

ORGANIZATIONAL BEHAVIOR AND HUMAN RESOURCE MANAGEMENT

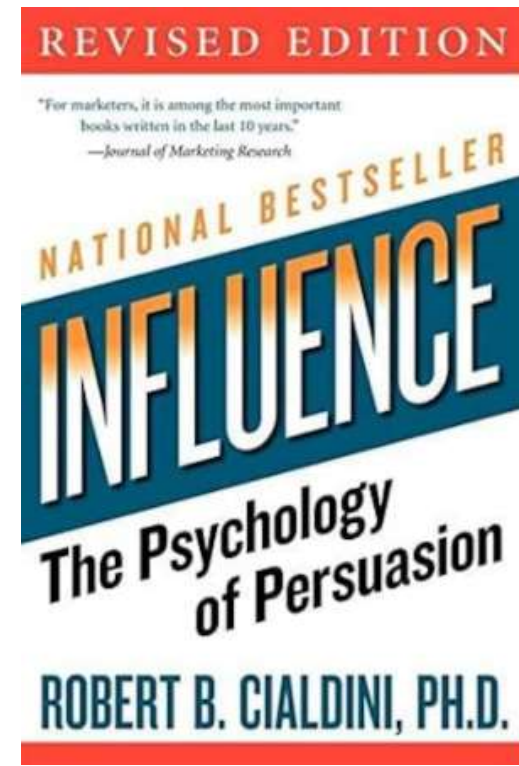
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Lesson 16

Reciprocity

A few fundamental persuasion processes (Cialdini)

- LIKING
- UNITY
- CONSISTENCY
- SCARCITY
- SOCIAL PROOF (or VALIDATION)
- AUTHORITY
- RECIPROCITY



- they are relevant not just as persuasion principles (eg. as selling or negotiating techniques) but also (and mostly) as useful concepts to better understand social influence and human behavior, including organizational behavior
- as we will see, often they can be relevant at the same time in the same situation (they can strengthen each other)
- we will describe each of these, and then we'll see why they are relevant to organizational behavior and HRM

RECIPROCITY

*WE ARE MORE EASILY INFLUENCED OR PERSUADED BY
THE REQUESTS OF THOSE WHO PREVIOUSLY HELPED
US OR GAVE US A FAVOR OR CONCESSION*

RECIPROCITY: definition and roots



- *WE ARE MORE EASILY INFLUENCED OR PERSUADED BY THE REQUESTS OF THOSE WHO PREVIOUSLY HELPED US OR GAVE US A FAVOR OR CONCESSION*
- it is DEEPLY rooted in human evolution and culture
- In virtually every human society, the expectation of returning favors is a **foundational social rule**. Anthropologist Gouldner described reciprocity as a "universal moral code" essential for the functioning of societies
- Reciprocity likely evolved because it enhanced survival (both individually and collectively)

RECIPROCITY: evolutionary roots



- INDIVIDUAL LEVEL RECIPROCITY

- Individuals who helped others selectively (e.g., helped those who had previously helped them) were more likely to get help when needed.
- Over many interactions, **cooperating individuals had higher survival chances than purely selfish ones** — provided there were repeated interactions and a memory of past behavior
 - Example: If I share food with you today, I may expect that you'll share food with me in the future when I will need it most

- GROUP LEVEL RECIPROCITY

- Groups (tribes, populations) composed of cooperative individuals could outcompete groups composed of selfish individuals, **especially under harsh conditions** where group solidarity was crucial for survival
- Even if helping others meant incurring in a small individual cost, it could boost the group's survival odds
 - Example: more cohesive and mutualistic tribes were better at defense, hunting, sharing knowledge, and thus more likely to survive and expand
- NOTICE: both **DIRECT cooperation** between specific individuals or **INDIRECT reciprocity** (based on **reputation of being cooperative**) are relevant

- Marketing and Sales:

- Free samples: Companies often give free samples because receiving something "for free" increases the likelihood that consumers will feel compelled to buy something.

