

Altruistic Capital

Professor Nava Ashraf

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.

We address ourselves not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages.”

-Adam Smith

“How selfish soever a man may be, there are some principles in his nature, which interest him in the fortune of others and render their happiness necessary to him, though he derives nothing from it except for the pleasure of seeing it... the greatest ruffian, the most hardened violator of society is not without it.”

-Adam Smith

A “natural” principle?

- A large and growing body of empirical research in Economics shows how *necessary* others' well-being is to us
- In repeated economic experiments over the past two decades in behavioral economics, people show a propensity to **give up money in order to meet other needs**

So what of the benevolence of the baker?

- Could you incentivize economic activity through *leveraging* existing social and altruistic motivation?
 - How to test with field data?
- Can you *build* altruistic motivation as a **capacity for serving others**, by the way our work environment is designed?



COVER #2
2

new
IMPROVED

*care*TM
FEMALE CONDOMS
For lovers who choose to care

**LADY ODRI'S
HAIR SALON**

SPECIALISED IN
• MANICURE PEDICURE
• WEAVING & ALL HAIR STYLE
DREADS

205

BANA RICK / BANA ZIWOL
HAIR
SALON & PLAITING

206

207





Incentive design

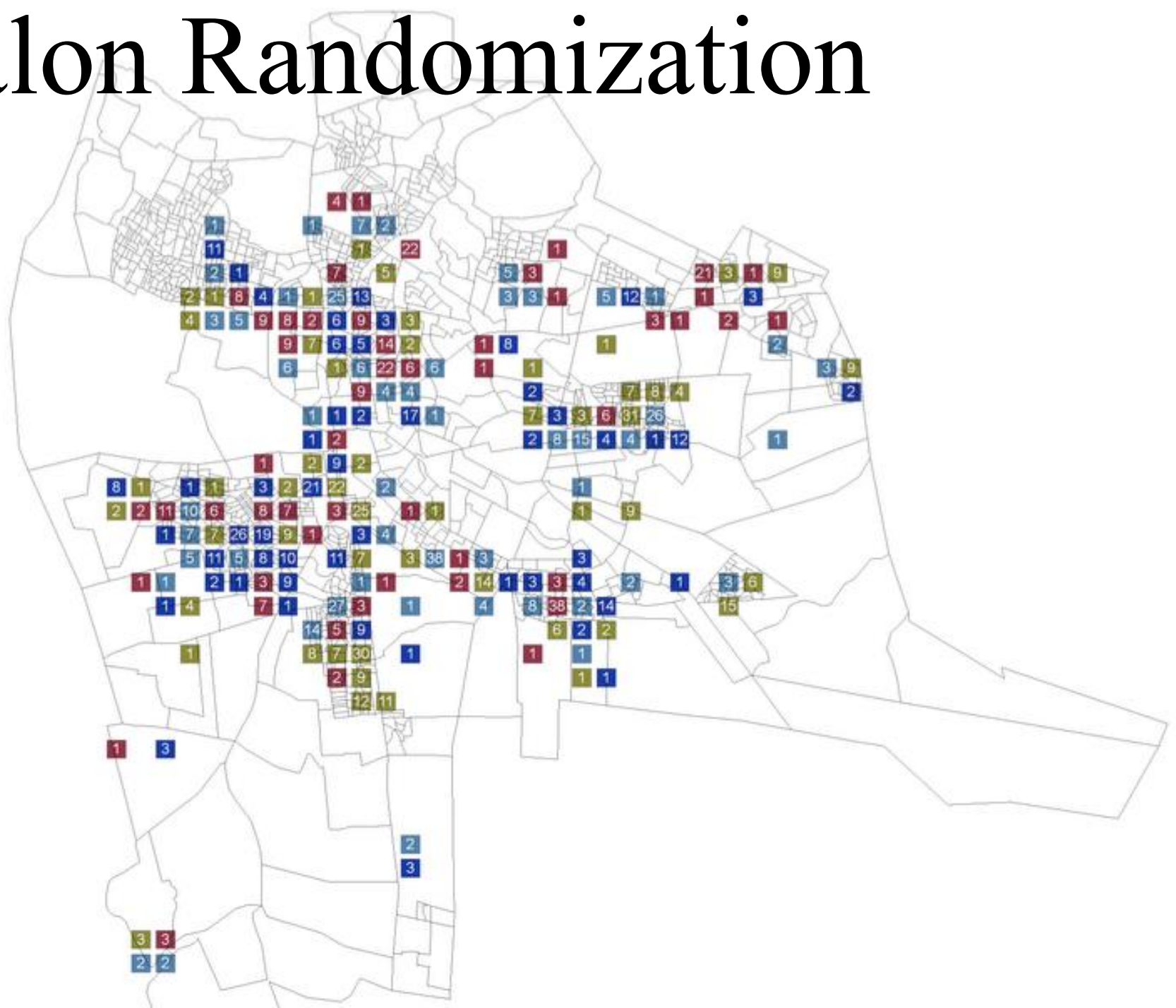
Ashraf, Bandiera, & Jack (2014)

Design and implement a field experiment with SFH Zambia to distribute female condoms

1. **Census:** Survey all salons in Lusaka (~2500)
2. **Randomize:** Randomly assign 1200 salons to four treatments:
 1. Low Financial Rewards
 2. High Financial Rewards
 3. Volunteer
 4. Non Monetary rewards



Salon Randomization



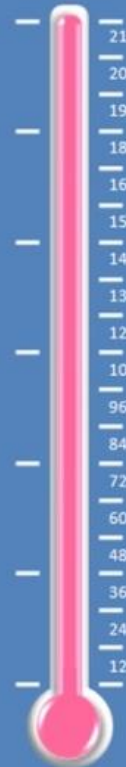


For lovers
who choose to *Care!*

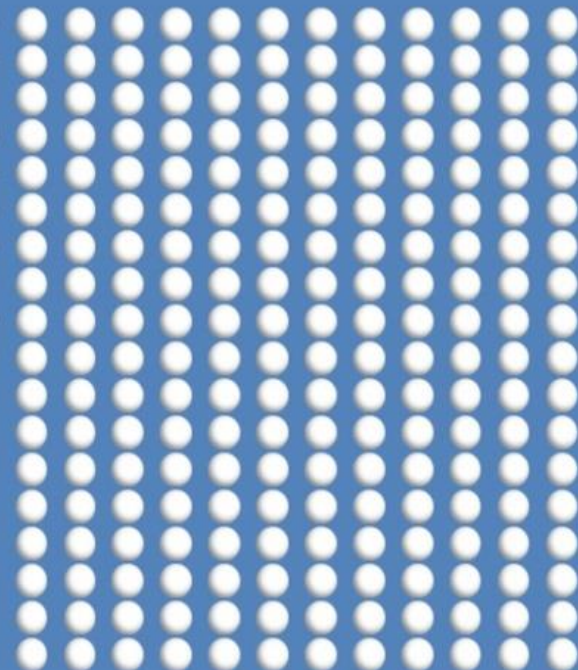
CARE PROMOTER:

CONTRIBUTION
TO COMMUNITY
HEALTH

PACKS OF
FEMALE CONDOMS
SOLD



216
204
192
180
168
156
144
132
120
108
96
84
72
60
48
36
24
12



Experimental design

Ashraf, Bandiera, & Jack (2014)

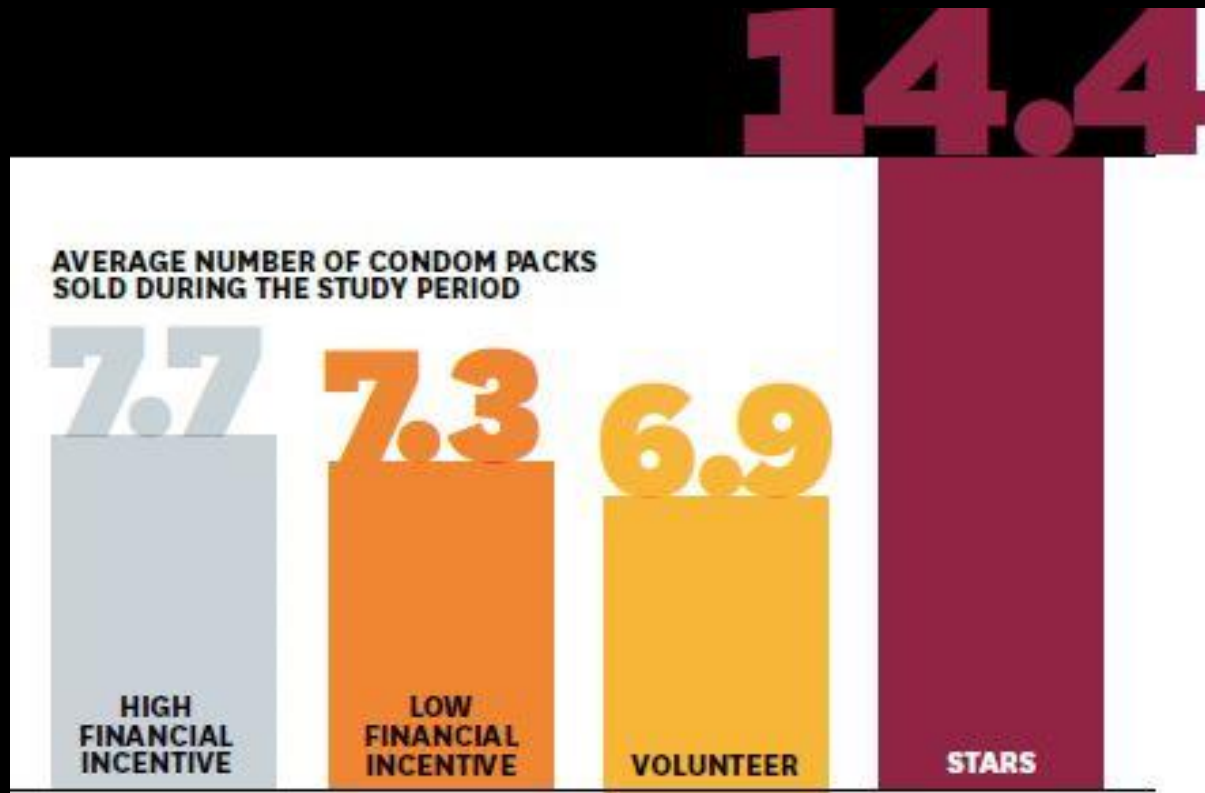
Design and implement a field experiment with SFH Zambia to distribute female condoms

