient means to encourage prosocial behavior.

In this paper, we assess the impact of symbolic rewards on the performance of prosocial activities. We investigate, first, whether individuals care about receiving symbolic awards and, second, whether they do so because of the social recognition attached to them. To answer these questions, we analyze the effects of a nonlinear, symbolic award scheme put in place by the Italian Association of Voluntary Blood Donors (AVIS). The Association gives symbolic awards (medals) when a donor reaches certain donation quotas. One crucial feature of this scheme is that some of the prizes are assigned privately, whereas others are awarded in a public ceremony, with the names of the recipients published in the Association's bulletin and in the local newspaper. These peculiar features of AVIS's award scheme provide us with a unique opportunity to understand what characteristics of the awards actually affect donors' behaviors, thereby shedding light on the real motivations behind blood donation and altruistic behavior in general. The logic behind our analysis follows the small but growing literature that exploits nonlinear incentive schemes to investigate alternative motivations behind observed behavior (*Asch, 1990*; *Meer and Rosen, 2009*; *Oettinger, 2002*; *Oyer, 1998*). If donors' only motives are “pure” altruism or “warm glow” (*Andreoni, 1989, 1990*), their donation patterns should not change in response to the award scheme. If donors, however, place importance on the symbolic awards, then we should expect their donation patterns to be influenced by the incentive scheme. In particular, the fact that two different types of medals are awarded allows us to evaluate whether donors care about the award *per se* or whether, instead, what matters is the public recognition. If donors respond to any awards because they value being recognized by the Association, then they should respond to the award scheme, but we should not observe any difference in the response to privately and publicly assigned awards. However, if donors are attracted by the increase in social prestige that may be derived from their altruistic activity being publicly recognized, then donors' responses should be more pronounced in correspondence to the public awards.

Our study is based on a unique, hand-collected, longitudinal dataset comprising the whole individual histories of blood donations of the entire population of donors in a mid-sized Italian town (“The Town” hereinafter) between 2002 and 2006.⁴ The analysis shows that blood donors react to the symbolic award incentives by increasing their donation frequency as the

¹ The website *BloodBook.com* reports that more than 16 million units of blood are annually collected in the United States. The Italian Association of Blood Donors (Associazione Volontari Italiani del Sangue: AVIS) collected about 2 million units of blood in 2006 (*AVIS, 2007*), and 44 percent of the French declare to have donated blood at least once (*Healy, 2006*).

² In the US, the American Red Cross and other organizations that collect blood are supposed to have, at each point in time, the blood necessary for three days of demand at each location and for each blood type, but this target is seldom met, especially for rare blood types (including O negative, which is the universal donor and therefore particularly precious). Moreover, it is estimated that worldwide, there is currently a shortage of about 22 million units of blood (*Hemobiotech, 2008*).

³ *Ellingsen and Johannesson (2007)* offer a survey of studies on the role of symbolic rewards.

⁴ To protect the privacy of the donors in our database, we have agreed to keep the name of The Town (as well as any other identifying information) confidential.

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