



Social interactions and the influence of “extremists”

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ABSTRACT

A large literature has shown evidence that people are influenced by others, especially in group interactions. However, little is known about whether such influence remains after they have left the group. Using a modified dictator game and a structural choice-revealed preference approach, we measure an individual's preferences before and after face-to-face interactions in a small group and then examine whether a change in preferences is observed after subjects have left the group and have to make their decisions alone. We find that social interactions do indeed change individuals' preferences. Specifically, individuals whose preferences are extremely egoistic and also unchanging tend to influence others the most. These “left extremists” are more likely to be male and these effects are more prevalent amongst student subjects than non-student.

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1. Introduction

The notion that “we are like chameleons, we take our hue and the color of our moral character, from those who are around us” is closely associated with the seventeenth century philosopher, [Locke \(1693\)](#).¹ In this paper, we experimentally study Locke's observation in a particular context: the effects of social interactions on an individual's preferences for generosity towards others. We find that Locke was right, social interactions do indeed change people's behavior and preferences. However, we also find evidence that the effects of social interactions are not altogether positive: some subjects (especially students) may be encouraged to be more egoistic by other individuals who are already extremely selfish (the “extremists” of our title), even after they have left the group and have to make decisions again on their own.

Other regarding preferences² are an interesting subject of study in this context for a number of reasons. The first is that they determine how we treat others; social influence on preferences for private consumption by contrast, while interest-

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¹ This is in fact a popular (mis)rendering; Locke wrote “We are all a sort of chameleons, that still take a tincture from things near us” in *Some Thoughts Concerning Education* (1693).

² Which can be defined broadly as the extent to which people care (either positively or negatively) about the material well-being of others around them ([Cooper et al., 2010](#)). We prefer the term ‘other-regarding preferences’ to ‘social preferences’ because they can lead to either positive or negative behavior that are not necessarily ‘social’, such as the willingness to sabotage others at one's own cost.

ing as well, do not. Secondly, whilst other-regarding behavior is often observed in various settings,³ large heterogeneity is also observed across individuals (Benabou and Tirole, 2006; Fehr and Fischbacher, 2003; Henrich et al., 2010a; 2010b; List, 2007).⁴ Moreover, research has shown that, just as our visual perception is influenced by the context, preferences (including other-regarding preferences) too are malleable and are affected by social environments such as elicitation method, the presentation (framing) of the problem, the ‘anchor’, and the salience of an aspect of one’s social identity, and inter-group conflicts (see Fehr and Leibbrandt, 2011 for a comprehensive review).

People can sometimes act differently in different situations and/or at different points in time, particularly when they are not alone. When people are able to observe, communicate and learn from each other or are being observed by others, they are likely to change their behavior to be more in line with those around them (Alpizar et al., 2008; Bardsley and Sausgruber, 2005; Cason and Mui, 1998; Charness and Sutter, 2012; Cooper et al., 2010; Frey and Meier, 2004; Hoffman et al., 1996; Levitt and List, 2007; Luhan et al., 2009; Mas and Moretti, 2009; Shang and Croson, 2009; Soetevent, 2005; Vesterlund, 2003; 2006). There is, consequently, an emerging consensus that social interactions play a vital role in influencing individual behavior.

Social influence and social conformity have long been central to research in social psychology. One of the most well-known studies of social influence and social conformity was Solomon Asch (1952; 1956)’s line judgment experiment, in which subjects were placed in a group of confederates and were asked to estimate the geometric length of a line by matching it with one of three other lines. Each person in the group then took turns to publicly announce their answer. Despite the fact that the correct answer was obvious, Asch found that around a third of subjects gave the wrong answer when the confederates unanimously endorsed a clearly wrong answer. In an earlier study, Sherif (1936) showed that subjects conformed to the group norms even when they did not realize it and the effects also persisted afterwards, when they had to perform the same task alone without the presence of the group (unlike the Asch’s experiment in which the subject’s decisions were made in front of others). The literature of social conformity is vast and many theories have been developed in order to understand how and why people conform to the group norms (in the interest of space, we are not going to review them here, but see Cialdini et al., 2004 and Rilling and Sanfey, 2011 for extensive reviews).

