

An Experience on Capitalism in Post Covid-19 Times: The Case of Vollepension Restaurants

Eduardo Tomé and Elizaveta Gromova

Universidade Lusófona de Humanidades e Tecnologias, Lisboa, Portugal

eduardo.tome@gmail.com

lizaveta-90@yandex.ru

Abstract: In 2024 many questions are made about the future of the Capitalist system. Extreme views as total anarchy and total dirigisme exist. However, practical examples of ways of going beneath and over the traditional market system based in supply, demand, price and quantity are scarce. It is in this context that the Vollepension experience on restaurants management in Austria is amazingly relevant. In this restaurant and for a certain time, during the Summer of 2023, products had no price, because "someone already paid your lunch before". This way of acting is called "Pay-it-First" (PIF) and has been already analysed in the core of the "Gift Economy". In order to study this mentioned case, first we performed a literature review on SCOPUS database about the "PIF concept", then we used published data in the internet about Vollepension and direct contacts with the restaurant to describe the experience, finally we discussed the case in the context of the theory. We concluded that PIF is a very significant alternative to traditional capitalism and it might drive societies to a new and innovative way of managing Capitalism. This paper has the limitation of being centred in a single organisation although we mention other cases in the literature review. Finally we believe that researchers in management should pay attention to this innovative initiative as in the 21st century societies are trying to find alternative ways of living and existence.

Keywords: Management, Capitalism, the Gift Economy, Vollepension Restaurants, Future.

1. Introduction

Basic economic theory (Frank, 2024) states that markets are made of two basic components – supply and demand. In an ideal world, demand will be made by consumers that will maximize their utility and by producers who will maximize their profit. Quite amazingly due to allocation of supply and rationalization of demand requirements, both consumers and producers will find a solution of compromise that will maximize the social welfare. Therefore in this situation, the "invisible hand" (Smith, 1776) of markets would provide the best societal results. More technically the "invisible hand" was also called "price system".

This idea was first put forward by Adam Smith (Smith, 1776), in times of Absolute regimes and before the French revolution and was at the time very revolutionary. Also, within this context, the presence of the State in the market and in the economy as a whole should be minimal – "laissez faire laissez passer et le monde va de lui meme" said by Gournay (Schelle, 1897) being the motto and the mantra of the "free market" economy practitioners and advocates.

With time, however many alternative and complementary analysis to the market were made. Most importantly, the "competitive" market structure that based "the invisible hand" was put into question. Meaning that if some participants have the possibility of influencing the price, they could get advantages and distort the market outcome; from here derives all the vast and important literature of imperfect competition with cases like imperfect competition, oligopoly, oligopsony, monopoly or monopsony (Frank, 2024). Also as important a very substantial body of work was made on how the State should intervene in the market in order to improve its results; starting with market failures and equity concerns (Stiglitz and Rosengard, 2015), the analysis was extended to economic policies (Baland, Bourguignon, Plateau & Verdier, 2020), to the type of public intervention (funding, provision, ruling, building private capacity, etc) (World Bank, 1992), the economics of social policies (Smith, Le Grand and Propper, 2008) and the implementation of welfare states (Esping-Andersen, 1990).

Quite strikingly and significantly however, all the above-mentioned examples rely on the idea that the price is fundamental for the operation. This means that (by a mechanism also called "rationalization of demand" the price a consumer pays relates to the utility derived from the good or service and that this price should be related to the income restriction or budget of the individual (Frank, 2024). Support of private consumption should happen in the case of positive externalities or public goods but even so the price should continue to be a variable of concern, even if hidden (Stiglitz and Rosengard, 2015). The price should also define the margin of profit obtained by a provider (by a mechanism called "allocation of supply"), being well known that prices should at least cover average prices, and if it does not happen the business might soon close (Frank, 2015); all the literature on public support to private companies (World Economic Forum, 2022) and even consumer research (Lamberton,

Rucker, & Spiller, 2023) may be linked to these two facts, because they deal with the “allocation” and the “allocation” mechanisms, respectively, and again price continues to be the main variable.

