

Bachelor seminar

“Social preferences at the workplace”

Winter term 2020/2021

Marvin Deversi

Course topic

What motivates workers? Economists and management scholars have extensively studied the role of incentives for worker performance. Traditionally, they assumed that workers care mainly about their wage. However, in many applications, workers are also motivated by social concerns. For example, they care about the effects of their actions on co-workers or managers, and they compare their wages to others' wages. In short, workers hold social preferences. In this seminar, we review recent literature on the implications of social preferences for standard economic problems at the workplace such as effort provision or worker incentivization. Most papers we will discuss rely on data from personnel firm records or field experiments and quasi-experiments within firms.

Prerequisites

Microeconomics and Econometrics. Behavioral Economics is an advantage but is not necessary.

Organization

There will be an online meeting with a short introduction into the topic of the seminar. The online meeting takes place on October 27, 2020 at 2 pm. The Zoom invitation can be found [here](#). All participants must attend the first online meeting.

The seminar will take place at December 1, 2020 from 9 am to 6 pm and at the December 2, 2020 from 9 am to 6 pm online.

For the written report, you will need to pick one paper from the list of papers below. Your assigned paper is the focus of both your presentation and your report. But you are free to search for other papers that relate to your topic and include them into your report or presentation. You can find other papers using search engines like www.scholar.google.de.

Students will be assigned a paper based on their stated preferences. Therefore, students need to send an email to deversi@wiso.uni-koeln.de with their three most preferred papers, i.e., ranks 1st, 2nd, and 3rd. Please send the email until October 24, 2020.

Do not hesitate to send an email to deversi@wiso.uni-koeln.de if any questions arise.

Written report

The page limit for your report is 5 pages (mere text; excluding figures, tables, references, and appendix). The report must be submitted until December 15, 2020 via email to deversi@wiso.uni-koeln.de. We recommend the following rough structure (but different questions/topics might require different structures so please take this only as a rough guideline rather than a strict rule):

1. General introduction into the topic. What is the topic about? Why is this (economically and socially) important? What are relevant and interesting applications? (~ 0.5 page)
2. What is your assigned paper about? What is the exact research question? How did the authors try to answer the question at hand? What did the authors find? What are their main results? Tip: You don't have to report every single result that is described in your assigned paper. You should only focus on the ones that you judge important and leave out the unimportant ones. (~ 2-3 pages)
3. What are the conclusions that can be drawn from your paper? What are potential applications? In which other areas of social life could the same behavioral mechanism affect behavior? Are there alternative explanations to the findings in the paper? What are relevant implications for other economic decisions in the context of your paper? Here you can be creative and think "out of the box" and/or refer to other related papers. (~ 2 pages)

Format requirements are:

- The report must be written in English.
- Left, right and top margin = 2.5cm, bottom margin = 2cm
- If you write your paper in Word, you should use Times New Roman 11pt, 1.5 spacing.
- If you write your paper in L^AT_EX, you should use the default font, 11pt and use the package setspace with the command `\setstretch{1.45}`
- Fully justified text
- You can submit your report in electronic form, but please make sure to add and sign the "eidesstattliche Erklärung" at the end of your report.

Presentation

For your presentation you will have 20 minutes time plus an additional 10 minutes for a discussion among the whole group. The discussant opens the discussion by giving his views on the paper (no additional summary required). The structure of the presentation should roughly follow the one of the report. Both the presentation and the discussion will be in English. We will provide a computer, a beamer, and a remote control for the presentations (Power Point, L^AT_EX, PDF). Please make sure to send us your presentation before the start of the seminar.

Grading

The total grade is a weighted average of the grade for the written report (60%) and the presentation (40%). Very good discussants will receive a bonus mark on their presentation count.

List of papers

A. Social preferences among peers

1. Friends at work

Bandiera, Oriana, Iwan Barankay, and Imran Rasul. "Social connections and incentives in the workplace: Evidence from personnel data." *Econometrica* 77.4 (2009): 1047-1094.

Bandiera, Oriana, Iwan Barankay, and Imran Rasul. "Social incentives in the workplace." *Review of Economic Studies* 77.2 (2010): 417-458.

