



Can you trust the good guys? Trust within and between groups with different missions



Sebastian Fehrler^{a,b,*}, Michael Kosfeld^{c,d,e,b,1}

^a Department of Political Science and Center for Comparative and International Studies (CIS), University of Zurich, Affolternstrasse 56, CH-8050 Zurich, Switzerland

^b Institute for the Study of Labor (IZA), Germany

^c Department of Management and Microeconomics, Goethe University Frankfurt, Grüneburgplatz 1, D-60323 Frankfurt am Main, Germany

^d Center for Economic Policy Research (CEPR), UK

^e Center for Economic Studies (CESifo), Germany

HIGHLIGHTS

- Subjects who identify themselves with a pro-social mission are more trustworthy than subjects who do not.
- Identification with pro-social missions comes with discrimination against out-groups.
- Out-group discrimination is much stronger than in a minimal group treatment.

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ABSTRACT

Non-governmental organizations and other non-profit organizations attract workers who strongly identify themselves with their missions. We study whether these “good guys” are more trustworthy, and how such pronounced group identities affect trust and trustworthiness within the groups and towards out-groups. We find that subjects who strongly identify themselves with a non-profit mission are more trustworthy in a minimal group setting but also harshly discriminate against out-groups when subjects are grouped by the missions they identify themselves with.

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1. Introduction

Organizations have different missions. Particularly salient are missions in non-profit organizations who derive their *raison d'être* from their particular non-profit goals. In this study, we analyze the

effects of such group identities on behavior directed towards in-group members and towards out-groups.

Several studies suggest that some workers strongly care about non-profit missions (e.g., Besley and Ghatak, 2005; Delfgaauw and Dur, 2007). In a laboratory experiment, Fehrler and Kosfeld (2012) find that roughly one third of the subjects forgo a higher wage and choose a contract under which they can generate a donation to a non-governmental organization (NGO) instead. Sorting of types with different social preferences and the consequences for organizations have also been discussed in recent theoretical papers (e.g., Brekke and Nyborg, 2010; Kosfeld and von Siemens, 2011). Empirically, Brekke et al. (2011) show that sorting into groups with and without a non-profit mission leads to more cooperation within

* Correspondence to: Department of Political Science, University of Zurich, Affolternstrasse 56, CH-8050 Zurich, Switzerland. Tel.: +41 44 634 5270; fax: +41 44 634 5269.

E-mail addresses: sebastian.fehrler@uzh.ch (S. Fehrler), kosfeld@econ.uni-frankfurt.de (M. Kosfeld).

¹ Tel.: +49 69 79834823.

the first type of group in a public goods game, suggesting that sorting leads to groups with different social preferences (see also Lazear et al., 2012).

Another potentially important issue in this context, group identity, has, however, not received much attention. In-group favoritism and out-group discrimination are well known phenomena in social psychology. Even minimal group identities, induced by randomly labeling groups, can lead to intergroup discrimination. In recent years, economists have also begun to study the effects of group identities on social behavior (e.g., Charness et al., 2007; Ben-Ner et al., 2009; Chen and Li, 2009; Hargreaves Heap and Zizzo, 2009; Tsutsui and Zizzo, 2013). If group identities are strong and reflect differences in social preferences, stronger effects might be expected than in a minimal group setting.

We study trust and trustworthiness, comparing treatments with groups with minimal group identities and with groups with pro-social identities. Group identities are induced by grouping participants according to their answers to two questions in a short questionnaire that participants had to fill in before the experiment. In the minimal group treatment, subjects are grouped according to the question if they like one of the painters Paul Klee or Wassily Kandinsky, or if they like neither. In the mission treatment, subjects are grouped according to the question if they identify themselves strongly with the goals of one of the NGOs World Wildlife Fund (WWF) or Amnesty International (AI), or neither of them.

