Palacký University Olomouc

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# MASTER THESIS

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# GIFT-GIVING BEHAVIOR AND HOUSEHOLD WELFARE IN VIETNAM: A QUANTITATIVE ANALYSIS

by

DUC DAM LE

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# Declaration

I, Duc Dam Le, hereby declare that the thesis "*Gift-giving behavior and household welfare in Vietnam: A quantitative analysis*" submitted to GLODEP Consortium has been written and composed entirely by myself. I have properly acknowledged and attributed all the materials and sources utilized in its preparation.

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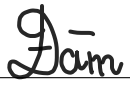
Signature: 

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## Zásady pro vypracování

Practices of gift-giving play a prominent role in every aspect of the socio-economic life of individuals from the developing world. Deeply ingrained in national culture, gift-giving behavior is shaped and regulated by social norms, in particular the norms of altruism and reciprocity (Bulte et al., 2018). Conforming to such norm-induced behavior is a way to facilitate social connectedness, strengthen sentimental relations, and maintain social status, ultimately affecting the overall wellbeing of every unit of society in general and households in particular (Pannier, 2015; Bulte et al., 2018; Hu et al., 2021; Wu et al., 2023). Despite the importance of gift-giving practices, quantitative evidence from emerging economies on the impact of gift-giving practices on household welfare has been relatively limited. This thesis aims to fill that gap by contributing a shred of evidence from Vietnam, a transitional economy in Southeast Asia, where social customs and traditional values dominate civil life and thus gift transfers are considered common practice in this country. This study plans to use different waves of datasets excerpted from the Vietnam Household Living Standards Survey conducted by the General Statistics Office of Vietnam. In terms of methodology, this empirical analysis will exploit a quantitative approach through the utilization of a wide range of econometric techniques.

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# Abstract

Practices of gift-giving play a prominent role in every aspect of the socio-economic life of individuals from the developing world. Deeply ingrained in national culture, gift-giving behavior is shaped and regulated by social norms, in particular the norm of reciprocity. Conforming to such norm-induced behavior is a way to facilitate social connectedness, strengthen sentimental relations, and maintain social status, ultimately affecting the overall well-being of every unit of society in general and households in particular. This thesis aims to investigate the impact of gift-giving practices on household welfare in Vietnam, a transitional economy in Southeast Asia where social customs and traditional values dominate civil life, and thus gift transfers are considered common practice in this country. Exploiting three waves of datasets from 2010, 2012 and 2014 excerpted from the Vietnam Household Living Standards Survey (VHLSS) conducted by the General Statistics Office of Vietnam and instrumental variable regression method, I find that gift transfers have a positive welfare effect on families in the sense that such transfers can enhance the resources of households via improved assets and income and increased access to welfare goods such as health care. In the extended analysis, I also discover that a policy on restricted event attendance as proposed by Bulte, Wang, and Zhang (2018) in response to the gift competition phenomenon is not effective in the context of a temporally stable household expenditure structure. This substantiates the non-existence of severe gift competition in Vietnam; in other words, costs of gifting are well compensated by its benefits.

**Keywords:** gift giving, household welfare, quantitative analysis, Vietnam

# Contents

# List of Tables

# List of Figures

# Chapter 1

# Introduction

"*We make a living by what we get, but we make a life by what we give*"

**-Winston Churchill-**

Social norms deeply rooted in a national culture are comprised of all the rules and traditional values regulating virtually every aspect of socio-economic life. Such norms are constructed and exercised in constant social interactions (Fehr & Falk, 2002), implicitly helping to shape economic decisions, economic outcomes, and the welfare of the concerned individuals and households (Ciscato, Do, & Nguyen, 2023). Economic literature has been rife with thorough investigations of formal mainstream economic activities, whereas informal norm-induced economic decisions are hardly recognized. Inter-household informal transfers, also referred to as non-commercial exchanges or gift transfers (Pannier, 2015), are among the outcomes of a common culture (Mauss, 1967), aiming to fulfill social norms and customs (Mitrut & Nordblom, 2010). My thesis will thus bridge this gap by diving into understanding this form of informal economic behavior and show empirically how it is connected to household welfare in the context of Vietnam.

Gift-giving, or informal transfers, forms an important part of a culture and functions on the premise of reciprocity norm. Extant literature has opened up on two main functions of gift, namely provision of informal support and social connection reinforcement (e.g., Ben-Amos, 2000; Camerer, 1988; Chiu, Wang, & Ye, 2023; Pannier, 2013, 2015). Such functions create a tenet on which households can rely on to integrate themselves into a broader socio-economic lives, and at the same time, thanks to ensuing cooperation among social being, they accumulate social capital to construct their own lives and build up their own reputation (Seinen & Schram, 2006), which can contribute to their overall welfare. Despite this potential linkage between gift giving

and household welfare, there is still an unestablished consensus in the literature about how gift culture can affect household welfare. In economic terms, gift giving is considered a calculated tactic in which households are forced to weigh its benefits against the possible costs. A broad body of empirical work has highlighted the benefits of gift giving and concluded a positive net impact of gift giving on household welfare (e.g., Chiu et al., 2023; Wu, Liu, Xu, & Sun, 2023; Yang, 2017), whereas there has been no lack of studies documenting a negative association (e.g., Bulte et al., 2018; Hu, Xiang, & Zhong, 2021; Li & Ma, 2023).

This study specifically attempts to unpack gift-giving behavior in Vietnam. Vietnam is a Southeast Asian country with a long-lasting history and tradition. Cultural values at the heart of society have their roots in Confucian ethics, placing emphasis on solidarity and interpersonal relationships built upon trust, respect, bonding, face-saving, and appreciation (T. Nguyen & Tsetsura, 2017). Out of that context, gift-giving is considered a common practice in Vietnamese society and is prominently observed in virtually every aspect of everyday life (Pannier, 2015). Given the crucial role of gift transfers in fulfilling social expectations and maintaining social connections, Vietnam can offer an interesting context to investigate the relationship between gift-giving behavior and household welfare.

My empirical analysis exploits data from the Vietnam Household Living Standard Survey (VHLSS), a nationally representative sample across eight urban and rural geographic regions, which offers information on the gift-giving behaviors of households. By employing the variation in charity receiving within a neighborhood as a valid instrumental variable for gift expenditures, I uncover convincing evidence that gift transfers have a positive welfare effect on families in the sense that such transfers can enhance the resources of households via improved assets and income as well as increased access to welfare goods such as health care. The first-stage result of the instrumental variable regression suggests that charity giving does spur a sense of "imitation reciprocity" in the community. Moreover, I also manage to debunk the competition hypothesis of Bulte et al. (2018) by showing that gift transfers do not exhaust resources expended on necessity items by households. Through an extended exercise of evaluating the impact of an event attendance-restricted policy as prompted by Bulte et al. (2018) as a possible solution to gift competition, the possibility of a severe rivalry in the gifting practices in Vietnam and the "keeping up with the Joneses" effect among poor households is ruled out. This conclusion is also supported by an ample of some descriptive evidence. In fact, the investigated policy has no impact on gifting expenditures or gift income, nor on household welfare. Such a finding also relieves concern over the possible unintended impact of restricting gift-giving behavior, given that it is a source of welfare creation for households.

This study relates to three strands of literature. First, my work benefits from literature on the economic dimension of gift exchange. Previous studies of this domain have focused on adapting the notion of gift to consumer theory by scrutinizing what features of consumers impact their gift-giving behaviors considering gifts are luxury goods (e.g., Garner & Wagner, 1991), how to boost retail sales via emphasizing aspects of gift-giving behavior of consumers, such as consumer envy (Givi & Galak, 2019), or to increase such virtuous behaviors as initiating healthy habits by making gifts returnable (Zlatev & Rogers, 2020). Subsequent studies have been undertaken to elucidate an additional facet of gifting that has been posited to hold significance to consumer behavior, specifically charity contributions (Sherry Jr, 1983). Along that line, Bekkers and Wiepking (2011) identify eight fundamental mechanisms that drive charitable giving surfacing from the review of empirical studies, including awareness of need, solicitation, costs and benefits, altruism, reputation, psychological benefits, values and efficacy. In particular, through an experiment that utilizes gift-exchange to gauge the "warm-glow"[1] psychological effect among donors, Falk (2004) shows that gift inclusion can be a way to maximize the profit for charitable organizations.

My research expands this line of literature that solely focuses on the use of gift giving as a means to maneuver consumption behavior towards personal goods and services for the sake of sales and profit maximization. Rather, I examine gift-giving consumption within the context of development, in which it is not only an important source of well-being (H. Wang, Cheng, & Smyth, 2019) but also integrated into its social "naturalistic" setting and plays a crucial role in meeting social needs (Sherry Jr, 1983). In particular, my research focuses on the welfare impact of gift giving among households, whose insights are relatively sparse in current literature (Chiu et al., 2023).

Secondly, this work pertains to a scant body of literature seeking to clarify the concept of informality and transcend it to the concept of informal insurance scheme. The idea of informality, usually accompanied by terms such as "underground", "unregulated", "hidden", "black", is entailed by the institutional effort to organize society along formal lines (Hann & Hart, 2011), encompassing an economy born outside the free market regime. The informal economy, giving a strong impression of "a planet of slums", is normally linked to grave chaos, extreme poverty and criminal activities (Boels, 2016; Vande Walle, 2008). Challenging this conventional thought, my study confers another perspective on the idea of informality. I therefore argue that informality, which has been markedly featured in developing economies can still constitute beneficial mecha-

[1] the internal satisfaction that arises from helping others.

nisms helping to uphold socio-economic lives of people, especially the poor, given that the effort of providing formal social safety net has not yet been able to reach out to the majority of needy people (Grimm, Hartwig, Reitmann, & Bocoum, 2021). In some cultures, gifts form an integral part of such informal transfers (Pannier, 2015), giving those who need them a strong and timely coping mechanism against shocks (Ben-Amos, 2000; Chiu et al., 2023; Grimm et al., 2021; Pannier, 2015). Sassi, Trital, and Bhattacharjee (2022) find that food as gifts is part of cultural norm primarily applied by poor people and is deemed essential in abating income inequality. Along this line, my study finds that informal transfers can have positive welfare impact and can act as a poverty reduction tool. Beside its main function of maintaining interpersonal relationships and establishing social networks (e.g., Chiu et al., 2023), gift giving can act as an informal insurance scheme with the usual involvement of neighbors, friends and family (Comola & Fafchamps, 2010a, 2014). Risk-sharing motive is a vital focus of many households in rural areas, which are more susceptible to income fluctuations caused by weather shocks, crop-destroying diseases, etc. According to R. Wang (2016), gift exchange serves as a signal of friendship, thereby limiting commitment problem in risk sharing and generating welfare gains for households.

Finally, my work contributes to a growing body of important literature in international development that aims to establish a connection between the influence of culturally ingrained norms and the current state of development. One major set of studies aims to trace back historical root of current socio-economic practices, such as female genital cutting (Corno, La Ferrara, & Voena, 2020), female labor participation (Alesina, Giuliano, & Nunn, 2013), long-run economic performance (Nunn, 2008; Nunn & Puga, 2012), while another set of studies highlights the effects of prevailing social norms, such as marriage payments (e.g., Ashraf, Bau, Nunn, & Voena, 2020; Corno, Hildebrandt, & Voena, 2020), norm of gender role (e.g., Bursztyn, González, & Yanagizawa-Drott, 2020), customary law of inheritance (e.g., La Ferrara & Milazzo, 2017). This study particularly explores norm of reciprocity embedded through gift-giving culture in Vietnam. Gift giving is considered a calculated strategy to sustain "sentimental relationships" in Vietnamese society, offering a means to fulfill norms of reciprocity. Established social capital as a result of frequent exchanges of gifts can provide individuals or groups with much-needed social resources to achieve their personal objectives (Wu et al., 2023). The most closely related to this work is quite a few, but mostly concentrates on China (Bulte et al., 2018; Chiu et al., 2023; Hu et al., 2021; Li & Ma, 2023), Tanzania (Yang, 2017; Zigah, 2014), or Romania (Mitrut & Nordblom, 2010). Deeply rooted in cultural values, gift-giving behaviors are very context-dependent (Chiu et al., 2023). Given that the topic is increasingly becoming a central concern in the field of Vietnamese

studies (Pannier, 2015), the manifests of gift-giving behaviors in Vietnamese socio-economic lives may provide valuable and noteworthy contributions to the extant literature.

The remainder of this thesis proceeds as follows. Chapter 2 briefly provides literature review on gift giving and its relationship with household welfare. Chapter 3 describes the data used in my analysis and details the identification strategy. The key empirical results are presented in Chapter 4, and Chapter 5 concludes.

# Chapter 2

# Literature review

## 2.1 Brief overview on gift giving

Gift-giving is conceived as a process of gift exchange between the giver and receiver, alluding to "a gesture of goodwill or a token of appreciation or affection" from the giver (D'Souza, 2003). The motives and attitudes of the giver determine the spirit, meaning, and economic value of the gift (T. Nguyen & Tsetsura, 2017). Seminal anthropological work by Mauss (1967) has underlined the importance of "a return" in favor of the gift given through the existence of a "third element" that mediates the transaction between the receiver and the giver (Pannier, 2015), and such an element seems to crucially depend on the motives behind the gift. Inspired by the three distinct constructs of motivation for giving put forward by Wolfinbarger and Yale (1993), which are experiential/positive, obligated, and practical[2], Zigah (2014) defines three reasons for gifting, namely altruism, reciprocity, and social norms. Testart (2007) argues that the sole "third element" that comes as a rationale for gifting is the communal recognition of norm-guided behaviors, which include the sense of obligations and how people act altruistically towards others via the course of social ties. In other words, the former two reasons stated by Zigah (2014) are dictated by the element of social norm. In fact, Mitrut and Nordblom (2010) differentiate two types of norms that can be linked to the behavior of gift giving, namely the norm of impure altruism and the norm of reciprocity. While the impure altruism norm drives certain people to feel socially obliged to give to certain people irrespective of their gifting behavior for the fulfillment of traditions, "to give and

[2]In brief, an experiential/positive orientation towards gift giving indicates the enjoyment of the givers with the aim of cementing their love and friendship with the receivers. The obligation is driven by the social norms of reciprocation, while the practical sense is fueled by the desire of the givers to provide practical assistance to the receivers.

to receive" is at the core of the norm of reciprocity that instills perceived fairness in both givers and receivers in the gift-based transaction, thereby creating moral indebtedness or sentimental connections (Mitrut & Nordblom, 2010; Pannier, 2015).

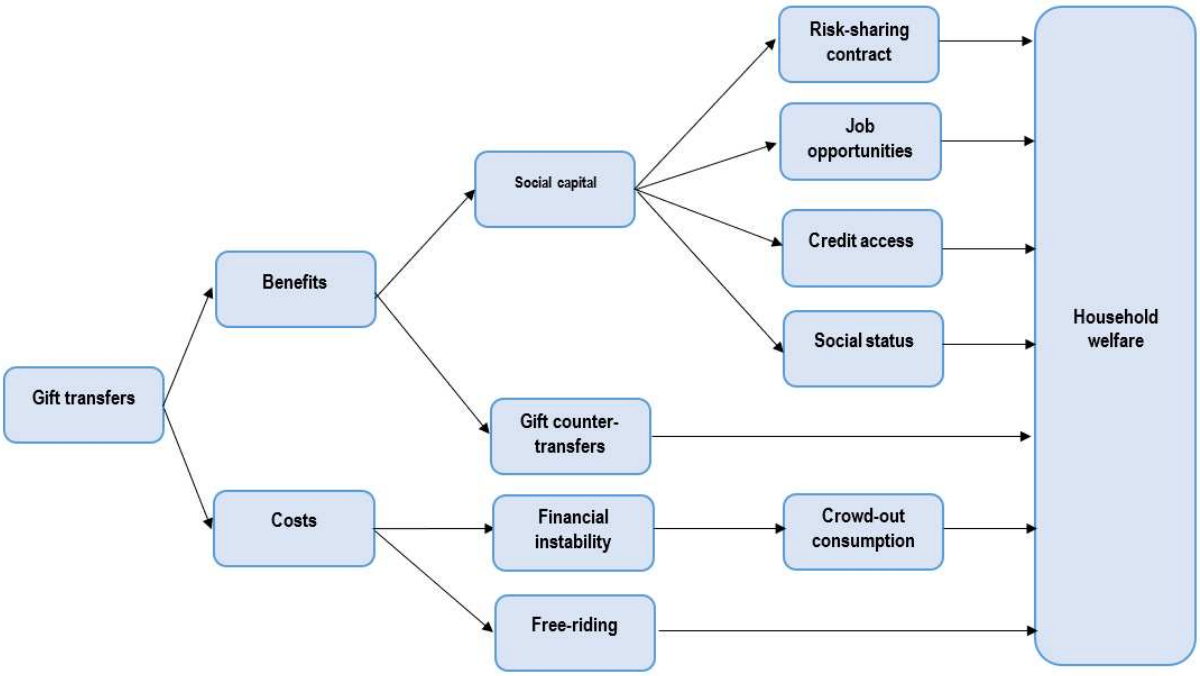
## 2.2 Conceptual framework on the relationship between gift-giving behavior and household welfare

Surpassing the sheer concept of material exchange, gift giving is also a social, cultural, and economic experience (Joy, 2001; Yang, 2017) grounded in ceremonial communal contexts in human societies such as weddings, funerals, or festivals (Pannier, 2015; Scammon, Shaw, & Bamossy, 1982). The practices of gift giving are therefore subject to the dynamics of social organization as well as interpersonal connections and can be seen as symbols of bonding and solidarity among units of a society (Pannier, 2013, 2015). Given the nature of gifting motives that are deeply rooted in social norms, a household as a fundamental unit of society and an economic being can regard such norm-induced behavior as a calculated strategy with a view to maximizing their utility as both a recipient and a giver by creating an obligation to reciprocate (Darr, 2003; Sherry Jr, 1983). This gauged economic behavior would effectively mobilize household resources, and indeed, gift transfers are believed to play a key role in household welfare, especially in developing countries (Yang, 2017). Johny, Wichmann, and Swallow (2017) find that gifts and loans flowing through social links necessarily diversify household income.

Despite this seemingly sound argument, a clear-cut relationship between gift transfers and household welfare has not yet been established in the literature. The development of my conceptual framework illustrating the linkage between gift giving and household welfare has mainly rested on the theoretical model proposed by Bulte et al. (2018), which presents a stream of benefits associated with reciprocal relationships through an assumed function $v(.)$ and the costs of gift giving through its incorporation in the household budget constraint. As an economic actor adapted to social norms, a household bears both benefits and costs incurred by gift transfers, and thus the dynamics between these two factors may give rise to the net impact of gift transfers on household welfare. Referring to the current empirical literature on gift-giving, Figure 2.1 details ranges of benefits and costs of gift giving and their impacts on household welfare.

