MEMORANDUM

Near and Generous?
Gift Propensity and Chosen Emotional Distance

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Last 10 Memoranda

Near and generous?

Gift propensity and chosen emotional distance[1]

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Abstract

This experimental study asks whether generosity decreases emotional distance, a question pertinent to human service quality. Highly vulnerable service recipients may not enforce quality standards. Quality can then be viewed as an act of generosity, a gift from the provider to the recipient. For a human service provider that sympathizes with the recipient, delivering poor quality is psychologically costly. To reduce this cost she may increase emotional distance. Since human service quality presupposes social interaction and involvement, quality is reduced further. The mechanism – which can account for vicious and virtuous circles in the provision of quality – is explored in a binary dictator game where the recipient's pay-off is uncertain. The dictator decides whether to know the recipient's pay-off and how. Subjects are more eager to inquire about their recipient's pay-off when they themselves have been generous, and to do so by contacting the recipient when the recipient correctly perceives that action to be kind.

Keywords: human services, emotional distance, cognitive dissonance, generosity, dictator game.
 JEL classification: C9; D03; D23; D64; I11; I21.

1   INTRODUCTION

It is a human trait to care. When confronted with the personal problems of another person, we feel bad, and there are two ways to respond: act to improve the situation of the other, or seek to reduce the emotional imprint that the other's situation makes upon us. This article deals with the latter type of response – emotional distance as a decision variable – and its importance for the provision of quality in human services, i.e. in education, health and social care. The effect of social distance (which I take to comprise the narrower term emotional distance) on generosity has been explored in experimental economics. Here, I am concerned with the reverse causality. Does a person's generosity, real or supposed, affect their emotional relatedness to and social involvement with those who would benefit from the acts of generosity?[3]

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[3] To simplify the exposition, I use "she", rather than the gender neutral "he or she".

This question is particularly relevant in human services for two reasons. First, social involvement and, more specifically, social interaction are prerequisites for human service quality. Social interaction is often an intrinsic part of the service. Empathy and support from the doctor can help the patient to recover from or cope with illness, while poor social relations with the doctor may demoralize or discourage. By interacting with the recipient, the provider obtains information that is necessary if the product is to be customized to the recipient's needs and preferences. A medical doctor searching for the right diagnosis must examine the patient, ask questions, and be attentive to the patient's responses. Likewise, a teacher must understand her pupils if she is to motivate them and explain things clearly.

Second, many human service recipients have a limited personal capacity to enforce quality standards, in which case quality depends on the willing provision of the provider. One example is when the patient has to have medical skills to be able to assess service quality and the reputation of the provider is weak (Arrow, 1963; Klein and Leffler, 1981). In many cases, the demand for health care is associated with a loss in decision-making competence (Eika, 2009), which is sometimes the main reason for the service. A senile nursing home resident without a committed and informed representative does not have the general competence to enforce quality of care. A child neglected by his or her parents and in need of protective care services is in a similar position.[4]

Non-enforceable quality can be viewed as a gift from the provider and the provider organization to the individual service recipient. It is a gift that the recipient cannot reciprocate, and thus a genuine concern for others is everywhere important in these services. Teachers, health and social care workers should promote the well-being and capabilities of service recipients. This understanding is part of their professional identity and adherence to norms

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[4] Non-enforceable quality is therefore distinct from non-verifiable quality. Quality may be verifiable, but not enforceable if the person who benefits from quality does not have the power to enforce the contract. Conversely, quality may be non-verifiable, but enforceable in the market, even if buyers have less information about quality than sellers (Klein and Leffler, 1981).

fundamental to the functioning of health care systems. Arrow (1996) observes that professional norms and standards rather than incentives are still the main source of control.

Yet, because workers care, there may be subtle psychological mechanisms that render quality substandard. It is painful to see the suffering or incapacity of others, and that pain can be particularly strong if an individual feels responsible for the situation; for example, because she has not followed professional or ethical norms. To cope, she can choose to be less involved with the service recipient, physically and mentally. Thus by increasing her emotional distance she reduces her own discomfort.

Lower social interaction reduces workers' capacity to perform well because information about the recipient's needs and desires is limited. To the extent that quality of the social service relation is an integral part of the service, lower social interaction also reduces service quality more directly. Furthermore, it renders the worker less concerned with the welfare of the recipient, thus reducing the personal cost of providing low quality in the future. These mechanisms are complementary and may contribute to vicious circles when the starting point is low quality and to virtuous circles when it is high.

In exploring the empirical relevance of the argument, I use a binary dictator type experiment and questionnaire. Does the value of transfer to the recipient affect the dictator's willingness to involve socially after the allocation decision is made? Two individuals are matched; a "giver" (dictator) and a "recipient". The recipient's earnings are determined through a lottery of the giver's choosing. Choosing an attractive lottery ("helping") is costly to the giver, who has to decide whether she wants to know the recipient's pay-off, and, if so, how to obtain this information, i.e. either by asking the recipient or by finding out without social interaction. These social involvement decisions do not influence pay-offs. There are eight rounds, with the giver meeting a new recipient in each one. There is information asymmetry, with only givers knowing that they cannot fully control the lottery value. The results show a positive relation between the value of the gift and involvement. Subjects are more curious to learn the lottery value when they have helped, and are more willing to ask when the recipient correctly perceives the action to be kind. According to the post-treatment questionnaire, which dealt with a hypothetical real world

situation, many subjects feel discomfort from being near a person they have failed to help, even though that person is ignorant about it.

The article is organized as follows: Section 2 explains how human service can be viewed as a gift (a unilateral gift), and reviews dictator game experiments relevant to our understanding the relation between generosity and emotional distance. Section 3 spells out the argument that a personal provider chooses her emotional distance (to the recipient) and her motivation for doing so. Section 4 sketches a model of social interaction and quality in human services. This description motivates the design of the experiment in section 5. Results from the experiment and the questionnaire are reported in section 6 and concluding remarks in section 7.