- Gifts: charities might send small gifts along with donation requests

- Disabled American Veteran Association doubled their received donations when they attached to the request letter a small gift
 - even small or purely symbolic gifts: in some cases, the answering % more than doubled when the request was accompanied by a hand-written post-it

- The «door in the face» technique

- the «seller» starts with a very high request, which is refused, then the request is lowered: a «favor» is faked in order to stimulate the obligation to reciprocate
 - many examples in fund raising, blood donation and other contexts
 - REQ. 1: Would you please serve as unpaid counselor for juvenile delinquents 2 hours a week for the next 2 years?
 - Nobody accepts
 - REQ. 2: Instead, would you take juvenile delinquents for a 2-hour trip to the zoo?
 - 50% agreed
 - only 17% agreed without the first request

The prisoners' dilemma

		PLAYER BLUE	
		C	D
PLAYER RED	C	3; 3	0; 5
	D	5; 0	1; 1

What would be your move?

The prisoners' dilemma: the meaning of the «moves»

		PLAYER BLUE	
		Cooperation	Defection
PLAYER RED	Cooperation	3; 3	0; 5
	Defection	5; 0	1; 1

TO SUMMARIZE

- In the prisoner's dilemma:
- **EVERY ACTOR HAS AN INDIVIDUAL INCENTIVE (REASON) TO DEFECT**
 - to try to maximize individual outcome (by «taking advantage» of cooperators)
 - to avoid being taken advantage by other defectors
 - defecting is the **individually rational move**
- **IF ALL ACTORS ARE RATIONAL AND FOLLOW INDIVIDUAL INCENTIVES, THE COLLECTIVE OUTCOME IS THE WORST POSSIBLE ONE**
 - absence of cooperation does not take advantage of potential synergies between individual abilities
- **HOWEVER, THE BEST POSSIBLE COLLECTIVE OUTCOME WOULD BE COOPERATION BY ALL PARTIES**
 - full cooperation allows to outcomes that take advantage of potential **synergies** and **complementarities** between individual efforts
 - however, cooperating implies the **individual risk** of being taken advantage by defectors, leading to the worst possible individual outcome

OK, SO WHAT?

WHAT HAPPENS IF THIS INTERACTION IS REPEATED OVER TIME?

WHAT HAPPENS IF WE INTRODUCE MORE ACTORS?

WHAT HAPPENS IF WE INTRODUCE MORE OUTCOMES?

WHAT HAPPENS IF THE PLAYERS ARE NOT FULLY RATIONAL?

AND, MOSTLY

WHY IS THIS «GAME» RELEVANT IN THE REAL WORLD?

ESPECIALLY, FOR OUR OWN PURPOSES, IN ORGANIZATIONS?

AND, WHAT RECIPROCITY HAS TO DO WITH IT?

Iterated PD with many actors, many options

time 0 (starting point)

PLAYER	CAP t0	EFFORT	PRIZE	CAP t1	TOT	TOT / 5
A	50	10	6	56	80	16
B	50	0	16	66		
C	50	7	9	59		
D	50	20	-4	46		
E	50	3	13	63		

time 1 (first iteration)

PLAYER	CAP t1	EFFORT	PRIZE	CAP t2	TOT	TOT / 5
A	56	5	-1	55	20	4
B	66	0	4	70		
C	59	4	0	59		
D	46	0	4	50		
E	63	1	3	66		

time 2 (second iteration)

PLAYER	CAP t2	EFFORT	PRIZE	CAP t3	TOT	TOT / 5
A	55	0	0	55	0	0
B	70	0	0	70		
C	59	0	0	59		
D	50	0	0	50		
E	66	0	0	66		

LET'S SEE SOME EXAMPLES

- IN NATURE
- IN GEOPOLITICS
- IN SOCIETY
- IN OUR PERSONAL LIFE
- IN WORK AND ORGANIZATIONS

THERE IS LITERALLY AN ENDLESS NUMBER OF SITUATIONS THAT EXEMPLIFY HOW THE PRISONER'S DILEMMA CAN BE CONSIDERED A SORT OF FUNDAMENTAL ARCHITECTURE OF ALL SOCIAL INTERACTIONS

