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# How voice shapes reactions to impartial decision-makers: An experiment on participation procedures



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## ABSTRACT

This paper studies how participation in decision procedures affects people's reactions to the deciding authority. In our economic experiment, having voice, i.e., the opportunity to state one's opinion prior to a decision, significantly increases subordinates' subsequent kindness towards the authority. These positive effects occur irrespectively of the decisions' content. The experimental findings stress the positive effects of voice when subordinates and authorities interact. Our results suggest that in organizations, but also in the legal and political arena, participative decision-making can be used to guide people's actions after decisions have been made.

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## 1. Introduction

Employees in organizations are often confronted with unilateral decisions of (managerial) authorities, which profoundly affect their lives. For instance, imagine an employee whose management decides how to allocate yearly bonuses among the team members. Alternatively, consider the organizational ombudsman or ombudswoman who has to solve conflicts between employees or between employees and the management. The first common characteristic of the mentioned examples is that in both situations authorities want to appear as unbiased arbitrators of the conflicting interests. The second common characteristic of both situations lies in the fact that the authority makes her<sup>1</sup> decisions irrespectively of the subordinates' consent. Nevertheless, it is important that the authority remains respected by the subordinates and that the decisions are acceptable even if they turn out unfavorable. How supportive would an employee be towards the management after the bonus decision? Would the party who lost in front of the ombudsman fight the decision? Would the losing party rely on the organization's dispute-resolution system in future conflicts? Answers to these questions might be found in the employees' overall assessment of the fairness of their workplace environment (cf. [Organ et al., 2006](#)).

Employee participation is a prevalent management practice and could be an effective way to ensure the cooperation of employees in organizations. It has been studied intensely in the management literature (e.g., [Miller and Monge, 1986](#);

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<sup>1</sup> Throughout the paper, the feminine form is used for the authority (decision-maker; player A) and the masculine form for the subordinates (players Y and X).

Cotton et al., 1988; Lam et al., 2002; Lam et al., 2015). As a “weak” form of participation, employees often get the chance to present their arguments prior to the decision (“voice”, cf. Hirschman, 1970; Folger, 1977).

Classical economic theory is silent about the effect of decision procedures. It assumes that people are merely motivated by the outcomes of decisions. Consider the two examples above: A *homo economicus* employee would only care about his share of the yearly bonus. For the party in front of the ombudsman, it would only be important whether he wins or loses his case. However, there is growing evidence in the economic literature that besides outcomes people also care about the way by which these outcomes are reached (e.g., Bolton et al., 2005; Brandts and Charness, 2003; Dolan et al., 2007; Dold and Khadjavi, 2017; Frey et al., 2001; Frey et al., 2004; Frey and Stutzer, 2005; Ku and Salmon, 2013; and Trautmann, 2009).<sup>2</sup>

Adding to this strand of literature, our paper provides causal evidence from a laboratory experiment on how participation in the decision-making process, by presenting one’s views, results in kind reactions on the part of subordinates towards the decision-makers. In line with the introductory examples, we focus on a particular set of authority decision problems: The authorities have to make fairness decisions that aim at balancing the conflicting interests of subordinate parties. We introduce a setting in which the authority solely concentrates on solving the conflict and is not biased by monetary self-interest. That way, our stylized setting enables us to understand how participative management shapes the reactions of subordinates towards managers in their roles as arbitrators of conflicting interests. Moreover, by studying kindness reactions to the decision-makers, instead of work performance, we focus on the subordinates’ social behavior and social motives, which have been identified as important components of an organizational success (e.g., Bolino and Turnley, 2003; Organ et al., 2006).