Corresponding to the two functions of gift giving, namely informal support and social connection reinforcement, the acquisition of social capital and inter-household financial support are two

**Figure 2.1:** Conceptual framework




Source: Author's elaboration

major benefits of gift transfers. Harnessing the norm of reciprocity and injecting a widespread feeling of indebtedness within a network, gift transfers can function as social security and offer effective buffers against unexpected shocks and events (Mitrut & Nordblom, 2010). By reinforcing the sentimental connection among people within a community, gift transfers can act as social collateral or an insurance scheme that helps to smooth the consumption of a household over time in response to disadvantageous periods of production (Biggart & Castanias, 2001; Hu et al., 2021).

Chiu et al. (2023) posits that gift-giving consumption can positively influence subjective well-being of individuals residing in rural China through reinforced social trust and cooperation. The givers are willing to gift others in the anticipation of receiving back the help in their time of need (Cook & Emerson, 1984; Pannier, 2013; Wu et al., 2023). In Vietnam, Pannier (2015) observes that the size of the celebration for important events such as weddings is expected to be huge because a lavish feast can boast about a family's esteem and social status despite their exorbitant expenses. Carrying moral obligations and mutual indebtedness among the most intimate circle of kins and acquaintances, in-cash gifts constitute a tremendous financial support contributing to the compensation of the costs of these events. Such material support in cash or kind in reciprocal terms not only reaffirms ties within kinship and neighbor networks (Tessier, 2009), but also supports a household financially.

Gift giving also adequately represents social capital among poor households that are normally

excluded from the conventional measure of social capital in terms of authority and power (Wu et al., 2023). Gift-giving is a way to boost public perceptions and maintain social status in local society, which is essential in the pursuit of private goals (Bulte et al., 2018; Postlewaite, 1998). Studying the case of China, Wu et al. (2023) discover that social capital as measured by annual gift expenditure can significantly boost all household income sources via the underlying channels of improved financial literacy, increased exposure in the job market, higher government connections, and a heightened likelihood of obtaining formal loans. Aligning with proposition by Sassi et al. (2022), which states that gifts are normally resorted by the poor to seek favors from others, such as job opportunities, Zhao, Shen, and Li (2021) conclude that increased social networks embedded in the gift-giving consumption can effectively promote rural household credit behavior in both formal and informal channels. In other words, gifts can be regarded as the capital of the poor (Chiu et al., 2023; Hussein & Kajiba, 2011). Yang (2017) finds that gifting is also associated with several consumption and production improvements in Tanzania; however, the author also points out that the mutual-help systems do not benefit all individuals equally but are in more favor of rich households that already possess a higher level of physical and human capital.

Gift giving as a part of social norms is also a heavy source of financial burden, which imposes costs on households (Bulte et al., 2018; Hu et al., 2021; Pannier, 2015) Qualitative evidence from Vietnam shows that spending on all kinds of non-commercial transfers takes up 13% of a household's annual income on average, and ceremonial transfers range from 2% to 40% of a household from a northern rural commune (Pannier, 2015). For poor people, conforming to social norms can be a costly investment in fostering social connectedness, especially in highly unequal societies (R. Wang, 2016). In China, escalating average gift expenditures over the past few years have driven poor families to cut back on necessities or partake in self-harm activities, such as selling blood, in order to procure funds for purchasing a gift for social occasions (Bulte et al., 2018; Chen & Zhang, 2012; Hu et al., 2021). Bulte et al. (2018) refer to this as the "competition effect of gift giving," in which, to appear generous to others, recipients compare the value of their gifts to the average value of gifts given in the neighborhood. To build up reciprocal relationships or elevate his social status, one has to give as much as others, creating a race to the top in gift values and brutally leaving poor people to keep up with. Sherry Jr (1983) posits that gifting practices exert far greater pressure to reciprocate than any other forms of reciprocal exchange, and failure to conform to the predetermined norm of reciprocity can lead to an asymmetrical relationship. Imposing fears of compromising long-term alliances, gift-giving behavior in this sense produces negative effects on household welfare. Moreover, gift-giving creates some incentive problems by

encouraging free-riding in the system of mutual help, which in turn can lead to total solidarity retreat and deplete welfare levels for all in the community (Bulte et al., 2018). Informal social networks maintained by gift-giving can have adverse implications for household welfare. Hu et al. (2021) document a negative effect of gift expenses in China on happiness, and the underlying mechanisms are squeezed household consumption and deteriorating psychological well-being. This crowding-out effect of gift expenditure on the consumption of other goods is also in line with the study of Li and Ma (2023), which shed light on the fact that social interaction-oriented gift expenditure could displace rural residents' energy expenditures and push them toward energy poverty.

# Chapter 3

# Data and Model

## 3.1 Data sources

In order to examine the welfare effect of gift giving in Vietnam, I rely on a comprehensive microdata set excerpted from the Vietnam Household Living Standard Survey (VHLSS). Designed under the framework of the World Bank's Living Standards Measurement Study project, VHLSS has been conducted by the General Statistics Office of Vietnam (GSO) every two years since 2002, providing a rich source of information at the household level in Vietnam. Household-related data modules include basic demography, employment and labor force participation, education, health, income, expenditure, housing, fixed assets and durable goods, and the participation of households in the poverty alleviation program (C. Nguyen, 2016). Information on gift-giving expenditure is provided in the survey module on expenditure.

The three survey waves used in this study are VHLSS 2010, VHLSS 2012 and VHLSS 2014. There are a couple of reasons behind the selection of these specific waves of survey for this study. Three selected waves of survey share the same sampling frame, which is the 2009 Population and Housing Census. Furthermore, VHLSS has applied a rotating sampling approach where a new survey round only maintains half of the sampled households from the previous survey (Lê, Groot, Tomini, & Tomini, 2019). For example, in this case, VHLSS 2016 does not contain any households from the three previous surveys in its sample. The households surveyed in VHLSS 2010 or VHLSS 2012 do not appear in VHLSS 2008 due to the discrepancy in the use of sampling frames[3]. Such a selection of survey rounds provides me with chances of building up a panel setting for later

[3]VHLSS rounds from 2002 to 2008 use the 1999 Population and Housing Census as a sampling frame

analyses of the policy about the restriction on event attendance.

After the data cleaning process, the final dataset consists of 28,200 observations in total. Information was collected from 9,402, 9,399, and 9,399 randomly selected households in the 2010, 2012, and 2014 surveys, respectively.

## 3.2 Identification strategy

### 3.2.1 Model specification

In order to examine the impact of gift-giving on household welfare, I follow Hu et al. (2021); Wu et al. (2023); Yang (2017) and estimate the following empirical model:

$$Y_{pdcit} = \beta_0 + \beta_1 Gift_{pdcit} + \sum_k \beta_k X_{pdcit} + \phi_p \times \tau_t + \nu_d \times \tau_t + \eta_c \times \tau_t + \epsilon_{pdcit} \tag{3.1}$$

where dependent variable $Y_{pdcit}$ denotes a range of welfare outcomes of household $i$ living in the province $p$, district $d$, commune $c$ in year $t$. Informed by the extant literature, I measure household welfare through a range of indicators, from both income and consumption sides, such as household monthly income per capita (e.g., Arouri, Nguyen, & Youssef, 2015; Bui, Dungey, Nguyen, & Pham, 2014), poverty status of households (Arouri et al., 2015), wealth index[4] (e.g., C. V. Nguyen, Phung, Ta, & Tran, 2017), consumption of daily necessities including both necessary food and non-food items (e.g., Hu et al., 2021; Yang, 2017), and consumption of welfare goods, namely healthcare and education.

$Gift_{pdcit}$ represents the gift-giving behavior of household $i$ in year $t$, and $\beta_1$ is the coefficient of interest. Gift-giving behavior is measured by the household expenditure on gifts, donations, assistance, tributes, contributions to death anniversaries, etc. to other households (in cash and kind). This information is directly obtained from the module on household expenditure in the VHLSS surveys. $X_{pdcit}$ is a vector of control variables containing demographic information about household characteristics and the household head, such as household size, ethnicity, the proportions

[4]Wealth index, or asset index, is a measure of socioeconomic status, considered a useful alternative to household income and consumption in developing countries (Engels et al., 2014). This indicator is computed using the principal component analysis (PCA) approach. It is the first principal component of a vector of household assets. In this study, the asset and housing variables consist of types of housing construction materials, main sources of lighting and safe water supply, the presence of hygienic housing amenities (toilet), and a household's possession of durable goods (i.e., car, motorbike, bicycle, boat, radio, television, fan, telephone, stove, electric cooker, water heater, bed, computer, air conditioner, washing machine, and refrigerator). The larger the index of a household is, the more assets that household owns and the more welfare it gains.

of young and elderly members in the family, the proportions of female members and employed members, the proportion of members with an upper secondary level of education and above, the total living area of the family, the age of the household head and its square, the gender of the household head, his or her educational level, and marital status. Table A.1 displays summary statistics of the variables that are used in this study. This table gives a general idea of the expenditure structure of a typical household, with daily food expenses taking up a larger portion of that structure. Spending on gifts on average seems to be comparable to that on healthcare and non-food items, while being a bit larger than that on education. 12% of the total observations in the dataset are classified as poor households. The monthly per capita income of an average household in log-terms is around 7.99, with a standard deviation of 0.77.

I include a vector of province ($\phi_p$), district ($\nu_d$), commune ($\eta_c$) dummies in my model to fully absorb variations across different geographical areas that are constant over time, while year dummies ($\tau_t$) are included to control for any yearly shocks that occur to all household. The interactions between geographical fixed effects and time fixed effects are also incorporated in my model to flexibly account for the possibility that these variations across different regional levels over time can be correlated with the error term. $\epsilon_{pdcit}$ is the random error term, assumed to be independently and identically distributed.

Equation 3.1 is initially estimated using the Ordinary Least Squares (OLS) estimator with standard errors adjusted for commune level clustering[5]. All the continuous variables are winsorized at 1% of both ends of their distributions to remove possible outliers. Then I apply the Inverse Hyperbolic Sine Transformation (IHST) approach to variables with particular units such as monetary variables indicating expenditures/ incomes or a measurement variable like total living area to ensure their normal distributions as well as deal with possible cases with zero values.[6]

### 3.2.2 Endogeneity issue and instrumental variable approach

One of the biggest identification concerns when estimating Equation 3.1 is that the amount of gift giving is potentially endogenous to the level of household welfare. There might exist a reverse

[5]I choose to cluster the standard errors at the commune level possibly because households within a commune are possibly quite similar in several characteristics, which can violate the assumption of i.i.d of the error in a classical linear regression model. I also provide the OLS estimates with Huber-White robust standard errors in Figure B.1 in the Appendix B, and the results are broadly similar to what I found in the main analysis. Furthermore, since my IV (i.e., treatment) in the next section is calculated at the commune layer, the commune-clustered standard errors of the OLS estimates can ensure comparability with those of the IV-2SLS estimates.

[6]IHST is a conventional practice of variable transformation in the case that variables of interest are inflated with zero values. A random continuous variable x will become $\ln(x + \sqrt{x^2 + 1})$ under the IHST procedure.

causality when a richer household finds itself in a more favorable and generous position to offer more expensive and high-valued gifts. In addition, omitted variable bias poses another threat to the validity of the OLS estimator in the case when, for example, unobserved factors, such as religious values, perceived social values (Vũ, Bình, Hoang Anh, & Trà, 2015), size of community and extended family (Yang, 2017) or family reputation, can simultaneously affect both gift-giving practices and the level of domestic welfare. Additionally, the fact that the gift-giving expenditure variable is susceptible to measurement error (Comola & Fafchamps, 2010b; Wu et al., 2023) may complicate the exercise of causal establishment. The knotty triple problems of omitted variable bias, simultaneity and measurement error of explanatory variable can be addressed by using the Instrumental Variable (IV) approach (Angrist & Krueger, 2001; Wooldridge, 2010). This study will thus correct for endogeneity issue by using the IV method and re-estimate Equation 3.1 by exploiting the Two Stage Least Squares (IV-2SLS) estimator. Central to this approach is the selection of appropriate instrument(s), which has to satisfy two main conditions, namely **relevance** and **exclusion restriction**.

Finding such an instrument for gift-giving expenditure is non-trivial. In the context of Vietnam, the cultural factor seems to play a significant role in non-commercial transfers. Established norms and interpersonal sentiments are among the decisive determinants of the value of the transfers (Pannier, 2015). People who live in a close-knit society easily have their behaviors affected by their peers (Hu et al., 2021). To capture social norms and social attitudes, Zhang (2022) suggests the use of a peer-effect measure in which the average of a quantity is calculated across the individuals belonging to the same cohort or the same community, excluding the target individual. Administratively, there are a total of 63 provinces in Vietnam, each of which is divided into districts. Each district encompasses communes, which only span across small areas. As a result, given the closeness of households geographically, the neighborhood community is defined at the commune level. I argue that within a commune, the network of social capital is more likely to be denser. People residing in the same geographical area are aware of each other's situation, and this gives rise to a dense and extensive network of information and capital. Out of each community arises a set of norms that aim to bind people together. In fact, the neighborhood effect of social norms is conspicuously evident in Vietnamese communities, which is also reflected via an abundance of Vietnamese literary evidence, including the renowned proverb "*Better a neighbor near than a brother far off*" (*Bán anh em xa, mua láng giềng gần*). Employing the variation within the neighborhood level, I decide to select a "leave-one-out mean" instrumental variable, which is *the average amount of donations of communal neighbors received from organizations, humanitarian*

*aid, associations, units of production, and businesses.*

According to Wiepking and Heijnen (2011), the altruistic conduct of others has an actual impact on one's own giving behavior, as anticipated from the concept of conditional cooperation. Perceived social norms for giving are determined by the knowledge of others' charitable behaviors, which in turn affects people's actual donating behavior (Wiepking & Heijnen, 2011) possibly owing to one's own desire to adhere to social norms (Brown, Bulte, & Zhang, 2011). My instrument indicates the local exposure to charity work, which signals not only the lives of the disadvantaged but also represents the norm of reciprocity and social responsibility among institutions within one community. Such a level of commitment to charitable activities and reciprocity can create strong social dynamics and foster a sense of communal support and collaboration, thereby instigating the "inspiration" spillover and triggering the altruistic behaviors of people in the neighborhood. Ultimately, it can affect the actual household decisions to give away more money for good causes, creating a positive feedback loop in the community. This is also an extended form of reciprocity depicted by Kolm (2006) as *imitation reciprocity*, which refers to the situation of giving and helping. A charitable deed may act as a reminder of the duty to help, and if the identity of the beneficiary of the act is somehow informed, others may feel obliged to help as well[7]. The formula to compute this instrument is expressed as follows

$$\overline{Charity_{pdci^{-}t}} = \frac{1}{n-1}\left[\left(\sum_{i=1}^{n} Charity_{pdcit}\right) - Charity_{pdcit}\right] \tag{3.2}$$

in which $n$ is the total number of households in the province $p$, district $d$, commune $c$ in year $t$. $\overline{Charity_{pdci^{-}t}}$ is the "leave-one-out mean" of donation and assistance received by households except for household $i$ in the neighborhood. This variable undergoes the IHST procedure before entering the models. Through the expected increase in gift giving of a household driven by the observed charitable giving amount received in the neighborhood, I can isolate the fraction of the variation in gift expenditure that is not affected by factors influencing household welfare as well.

According to Vũ et al. (2015), a study aiming to solicit Vietnamese people's perception towards charitable activities, charity donations in Vietnam are mainly attached to the objectives of garnering financial support for the poor and the disabled, providing disaster relief, and incentivizing fondness for learning among children. For these reasons, the instrument itself is *only plausibly*

[7]Consider A, B, and C individuals of gift exchange process. The extended form of imitation reciprocity states that $A \to B$ induces $C \to B$.

*exogenous*. On the one hand, whether a household receives donations from civil society institutions can be bound to a shortfall in wealth or income constituted by as good as random, unexpected events, such as natural disaster exposure. On the other hand, the exogeneity of the instrument is compromised when charitable giving targets households with certain characteristics that possibly distinguish them from those that are not entitled to institutional donations. For example, donations are targeted towards impoverished and health-devastated people who are too poor to afford medical assistance. Another instance is that households where children receive study-encouraging financial support or external scholarships are more likely to save up money that is supposed to be expended on their children's education and use it to improve other aspects of their welfare. I will return to this point later in this paper when I examine whether my instrument is affected by any differential shocks driven by the observable characteristics of the households.

Furthermore, in order for this strategy to be valid, I should also assume that the welfare level of a household is not directly affected by the support money received by other households. The exclusion restriction strictly points out that the only channel through which the instrument affects the outcome is through the endogenous variable, and in this research, this does not seem to hold unconditionally. For instance, in some of Vietnam's most disaster-affected regions, households in the same area are subject to the same level of shock, which means that households and their neighbors may all become the beneficiaries of charitable endeavors. The wealth shock in this case may have a direct impact on household welfare in the end. To control for this cluster crackdown across all households within the same geographical area as well as different average levels of household welfare over time in different regions, I include in the model specification the interaction of year-fixed effects with different levels of administrative layers. I will provide a number of robustness tests to attenuate the concern that there may exist another transmission mechanism from the neighbor's received donations and household welfare. I will also specifically allow for a certain direct impact of the IV on household welfare and re-estimate the effect of gift-giving expenditure using the procedure put forward by Conley, Hansen, and Rossi (2012) in Section 4.3.4.

# Chapter 4

# Results and Discussion

## 4.1 Descriptive analyses

Figure 4.1 depicts the distribution of non-commercial transactions across provinces in Vietnam in the form of gift giving. The norm of gift-giving seems to concentrate in the region of the Red River Delta (i.e., the Northeast coast) and the Southeastern area. These two economically dynamic regions are both connected to two main metropolitan cities in Vietnam, namely Hanoi (the capital) and Ho Chi Minh City. Therefore, it can be deduced that places where economic activities are more frenetic witness higher levels of gift transfers among households.

Figure 4.2 presents several stylized facts on the gifting practices in Vietnam during the time frame of this study. There is a clear increase in the absolute amount of gift expenditure, donation, assistance, tributes, contributions to funerals, etc. throughout the years (Figure 4.2a), though such a growth is not striking enough to be ascribed to shifting gifting behavior but rather to the adaptation to the annual inflation (Pannier, 2015).

Figure 4.2b illustrates the distribution of household's gifting profiles in each year. As a share of household expenditure, spending on gifts and donations hardly seems to vary over time, in spite of a blooming socio-economic condition on a national scale over the last decade. Share of gift expenditure is acceptably high, with the majority of households spending around 8-9% of the total expenditures on gifts, as also evidenced in Figure 4.3. Interestingly, gift spending occupies almost the same share as spending on welfare goods such as education and health. A fair share of expenditures is on the consumption of normal goods, including food staples, non-food items, and durables. What is noteworthy from Figure 4.3 is that the structural pattern of household consumption remains very steady despite the yearly variations of prices and nominal income.

