



Relative social status and conformism: Experimental evidence on local public good contributions



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ARTICLE INFO

Article history:

Received 28 December 2016
Received in revised form 2 May 2017
Accepted 7 May 2017
Available online 23 May 2017

JEL classification:

C93
D83
O13

Keywords:

Public good
Social status
Artefactual field experiment
Social information

ABSTRACT

Through an artefactual field experiment conducted in Colombia, where participants make repeated contributions to a local natural conservation project, I test a novel way to identify high status individuals within a community, and show that status, so defined, is correlated with public good giving. Both absolute and relative status have a statistically significant and economically relevant influence on behavior. In particular, the same individual, when matched with a lower status partner, donates more and conforms less to the partner's action. The results indicate that contributions to local public goods can be enhanced by interventions that make relative status more salient.

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1. Introduction

The provision of public goods is characterized by incentives for individuals to free-ride on others' contributions, often resulting in socially inefficient levels of cooperation (Andreoni, 1988; Fischbacher et al., 2001). The experimental literature on public good provision shows that leaders and high status individuals can be effective in improving cooperation (Eckel and Wilson, 2007; Gächter et al., 2012; Kumru and Vesterlund, 2010; Potters et al., 2007, 2005; Vesterlund, 2003). In particular, high status individuals, by setting examples, can encourage particular behaviors among followers (Hermalin, 1998; Vesterlund, 2003). Consistent with these results from the laboratory, a few recent field studies find that social information has a greater impact when it pertains to the behavior of high-status individuals (Bhattacharya and Dugar, 2014; Chen et al., 2016; Jack and Recalde, 2015).

The evidence on the impact of social status on public good provision mostly focuses on absolute status. This paper contributes to this literature by showing that naturally occurring relative social status also matters positively in giving to public goods, independently from absolute one. We use an artefactual field experiment conducted in Colombia, in which participants make repeated contributions to a local natural conservation project with feedback on another participant's donation. We exogenously vary the individual's status – defined through a social ranking exercise – relative

to her counterpart's. The results show how making relative status salient can be used to increase donations: higher status individuals donate more and are less prone to conformism than lower status ones. The combination of these two phenomena generates higher and more stable contributions when information is given on the actions of higher status subjects.

These results suggest that priming relative status could be used to induce higher voluntary contributions to local public goods within groups where status is known, or, when status is unknown, some signaling of status could be used to encourage donations. The experiment also makes a methodological contribution, by introducing an easy and versatile way to identify high status individuals within a naturally occurring social group.

The paper is structured as follows. Section 2 presents the experimental setting and design, Section 3 shows empirical results, and Section 4 concludes.

2. Experimental setting and design

A total of 251 individuals, from 8 villages on the Northern coast of Colombia, took part in the study.¹ The villages are similar in terms of economic and environmental characteristics: farming and fishing are the primary economic activities; environmental shocks,

¹ Participants were recruited through public invitations, distributed by local community members. Table A.1 presents summary statistics on study participants.

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mainly flooding and droughts, are frequent causes of harvest loss; and access to infrastructure, such as paved roads and piped water, is generally poor. Each of the 12 experimental sessions – consisting of a ranking exercise, a decision stage and a survey, collecting information on individual characteristics and opinions – was attended by an average of 20 participants.

The ranking exercise was aimed at identifying high status individuals – defined as individuals to whom people delegate power to act on their behalf – among session participants. Subjects were presented with different hypothetical situations requiring them to select community representatives.² As soon as one-third of participants were selected, the facilitator halted the process. This group represented the first choice as village representatives. Then participants were asked to select a second group as substitutes, in case the first group were not able to perform the task. The protocol purposely did not impose any structure on the selection process, apart from guaranteeing that it was as inclusive and informative as possible. This ensured the quality of the deliberative process (Lizzeri and Yariv, 2010), while reproducing as closely as possible the collective decision-making processes typical of community meetings (Chambers, 1994). One of the rankings was randomly drawn to be implemented, and participants were seated in groups and given colored cards according to it. In the analysis that follows, participants first selected as representatives according to the randomly drawn ranking are denoted as the top group, the substitutes as the middle group, and the remaining participants as the bottom group.

In the decision stage, participants were asked how much of an endowment of 20,000 Pesos (10 USD, about one and a half times the typical daily farm laborer's wage), they wished to donate to a biodiversity conservation project. Contributions financed the establishment of a tree nursery in a primary school.³ A random draw at the end of the study determined which of the schools serving the sample villages received the funds.

