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Venting and gossiping in conflicts: Verbal expression in ultimatum games

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ABSTRACT

Conflicts often lead to expression of emotion to unrelated parties. We study non-instrumental verbal expression in binary ultimatum games, where receivers can comment either privately or to a third-party audience prior to accepting or rejecting the offer. The potential for gossip is sufficient to induce image concerns in senders, resulting in fairer offers in the audience treatment. Consequently, despite insignificant effect on receivers' behaviour, the possibility of verbal expression to an audience is found to increase co-operation and hence welfare. There is demand for verbal expression even when it is unobserved or not triggered by negative stimulus.

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1. Introduction

Many negotiations or bargaining situations break down due to diverging self-interests, resulting in non-cooperation and in many cases the socially sub-optimal outcome. Often this leads to the need to communicate disappointment, disapproval or other negative emotions to parties with no part in the conflict. For example, customers turn to social media to complain about companies who provide bad service, clients pay large amounts of money to talk to a therapist about conflicts in personal relationships, and yet others use the more traditional form of verbal expression in a private diary. All the above behaviours can be considered non-instrumental as they take place ex-post: the conflict has already occurred and there is no way to affect outcomes. To the extent that these actions involve monetary or effort costs, they are clearly irrational according to standard economic theory which predicts that a rational agent should be indifferent to non-instrumental communication. What then can explain this demand for expression? Does it have any effect on future bargaining outcomes?

In this paper we focus on non-instrumental *verbal* expression, which allows subjects to communicate both emotion and potentially other information to unrelated parties (in contrast to simple

ratings of outcomes).¹ We study whether and how the opportunity for verbal expression, in particular when triggered by a negative stimulus, works to increase co-operation – defined as acceptance of offers in a binary ultimatum game (Güth et al., 2001) in three treatments. Besides the standard *control* treatment (C), in the *private* treatment (P) we allow the receiver to comment privately on the sender's offer, while in the *audience* treatment (A) the comment is seen by the experimenter. Our results indicate that the mere possibility for verbal expression to an audience does result in higher rates of co-operation and hence welfare by inducing the senders to choose the fair offer more often. Consequently, verbal expression is found to have no significant effect on the rejection rate of the fewer unfair offers. Our second contribution is the finding that there is indeed a demand for verbal expression even when it is not directed to the sender or any audience at all.

Our study is related to the literature on communication in bargaining which has shown that the possibility to express emotion to the counter-party improves co-operation (Xiao and Houser, 2005; Güth and Levati, 2007; Chen and Kamei, 2014; Koukoulis and Levati, 2014). Three reasons are proposed: that people sim-

¹ While the existing economic literature on verbal expression has focused on emotions, we do not exclude the possibility that verbal expression may be used to communicate other information.

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ply feel better after explicitly displaying emotion, that it gives one the opportunity to deny the implied inferiority from receiving (and subsequently accepting) a low offer, or that sending a disapproving message acts as a substitute for punishment (Xiao and Houser, 2005). Correspondingly, Ellingsen and Johannesson (2008) and Xiao and Houser (2009) show in dictator game experiments that dictators do anticipate negative feedback, behaving more altruistically when receivers have the chance to write a message.²

In practice, however, there might be formal or informal constraints such that individuals consider it to be impossible or undesirable to directly communicate to the counter-party. For example, in trials and workplace bargaining, negotiations are conducted by lawyers or representatives from the union and employer, and the actual parties concerned are prohibited from making contact with each other. Conflicts in personal relationships can result in ostracism or the silent treatment where communication comes to a halt. In these types of situations it is important to establish which of the different mechanisms are in play. If feedback is used as a substitute for punishment, then clearly it would have no effect on co-operation when the possibility to send a negative message no longer exists. However, negative feedback to an unrelated party presents an opportunity for gossip, which may still substitute for punishment. Alternatively, verbal expression can be used as a way to vent emotion or justify acceptance of a low offer. Are these channels sufficient to increase co-operation? Does the presence of an audience matter? Our experiment is designed to answer these questions by removing the counter-party as an audience, and instead let receivers direct their verbal expression to an experimenter audience or no one at all.

