



Social influence on third-party punishment: An experiment [☆]



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ABSTRACT

We study the effect of social influence on agents' decisions to engage in costly decentralized third-party punishment. In a laboratory experiment, participants play a modified Dictator game with third-party punishment and we elicit punishment decisions both in isolation and after providing information about peers' average punishment. Results show that social influence is a major driver of third-party punishment: after receiving information on peers' average punishment, participants revise initial punishment choices and seek conformity. Social influence effects are stronger when peers punished more than the individual punisher and conformity implies revising punishment upward. Adding to the information on peers' punishment the possibility for other participants to sanction or reward with an emoticon the choices of the individual punisher does not change results. Our findings contrast with the predictions of major theories of social preferences and are only explained by special cases of models incorporating aversion to norm-breaking.

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1. Introduction

In this paper we study the impact of social influence (i.e. the influence of comparison peers' behavior when no material spillover between agents exists) on agents' willingness to engage in costly decentralized third party punishment. Third party punishment is a fundamental institution for the enforcement of social norms determining the cohesion and the functioning of human societies. Understanding how third party punishment is influenced by peer effects is important because

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governments can use social influence to shape social norms of behavior and to facilitate the enforcement of legal norms. This paper investigates the link between social influence and third party punishment by providing experimental evidence and by comparing the experimental results with the predictions of existing theories of third party punishment.

Third-party punishment is the sanctioning of a wrongdoer that involves the action of peers not directly affected by the consequences of the rule violation. It is defined in contrast to 'second-party punishment', where the sanctioning individual is directly harmed by the wrongdoing (Bendor & Mookherjee, 1990; Gintis, 2000). In this paper we focus on decentralized third party punishment occurring within a horizontal relationship among peers (generally all private citizens), as opposed to centralized third-party punishment, i.e., the public enforcement of legal rules via the legal system that is characterized by a vertical relationship between the state and its private citizens.

Understanding the link between social influence and third party punishment is important for three reasons. First, third party punishment plays a key role in establishing and enforcing social norms in large organizations characterized by a predominance of one-shot and anonymous interactions (Balafoutas, Nikiforakis, & Rockenbach, 2014; Mathew & Boyd, 2011). In fact, scholars argue that second party punishment strategies are not evolutionarily stable in iterated pair-wise interactions, contrary to strategies based on third party punishment that are stable (Bendor & Swistak, 2001). For this reason third party punishment is considered a fundamental ingredient of social cohesion (Fehr & Fischbacher, 2004). If third parties respond to peer effects in their decisions to enforce social norms, a central authority can effectively influence the process of norm production by strategically disclosing or hiding information regarding population aggregate behaviors (Benabou & Tirole, 2011).

Second, public enforcement is often burdened by limitations that might compromise its efficiency and efficacy. For instance, think about the problems for public authorities to contrast difficult-to-monitor criminal activities, such as terrorism, sexual violence, racial discrimination, or bullying. Governments are thus recurring more and more to forms of 'shared enforcement', where the enforcement of legal norms is delegated or complemented by private citizens when transaction costs and better knowledge of situational factors make decentralized actions preferable to traditional legal interventions (Kaplou & Shavell, 2007).¹ Social influence has been indicated as an effective and inexpensive tool that policymakers can use to increase citizens' engagement in decentralized enforcement (Dolan et al., 2012).

Third, evidence that social influence affects third party punishment has important implications for theories of social preferences. As discussed in a recent contribution by Thöni and Gächter (2015), who report evidence of peer effects on pro-social cooperation, several established theories of social preferences assume fixed preferences and cannot account for social influence effects. We deem it important to verify whether the existence of peer effects extends also to third-party punishment of distributional norms violation and to discuss the theoretical implications of these findings.

We measure social influence using the framework of a modified dictator game with third-party punishment. In a laboratory experiment individual punishment choices are elicited in isolation and after providing information regarding peers' punishment decisions. The paper explores and combines two possible channels through which social influence affects behavior: the so called *informational* social influence, consisting in the "need to be right", and the *normative* social influence, that is the "need to be liked" by others (Deutsch & Gerard, 1955). In the 'informational' treatment we simply provide information regarding peers' punishment choices, making it clear that the decision to revise punishment will not be observed by peers. In the 'info+normative' we add to the informational treatment also a normative social influence components: after the punishment revision, peers will observe the individual decision of the third party punisher and they will send her a smiley or frowny emoticon.

While standard rationality predicts no third party punishment, several previous studies show that bystanders unaffected by the consequences of the rule violation engage in positive punishment even in one-shot interactions. Our experimental design rules out any material or strategic incentive for third parties to revise their initial punishment decisions after learning how their peers punished. Therefore, if participants revise punishment in order to conform to their peers we have evidence of social influence effects.

Results of our experiment show that social influence is a major driver of third-party punishment. After receiving information on peers' average punishment, third parties modify their punishment choices in order to seek conformity. Surprisingly, and in contrast with Thöni and Gächter (2015), social influence effects are the strongest when conformity implies a revision upward of the individual punishment and the consequent reduction of individual payoffs. In our sample, the further addition of a normative social influence component to informational social influence does not affect punishment decisions.

We then put our results in the context of the existing theoretical literature on social preferences. While several approaches predict third-party punishment, peer effects are inconsistent with most existing theories. Models characterized by *distributional concerns* (inequity aversion, altruism) as well as models of (strong) reciprocity predict no peer effects. Theories of conformity, as well as theories of social norm abidance are best equipped to account for peer effects with third-party punishment. However, the most popular models assume that individuals react to either the number or the percentage of

¹ Recently there have been several examples of policies aimed at increasing third-parties' involvement. The most famous is probably the anti-terrorism campaign 'If you see something, say something' promoted by the US Department of Homeland Security (<https://www.dhs.gov/see-something-say-something>). Another example is the campaign 'Bringing in the Bystander' promoted in the UK by the National Sexual Violence Resource that employs advertising explicitly encouraging third-parties' intervention in situations of violence against women: 'Using a bystander intervention approach combined with a research component, this program assumes that everyone has a role to play in prevention [...] The Know Your Power campaign is the social marketing component of Bringing in the Bystander' (<http://www.nsvrc.org/bystander-intervention-campaigns-and-programs>). Other examples of decentralized enforcement programs implemented by the US Government and by several universities against race and sex discrimination include the *Step Up!* (<http://stepupprogram.org/>) and *Green Dot* (<http://www.livethegreendot.com/>) campaigns.

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