2 UNILATERAL GIFT-GIVING AND ITS DETERMINANTS

2.1 Effort as a gift

Even in technically simple work settings, a job well done requires an effort level beyond that which can be legally enforced. Work-to-rule is a well-known way of damaging the employer in labor conflicts without violating formal agreements.

In more complex work settings, such as human service provision, where non-verifiable effort is more important, the willing cooperation of the worker plays an even greater role. Moreover, when social interaction is an integral part of the service, there is an additional reason for viewing effort as a gift. Relational qualities such as friendliness, empathy, receptiveness and respect, which are often essential quality dimensions, cannot in essence be commercialized. They are not just determined by actions and external expressions alone, but also by the provider's true feelings and intentions.

Akerlof (1982) models the employment relation as a gift exchange between the firm and the collectivity of workers, an exchange that rests fundamentally on workers' social preferences. In the personal services, in contrast to the production of goods and services that are distributed in impersonal ways, workers' gift exchange may involve a third party, the service recipient. The tipping of hotel employees, waiters, taxi drivers, etc., serves this function at least in part (though norms, in terms of tipping practices and their interpretation, differ geographically). Gift-exchange

relationships between the service recipient and the worker(s) are restricted in service contexts where the recipient cannot use or, at best, use only highly inefficient sanctions. The provision of quality can then more appropriately be viewed as a one-sided gift. [5]

2.2 Determinants of unilateral gift-giving

The dictator game is the most direct test of unilateral gift-giving in an experimental setting. In the dictator game, one subject (often referred to as dictator or allocator) decides how to allocate an endowment between herself and another person (the recipient). The game is one-shot, anonymous and the recipient cannot reciprocate.

Without opportunities to reciprocate, gift-giving is less generous. Forsythe et al. (1994) compared dictator game and ultimatum game experiments. The ultimatum game allows for negative reciprocity. It differs from a dictator game in that the recipient can reject the allocator's offer, in which case both get 0. Recipients tend to reject low offers, and their counterparts, anticipating this, offer recipients more than allocators do in comparable dictator games (Forsythe et al., 1994). In Bohnet and Frey (1999), dictator donations were significantly higher when the recipient could identify the dictator (both stood up and looked at each other for a few seconds) than they were if only the dictator knew the identity of the recipient. Hoffman et al. (1994, 1996) designed a "double blind" dictator experiment with anonymity both between participants and versus the experimenters, and showed that donations dropped when not even experimenters could observe individual decisions. Non-anonymity versus the experimenter (as in one treatment in Hoffman et al. (1994, 1996)) or versus recipients (as in Bohnet and Frey (1999)) allows for the effects of reputation and in the latter case also for reciprocity outside the laboratory.

Hoffman et al. (1994, 1996) intended to create an experimental environment that maximized social distance ("social isolation"). In addition to strict anonymity conditions,

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[5] Viewing care effort as a one-sided gift is a simplification. Much ethnographic research on care suggests that the "output" of a care service is often the result of collaboration between care giver and care recipient. Even a small child may hold considerable power as a student with the threat of dispruting the classroom, whether or not this threat reflects strategic behaviour. However, the child has power only to the extent it is costly (in pecuniary or non-pecuniary terms) for the care worker not to achieve a cooperative outcome.

instructions describe the situation as an "exchange between a buyer and a seller" (p. 351). The result was significantly lower donations than in a treatment where the choice situation was framed as a question of how to "divide" the allocated sum. In the exchange treatment, about two-thirds of dictators kept all the money.

How should this latter result be interpreted? What constitutes fair allocations, kind and unkind behavior depends on the context. Konow (2003) argues that equal division is not a general principle. It surfaces for a variety of other reasons, including as a kind of "default" when no information is available about the variables needed for more careful justice evaluation. When Hoffman et al. detect significant differences between treatments differing in procedures to ensure double-blind anonymity and in the wording of instructions, this may in part stem from the fact that standard dictator games have very little information about the moral context. For the socially isolated allocators in Hoffman et al. it is not clear what the morally right action is. Moreover, tedious procedures ensuring anonymity may frame the experiment in a way that suggests to subjects that it is more acceptable to keep all the money.

When the moral frame is clear, with obvious asymmetry of need between allocator and recipient(s), much more generosity is observed in dictator experiments. In Eckel and Grossman (1996) the recipient is the Red Cross, rather than some anonymous (experimental) participant. Compared to a replication of Hoffman et al.'s (1994) double anonymity experiment, this change doubles the amount of money donated from 10 to 30 per cent of the total pot. In Aguiar et al. (2008), dictator game allocators were given three 5 dollar bills that they could keep or give to (named) medical centers for poor people. (They could choose which ones to give to from a list of centers in Asia, Africa and South America). Seventy-five per cent of subjects donated all 3 bills and only 3 per cent gave none. In a follow-up questionnaire, participants gave predominantly consequentialist moral reasons for donating money.

Human service workers have a moral obligation to care. In contrast to the experiments above, which investigate willingness to help by money being donated to care organizations, care workers are physically close to those in need and have to interact and get involved socially if they are to help. This nearness forms workers' preferences. Social interaction presupposes and creates

sympathetic feelings. To understand its implications for agents' behavior, Sally (2000, 2001) argues that models of strategic interaction must specify the social and psychological mechanisms that affect individual preferences. This point is pertinent to human services, even when the strategic power of recipients is weak. Their dependency makes social interaction and sympathy even more important.

In Sally's (2001) formalization of sympathetic preferences, a care worker's utility would be a weighted sum of his or her own pay-off and the pay-off of the service recipient. The relative weight of the latter (which cannot exceed 1) is increasing in the worker's sympathy towards the recipient. The notion of sympathy is taken from Adam Smith (1976/1790). The degree of sympathy, λ (φ, ψ), is inversely related to the perceived distance between oneself and the other. Distance has a physical dimension (φ), and a psychological dimension (ψ) such as perceived familiarity, similarity in social background, political and religious views, shared nationality or ancestors. Physical nearness is seen as particularly important, because it enables psychological connections.