**Figure 4.1:** Gift-giving expenditure by province in Vietnam

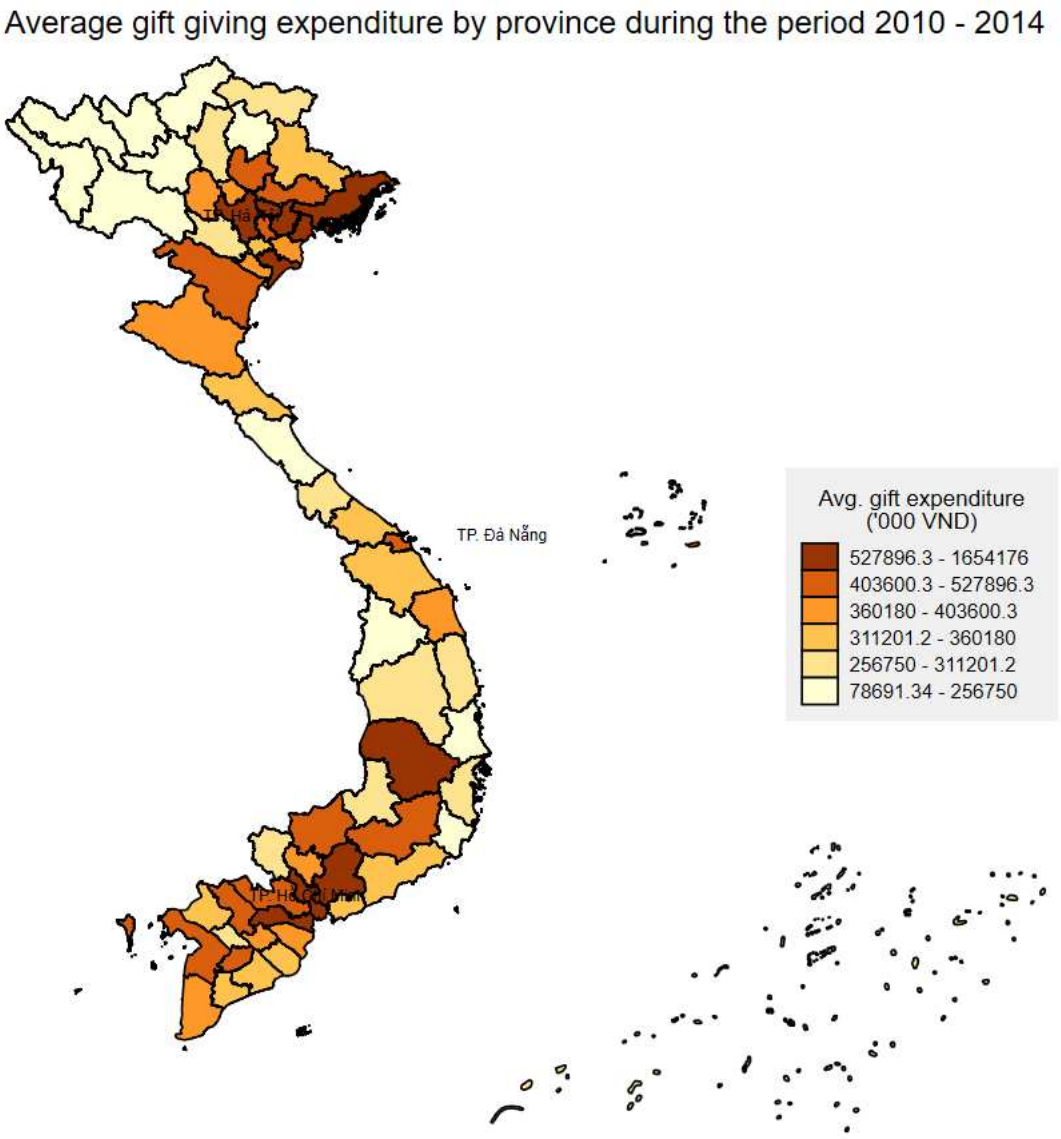
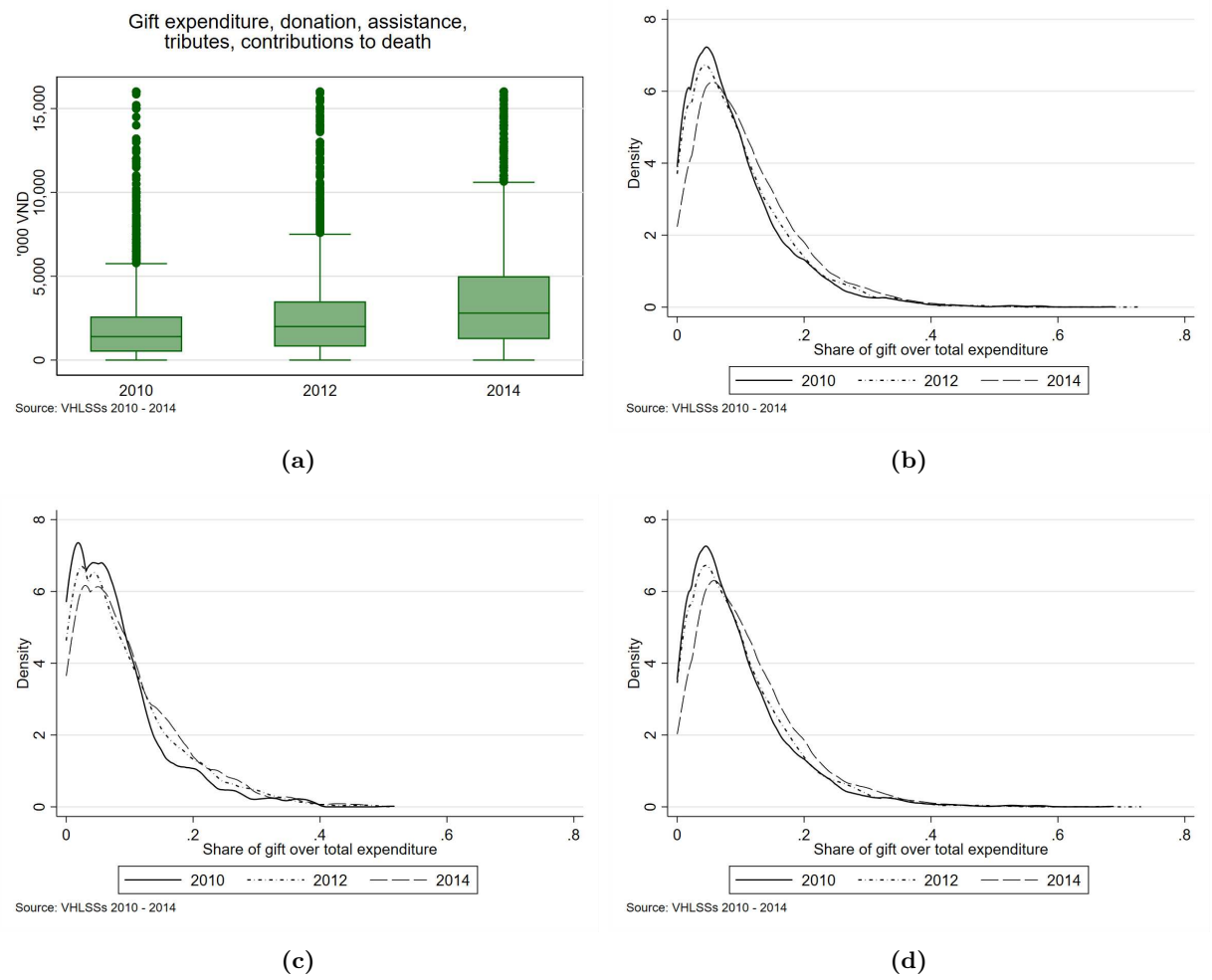



Figure 4.4 plots the heterogeneities in gifting practices across households of certain characteristics. Proportion of gift expenditure is more pronounced in rural households compared to their urban counterparts, and this pattern remains over time (Figure 4.4a). This bears a resemblance to Brown et al. (2011); Bulte et al. (2018) and Chiu et al. (2023), which posit that gift giving constitutes an extremely important part of the lives of people from rural China where there are limited opportunities for consumption smoothing via "formal" financial and insurance markets. There doesn't seem to be any difference in the gifting behavior between female-headed and male-headed households (Figure 4.4b), while, as shown in Figure 4.4c, households with more educated heads tend to expend marginally less on gifts than households with less educated heads.

Figure 4.4d compares relative gift expenditures across households in different income quartiles. Slightly higher share of household expenditures is spent on gifts among middle income households

**Figure 4.2:** Gift giving in Vietnam

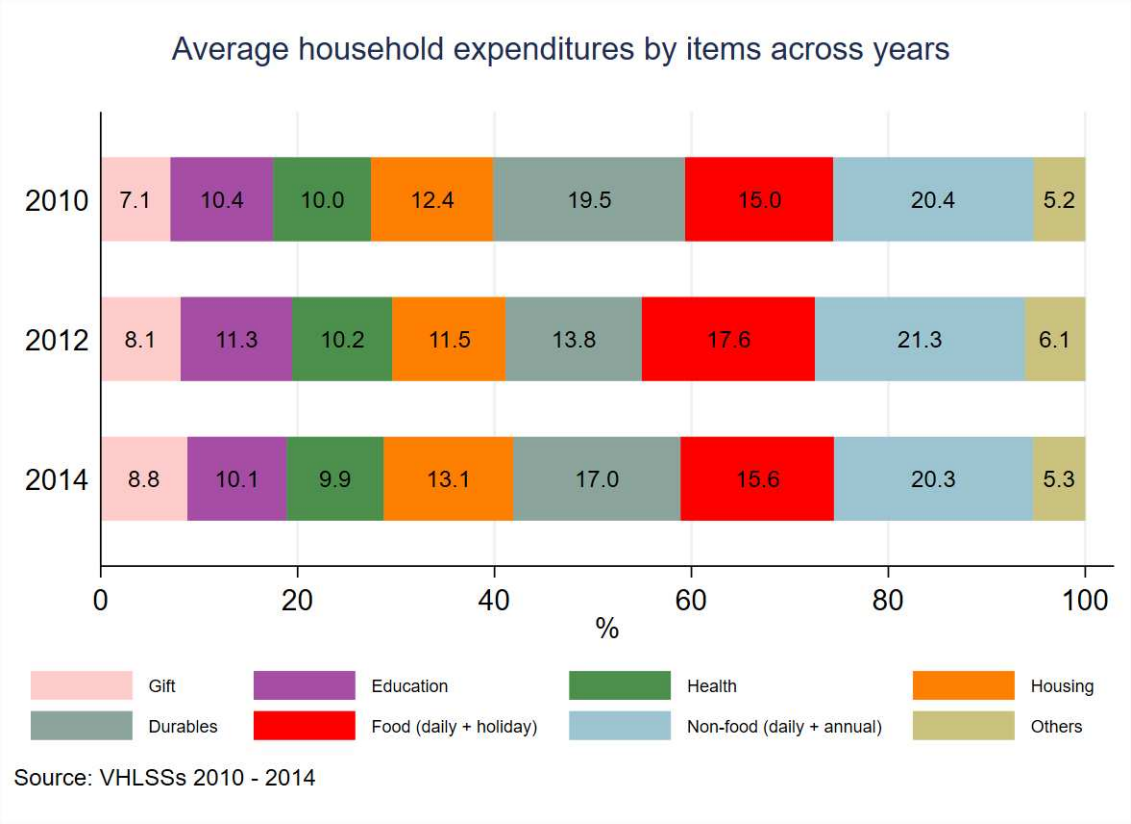



compared to low- or high- income ones. Nevertheless, gift spending, in absolute terms, tends to move in tandem with the socio-economic status of households (indicated by both the household wealth index and monthly per capita household income) (Figure 4.5). Poor households appear to spend slightly less money for gift-giving purposes than their non-poor counterparts. Gift-giving behavior is also closely tied to economic resources in linear terms. The richer the households are, the higher values of gifts they give to others. Although these pieces of evidence suggest the existence of a clear-cut relationship between gift-giving behavior and household welfare, such an observation is just correlational and hardly infers any sense of causality.

## 4.2 Regression analyses

Figure 4.6 presents the first sets of estimation results of Equation 3.1. The OLS regression results without any control variables are illustrated in Figure 4.6a, while Figure 4.6b shows the estimation output of regressions with the full set of covariates $X_{pdcit}$. In general, gift expenditure

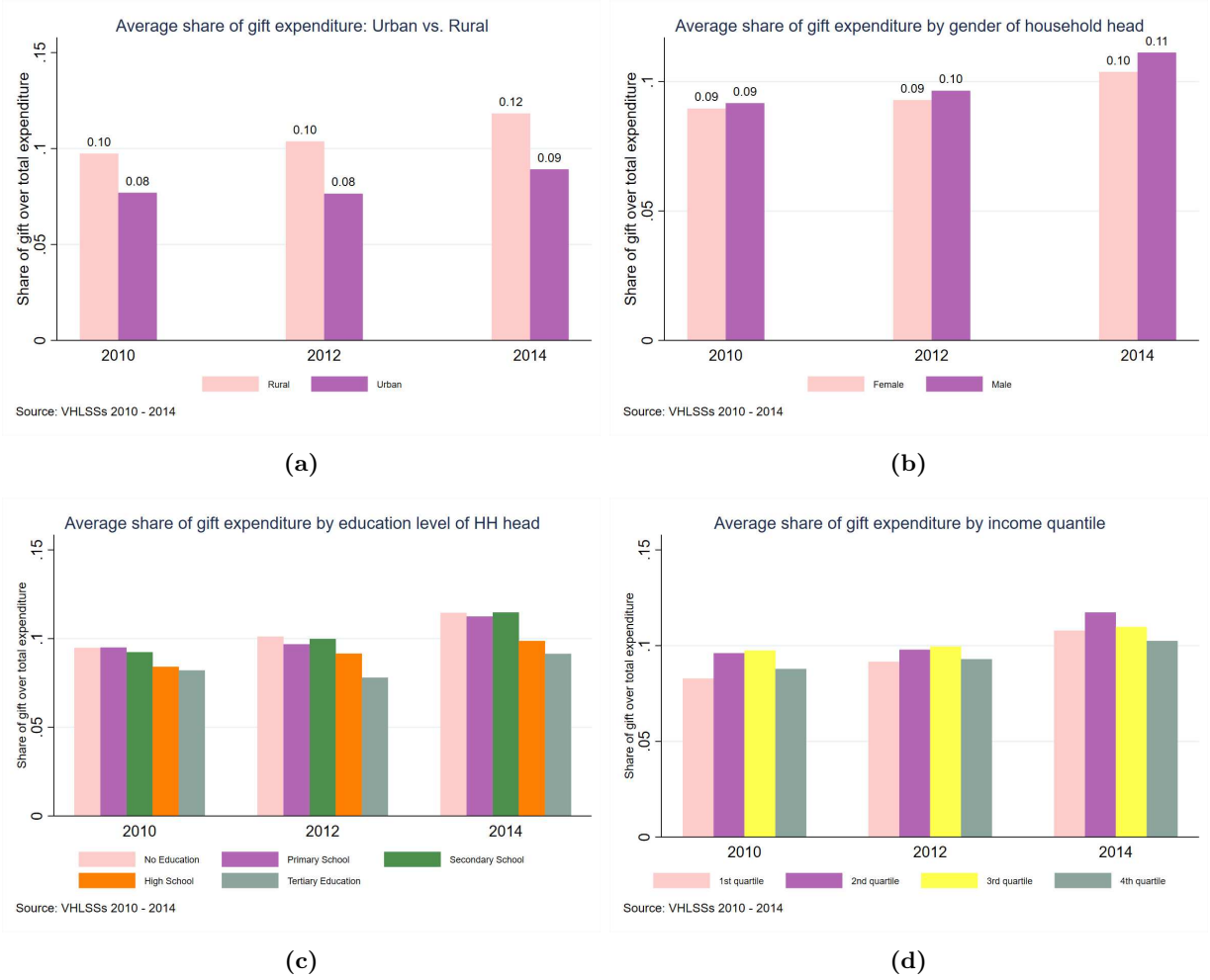
**Figure 4.3:** Household expenditure categories




is positively associated with household welfare as measured by the wealth index, per capita income, and spending on both necessity goods and welfare goods such as education and health. There is, on the other hand, a negative relationship between gift-giving behavior and the poverty status of a household.

As argued in Section 3.2.2, the estimation of Equation 3.1 is subject to endogeneity issue, and thus the results yielded from Figure 4.6 through the OLS estimator can be biased. The results presented in Table 4.1 are IV-2SLS estimates that aim to provide a causal relationship between gift-giving behavior and the level of household welfare. The first-stage result suggests that the neighborhood level of charity receiving has a statistically significant and positive impact on the actual giving behavior of a household. In particular, a 1% increase in the average donations received by the neighbors can lead to a 0.098% rise in the gift-giving expenditure. This result is interesting in the sense that it establishes an important alignment with the literature on the social norm of reciprocity. The first-stage result confirms the conclusion of Wiepking and Heijnen (2011) about how influential the perceived altruism of others can be on one's own giving behaviors when it comes to charity donation. Additionally, this finding also extends the line of interpretation of Vũ et al. (2015) by confirming the role of signaling of charity work. The findings of Vũ et al. (2015) show that people from the same community will be more willing to contribute to the community

**Figure 4.4:** Average share of gift expenditure




assistance fund to support their disadvantaged neighbors depending on their subjective evaluation of the "validity" of dire situations that confront people in need. One can clearly tell whether someone deserves help or not through observing that person's physical or financial struggles in his/her everyday life. In my case, I validate this point by showing that the fact that people receive charity donations informs others in the community of their desperation for help, given the most common perceived reasons for charity activities in Vietnam specified by Vũ et al. (2015). This in turn triggers the duty and willingness to help, driving neighboring households to give away more money for good causes (Kolm, 2006).

