

XI. SABE Poster Session

Deserving Altruism: Type Preferences in the Laboratory

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Recent and accumulating evidence shows that although people are not completely selfish, they are not as altruistic as might have been suggested by prior experimental results. These papers showed that people decreased their giving if allowed the opportunity to “silently exit,” or if the experiment was double blind. Evidence for positive reciprocity, where subjects give more than dictators with the same endowment, has always been rare. Lin and Ong (2011), however, found significant positive reciprocity in a trust game in which the second player knew that the first player was unaware of the possibility of reciprocation. Though their setup was double blind and second players could silently exit, none did. We investigated the possibility that first players could better signal their “altruism type” in their setup, as suggested by the theory of type preferences of Gul and Pesendorfer (2011). To test this, we introduced a third player into Lin and Ong’s setup, again unknown to the first player, who could give part of a now exogenously fixed endowment to the first player after observing first player giving to the second player. We found that third-player giving to first players was significantly correlated with first-player giving to second players, and was not significantly correlated with endowment. Furthermore, our exogenous endowment allowed us to show that this result was not consistent with first players exerting social influence on third players. Unlike prior studies, we show that the explicitness of double-blindness with silent exiting made a difference but only for the lowest level of endowment. Our result supports prior results that showed that player characteristics such as facial features could be predictors of behavior. However, to our knowledge, our study is the first to identify the apparent altruism type of the recipient as the driver of giving.

Tiger Women of Chinese Universities: An All-Pay Auction Experiment in Gender Signaling of Desire to Win

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A substantial literature has consistently demonstrated higher (and often over-) competitiveness in men. However, evidence for overconfidence and lower risk aversion is not conclusive. We tested for higher “desire to win” in males as the driving factor for these results. To rule out ability and confidence confounds of real tests used in prior studies, we used an all-pay auction experiment, in which winning depended only on willingness to pay. Contrary to our initial hypothesis and the literature, we found no difference in either characteristic at top-tier graduate schools. We then expanded the study to a mid-tier undergraduate institution. To avoid selection bias, we recruited entire classes instead of using flyers. Contrary to the literature, we found women had a higher desire to win, even at the mid-tier school. Furthermore, mid-tier students of both genders bid higher against higher-tier women than against men. This estimation was corroborated. When we recruited entire classes, top-tier women bid significantly higher against each other than against men. When combined with the theory we developed to separate valuations from risk attitudes in all-pay auctions, our data suggest that higher tier women have a higher desire to win and are less risk averse than men. To our knowledge, this is the first all-pay auction experiment with signaling. Our result seems to be the first outside of matrilineal societies to suggest that women may in fact be more competitive than men and/or that universities may sort genders differently by competitive attitude. Our finding of systematically different bids in common-value all-pay auctions could also help explain overbidding behavior found in prior studies.

Separating Gratitude from Guilt in the Laboratory

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In contrast to guilt-based reciprocity, which hypothesizes that reciprocity is an increasing function of the second-order expectation of a trustor’s first-order expectations for reciprocation, we tested for reciprocity, which is a decreasing function of a trustee’s second-order expectations (i.e., that people can reciprocate out of gratitude). To unambiguously decrease second-order expectations in our treatment, we broke up a standard trust game into a two-stage dictator game in which the first-round dictator was not informed about the possibility of a second round. Furthermore, the second dictator could “silently exit” by not sending anything to the first-round dictator. We found a significant increase in both the amount of reciprocation and the number of people reciprocating compared to controls in our standard trust and dictator games. Most second dictators became poorer than first dictators did, so inequality aversion can be ruled out.

We found support for our hypothesis in the prior data of others who tested for guilt-based reciprocity. Our result also seems to reconcile conflicting results in that literature. To our knowledge, this is the first study that shows that kindness, as distinct from guilt, shame, efficiency, and inequity aversion, could be a motive for reciprocity. Our strong positive reciprocity result also suggests why it has been difficult to find in the past.

Can There Ever Be Too Many Flavors of Häagen-Dazs? Anticipatory Beliefs and Choice Overload Behavior

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A growing body of research in psychology and economics has attempted to demonstrate, that seemingly contrary to rational choice theory, agents can be made worse off with more choices. Much of the literature was initiated by Iyengar and Lepper's (2000) field experiment. They showed that, although people were more likely to visit a jam display with more varieties, they were less likely to purchase. Attempts at replication have yielded mixed results. A meta-analysis of 63 studies with $N = 5,036$ showed a "mean effect size of virtually zero" and concluded that there was as yet no sufficient condition for choice overload behavior. We hypothesized that choice overload was driven by uninformed consumers anticipating the possibility of negative surplus from sampling new products. To test our hypothesis, we first surveyed subjects for possible "disgust" (as rhubarb jam or dog meat are to some people) in six product categories. We then randomly chose four from among these and conducted a modified version of Iyengar and Lepper's (2000) field experiment in a medium-sized Chinese supermarket. We secretly observed consumers after we switched between high- and low-variety treatments. Consistent with the literature, visits increased with variety. However, as predicted, we also found that purchasing decreased with variety according to surveyed level of disgust. To explain our and prior results, we proposed a simple non-search, non-contextual inference model of the uninformed consumer choice to sample new products. We showed that love of variety and choice overload behavior are predicted depending on the relation of the prior probability of success (positive surplus) and the required proportion of successes from sampling. To our knowledge, this is the first model of sampling by uninformed consumers when choices can vary based on anticipatory beliefs.