Our experiment consists of several parts. Throughout the experiment, all subjects are only informed about the content of each part just before the respective part starts. In the first part, two subordinates work on real-effort tasks to produce a joint output. A third player (henceforth called the “decision-maker”) is not involved in the production task, but has to allocate the joint output between the two subordinates. The decision-maker is asked to do this in a *fair* way. The first part of the experiment is also subject to our treatment manipulation. In two *voice* treatments, one subordinate expresses his opinion about a fair allocation towards the decision-maker before the latter makes the allocation decision. Depending on the treatment, this statement either contains only the preferred allocation or it consists of the preferred allocation and an additional free form text. In the *baseline*, no communication takes place.

In the second part, we elicit subordinates’ kindness reactions to the former decision-maker using a dictator game. One subordinate receives an additional endowment and becomes the sender in a dictator game, with the former decision-maker being the receiver. In the *voice* treatments, the sender is always the subordinate who had the voice opportunity in the first part. At this point of the experiment, the subordinates are not yet informed about the decision-maker’s actual allocation of the joint output in the first part. Therefore, using the strategy method (Selten, 1967), the sender has to condition his transfers in the dictator game on any possible allocation the decision-maker could have chosen in the first part of the experiment. The transfer in the dictator game is our main variable of interest. The differences in transfers between the *voice* treatments and the *baseline* measures the effect of voice. By studying the dictator game transfers of the second part, this paper focuses on the subordinates’ reactions to the voice procedure. The effects of the voiced fairness opinions on the impartial decision-makers’ allocation decisions (see part one of the experiment) are analyzed in Kleine et al. (2016).

We find strong treatment differences in the subordinates’ transfers in the post-decision dictator game. Subjects in both *voice* treatments send significantly more money to the decision-maker than in the *baseline*. On average, transfers increase by 90%. Most interestingly, this positive effect on transfers is largely independent of allocation decisions in the first part of the experiment. It even holds for unfavorable decisions, when it becomes obvious that the voice opportunity did not positively influence outcomes. Furthermore, we find no differences in transfers across the two *voice* treatments, indicating that the extent of voice is not decisive for the positive effect to persist. Exploratory analyses reveal that the reactions of female participants largely drive the effect of voice.

The findings of this paper highlight the importance of voice for the design of decision procedures when impartial decision-makers and subordinates interact. This suggests that ombudsmen and ombudswomen in business organizations and managers in the situation of conflict resolution may rely on voice procedures to get support for their decisions. Similarly, referees in sports, judges and juries in courts, or editors of journals could benefit from these procedures.

The employees’ verbal responses to management decisions and the role of decision procedures have long been studied in the organizational justice literature (e.g., Folger and Konovsky, 1989; experimentally Folger, 1977). To date, however, economic research on people’s actual behavior, has mainly focused on the effects of voice on decision-makers.<sup>3</sup> Only few papers have explicitly tested how voice affects the behavior of those who have voice.<sup>4</sup> Corgnet and Hernán-González (2013)

<sup>2</sup> While research on procedures in economics is still in its early stages, the effects of procedures on people’s evaluations have been the main focus of the research on procedural justice in social psychology (cf. Lind and Tyler, 1988; Thibaut and Walker, 1975).

<sup>3</sup> For example, the dictator game is used to study the effects of voice on the decision-makers’ kindness (see Andreoni and Rao, 2011; Charness and Rabin, 2005; Mohlin and Johannesson, 2008; Rankin, 2006; and Yamamori et al., 2008).

<sup>4</sup> Stronger forms of participation beyond the expression of opinion have been studied more extensively. E.g., in a labor context, Charness et al. (2012) document a positive effect of the agents’ opportunity to decide about their own wages on their effort provision (see also Köhler et al., 2015. Franke et al., 2016, show some limits when the wage decision is not fully delegated to the agents). Inversely, Falk and Kosfeld (2006) provide experimental evidence that limiting the choice set of agents may reduce the willingness to provide effort. The literature on social dilemmas has established a positive effect of participation via voting over rules of the game on the willingness to cooperate (e.g., Dal Bó et al., 2010; Markussen et al., 2014; and Tyran and Feld, 2006).

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