1. **Census:** Survey all salons in Lusaka (~2500)
2. **Randomize:** Randomly assign 1200 salons to four treatments:
3. **Train:** Invite to training, learn about incentives
4. **Sales and monitoring:** collect monthly data on hairdressers

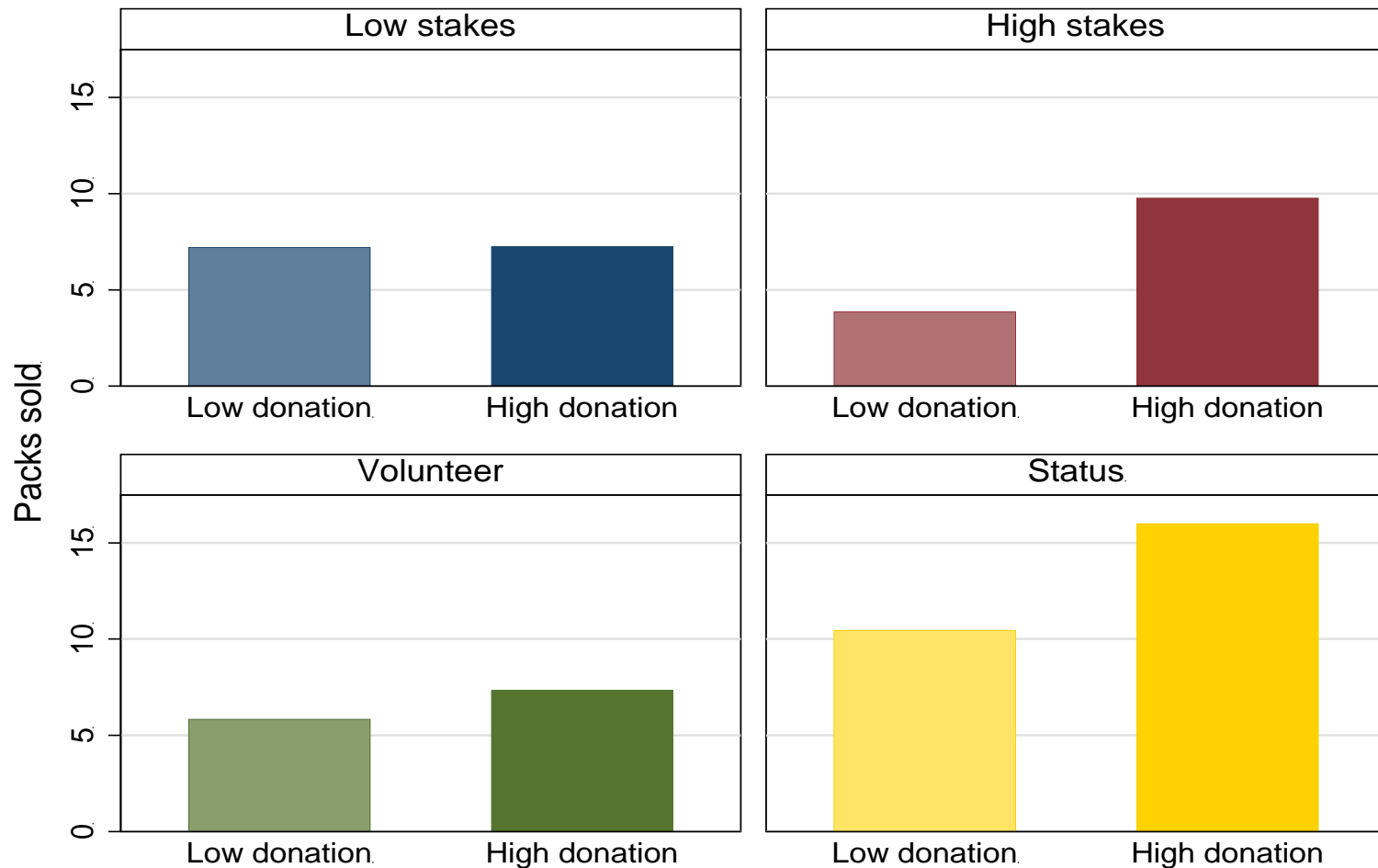


Altruistic capital: Results

Ashraf, Bandiera, & Jack (2014)



Incentives reinforce existing altruistic motivation: Crowd in!



Lessons for Harnessing Altruism

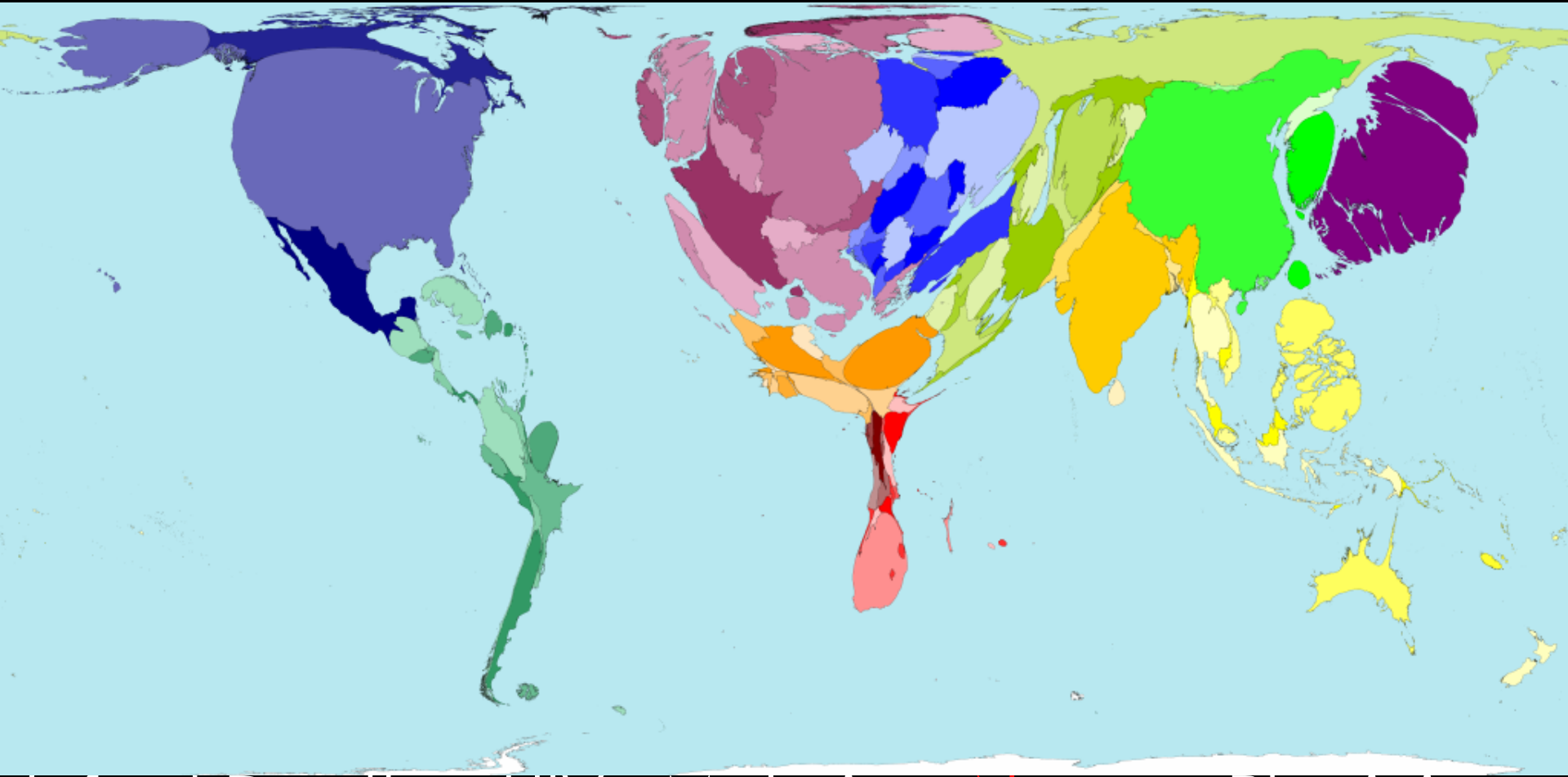
- Employees' pro-social motivation can be a source of value for an organization
- Non-monetary incentives can be designed to leverage this pro-social motivation
 - to build what we call “Altruistic Capital”
- Financial incentives don't necessarily crowd out pro-social motivation, and can actually crowd it in