Everything changes in this setting if the price is put on zero. Economists agree that with the old adage that “*there is no free lunch*” (Keyes, 2006): somebody has to pay for what is provided, resources used are not for free - but the idea in the case, we analyse in this paper, and bold as it is, is the following – what if, in a shop, or business, the goods are not shown their own prices, and everyone pays what they want, because, in as in case of the Vollepension Restaurants “*your meal was already paid by somebody before you*” (Vollepension, 2023a).

This idea amounts to something like a “*quantum leap*” because it apparently goes against the market logic. In fact in a market, suppliers should define a price and consumers should define their level of consumption against that price. If the price was low consumption should be high and vice versa. The consumption would be defined by the fact that the marginal utility and opportunity cost for the consumer would be equal to the price. In this new model, providers trust, and it is really a matter of trust, that consumers will pay the good according to the marginal utility they derive from consuming and crucially that utility will cover the cost – in fact, it may happen, that a good which had a price of X, let’s say 5 euros, is paid Y by the consumer Y being higher than X let’s say 6 euros, because the consumer feels the good is worth 6 and not 5 euros. In this case, as Milton Friedman would say “everyone is happy” (Friedman & Friedman, 1980) because the supplier increases its profit, and the consumer pays what he thinks is due.

It is also almost intuitive that one would think that some people would want to benefit from the companies’ generosity and take the good or service by almost free. This would be something like a perfect discrimination practice (Frank, 2024) from the point of view of the consumer and would look like very greedy. And indeed, for some people “*greed is good*” (Kates, 2021). The interesting thing however is that it may not be the case that everybody tends to discriminate. It is this situation of “non-greedy” actions that we will explore in this paper. Crucially we believe that this behaviour may be explained economically and may be the basis for a “new capitalism” in the 21st century and beyond.

In order to analyse this situation we decided to concentrate our work in Vollepension restaurants, a case we came across by chance while in holidays in August 2023 in Vienna (Vollepension, 2023a). Serendipity always plays a good part in interesting scientific projects. In order to address the case of Vollepension this paper will be structured in the following sections: 2)Methods, 3)Concept, 4)Theories, 5)Case, 6)Discussion, 7)Conclusions.

In doing this research we hope to analyse if and how is that the Vollepension experience can be interesting for the management of organizations and for the future of capitalism in the scope of a very dynamic society as ours is in the current times.

2. Methods

In this paper first we perform a literature review on Gift Economy and particularly of the Pay-it-Forward phenomena from a business point of view and in the SCOPUS database, and present those data analysed in sections 3 Concept and 4 Theory. After that we present the Vollepension case based on qualitative data and namely using information about the restaurant that is given in its website, our impressions while visiting and some email changes with the restaurants’ owners and administration in the last weeks. These data are presented in section 5. The paper ends with two sections in which first in section 6 Discussion, section 5 is compared with section 3 and 4, and section 7. Conclusion, in which the most important ideas are summarized and future research is envisaged.

3. Literature Review: Concept – The Gift Economy and the Pay-it-Forward Model

The main idea behind this experience is the “Gift Economy”, which will be briefly described in section 3.1. Moreover, the Vollepension experience is about pricing (3.2), and in this context several options have been put forward, as the Pay-What-You-Want Day (PWYWD) and the Pay-It-Forward (PIF).

3.1 The Gift Economy

The Gift Economy is a system in which people give goods or services for free to others without expecting any reward or retribution (Cheal, 1988). The origins and roots of this practice have been studied by anthropologist (Godelier, 1999). It has been related to religion (Greaber, 2011), to merit (Bowie, 1998), to charity (Parry, 1986),

to mutual aid and anarchism (Dolgoft, 1974). More recently free shops have been tried (McMillian & Buhle (2003), and the question of free content become important in the 21st century society (Griesler, 2006).

3.2 Alternative Prices in the Gift Economy

The Vollepension experience was based on the notion of price. The seminal paper about the prices in the context of the Gift Economy is (Jung, Nelson, Gneezy, & Gneezy 2014). In that paper the authors compare to basic possibilities: the Pay-What-You-Want Day (PWYWD) and the Pay-It-Forward (PIF). In the first option. *“You can pay what you want for your admission. How much would you like to pay?”* ((Jung, Nelson, Gneezy, & Gneezy 2014, 416). In the second option, *“A visitor who came earlier paid for your admission. Since you are paid for, you now have a chance to pay forward the admission for another person who will come later today. How much would you like to pay forward for another person’s admission?”* ((Jung, Nelson, Gneezy, & Gneezy 2014, 417)