As can be further seen from Table 4.1, Kleibergen-Paap rk Wald F-statistic is 21.98, which well exceeds 10, the rule-of-thumb level suggested by Staiger and Stock (1997). This indicates that the instrument has sufficient explanatory power for household gift transfers. In other words, the relevance assumption is satisfied by the use of $\overline{Charity_{pdci-t}}$ as an IV. Across most of the specifications, the test of endogeneity substantiates that the null hypothesis on the exogeneity of the gift-giving variable is rejected at the 1% significance level, thus justifying my favor of the

**Figure 4.5:** Correlation between gift giving and household welfare

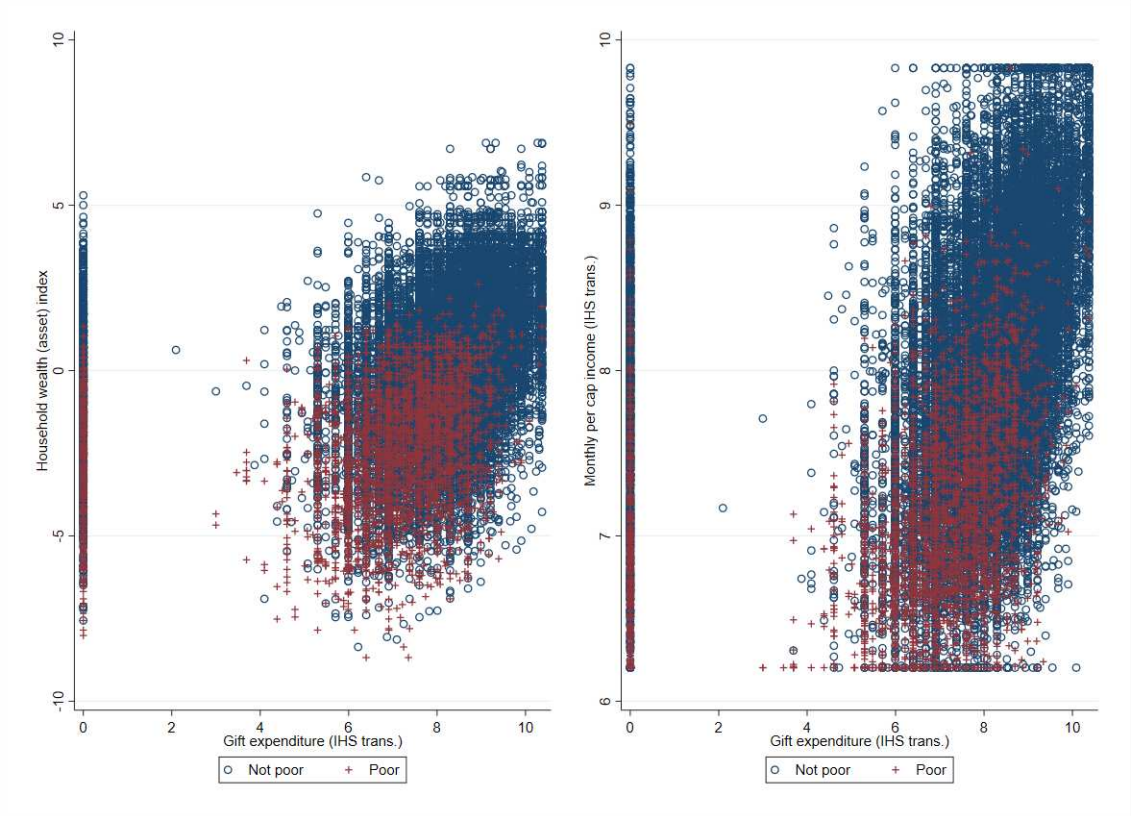
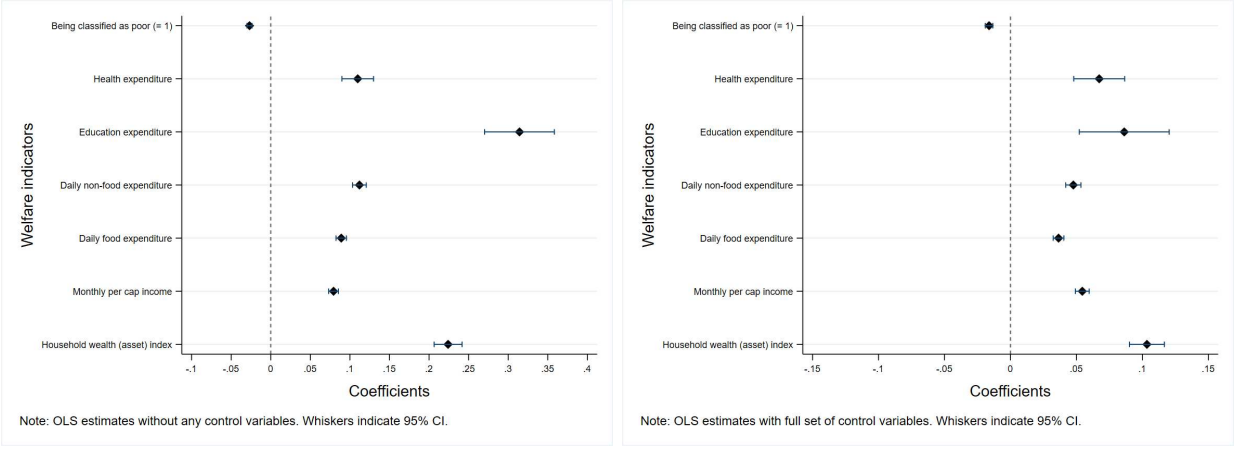



**Figure 4.6:** OLS estimates: Gift-giving expenditure and household welfare




**(a)** **(b)**

**Note:** These two figures display OLS estimates of gift giving expenditure in a range of models featuring the relationship between gift giving behavior and household welfare. Figure 3a presents results of models without the inclusion of any control variables, while regressions whose results are plotted in Figure 3b incorporate the list of control factors specified in Section 3.2.1. Standard errors are clustered at the commune level.

IV-2SLS estimator over the OLS estimator.

The second-stage results shown in Table 4.1 are the estimates of the local average treatment effect (LATE) on seven well-being indicators. There is a consistency in the signs of coefficients on the variable *Gift expenditure* from the IV-2SLS estimator compared with the OLS estimator. In general, the coefficients of household gift-giving consumption are significantly positive. Specifically, a 1% increase in household gift expenditure results in an approximate increase of 0.01 unit in the wealth index and a 0.342% increase in per capita household income. In terms of consumption, a one-percent increase in gift transfer stimulates daily food and non-food expenditure, registering a rise of 0.215% and 0.383% respectively. Health expenditure grows by 0.418% , whereas gift-giving expenditures do not lead to significantly higher household spending on education. A significant reduction of 46.4 percentage points in the probability of being classified as poor is attributed to a 1% increase in gift expenditure. The magnitudes of the IV-2SLS estimates are consistently greater than those of the OLS coefficients. One of the reasons can be the selection issue arising from the endogeneity of gift-giving behavior. Households that own more social and financial resources or are of higher social status may find it more motivating to develop their gift-giving behaviors. That feedback loop can obscure the true causal impact of gift giving, thereby introducing downward biases to OLS estimates.

Overall, getting involved in gift-giving activities can ultimately improve the welfare of households. These results are in line with Chiu et al. (2023); Wu et al. (2023) and Yang (2017) whose findings indicate that gift practice as a way to maintain interpersonal relationships and cement social trust does wonders for households' income and individual well-being. Furthermore, I also explore the potential of gifting as a means to alleviate poverty severity, which aligns with Hussein and Kajiba (2011). My findings go against the gift-competition hypothesis of gift giving, which was supported by Bulte et al. (2018) and Hu et al. (2021) in the case of China, by showing that getting engaged in gift transfers cannot crowd out the resources potentially expended on other consumption items. On the contrary, gift transfers in Vietnam act as an informal financial assistance mechanism based on the foundation of trust and reciprocity that aims to support everyday life events. This finding confirms the qualitative evidence gathered by Pannier (2015) from the Vietnamese gift-giving system, which is necessarily constructed on the key reciprocity principles and fulfills its important practical and utilitarian functions.

**Table 4.1:** IV-2SLS estimates: Gift-giving expenditure and household welfare

| | **First stage** | **Second stage** | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gift-giving expenditure | Household wealth (asset) index | Monthly per cap income | Daily food expenditure | Daily non-food expenditure | Education expenditure | Health expenditure | Poor (=1) |
| $\overline{Charity_{pdci^{-}t}}$ | 0.098*** | | | | | | | |
| | (0.021) | | | | | | | |
| Gift expenditure | | 0.869*** | 0.342*** | 0.215*** | 0.383*** | 0.395 | 0.418** | -0.464*** |
| | | (0.191) | (0.075) | (0.049) | (0.081) | (0.301) | (0.173) | (0.099) |
| Observations | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 |
| Kleibergen-Paap rk Wald F-stat | | 21.98 | 21.98 | 21.98 | 21.98 | 21.98 | 21.98 | 21.98 |
| Endogeneity test[8] | | 47.42 | 39.07 | 28.25 | 46.75 | 1.14 | 5.06 | 114.46 |
| Endogeneity test (p-value) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.29 | 0.02 | 0.00 |
| Controls | | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Note:**
IV-2SLS estimates using survey weights
i) Standard errors in parentheses clustered at commune level
ii) * p<0.10, ** p<0.05, *** p<0.01

[8] Endogeneity test statistics provided using the `-ivreghdfe-` command in `STATA` developed by Correia (2016). The test works under the null hypothesis that the specified endogenous regressors can be treated as exogenous. The test statistic is defined as the difference of two Sargan-Hansen statistics, and follow the Chi-squared distribution with degrees of freedom equal to the number of regressors tested (Baum, Schaffer, & Stillman, 2002).

## 4.3 Instrumental variable (IV) validity check

### 4.3.1 Balance checks

As earlier mentioned, there is a concern that the exogeneity of the instrument is violated if households that receive charity from another institution are different from those that do not. If so, then the effect of the IV on household welfare may be leaked through mechanisms other than gift-giving behavior that can be directly correlated with both the charity received by neighboring households and the welfare of a target household. In Table 4.2, I present the correlation between the IV and all the observable demographic characteristics of households and communes. Across all the columns from Table 4.2, it can be seen that neighboring charity endowment is not associated with most of the observable characteristics. One interesting finding is that the charity practice in the neighborhood does not have any association with commune-level characteristics as well, including the fact that whether a commune is exposed to natural disasters, such as floods, storms, or droughts. This tends to confirm my previous argument that charity donations in Vietnam, which are usually linked to as-good-as-random natural events, in fact show no correlation to village-level disaster exposure. In other words, there are no differences between disaster-affected and disaster-unaffected neighborhoods in terms of receiving charity donations. The result lends support to the exogeneity of my instrument.

Although the evidence of insignificant effects of charity received by nearby households on demographic characteristics helps to assuage concern about possible unobserved shocks that might be correlated with household welfare and affect the exogeneity of the instrument to a certain extent, the correlation between neighborhood-level charity and some observable characteristics, namely *the proportion of female members*, *the proportion of members achieving a higher level of education*, *the educational level of the household head*, and *the total living area*, may imply that potential shocks arising from, for example, education policies or land use policies, may act as alternative channels through which charity receiving impacts household welfare. As such, education-promoting programs providing scholarships or educational inputs, which are financed by external institutions in the form of donations, can impact education attainment within a household. Accumulated human capital thus amounts to a higher level of household welfare. While I already control for these characteristics in my main model specification, I have to own up to the fact that the concern over the exogeneity of the instrument cannot be completely ruled out.

**Table 4.2:** Local exposure to charity work and observable characteristics of households and neighborhood

| | Household size (ppl) | Ethnic minorities (=1) | The proportion of members being under 15 | The proportion of members being 60+ | The proportion of female members | The proportion of household members having a job |
|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | -0.015 | -0.002 | 0.002 | 0.002 | 0.009*** | -0.001 |
| | (0.012) | (0.002) | (0.001) | (0.002) | (0.002) | (0.002) |
| Observations | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 |
| R-squared | 0.64 | 0.87 | 0.67 | 0.47 | 0.54 | 0.74 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes |

| | The proportion of members achieving upper secondary degree and above | Total living area | Head age | Head gender (Male = 1) | Squared age of household head | Head years of formal schooling | Household head is married (= 1) |
|---|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | 0.004** | 0.029*** | -0.021 | 0.001 | 0.005 | 0.065*** | 0.002 |
| | (0.002) | (0.004) | (0.024) | (0.003) | (0.003) | (0.024) | (0.003) |
| Observations | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 |
| R-squared | 0.68 | 0.58 | 0.99 | 0.99 | 0.66 | 0.72 | 0.67 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

| | Commune with firms (= 1) | Commune with passable roads (= 1) | Commune with irrigation systems (= 1) | Commune with a market (= 1) | Commune being exposed to floods for the last 3 years (=1) | Commune being exposed to storms for the last 3 years (=1) | Commune being exposed to droughts for the last 3 years (=1) |
|---|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | -0.003 | -0.000 | 0.005 | 0.003 | 0.003 | -0.001 | 0.000 |
| | (0.003) | (0.001) | (0.003) | (0.003) | (0.003) | (0.003) | (0.002) |
| Observations | 18343 | 18343 | 18343 | 18343 | 18343 | 18343 | 18343 |
| R-squared | 0.58 | 0.50 | 0.45 | 0.40 | 0.63 | 0.49 | 0.55 |
| Commune controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | No | No | No | No | No | No | No |

**Note**: This table shows the OLS estimates using survey weights to investigate the association between the instrument $\overline{Charity_{pdci^-t}}$ and a range of household and neighborhood (i.e., commune) characteristics. For the first two parts of the table, the same list of controls defined in Equation 3.1 are used for each specification. For the third part of the table, instead, I include in my specification a set of commune-level control variables. Following Guo (2020), commune controls are computed through averaging household characteristics at commune level, including: average household size, percentage of households belonging to ethnic minorities group, percentage of female, children and elderly members, percentage of employed members, percentage of people with upper secondary education or higher, average of living area, average age and squared age of household heads, percentage of male household heads, percentage married, and average years of education of the household head.
i) Standard errors in parentheses clustered at commune level
ii) * p<0.10, ** p<0.05, *** p<0.01

### 4.3.2 Reduced-form effects and switch-off test

Table 4.3 presents the results of reduced-form regressions showing the effect of the instrument on various household welfare outcomes. Across all the columns, the IV, which indicates the average charity money received by the neighborhood, significantly improves household welfare at any significance level (except for the expenditures on education). Indeed, the intensity of charity received by neighboring households signals a close-knit community with an effective support network that,

in turn, can benefit household outcomes. Reduced-form results also indirectly imply the relevance of the selected IV in this study in the sense that the instrument itself contributes to the part of variation in gift-giving expenditure that helps to explain the outcomes.

However, according to the exclusion restriction criterion of a valid IV, the reduced-form causal relationship can only exist through the gift-giving behavior of households. This means when this transmission mechanism is switched off, I shall not detect any effect of IV on household welfare. Along this line, I conduct an OLS estimation of the reduced-form regression only on the sample of communes where there are no gift-giving activities at all on average[9]. In other words, in this sample, gift-giving behavior is virtually non-existent in a neighborhood in a given year. I provide a number of tests results shown on Table A.2 and Table A.3 helping to alleviate the concern over whether such non-gift communes are very different from their counterparts.

In Table A.2, I conduct an analysis at the village level in which I check whether the fact that a commune is recorded to show no involvement in gifting practices is related to any observable commune characteristics that can be of relevance to household welfare as well. I regress a dummy that shows whether or not a commune that is on average not involved in any gift-giving activities, on a set of commune-specific covariates. Details on these covariates are provided in the note section of Table A.2. It is clear that all the covariates are insignificant in determining whether a commune is a non-gift one. This suggests that the fact that a commune is not involved in gifting practices is uncorrelated with the observables that can potentially affect household welfare.

Moreover, I conduct a similar balance check exercise as in Section 4.3.1 for only households in the non-gift sample. As demonstrated in Table A.3, with the exception of the proportion of elder members that is significantly correlated with the instrument $\overline{Charity_{pdci^-t}}$, all other observables show no association. This relieves the concern that there are different "back doors" other than gift giving behavior from which the instrument exerts its influence on the outcomes.

The results of the reduced-form regression on the sample of non-gift communes are given in Table 4.4. The coefficients on the instrument $\overline{Charity_{pdci^-t}}$ are not statistically significant, except for the one in specification with poverty incidence as a dependent variable. This nuance completely confirms the depiction of Vũ et al. (2015) on the motivation behind charity donations in Vietnam. The majority of surveyed people in this study answered that poverty reduction is

[9]I remove the whole communes that on average spend no money on gift giving instead of removing all non-gift households because I also aim to take into account the existence of specific sharing norms within a commune which can be ignored if I only consider individual households. For example, households belonging to a neighborhood that do not uphold norms of gift giving are less likely to give gift to others. This constitutes an appropriate switch-off sample for this analysis.

**Table 4.3:** Reduced-form regressions

| | Household wealth (asset) index | Monthly per cap income | Daily food expenditure | Daily non-food expenditure | Education expenditure | Health expenditure | Poor (=1) |
|---|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^{-}t}}$ | 0.085*** | 0.033*** | 0.021*** | 0.037*** | 0.039 | 0.041** | -0.045*** |
| | (0.011) | (0.005) | (0.003) | (0.005) | (0.030) | (0.016) | (0.004) |
| Observations | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 |
| R-squared | 0.80 | 0.76 | 0.81 | 0.79 | 0.62 | 0.55 | 0.54 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Note:**
OLS estimates using survey weights
i) Standard errors in parentheses clustered at commune level
ii) * p<0.10, ** p<0.05, *** p<0.01

one main big objective for them to donate to a charity fund given a common belief that their money can change lives of those in dire need. The direct impact of charity donations received by other people in the neighborhood on the poverty incidence of the target household regardless of whether they are involved in gifting practices also suggests that the instrument is merely plausibly exogenous. However, to a certain extent, my switch-off robustness check lends support to the exclusion restriction criterion of a valid instrumental variable and reaffirms the fact that neighboring households receiving charity money cannot directly affect the welfare of a target household but only via its gift-giving behavior.

### 4.3.3 Sensitivity check

As discussed earlier, disaster relief is one of the main reasons for raising charity donations in Vietnam. Charitable activities therefore usually follow a course of force majeure natural events such as floods, droughts, storms, etc. In this scenario, households in the same area are probably subject to the same level of shock, which means charity revenue from neighbors may directly spill over and increase target household welfare as well. This can pose threat to my IV-2SLS estimates since the relationship between gift-giving behavior and household welfare is now induced by the inclusion of such disaster-prone areas given the nature of my IV. To alleviate this concern, I control for the fact that some provinces are more likely to be have been stricken by storm, a popular form of natural disaster in Vietnam. I construct a dummy variable $Storm_{pi}$, which takes the value of 1 if a household is located in a province is reported to have been directly hit the most by storms over the past 70 years, following the list published by Vietnam Maritime Search and Rescue Coordination Center (Vietnam MRCC)[10], and zero otherwise. I then estimate the following specification

$$Y_{pdcit} = \beta_0 + \beta_1 Gift_{pdcit} + \beta_2 Gift_{pdcit} \times Storm_{pi} + \sum_k \beta_k X_{pdcit} + \phi_p \times \tau_t + \nu_d \times \tau_t + \eta_c \times \tau_t + \epsilon_{pdcit} \tag{4.1}$$

I estimate Equation 4.1 using the IV-2SLS estimator. On that note, $Gift_{pdcit}$ is instrumented by the instrument $\overline{Charity_{pdci^-t}}$, and the interaction term $Gift_{pdcit} \times Storm_{pi}$ is instrumented by $\overline{Charity_{pdci^-t}} \times Storm_{pi}$. The regression results are then reported in Table 4.5. At first sight, I seem to yield robust results for the impact of gift expenditure on household welfare

[10]The list of the most storm-hit regions in Vietnam can be accessed via this online article: http://vmrcc.gov.vn/thong-tin-khi-tuong-thuy-van/nhung-con-so-biet-noi-ve-bao-vao-viet-nam-trong-70-nam-qua-728.html.