This design allows us to study whether subjects who identify themselves strongly with an NGO (the “good guys”) are more trustworthy among their peers, which would potentially make them attractive employees, and whether they discriminate against out-groups, which might cause organizational problems, e.g., if there is a mismatch between worker and leadership missions.²

2. Experimental design

At the beginning, before receiving instructions for the trust game, subjects are asked to fill in a short questionnaire on their computer screens. The questionnaire includes questions like “Do you do sports?”, “Do you play an instrument?”, and the question “Do you strongly identify yourself with the goals of one of the NGOs Amnesty International or the WWF?”. The last question is the one we use in our mission treatment. It has the following answer options: “WWF”, “Amnesty International”, and “None of the two”. One option has to be checked and multiple answers are ruled out. In the minimal group treatment, we use a different question from the same questionnaire to form groups: “Do you like one of the painters: Paul Klee or Wassily Kandinsky?”, with answer options “Klee”, “Kandinsky”, and “None of the two”. With this treatment, we relate to the classic social psychology study in this field by Tajfel et al. (1971), in which preferences about Klee and Kandinsky are used as well to form “minimal” groups. The questionnaire is designed to give the subjects the impression that they take part in a small socioeconomic survey to make it unlikely that they expect that their answers play a role in the experiment.

After reading the instructions and a short comprehension quiz, subjects play a trust game (Berg et al., 1995) in which transfer choices are limited to four options. Half of the subjects are trustors the other half trustees. All recipients receive an initial endowment of 12 points. Trustors can transfer 0, 4, 8, or 12 points to the trustee. The transfers are tripled. The trustees can then send back any integer amount of points from the points they dispose of back to the trustor.

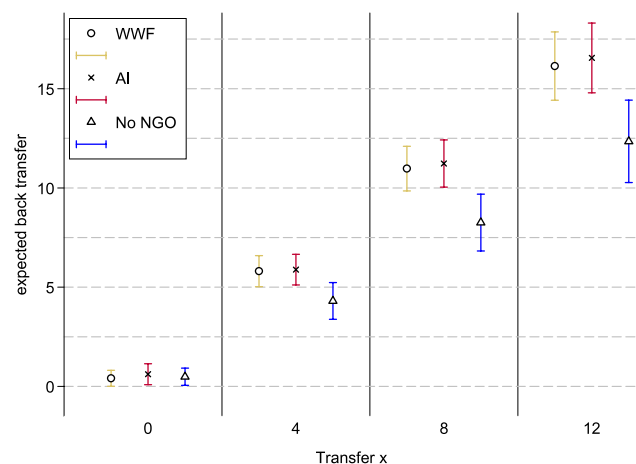


Fig. 1. Beliefs about the trustworthiness of different trustees. Note: Expected back transfers from different NGO types in the mission treatment (and their 95% confidence intervals).

Trustors and trustees can make their transfer decision in the investment game conditional on the type of the recipient, i.e., on the answer of their partner to the NGO question in the mission treatment and on the answer to the art question in the minimal group treatment. The strategy method is used. Trustors make three transfer decisions, one for each potential type of trustee. Trustees make 12 decisions, one for every possible type of trustor and received transfer.³ In addition to the transfer decisions, we ask the trustors about their beliefs regarding back transfers for all possible transfer levels and types of trustee. The answers to these questions have no influence on the pay-offs. After the transfers are made and the beliefs elicited, the experiment ends, and the subjects are paid out.

One point in the trust game is worth 0.8 CHF (at the time of the experiment, 1 CHF was worth 0.9 USD). Overall, 190 subjects (52% female) participated in the experiment in the laboratory of the Department of Economics at the University of Zurich.⁴ On average, the participants earned 14.8 CHF in addition to a show-up fee of 10 CHF, and they spent around 45 min in the laboratory.

3. Results

3.1. Trustor behavior

Fig. 1 presents the expected back transfers from different types of trustee, i.e., beliefs about their trustworthiness. We see that trustors expect lower back transfers from subjects who do not strongly identify themselves with the goals of either NGO (henceforth called No-NGO types). Regressing expected back transfers from each group on the transfers (i.e., estimating linear fits for the three groups in Fig. 1) results in statistically significantly steeper slopes for WWF and AI than for No-NGO ($p < 0.01$, F -Test, Regression (1), Table 2).⁵

Moreover, we see that the beliefs about back transfers from AI and WWF types are almost the same. Table 1 shows the transfer

² The related problem of worker–leadership mission mismatches for worker motivation is discussed in Besley and Ghatak (2005).

³ The use of the strategy method in an investment game has been shown to lead to lower trustworthiness as compared to the “direct response” method (Casari and Cason, 2009). In the context of this experiment, this might lead to an attenuation of the effect of group identity on trustworthiness. Having subjects make transfers to the different groups of recipients appears natural when the goal is to study whether they discriminate between these groups.

⁴ The treatments were programmed with zTree (Fischbacher, 2007).

⁵ This finding holds for all types of trustor (see models (2)–(4) in Table 2).

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