

The Take Option in Dictator Games - A Robustness Check

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The dictator game is one of the most popular experiments in social science, having been implemented hundreds of times within economics and related disciplines. The central result of the typical dictator game, as detailed in Engel's (2011) meta study, is that individuals freely transfer non-trivial amounts of an endowment to recipients (30% on average). This result has been commonly interpreted as evidence of "other regarding" behaviour (Eckel and Gintis 2010), and used as part of the justification for economic models which include concepts such as altruism or social preference (Fehr and Schmidt 1999, Charness and Rabin 2002). The game is also often implemented as a measure of the degree of altruism displayed by an individual or group (Whitt and Wilson 2007, House et al 2013). Yet several studies have found that adding the option for the dictator to take from the recipient significantly reduces the extent and magnitude of positive transfers (List 2007, Bardsley 2008, Cappelen 2013). This finding appears inconsistent with an other regarding explanation of dictator behaviour. Given the popularity of the game, and its still common interpretation as a "test for fairness" (Forsythe, 1994), it seems important to test the robustness of the take option effect.

Eckel and Grossman (1996) investigate dictator behaviour when faced with a charity recipient relative to the baseline anonymous person recipient. They find that dictators are significantly more generous towards charities than individuals. They posit that this is a result of dictators having greater motivation to act altruistically when faced with a charitable recipient, as they can better evaluate whether a positive transfer is beneficial. By contrast, when faced with an anonymous, potentially fictitious individual, whom participants know to be similarly situated to themselves (another student), the motivation to behave altruistically is much weaker. It follows that experimental manipulations such as the take option, and any associated experimenter demand effects, ought to be more powerful in the former situation.

The experiment undertaken provides a test of this logic. Further, it looks at the influence of various determinants of dictator behaviour previously found to be significant predictors. Four treatments are run - two with anonymous recipients and two with known charities as recipients. Treatments 2 and 4 give the dictators the opportunity to take from the recipients. The main conclusion is that the take option effect is diminished but persists with a charitable recipient. This is shown by significant, negative coefficients for both the anonymous and

charitable take option sessions in an interval regression analysis. The coefficient for the charity take option is however substantially smaller in magnitude and significantly different than that of the take option coefficient for the anonymous recipient sessions. This provides support for the contention that a deserving recipient mitigates the take option effect.

Further evidence is taken from a post game questionnaire. Participants who strongly agree with a statement “I wanted to improve the recipient’s situation” in the questionnaire give twice as much more in the charity sessions than in the anonymous recipient sessions. A variable representing participants agreement to statements implying they feel confident that their choice is a common one is significantly negative in the charity sessions. This implies that participants who feel their choice is a common one give significantly *less* than otherwise. This appears inconsistent with a “jointly recognized perceptions” (Krupka and Weber 2013, p. 3) social norm explanation of enhanced giving to a deserving recipient. However it might be that participants do strive to achieve a norm, but generally do not believe others would do so.

While the experiment conducted finds that a take option effect exists for a charity recipient, it is clear from significantly different transfer distributions between the charity and anonymous recipient sessions that participant behaviour is significantly different from the anonymous recipient sessions. Although various explanatory variables allow for some inference to be made as to why participant behaviour is different, further research would be beneficial.

For example, although the data provide some support for a social preference interpretation of the increased giving in the charity sessions, it is not possible to definitively separate this motive from other plausible motives, such as a different norm implying greater generosity, or a desire to avoid appearing unfair. Conducting a similar experiment, but incorporating an exit option, as in Dana et al (2006), would allow for a test of the strength of the motive of appearing fair in the context of a deserving recipient. It would also make it possible to separate the reputation effect from other factors.

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