**Table 4.4:** Reduced-form regressions on the sample of non-gift communes

| | Household wealth (asset) index | Monthly per cap income | Daily food expenditure | Daily non-food expenditure | Education expenditure | Health expenditure | Poor (=1) |
|---|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | 0.108 | 0.095 | -0.007 | -0.015 | 0.057 | 0.303* | -0.155*** |
| | (0.110) | (0.059) | (0.040) | (0.135) | (0.264) | (0.166) | (0.049) |
| Observations | 213 | 213 | 213 | 213 | 213 | 213 | 213 |
| R-squared | 0.91 | 0.91 | 0.90 | 0.90 | 0.70 | 0.74 | 0.68 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Note**:
This table displays the results of OLS regressions aiming to provide a robustness check for the exclusion restriction criterion of the IV. I conduct these regressions on the sample containing communes that are, on average, not involved in any gift-giving activities. I expect that when households do not spend money on gift-giving activities of any causes, the effect of the instrument on household welfare is null. This implies that IV only affects outcomes of interest through the endogenous variable. Survey weights are used to estimate standard errors.
i) Standard errors in parentheses clustered at commune level
ii) * p<0.10, ** p<0.05, *** p<0.01

outcomes from this estimation. This once again corroborates my earlier finding that gift transfers have a positive impact on household welfare. Interestingly, all the coefficients on the interaction term $Gift_{pdcit} \times Storm_{pi}$ are insignificant at any conventional significance levels. This means being exposed to natural events such as storms hardly affects the relationship between gift giving behavior and household welfare. In other words, there is no difference in the welfare impact of gift expenditure between households located in provinces hit the hardest by storms and their counterparts. Such a finding echoes what I have found in Section 4.3.1, which concludes that households affected by natural disasters are not very different from those unaffected. Hence, my result helps to allay the concern that the IV-2SLS estimates are not driven by the fact that some households are more exposed to natural disasters than others.

**Table 4.5:** Gift-giving expenditure, natural disasters and household welfare: IV-2SLS estimates

| | Household wealth (asset) index | Monthly per cap income | Daily food expenditure | Daily non-food expenditure | Education expenditure | Health expenditure | Poor (=1) |
|---|---|---|---|---|---|---|---|
| Gift expenditure | 0.848*** | 0.336*** | 0.211*** | 0.377*** | 0.360 | 0.424** | -0.458*** |
| | (0.215) | (0.080) | (0.054) | (0.087) | (0.334) | (0.169) | (0.105) |
| Gift expenditure x Storms | 0.994 | 0.273 | 0.234 | 0.282 | 1.661 | -0.269 | -0.308 |
| | (1.253) | (0.420) | (0.304) | (0.474) | (1.862) | (0.565) | (0.526) |
| Observations | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 | 28164 |
| Kleibergen-Paap rk Wald F-stat | 0.82 | 0.82 | 0.82 | 0.82 | 0.82 | 0.82 | 0.82 |
| Endogeneity test | 22.89 | 15.19 | 15.93 | 15.90 | 2.15 | 1.38 | 15.09 |
| Endogeneity test (p-value) | 0.00 | 0.00 | 0.00 | 0.00 | 0.14 | 0.24 | 0.00 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Note**:
IV-2SLS estimates using survey weights. For the sake of brevity, only the second stage is reported.
i) Standard errors in parentheses clustered at commune level
ii) * p<0.10, ** p<0.05, *** p<0.01

### 4.3.4 Plausibly exogenous instrumental variable

What challenges the validity of an IV corresponds to exclusion restriction criterion, which is often debatable in the economics literature due to the fact that it cannot be directly tested (Conley et al., 2012). As acknowledged above, the instrument is not strictly exogenous, especially if the neighborhood that receives more charity is widely different from one that does not. Moreover, in Section 4.3.2, I also show that charity donation impacts the poverty incidence anyway regardless of whether households are part of gifting culture. Although I have already made great strides in showing that the instrument is hardly correlated with possible observable characteristics of the households and neighborhood (shown in Table 4.2), it doesn't completely preclude unobservable factors from threatening the exclusion restriction assumption. In this regard, Conley et al. (2012) proposes an econometric procedure that allows the IV to have a direct impact on the outcomes

and estimate the sensitivity of the IV-2SLS estimates to the relaxation of the classical IV exclusion restriction.

Let parameter $\gamma$ capture the direct effect of the charity level received by other households in the neighborhood, and thus reflect the failure to satisfy the exclusion restriction. I consider the following model

$$Y_{pdcit} = \beta_0 + \beta_1 Gift_{pdcit} + \gamma \overline{Charity_{pdci^-t}} + \sum_k \beta_k X_{pdcit} + \phi_p \times \tau_t + \nu_d \times \tau_t + \eta_c \times \tau_t + \epsilon_{pdcit} \quad (4.2)$$

The IV exclusion restriction holds when $\gamma = 0$. Conley et al. (2012) relaxed the IV exclusion assumption by introducing the concept "***plausible exogeneity***" which corresponds to having prior information that implies $\gamma$ is near 0 but not exactly 0. This suggests that the instrument $\overline{Charity_{pdci^-t}}$ may be slightly associated with outcomes $Y_{pdcit}$. According to Conley et al. (2012), as long as prior information on the association between the instrument and the outcome (i.e., $\gamma$) is well defined, it can still provide sufficient structure to produce consistent estimates.

This paper specifically employs the "Union of Confidence Intervals" (UCI) approach as it requires less prior information on the distribution of $\gamma$ compared to other methods (e.g., Local-to-Zero (LTZ) Approximation) proposed by Conley et al. (2012). In the spirit of UCI method, by allowing $\gamma$ to vary within a certain range, I can identify a range of values that correspond to the effects of gift-giving on the welfare outcomes. In detail, $\gamma$ is assumed to take values out of a range $\Gamma = [\gamma_{min}, \gamma_{max}]$. For each value $\gamma_0$ in the bounded support, the above model 4.2 is transformed into

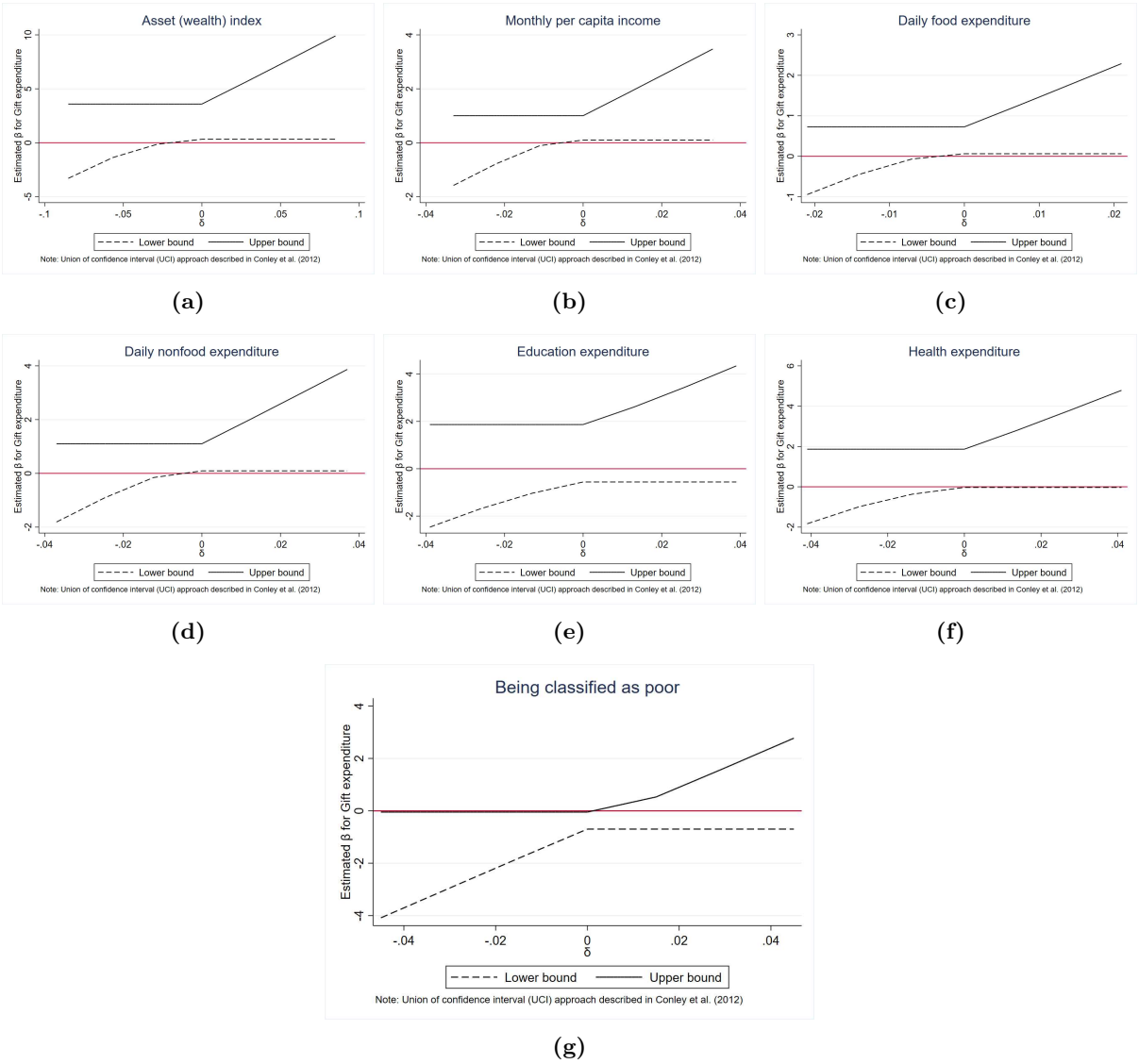
$$Y_{pdcit} - \gamma_0 \overline{Charity_{pdci^-t}} = \beta_0 + \beta_1 Gift_{pdcit} + \sum_k \beta_k X_{pdcit} + \phi_p \times \tau_t + \nu_d \times \tau_t + \eta_c \times \tau_t + \epsilon_{pdcit} \quad (4.3)$$

and re-estimated by 2SLS. One then could obtain a $(1-\alpha)$ confidence interval for $\beta_1$ under the assumption that the true value of $\gamma$ is $\gamma_0$. The union of all the $\gamma$-specific confidence regions for $\beta_1$ will have coverage of at least $(1-\alpha)$ asymptotically.

Assumptions should be made about the interval for $\Gamma$ to implement UCI approach. First, I assume symmetric intervals (i.e., overlapping zero) for $\gamma$, which returns the region $\Gamma = [-\delta, \delta]$. Following Fletcher and Marksteiner (2017); Guo (2020); Nguyen-Phung and Le (2023), I decide that the magnitude of $\delta$ depends on the prior information about the reduced-form impact of charity received by other households in the neighborhood on the welfare of the target household (see Table 4.3). Afterwards, I can estimate $\beta_{Gift}$ through 2SLS for each value $\gamma_0$ in the support region $\Gamma$,

and compute the union of the resulting confidence intervals for $\beta_{Gift}$ given the range $\Gamma = [-\delta, \delta]$. Figure 4.8 presents the estimated effects of gift-giving behavior on a variety of welfare indicators

**Figure 4.8:** Conley-Hansen-Rossi Bounds test for Plausible Exogeneity of IV: Union of Confidence Intervals (UCI) Approach




**Note:** The estimates are obtained using the STATA command `-plausexog-` written by Clarke (2014), adopting Conley's UCI approach. Since `-plausexog-` is unable to deal with high-dimensional fixed effects, my final specification for this estimation excludes the interactions $\nu_d \times \tau_t$ and $\eta_c \times \tau_t$ (i.e., interactions between time dummies and district and commune dummies). This figure presents 95% confidence intervals for the estimated coefficients of gift expenditure under the assumption that the instrumental variable has a direct reduced-form influence on household welfare. The vertical axis plots the range of values of the impact of gift expenditure on household welfare, while on the horizontal axis, I vary the influence of charity money received by other households in the neighborhood on the welfare of the target household. I include the plot for all 7 welfare indicators used in this study.

when I relax the assumption of exclusion restriction of the instrumental variable $\overline{Charity_{pdci^-t}}$. $\delta$ demonstrates the direct effect of the instrument on welfare level possibly through channels other than gift expenditure.

In general, my earlier IV-2SLS estimates of the impacts of gift giving on household welfare fall

within the computed 95% confidence intervals given each distinct value of $\delta$. Figure 4.8a shows that when $\delta$ is smaller than -0.02, there is no impact of gift giving on the household welfare. This implies that charity activities in the neighborhood do not trigger, but instead, erodes the motivation and the duty to help others among the households. Therefore, such mechanism does not stimulate the power of social connectedness in the community, nullifying the impact of gift-giving practices on household welfare. Notably, I can still confirm the positive welfare impact of gift-giving provided that $\delta$ >-0.02. In absolute terms, the significant threshold $\delta$ = -0.02 is as large as 25% of the reduced-form coefficient (0.085) that captures the overall impact of the IV on household asset. According to Guo (2020), such a small departure from the perfect exogeneity (i.e., $\delta = 0$) is acceptable to make the impact hold. As the magnitude of the coefficient on $\overline{Charity_{pdci-t}}$ moves further from 0, the impact of gift expenditure grows stronger. This indicates that the earlier IV-2SLS estimates from Table 4.1 underestimates the positive welfare impacts of gift-giving behavior possibly due to lack of thorough control for omitted variable issues.

Similar conclusions can be withdrawn from Figures 4.8b, 4.8c and 4.8d. No impact of gift giving on education expenditure has been recorded whatsoever regardless of the values taken by $\delta$ (shown in Figure 4.8e. This confirms the previous finding as well. The impacts of gift expenditure on health expenditure and the poverty incidence are more clearly defined at the point where $\delta$ is equal to 0 (and at 90% confidence intervals[11]). In other words, when $\delta$ is larger (smaller) than zero, the impacts of on health expenditure (and being classified as poor) are significant and positive (negative).

## 4.4 Additional analysis: Does the expensive gift-giving behavior exist in Vietnam?

### 4.4.1 Motivation

Gift competition hypothesis put forward by Bulte et al. (2018) states that gift giving practice as a form of reciprocity culturally scripted into people's lives can also be a means to reinstate a sense of generosity of the givers. To appear more generous to others, gift givers consider the average level of socially observable spending in their community as a reference point and offer gifts whose

[11]The results for 90% confidence intervals for the estimated coefficients of gift expenditure under the plausible exogeneity assumption are available upon request

values at least reach that point. Such behavior is noted as status seeking behavior in which gifts can be employed to manipulate social relations and challenge social status (Brown et al., 2011); and more worryingly, it is more pronounced in the consumption pattern of the poor, as evidenced in the context of rural China (Brown et al., 2011; Bulte et al., 2018; Bulte, Erwin and Wang, Ruixin and Zhang, Xiaobo, 2019). Such rivalry is also recorded in Vietnamese funerals in rural areas, in which prestige competition and community pressure is responsible for rising expenses on holding funerals and ultimately exerting burden on not only event organizers but also event guests (Pannier, 2013).

Income growth is believed to be responsible for this gift competition behavior in developing countries (Bulte et al., 2018; Chiu et al., 2023). In specific, Brown et al. (2011) emphasize that it is the consumption pattern of the rich that has driven this "herding" behavior, and exerted pressure for "keeping up with the Joneses" against the poor. *Costs of gifting* therefore become burdensome for those who are already in an unfavorable financial condition, and instead of harnessing the power of social capital and risk-sharing mechanisms backed by gift-based interactions, households may get themselves entangled in an intense race of status seeking, and invite unwanted effects on their welfare. Hu et al. (2021) add that escalating gift expenditures can squeeze expenditures on other essential items and inflict deleterious psychological effect on individuals. Gift-giving practice which is supposed to help the poor improve their social connection and everyday reciprocal relationships can strip them of all the much-needed resources necessary to lift them out of poverty.

Learning from the case of rural China, Bulte, Erwin and Wang, Ruixin and Zhang, Xiaobo (2019) suggests that in order to put a stop to the spread of the practice of lavish ceremonies held by the elites, restrictions of extravagant weddings and funerals for government officials and Communist Party members can be a good start. According to Pannier (2015), the costs of these ceremonial events are strongly determined by the size of the celebration, which is indicated by the number of guests. A larger and more lavish banquet displays family's esteem, prestige and social status. As described by Pannier (2013), funeral is among symbolic events that become the occasion for prestige competition. Huge expenses of funerals are incurred to honor the deceased and save face, and owing to the fact that death is not always predictable, funerals can exhibit a huge wealth shock to each household. Despite the ensuing indebtedness, such celebration and commemoration are not getting smaller in terms of size in Vietnam (Pannier, 2013, 2015; Soucy, 2014). Since gift exchange is an indispensable part of such events (Pannier, 2013, 2015; Soucy, 2014), restricting the attendance may put a cap on the amount of gift expended by guest households, and in turn lessen the financial burden imposed on them. For the organizers of such events, also known as

gift receivers, limits on event attendance can reduce the gift money that they can receive, which in turn can possibly exempt them from the obligations to pay back in the future and thus lead to decreased gift expenditures. In the end, this policy is anticipated to free up the weight on household budget incurred by constant transference and countertransference between households in the same social network (Pannier, 2013).

Nevertheless, this restraining policy cannot assure any clear-cut impact on household welfare, especially for event organizers, since the reduced expenses incurred by smaller scale events is compensated by a downfall in gift receiving. Gift transfers in Vietnam serve two social functions, which are linked two integral components, to involve people in a community mutual aid system functioning on the principle of reciprocity as well as cement social bonding on the basis of trust and prestige. Arguably, in certain contexts, gifting practice is not necessarily overly exorbitant, but instead, costs a sufficient, standard amount in order to both manifest a gesture of goodwill and, at the same time, offer financial means for event organizers to defray the costs of organization. Since throwing lavish feasts becomes a norm in the celebration of important events, most of the families cannot afford to finance such events without external support (Tessier, 2009). Contributions from guests are therefore considered socially obligatory[12], and significantly help to relieve the financial burden of those who hold a celebration. Sometimes, such contributions not only cover but also exceed the expenses incurred (Pannier, 2013), and bring about a good source of economic gains for households to deal with other matters (Pannier, 2015). The introduction of policy on event attendance restriction may restrain event organizers from obtaining such a form of daily life support, depriving them of chances to compensate for negative wealth shock with gift transfers.