Quite crucially in all the six situations in which the two methods were tested and compared empirically, the PIF received larger amounts of pay than the PWYW (Jung, Nelson, Gneezy, & Gneezy 2014, 418). At the end of the paper the authors successfully tested the idea in a pilot study at Karma Kitchen, that when people were reminded of giving rather than receiving a gift, they would pay forward a higher amount; Consistent with our prediction, groups of customers paid more when the card emphasized *giving* ($M = \$20.42$) than when it emphasized *receiving* ($M = \$11.09$), $F(1, 4.77, p = .035$). (Jung, Nelson, Gneezy, & Gneezy 2014, 429).

4. Literature Review: Theories

4.1 Definition of Study Sample

In this section we explore the ideas behind the “PIF” model by exposing some ideas that have already been put forward in published documents in the SCOPUS database. The research was made in July 2024. Interestingly, when we used the keyword “PWYW” we found 101 documents, and when we restricted the search for situations referring to price, the numbers drop to 35, of which 32 are about business. When we used the keyword “PIF” we found only 34 documents, of which 6 were about social sciences and 4 about business. By a question of time and space limitations we will only address and use “PIF” next.

4.2 Analysis of the Data

We therefore ended up with 9 papers; after reading them we selected 7. The main ideas that result from those papers are the following:

- A collectivistic orientation of personality is associated with higher propensities for PIF compared with an individualistic orientation; also for individuals with collectivistic orientations the effect of social distance on PIF behaviour is smaller than for those with individualistic orientations; the strength of reciprocity norms mediates the interacting effect (Ma, Velasco, Janakiraman, & Yang, Z. 2024)
- the idea of receiving a gift and being offered the opportunity to donate a gift to another person may be explained by “upstream reciprocity” and warm glow and also by mutual aid concerns (Byrne, Tan, Ho, Wang, & Tucker, 2024)
- PIF was differentiated from “direct reciprocity” in Yang, Janakiraman, Hossain, & Grisaffe, 2020);
- examining the big earthquake in Japan in 2011 (Atsumi, 2014) found that PIF may be generated in survivors and helps rebuilding; also related to the Japanese earthquake, voluntarism was explained by the dominant status model, by joy and the educational background; but and also crucially having been helped increased the chances of becoming a helper (Daimon & Atsumi 2017).
- Dumond, Glassner, Holmes, Bicks, Monagle, (2014) describe how PIF was used in public schools in Winchester (Massachusetts) in order to spread the use of 3D printers: *“Anyone who receives help from Winchester in building a 3D printer must agree to help two other school groups to build their own 3D printer, therefore fulfilling their role to 'pay it forward' to schools across the country* (Dumond, Glassner, Holmes, Bicks, Monagle, 2014). finally (Holmes, 2019) describes a personal “Pay-it-Forward” situation.

5. The Case

Vollenpension Restaurants is a social enterprise created in 2012 and first announced as a experience at the Vienna Design Week 2012 (Vollepension, 2022a); it celebrated its tenth anniversary in 2022 by several 10 days

campaigns, and mainly 10 days of colourful program from 16th to 25th September, during the Vienna Design Week. It is established in Vienna, Austria with two coffee houses, in the 1st (Johannesgasse 4A) and 4th (Schleifmühlgasse 16) districts after beginning at Mariahilferstraße 101, in Vienna's 6th district and using a website: <https://www.vollpension.wien/> in German and English. Its founder was Moriz Piffli-Percevic, and it works through a Vollpension Generation Community. Its aim was to create Austria's first intergenerational community and by that combating social poverty and loneliness (Vollepension, 2022a). In 10 years Vollepension shed light on poverty and isolation by having more than a billion of media contacts worldwide, more than a million guests, 10,000 cakes baked according to Grandma's recipe, 100,000 pieces of granny cake eaten (Vollepension, 2022a). Examples of those community are include "flea market walk with 74-year-old fashion expert Mrs Monika, a "piano breakfast" in the Johannesgasse boarding house, or an intergenerational brunch at which Mrs Marianne, who at 78 is the longest-serving senior citizen in the boarding house, tells stories from her granny's sewing box." (Vollepension, 2022a). Other notable activities include a baking school, a baking book, a Turbokitsch design collection, a book-to-go kiosk and a multifunctional studio, right where it all began (Vollepension, 2022a). Crucially, the Covid-19 pandemic increased the acuteness of financial and social poverty in old age: "We also see major difficulties here in terms of policy and tax regulations for senior citizens, as the often low additional income is taxed at a relatively high rate." Julia Krenmayr, Managing Director of Vollpension (Vollepension, 2022a).