Motivation: Global Health Crisis

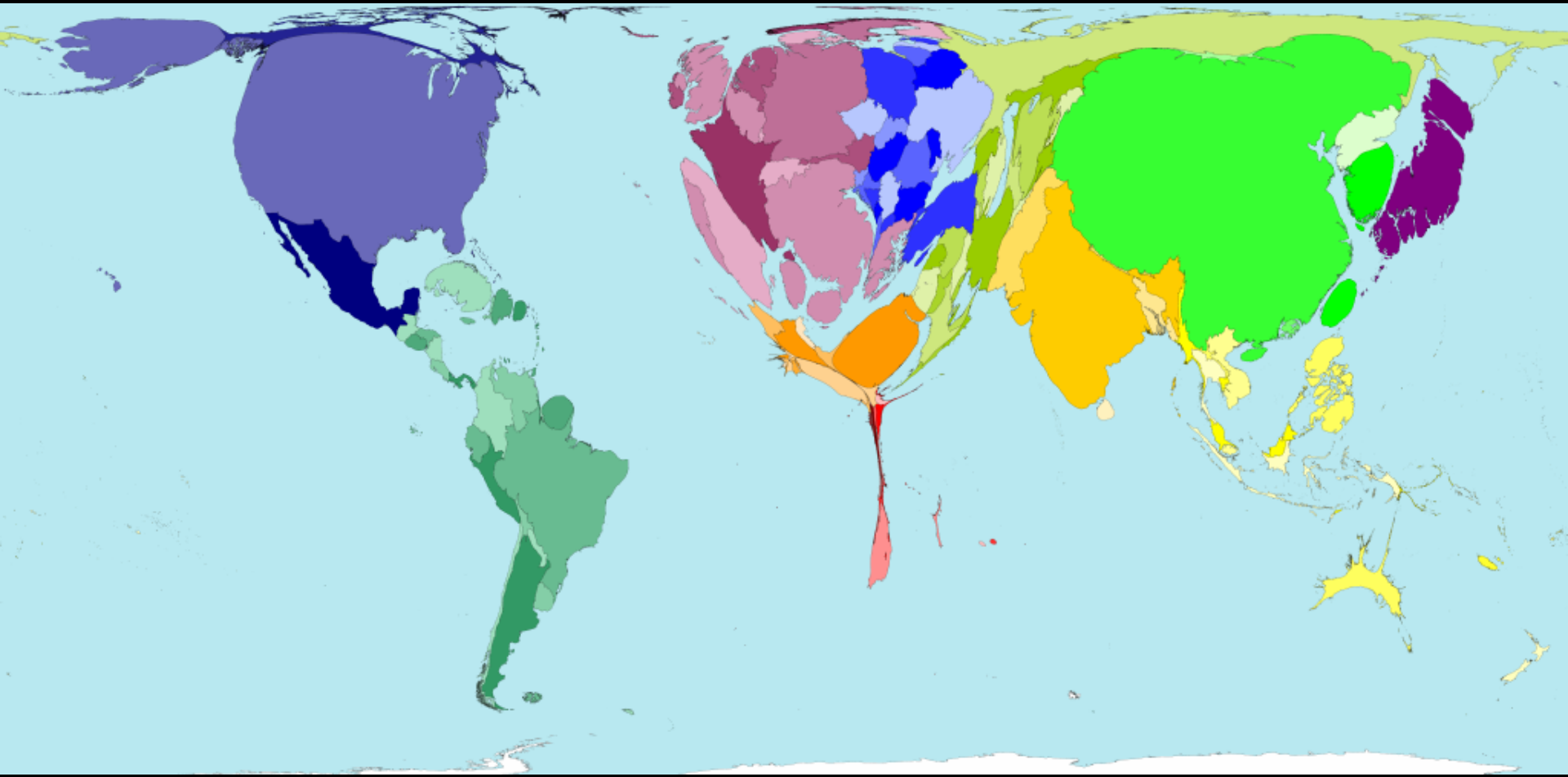


Infant Deaths HIV **Malaria** Nurses Physicians

Motivation: Crisis in Human resources for health



Infant Deaths HIV Malaria **Nurses** Physicians



Infant Deaths HIV Malaria Nurses Physicians

(Zambia: Pop 13m; 913 physicians)

Community Health Workers



Community-oriented recruitment poster

REPUBLIC OF ZAMBIA MINISTRY OF HEALTH



DESIGNATED HEALTH CENTRE:	FOR POSTING AT:

TRAINING OPPORTUNITY

ONE-YEAR COURSE IN COMMUNITY HEALTH

The Ministry of Health is launching a new national Community Health Worker (CHW) program and invites qualified persons to participate in the initial training of community health workers.

The training will begin on _____ and will be held at the Provincial level for selected applicants. All training costs, including transportation, meals and accommodation during the one-year training program, will be covered by the Ministry of Health.

BENEFITS:

- Learn about the most important health issues in your community
- Gain the skills you need to prevent illness and promote health for your family and neighbors
- Work closely with your local health post and health centre
- Be a respected leader in your community

QUALIFICATIONS:

- Zambian National
- Grade 12 completed with a minimum of two O-Levels
- Age 18-45 years
- Endorsed by Neighborhood Health Committee within place of residence
- Preference will be given to women and those with previous experience as a CHW

APPLICATION METHOD:

Submit to the DESIGNATED HEALTH CENTRE indicated above:

- Completed application form with necessary endorsements. If no blank forms are attached to this notice, kindly obtain a blank one at the nearest health centre.
- Photocopy of school certificate documenting completion of Grade 12 and a minimum of two O-Levels.
- Photocopy of Zambian national registration card.

For more information: Contact the Designated Health Centre indicated above.

APPLICATION CLOSING DATE: _____

Shortlisted candidates will be announced at the Designated Health Centre on _____

Counseling and Support

Care and Treatment

Health Education

Want to serve your community? Become a CHW!

Career-oriented recruitment poster

REPUBLIC OF ZAMBIA MINISTRY OF HEALTH



DESIGNATED HEALTH CENTRE:	FOR POSTING AT:

TRAINING OPPORTUNITY

ONE-YEAR COURSE IN COMMUNITY HEALTH

The Ministry of Health is launching a new national Community Health Worker (CHW) program and invites qualified persons to participate in the initial training of community health workers.

The training will begin on _____ and will be held at the Provincial level for selected applicants. All training costs, including transportation, meals and accommodation during the one-year training program, will be covered by the Ministry of Health.

BENEFITS:

- Become a highly trained member of Zambia's health care system
- Interact with experts in medical fields
- Access future career opportunities including:
 - Clinical Officer
 - Nurse
 - Environmental Health Technologist

QUALIFICATIONS:

- Zambian National
- Grade 12 completed with a minimum of two O-Levels
- Age 18-45 years
- Endorsed by Neighborhood Health Committee within place of residence
- Preference will be given to women and those with previous experience as a CHW

APPLICATION METHOD:

Submit to the DESIGNATED HEALTH CENTRE indicated above:

- Completed application form with necessary endorsements. If no blank forms are attached to this notice, kindly obtain a blank one at the nearest health centre.
- Photocopy of school certificate documenting completion of Grade 12 and a minimum of two O-Levels.
- Photocopy of Zambian national registration card.

For more information: Contact the Designated Health Centre indicated above.

APPLICATION CLOSING DATE: _____

Shortlisted candidates will be announced at the Designated Health Centre on _____

Nursing

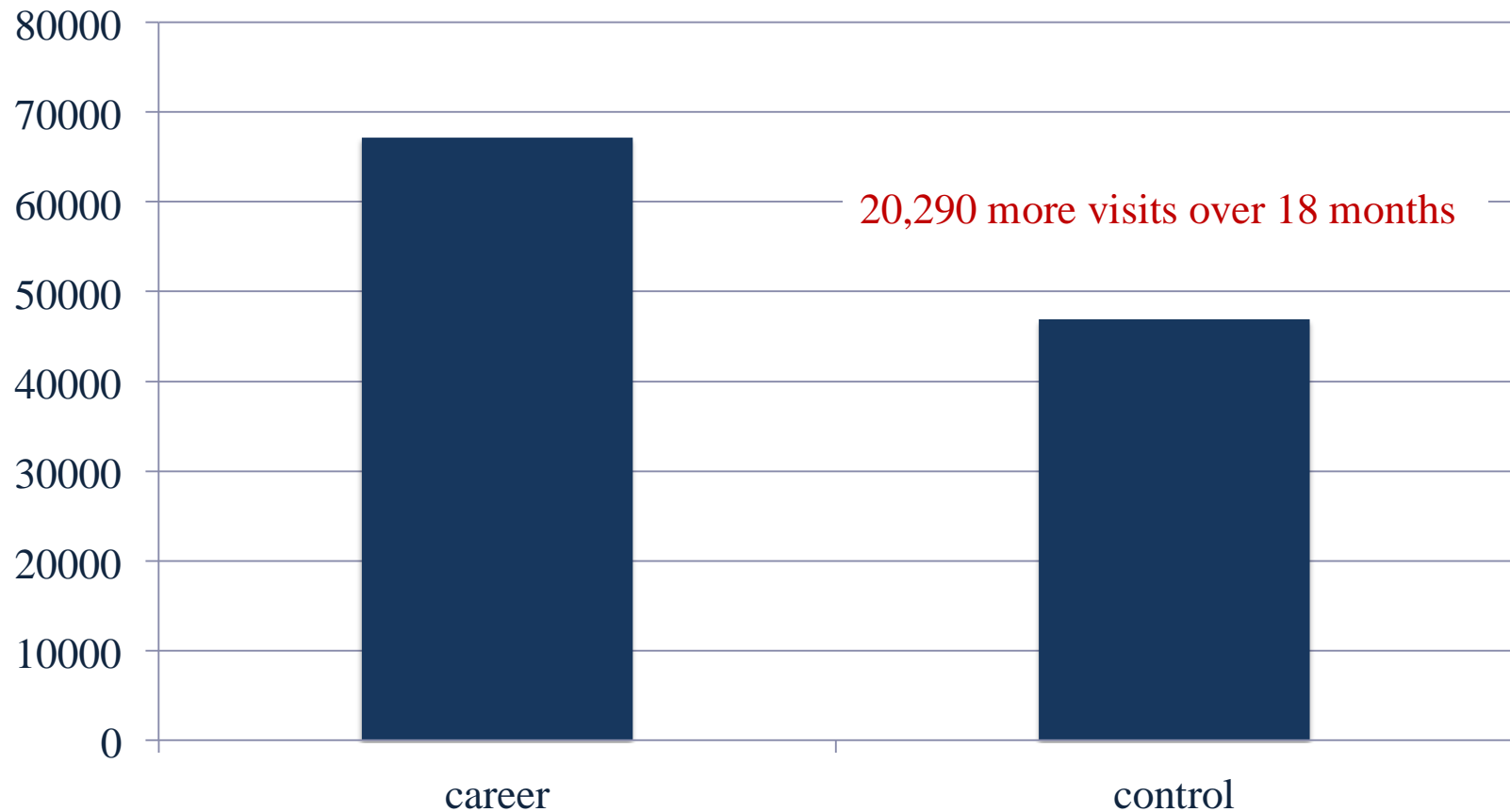
Clinical Medicine

Environmental & Public Health

Become a CHW to gain skills and boost your career!



Career incentives attract workers who do 31% more visits



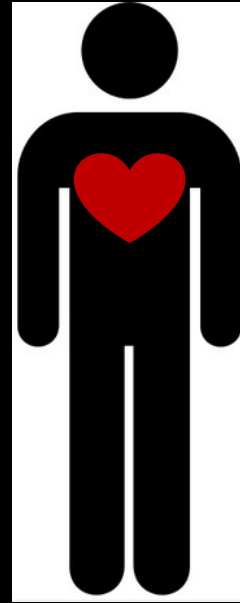
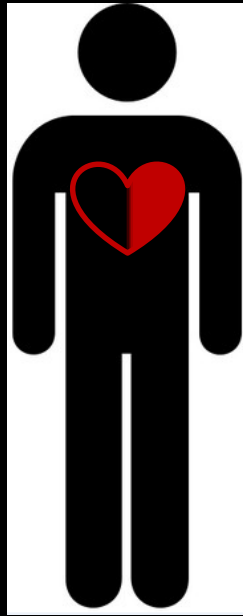
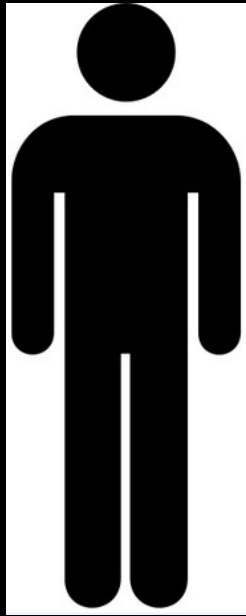
Source: SMS receipts sent by CHAs

Does the control group outperform on other dimensions?

