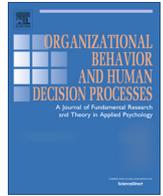




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On the willingness to costly reward cooperation and punish non-cooperation: The moderating role of type of social dilemma



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ABSTRACT

Sanction opportunities are often introduced to promote cooperative choice behavior. Experimental studies have repeatedly demonstrated that the use of both rewards and punishments can indeed effectively increase cooperation. However, research has only recently begun to identify the determinants of the willingness to sanction. We investigate the use of costly sanctions to promote cooperation in the context of social dilemmas. We argue and demonstrate that people's willingness to costly reward and punish is not only determined by the type of sanction (reward versus punishment) but is also moderated by the type of social dilemma people face (public good dilemma versus common resource dilemma). In two experiments, we demonstrate that people reward more and to a greater extent than they punish, especially in a public good dilemma compared to a common resource dilemma.

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Introduction

As a member of groups, organizations, and societies, we frequently encounter situations that require us to cooperate with others. This may involve cooperation with relatives, colleagues, and neighbors, but also with strangers. In many of these situations, we may be confronted with others who do not feel inclined to cooperate. The fact that groups often include members who do not cooperate can be detrimental to the collective. For example, group performance may suffer from group members who expect that others will compensate for their lack of effort (i.e., free-riders), organizations may be less efficient when employees work independently of each other, and the natural environment is jeopardized by the many environmental-unfriendly choices people make. Thus, the welfare of the collective is often influenced by the individual choices people make, either positively (in case of cooperative choice behavior) or negatively (in case of non-cooperative choice behavior).

From a collective point of view, it comes as no surprise that authorities often employ sanctions to promote cooperative choice behavior. Sanctions can either be positive means to increase cooperation (i.e., rewards, such as a bonus, price, or privilege) or negative means to decrease non-cooperation (i.e., punishment, such as a fine, penalty, or restriction). Research from a variety of

disciplines, such as social psychology (e.g., Blau, 1964; Eisenberger, Lynch, Aselage, & Rohdieck, 2004; Gouldner, 1960; Komorita & Barth, 1985; Thibaut & Kelley, 1959; Wit & Wilke, 1990; Yamagishi, 1986, 1988), organizational behavior (Cropanzano & Mitchell, 2005) and economics (e.g., Abbink, Bolton, Sadrieh, & Tang, 2001; Brosig, Weimann, & Yang, 2004; Fehr & Gächter, 2000, 2002; Rand, Dreber, Ellingsen, Fudenberg, & Nowak, 2009), have repeatedly shown that both means can effectively promote cooperation (for an overview, see Balliet, Mulder, & Van Lange, 2011). However, to effectively promote cooperative choice behavior, decision makers in control of rewards and punishments should of course first be willing to provide and impose them. After all, sanction opportunities can only show their effect if they are actually administered.

In this article, we address this important aspect of implementing sanction opportunities by investigating people's willingness to costly reward cooperation and costly punish non-cooperation. Specifically, we focus on two factors that may determine whether people consider sanctioning the appropriate course of action (see March, 1994; Messick, 1999): the type of sanction they can administer and what kind of (non-)cooperative choice behavior they face.

The need for sanctions

To investigate the willingness to sanction, it is first important to understand why it is often necessary for authorities to promote cooperative choice behavior. Although cooperation is socially beneficial, the occurrence of mutual cooperation is not self-evident.

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After all, the collective interest does not necessarily coincide with the personal interest (Hardin, 1968; Olson, 1965; Samuelson, 1954). As a consequence, people often face the dilemma whether to further the collective interest or their personal self-interest. Situations that revolve around such a conflict are often referred to as social dilemmas (for overviews, see Parks, Joireman, & Van Lange, 2013; Van Lange, Joireman, Parks, & Van Dijk, 2013; Weber, Kopelman, & Messick, 2004). Social dilemmas constitute the context in which we investigate the willingness to sanction.

Two important types of social dilemmas are the *public good dilemma* and the *common resource dilemma* (Camerer, 2003; Dawes, 1980). Public good dilemmas model the problem of realizing public goods from which all people may benefit, irrespective of whether or not they individually contributed to their provision. Blood transfusions, public broadcasting and medical care are all real-world examples of public good dilemmas. For an individual it is more profitable not to contribute because contributing is costly, and eventually everybody can make use of public goods. However, if too many people choose not to contribute, public goods cannot be provided and the collective will be worse off than if people would decide to contribute. In common resource dilemmas, by contrast, people have to decide whether or not to restrict harvesting from scarce common resources. For example, energy conservation, overfishing and water scarcity are all problems arising from excessive consumption. While it is in the individual's interest to consume from such common resources, these resources will deplete if people do not constrain their harvesting.