RECIPROCITY: a wide variety of examples: NATURE (1)



- Bats often fail to find enough food during a night, and missing two consecutive meals can be fatal.
- In some species, individual bats that found food, at the end of the hunt regurgitate part of it to feed bats who failed — even when they are not direct kin (not close relatives)
- these acts of sharing are selective: bats are much more likely to help those **who previously shared with them**.
 - they remember who has helped them before (individual recognition)
 - they punish bats who consistently fail to reciprocate by stopping to help them.
- Food sharing is **individually costly in the short term**, but losing a small amount of food today is better than dying later. **Reciprocity increases survival chances for all involved**, especially in a small stable group

RECIPROCITY: a wide variety of examples: NATURE (2)



- Cleaner fish eat parasites off larger fish ("clients")
- Sometimes, cleaners prefer to cheat by biting the client's protective mucus (which is more nutritious)
- If cleaners cheat, clients punish them by swimming away or chasing them.
- Clients prefer to visit cleaners who have good reputations (i.e., have been observed behaving well with others)
- Cleaners behave better when many potential clients are watching — a form of reputation management
- Being a cooperative cleaner ensures more clients and more long-term food
- Cheating might bring a small immediate gain, but cooperation maximizes lifetime rewards
- See Martin Nowak's book "SUPERCOOPERATORS" for many more (and slightly different) examples



IN GEOPOLITICS: the arm's race between US and USSR



- The Cold War nuclear arms race between the United States and the Soviet Union
- Both sides would have been better off if they limited or reduced nuclear weapons (**cooperate**).
- But each side feared that if they disarmed (**cooperate**) and the other didn't (**defect**), they would be vulnerable.
- **So both defected**: kept building ever more destructive arsenals, at enormous cost and risk.
- PD structure: **Mutual cooperation (arms control) = safer and cheaper**;
mutual defection (arms race) = dangerous and expensive.

IN GEOPOLITICS: the climate change problem



- The difficult negotiations to contrast climate change
- All countries benefit if everyone reduces emissions (**cooperate**).
- But reducing emissions carries economic costs in the short term.
- Each country is tempted to free ride (**defect**): benefit from others' cuts while avoiding their own costs.
- if all defect, global warming worsens, hurting everyone.
- PD structure: **Cooperation = shared environmental benefit**; **Defection = collective disaster**.

IN SOCIETY

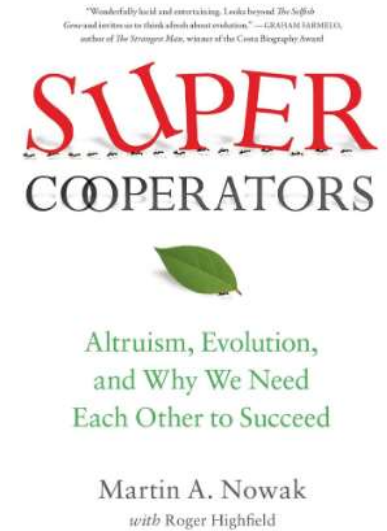
- Taxation: could you describe the problem of tax evasion in terms of the prisoner's dilemma?
- In sports: could you describe the problem of cheating in sports in terms of the prisoner's dilemma?
- Can you think of other examples?