Sally (2001: 3) understands sympathy as "an essential element of human nature that is manifest in our capacity to recognize and anticipate each other's feelings *and* thoughts". With the term "emotional distance", my emphasis is on the emotional dimensions of sympathy, much in the vein of Smith, who also uses "fellow-feeling" as an expression for sympathy.

Many economically interesting choice situations are characterized by an internal conflict between self-interest, on the one hand, and a regard for others, on the other. Then, self-interest has a psychological cost, and this cost is rising in the level of sympathy.

In Dana et al. (2007), generosity is substantially reduced when the dictator choice situation is manipulated in ways that should have little or no bearing on the moral obligation of the allocator. In some treatments subjects are able to leave the relationship between their actions and resulting outcomes uncertain to themselves or to another subject influenced by those actions. According to Dana et al. (2007), this ambiguity creates a "moral wiggle room" that some subjects exploit in behaving more selfishly. Norms for fair behaviour become less binding or compete with other norms. They conjecture that norms of self-interest then become more important. This

conclusion is consonant with psychological literature on self-serving biases; such biases work by distorting how people interpret information (see, for example, Babcock and Loewenstein (1997) and references therein). Dana et al. (2006), Broberg et al. (2007) and Lazear et al. (2009) study exit behaviour in dictator games. In Dana et al. and in Broberg et al. subjects first made the sharing decision (as in a standard dictator game) and were subsequently given the choice to exit (ex post exit option). In Lazear et al. participants decided whether to enter the sharing environment and make the dictator decision, or to exit (ex ante exit option). In all three studies, many allocators were willing to pay to exit from a dictator game if that meant the receiver would not be told that a game was to be played. The morally irrelevant exit option greatly reduced the average amount transferred to recipients. Brañas-Garza et al. (2009), who investigate the moral cost of making allocation decisions, also find that individuals were willing to pay to exit (ex post option).

These results cannot be taken as evidence that people who exploit ambiguity in this way do so purely out of self-interest. On the contrary, it is because they care that these, often unconscious, manipulations arise, as a way of overcoming internal conflicts and reducing the psychological cost of not being generous. This interpretation is in line with cognitive dissonance theory (Festinger, 1957).

The literature on identification gives insight into the psychological mechanisms affecting people's generosity towards others. Schelling (1968) observed that people react more strongly to the fate of a particular person than to the fate of a statistical person. A person's willingness to pay for a costly operation that would save the life of a known child often far exceeds their willingness to pay for preventive medical policies expected to save many children's lives. The sick child is an identified life. The latter are statistical lives, the identity of each one neither known nor certain, since who will be affected is determined by probabilistic events in the future.

Several authors have used dictator games when studying identification. Bohnet and Frey (1999) think of identification as literally learning who the recipient is through seeing, hearing and acquiring information about the recipient. In their study, this contributed to higher donations. Burnham's (2003) dictator game allocators were significantly more likely to share equally when

they were shown pictures of their recipient. In Charness and Gneezy (2003), donations increased when allocators knew their recipient's family name.

Identification seems to trigger powerful emotional responses affecting decision-making. In Small and Loewenstein (2003), a seemingly minor change in procedures resulted in significantly higher donations. The dictator drew the anonymous recipient with whom she could share 10 dollars. Donations were higher if the drawing was done before rather than after she decided the allocation. A field experiment resulted in similar strong differences. Individuals were asked to donate money to an organization building houses for needy families. A list described several families who were waiting for a house. Donations were higher when participants were told that a family "has been selected" from this list, rather than that a family "will be selected". Few would argue that different norms apply in the two treatment alternatives, in either the dictator game or the field study; in that sense the behavioural differences are not rational. Still, an *ex post* condition - "a determined victim" - appears to trigger a stronger emotional response. In Kogut and Ritov (2005), people were asked about their willingness to help children in need of medical treatment. The results suggest that people are more generous towards a single, identified victim than to a group of victims. Moreover, people's emotional reaction – their sense of distress – appears to be important in their willingness to help. In other words, distress increases the psychological cost of not being generous. To quote Smith (1976, 9), "(t)hat we often derive sorrow from the sorrow of others, is a matter of fact too obvious to require any instances to prove it". The spectator may choose to help in order to alleviate not just the one in need, but also her own pain.

In these studies, the experimenters manipulated participants' emotional distance. Clearly, individuals may themselves – consciously or subconsciously - influence their emotional relatedness in response to observing others in favourable or unfavourable conditions. According to Smith (1976, 9), we become sympathetic towards others by forming an image of their situation with our own senses. "As we have no immediate experience of what other men feel, [..]. it is by the imagination only that we can form any conceptions of what are his sensations. ... It is the impressions of our own senses only, not those of his, that our imagination copies." We thus share in the joy and pain of the people with whom we sympathize. These emotional impressions are

particularly strong in the case of human service workers, not just because of their physical nearness to recipients and the intimate character of the interactions, but also because recipients are vulnerable and often in an unfortunate position. According to Smith, the suffering of others evokes "a more pungent sensation" than does pleasure and "our sympathy with pain, though it falls greatly short of what is naturally felt by the sufferer, is generally a more lively and distinct perception ..." (Smith 1976, 44).

Therefore, "... we often struggle to keep down our sympathy with the sorrow of others. ... we endeavour, for our own sake, to suppress it as much as we can ..." (Smith (1976, 44).

3   SOCIAL INTERACTION

The social interaction argument can now be restated. Person A observes person B's situation, which may be favourable or unfavourable. I argue that B's well-being (as perceived by A) influences A's propensity to interact socially with and relate to B.

