



Generosity and guilt: The role of beliefs and moral standards of others



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ABSTRACT

Why are people generous? One reason may be to avoid feeling guilt – in terms of failing to meet others' expectations or in terms of failing to meet others' moral standards. The present article reports an experiment using the 'dictator game' while manipulating the dictators' beliefs about the receivers' expectations and moral standards. The results indicate that generosity is indeed driven by guilt-aversion: Dictators are more generous when the receiver expects more, and also when the receiver considers that dictators should, morally speaking, give more. If dictators were motivated by pure altruism or equity concerns, the receiver's expectations or moral beliefs should not matter.

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1. Introduction

Although economic theory assumes selfish behaviour, generous behaviour is widespread. For instance, The World Giving Index published by Charities Aid Foundation estimates that approximately a third of the world's population donated money to charity in 2014 (Charities Aid Foundation, 2015). Within experimental economics, the dictator game is commonly used to study generous behaviour. The experimental dictator game is a two person game where the 'dictator' dictates how to share a sum of money with an anonymous 'receiver'. Despite decisions being anonymous with no opportunity for the two players to meet and no opportunity for the receiver to retaliate, typical results show that dictators on average share around 30% of the money with the receiver (Engel, 2011).

But why are people generous? One reason may be to avoid feeling guilt; however, guilt may have different sources. Guilt caused by not living up to the expectations of others has been incorporated into the economic model of guilt aversion (Battigalli & Dufwenberg, 2009).¹ The guilt aversion model is based on psychological game theory (Geanakoplos, Pearce, & Stacchetti, 1989). Psychological game theory allows the utility to depend on beliefs (and beliefs about beliefs) in addition to

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¹ See also Battigalli and Dufwenberg (2007). Guilt was introduced in the economics literature for the first time by Dufwenberg (2002).

actions as in standard game theory. Intuitively, the guilt aversion model assumes that beliefs influence behaviour because people want to avoid letting others down by not living up to their beliefs. Behaving generously, thus, becomes a means to avoid feeling guilty.

The economics literature on guilt aversion has been inspired by a particular branch of psychological literature. Specifically, the literature on guilt aversion in economics (such as [Dufwenberg \(2002\)](#), [Charness & Dufwenberg \(2006\)](#), 'simple guilt' in [Battigalli & Dufwenberg \(2007\)](#)² and [Battigalli & Dufwenberg \(2009\)](#)) is inspired by the definition and causes of guilt as presented in [Tangney \(1995\)](#) and [Baumeister, Stillwell, and Heatherton \(1994\)](#). [Baumeister et al. \(1994\)](#) write: "In general, if people feel guilty for hurting their partners, for neglecting them, and for failing to live up to their expectations, they will alter their behaviour (to avoid guilt) in ways that seem likely to maintain and strengthen the relationship" (p. 247). From this definition, the economics literature on guilt aversion has mainly focused on failing to live up to the expectations of others as the cause of guilt. Also, [Battigalli and Dufwenberg \(2007\)](#) have included a second cause of guilt where they distinguish between 'simple guilt' and 'guilt from blame'. Simple guilt is defined as guilt caused by not living up to the expectations of others. Guilt from blame is defined as guilt caused when person A believes that person B infers that the outcome (which disappoints person B), was intentionally chosen by person A – that is, when A believes that B believes that A is to blame for person B's disappointment.

There are still other additional causes of guilt worth studying. For instance, later in the same paper, [Baumeister et al. \(1994\)](#) write: "When people described how others made them feel guilty, they frequently referred to differing expectations and to the other's standards" (p. 248). Thus, if people care about what others think about their behaviour, and fear others will disapprove of their behaviour, the moral standards of others may also influence choices regarding how to behave. A theoretical model that incorporates the dislike of being disapproved of by others can be found in [López-Pérez and Vorsatz \(2010\)](#).³

This paper will examine whether the two possible causes of guilt – the expectations and moral standards of others – affect generous behaviour in a dictator game. We will refer to guilt caused by not living up to the expectations of others as 'guilt-from-disappointment'⁴ and guilt caused by not living up to the moral standards of others as 'guilt-from-disapproval'.⁵ See [Appendix A in the Supplementary Material](#) for a simple theoretical model of guilt-from-disappointment and guilt-from-disapproval.