- Do more community mobilisation/work at HP? **No**
- Remain in post longer? **No**
- Focus on hard-to-reach households? **No**
- Longer visits? **No**
- Better targeting within households? **No**
- Work longer hours doing something else? **No**
- More responsive to emergencies? **No**

Health impacts

- Monthly health care usage data (facility level) show that in treatment areas:
 - Institutional deliveries go up by 31%
 - Children visits to health posts go up by 24%
 - Under 1yr-olds receiving polio vaccination go up by 20%
- Household survey data show that in treatment areas:
 - share of underweight children goes down by 25%



Social motivation

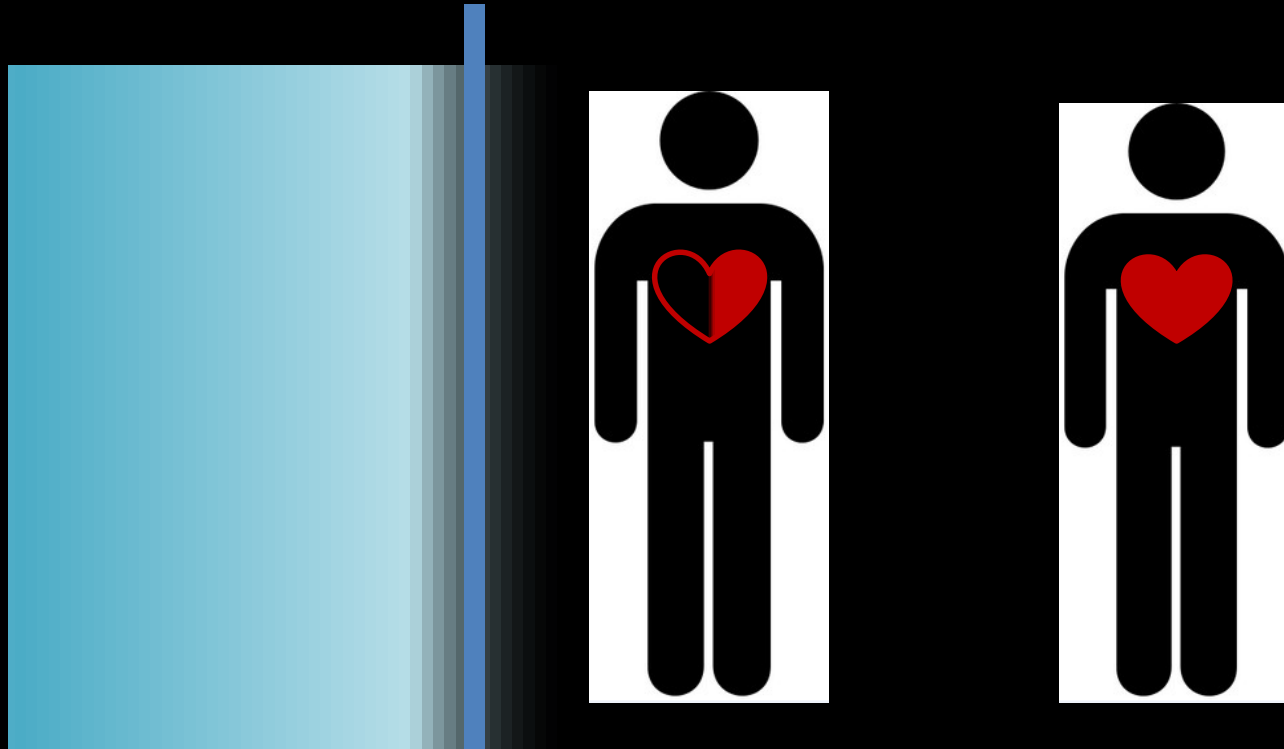
Low rewards



Social motivation



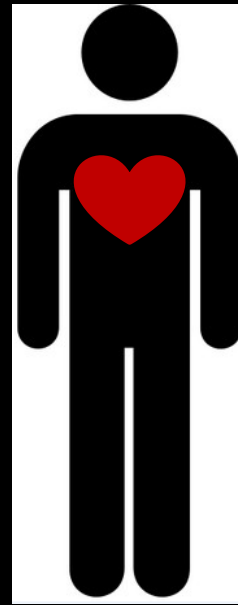
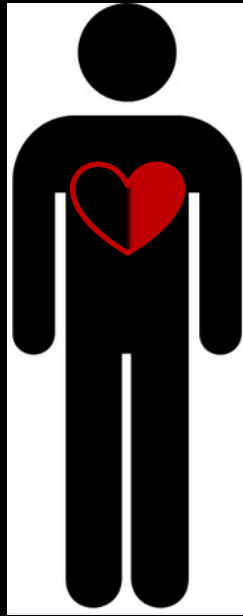
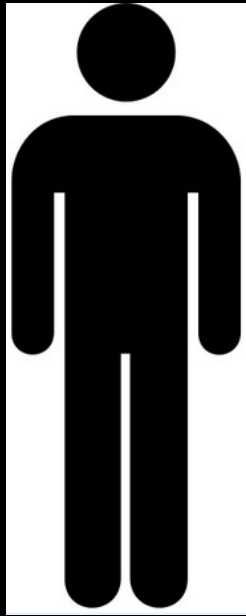
Medium rewards



Social motivation



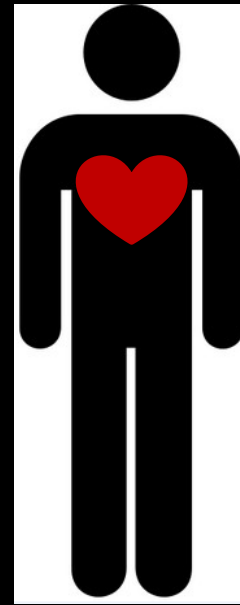
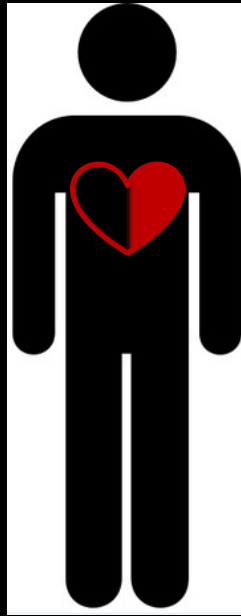
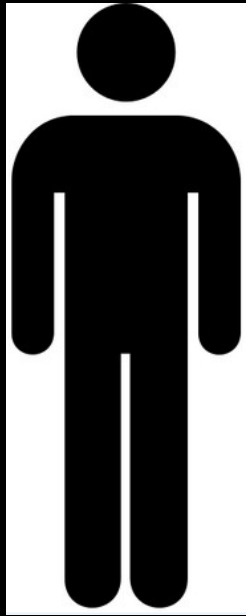
High rewards