If A has some concern for B's well-being, she experiences joy if B is well and sorrow if B is not. If B is not well, A's feeling of discomfort may be stronger if A would like to help, but does not have the opportunity. Feelings of discomfort are also stronger if A perceives herself to be responsible for B's well-being or if she believes that others think that she is (for example, B thinks so). If B's situation is not good, the former occasions guilt, the latter shame. Guilt is an "awareness of wrongdoing", an acknowledgement of personal responsibility, while shame, which "combines feelings of dishonor, unworthiness, and embarrassment", is associated with experienced or imagined exterior devaluation.[6]

In personal service provision, either situation can occur. The personal provider delivers low quality service and feels guilt because of her own low effort, or feels shame because of low effort or investment in other parts of the provider organization. In the latter case, her frustration may be particularly great if the recipient, or others that care about him, do not know that it is not her fault, or if she would like to help but exogenous factors are such that she has little

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[6] Citations are from Encarta Dictionary: English (North America) through the reference book search in MS Word, search terms "guilt" and "shame", respectively; accessed 1 February 2010.

opportunity to do so (low efficiency of helping relative to the recipient's needs). The discomfort felt by the personal provider is likely higher the more the recipient needs the service.

To reduce feelings of discomfort if B is not well, or to reinforce a feeling of comfort if B is well, A can manipulate her perceived emotional distance to B, increasing it in the former case and decreasing it in the latter. Following Sally's framework, she can do this by increasing physical distance or by increasing mental distance. In human services, as in personal services in general, a worker has to be physically near to some degree, and manipulating psychological distance – such as perceptiveness – may be a particularly important mechanism. Higher physical distance reduces the extent of social interaction, while higher psychological distance reduces its quality.

4   THE SERVICE PROVISION SETTING

This section sketches a simple model of human service provision. The value of the service for the recipient (V) is determined by equation (1):

$$\tag{1}$$

where a is factors outside the worker's control. The provider's contribution is decomposed into a social interaction component, s, and effort to fulfil the more specific and tangible tasks the provider is assigned, e. For a doctor, for example, think of e as the time spent on consultation and tasks not involving social interaction with the patient, and s as his attentiveness, interest in and care for the patient. The distinction between e and s is in practice not clear-cut. The physical examination of a patient can be thought of as influenced by both e and s. The higher e and s, the higher is service value.

There are six important characteristics of the setting within which the personal provider makes her effort and social involvement decisions:

1. High service quality requires involvement and social interaction as explained above, that is, $\partial V/\partial s > 0$ (assuming v(.) to be continuous and differentiable).
2. The recipient has insufficient resources (information and general decision-making competence), personally or through a representative, to enforce quality standards.

3. The recipient interacts with only one employee who delivers the good or service. This assumption is partly a simplification, but is often also a realistic feature.

4. The value of the good or service for the recipient depends in part on this worker's actions and in part on circumstances that she cannot control, represented by the parameter a, such as firm investments, the effort of colleagues, and factors exogenous to the providing organization.

5. The personal provider cannot credibly commit to a particular contribution (the value of the good is unverifiable) and knows the contributions of the other agents and the environment before deciding on his or her own action. In essence, since the recipient cannot sanction low quality, the provider delivers a joint gift (from herself, the firm, co-workers and the larger environment).

6. The recipient cannot, or only to a very limited extent, discern individual contributions to service value.

The previous section reviewed studies of the effect of social context and social distance (including the narrower term emotional distance) on individuals' willingness to give. This relation may be approximated by

$$(2)$$

The closer the social interaction and nearness (and the lower the emotional distance), the higher the effort choice.

My concern here is with the effect of V on s,

$$(3)$$

where _____. Given (3), there are two complementary channels through which past changes in quality may be reinforced. To illustrate, say quality has initially decreased because of less favourable external circumstances. That increases emotional distance through (3). In human services (and personal services in general) this reduces service value ($\partial V/\partial s > 0$ according to (1)), which leads to a further increase in emotional distance, and so forth. The second feedback mechanism depends in addition on (2). Higher emotional distance reduces the psychological cost

of shirking, which reduces effort and thus quality. These mechanisms reinforce shocks and past quality levels, contributing to, respectively, vicious and virtuous circles in the provision of quality.

Section 4 also distinguished between what has caused service value to be low or high. Is the provider less inclined to interact socially if service value is low relative to some standard? Moreover, does it matter whether service value is reduced because of external factors or because of the provider's own low effort?

5 THE EXPERIMENTAL DESIGN

The experiment is an extended binary dictator game between a pair of subjects in the roles of "giver" (dictator) and "recipient". The recipient's earnings are determined through a lottery that the giver chooses. Choosing an attractive lottery is costly to the giver. After having made her choice, the giver decides whether she wants to know the recipient's earnings (the outcome of the lottery), and whether she wants to ask the recipient about the value of the lottery or get this information directly from the computer. The experiment investigates whether these involvement decisions – the willingness to obtain information and the willingness to ask the recipient – vary in line with the value of the lottery, and if it matters whether variation in lottery value is caused by exogenous factors outside the giver's control or by the giver's pay-off decision (generosity). There are eight rounds in the experiment (plus one trial round). Each person remains in the same role throughout the experiment – either as a giver or a recipient. In every round the giver is matched with a recipient that she has not met in previous rounds. Interaction is anonymous (through use of a computer). Subjects are paid for four randomly drawn rounds.

In the instructions given to all participants (orally and in writing) before each person knows his or her role in the experiment, participants are told that the giver's task in each round is to choose a lottery for the recipient with whom she is matched. The giver receives 75 kroner (about 9 Euros) and can help the recipient to earn money. The cost of helping is at most 25 kroner. The recipient will be offered one of the four lotteries listed in table 5.1.

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Table 5.1 The four possible lotteries.

1. 9 out of 10 tickets are worth 55 kroner, 1 out of 10 tickets is worth 10 kroner.

2. 9 out of 10 tickets are worth 25 kroner, 1 out of 10 tickets is worth 10 kroner.

3. 1 out of 10 tickets is worth 55 kroner, 9 out of 10 tickets are worth 10 kroner.

4. 1 out of 10 tickets is worth 25 kroner, 9 out of 10 tickets are worth 10 kroner.