Another characteristic to bear in mind concerning gift practices in Vietnam is that it fabricates the social relationships and consolidates them within kinship and neighbor networks via the build-up of trust and prestige and the imposition of social obligations (Tessier, 2009). Constant "give-and-take" transfers between household in the same network are founded based on the aspiration to build solid mutual trust (Pannier, 2013). From a myriad of such interactions arises the norm of reciprocity, which lays the foundations for social bonds. By giving gifts today, givers instill the feeling of indebtedness to their gift recipients and at the same time, express their confidence in the future of their relationship with the hope that they can receive recipients' help in times of

[12]Although the process of "give-and-take" is grounded on two necessary elements, namely freedom and disinterestedness, which means it is not legally and socially bounded, the fact that few people deviate from this payment trajectory shows that it is still considered obligatory for people to follow the norm for fear of potential social sanctions, including reputation tarnishment, relationship break-up, loss of face, etc. (Pannier, 2013).

need (Pannier, 2013). This pattern of interaction is a breeding ground for obtaining social capital, which proves to be substantially beneficial for household income (Wu et al., 2023). According to Sherry Jr (1983), since gifts are tangible manifests of social relationships, values of gift are often used to create, regulate or terminate connections with individuals. Revoking the trajectory of giving and returning, despite assisting families in cutting back on excessive gift expenditure, constrained event attendance can stand a high chance of severing the connection among households and individuals by not only blurring the feelings of indebtedness but also eroding the intention to take risks of no returns and invest in the confidence of future relationships with others. That can deplete social capital and create economic loss to households.

### 4.4.2 Event attendance restriction policy in Vietnam: The evaluation

Due to the unclear effect of such policy in the literature, this paper follows the spirit of Bulte, Erwin and Wang, Ruixin and Zhang, Xiaobo (2019) and attempts to test the gift competition hypothesis by investigating a similar policy in Vietnam. The attendance restriction policy was issued through the Decision No. 07/2012/QD-UBND dated on April 27, 2012 by the Hanoi People's Committee aiming to promulgate regulations on the maintenance of a civilized lifestyle in holding wedding ceremonies, funerals, and festivals in the area. Central to this policy is a strict limit on the attendance of a ceremonial event such as a wedding or a funeral to only 300 people. The policy intends to affect all officers on all governmental boards and institutions, and also members of the Communist Party (hereafter called "*Treated*"). I restrict the sample to only households in Hanoi, which is the province that the scope of policy applies to. Since the information on whether members of a household belong to a governmental body or a member of the Communist Party only exists in VHLSS wave 2014, I have to depend on a panel data setting and keep only households that appear in all three waves of survey so that I can keep track of which households are considered treated by the policy. In the end, my sample contains 249 observations for final analysis. Another dimension of comparison is introduced, in which I consider if households had ever held either a wedding or a funeral, or both during the investigated period. This group of households was supposed to be affected by this specific event attendance-restricted policy (hereafter called "*Event*" group).

To evaluate the intent-to-treat (ITT) effect of this local policy on gift expenditures and subsequently the welfare level of households, I compare the difference between the treated households and the control households in "*Event*" group and "*Non-event*" group before and after the policy.

In accordance with the above exposition, the following equation formalizes my specification:

$$\begin{aligned} Y_{dcit} = \alpha_0 + \alpha_1 Treated_i \times Event_i + \alpha_2 Event_i \times Post_t + \alpha_3 Treated_i \times Post_t \\ + \alpha_4 Treated_i \times Event_i \times Post_t + \sum_k \alpha_k X_{it} + \sigma_i + \nu_d \times \tau_t + \eta_c \times \tau_t + u_{it} \end{aligned} \tag{4.4}$$

where $Y_{dcit}$ denotes various outcomes of interest on which I want to investigate the effect of the policy. $Treated_i$ is a dummy variable taking the value of 1 if a household $i$ has at least one member who works in government institutions and associations or is a member of the Communist Party, and zero otherwise. $Event_i$ is a dummy variable equal to 1 if a household $i$ had ever organized a wedding and/or a funeral throughout the whole study period, and $Post_t$ is a time dummy that equals 1 for two survey waves 2012 and 2014 and zero otherwise. The coefficient of interest, $\alpha_4$, is a triple difference (DDD) estimator that captures the ITT effect of the attendance-restricted policy. $\sigma_i$ is a set of household dummies aiming to capture any time-constant heterogeneity between households that can influence the dependent variables. I also incorporate in my model the interactions of time dummies with various administrative levels namely districts ($\nu_d$) and communes ($\eta_c$) to control for any time-varying differences in socio-economic factors specific two these layers. Finally, $u_{it}$ is the error term. Equation 4.4 is estimated using survey weights and clustered standard errors at household level.

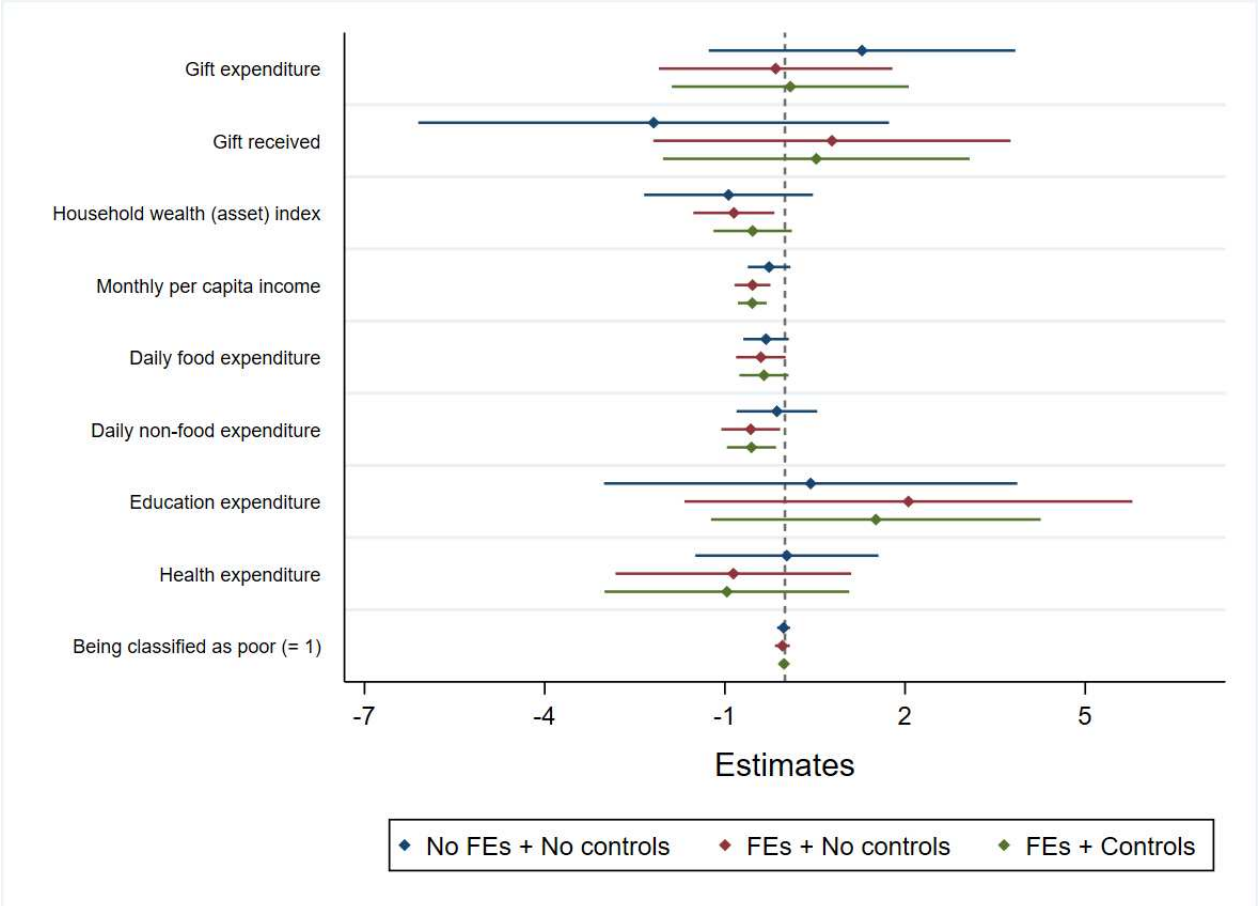
The preliminary estimation results are reported in Figure 4.9. First, I hardly find any significant evidence on the impact of the policy on both the amount of gift expenditure and gift received since none of the coefficients are statistically different from zero. Secondly, apart from mild effect exerted on monthly income per capita, the policy to limit event attendance does not influence any other household welfare indicators. In other words, in general, there is very little effect of the attendance-restricted policy on the level of household well-being. Since the sample size is small and contains a fairly limited number of clusters, I re-estimate the Equation 4.4 and account for the small number of clusters using Wild bootstrap. The results are provided in Table A.4. The Wild bootstrap p-value reaffirms what I have found and lends confidence to the conclusion that the policy does not play a significant role in both household welfare and gift practices.

What is of tantamount concern towards the validity of triple difference estimate is the fact that causal interpretation is conditional upon the key assumption of parallel trend. The identifying assumption is that the differential outcomes between *Event* and *Non-event* groups in the *Treated* category register a similar trending pattern to the outcomes between *Event* and *Non-event* groups in the *Non-treated* category, in the absence of the policy. According to Olden and Møen (2022),

despite being constructed from two DiD estimates (see in the Appendix C), DDD estimator does not require two parallel trend assumptions to be satisfied; instead, only one parallel trend assumption is required to hold. This means that as long as the bias in two DiD estimates follow the same direction, they will cancel each other out in the triple DDD estimate (*ibid.*). Such a conclusion translates the identifying assumption into a more simplified idea that in the absence of the attendance-restricted policy, changes in outcomes of both *Event* and *Non-event* groups would share the same trajectory over time.

However, since my analysis sample contains merely three waves of data, which cover just one pre-policy period, it poses a big challenge to verifying the parallel trend assumption in case of fewer than two periods before the treatment. Alternatively, I will provide indirect evidence

**Figure 4.9:** Triple difference estimates: The impact of attendance constraints on ceremonial events on gift-giving behavior and household welfare




**Note:** This graph displays point estimates and their 95% confidence intervals of the DDD estimator ($\alpha_4$ in Equation 4.4) across three different specifications. A full set of control variables include household size, ethnicity, the proportions of young and elderly members in the family, the proportions of female members and employed members, the proportion of members with an upper secondary level of education and above, the total living area of the family, the age of the household head and its square, the gender of the household head, his or her educational level, and marital status. Fixed effects (FEs) include household fixed effects, and sets of interactions between administration fixed effects (i.e., district and commune) and year fixed effects. Survey weights and clustered standard errors at household levels are employed across all specifications.

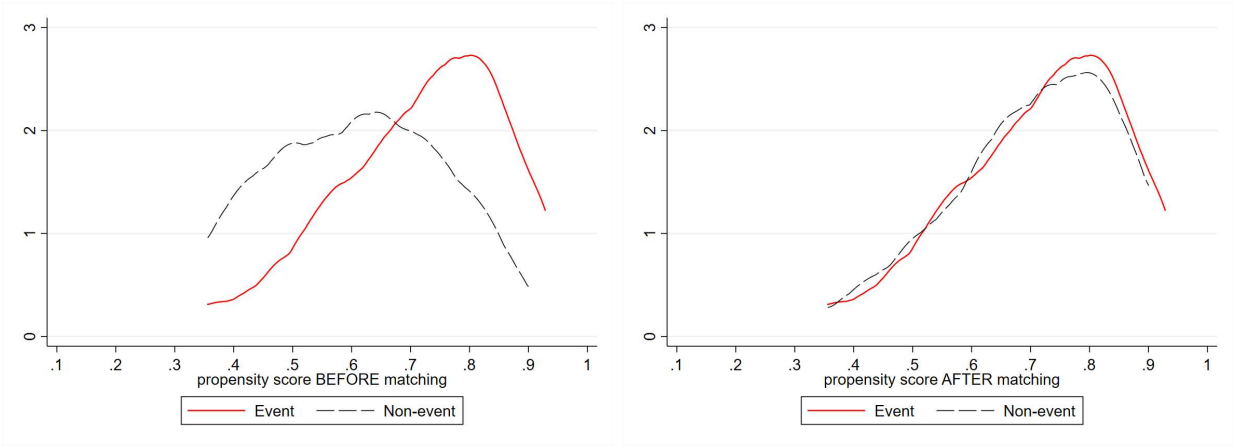
to support the common trend assumption. First, a series of balance checks is proceeded across observable household characteristics before the launch of the policy in 2012, and the comparison results are provided in Panels A and B of Table A.5. While Panel A reports the tests for mean difference between *Treated* and *Non-treated* group, the difference-in-mean test results for *Event* versus *Non-event* group are presented in Panel B. As can be seen, *Treated* and *Non-treated* group significantly differ from each other in household size and the ownership of living areas in the pre-policy period, whereas there appear to be no differences between *Event* and *Non-event* group across all the observables. This lends support to the confidence in the similarity between two groups in either dimension of comparison.

In order to improve the validity of the common trend assumption, following Stuart et al. (2014) and Sassi (2023), this study combines the triple difference approach with the propensity score matching (PSM) technique. The PSM method enables me to construct a control group that shares as many similar pre-treatment characteristics as the treated group. This approach allows me to make sure the two groups of household are as similar as possible before the treatment, and thereby helping to correct for the selection bias arising from observed factors as well as lending support to the parallel trend assumption (Liu, Feng, Wang, & Zhong, 2021). The triple DDD estimation is then implemented on the ensuing matched sample of treated and control households.

First, I estimate a Probit model to predict the likelihood of a household organizing ceremonial events such as weddings or funerals, and the regression result is provided in Table A.6 in the Appendix A. I include the same list of covariates as from the earlier analyses, and all of them are measured in 2010, i.e., prior to the treatment event. The predicted propensity score is then computed for each household at the baseline period. Matching is then based on the calculated propensity score, on the premise that "observations are similar if they were equally likely to be treated" (Huntington-Klein, 2021). Kernel matching is one of the non-parametric matching estimators that uses the weighted average of individuals in the control group to construct the counterfactual outcome. This technique is deemed to be more efficient than other matching methods because it loses fewer observations in favor of common support, which as a result leads to lower variance while achieving higher bias reduction (Caliendo & Kopeinig, 2008; Liu et al., 2021). Kernel-based matching is also less sensitive to tiny changes in caliper or measurement error that can considerably affect estimation results (Huntington-Klein, 2021).

In Kernel-based matching, each household in the *Event* group is matched to a weighted-average group of households that have similar propensity scores, with greater weight attached to those with closer scores and less weight to those whose scores move further away from the score of the

**Figure 4.10:** Test for common support: Kernel density graphs of the *Event* and *Non-event* groups before and after matching




**(a)** **(b)**

treated household. Kernel-based matching estimators use a kernel function to produce weights, and kernel weights are calculated as $w_i = \frac{K(\frac{p_i - p_j}{h})}{\sum K(\frac{p_i - p_j}{h})}$, in which $K(.)$ is a kernel function, $h$ is a bandwidth (or smoothing parameter), $p_i$ is the propensity score of household $i$ in the *Event* group while $p_j$ is the propensity score of household $j$ in the *Non-event* group based on a set of pre-defined observed covariates. In this research, Kernel matching is employed together with Gaussian Kernel function. After having constructed the matched sample, I perform a series of regressions on it, including a triple DDD model and two DiD models on *Treated* and *Non-treated* sub-samples separately.

In terms of matching quality, tests on common support and post-match balance checks are conducted. First, for the matching process to be valid, there should be enough comparable control observations to match with the treated observations. In other words, there should be substantial overlap, or *common support*, in the distributions of the propensity scores of two groups. Figure 4.10 displays the graphical representations of kernel density functions of the propensity scores of the *Event* and *Non-event* groups before and after matching. Matching seems to achieve a considerable common support since the post-matching propensity scores of the two groups follow approximately identical distributions. Moreover, in Table A.7, I provide the results from the balance test after matching. No significant differences between *Event* and *Non-event* groups are observed across all the matching variables. This means that the matching process has managed to close "back doors" for all the controlled observable factors that can be simultaneously related to the treatment and outcomes.

Regressions are then performed on the matched sample, and their results are provided in

Figure 4.11. In particular, Figure 4.11a plots the point estimates of $\alpha_1$, a DiD estimate, in the Equation 4.5,

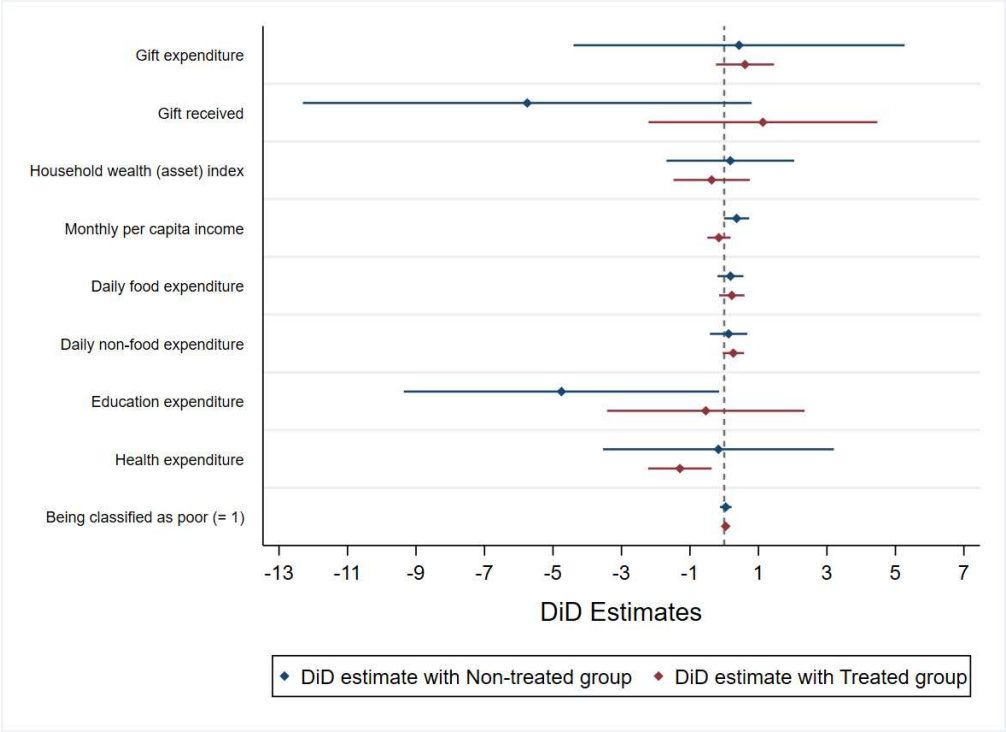
$$Y_{dcit,Treated=j} = \alpha_0 + \alpha_1 Event_i \times Post_t + \sum_k \alpha_k X_{it} + \sigma_i + \nu_d \times \tau_t + \eta_c \times \tau_t + u_{it} \tag{4.5}$$

in which $j = 0, 1$, separately for the sub-sample of households where there is at least one individual who is a member of the Communist Party or governmental associations (i.e., *Treated* group) and for that of *Non-treated* households. According to Cunningham (2021), DDD is considered a falsification exercise in which I will expect no effect were I to do the DiD on the placebo group (i.e., *Non-treated* group), and triple difference estimate is based mostly on the effect of the DiD on the treated and negligibly contingent upon the placebo group. Indeed, I find such evidence from Figure 4.11a, in which almost no significant effect of the policy (estimated through DiD coefficients) is spotted for *Non-treated* group. Similarly, the policy has no impacts on virtually every welfare indicator and gifting practices, except for a negative impact on health expenditure, for *Treated* group. Moreover, in Figure 4.11b, I re-estimate the Equation 4.4 on the matched sample and plot the the triple DDD estimates. I yield similar results to what I have observed in Figure 4.9 and Table A.4 regarding the effect of the attendance-restricted policy. The magnitudes of the coefficients are quantitatively similar to those presented in Table A.4, implying that selection bias on observables should not be a worrying issue in this study.