Innovations based on price started at the end of 2022 in order to tackle the growing inflation and its effect on costumers: the granny inflation flat rate" was time-based, therefore the full-board menu looked more like a parking meter than a menu; the guest payed for 30, 60, 90 or 120 minutes, all packages including unlimited coffee and organic house lemonade, according to Moriz Piffli-Percevic "Two products where we can pass on the lower value of the goods to our guests in the form of a drinks flat rate. This is made possible by innovations such as a self-built upcycling dispensing system" (Vollepension, 2022b). Also "We have to say goodbye to the image of a guest who comes alone, occupies a table for four and reads the newspaper for hours", however "The full-board model provides planning security because it specifies a minimum turnover per guest and seat." (Vollepension, 2022b).

But the big challenge took place in the Summer of 2023 when "a perpetual motion machine of goodness" was installed at the Vollpension in Johannesgasse in the 1st district on Saturday June 24th "based on the principle 'You've been invited, now you can invite the next ones'" (Vollepension, 2023 a). In the words of Vollenpension themselves: "Imagine going to a coffee house where the menu has no prices, you are cooked for and warmly looked after. You then receive the bill and the amount is zero. A footnote tells you that your bill was paid by someone who was here before you and asks you to continue this cycle. This is the Gifting Forward model, (...) The idea behind the catering model, which is based on the principle of the 'gift economy', comes from Nipun Mehta, an Indian-American entrepreneur who, together with the founders of Vollpension launched the experience" (Vollepension, 2023a).

Inspired by the idea of generosity "creating deep relationships with other people and yourself," (Nipun Mehta). " and "making Vienna not only the most liveable city in the world, but also the most lovable." (Piffli-Percevic) the experiment aimed at searching for the right and most coherent pricing model (Julia Keymar) (Vollepension, 2023a).

Firstly, the experiment was defined as a test pilot, only due to last at least until the 9th July (Vollepension 2023a), but then was extended until the of July (Vollepension 2023b) and when the authors of this paper visited the restaurant on August 15th the experience was still in place – see the next photo.

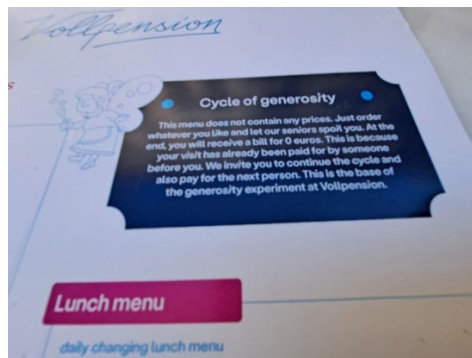


Figure 1: Photo taken by the authors on location, August 15th 2023

By the middle of July “the emotional balance sheet was s paying off 100 per cent - the employees love it, as do the vast majority of guests” (Vollepension, 2023b). Crucially, financial balance sheet showed a minus of five to ten per cent; and namely; some guests are paid far more than usual; many paid about the same or slightly less than the price on the normal menu; very few paid nothing at all (Vollepension, 2023b). “Overall, this resulted in a small loss compared to a comparable consumption with a regular menu, but the positive effect that the experiment has on people is far greater than our loss” said Mr Piffi-Percevic (Vollepension, 2023b). And he stated “We believe that both the emotional effect on guests and the economic success will stabilise in such a way that we can maintain the model in the long term and thus provide a positive impetus for a more lovable city.” (Vollepension, 2023b).

6. Discussion

The papers described in section 4 do not relate to price. Therefore they do not help us explaining the Vollenpension case. This is quite surprising but we believe the situation can be explained because in the literature PIF has been linked to altruism, volunteerism and charity and not with business.