After roles are drawn, only givers receive additional information on the computer screen. Givers cannot freely choose between the four lotteries in table 5.1. As can be seen from the table, lotteries differ in two respects: in the probability of the high prize (90 or 10 per cent) and in the value of the high prize (55 or 25). The latter is randomly drawn (with equal probability) at the beginning of each round. Givers can only choose the probability of the high prize (denoted p in table 5.2). Their choice set is a subset of the lotteries in table 5.1: either lotteries 1 and 3 if the high prize is 55, or lotteries 2 and 4 if the high prize is 25. In both cases, the cost of helping, i.e. choosing the lottery with 90 per cent probability of drawing the high prize, is 25 kroner. Helping is socially efficient when the high prize is 55 and socially inefficient when it is only 25.

Table 5.2 Giver's allocation choice and pay-off to recipient and giver.

	Recipient's expected pay-off (expected value lottery) $p*[25$ or $55]+(1-p)*10$		Giver's pay-off
	High prize=55	High prize=25	
Giver's allocation choice:			
Not help (p=0.1)	23.5	11.5	75
Help (p=0.9)	50.5	14.5	50

In each round the giver must make two decisions:

i. After the giver observes the value of the high prize in that round, she must decide whether she wants to help (choose the lottery with 90 per cent probability of the high prize). If she helps, she earns 50 kroner; if she does not help, she earns 75 kroner. (*Help decision*)

ii. The giver is then asked if she would like to know her recipient's earnings in that round. (*Information decision*)

The giver makes a third decision if she answers "yes" to the latter question:

iii. The giver must decide whether she wants to get information about the recipient's earnings displayed directly on the screen without involving the recipient, or if she wants to ask her recipient about the outcome of the lottery. (*Ask decision*)

The detailed structure of each round from the giver's perspective is presented in table 5.3.

Section 4 described the setting within which the human service provider makes her effort decision. In the experiment, the attractiveness of the lotteries represents the value of the service delivered. Five of the six characteristics that section 4 identified are reflected in the design of the experiment. First, it is a non-strategic decision situation. Generosity on the part of the giver is a one-sided gift corresponding to quality being non-enforceable (feature 2). Second, each decision-making situation involves two persons (feature 3). Third, the giver's helping behaviour represents the provider's contribution to service value, and the value of the high prize circumstances she cannot control (the parameter a in section 4). This corresponds to feature 4; the value of the service depends only partly on the actions of the personal provider. Fourth, the giver learns the value of the high prize before she decides if she wants to help by selecting the most attractive lottery alternative available. This corresponds to feature 5; the personal provider knows the contributions made by others in the provider organization and the environment (a). Lastly, the recipient knows the four possible lotteries, but does not know that the giver cannot fully control the value of the lottery, which corresponds to feature 6; the recipient cannot discern the individual contributions to service value.

Table 5.3 Structure of each round.

The giver (G) receives 75 kroner

G draws the value of the high prize (by pushing a button on the screen). The value of the high prize [55 or 25] is then displayed.

Help decision: G is asked if she wants to "help" her recipient (at a cost of 25 kroner). The message that G can send to the recipient (R), depending on her help choice, is displayed on screen. Message if G chooses to help: "I am your giver in this round. I have chosen a lottery where 9 out of 10 tickets have value [X] kroner" where X is either 55 or 25 depending on the value of the high prize in this round. Message if G chooses *not* to help: "I am your giver in this round. I have chosen a lottery where 9 out of 10 tickets have value 10 kroner."

R learns value of lottery ticket

Information decision: G must choose if she wants to know how much R actually earned (in this round): "Yes, I want to know" "No, I do not want to know"

If "no": Round ends.	If "yes": *Ask decision:* G is asked how she would like information about the ticket value. She chooses one of these alternatives: "I want to ask the computer" "I want to ask the recipient". The giver is informed that the recipient in this case receives the following questions: "Hi! I am your giver in this round. How much money did you get this time? What do you think about this?"
	If G chooses only to know the lottery value, but not ask R: The value of R's lottery ticket is displayed on screen. Round ends. — If G chooses to ask R: A standardized message from R is displayed on screen: "Hello! I got [X] kroner. [Standardized expression]"[7] Round ends.

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[7] The recipient could choose from the following expressions: "This was good :-)", "You are nice :-)", "I am very satisfied", "I am quite satisfied". "I am quite dissatisfied." "I am very dissatisfied." "This was bad :-("

The general hypothesis is that subjects are less inclined to involve themselves if they are unkind, that is, if they do not comply with social norms about fairness. There are two perspectives here on kind behaviour: what the givers consider to be kind behaviour, and what givers believe recipients consider to be kind behaviour. Givers know that recipients have less information, that they have reason to believe givers can choose freely among the four lotteries in table 5.1. A reasonable norm of social behaviour from the recipients' perspective would be that a giver pay 25 kroner and choose the most attractive lottery. This choice would be socially efficient, and would result in a fair distribution. The recipient's expected earnings would then be almost as much as his generous giver in that round.

From the givers' perspective there is an even stronger reason to choose the most attractive lottery when this option is available to the giver. Even if givers on the whole were to be quite generous, a recipient's total earnings would almost surely be lower, and likely substantially lower, than those of a generous giver, since givers can only expect to have the opportunity to choose the most attractive lottery in half of the rounds.[8] Given givers' information set, the relevant moral norm is less clear when the high prize is low (25 kroner). On the one hand, helping reduces earnings inequalities, on the other, helping is socially inefficient. Helping when the high prize is only 25 is more clearly a kind action, than it is when the prize is 55.

The experiment implies that observations are dependent across periods. Repeated observations of the same individual – a within-subject design – make it possible to distinguish between conditional and unconditional preferences for involvement; more specifically, between the effects of variation in lottery value and helping behaviour on an individual's involvement decisions, which are the focus of this article, from individual differences in the propensity to interact *per se*. Some subjects could have a stronger preference for generosity *and* greater

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[8] A recipient could earn a maximum of 440 experimental kroner, i.e. 40 experimental kroner more than the minimum earnings of a giver. To earn this maximum, the recipient would have to draw the high prize in every round and the value of the high prize would have to be 55. The probability of this event is at most 0.0017 per cent, e.g. 0.00002 if only two givers choose not to be generous to him. For any other outcome, a recipient's earnings are lower than the minimum earnings of a giver.

willingness to inquire and interact, without there being a causal link from helping behaviour to involvement. The econometric implications of this dependence are discussed in the next section.