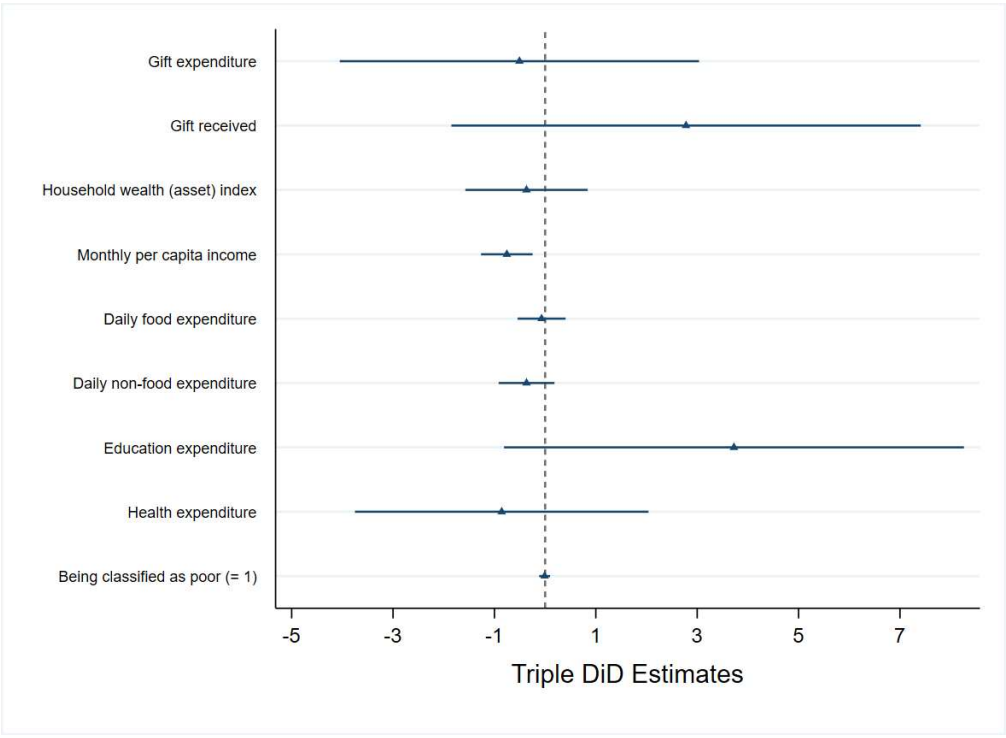
Overall, from the above analyses, my conclusion is that the policy that aims to limit the volume of attendance to ceremonial events as a way to prevent overly exorbitant gifting behavior does not appear effective in achieving that goal. Instead, while no significant effect has been garnered on gifting practice, there is some weak negative impact on household's welfare measured by the monthly income per capita. Limited effect of such policy can be attributed to a number of reasons.

The null impact of the above policy has been confronted a cause-related condition. Cause-related condition refers to the fact that the the policy itself, in reality, is not sufficiently motivated as opposed to its intended purpose. As aforementioned, the stated purpose of the attendance-restrained policy is to contain the gift competition stemming from the fact that the poor try to catch up with the rich in terms of extravagant celebratory practices, thereby jeopardizing their own well-being. Significant income growth, coupled with social pressure to "save the face" and manifest prestige and status, has driven households to throw lavish events which are to be compensated by increasingly large amount of gift from other households. In other words, for this policy to be fully effective, there must be a rapid growth in gift expenditure to the extent that it undermines

**Figure 4.11:** Estimation on the matched sample




**(a)**




**(b)**

**Note:** Figure 4.11a shows the DiD estimates of the effect of the attendance-restricted policy introduced in 2012 (i.e., estimated $\alpha_1$ in Equation 4.5 with matched samples of *Treated* and *Non-treated* groups, whereas the estimation of the triple difference model, whose formal exposition is given in Equation 4.4, on the matched sample is illustrated in Figure 4.11b. The matched sample is constructed using the propensity score matching approach with Kernel-based weighting scheme. A full set of control variables embedded in all specifications include household size, ethnicity, the proportions of young and elderly members in the family, the proportions of female members and employed members, the proportion of members with an upper secondary level of education and above, the total living area of the family, the age of the household head and its square, the gender of the household head, his or her educational level, and marital status. Incorporated fixed effects are composed of household fixed effects, and sets of interactions between administration fixed effects (i.e., district and commune) and year fixed effects. Clustered standard errors at household levels are employed across all specifications.

household financial stability. In fact, this is hardly a conundrum in the context of Vietnam.

As shown in Figures 4.2c and 4.2d, gift expenditure profiles of non-poor households registers a more right skewed distribution compared to that of poor households. It is consistent with the earlier discovery that, in absolute terms, the gifting expenditure of the non-poor far overtakes that of the poor counterpart (described in Figure 4.5). Moreover, regardless of poverty background a household may have, we also found earlier from Figure 4.3 that the pattern of expenditure, including gift expenditure, does not evolve over the course of time as opposed to the case of rural China raised by Bulte et al. (2018). This means Vietnamese households may preserve a shared awareness about the acceptable level of gifting and do not get involved in the gift competition to the extent that it hurts their household budget. In other words, there does not exist the "catch-up" behavior of the poor in the context of Vietnam. Such a self-controlled gifting behavior is considered positive even though it does not lend a breeding condition to the effectiveness of the evaluated policy.

Another reason worth mentioning is that the gift practice is deeply ingrained in long-lasting Vietnamese culture, intricately weaved in everyday societal interactions and testifies to the strength of social ties (Ciscato et al., 2023). This helps to explain the persistence and rigidity of cultural behaviors, and for that reason, only after an extended period of time does there often emerge an expected response to policies aiming to modify them. In fact, even after 11 years since the launch of the policy, many cases of violation have still been spotted among those are treated (i.e., state officials, members of the Communist Party). The following media excerpt is among pieces of evidence on the non-compliance with the policy itself:

> "Trong 10 năm qua, Quận ủy [Hà Đông] đã tiến hành kiểm tra ở 38 tổ chức cơ sở Đảng [...]. Trong đó, một Chánh Thanh tra xây dựng quận xử lý kỷ luật khiển trách bằng hình thức chuyển công tác; hai cán bộ, đảng viên bị miễn nhiệm; năm cán bộ, đảng viên đang công tác bị phường gửi thông báo đến cơ quan; hai đảng viên Đảng ủy và chi bộ bị xử lý kỷ luật Cảnh cáo; ba đảng viên chi bộ khu dân cư bị xử lý kỷ luật bằng hình thức Khiển trách; bảy đảng viên chi bộ tổ dân phố bị kiểm điểm, nhắc nhở.
>
> Trên địa bàn huyện Thanh Trì có trường hợp một đảng ủy viên là Phó chủ tịch Ủy ban Nhân dân xã tổ chức cưới cho con đã vi phạm vượt quá số mâm cỗ theo quy định. Trường hợp này đã bị xử lý kỷ luật hình thức khiển trách về đảng và chính quyền.
>
> Tại quận Long Biên, 182 đám cưới vi phạm nếp sống văn minh đã được các chi hội,

đoàn thể nhắc nhở phê bình." (Thuận, Đinh, 2023)

[ENG: *Over the past 10 years, the [Ha Dong] District Party Committee has conducted inspections in 38 Party grassroots organizations [...]. Among them, a District Construction Chief Inspector was disciplined and reprimanded in the form of job transfer; two officials and Party members were dismissed; five officials and Party members were sent warning notices; two members of the Party Committee and party cells received disciplinary warnings; three members of the residential party cell were disciplined in the form of reprimand; seven members of the residential party cell were criticized and warned.*

*In Thanh Tri District, there was a case where a Party member, Vice Chairman of the Commune People's Committee, organized a wedding for his child and violated the regulations. This case has been disciplined in the form of a reprimand from the Party and the government.*

*In Long Bien District, 182 weddings that violated the regulations [set out by the Decision No. 07/2012/QD-UBND] were warned and criticized by all unions and associations.*]

Even though there have been endeavors aiming to keep the extravagant event organization in check in recent years, constant cases of violation indicate that cultural matters such as gifting practices and festive celebration are ingrained in the mindset and lifestyles of people, and thus changing these in favor of economic efficiency requires a significant amount of time. This also suggests that my above analysis could have benefited more from the use of longer time frame during which the policy is anticipated to play certain influences on the outcomes of interest.

My above analysis is nonetheless not free from certain caveats. The triple DDD setting is still based on the identifying assumption that biases of two DiD estimates in two groups *Treated* versus *Non-treated* must follow the same direction and this is unable to be directly tested given the length of my data. Although I make sure two groups *Event* and *Non-event* are as similar as possible through the Kernel matching technique, such similarities are drawn only upon observable characteristics, and yet a lot more other "backdoor" factors are left open that may pose threat to the validity of my estimates. Albeit imperfect in the research design, my analysis can still serve as suggestive evidence on the non-existence of severe gift competition as raised by Bulte et al. (2018). Cost of gifting is therefore well compensated by its benefits, which results in a positive net impact of gift expenditure on various household welfare indicators. Furthermore, the policy did not reverse the existing positive welfare impact of gifting behavior.

# Chapter 5

# Concluding remarks

Gift-giving culture has constructed a well-respected social norm in the developing world that has been operationalized based on the underlying mechanisms of social connectedness and moral obligations. Such a form of non-economic transaction embodies the reciprocity network in society, which establishes a social safety net system on the principle of mutual trust that tremendously supports people and enhances their resilience in their times of vulnerability. This function of gift-based support system turns out to be the most effective in developing countries where public social security is not efficient enough (Pannier, 2015). Given its importance in the socio-economic lives of people from developing countries, the linkage between gift-giving and welfare is under-researched, especially from an economic perspective. This paper thus aims to contribute a shred of evidence by looking at gift-giving behaviors in Vietnam.

Exploiting the data extracted from the VHLSSs database, I found that gift-giving behavior gives rise to improvements in household welfare via reducing poverty, increasing household monthly income, stocking up household wealth, and rising consumption of both necessity goods and welfare goods. I also found evidence of "imitation reciprocity" in the Vietnamese context, in which charity work towards others can trigger the duty to help others among households, thereby stimulating gift-giving behaviors. Moreover, through evaluating a policy on event attendance restriction in Hanoi, I provide suggestive evidence that cost of gifting is well compensated by its benefits due to the lack of severe gift competition phenomenon put forward by Bulte et al. (2018) in Vietnam. This paper may serve as important evidence of the good practice of social norms and their role in regulating and supporting civil life.

Policy implications drawn from this work might help researchers and policymakers reflect on the role of informal transfers started as a manifest of the norm of reciprocity as a tool for poverty reduction and welfare creation, especially at the grassroots level. Development policies

in developing countries can focus on assisting a few groups of people, rather than all, in building up their resources and open favorable conditions for these groups to help others with more urgent needs by wielding the existing network of cooperation and reciprocity in society. Preservation of such a good practice of social norm is another mission of future development policies as a way to reinforce social solidarity. In addition, combined with the insights withdrawn from Grimm et al. (2021), which records the possible evidence that public transfers can crowd out private inter-household transfers, this study informs the possibility of an unintended consequence of public transfers in terms of lowered household welfare, especially in a context where informal economy and redistribution are the prevailing factors.

There are a number of shortcomings posed in this study. First, although I show that there is a direct impact of gift-giving behavior on household welfare, extant literature also reveals certain transmission mechanisms that I fail to take into account, for instance, credit access, job opportunities, etc. or potential differential impacts across households headed by females vs males, situated in urban vs. rural areas, agricultural vs. non-agricultural, etc. Secondly, I believe that future research is also able to benefit from a longer dataset, which can enable a line of research investigating the transition in gift-giving behavior due to the recent pandemic and the impact of event attendance restriction in the longer term. Finally, snapshot survey data focusing on each item of gift expenditure rather than a total sum, as well as information on common gift receivers, can probably provide richer insights into gift-giving behavior in Vietnam.

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# Appendix A

# Tables

**Table A.1:** Descriptive statistics

| | Obs. | Mean | Std dev | Min | 1st quartile | Median | 3rd quartile | Max |
|---|---|---|---|---|---|---|---|---|
| Household wealth (asset) index | 28200 | 7.6e-10 | 2.12 | -8.68 | -1.24 | 0.21 | 1.38 | 6.89 |
| Monthly per cap income (IHS trans.) | 28200 | 7.99 | 0.77 | 6.20 | 7.45 | 8.02 | 8.53 | 9.83 |
| Daily food expenditure (IHS trans.) | 28200 | 8.38 | 0.64 | 6.70 | 7.98 | 8.40 | 8.82 | 9.86 |
| Daily non-food expenditure (IHS trans.) | 28200 | 7.07 | 0.80 | 4.88 | 6.58 | 7.13 | 7.62 | 8.86 |
| Education expenditure (IHS trans.) | 28200 | 5.26 | 4.29 | 0 | 0 | 7.39 | 8.88 | 11.1 |
| Health expenditure (IHS trans.) | 28200 | 7.59 | 2.07 | 0 | 6.85 | 7.81 | 8.81 | 11.2 |
| Being classified as poor (= 1) | 28200 | 0.12 | 0.32 | 0 | 0 | 0 | 0 | 1 |
| Gift expenditure (IHS trans.) | 28200 | 7.73 | 2.12 | 0 | 7.38 | 8.29 | 8.85 | 10.4 |
| Household size (ppl) | 28200 | 3.89 | 1.57 | 1 | 3 | 4 | 5 | 15 |
| Ethnic minorities (=1) | 28200 | 0.18 | 0.38 | 0 | 0 | 0 | 0 | 1 |
| The proportion of members being under 15 | 28200 | 0.19 | 0.20 | 0 | 0 | 0.17 | 0.33 | 1 |
| The proportion of members being 60+ | 28200 | 0.16 | 0.29 | 0 | 0 | 0 | 0.20 | 1 |
| The proportion of female members | 28200 | 0.52 | 0.21 | 0 | 0.38 | 0.50 | 0.67 | 1 |
| The proportion of household members having a job | 28197 | 0.62 | 0.26 | 0 | 0.50 | 0.60 | 0.80 | 1 |
| The proportion of members achieving upper secondary degree and above | 28200 | 0.20 | 0.28 | 0 | 0 | 0 | 0.33 | 1 |
| Total living area (IHS trans.) | 28177 | 4.85 | 0.58 | -0.88 | 4.50 | 4.79 | 5.19 | 7.60 |
| Head age | 28200 | 50.9 | 14.2 | 12 | 40 | 49 | 59 | 106 |
| Squared age of household head | 28200 | 2.79 | 1.57 | 0.14 | 1.60 | 2.40 | 3.48 | 11.2 |
| Head gender (Male = 1) | 28200 | 0.75 | 0.43 | 0 | 0 | 1 | 1 | 1 |
| Head years of formal schooling | 28200 | 7.20 | 3.73 | 0 | 5 | 8 | 10 | 12 |
| Household head is married (= 1) | 28200 | 0.81 | 0.39 | 0 | 1 | 1 | 1 | 1 |

**Note:** This table provides descriptive statistics of all the variables used in the baseline model of this study.

**Table A.2:** Are non-gift communes different?

| | Non-gift commune |
|---|---|
| Commune being exposed to floods for the last 3 years (=1) | -0.002 |
| | (0.004) |
| Commune being exposed to storms for the last 3 years (=1) | -0.001 |
| | (0.003) |
| Commune being exposed to droughts for the last 3 years (=1) | -0.001 |
| | (0.005) |
| Commune with firms (= 1) | -0.004 |
| | (0.003) |
| Commune with passable roads (= 1) | 0.013 |
| | (0.011) |
| Commune with irrigation systems (= 1) | 0.001 |
| | (0.003) |
| Commune with a market (= 1) | -0.002 |
| | (0.003) |
| Commune-level average of household size | 0.002 |
| | (0.002) |
| Commune-level percentage of household belonging to ethnic minorities group | 0.002 |
| | (0.006) |
| Commune-level percentage of children | 0.005 |
| | (0.013) |
| Commune-level percentage of the elderly | 0.000 |
| | (0.008) |
| Commune-level percentage of female | -0.009 |
| | (0.010) |
| Commune-level percentage of employed people | -0.007 |
| | (0.008) |
| Commune-level percentage of people with upper secondary education or higher | 0.008 |
| | (0.009) |
| Commune-level average of living area | -0.003 |
| | (0.004) |
| Commune-level average age of household head | -0.001 |
| | (0.001) |
| Commune-level average age squared of household head | 0.012 |
| | (0.012) |
| Commune-level percentage of male household head | -0.012* |
| | (0.007) |
| Commune-level average of years of schooling of household head | 0.000 |
| | (0.001) |
| Commune-level percentage of the married household head | 0.012 |
| | (0.009) |
| Constant | 0.037 |
| | (0.038) |
| Observations | 5817 |
| R-squared | 0.44 |
| Province FE x Time FE | Yes |
| District FE x Time FE | Yes |