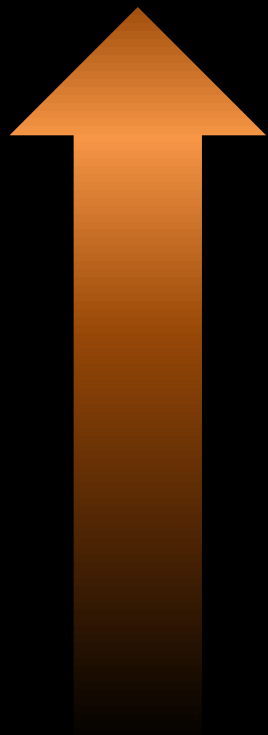
Social motivation



Material benefits

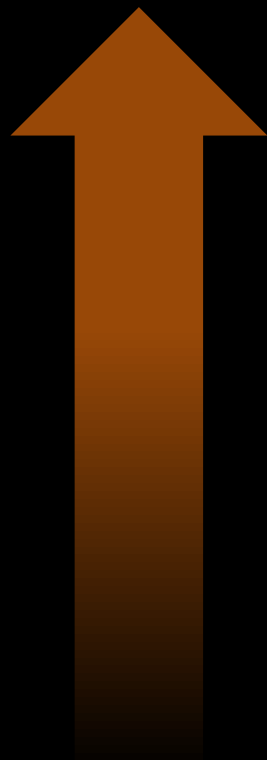


Social motivation

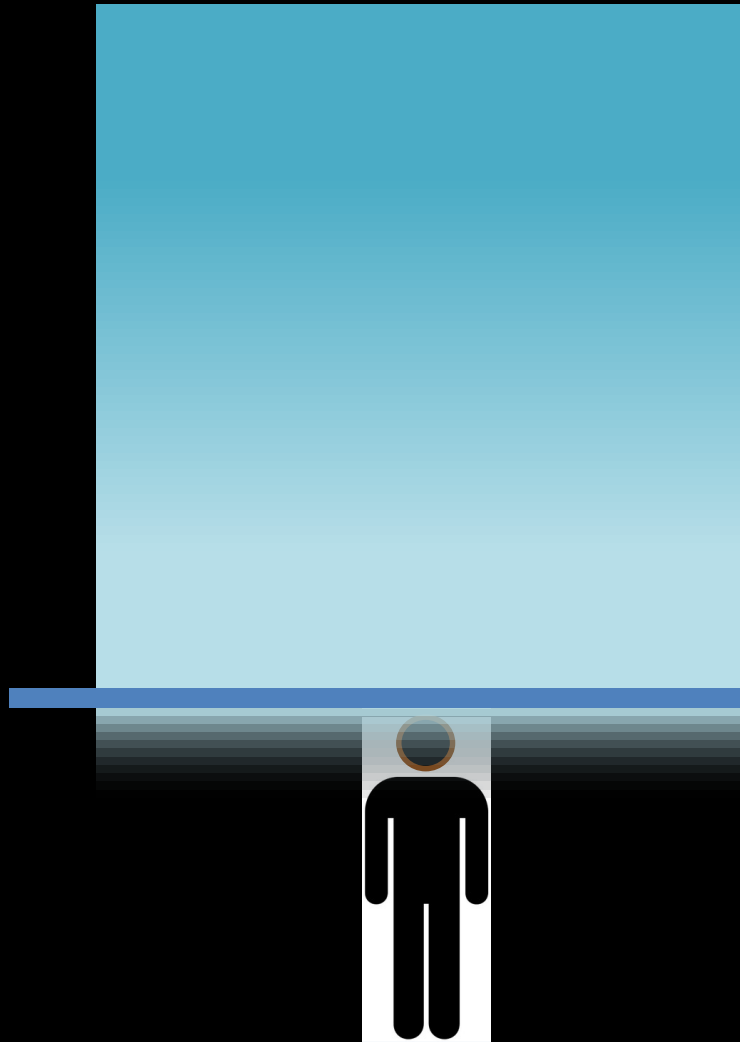


Ability

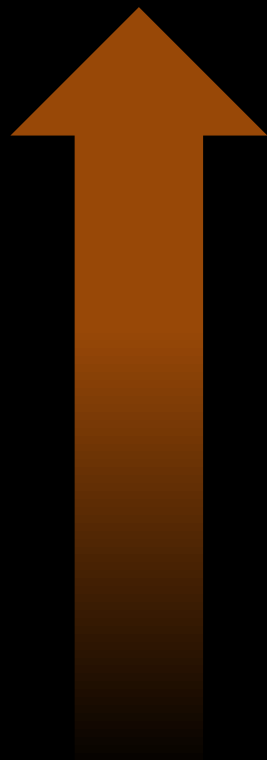




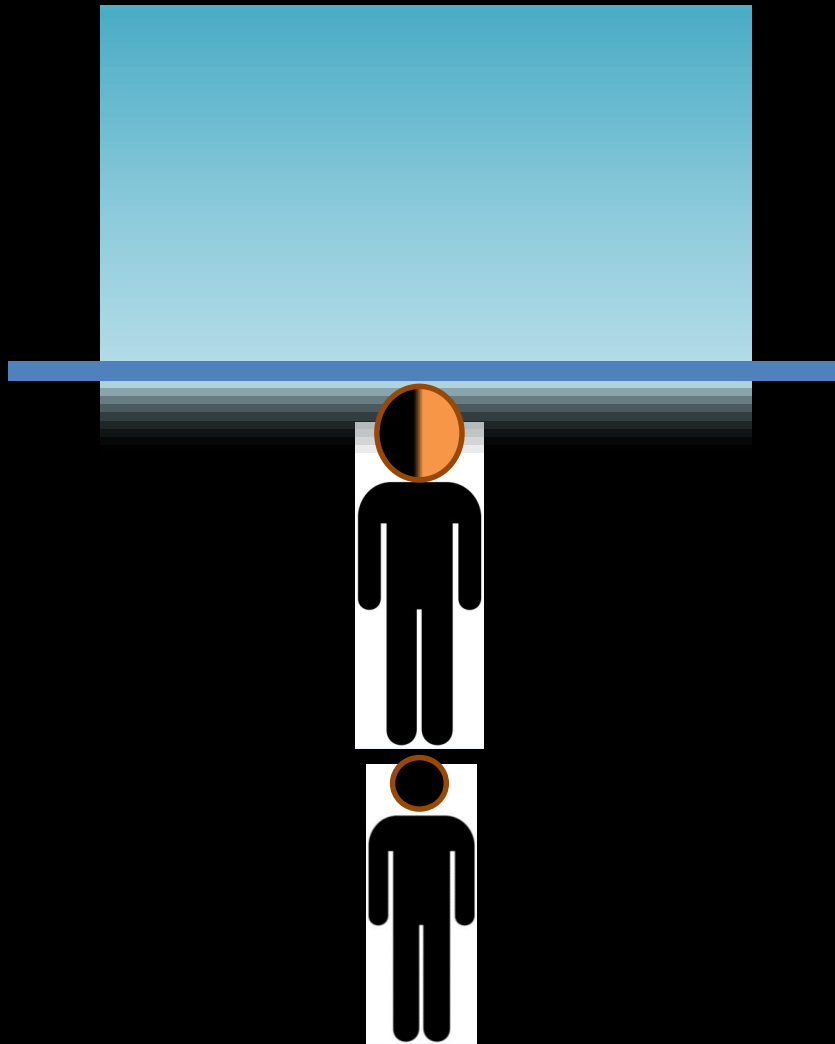
Ability



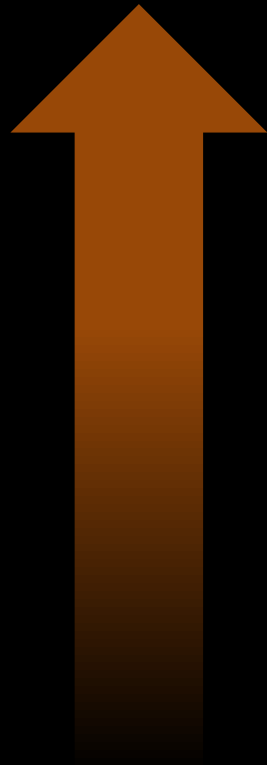
Low rewards



Ability



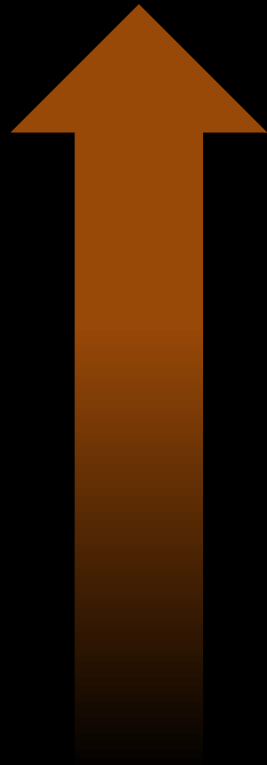
Medium
rewards



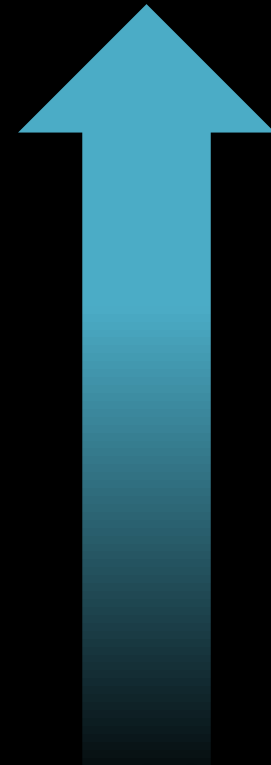
Ability



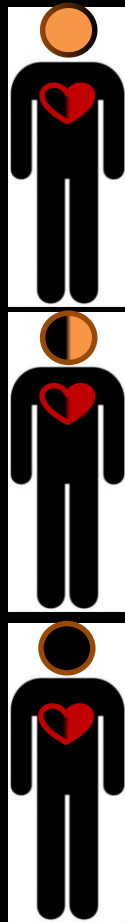
High rewards



Ability

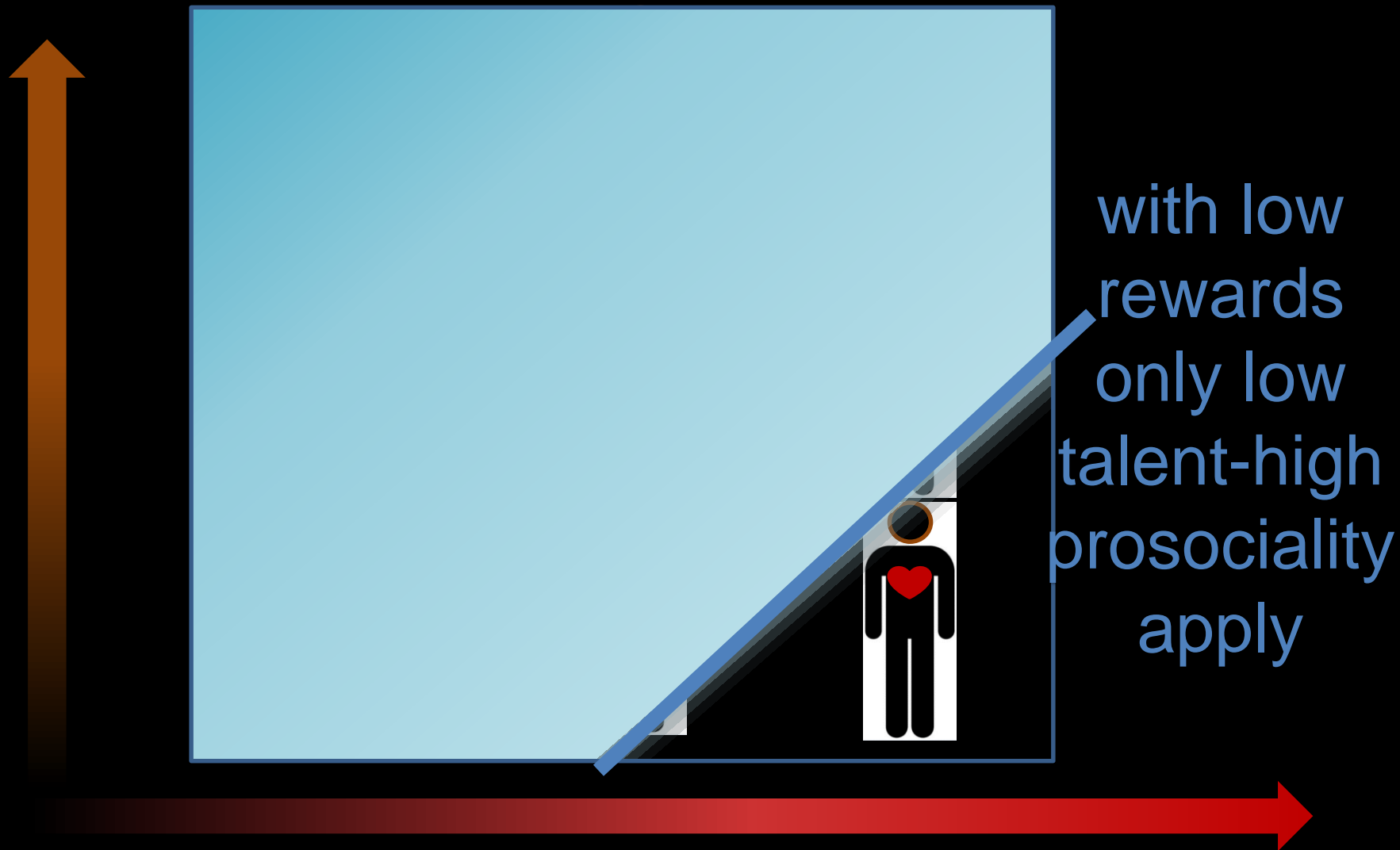


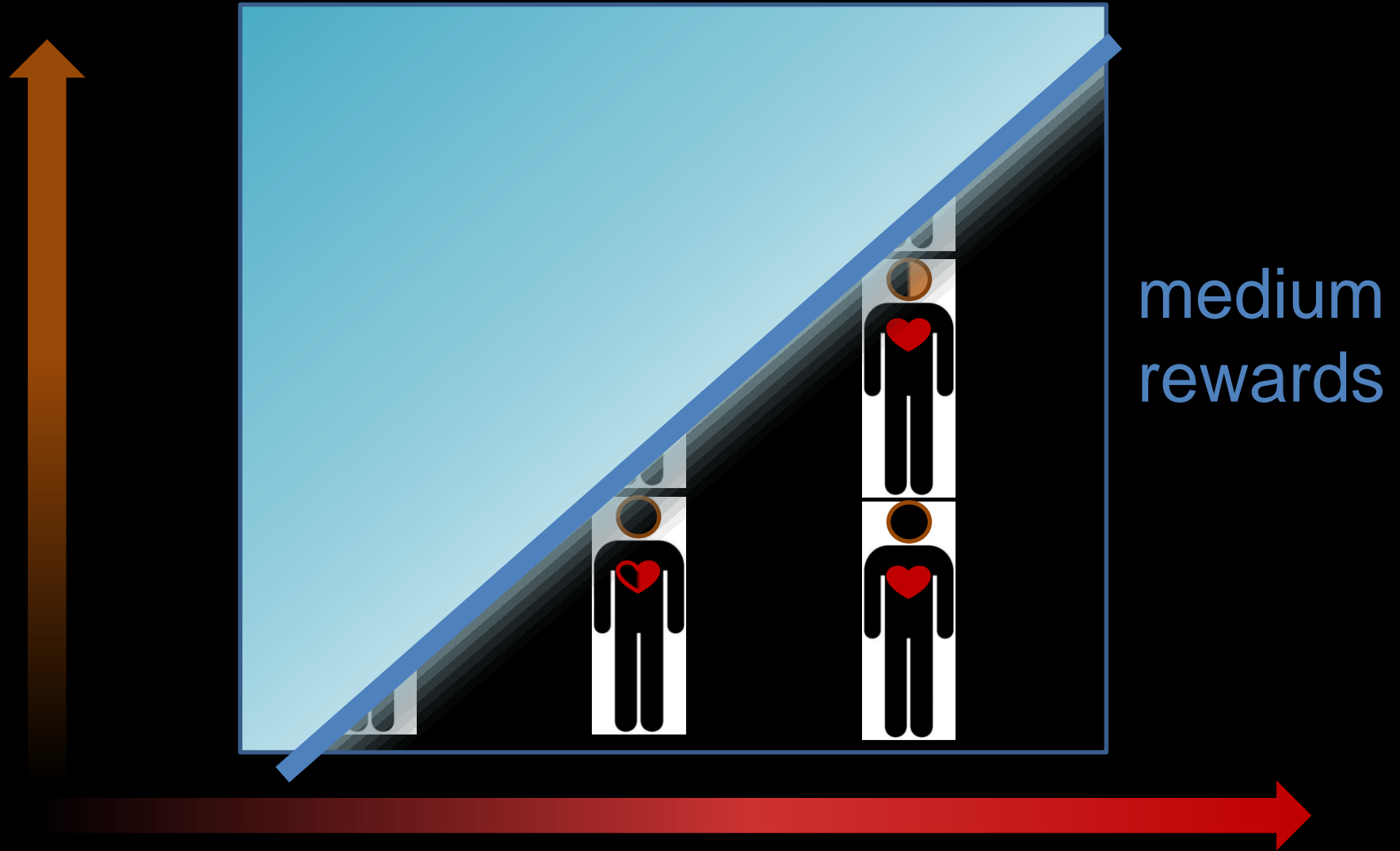
Material benefits

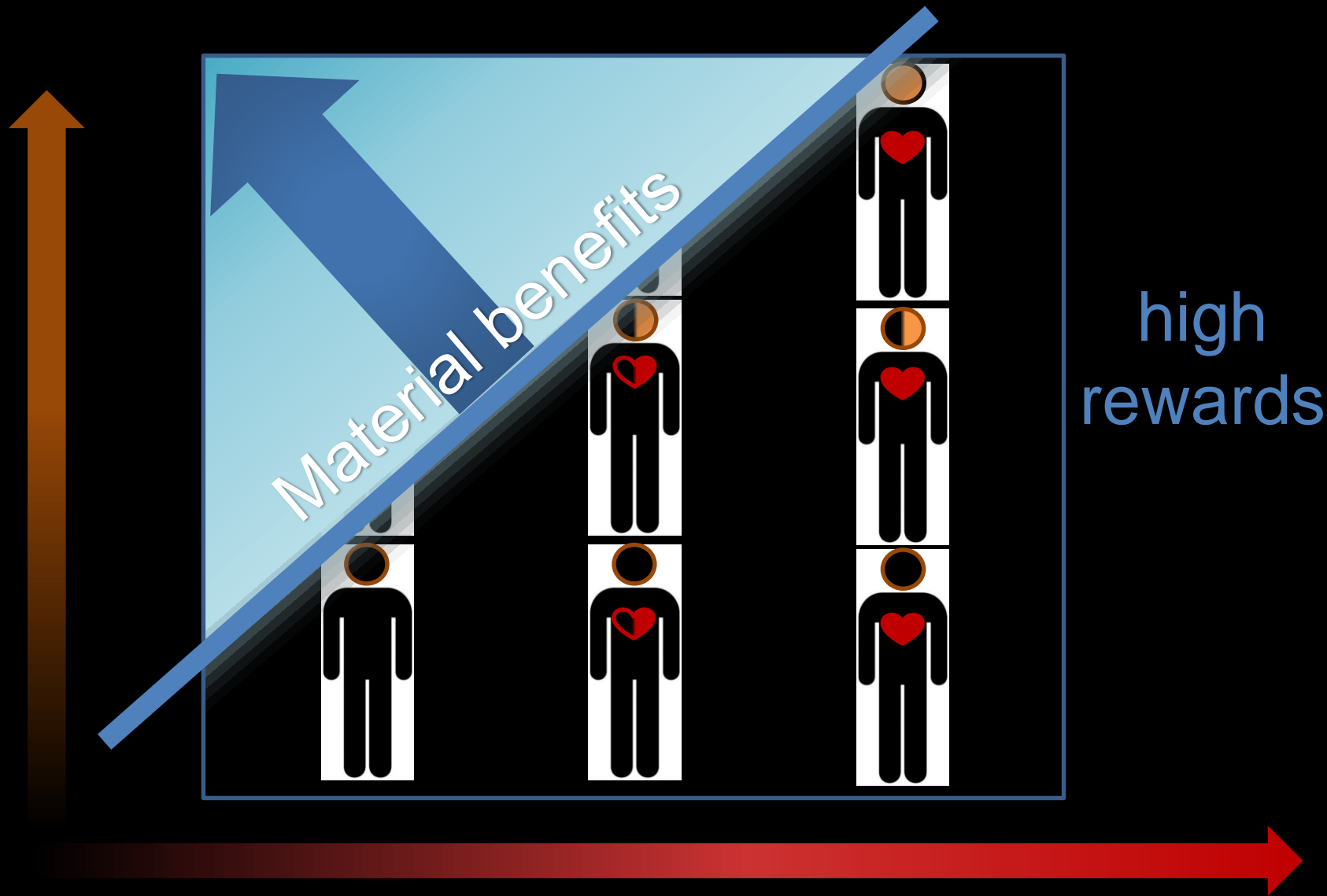