Bandiera, Oriana, Iwan Barankay, and Imran Rasul. "Incentives for managers and inequality among workers: Evidence from a firm-level experiment." *Quarterly Journal of Economics* 122.2 (2007): 729-773.

2. Social comparisons and inequality

Charness, G., & Kuhn, P. (2007). Does pay inequality affect worker effort? Experimental evidence. *Journal of Labor Economics*, 25(4), 693-723.

Mas, A., & Moretti, E. (2009). Peers at work. *American Economic Review*, 99(1), 112-45.

Card, D., Mas, A., Moretti, E., & Saez, E. (2012). Inequality at work: The effect of peer salaries on job satisfaction. *American Economic Review*, 102(6), 2981-3003.

Cohn, A., Fehr, E., Herrmann, B., & Schneider, F. (2014). Social comparison and effort provision: Evidence from a field experiment. *Journal of the European Economic Association*, 12(4), 877-898.

Ockenfels, A., Sliwka, D., and Werner, P. (2015). "Bonus Payments and Reference Point Violations." *Management Science* 61(7), 1496-1513.

Breza, Emily, Supreet Kaur, and Yogita Shamdasani. "The morale effects of pay inequality." *Quarterly Journal of Economics* 133.2 (2018): 611-663.

Dube, Arindrajit, Laura Giuliano, and Jonathan Leonard. "Fairness and frictions: The impact of unequal raises on quit behavior." *American Economic Review* 109.2 (2019): 620-63.

Cullen, Zoë, and Ricardo Perez-Truglia. *How much does your boss make? The effects of salary comparisons*. No. w24841. National Bureau of Economic Research, 2018.

3. Cooperation

Rustagi, D., Engel, S., & Kosfeld, M. (2010). Conditional cooperation and costly monitoring explain success in forest commons management. *Science*, 330(6006), 961-965.

Kosfeld, M., & Rustagi, D. (2015). Leader punishment and cooperation in groups: Experimental field evidence from commons management in Ethiopia. *American Economic Review*, 105(2), 747-83.

Gneezy, U., Leibbrandt, A., & List, J. A. (2016). Ode to the sea: Workplace Organizations and Norms of Cooperation. *The Economic Journal*, 126(595), 1856-1883.

Deversi, M., Kocher, M. G., & Schwieren, C. (2020). Cooperation in a Company: A Large-Scale Experiment. CESifo Working Paper No. 8190.

B. Social preferences across the hierarchy

1. Gift exchange

Gneezy, U., & List, J. A. (2006). Putting behavioral economics to work: Testing for gift exchange in labor markets using field experiments. *Econometrica*, 74(5), 1365-1384.

Kube, S., Maréchal, M. A., & Puppe, C. (2012). The currency of reciprocity: Gift exchange in the workplace. *American Economic Review*, 102(4), 1644-62.

DellaVigna, S., List, J. A., Malmendier, U., & Rao, G. (2016). *Estimating social preferences and gift exchange at work* (No. w22043). National Bureau of Economic Research.

2. Identity and mission

Akerlof, G. A., & Kranton, R. E. (2005). Identity and the Economics of Organizations. *Journal of Economic Perspectives*, 19(1), 9-32.

Tonin, M., & Vlassopoulos, M. (2010). Disentangling the sources of pro-socially motivated effort: A field experiment. *Journal of Public Economics*, 94(11-12), 1086-1092.

Tonin, M., & Vlassopoulos, M. (2015). Corporate philanthropy and productivity: Evidence from an online real effort experiment. *Management Science*, 61(8), 1795-1811.

Imas, A. (2014). Working for the "warm glow": On the benefits and limits of prosocial incentives. *Journal of Public Economics*, 114, 14-18.

Ashraf, N., Bandiera, O., & Jack, B. K. (2014). No margin, no mission? A field experiment on incentives for public service delivery. *Journal of Public Economics*, 120, 1-17.

Carpenter, J., & Gong, E. (2016). Motivating Agents: How much does the mission matter?. *Journal of Labor Economics*, 34(1), 211-236.