6   RESULTS

The experiments were programmed in ztree (Fischbacher 2007) and conducted at Oeconlab at the University of Oslo. In total, there were five sessions and 104 participants.[9] Two sessions had 24 participants each; the other three had 22, 18 and 16, respectively. The results presented below include 416 observations: 52 givers and 8 rounds.

6.1   Results from experiment

The data confirm a basic premise of the analysis; namely, that other-regarding behaviour is common. On average, givers' help frequency was 35 per cent, with much higher help frequency when the efficiency of giving was high; that is, when the value of the high prize was 55 kroner rather than 25 kroner, respectively 58 per cent and 14 per cent (see table 6.1).

Table 6.1 Givers' choice variables (mean values).

	Help	Information	Ask
By value of max. prize:			
25	0.14	0.74	0.43
55	0.58	0.83	0.50
By value of help (=1 if helped)			
0	-	0.72	0.44
1	-	0.89	0.59
Mean value all observations:	0.35	0.78	0.49

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[9] Particpants were recruited through Oeconlab's e-mail list and flyers on the university campus.

The median giver helped 3 times, whereas 8 subjects (15.4 per cent) never helped. Willingness to find out about the lottery value as well as willingness to ask the recipient are also higher when the high prize is high. These propensities are also higher when the giver has helped.

Table 6.2 shows how the involvement propensities vary with the chosen lottery. When subjects have helped, they acquire information more frequently, even if the value of the lottery is not at its maximum. The frequency of asking is highest for the most valuable lottery, that is, when external conditions are favourable and the giver has helped.

Table 6.2 Mean values of the Information and Ask variables by value of the high prize and helping behaviour.

Value high prize	Did the giver help?	Expected value lottery	Mean values	
			Information	Ask
Low	No	11.5	0.71	0.45
High	No	14.5	0.75	0.42
Low	Yes	23.5	0.93	0.40
High	Yes	50.5	0.88	0.64
Total			0.78	0.49

Table 6.3 The propensity to obtain information. Pooled, panel fixed effect (FE) and random effects (RE) logit model (standard errors in parentheses).

	i **Pooled**	*Ii* **FE**	*iii* **RE**
Help	1.734** (0.750)	2.709** (1.177)	2.618** (1.311)
High	0.007 (0.010)	0.039** (0.019)	0.034* (0.018)
HelpHigh	-0.853 (0.841)	-2.518* (1.324)	-2.063 (1.414)
_cons	0.730** (0.045)		2.132** (0.004)
N	416	168	416
Log likelihood	-208.2	-50.1	-129.4

Alternative logit models for the information variable are presented in table 6.3. In all models, the propensity to know is significantly higher when the giver has helped. The pooled model (column *i*) takes no account of individual heterogeneity. A test of no heterogeneity is rejected (*p*-value 0.00). The logit panel models with individual fixed effects and random effects (columns *ii* and *iii*, respectively) indicate that the positive relation between individual givers' help choice and their curiosity about the outcome for the recipient is stronger when the high prize is low rather than high (2.71 vs. 0.23 in the fixed effects model). This difference is less clear in the random effects model, where the cross term is no longer significant.

Table 6.4 The propensity to ask the recipient. Pooled and random effects (RE) logit model.

	i	*Ii*	*iii*	*Iv*
	Estimation period: 1-8		Estimation period: 1-4	
	Pooled	**RE**	**Pooled**	**RE**
Help	-0.187	0.723	-1.053*	-1.057
	(0.401)	(0.740)	(0.615)	(0.905)
High	-0.003	0.013	-0.006	-0.007
	(0.009)	(0.015)	(0.012)	(0.022)
HelpHigh	1.075**	0.642	1.724**	2.422**
	(0.496)	(0.888)	(0.735)	(1.166)
_cons	-0.143	-1.300*	0.103	-0.106
	(0.328)	(0.569)	(0.464)	(0.861)
N	416	416	416	208
Log likelihood	-280.9	-209.5	-140.3	-116.7
*$p<0.10$, **$p<0.05$, ***$p<0.01$				

The propensity to ask, according to the pooled model (column *i* in table 6.4), is significantly higher only if the giver chooses the most valuable lottery. In that case the giver is both kind and appears to be kind from R's perspective. There are no significant results in the random effects models (columns *ii*).[10] However, subjects' behaviour changes throughout the experiment, with the response being stronger in the first half of the experiment. Loewenstein (1999) argues that repeated choices tend to repress certain types of psychological motive, notably affective responses. In this experiment, how many times can a giver feel bad because she has not helped, or not been able to choose, the most attractive lottery? In the Ask model, the significant effect of the *HelpHigh* coefficient in the pooled model derives mainly from the first four periods. Columns *iii-iv* therefore report results for these four periods only. The effect of the *HelpHigh* variable increases and becomes significant in both models. In the Information model there is no tendency for weaker responses over time, and models estimated on subsamples are not reported.

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[10] Results from the random and fixed effects specifications give roughly the same picture throughout.

To further explore the social involvement hypothesis and individual differences in behaviour and attitude, the participants also answered a questionnaire on computer at the end of the experiment. The questionnaire presents a situation and a moral dilemma that anyone living in a city could easily encounter: you are in a hurry; you see someone lose his or her wallet, but because you are in a hurry you choose not to help, that is, you do not pick up and hand the wallet back to its owner. The questionnaire text is in boxes 6.1 and 6.2. Subjects had to answer the questions on the first screen (box 6.1) before they read the last part of the questionnaire. Table 6.5 summarizes answers.

Box 6.1 Questionnaire (first screen).

At the bus station. On your way to the bus station to catch a bus, something unexpected happens, and for that reason you are in a hurry. From a distance, you see someone losing their wallet without noticing it. The wallet is left on the ground while this person is rushing in the direction of the bus station.