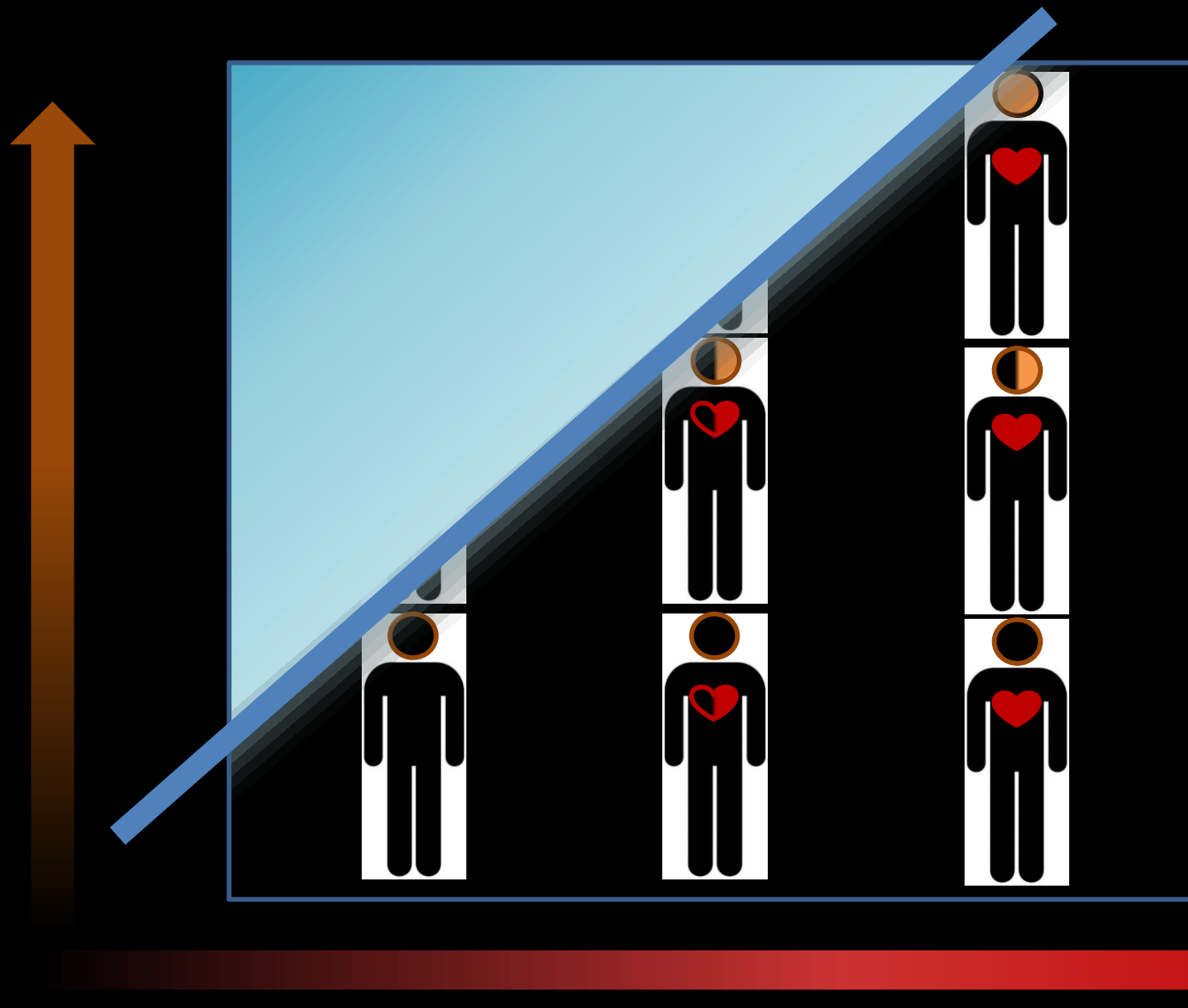
All
possible
applicants



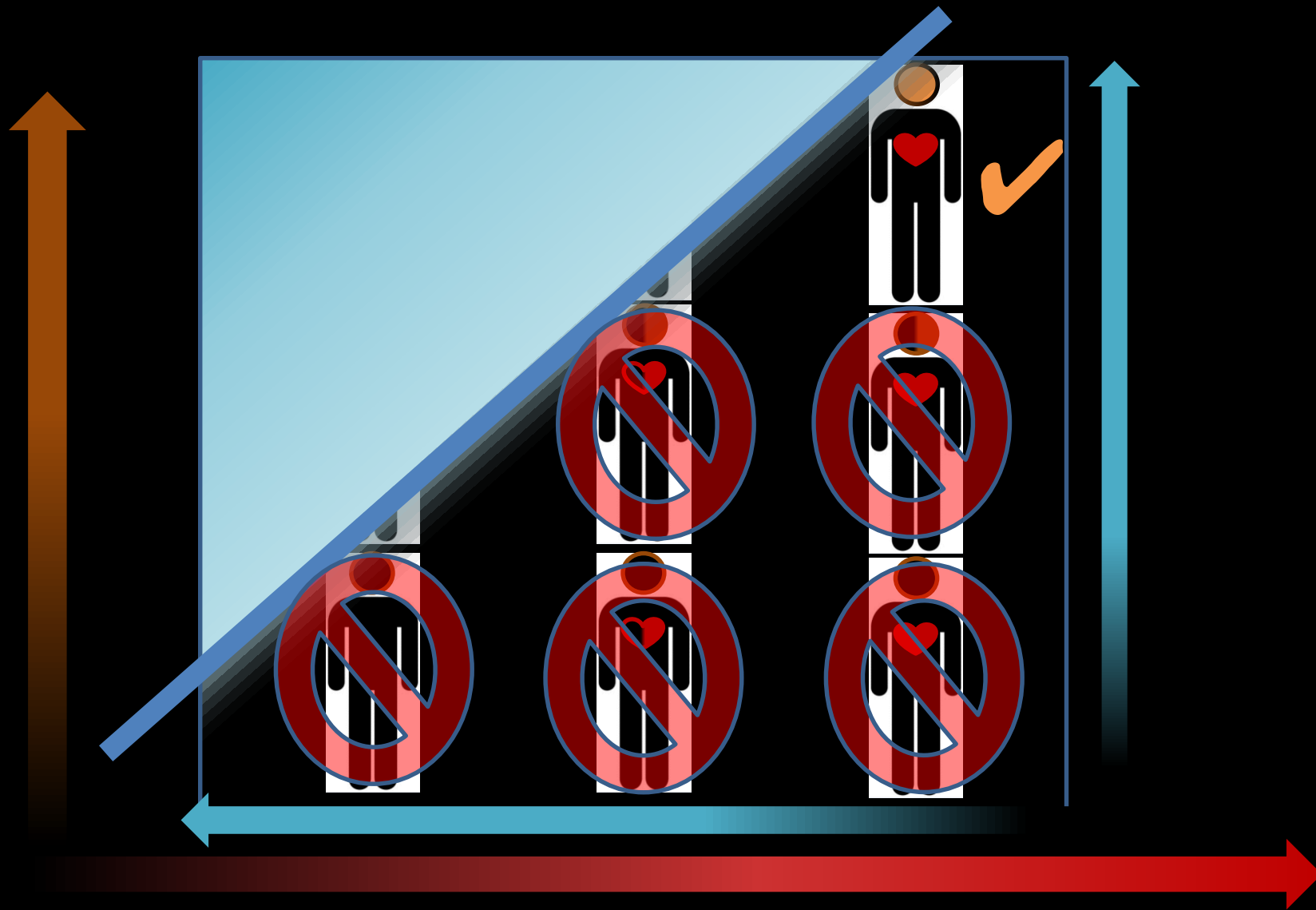




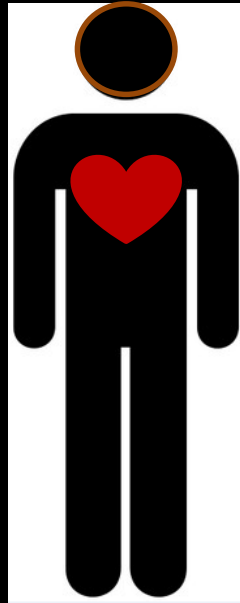




who would
you
choose?



community

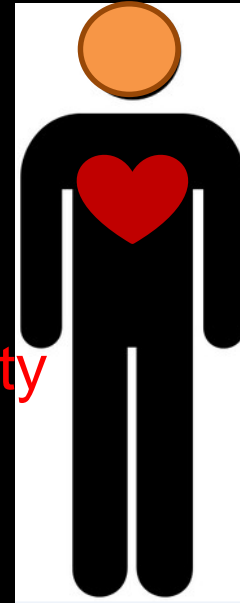


more skills



same prosociality

career



25% lower
malnourishment

Summary (Ashraf, Bandiera & Lee 2016)

- Career incentives attract candidates who perform better and are equally likely to remain in their posts
- The two main sources of motivation that attract applicants to these jobs- material benefits in the form of career prospects and intrinsic utility due to helping the community - do not clash

The Lessons So far