However (Mills & Groening 2021) addressed unethical behaviour, like paying a very low amounts of money in a PWYW situation putting the Vollepension experience in its due context. The mentioned authors measured that in less acceptable situations, people with high guilty behave much differently (87%) from people with low guilty; but in socially acceptable situations that difference was smaller (18%). This idea may explain that some consumers paid very little, but others paid the current price and more – the root of the difference probably being the sense of guilty because consuming and not paying is socially unacceptable.

Ethics seems to be one of the major issues in relation with this experience. In fact ethics and social responsibility have to exist both ways, from the provider who must assure quality and from the consumer who should not cheat, and pay much less of its marginal utility.

The second major issue is marginalism: if people pay what they feel it is fair, and if quality of the product is good, the business may prosper.

The third issue is quality – if the good or service, in the case of Vollepension the meal, is of good quality, there is no reason the gift will not be high.

The fourth issue we will call social behaviour related to the market average - meaning that if the market is in good shape and if the prices in the concurrent providers should guarantee at least balanced accounts for the restaurant, the experience should not provide loss. Of course, if quality in Vollepension is higher than in the concurrent providers, the gift should be higher than the price those providers ask for.

7. Conclusion

All in all, all things considered, the Vollepension experience might be a pilot study for the economy of the 22nd century and beyond. An economy in which people will behave with ethic and social responsibility and in which consumers will have real power because will define the price they want to pay by any product, but in doing so will behave accordingly to marginalism and utility concerns knowing that cheating would first ruin the provider and then destroy the consumer well-being. With ethics quality will be the decisive factor. Crucially all these trends and ideas exist already in 2024 but are seen as “weird” and “outcast”. We believe in one hundred years they will be prevalent.

We would like to make a larger study of PWYW and PIF, starting with the literature review we made reference to in section 4. That literature review could be the basis for a future empirical study.

References

- Atsumi, T. (2014) Relaying support in disaster-affected areas: The social implications of a 'pay-it-forward' network, *Disasters*, 38(SUPPL2)
- Baland, JM; Bourguignon, F; Plateau, JF; Verdier T (2020) *The Handbook of Economic DevyJelopment and Institutions* – Princeton University Press.
- Bowie, Katherine (1998). "The Alchemy of Charity: Of class and Buddhism in Northern Thailand". *American Anthropologist*. 100 (2): 473–474. doi:10.1525/aa.1998.100.2.469.
- Byrne, M. Tan, R.K.J. Ho, D. Wang, C. Tucker, J.D (2024) Mechanisms explaining a pay-it-forward approach: A qualitative analysis among men who have sex with men in China SSM - Qualitative Research in Health 5, 100433
- Cheal, David J (1988). *The Gift Economy*. New York: Routledge. pp. 1–19. ISBN 0415006414.