If you decide to run over and pick up the wallet and then find the person who lost it, you will most likely miss your bus. You therefore decide to ignore the incident and hurry to the bus. *Question 1*: Would you have a bad conscience if this was the reason you did not take the time to pick up the wallet and catch up with the person who had lost it? [Reply alternatives: Yes, No]

The bus is a few minutes late, and while waiting at the bus stop you notice that the person who lost the wallet is there also, apparently unaware that his/her wallet is gone.

Question 2: On a scale from 1 to 4, how morally right are the following two action alternatives? Alternative A: Make contact with the person, telling him or her that you saw the wallet fall onto the pavement.
Alternative B: Do not make contact.

Question 3: Would you yourself have chosen alternative A?

[Reply alternatives: From 1 to 4, where 1 is "For sure not", 4 is "For sure".]

Box 6.2 Questionnaire (second screen)

The participants first answered questions 1 to 3 before reading the rest of the questionnaire:

Your bus runs every half hour. You are on your way to visit some friends not very far from the city and it would not have mattered much for them, or for you, if you had come a bit late. But you find it frustrating not to have caught a bus you had decided to take and to have to wait an extra half hour at the bus station.

Imagine that you decide NOT to tell the person that he or she lost his or her wallet because you find it uncomfortable to do so. When you get on the bus, there are only two vacant seats; one is beside the person who lost the wallet.

Question 4: Which of the following statements accords most with your own opinion:

    i.   It does not matter where I sit.

    ii.   I would have chosen the vacant seat beside the person having lost his or her wallet.

    iii.   I would have chosen the vacant seat that was NOT beside the person who lost his or her wallet.

Table 6.5 Results questionnaire (mean values).

Question	Role in experiment		
	Giver	**Recipient**	**All**
1. Bad conscience? (% replying "yes")	98	100	99
2. A. How morally right to contact? (scale 1 to 4)	3.80	3.95	3.88
B. How morally right not to contact? (scale 1 to 4)	1.25	1.23	1.24
3. Would you have chosen to contact? (scale 1 to 4)	3.56	3.64	3.60
4. Which seat would you have chosen?			
i. Doesn't matter	14	9	23
ii. Seat beside …	4	5	9
iii. Seat NOT beside …	26	30	56
Number of observations[11]	44	44	88

[11]The number of respondents is lower than in the experiment. In the last session, participants could not answer the questionnaire because of a program crash.

The participants are consonant in how they see the situation. First, all of them except one would feel bad if they did not help, even if they had good reason to hurry to the bus, rather than run over and pick up the wallet (the costs of missing the bus are not specified). Second, when participants get a second chance to help (they meet the unlucky, but unknowing, person at the bus station), they view it as morally correct to tell that person about the lost wallet. (Answers to questions 2A and 2B are similar, so framing is not crucial.) To help in this situation has no costly consequences (the bus is delayed in any case). Third, most say that they would definitely make contact with and inform the person, but there is some discrepancy between what they consider to be morally right (question 2) and what they think they will do themselves (question 3) (respectively 90 and 75 per cent chose "4" in questions 2A and 3). The decision to help

necessitates social involvement. You have to make contact and talk, and the person could question (openly or otherwise) why you did not help by picking up the wallet.

The answers to the final question are consistent with the social involvement hypothesis. Two-thirds of participants would not sit beside the unlucky person if they had decided not to tell him or her about the lost wallet. As in the experiment there are individual differences. To 26 percent it does not matter where they sit, and 10 per cent would sit beside their unlucky but unknowing fellow traveller.

6.2   *Results experiment and questionnaire combined*

Is it the case that givers who would *not* sit beside the person who lost his or her wallet (i.e, those who chose alternative *iii* in question 4) are more reluctant to contact the recipient if they have not helped and/or the high prize is low? Since the hypothetical choice of seat in the questionnaire is a social interaction variable, this questionnaire variable may be informative about subjects' ask behaviour in the experiment. In table 6.6, the random effects Ask model is re-estimated on a dataset that includes only givers who, according to the questionnaire, would *not* sit beside the owner of the lost wallet (called the NOTs), and, for comparison, on data for all givers in the first four sessions. (There is no questionnaire data for the fifth session.) Including only the NOTs results in a stronger positive effect of the interaction term (*HelpHigh*), while the *Help* coefficient estimate is negative, though smaller in absolute value (significant only when the estimation period includes only the first four periods).[11] Hence, it seems to be the combined effect of high prize and helping, i.e. behaving kindly and appearing kind to the recipient that matters most for social interaction. According to table 6.2 (for the entire data set) givers ask most often when they give the most valuable lottery, and least often when they have helped, but a low high prize reduces the value of the lottery. The difference between the willingness to obtain information and the willingness to know is highest in the latter case. This pattern is even more pronounced when looking only at the NOTs. When these givers help, but are unable to give the most attractive

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[11] The same pattern is found in the pooled model (not reported). The negative *Help* coefficient estimate is then significant in the NOTs subsample when either all eight or only the first four periods are included.

lottery, their information and ask frequencies are 0.95 and 0.30, respectively. Then they do not appear kind to the recipient (reason for not asking), but this is undoubtedly the most generous action (reason to know); one helps despite a high cost (relative to the gain to the recipient).

Section 2 argued that the psychological cost of deviating from a kindness norm is higher the more sympathy a person feels, and when behaving unkind an individual can reduce this emotional distress by increasing emotional distance. Consistent with this argument, givers whose interaction choice is particularly sensitive to helping behaviour, according to the questionnaire, are in fact more generous. Average help frequency for givers who did not want to sit beside their unlucky fellow traveller (the NOTs) was 39 per cent versus 29 per cent for the other givers (who participated in the questionnaire). The difference is not significant according to a Wilcoxon rank sum test.

Table 6.6 The propensity to ask the recipient. Random effects model, sessions 1-4.[1] All givers, and the NOTs (those givers that answered they would not sit beside the person who had lost their wallet). (standard errors in parentheses).