IN MANAGEMENT and in the ECONOMY

- In a group or a team (or in the whole company ..)
 - every member knows that a high level of individual effort generates a good outcome for both the group (organization) and for each individual (Coop-Coop)
 - however, each member is interested in decreasing effort and gain the outcome generated by the effort of others (Def-Coop)
 - if all members reduce their efforts to the minimum level necessary (in order not to be busted and sanctioned), the overall outcome of the team / company becomes very poor (Def-Def)
- in Knowledge Management
 - The collective interest to knowledge sharing (Coop-Coop)
 - The individual interest in retaining valuable knowledge and accessing others' knowledge (Def-Coop)
 - The organizational failure if knowledge is not widely shared (Def-Def)

IN GENERAL



- Examples are literally anywhere there is some form of social interaction
- Martin Nowak in his famous book "Supercooperators" show that **any social species**, including humans, faces some version of the PD and, in order to develop as a social species, they have to find some way to overcome it
- What is the **FUNDAMENTAL PROBLEM** that the PD highlights?
- Whenever you have some form of social interaction, there is an inherent contradiction / conflict between:
- **INDIVIDUAL, SHORT TERM** interest
- **COLLECTIVE, LONG TERM** interest

this is the fundamental problem to solve in order to
build a successful «society»

THE «SOLUTIONS» TO THE PRISONER'S DILEMMA

WHY DO WE COOPERATE AT ALL?

HOW CAN WE INCREASE COOPERATION AND DECREASE DEFECTION?

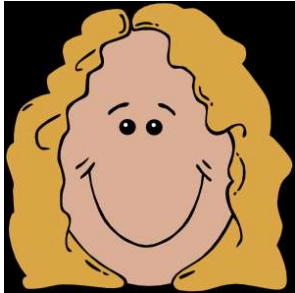
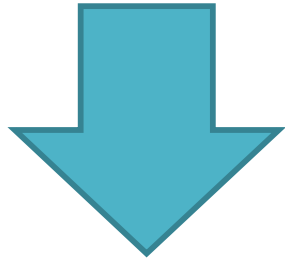
WHY IS THIS RELEVANT FOR ORGANIZATIONAL BEHAVIOR, HUMAN
RESOURCE MANAGEMENT AND GROUP DYNAMICS?

why do we cooperate? an overview

- SPONTANEOUS COOPERATION
- SOCIAL NORMS
- FORMAL AGREEMENTS and ORGANIZATIONS
- these are not mutually exclusive, obviously
- in fact, they overlap and strengthen each other in several ways

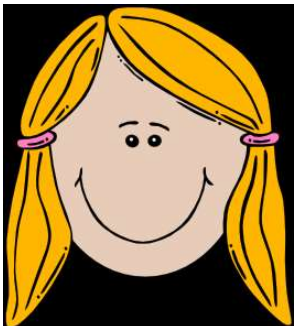
The Ultimatum Game

100 EURO



PROPOSER

HOW MUCH WOULD YOU PROPOSE ?



RESPONDER

**WHAT IS THE VERY MINIMUM THAT
YOU WOULD ACCEPT?**

Ultimatum game: average results and interpretations

- many experimental studies have shown that:
 - Proposers typically offer between 30–50% of the total sum
 - Responders often reject offers below 20–25%
 - notice: in experiments where the total sum of rewards was high or very high, results do not change significantly
- How can we explain these behaviors?
 1. Inequity aversion
 - we tend to dislike outcomes that are too unequal, whether they are at a disadvantage (because of a sense of envy) or advantage (a sense of guilt or discomfort)
 2. Preference for fairness (even at a cost)
 - We tend to conform to a perceived norm of fairness, which may also include need (not just equity or equality) depending on context
 - This is norm-based, not just outcome-based: people may be ok with unequal outcomes if they result from effort, merit or need
 - it partially depends on culture
 3. Punishment of unfair behavior
 - This is intent-based: it targets unfair intentions or actions, even more than unequal outcomes

Contextual factors

- CULTURE

- a number of cultural dimension affect, to some extent, our spontaneous orientation to cooperation

- E.g. individualistic vs collectivistic, power distance, tightness vs looseness

- FRAMING

- example:

- Gain frame: *"I'm offering you €2 out of €10"*
- Loss frame: *"I'm keeping €8 of our €10"*
- Which one do you think is more likely to be rejected by the responder?

