Journal of Economic Psychology 64 (2018) 1–17

Contents lists available at ScienceDirect

Journal of Economic Psychology

journal homepage: www.elsevier.com/locate/joep

Performance curiosity ☆

Carlos Alós-Ferrer *, Jaume García-Segarra, Alexander Ritschel

Department of Economics, University of Cologne, Albertus-Magnus-Platz, D-50923 Cologne, Germany

ARTICLE INFO

Article history:
Received 1 February 2017
Received in revised form 11 August 2017
Accepted 21 August 2017
Available online 26 August 2017

JEL Codes:
C91
D03
J16

PsycInfo Codes:
2360
3020

Keywords:
Social preferences
Egalitarian behavior
Expectations
Performance curiosity

ABSTRACT

We show that performance curiosity – the desire to know one's own (relative) performance – can trump inequality aversion. In two experiments (combined $N = 450$), participants chose between an equal allocation and a performance-based one after generating surplus in a real-effort task. In the experimental treatment, choosing an equal allocation came at the cost of not knowing the own performance, which led to a substantial increase of performance-based choices in comparison with the control treatment. The effect seems especially pronounced for women, but the gender effect is due to a difference in expectations regarding performance. Interestingly, the manipulation equalized the proportion of equal allocation choices between males and females compensating for their difference in expectations.

1. Introduction

When different people exert different levels of effort, an egalitarian distribution of jointly-generated proceeds is not necessarily "fair." In this sense, egalitarianism might not always be socially desirable. If agents anticipate the results of their effort, social conventions dictating egalitarian allocations can greatly diminish incentives to exert effort to achieve a high performance.

This simple observation points to a conflict arising from different human motivations. On the one hand, most human beings strive to perform well. Indeed, psychological research has identified *achievement motivation* as a basic (intrinsic) motive (e.g., Brunstein & Heckhausen, 2008; McClelland, Koestner, & Weinberger, 1989). This goes hand-in-glove with the

☆ We thank Anja Achtziger, Gary Charness, Urs Fischbacher, Uri Gneezy, David Laibson, Daniel Navarro-Martínez, the co-editor Stefan Schulz-Hardt, and two anonymous referees for helpful comments. Alexander Ritschel was financed by the Research Unit "Psychoeconomics" (FOR 1882) of the German Research Foundation (DFG). The Department of Economics at the University of Cologne gratefully acknowledges financial support from the DFG to build the Cologne Laboratory for Economic Research.

* Corresponding author.
E-mail addresses: carlos.alos-ferrer@uni-koeln.de (C. Alós-Ferrer), jaume.garcia-segarra@uni-koeln.de (J. García-Segarra), alexander.ritschel@uni-koeln.de (A. Ritschel).

http://dx.doi.org/10.1016/j.joep.2017.08.002
0167-4870/

view that individual effort should be rewarded. On the other hand, research in behavioral economics has identified *inequality aversion*, which implies a preference in favor of egalitarian outcomes even if they result in a reduction of the own payoffs, as an important factor in decisions concerning (re)distribution (Bolton & Ockenfels, 2000; Charness & Rabin, 2002; Fehr & Schmidt, 1999). When confronted with the decision to allocate the proceeds from individual effort, these two motivations result in opposite tendencies, which are at the heart of discussions on many socioeconomic issues, ranging from performance pay within firms to redistribution of income through tax systems.

In this work, we contribute to the investigation into the motivations underlying preferences among distributional allocations. We aim to show that preferences for egalitarian redistribution, as opposed to rewarding individual performance, hang in a fragile balance and can be significantly reduced with subtle interventions. In particular, we focus on a manipulation derived from *performance curiosity*, defined as the desire to know the own performance (especially in relative terms). The rationale is that the motivation to achieve and perform well is linked to self-reputation and self-image concerns, which are themselves closely linked to the notion of *identity* (Bénabou & Tirole, 2011; Mazar, Amir, & Ariely, 2008). Obviously, information on the own performance has a crucial impact on the self-image. We hence postulate that human beings might be willing to give up the benefits of their own effort to appease their inequality aversion, but this willingness only lasts as long as they at least receive the information on how well they have performed. Specifically, if social conventions, on top of imposing an egalitarian redistribution, go to the extreme of eliminating (relative) performance feedback, we postulate that preferences for egalitarian distributions will be greatly reduced.