- Leveraging Monetary vs Non-Monetary Motivation:
 - Not the same tradeoff that is often assumed, but can potentially make biggest impact by leveraging what is scarce in the environment: career opportunities vs social impact
-What does that say about the possibility of leveraging altruistic motivation in the private sector?

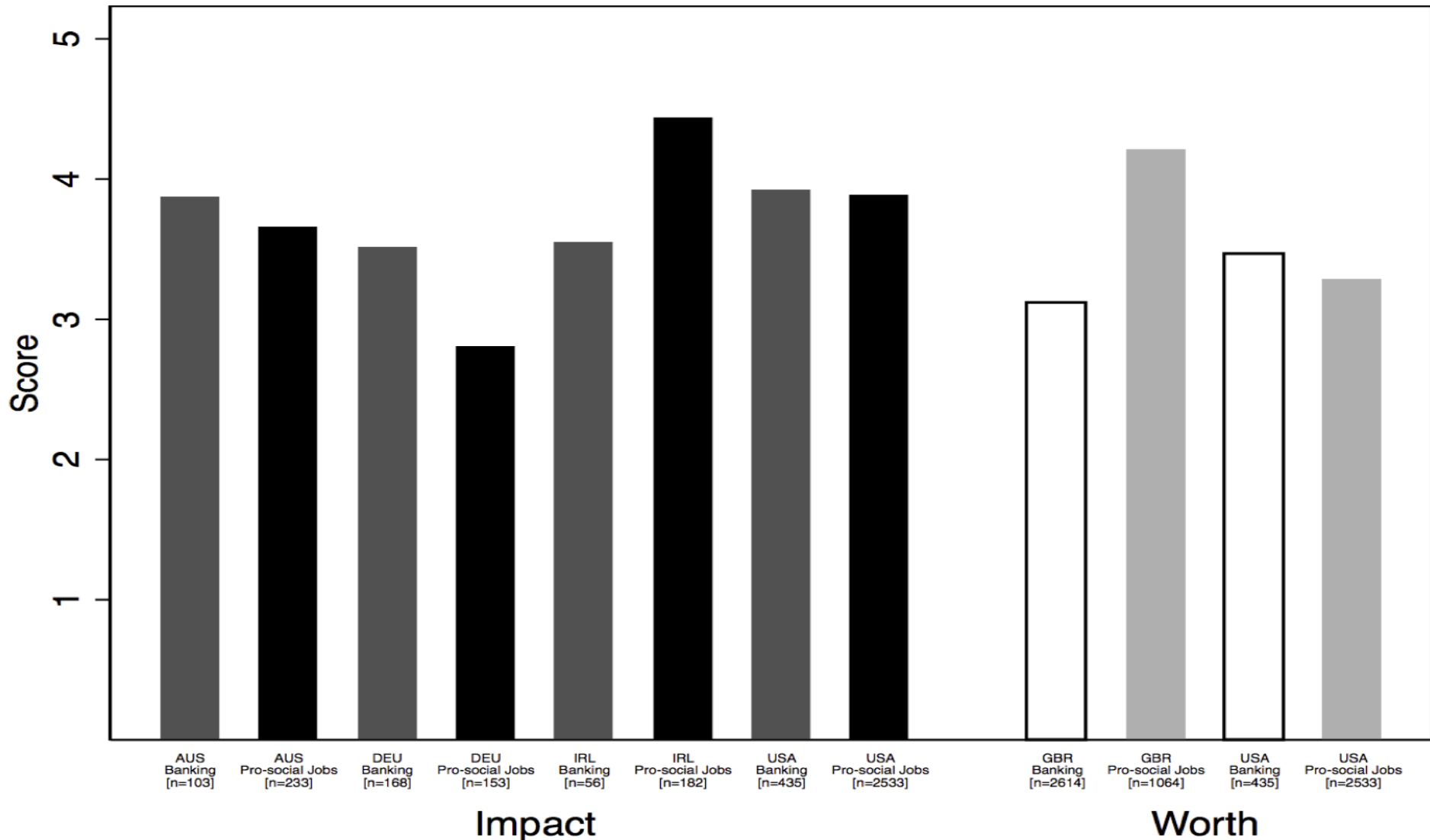
Altruism in Banking?

- Bankers affect social welfare through many channels, most importantly by allocating credit to productive rather than predatory activities.
- Partner with a major multinational bank on a long-term co-generation of knowledge collaboration (Ashraf, Bandiera, Delfino & Zingales)

Altruism in Banking?