- other examples:

- the offer is framed as being "EARNED", rather than just attributed for no reason or by luck
- proposers are asked first what they would consider fair from a responder point of view
- framing the offer as "selfish" (or not), or as a "gift" or a "favor"

Power dynamics and variations

1. what if the responder has no ability to refuse the offer?

- This version is called «**DICTATOR GAME**»
- how much would you offer, in this case?
- avg offer: 10-30% (compared to 30-50% in the ultimatum game)
- once again, various factors affect the results
- interesting because there are **NO TANGIBLE «SELFISH»** reasons to offer anything at all

2. Perceived power (on both sides) can affect the outcomes

- Powerful actors may feel more entitled to larger shares
- Powerful actors may feel obliged to be generous to preserve legitimacy (especially when they are highly visible to others)
- Powerless actors may accept unfair offers out of necessity

3. Power dynamics may interact with fairness perceptions

- In high power contexts, generous offers may signal (and may be interpreted as) benevolence, reinforcing legitimacy of power itself
- In low power contexts, even small injustices may generate resentment or resistance

WHAT DO WE LEARN?

- SPONTANEOUS COOPERATION is an important reason why we tend to cooperate (much) more than what purely «individualistic», «short-term oriented» rational actors would do
- most likely it EVOLVED as a foundational feature of any SOCIAL species
 - without a significant tendency to cooperate and reciprocate, it is probably impossible to develop some form of social structure
- KEY MECHANISMS:
 - **Direct reciprocity**: “I help you because you helped me”
 - **Indirect reciprocity**: “I help you because you have a reputation of being a helper”
 - **Strong reciprocity**: “I help and punish, even at a cost to myself, to uphold group norms”
 - we want to cooperate, but we also want **fairness**!!
 - **Group selection**: groups with more cooperators outcompete less cooperative groups

AXELROD's TOURNAMENT



- FIRST TOURNAMENT:
 - TIT for TAT is the winner (Anatoli Rapoport)
- SECOND TOURNAMENT: (63 participants from 6 countries):
 - TIT for TAT is, again, the winner (Anatoli Rapoport)
 - EXAMPLES OF STRATEGIES

TIT FOR TAT	C	C	D	C	C	C	D	D	C	C
RANDOM	C	D	C	C	C	D	D	C	C	C
TIT FOR 2 TATS	C	C	C	C	C	C	C	D	C	C
RANDOM	C	D	C	C	C	D	D	C	C	C
FRIEDMANN	C	C	C	D	D	D	D	D	D	D
RANDOM	C	C	D	C	C	D	D	C	C	C

AXELROD's TOURNAMENT



- The characteristics of the TIT for TAT strategy (and all other similar successful strategies)

1. GOOD

- The first move is cooperative

2. PUNISHING

- Defection is “punished” with defection: defection must not be encouraged or rewarded

3. FORGIVING

- A certain degree of "patience" avoids spirals of defections, and encourages cooperation

4. CLEAR / TRANSPARENT

- If the strategy is not comprehensible to others, and therefore there is not enough expectation of cooperation, there is a risk of leading to defection