The expression of negative emotions has been given some attention in the psychological literature, finding conflicting effects (Bushman, 2002; Niederhoffer and Pennebaker, 2009). According to catharsis theory, expressing emotion relieves the pressure built up by anger (or other negative emotions), thus decreasing future aggression. The positive effects of expressing emotion, for example through writing, have been published in studies such as Pennebaker and Beall (1986) and Niederhoffer and Pennebaker (2009). This has also been attributed to the inhibition theory (Pennebaker, 1989), which argues that humans have a natural tendency to express emotion and repressing this urge by activating the behavioural inhibition system requires energy. Writing about one's emotion will therefore reduce the effort required for inhibition, which consequently makes the receiver feel better and more likely to be co-operative. However, both theories have received weak support (see Littrell, 1998 for a review), with studies finding not only that venting anger does not reduce aggression, it may even make people more aggressive (Lohr et al., 2007; Bushman, 2002; Morrow and Nolen-Hoeksema, 1990; Geen and Quanty, 1977). This finding is attributed to cognitive neoassociation theory (Bushman, 2002). Venting anger, for example through verbal expression, primes aggressive thoughts and thus keeps the angry emotions active in one's memory, and hence increases the likelihood of subsequent aggressive responses.

At the same time, expressing emotion also allows the receiver to rationalise his situation. A low offer can be seen as an attack on his self-image, and rejection is one way to signal to oneself that

one is not a weakling (Tirole, 2002). However, denying this inferiority by verbal justification is a cheaper substitute for rejection, and in this case the possibility for verbal expression should be expected to increase co-operation. Ong et al. (2013) indeed find that responders who voice to a third party are more willing to accept a lower offer in an ultimatum game. Hence, the overall effect of verbal expression is unclear.

If the combined channels of self-justification, catharsis and lower inhibition are sufficient to induce more co-operative behaviour by receivers, then private verbal expression is sufficient, and is a cheap way, to increase co-operation as receivers are less likely to reject a given offer. However, given the findings supporting cognitive neoassociation theory above, the pure effect of private verbal expression without an audience is unclear. To the best of our knowledge, ours is the first economic experiment designed to study the pure effect of verbal expression in private.

Does the presence of an audience matter? If anything, it will work through the channel of justification and strengthen its positive effect. The literature on voice indeed shows that people value the chance to state their opinions to an audience (Ong et al., 2012; 2013). If it is important for receivers to be able to voice their opinion or emotion to an audience and have it heard, then verbal expression will only work when a third party is present and not when simply venting in private. Verbal expression to an audience additionally provides the opportunity for gossip about the selfish senders. To the extent that the possibility of gossip triggers reputational concerns in senders who offer a low amount, this may also be seen by receivers as a substitute for punishment and hence reduce rejection of unfair offers.

The role of gossip as a discipline mechanism has been well-established in experimental work such as the dictator game in Piazza and Bering (2008), where dictators' concerns about being identified and gossiped about increase the amount allocated to the receiver, and even when reputation should not matter (Beersma and Van Kleef, 2011; Boero et al., 2009). Such concern for social image has been attributed to a cognitive response to situations where others can observe and judge (Ellingsen and Johannesson, 2008).³ Hence, although senders will not anticipate punishment through negative feedback, the potential for (even non-instrumental) gossip by receivers in third-party verbal expression can likewise promote altruistic behaviour.

As a second research question, we seek to explore the determinants of verbal expression. Despite the standard economic prediction that individuals should be indifferent to non-instrumental communication, several studies show that expressing emotional events in words, as commonly done privately in personal diaries or to a therapist, improves well-being (Littrell, 1998; Niederhoffer and Pennebaker, 2009) and that individuals are even willing to pay for it (Ong et al., 2013; Grosskopf and Lopez-Vargas, 2014; Barton and Rodet, 2015). Grosskopf and Lopez-Vargas (2014) also show that responders' demand for expressing emotion increases with the stimulus (amount of money taken in a power-to-take game).

The link between self-esteem and emotion expression is briefly hinted at in Xiao and Houser (2005). A low offer in the ultimatum game triggers feelings of inferiority, and rejecting it can be motivated by a desire to maintain the self-image that one is not a "weakling" (Tirole, 2002). However, verbal expression allows receivers to deny this inferiority and justify an acceptance decision (Xiao and Houser, 2005). Similarly, Ong et al. (2013) argue that expressing an opinion acts as a self-signalling device which can substitute for the more costly alternative of offer rejection. Con-

² Other studies of ex-ante communication in the lab similarly find that it increases giving when receivers write a message (Mohlin and Johannesson, 2008; Andreoni and Rao, 2011). This is reversed, however, when messages come from senders: communication is used as a tool for persuasion in increasing the earnings of senders both as a result of higher acceptance rates and lower offers (Andreoni and Rao, 2011; Andersson et al., 2010). Our study differs in that verbal expression occurs ex-post after receivers see the amount offered by the senders, to capture its non-instrumentality and remove the potential effect that a reduction in social distance has on senders' decisions.

³ Alternatively, one can hypothesise that subjects are still conscious of the dynamic reputational mechanism of gossip even in the laboratory, as modelled by Kandori (1992) whereby community enforcement of informal sanctions can sustain co-operative behaviour in one-shot transactions.

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