

## An Eye for an Eye – The Study of Negative Reciprocity. Evidence from a Game Show

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### Abstract

The proposed research is an attempt to analyze the tendency to take a revenge revealed by the participants in the television program "Ten to One" and its relation with gender, education and demographic variables of a player. Choices made by participants consist on indication of a participant who will answer the next question. Since this reduces the ones probability of winning the episode, the feedback can be considered as a negative reciprocity or simply: revenge. 1. Literature review Bowles et al. (1997) proposed the concept of Homo Reciprocans, which defines an individual that rewards the positive behavior of community members and sanctions those undesirable. Some researches (Dohmen et al. 2006) raise the question whether reciprocity behavior can increase the probability of success. This can be the case, for example, when the employer prefers this type of behavior (Akerlof 1982, Bewley 1999). Unfortunately, on a basis of data from the labor market, it is impossible to investigate whether there are characteristics (such as gender, education or origin) that increase the likelihood of desirable behaviors. To overcome this limitation, one can use methods from the field of experimental economics (e.g. laboratory experiment). Attitudes towards positive and negative reciprocity have been verified with the usage of pure experimental methods, like games on public goods (Fehr and Gächter 2000, Carpenter and Seki 2005). Positive and negative reciprocity were also verified in games that simulated employers and workers relationships where the employer could reward the employee for the desired level of effort, or punish him if he was declaring lower effort than desired (Fehr et al. 1997, Gächter and Falk 1998). In experiment modified by Pereira et al. (2006), after observing a pay-for-effort pay, the employee could once again decide on his or her level of effort, followed by a re-decision about the pay etc. In response to high wages, employees declared a level of effort close to theoretical equilibrium of the game, showing little willingness to reciprocate the positive behavior of employers. Employers, on the other hand, have gradually lowered wages, especially when they did not observe negative reciprocity for some time from the part of the employee. However, over time, the efforts of the employees declined, resulting in negative reciprocity, so that the payouts achieved by the participants never met theoretical predictions of the outcome of the game.