**Note**:
This table displays the result of an OLS regression aiming to investigate what determines a household in a specific commune not being engaged in gift-giving behavior in a specific year. Since we conduct this regression at the commune level, we regress a dummy, indicating whether or not a commune that is on average not involved in any gift-giving activities, on a set of commune-specific covariates, such as whether a commune had been exposed to floods, storms and droughts for the past 3 years, whether a commune has firms, passable roads, irrigation systems and a market. Following Guo (2020), some other household characteristics are then aggregated into the commune level, including: average household size, percentage of households belonging to ethnic minorities group, percentage of female, children and elderly members, percentage of employed members, percentage of people with upper secondary education or higher, average of living area, average age and squared age of household heads, percentage of male household heads, percentage married, and average years of education of the household head.
i) Standard errors in parentheses clustered at commune level
ii) * p<0.10, ** p<0.05, *** p<0.01

**Table A.3:** Non-gift communes: Local exposure to charity work and observable characteristics of households and neighborhood

| | Household size (ppl) | Ethnic minorities (=1) | The proportion of members being under 15 | The proportion of members being 60+ | The proportion of female members | The proportion of household members having a job |
|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | -0.076 | -0.006 | -0.040 | -0.039*** | -0.007 | -0.012 |
| | (0.165) | (0.012) | (0.036) | (0.011) | (0.020) | (0.021) |
| Observations | 213 | 213 | 213 | 213 | 213 | 213 |
| R-squared | 0.63 | 0.97 | 0.77 | 0.62 | 0.60 | 0.77 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes |

| | The proportion of members achieving upper secondary degree and above | Total living area | Head age | Head gender (Male = 1) | Squared age of household head | Head years of formal schooling | Household head is married (= 1) |
|---|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | -0.017 | 0.018 | -0.256 | 0.017 | -0.003 | 0.196 | -0.002 |
| | (0.015) | (0.032) | (0.369) | (0.035) | (0.042) | (0.250) | (0.052) |
| Observations | 213 | 213 | 213 | 213 | 213 | 213 | 213 |
| R-squared | 0.77 | 0.72 | 0.99 | 0.99 | 0.70 | 0.73 | 0.62 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

| | Commune with firms (= 1) | Commune with passable roads (= 1) | Commune with irrigation systems (= 1) | Commune with a market (= 1) | Commune being exposed to floods for the last 3 years (=1) | Commune being exposed to storms for the last 3 years (=1) | Commune being exposed to droughts for the last 3 years (=1) |
|---|---|---|---|---|---|---|---|
| $\overline{Charity_{pdci^-t}}$ | -0.000 | 0.000 | 0.000 | 0.000 | -0.000 | 0.000 | 0.000 |
| | (.) | (.) | (.) | (0.000) | (0.000) | (0.000) | (0.000) |
| Observations | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| R-squared | 1.00 | . | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Province FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | No | No | No | No | No | No | No |

**Note**: This table shows the OLS estimates using survey weights to investigate the association between the instrument $\overline{Charity_{pdci^-t}}$ and a range of household and neighborhood (i.e., commune) characteristics. The analysis sample is restricted to only households residing in the non-gift communes. For the first two parts of the table, the same list of controls defined in Equation 3.1 are used for each specification. For the third part of the table, instead, we include in our specification a set of commune-level control variables. Following Guo (2020), commune controls are computed through averaging household characteristics at commune level, including: average household size, percentage of households belonging to ethnic minorities group, percentage of female, children and elderly members, percentage of employed members, percentage of people with upper secondary education or higher, average of living area, average age and squared age of household heads, percentage of male household heads, percentage married, and average years of education of the household head.

i) Standard errors in parentheses clustered at commune level

ii) * p<0.10, ** p<0.05, *** p<0.01

**Table A.4:** Attendance restriction policy vs. gift-giving and household welfare: Triple difference estimates

| | Gift-giving expenditure | Gift values received | Household wealth (asset) index | Monthly per cap income | Daily food expenditure | Daily non-food expenditure | Education expenditure | Health expenditure | Poor (=1) |
|---|---|---|---|---|---|---|---|---|---|
| $Treated_i \times Event_i \times Post_t$ | 0.089 | 0.522 | -0.538 | -0.544** | -0.350 | -0.558 | 1.514 | -0.967 | -0.018 |
| | (1.735) | (2.247) | (0.574) | (0.212) | (0.360) | (0.360) | (2.415) | (1.792) | (0.072) |
| Wild bootstrap p-value | 0.95 | 0.79 | 0.22 | 0.00 | 0.32 | 0.09 | 0.45 | 0.55 | 0.75 |
| Observations | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Household FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| District FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Commune FE x Time FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Note**:
This table displays the triple difference estimates that capture the impact of the restriction policy on ceremonial event attendance in Hanoi (the capital of Vietnam) on gift expenditures and welfare indicators. Regressions are weighted by sampling weight. The Wild bootstrap p-values are computed using the the wild bootstrap procedure proposed by Webb (2023) to correct for the low number of clusters.
i) Standard errors in parentheses clustered at household level.
ii) * p<0.10, ** p<0.05, *** p<0.01

**Table A.5:** Balance check before the 2012 policy

| **Panel A: Treated vs. Non-treated group** | | | |
|---|---|---|---|
| | Means | | Difference |
| Variable | Non-treated | Treated | Non-treated vs Treated |
| Household size (ppl) | 3.671 | 4.481 | 0.810*** |
| | (1.371) | (1.275) | (0.293) |
| Ethnic minorities (=1) | 0.028 | 0.023 | -0.005 |
| | (0.164) | (0.148) | (0.035) |
| The proportion of members being under 15 | 0.174 | 0.176 | 0.002 |
| | (0.181) | (0.170) | (0.039) |
| The proportion of members being 60+ | 0.152 | 0.107 | -0.045 |
| | (0.266) | (0.201) | (0.052) |
| The proportion of female members | 0.522 | 0.510 | -0.012 |
| | (0.221) | (0.165) | (0.043) |
| The proportion of household members | 0.566 | 0.566 | 0.000 |
| having a job | (0.228) | (0.229) | (0.050) |
| The proportion of members achieving | 0.407 | 0.407 | 0.000 |
| upper secondary degree and above | (0.316) | (0.290) | (0.067) |
| Total living area (IHS trans.) | 4.676 | 5.053 | 0.378** |
| | (0.770) | (0.632) | (0.157) |
| Head age | 51.750 | 50.344 | -1.406 |
| | (14.978) | (11.431) | (2.975) |
| Squared age of household head | 2.902 | 2.665 | -0.237 |
| | (1.674) | (1.197) | (0.326) |
| Head gender (Male = 1) | 0.670 | 0.779 | 0.109 |
| | (0.470) | (0.415) | (0.098) |
| Head years of formal schooling | 8.911 | 9.563 | 0.652 |
| | (3.930) | (2.740) | (0.762) |
| Household head is married (= 1) | 0.826 | 0.887 | 0.061 |
| | (0.379) | (0.317) | (0.077) |
| Household wealth (asset) index | 1.194 | 1.967 | 0.773* |
| | (1.757) | (1.960) | (0.411) |
| Monthly per cap income (IHS trans.) | 8.088 | 8.322 | 0.234 |
| | (0.647) | (0.737) | (0.153) |
| Daily food expenditure (IHS trans.) | 8.355 | 8.723 | 0.367** |
| | (0.688) | (0.657) | (0.149) |
| Daily non-food expenditure (IHS trans.) | 7.159 | 7.421 | 0.262 |
| | (0.841) | (0.894) | (0.191) |
| Education expenditure (IHS trans.) | 5.819 | 6.216 | 0.397 |
| | (4.438) | (4.287) | (0.967) |
| Health expenditure (IHS trans.) | 7.834 | 7.660 | -0.174 |
| | (1.991) | (1.709) | (0.417) |
| Being classified as poor (= 1) | 0.055 | 0.046 | -0.009 |
| | (0.229) | (0.209) | (0.050) |
| Observations | 38 | 45 | 83 |

**Table A.5:** Balance check before the 2012 policy (cont.)

| **Panel B: Event vs. Non-event group** | | | |
|---|---|---|---|
| | Means | | Difference |
| Variable | Non-event group | Event group | Non-event vs Event |
| Household size (ppl) | 4.141 | 4.106 | -0.034 |
| | (1.383) | (1.377) | (0.327) |
| Ethnic minorities (=1) | 0.000 | 0.036 | 0.036 |
| | (0.000) | (0.186) | (0.025) |
| The proportion of members being under 15 | 0.213 | 0.158 | -0.055 |
| | (0.175) | (0.173) | (0.041) |
| The proportion of members being 60+ | 0.123 | 0.129 | 0.006 |
| | (0.212) | (0.243) | (0.052) |
| The proportion of female members | 0.520 | 0.514 | -0.006 |
| | (0.196) | (0.190) | (0.046) |
| The proportion of household members | 0.537 | 0.579 | 0.042 |
| having a job | (0.248) | (0.218) | (0.056) |
| The proportion of members achieving | 0.375 | 0.422 | 0.047 |
| upper secondary degree and above | (0.347) | (0.278) | (0.078) |
| Total living area (IHS trans.) | 4.827 | 4.910 | 0.082 |
| | (0.695) | (0.733) | (0.167) |
| Head age | 47.764 | 52.426 | 4.662 |
| | (14.442) | (12.265) | (3.265) |
| Squared age of household head | 2.490 | 2.899 | 0.409 |
| | (1.516) | (1.380) | (0.350) |
| Head gender (Male = 1) | 0.743 | 0.724 | -0.019 |
| | (0.437) | (0.447) | (0.104) |
| Head years of formal schooling | 9.274 | 9.269 | -0.005 |
| | (3.488) | (3.275) | (0.814) |
| Household head is married (= 1) | 0.857 | 0.861 | 0.004 |
| | (0.350) | (0.346) | (0.082) |
| Household wealth (asset) index | 1.579 | 1.639 | 0.060 |
| | (1.502) | (2.069) | (0.405) |
| Monthly per cap income (IHS trans.) | 8.154 | 8.246 | 0.092 |
| | (0.632) | (0.738) | (0.159) |
| Daily food expenditure (IHS trans.) | 8.465 | 8.600 | 0.135 |
| | (0.518) | (0.758) | (0.143) |
| Daily non-food expenditure (IHS trans.) | 7.190 | 7.355 | 0.166 |
| | (0.788) | (0.915) | (0.198) |
| Education expenditure (IHS trans.) | 6.241 | 5.946 | -0.296 |
| | (3.799) | (4.588) | (0.963) |
| Health expenditure (IHS trans.) | 7.439 | 7.874 | 0.435 |
| | (1.052) | (2.091) | (0.348) |
| Being classified as poor (= 1) | 0.000 | 0.073 | 0.073** |
| | (0.000) | (0.260) | (0.035) |
| Observations | 26 | 57 | 83 |

**Note**:
This table displays the balance checks over the observable characteristics between two groups set by different comparison dimension before the enforcement of the event attendance-restricted policy (i.e., in 2010). Panel A shows the balance check results between Treated and Non-treated groups, while the balance check between Event and Non-event groups is provided in Panel B. Survey weights are used.
i) Standard errors in parentheses clustered at household level.
ii) * p<0.10, ** p<0.05, *** p<0.01

**Table A.6:** Results of the probit model to estimate the probability of a household organizing ceremonial events such as weddings or funerals

| | Event |
|---|---|
| Household size (ppl) | 0.065 |
| | (0.187) |
| Urban area (=1) | -0.611 |
| | (0.461) |
| Ethnic minorities (=1) | 0.000 |
| | (.) |
| The proportion of female members | 0.523 |
| | (0.991) |
| The proportion of members achieving upper secondary degree and above | 0.471 |
| | (0.865) |
| The proportion of household members having a job | 0.632 |
| | (0.903) |
| The proportion of members being under 15 | 0.401 |
| | (1.421) |
| The proportion of members being 60+ | -0.343 |
| | (0.971) |
| Total living area (IHS trans.) | -0.315 |
| | (0.330) |
| Head age | 0.156 |
| | (0.099) |
| Squared age of household head | -0.999 |
| | (0.936) |
| Head gender (Male = 1) | -0.024 |
| | (0.486) |
| Head years of formal schooling | 0.093 |
| | (0.103) |
| Head marital status | 0.124 |
| | (0.727) |
| Constant | -4.937* |
| | (2.550) |
| Observations | 81 |
| Log-likelihood | -46.22 |
| Pseudo R2 | 0.09 |

**Note**:
A probit model to estimate the probability of a household organizing ceremonial events such as weddings or funerals.
i) Standard errors are in parentheses.
ii) * p<0.10, ** p<0.05, *** p<0.01

**Table A.7:** Balance test of the matched pre-policy sample using kernel matching

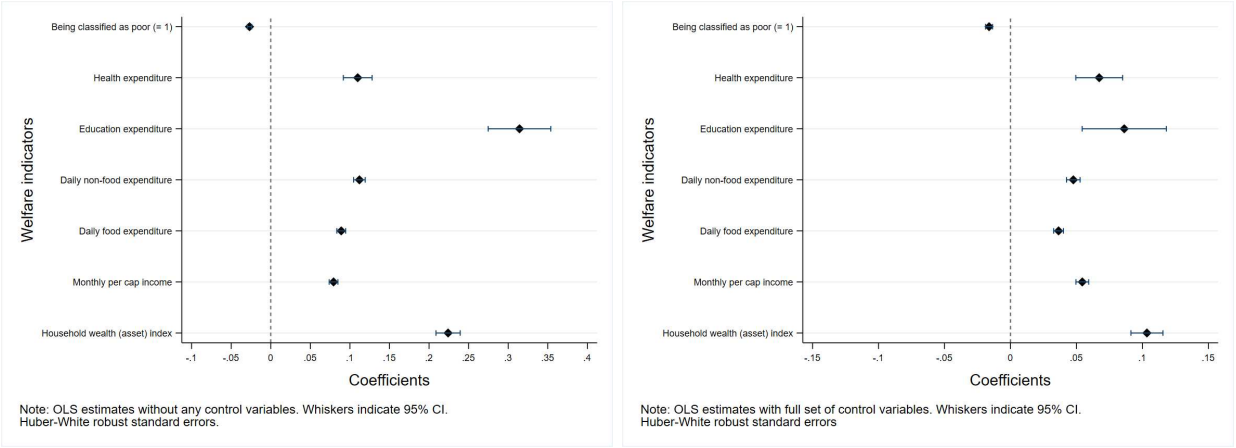
| | **Mean** | | | **t-test** | |
|---|---|---|---|---|---|
| | Event | Non-event | %bias | **t** | p > t |
| Household size (ppl) | 4.073 | 4.027 | 3.2 | 0.160 | 0.872 |
| Urban area (=1) | 0.4 | 0.401 | -0.300 | -0.010 | 0.988 |
| Ethnic minorities (=1) | 0 | 0 | . | . | . |
| The proportion of female members | 0.521 | 0.509 | 5.8 | 0.340 | 0.736 |
| The proportion of members achieving upper secondary degree and above | 0.422 | 0.373 | 15.300 | 0.740 | 0.459 |
| The proportion of members achieving upper secondary degree and above | 0.565 | 0.589 | -10.300 | -0.500 | 0.618 |
| The proportion of members being under 15 | 0.161 | 0.175 | -7.900 | -0.420 | 0.677 |
| The proportion of members being 60+ | 0.138 | 0.114 | 10.200 | 0.540 | 0.591 |
| Total living area (IHS trans.) | 4.895 | 4.931 | -4.900 | -0.290 | 0.772 |
| Head age | 52.582 | 52.992 | -3.000 | -0.170 | 0.862 |
| Head age squared | 2.922 | 2.950 | -1.900 | -0.110 | 0.916 |
| Head gender ( Male = 1) | 0.745 | 0.817 | -16.000 | -0.900 | 0.370 |
| Head years of formal schooling | 9.255 | 8.830 | 12.300 | 0.650 | 0.518 |
| Head marital status | 0.855 | 0.896 | -11.600 | -0.660 | 0.511 |

**Note**:
* p<0.10, ** p<0.05, *** p<0.01

# Appendix B

# Figures

**Figure B.1:** OLS estimates: Gift-giving expenditure and household welfare




**(a)** **(b)**

**Note:** These two figures display OLS estimates of gift giving expenditure in a range of models featuring the relationship between gift giving behavior and household welfare. Figure (a) presents results of models without the inclusion of any control variables, while regressions whose results are plotted in Figure (b) incorporate the list of control factors specified in Section 3.2.1. Huber-White robust standard errors are computed together with the OLS estimates.

# Appendix C

# The correspondence between DiD estimator and DDD estimator

Olden and Møen (2022) demonstrate that the relationship between the difference-in-difference (DiD) estimates and the DDD estimates, in which the latter can be constructed by the difference of the two DiD estimates. Using potential outcome framework, we let $\mathbb{E}(Y_1)$ connote the expected outcome of a household if it belongs to *Event* group and let $\mathbb{E}(Y_0)$ denote the expected outcome of a household if it is a *Non-event* one. The DiD estimator for an intended effect of the policy on those that had organized ceremonial events is then expressed as

$$\begin{aligned}\delta_{DiD} = &(\mathbb{E}(Y_1|Event=1, Post=1) - \mathbb{E}(Y_0|Event=1, Post=0)) \\ &- (\mathbb{E}(Y_0|Event=0, Post=1) - \mathbb{E}(Y_0|Event=0, Post=0))\end{aligned} \tag{C.1}$$

in which the first line corresponds to the post-pre outcome comparison of the treatment group, while the second line corresponds to that of the control group. In case of triple difference, we introduce another dimension of comparison (i.e. $Treated$). The triple difference estimator is then represented as follows

$$\begin{aligned}\delta_{TripleDDD} = &[(\mathbb{E}(Y_1|Event=1, Treated=1, Post=1) - \mathbb{E}(Y_0|Event=1, Treated=1, Post=0)) \\ &- (\mathbb{E}(Y_0|Event=0, Treated=1, Post=1) - \mathbb{E}(Y_0|Event=0, Treated=1, Post=0))] \\ &- [(\mathbb{E}(Y_1|Event=1, Treated=0, Post=1) - \mathbb{E}(Y_0|Event=1, Treated=0, Post=0)) \\ &- (\mathbb{E}(Y_0|Event=0, Treated=0, Post=1) - \mathbb{E}(Y_0|Event=0, Treated=0, Post=0)]\end{aligned} \tag{C.2}$$

From Equations C.1 and C.2, we have

$$\delta_{TripleDDD} = \delta_{DiD,Treated=1} - \delta_{DiD,Treated=0} \tag{C.3}$$

Equation C.3 explicitly shows that DDD estimate is a difference between two DiD estimates for Treated and Non-treated group, in which DiD estimate for the *Treated* group is the DiD of interest and the one for the *Non-treated* group is the placebo DiD (that is supposed to be zero). Arguably, we select *Non-treated* group as a placebo group due to the fact that there are deeply ingrained cultural motives behind the organization of ceremonial events, and households which are not susceptible to the scope of the policy are by far less likely to abide by the regulations that are non-binding for them.