In this paper, we report on two experiments with an innovative design which pits inequality aversion against curiosity regarding the own performance in a real-effort task. The task is used to generate surplus, and is followed by a distributional allocation decision within a group. The design creates a tradeoff between an egalitarian allocation and receiving information on performance in the real-effort task. We show that this subtle manipulation can shift preferences away from egalitarian allocations.

In our first experiment ($N = 180$) participants generated income by working on a real-effort task and subsequently decided on the allocation of the joint proceedings within a small group. In the control treatment, participants chose between an egalitarian allocation and a performance-based one, leading to the standard observation of inequality aversion. In the experimental ("No Info") treatment, the only change was that opting for the egalitarian distribution came at the cost of not knowing the actual performance and ranking in the real-effort task. The design highlights *relative performance*, because the information, if revealed, includes the performance and rank of all group members, enabling social comparisons. This change had a large effect, with participants choosing the performance-based distribution rather than the egalitarian one. In the second experiment ($N = 270$) we replicated the results of the first experiment and also added a third treatment and additional questionnaires to test for further explanations of the basic effect.

Our tasks were explicitly incentivized. Hence, given the own expected performance, participants could easily compute which of the two allocations would maximize their (expected) monetary rewards. The allocations were designed in such a way that only those expecting to be strictly above average would be better off under the performance-based allocation, with all others being better off under the egalitarian allocation. Hence, we elicited expected performance in the real-effort task and controlled for it by testing the basic hypotheses also within different groups (in terms of expectations) and by including the corresponding variable as a control in our regressions. As was to be expected, a higher expectation led to a higher percentage of performance-based choices, but the basic effect remains clearly significant.

In view of evidence on gender differences and competition (e.g., Gneezy, Niederle, & Rustichini, 2003; Niederle & Vesterlund, 2007), we were also interested in gender effects. For this reason, we were led to a design with perfectly balanced participation across gender and a sample size large enough to examine gender differences. Specific hypotheses regarding those can also be derived from research on inequality aversion. Some studies in this field have found gender differences, as reflected, e.g., in the proportion of egalitarian allocations in Dictator and Ultimatum games (see, e.g., Fehr, Naef, & Schmidt, 2006). However, the evidence is mixed. Croson and Gneezy (2009) argue that there is no difference in social preferences, and that the observed effects arise due to gender differences in the sensitivity to cues in experimental contexts. The latter hypothesis is motivated by research in psychology establishing that women are more sensitive to social cues and feedback than men (Gilligan, 1982; Roberts & Nolen-Hoeksema, 1989). Since our manipulation involves the provision of feedback, it is natural to expect that the basic effect should be especially pronounced for women, compared to men. Indeed, the treatment effect in our experiments was clearly stronger among women, with behavior in the control treatment exhibiting clear gender differences which vanished in the No Info treatment. Controlling for expected performance allows to uncover the roots of this gender effect: women had a lower expected performance than men, leading to a lower percentage of performance-based choices in the control treatment (due to extrinsic, monetary rewards) which was overcome in the experimental treatment.

We conclude that performance curiosity, i.e. wanting to know one's own (relative) performance, can counteract inequality aversion as a motivation and tilt decisions away from egalitarian distributions and toward performance-based ones. Additionally, creating a tradeoff between information and egalitarian allocations substantially reduces gender differences in behavior, with women becoming more willing to accept performance-based allocations. This is a potentially important insight for incentive design and the reduction of gender differences.

The paper is organized as follows. Section 2 discusses some related literature strands and helps place our experiments in a broader context. Section 3 describes the design of Experiment 1 and presents the analysis of the data. Section 4 does the same for Experiment 2. Section 5 discusses the results. Appendix A analyzes some closely related constructs which were