ABSTRACT

Provisional title: The gift-exchange game in group.

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Background: The gift-exchange game investigates the relationship between wages and effort in the area of labor economics (Akerlof, 1982; Akerlof and Yelen, 1998; 1990). This game is based on the theory that the receipt of a gift tends to lead to reciprocity, as a social norm, and has been studied in both laboratory (e.g., Charness, 2000; 2004; Brandts and Charness, 2004; Fehr et al., 1993; 1997; 1998) and field experiments (e.g., Bellemare and Shearer, 2009; Cohn et al., 2007; Englmaier and Leider, 2009; Gneezy and List, 2006; Henning-Schmidt et al., 2006; Kube et al., 2008; List, 2006), but with different results (see Kessler, 2010). Despite methodological and/or strategic and informational motives have been considered as possible reasons for these differences, the gift-exchange game has been typically studied in the framework of individual decision-making. Multi-workers gift-exchange experiments have been also realized in order to mimic more realistic experimental conditions (for a review see Charness and Kuhn, 2010). Nevertheless, according to our knowledge, no group experiment design has been made by using the gift-exchange game.

Aim: The main aim of the current research project is to study the gift-exchange game in group in both laboratory and field experiments. The gender effect will be also investigated by varying the composition of groups. In addition, individual and group decisions will be compared and peer effects investigated.

Subjects: As for the laboratory experiment, volunteers (50% males and 50% females) to recruit from among the University of Piemonte Orientale/Siena who do not have prior knowledge in economic research and theory. Students from different courses may be tested. As for the field experiment, managers (or other professionals; 50% males and 50% females, if possible) to recruit among members of Federmanager in Alessandria.

Methods: We will replicate the methods of the second experiment reported by Kessler (2010), but by applying a group decision-making task. Specifically, the experiment will include two treatments: giving only and giving and taking. The giving only treatment will be a standard gift-exchange game, where the first mover makes a transfer to the second one who, in turn, is given the opportunity to transfer back to the first mover before the end of the game. The first mover is represented by a “firm”, where the second one by a “worker” (also group of workers in the present experiment). The transfer is represented by the wage for the firm and the effort for the worker/worker. The second treatment will be identical to the first one, except for the opportunity of the second mover to take advantage after receiving the wage (the wage is indeed chosen by the firm before the mover of the worker/workers). Treatments will be counterbalanced among subjects. At the beginning of the session, the participants will be divided into firms and workers and interact anonymously in a number of periods (games). They will take their decisions individually and then be also randomly assigned to a group of three members. The groups will be varied in gender composition and mechanically aggregate by means of chat sessions (see van Dijk et al., 2012). Each group member will be required to participate to the group discussion. The final group decision will be determined by majority.
Hypothesis: We hypothesize that higher wages will lead to high worker effort but also that the positive effort (reciprocation) will be higher in the giving only condition and lower in the giving-taking one in which participants will exhibit more selfish preferences, especially in the individual decision. We also expect different results according to the gender composition of the groups. Specifically, we hypothesize that the presence of females in the group will cause increasing cooperation, even in the giving-taking condition.

Costs: The costs are mainly due to the participants rewards.

Ethics: We need the informed consent as standard practice.

Main references