	I	*Ii*	*iii*	*iv*
	Estimation period: 1-8		Estimation period: 1-4	
	All	**the NOTs**	**All**	**the NOTs**
Help	0.725	-0.647	-1.415	-3.787*
	(0.643)	(1.048)	(0.976)	(2.227)
High	0.016	-0.009	-0.014	-0.043
	(0.016)	(0.022)	(0.023)	(0.038)
HelpHigh	0.748	3.159**	2.819**	6.428**
	(0.784)	(1.285)	(1.249)	(2.717)
_cons	-0.917	-0.053	0.464	1.776
	(0.576)	(0.740)	(0.932)	(1.361)
N	352	208	176	104
Log likelihood	-182.3	-106.5	-99.0	-55.26

*p<0.10, **p<0.05, ***p<0.01
[1]There is no questionnaire data for session 5.

7 CONCLUDING REMARKS

The results from the experiment and the post-treatment questionnaire support a conjecture that individuals' generosity affects their social involvement decisions. Subjects made repeated choices about social involvement, and the question investigated was whether the same individuals make different involvement choices depending on the value of what they hand over to the recipient. When subjects were more generous (increasing the earnings' opportunities for their recipient), they were also more curious about the outcome for the recipient (actual earnings). Recipients were not told that their earnings opportunities were sometimes reduced by factors outside givers' control. This information asymmetry seems to matter. Generosity increases propensity to contact the recipient only when the recipient knows that the subject has been generous.

Involvement appears to have a psychological cost when subjects have not been kind, or when they have behaved kindly but are perceived differently by the recipient. To reduce the discomfort, individuals increase their emotional distance.

Results in Dana et al. (2006), Broberg et al. (2007) and Lazear et al. (2009) can be interpreted in a related way. In all three studies, many dictator allocators were willing to pay to exit from the dictator game if that also meant the recipient did not know that a game was to be played. One way to interpret their findings – in line with cognitive dissonance theory – is that the exit option allows allocators to distance themselves emotionally from the pay-off decision, for example; it is then possible to think of the recipient's future experience as hypothetical and not real (*if* the recipient learns about the game, then his or her feelings will be ...). These studies indicate that such cognitive dissonance mechanisms are empirically important, but also that people are heterogeneous in this respect. For example, Lazear et al. (2009) could classify 95 per cent of their allocators as one of three types. Willing and reluctant sharers (as opposed to non-sharers) donated positive amounts in a standard dictator game. The reluctant sharers, which were the largest group, opted out when it was costless to exit. In the present experiment, a post-treatment questionnaire identified individual differences with respect to how the respondent would relate socially to someone for whom he or she has a bad conscience (for a good or less good reason). Two-thirds of all participants (and 60 per cent of givers) would prefer not to be

physically close to that person (even if the person were completely ignorant); a quarter would be indifferent. Givers who, according to the questionnaire, were reluctant to interact socially in this hypothetical situation were also more sensitive in the experiment. If their answer to the questionnaire was a post-rationalization – they remembered how they had behaved in the experiment and chose to answer the questionnaire accordingly– the questionnaire merely serves to identify a subset of givers whose involvement decisions were particularly sensitive to the value of the lottery that they handed over to the recipient. If their answer was not post-rationalization, the hypothetical case in the questionnaire shed light on mechanisms that cause people to become less involved when they are not kind, or do not appear kind.

Broberg et al. (2007) argue that, to a considerable extent, generosity may be "involuntary". That notwithstanding, it is precisely because subjects care that there is an internal conflict which higher emotional distance helps to resolve. The givers whose involvement decisions were particularly sensitive (according to the questionnaire) were also more generous, but the difference is not statistically significant. Dana et al. (2006) and Broberg et al. (2007) find a tendency for relatively generous individuals to be more prone to exit (significant only in Broberg et al.). In Lazear et al. (2009) reluctant sharers donated on average significantly less than the willing sharers (but more than non-sharers). The heterogeneity of individual preferences is a question worth further study.

The experiment in this article was designed to represent key characteristics of human service provision to vulnerable individuals, but it is, of course, highly stylized. Still, the findings are relevant to our understanding the provision of quality in human services. The experiment constitutes a socially sterile environment: interaction is anonymous and through computers (though they are all in the same room). Moreover, subjects have no reason to believe that recipients need the money more than they do themselves, and participants form no well-defined social group outside the experimental setting. When significant effects on involvement of generosity and the value of the transfer are found in such an environment, there is reason to believe that effects may be stronger when the social frame is such that individuals perceive their moral and social obligation to be stronger.

The experiment had no feedback from involvement choices to subjects' pay-offs. In contrast, in the human services such feedback is everywhere important. Emotional distance has direct importance for quality, i.e. by improving the quality of social interaction and by making workers more willing to obtain invaluable recipient-specific information.

When workers respond to the quality of service and own effort by adjusting emotional distance, virtuous and vicious circles in the provision of quality may result. There are two complementary mechanisms. First, there is the direct effect of emotional distance on quality. Higher (lower) emotional distance worsens (improves) the worker's *capacity* to do a good job. This effect is unique to personal services, and notably human services. Second, higher (lower) emotional distance decreases (increases) the cost of not showing regard for those with whom one interacts and thus the worker's *willingness* to do a good job. When a worker increases (decreases) emotional distance as a response to deterioration (improvement) in quality, each of these mechanisms contributes to reinforcing the quality decrease (increase). That the discomfort or pain of others is a "more pungent sensation" than the joy of others (Smith 1976, 44) suggests that the mechanisms contributing to vicious circle may be particularly important. These vicious and virtuous circles may account for differences in quality between human service organizations, for example between schools or nursing homes, i.e. not attributable to differences in the organizations' external environment. Another mechanism that may contribute to such reinforcement mechanisms is exit. For an involved and conscientious human service worker who is uncomfortable with the quality of care that the organization provides, the definitive way to increase emotional distance would be to leave and, if possible, seek work at a better performing school, nursing home, or the like. However, the study of such sorting mechanisms and their effect on organizational quality is beyond the scope of this article.

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