



Which hat to wear? Impact of natural identities on coordination and cooperation



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ARTICLE INFO

Article history:

Received 16 November 2011

Available online 2 January 2014

JEL classification:

C7

C91

Keywords:

Social identity

Diversity

Prisoner's dilemma

Minimum-effort game

Experiment

ABSTRACT

As the workforce becomes increasingly diverse, motivating individuals from different backgrounds to work together effectively is a major challenge facing organizations. In an experiment conducted at a large public university in the United States, we manipulate the salience of participants' multidimensional natural identities and investigate the effects of identity on coordination and cooperation in a series of minimum-effort and prisoner's dilemma games. By priming a fragmenting (ethnic) identity, we find that, compared to the control, participants are significantly less likely to choose high effort in the minimum-effort games, leading to less efficient coordination. In comparison, priming a common organization (school) identity significantly increases the choice of a rational joint payoff maximizing strategy in a prisoner's dilemma game.

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1. Introduction

As the world becomes increasingly integrated and the workforce becomes more diverse, motivating individuals from diverse backgrounds to work together effectively is a major challenge facing organizations today. While increasing diversity in groups has been found to elicit positive outcomes such as enhancing thoughtful decision processes (Nemeth, 1986), expanding access to social networks and resources (Tushman, 1977), promoting innovation (Van Der Zee and Paulus, 2008), and facilitating problem solving (Hong and Page, 2001), increasing diversity also introduces group biases that may contribute to conflict among group members (Pelled et al., 1999; Hargreaves Heap and Zizzo, 2009). As a result, organizations wishing to obtain the benefits associated with diversity must also learn how to manage diversity in order to facilitate coordination, cooperation and positive interpersonal relationships among their members.

Research findings underscore the importance of effectively promoting coordination, cooperation and positive interpersonal relationships among members of an organization. Positive relationships have been associated with a host of important outcomes such as more effective sharing of resources and information, greater trust and better performance (Blatt and Camden, 2006; Gruenfeld et al., 1996). Thus, integrating a diverse workforce, and motivating members who

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come from different backgrounds to work effectively towards a common goal is an important task facing many organizations.

However, despite this importance, organizations trying to promote better coordination and cooperation in diverse groups face several challenges in accomplishing this goal. First, work on minimal groups in psychology and near-minimal groups in economics finds that individuals are predisposed to favor the ingroup over the outgroup to enhance and maintain positive self-esteem (Tajfel and Turner, 1979). As a consequence, individuals perceive their ingroup members to be more similar to them than members of the outgroup (Allen and Wilder, 1975) and ascribe more positive traits to ingroup members (Brewer, 1979). Individuals are also more likely to help members of the ingroup over the outgroup (Crosby et al., 1980), to allocate more rewards to ingroup members (Wilder, 1986), and to show more charity, less envy, more positive reciprocity, less negative reciprocity, and more social welfare maximizing actions towards ingroup members (Chen and Li, 2009). In sum, research on minimal and near-minimal groups has collected a great deal of evidence showing that highlighting different social identities may fragment a group by introducing group biases that lead to counterproductive outcomes.

However, in the real world, people can be simultaneously identified along many dimensions of identity (Hewstone, 1996). Consider an African American male accountant who is a partner in his firm. He may be identified by his gender (male), his race (black), his role (partner), his occupation (accountant) or his organization (firm). Some of these identities may be shared by other members of the group, while other identities may not. Thus, highlighting these different identities may call forth different group orientations and their consequent behaviors within an organization. Furthermore, research finds that feelings of similarities to others within a group can be situationally altered by manipulating the salience of different social identities (Chatman et al., 1998). While highlighting uncommon identities may fragment a group, highlighting common identities might unify a group.

In practice, common identities have been used to create common goals and values. For example, Nike founder Phil Knight and many of his employees have tattoos of the Nike “swoosh” logo on their left calves as a sign of group membership (Camerer and Malmendier, 2007). To create a common identity, organizations have attempted various team-building exercises, such as simulated space missions where the crew works together to overcome malfunctions while navigating through space (Ball, 1999). While standard economic theory does not have an explanation for such phenomena, research on social identity sheds light on the effects of common identity on organization outcomes.

Social psychology work on intergroup relations finds that highlighting a common ingroup identity can reduce intergroup bias (Dovidio et al., 2009; Gaertner and Dovidio, 2000). For instance, college roommates from differing ethnic backgrounds who perceived more common identities were less likely to show decline in their friendship than roommates who did not (West et al., 2009). In another study, emphasizing a common ingroup identity increased satisfaction with coworkers in ethnically diverse workgroups (Cunningham, 2005). In a multilevel public goods game across six countries, self-reported identification with the world as a whole predicts contributions to a global public good (Buchan et al., 2011).

Moreover, evidence in experimental economics finds that a common group identity increases cooperation in public goods games (Eckel and Grossman, 2005) and prisoner’s dilemma games (Goette et al., 2006), where the dominant strategy is to completely free ride or defect. Furthermore, it improves coordination in the battle of sexes game (Charness et al., 2007), the provision point mechanism (Croson et al., 2008), and the minimum-effort game (Chen and Chen, 2011). The latter two games have multiple Pareto ranked equilibria; a salient common identity leads to the selection of a more efficient equilibrium.

This study extends previous research on the effects of a common identity on economic behavior. In particular, we investigate the effects of highlighting a common versus fragmenting identity on coordination and cooperation in a series of prisoner’s dilemma and minimum-effort games with varying incentives. Using subjects from a large public university in the United States, we prime participant school identity as their common identity, and ethnic identity as their fragmenting identity.

By priming a fragmenting (ethnic) identity, we find that, compared to the control, participants are significantly less likely to choose high effort in the minimum-effort games, leading to a reduction in efficient coordination. In comparison, priming a common organization (school) identity significantly increases the choice of a rational joint payoff maximizing strategy in a prisoner’s dilemma game. Furthermore, we find that priming school identity interacts with stereotypes in interesting ways.

This paper contributes to the social identity literature in several ways. First, rather than inducing group identity in the laboratory, we study two naturally existing social identities – ethnic identity and organization identity. Thus, compared to studies using induced group identity, our results can be more easily applied to real-life work environments. Second, this study goes beyond documenting the intergroup bias in individual choices. We use the identity priming technique from social psychology to manipulate the salience of the respective identities to investigate the extent to which evoking different dimensions of these identities impacts individual choices in coordination and cooperation. Third, this study is among the first in economics to empirically evaluate the effectiveness of using a common identity as a design tool to increase coordination and cooperation among an ethnically diverse group of participants. Lastly, compared to social psychology studies of natural identities, we demonstrate that identity priming interacts with the strategic properties of games. The same priming technique can have different effects in different games.

The rest of the paper is organized as follows. Section 2 presents the experimental design. In Section 3, we present our analysis and results. Section 4 discusses the results and concludes.

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