- First thing: collect measures of perceived social impact and perceived social worth, from Grant (2008) used around the world across many “pro-social” professions, on bank's monthly survey, 10,000 employees in 50+ countries

Bankers vs others on perceived social impact & worth

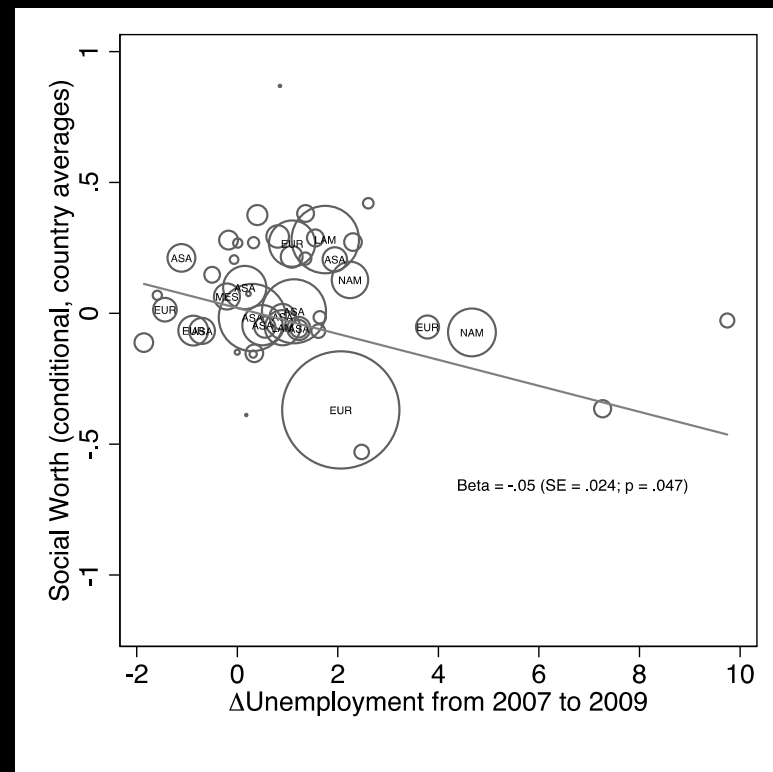
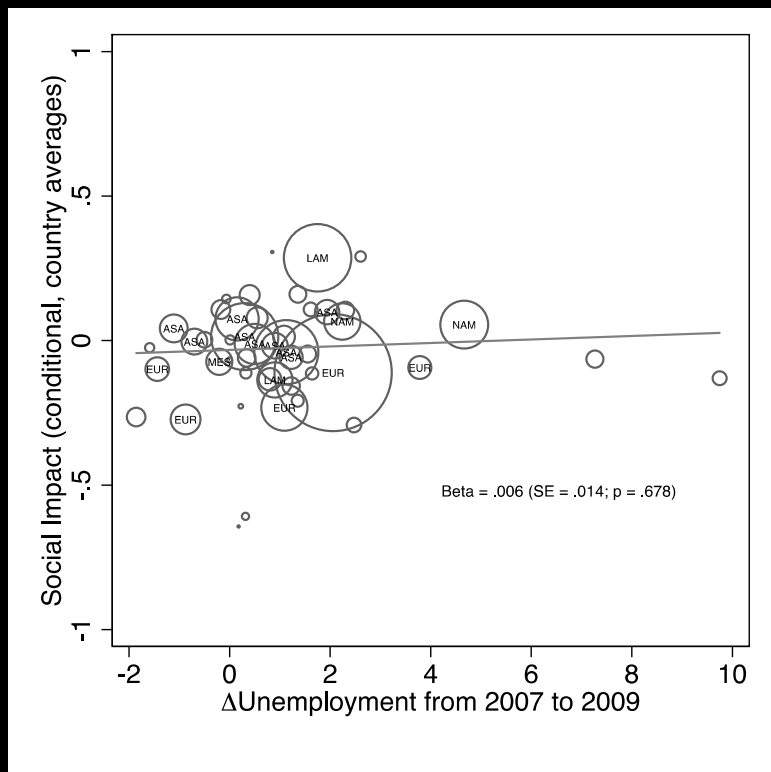


Altruistic capital

(Ashraf and Bandiera, 2017)

- Starts from premise that every individual has some latent desire to serve.
 - This is a source of motivation for the individual and a source of value for organizations
- This altruistic motivation can be leveraged—that is, the *returns to altruistic effort* depend on context specific factors that can be shaped by policy or external events

The 2008 financial crisis and perceived social impact and worth



Returns to altruistic capital and performance on the job

Table 1—: Correlations between Performance and the Returns to Altruistic Capital

Employee type LHS	(1) Frontline Client Screening	(2) Frontline Values	(3) Frontline Performance	(4) Back office Values	(5) Back office Performance
Social Impact	0.268*** (0.0291)	0.0615** (0.0302)	0.0670** (0.0270)	0.0354** (0.0137)	0.0511*** (0.0157)
Social Worth	0.126*** (0.0346)	-0.0129 (0.0113)	0.0407** (0.0198)	0.0156** (0.00768)	0.00213 (0.0104)
Obs	2827	2436	2653	5962	6217
SD of LHS	.775	.509	.802	.454	.785
R^2	0.180	0.094	0.096	0.067	0.089

Note: Data is at the individual level, and standard errors are clustered at the country level, * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. All specifications include country fixed effects and controls for gender, age, job area, tenure in the bank, and salary band. *Performance* rates employees 1-4 for the extent to which they meet the expectations of their current role. *Values* rates employees 1-4 for whether they act with integrity, are dependable, are open to different ideas, and are connected to customers. *Client Screening* is the answer to the question “Where I work, people are confident talking to customers about our Customer Due Diligence / Know Your Customer (CDD/KYC) requirements.” This was answered on a scale of 1 to 5, with 1 being “strongly disagree” and 5 being “strongly agree.” Frontline (back office) employees are those who answered yes (no) to: “Do you have regular contact with customers outside of BANKNAME as part of your day to day role.”

Altruistic capital in banking

- Results thus far open the possibility of a virtuous cycle: an intervention that increases the returns to altruistic capital leads to more pro-social behavior and the accumulation of more altruistic capital

Altruistic capital

(Ashraf and Bandiera, *AER*, 2017)

- Capital (Solow, 1995): an asset that
 - can be invested in: costly actions in the present produce benefits in the future
 - can be accumulated and depleted
 - Even when altruistic preferences are included in standard utility maximization models, it's assumed that they are fixed, or exogenous
 - but much of moral philosophy and virtue ethics propose that character develops over time through repeated actions (“We are what we repeatedly do”)
 - recent research on neuroscience suggests similarly that actions beget future actions
- Key feature: the return needed to incentivise a given level of altruistic effort is decreasing in the level of altruistic capital
 - an organization can provide strong incentives until the amount of altruistic capital is high enough

Altruistic capital

- Makes us think differently about altruism within an organization:
 - With fixed preferences, there's a fixed stock of altruism in the economy; the only way aggregate altruism can change within an organization or an industry is by attracting people with different preferences
 - With accumulable altruistic capital, firms can provide incentives for its accumulation

Altruistic capital

- Far more than a preference, altruistic capital is a capacity, a set of skills (like human capital) that are developed over time and facilitate future, effective altruistic action.
- Raises many questions:
 - How do you leverage existing altruistic capital in an organization?
 - Does altruistic capital only exist for traditionally prosocial activities?
 - How do you recruit for greater altruistic capital?
 - How does altruistic capital deplete?
 - How does altruistic capital accumulate within an individual?

Every man must decide whether he
will walk in the light of creative
altruism or in the darkness of
destructive selfishness.

Life's most persistent and urgent
question is, "What are you doing for
others?"

--Dr. Martin Luther King Jr.

**“Work done in the spirit of service is
the highest form of worship.”**

-Abdu'l-Baha, the Baha'i Writings

What is it to work with love?

It is to weave the cloth with threads drawn from your heart,
even as if your beloved were to wear that cloth.

Work is love made visible.

-Kahlil Gibran

Latin

alteri huic
to this other



Italian

altrui
somebody else



French

altruisme



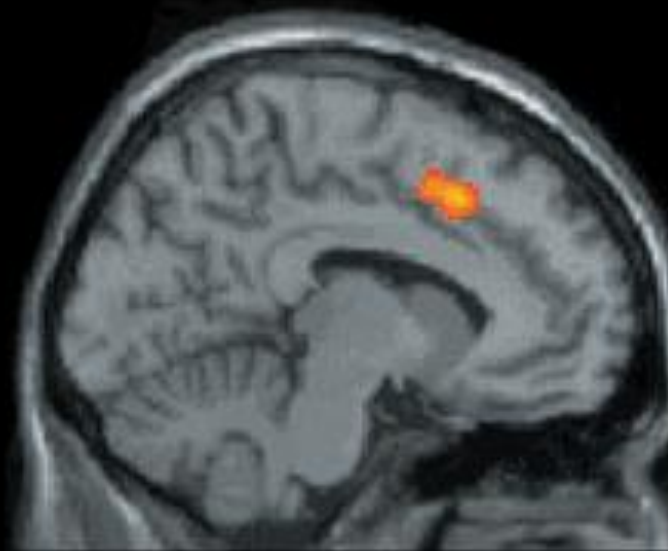
mid 19th
century

altruism

Neurologically, Social Exclusion= Physical Pain

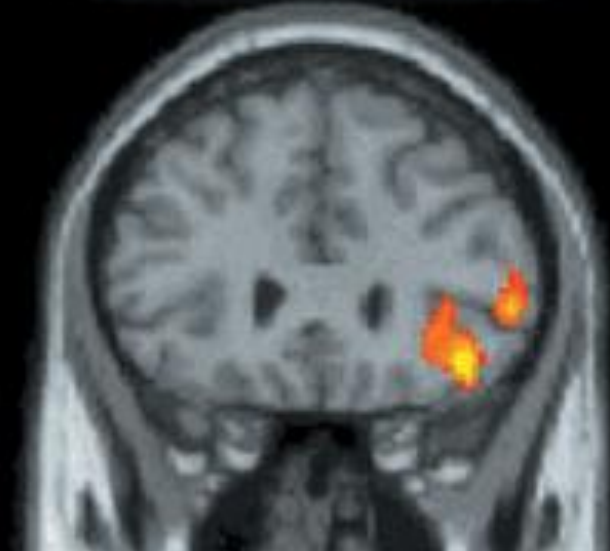
Eisenberger, Lieberman, & Williams, 2003, *Science*

A



Anterior Cingulate
x = -8

B



Right Ventral Prefrontal
y = 28

(A) Increased activity in anterior cingulate cortex during exclusion relative to inclusion. (B) Increased activity in right ventral prefrontal cortex during exclusion relative to inclusion. *Both areas are active during physical pain.*