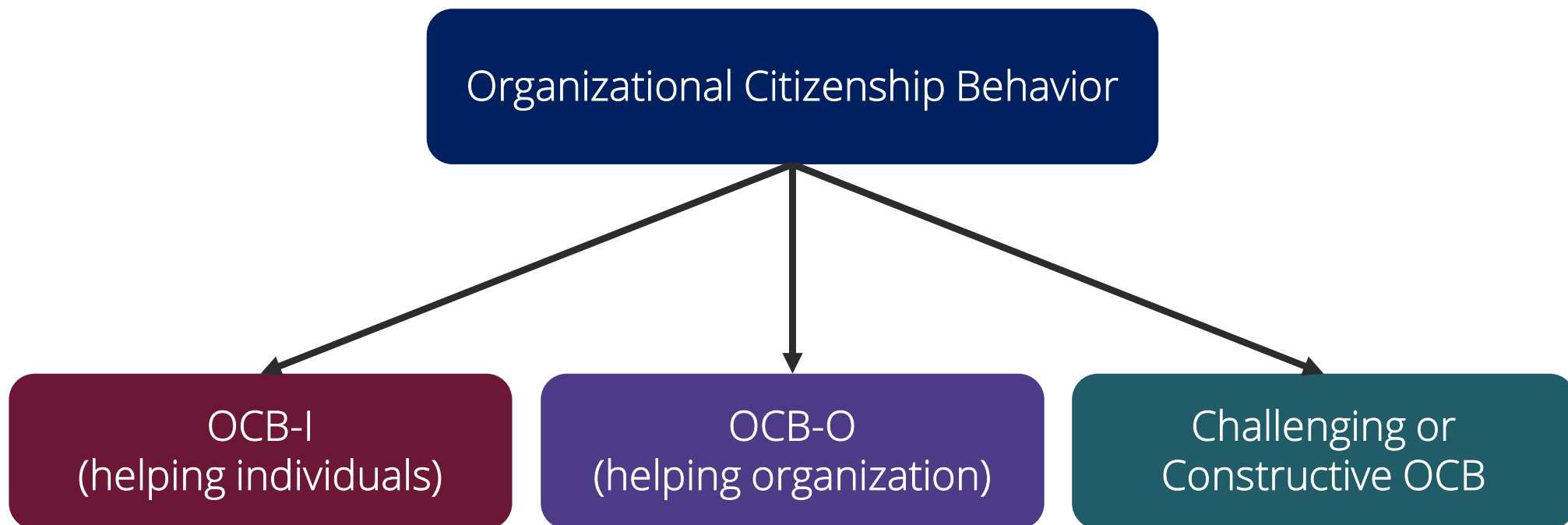
THIS STRATEGY IS VERY, VERY SIMILAR TO THE “SPONTANEOUS” ATTITUDE OF MOST PEOPLE, IN MOST SITUATIONS!

TYPES OF PRO-SOCIAL BEHAVIOR in ORGANIZATIONS

WHAT IS PRO-SOCIAL BEHAVIOR?

- Prosocial behavior includes both **episodic acts** (helping someone with a task) and **sustained orientations** (such as caregiving or volunteerism).
- motivations range from **pure altruism** to **strategic reciprocity** and even **moral duty**

in the WORKPLACE and in ORGANIZATIONS



ORGANIZATIONAL CITIZENSHIP

ORGANIZATIONAL CITIZENSHIP BEHAVIOR: discretionary behaviors that are not part of the formal job description but enhance organizational functioning

- **OCB-I (toward individuals):**

- Task Helping: assisting colleagues with tasks or problems (sharing knowledge, providing feedback, material helping with activities etc)
- Courtesy: proactively informing others to prevent work-related issues
- Mentoring: supporting new employees' learning and socialization
- Emotional support: comforting distressed coworkers
- Conflict mediation: helping to resolve disagreements between others
- Recognition: publicly or privately appreciating others' work or contributions

- **OCB-O (toward the organization):**

- Loyalty: defending the organization, speaking positively about it
- Civic virtue: attending non-mandatory meetings, staying informed
- Compliance: adhering to informal organizational rules and norms

- **Challenging or Constructive OCB**

- Voice: Speaking up about problems or suggesting improvements.
- Whistleblowing: Reporting unethical or harmful practices.
- Constructive criticism: Offering feedback for developmental purposes.

INTERVENING FACTORS

- What factors strengthen (or weaken) our spontaneous propensity to behave pro-socially / cooperatively?
 - Some personality traits or predispositions
 - Empathy, agreeableness, strong moral identity, social value orientation
 - Contextual factors
 - Time pressure / cognitive load (decrease pro-social behavior)
 - Visibility (vs anonymity)
 - Group membership (vs out-groups)
 - Pro-social norms (especially if salient)
 - Organizational culture
- What can organizations and leaders do in order to increase cooperation, reciprocity and OCB behaviors?
 - We will talk about this later in the final part of our course