The contribution decision was taken thirteen times: once in private; then, over four rounds of three decisions each. Across these rounds, participants were randomly matched with a partner. Decisions were still taken in private, but partners would observe each other's contributions and know each other's ranking, i.e. the color of the group they belonged to.⁴ Pairs changed each round, and nobody had the same partner twice. By design, all possible pair combinations, on the basis of participants' ranking, were implemented at least once. A random draw at the end of the session determined which of the thirteen choices was implemented. When

² The two situations used for the ranking were: "The mayor has agreed to meet representatives from the village and discuss an important decision. Who among you should go to talk to the mayor?", or "There is a village member who is harming everybody with his behavior. Who among you should go to talk to him about the harm he's doing to the community?" The use of multiple rankings alleviates concerns that a specific confounding factor drove individual ranking. Moreover, the presence of a third placebo ranking, where subjects were asked to select performers for a show, not used to define status, introduced heterogeneity in the rankings and reduced the chance of disappointment or gratitude affecting behavior in later stages of the experiment.

³ Tree nurseries were chosen for a number of reasons. First, they help biodiversity conservation by providing native species to reforest endangered ecosystems and to teach environmental education in schools. Second, tree nurseries are not sources of revenues, as they host mainly medicinal plants and trees without any commercial value. Third, they are easy to establish and maintain without requiring high levels of collective action on the part of recipients. Finally, the nature and benefits of the project were well-known to all participants, as they were part of government-initiated environmental conservation programs.

⁴ Within each round, decisions differed in terms of their observability and of the information available on partner's choices at the time of choosing: the first decision was taken knowing only the partner's ranking, and that the contribution would be observed by the partner; the second was taken after observing the partner's choice, again knowing that the partner would observe one's own choice; and the third after observing the partner's choice, but knowing that the choice would not be observed. All regressions in the analysis include decision fixed-effects.

Table 1
Average contribution.

	N	Contribution	
		Mean	S.D.
All	251	6886.38	(5493.67)
Top	83	7620.38	(5984.76)
Middle	84	6801.92	(5310.03)
Bottom	84	6245.51	(5069.24)

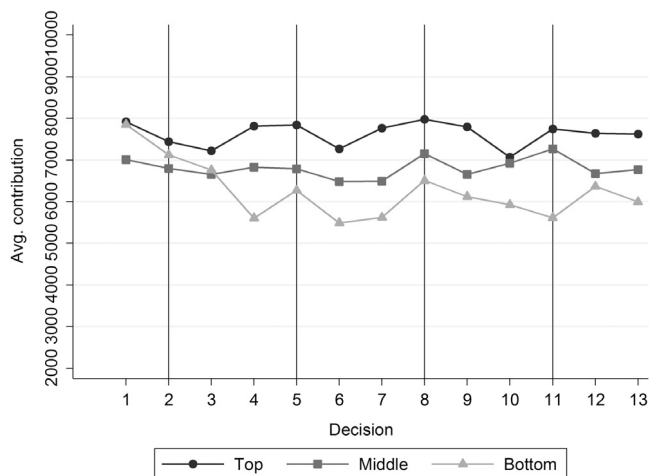


Fig. 1. Contribution over time.

asked whether they had understood the experimental instructions, 82% of participants responded affirmatively. Table A.2 summarizes the experimental design.

3. Results

3.1. Descriptive statistics on contribution levels

Table 1 presents average contributions by status group. Overall, subjects give on average 6886 Pesos, about one-third of their endowment. Top group members donate 7620 Pesos, significantly more than middle (6801 Pesos, p -value of Mann–Whitney test = 0.007) and bottom group ones (6245 Pesos, $p = 0.000$). Giving between middle and bottom group members is also significantly different ($p = 0.026$). Therefore, moving from the lowest to the highest status level is associated with an increase in giving of almost 1400 Pesos, or 22%. These effects are also economically relevant, as the average contribution corresponds to 57% of participants' average weekly income (Table A.1).

Fig. 1 shows contributions over time by status group. Vertical lines indicate the first decision of each round. The positive correlation between one's own absolute status and giving holds over time, with the exception of bottom-ranked subjects in the first three decisions. There is no clear decreasing trend in giving over time, especially for top and middle group members, a likely result of the effect of higher relative status on giving discussed below.

Overall, the presence of a high status member in a pair is correlated with higher and more stable total pair contributions: the difference in total pair contributions between pairs featuring and not featuring a top-ranked individual is on average 12%, and growing from 11% in the first decision of the round (889 Pesos), to almost 15% in the last decision of the round (1278 Pesos).

3.2. Main results: conformity and status

Fig. 2 displays how conformity correlates with absolute (left) and relative (right) status. The bars show the share of subjects who

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