- Daimon, H., Atsumi, T. (2017) "Pay it forward" and Altruistic Responses to Disasters in Japan: Latent Class Analysis of Support Following the 2011 Tohoku Earthquake. *Voluntas* 29, 119–132 (2018). <https://doi.org/10.1007/s11266-017-9880-y>
- Dumond, D. Glassner, S. Holmes, A. Bicks, W. Monagle, R. (2014) Pay it forward: Getting 3D printers into schools ISEC 2014 - 4th IEEE Integrated STEM Education Conference, 6891015
- Dolgoff Sam (1974) *The Anarchist Collectives: Workers' Self-Management in the Spanish Revolution, 1936–1939*, Free Life Editions
- Esping-Andersen, Gøsta (1990). *The three worlds of welfare capitalism*. Princeton, New Jersey: Princeton University Press. ISBN 9780069028573.
- Frank R. (2013) *Microeconomics and Behavior* – Evergreen realase - McGraw Hill – Toronto
- Friedman M; Friedman R. (1980) *Free to Choose: a Personal Statement*. Harcourt
- Godelier, Maurice (1999). *The Enigma of the Gift*. Cambridge: Polity Press.
- Graeber, David (2011). *Debt: The first 5,000 years*. New York: Melville House. pp. 223–249. ISBN 978-1933633862.
- Giesler, Markus, Consumer Gift Systems (September 1, 2006). *Journal of Consumer Research*, Vol. 33, 2006, Available at SSRN: <https://ssrn.com/abstract=2465455>
- Holmes, J.A. (2019) I know you can do this! *Organization Development Journal* , 37(2), pp. 43–51.
- Jung, M. H., Nelson, L. D., Gneezy, A., & Gneezy, U. (2014). Paying more when paying for others. *Journal of Personality and Social Psychology*, 107(3), 414–431. <https://doi.org/10.1037/a0037345>
- Kates, R.C. (2021). Greed, the Market, and Human Flourishing. In: Pritchard, M.S., Englehardt, E.E. (eds) *Everyday Greed: Analysis and Appraisal. Ethical Economy*, vol 58. Springer, Cham. https://doi.org/10.1007/978-3-030-70087-4_8
- Keyes, Ralph (2006). *The Quote Verifier*. New York: St. Martin's Press. p. 70. ISBN 978-0-312-34004-9.
- Lamberton, C; Rucker, D.; Spiller, S. (2023) *The Cambridge Handbook of Consumer Psychology* – Editors: Cambridge University Press – 2nd edition.
- Ma, H. Velasco, F. Janakiraman, N. Yang, Z. (2024) A meta-analytic investigation into the pay-it-forward phenomenon: The roles of individualism-collectivism and social distance *Journal of Business Research*, 183, 114822
- McMillian J and Buhle P. (2003). *The new left revisited*. Temple University Press. pp. 112–. ISBN 978-1566399760.
- Mills, P. Groening, C. (2021) The role of social acceptability and guilt in unethical consumer behavior: Following the crowd or their own moral compass? *Journal of Business Research*, 136, pp. 377–388
<https://doi.org/10.1016/j.ibusres.2021.07.021>
- Parry, Jonathan (1986). "The Gift, the Indian Gift and the 'Indian Gift'". *Man*. 21 (3): 467. doi:10.2307/2803096.
- Schelle, G. (1897) *Vincent de Gournay*, Paris Guillaumin, 1897, 300 p.
- Smith, Adam (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Vol. 1 (1 ed.). London: W. Strahan. ISBN 978-1537480787.
- Smith S.; Le Grand J, Propper C (2008) *The Economics of Social Problems*, Fourth Edition 4th Edition Red Globe Press
- Stiglitz J., Rosengard J. (2015) *Economics of the Public Sector* Fourth Edition W. W. Norton & Company.
- Vollepension (2022a) Jahre Vollpension: Pop-Up-Café und Generationencommunity zum Auftakt des Jubiläums
<https://presse.grayling.at/news-oma-caf-vollpension-mit-kuchen-fuer-die-naechsten-zur-liebenswertesten-stadt?id=182574&menueid=26962&l=deutsch> (translated by the author using linguae). As assessed on 22nd July, 2024
- Vollepension (2022b) Mit Getränke-Flatrate gegen die Inflation [Mit Getränke-Flatrate gegen die Inflation - Grayling Austria Newsroom](https://presse.grayling.at/news-oma-caf-vollpension-mit-kuchen-fuer-die-naechsten-zur-liebenswertesten-stadt?id=182574&menueid=26962&l=deutsch) (translated by the author using linguae). As assessed on 22nd July, 2024
- Vollepension (2023a) Kuchen für die Nächsten – Vollpension startet als Gifting Forward Café
<https://presse.grayling.at/news-kuchen-fuer-die-naechsten--vollpension-startet-als-gifting-forward-caf-?id=181904&menueid=26962&l=deutsch> (translated by the author using linguae). As assessed on 22nd July, 2024
- Vollepension (2023b) Oma-Café Vollpension: Mit "Kuchen für die Nächsten" zur liebenswertesten Stadt
<https://presse.grayling.at/news-oma-aperitivo-in-der-schleifmuehl-gasse?id=180217&menueid=26962&l=deutsch> (translated by the author using linguae). As assessed on 22nd July, 2024.
- World Bank (1992) *Vocational and Technical Education and Training*. A World Bank Policy Paper.
- World Economic Forum (2022) *How to harness the transformative potential of public-private partnerships* As assessed on 22nd July, 2024 [How to harness the potential of public-private partnerships | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/how-to-harness-the-transformative-potential-of-public-private-partnerships/)
- Yang, Z. Janakiraman, N. Hossain, M.T. Grisaffe, D.B.(2020) Differential effects of pay-it-forward and direct-reciprocity on prosocial behavior *Journal of Business Research* , 121, pp. 400–408