The use of sanctions is usually proposed as a means to promote cooperation (Hardin, 1968; Olson, 1965), and early social dilemma research on the willingness to sanction showed that there are also people willing to incur costs for punishments if they expect or fear that others will defect (Yamagishi, 1986, 1988). In fact, people prefer societies with sanctioning institutions over sanction-free societies (Gürerk, Irlenbusch, & Rockenbach, 2006). Furthermore, the level of cooperation increases when there are people present who are prepared to sanction at their own expense (e.g., Fehr & Fischbacher, 2004; Fehr & Gächter, 2000, 2002; Milinski, Semmann, & Krambeck, 2002; Ostrom, Walker, & Gardner, 1992; Rand et al., 2009; Sefton, Shupp, & Walker, 2007; Walker & Halloran, 2004). Consequently, the willingness to costly reward cooperators and punish non-cooperators is considered to be a prerequisite for cooperation (e.g., Boyd & Richerson, 1992; Fehr & Rockenbach, 2004; Gintis, 2000; Gintis, Bowles, Boyd, & Fehr, 2003; Gintis, Henrich, Bowles, Boyd, & Fehr, 2008). Altogether, the general picture emerging from these earlier studies is that there are indeed people who are willing to provide and impose sanctions to promote cooperation, even if it is costly to do so.

Whereas people may use costly sanctions, very little research focused on the distinction between the willingness to use rewards for cooperation versus punishments for non-cooperation (for an exception, see Sutter, Haigner, & Kocher, 2010; see also Wang, Galinsky, & Murnighan, 2009). Are people equally willing to costly reward cooperation as they are willing to costly punish non-cooperation, or do they have a preference for one over the other? This question needs to be addressed to identify the determinants of people's willingness to administer sanctions in social dilemmas. In the present paper, we propose that people's willingness to use punishments may differ markedly from their willingness to use rewards. More importantly, we argue and show that people's willingness to reward and punish depends on whether they face a public good dilemma or a common resource dilemma.

The willingness to costly reward and punish

The majority of research on costly sanctioning focused on punishment of non-cooperation, thereby neglecting the possibility to

reward cooperation. This is surprising since rewarding cooperation also proved to be an effective means to promote cooperation (Balliet et al., 2011). We argue that people may have a general preference for administering rewards over punishments as a means to promote cooperation. Why do we think this is the case? Research on the *do-no-harm principle* showed that, even if the overall benefit outweighs the harm done, people are reluctant to inflict harm on others (Baron, 1993, 1995; Baron & Jurney, 1993; Baron & Ritov, 1994; Ritov & Baron, 1990; Spranca, Minsk, & Baron, 1991; see also Van Beest, Van Dijk, De Dreu, & Wilke, 2005). The same reasoning may apply to the use of rewards and punishments since both are beneficial in the sense that they can enhance cooperation. However, only the use of punishments – in contrast with the use of rewards – implies that one directly inflicts harm to another person. Based on this reasoning, we thus propose that people may be more reluctant to punish than to reward (cf. Abbink, Irlenbusch, & Renner, 2000; Offerman, 2002).

The do-no-harm principle has never been related to costly sanctioning in social dilemmas. Some earlier studies, however, provide indirect evidence for the above reasoning. For instance a study by Sutter et al. (2010) showed that people are more supportive of sanctioning institutions that administer rewards than sanctioning institutions that administer punishments. Furthermore, research on the use of secondary sanctions demonstrated that people who punished non-cooperators were punished themselves, whereas people who rewarded cooperators were rewarded themselves (Cinyabuguma, Page, & Putterman, 2006; Denant-Boemont, Maslet, & Noussair, 2007; Kiyonari & Barclay, 2008; Milinski et al., 2002; Nikiforakis, 2008; Rand et al., 2009). Such secondary sanctioning suggests that people evaluate punishments negatively and rewards positively. We believe that such differences may also be observed for first-order sanctioning. In fact, we argue that people may be more willing to costly reward cooperative choice behavior than to costly punish non-cooperative choice behavior. More importantly, however, the willingness to sanction may not only be determined by the type of sanction (reward versus punishment) but may also be moderated by the type of social dilemma people face (public good dilemma versus common resource dilemma).

Sanctioning in public good dilemmas versus common resource dilemmas

Both public good dilemmas and common resource dilemmas refer to the same conflict of interests (i.e., self-interest versus collective interest), and can be structured as each other's equivalents in terms of payoffs (Camerer, 2003; Dawes, 1980). When it concerns the willingness to costly sanction, however, we argue that public good dilemmas and common resource dilemmas should certainly not be treated similarly because they differ in the way in which the initial property is distributed (e.g., Camerer, 2003; Dawes, 1980; Van Dijk & Wilke, 1997, 2000). In public good dilemmas, people initially possess property themselves (private property), and decide whether or not they contribute this property to a public good. In common resource dilemmas, the property is initially located in a common resource (collective property), and people decide whether or not they consume from this common resource. As a consequence, the property rights in public good dilemmas are considered private, whereas the property rights in common resource dilemmas are considered collective (Van Dijk & Wilke, 1997; see also Van Dijk, Wilke, & Wit, 2003).

Prior research showed that property rights (e.g., people's perception that money they decide on is their own) may lower people's willingness to allocate parts of their property to others (e.g., Cherry, 2001; Hoffman, McCabe, Shachat, & Smith, 1994; Muehlbacher & Kirchler, 2009; Oxoby & Spraggon, 2008). This

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