To study whether the expectations and moral standards of others affect generous behaviour, two treatments are introduced in a dictator game experiment. In the belief treatment, dictators decide how to share a sum of money with an anonymous partner based on the beliefs held by their partner about what dictators on average will share. In the moral standard treatment, dictators decide how to share the sum of money based on what their partner has reported that dictators, morally speaking, should allocate to their partners. This design allows us to study whether the size of dictator allocations depends on the beliefs as well as the moral standards held by the receiving partner.

Several empirical studies suggest a relation between feeling guilty and behaving pro-socially. [Bracht and Regner \(2013\)](#) used psychological scales to measure individuals' proneness to experiencing guilt and found a positive relationship between proneness to experiencing guilt and pro-social behaviour in a trust game. Also, [Gummerum, Hanoch, Keller, Parsons, and Hummel \(2010\)](#) found that children's understanding of guilt predicts allocations in a dictator game. While these two studies support a relation between feeling guilty and behaving pro-socially, they do not say what causes the guilt feeling.

One strand of literature studies guilt caused by failing to meet the expectations of others by focusing on the relationship between second-order beliefs and pro-social behaviour. Second-order beliefs are the beliefs person A holds about the beliefs person B holds about person A's behaviour. First-order beliefs are commonly elicited by asking subjects to guess the choices of others while second-order beliefs are elicited by asking subjects to guess what others believe about their own behaviour. Positive correlations have been found between second-order beliefs and repaying trusting behaviour in the trust game ([Bacharach, Guerra, & Zizzo, 2007](#); [Bracht & Regner, 2013](#); [Charness & Dufwenberg, 2006](#); [Dufwenberg & Gneezy, 2000](#); [Guerra & Zizzo, 2004](#)),⁶ and between second-order beliefs and cooperative behaviour in public good games ([Dufwenberg et al., 2011](#)) and principal agent games ([Falk & Kosfeld, 2006](#)).

A second strand of the literature studying guilt has used the direct response method which communicates the elicited belief of a partner to the decision maker. As pointed out by [Ellingsen, Johannesson, Tjøtta, and Torsvik \(2010\)](#), a positive correlation between second-order beliefs and behaviour need not be evidence of guilt aversion but can be caused by people falsely believing that the perceptions of others are similar to their own, i.e. the false-consensus effect. To test whether correlations between second-order beliefs and behaviour indeed are driven by the false-consensus effect, [Ellingsen et al. \(2010\)](#) elicited first-order beliefs in dictator and trust games. They elicited the amount receivers expect dictators to allocate in the dictator game, and how much senders expected receivers to repay in trust games. The respective partners received the elicited beliefs prior to making their choices which ensured correct second-order beliefs. [Ellingsen et al. \(2010\)](#) found close to

² [Battigalli & Dufwenberg \(2007\)](#) distinguish between 'simple guilt' and 'guilt-from-blame' as described below.

³ Models of social esteem are somewhat related. Such models assume that people gain utility from what others believe about them, see for instance [Ellingsen and Johannesson \(2008b\)](#) for a theoretical model, and [Ellingsen and Johannesson \(2007\)](#) for a more intuitive account.

⁴ Guilt-from-disappointment is in line with the definition of guilt in [Battigalli and Dufwenberg \(2009\)](#), [Charness and Dufwenberg \(2006\)](#), [Dufwenberg, Gächter, and Hennig-Schmidt \(2011\)](#) and simple guilt in [Battigalli and Dufwenberg \(2007\)](#).

⁵ Guilt-from-disapproval resembles, but does not coincide with, guilt from blame in [Battigalli and Dufwenberg \(2007\)](#). Guilt-from-disapproval is related to living up to the moral standards of others while guilt from blame is related to that others' inferences concerning intentions to disappoint others.

⁶ Positive correlations between second-order beliefs and repaying trust behaviour was also found in the S-treatment in [Bellemare, Sebald, and Strobel \(2011\)](#).

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