In economics, traditionally research on decision-making focused on individual decisions and interactions were assumed to only occur through an anonymous process of price formation in the market. However, recently economists have become increasingly interested in understanding how non-market interactions affect individual behavior (Akerlof, 1980; Banerjee, 1992; Bernheim, 1994; Birkhchandani et al., 1992; Brock and Durlauf, 2000; Jones, 1984; Manski, 1993; 1995; 2000). The economic literature on social interactions now covers a wide range of contexts, including intra-household interactions (Becker, 1974; Bergstrom, 1989; McElroy, 1990; Rosenzweig and Wolpin, 1994), child custody outcomes in divorce proceedings (Flinn and Boca, 1995), crime and criminal networks (Glaeser et al., 1996), college students experimenting with illegal drugs and sex (Duncan et al., 2005), peers influence on academic performance in high school (Gaviria and Raphael, 2001; Zimmerman, 2003) and in college (Sacerdote, 2001), and coordination on fertility practices (Kohler, 2001).

Similar to the social psychology literature, a large proportion of economic research on social interactions has focused on understanding how and why an individual’s behavior varies with the behavior of the group. Many studies have demonstrated that people tend to adjust their behaviors to conform to what others do (see Manski, 2000 for a review). There are a number of theoretical conjectures and experimental studies on why conformity is observed, such as limited private information that leads to herding behavior and informational cascades (Anderson and Holt, 1997; Banerjee, 1992; Birkhchandani et al., 1992; Eyster and Rabin, 2014; Huck and Oechssler, 2000; Hung and Plott, 2001); preferences for being like others or for maintaining a particular social status (Akerlof, 1980; Bernheim, 1994; Jones, 1984); and sanctions on deviations from prevalent norms (Bardsley and Sausgruber, 2005; Fehr and Gaechter, 2000; Fischbacher and Gaechter, 2010; Fischbacher et al., 2001). There are also increasing number of experimental studies of the effect of social interactions on individual behavior both in the lab (Cason and Mui, 1998; Eckel and Wilson, 2007; Knez and Camerer, 1995; Krupka and Weber, 2009) and in the field (Chen et al., 2010; Frey and Meier, 2004; Shang and Croson, 2009).

One way to study how social interactions affect behavior is to examine whether decisions made by a group are different from those made by an individual. Kluger et al. (2012) review existing literature in economics and psychology on differences between individuals and groups in interactive tasks (Prisoner’s Dilemma, Ultimatum and Dictator games, Trust and other sequential games, and simultaneous games) and the results show that groups tend to behave more selfishly, seem to be more motivated by payoff maximization (although this is not always the case), and appear to be more competitive than individuals. In these studies, groups are required to make decisions as a single unit (although there is usually no explicit

³ For instance, people are willing to sacrifice a proportion of their own income to help others through charitable donations (Andreoni, 1989; 1990; 2006; Harbaugh, 1998; Karlan and List, 2007; Vesterlund, 2003); employees reciprocate positively (negatively) to firms that pay them above (below) the next best alternative by exerting higher (lower) effort (Falk, 2007; Gaechter and Fehr, 2002), workers under a relative incentive pay scheme, where individual effort imposes a negative externality on others, exert less effort compared to those under piece rates because they do not want their friends to earn less (Bandiera et al., 2005).

⁴ Stability of individual other-regarding behavior has been tested in both lab and field settings, but the results are inconclusive. Whilst some have found that other-regarding behavior observed in the lab is a good predictor of behavior in natural settings outside the lab (Benz and Meier, 2008; Carlsson et al., 2014; Carpenter and Seki, 2011; Fehr and Leibbrandt, 2011; Oliverira et al., 2012; Rustagi et al., 2010; Stoop, 2014), others have found little correspondence of this behavior in the lab and the field (Carpenter and Myers, 2010; Karlan, 2005; Laury and Taylor, 2008; Stoop et al., 2012). Social interactions may help explain this heterogeneity.

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