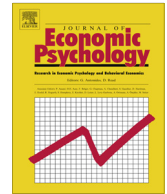




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# The effect of conflict history on cooperation within and between groups: Evidence from a laboratory experiment

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## ABSTRACT

We study cooperation within and between groups in the laboratory, comparing treatments in which two groups have previously been in conflict with one another, in conflict with a different group, or not previously exposed to conflict. We model conflict using an inter-group Tullock contest, and measure its effects upon cooperation using a multi-level public good game. We find that conflict increases cooperation within groups, while decreasing cooperation between groups. Moreover, we find that an increase in the gains from cooperation only increases cooperation between groups when the two groups have not previously interacted.

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## 1. Introduction

In many interesting settings, a period of conflict or competition between groups is followed by the opportunity for mutually-beneficial cooperation between the same groups. Examples include the formation of a coalition government following an election, the integration of work teams following a corporate merger, and the reunification of a nation after a period of civil conflict. In such situations, individuals are faced with a choice between acting in their own self-interest, in the parochial interests of their “in-group”, or in the collective interests of all parties.

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If a prior history of conflict makes individuals reluctant to cooperate with members of an “out-group”, the result may be substantial efficiency losses to society as a whole. Yet, at the same time, a shared experience of conflict may also reinforce cooperative norms among members of an in-group. To give an extreme example: two decades after the wars in the Balkans, Muslims and Christians in Bosnia have established separate schools and even separate fire departments (Brunwasser, 2011). This clearly illustrates these groups’ preference to invest in “local” public goods that only benefit members of their in-group, as opposed to “global” public goods that benefit all parties.

There are several reasons why conflict may inhibit subsequent cooperation between groups. Firstly, the underlying reasons for the conflict could also have an effect on cooperation. Secondly, the experience of conflict may create or deepen in-group identity, strengthening other-regarding preferences toward in-group members and making it more attractive to cooperate within groups. Finally, the experience of conflict may create or deepen out-group animosity, eroding other-regarding preferences toward out-group members and making it less attractive to cooperate between groups.

In this paper, we report a laboratory experiment to study how cooperative behavior, both within and between groups, is influenced by a prior phase of conflict. In particular, we compare levels of within- and between-group cooperation when the *same* two groups were previously in conflict to a comparable situation in which each group previously experienced conflict involving a *different* out-group, as well as when group members have *no* prior experience of conflict. We vary this group matching on a between-subjects basis.

Since exposure to conflict is exogenous and randomly assigned in our experiment, we can set aside the first explanation – namely that conflict and cooperation have some common cause. Our group matching manipulations then enable us to disentangle the latter two mechanisms, to independently identify the effects of a shared experience of conflict upon cooperative preferences toward members of the in- and out-groups.

Our instrument for measuring within- and between-group cooperation is a multi-level public good (MLPG) game (Blackwell & McKee, 2003). In this game, all individuals have an endowment which they can retain for themselves, contribute to a local public good that benefits only members of the in-group, and/or a global public good that benefits members of both the in- and out-groups. Our conflict manipulation takes the form of an inter-group version of the Tullock rent-seeking contest, in which parties compete by investing in a lottery that increases the chances of winning a prize (Abbink, Brandts, Herrmann, & Orzen, 2010; Tullock, 1980). While self-interested parties invest positive amounts, in equilibrium each group has an equal chance of winning and investment is inherently socially inefficient. The Tullock game thus models a prior phase of inter-group conflict which is followed by a subsequent opportunity for cooperation in the MLPG game.

Previous studies of the MLPG game typically find that contributions to the global public good are increasing in its relative return compared to the local public good (Blackwell & McKee, 2003; Chakravarty & Fonseca, 2017; Fellner & Lünser, 2014). However, since the Tullock contest induces a much stronger form of in- and out-group identity than previously considered in the literature, this responsiveness to efficiency considerations may not be robust to a prior history of conflict involving the same two groups. For this reason, we vary the return on contributions to the global public good as a second dimension of our experiment design.

Our approach thus introduces several methodological innovations. Firstly, we go beyond standard arbitrary or minimal methods of group formation, by using the Tullock contest to instill a much stronger form of induced group identity in the laboratory. Secondly, through our manipulation of group matching across the two phases of our experiment, we are able to disentangle the in- and out-group effects of conflict experience upon subsequent interactions in the MLPG game.

We find that within-group cooperation is greater when the in-group has a shared experience of conflict than when the MLPG game is played without any prior history, while between-group cooperation is lower when two groups have previously been in conflict. We find no significant response to an increase in the return to between-group cooperation when there is a prior history of conflict between two groups – contrary to previous studies that induce weaker forms of group identity. On the other hand, when two groups have not previously interacted (but each has experienced conflict involving a different out-group) we find a significant increase in between-group cooperation in response to an increase in its return – in line with the results of previous literature.

## 2. Related literature

This study contributes to three bodies of research. The first relates to inducing group identity in laboratory experiments. The most widely used method, the “minimal group paradigm” in social psychology (Tajfel, Billig, Bundy, & Flament, 1971), involves forming groups on the basis of seemingly irrelevant personal characteristics – such as preference for abstract paintings by either Kandinsky or Klee – which is sufficient to induce in-group favoritism in many psychological experiments (Tajfel & Turner, 1979). This method has also been widely applied in economic experiments, although usually in a modified form.<sup>1</sup> In these studies, forming groups randomly by assignment of number or color, or according to trivial preferences, has not always sufficed to induce an in-group bias. However, using these procedures in combination with other methods designed to increase the salience of group membership has been found to be effective (Charness, Rigotti, & Rustichini, 2007; Chen & Li, 2009).

<sup>1</sup> As Chen and Li (2009) note, the classic definition of the minimal group paradigm requires that any decisions made by a subject should not directly affect their own payoff. However this is not the case in most economic applications that use similar methods to induce group identity in experiments.

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