

February 15, 2019

Dear Members of the Committee on Faculty Compensation and Development,

I am writing to request a Jean Picker Fellowship to be used to fund payments to experimental subjects for a project during AY 2019-20. During that year I plan to conduct important new work that is part of my research agenda on how social preferences and personal psychological dispositions operate in the workplace. The work will contribute to a growing literature in behavioral and personnel economics.

With respect to the budget, I am asking for assistance in paying experimental subjects and paying for lab time for a project with two of my established co-authors Gabriel Burdìn and Fabio Landini.

Let me also include note about the status of my start-up grant. Though I have funds that are *currently* in the grant, the majority of those funds are promised to a project with Jonathan Lafky and Alistair Wilson (described in the appendix) for which we have already run experiments at the University of Pittsburgh, but for which U. Pittsburgh has yet to invoice Smith College. Some portion of the funds is also being used to pay my research assistant Morgan Barney '19 for the remainder of this semester.

## Project Description: Do voice and trust in the workplace create democratic spillovers?

Gabriel Burdìn, Fabio Landini and I recently published a paper in the *Journal of Economics and Behavioral Organization* where we investigated reciprocity, autonomy and control in the workplace (Burdìn, Halliday, and Landini, 2018). We found that reciprocity and trust play a significant role in worker effort choices in the workplace and that this effect can be more relevant than a worker's preference for autonomy or preference not to be controlled by others.

Burdìn, Landini and I are currently developing a new experimental design where we want to investigate extensions to our previous work. For example, what is the role of a preference for trust and reciprocity in the workplace when workers are later asked to cooperate on a team project, the benefits of which accrue to the group rather than the individual? How might employee “voice”—the ability to express preferences and participate in decision-making—affect choices outside of that workplace or on projects unrelated to the initial expression of employee voice? Does *trusting* workers with the ability to participate in decisions or to exercise autonomy affect their willingness to participate in other economically and politically relevant contexts?

For example, Budd, Lamare and Timming (2017) use survey data of a sample of European workers to find that workers with greater expression of voice in the workplace are more likely to participate in civil society more broadly, what is called a “democratic spillover.” But, identifying causality in such survey data is challenging econometrically and thus there is a gap in the literature to try to find causal mechanisms that might link decision-making and voice in one setting with

participation in other settings. The lab offers one opportunity to identify cleanly what such mechanisms might be.

My co-authors and I are thus developing an experiment to address this gap. The experiment involves a two-by-two factorial design where we will have four experimental treatments (treatments 1 through 4 indexed as T1–T4). The initial design of the experiment involves subjects participating in a set of choices similar to those in our previous paper as a first-stage choice. These choices will be later used as an instrument for a subject's preferences in a second-stage experiment where subjects contribute to a common team project. We would then be able to use a subject's history to predict choices in the second stage by asking, for example, whether a subject who was permitted greater autonomy and voice in their choices in the first stage chooses to contribute more to the team project in the second stage.

In the current design, we plan to have triples (T1 and T2) and quadruples (T3 and T4) of experimental subjects where the level of observation is the group. That is, one observation for a triple/quadruple; though we will also assess individual behavior in specific roles as part of analysis. Initial statistical power calculations suggest we will need a minimum of 24 observations per treatment (where an observation is a group). The anticipated budget for the project that we have provided below is based on these calculations.

## Budget

The budget is broken down into two main components:

- Payments to subjects
- Hiring Lab time at the UMass, Amherst Cleve E. Willis Experimental Economics Laboratory

### Payments to subjects

- **In treatments 1 and 2:** 24 groups x 3 subjects x 2 treatments for two of the treatments, for 144 subjects in T1 and T2.
- **In treatments 3 and 4:** 24 groups x 4 subject x 2 treatments = 192 subjects in T3 and T4.
- **Duration and payment:** We currently anticipate that the experiment will last approximately 90 minutes, for which the average payment will be approximately \$25.
- **Sub-total:** 336 Subjects x \$25 = \$8400 total payments to subjects.

### Lab time

- I will need three to four sessions per treatment to facilitate a given treatment. For fourteen 90-minute sessions with breaks in between for set-up, I will need at least 28 hours in the lab. UMass charges \$50/hour in the lab. The minimum will therefore be approximately **\$1400** for lab time.

**Total budget: subjects + lab time = \$9800.**

### Additional budget notes

Because of the international nature of the collaboration, it is not clear how easy it would be for my co-authors to transfer funds to me to Smith College to pay either UMass Amherst's Lab to hire the lab time or to pay the experimental subjects (Burdin is at Leeds University, UK and Landini is at the University of Parma, Italy). I am therefore requesting the full amount of funds necessary to cover the project's payments to subjects and lab time.

Do note, however, that both of my co-authors are applying for funds and trying to work out how to transfer funds internationally for me to receive funding from them for the project, especially if we choose to run additional treatments. In addition, both will be receiving support, for example, for research assistance and access to other data for verifying some of the parameters of our project from their own institutions. I also have another new project under development with Dr. Burdin for which he is receiving support from Leeds University, but for which I have not requested support from Smith College.

### Summary

I hope to use the funds to continue to pursue high-quality work in experimental economics as part of my current research agenda on social preferences and behavioral economics in the workplace. Thank you for your time and consideration.

Sincerely,

Simon Halliday  
Assistant Professor of Economics  
Smith College

## Appendix: Related work in Behavioral Economics and Dishonesty

I have ongoing work investigating social preferences and dishonesty in economic contexts. Jonathan Lafky and I have a paper recently submitted to the *Southern Economic Journal* looking at ratings systems and whether bribery can result in dishonest ratings. Lafky, Alistair Wilson and I have a second paper (currently being written) looking at the extent to which people are more likely to choose to behave dishonestly in competitive environments and to behave more dishonestly in those environments versus environments where competition is prohibited.

These two papers relate, too, to my current work with Oumayma Koulouh '19 on her honors project where we are investigating task choice (luck vs. real-effort tasks) and the choice to behave honestly or dishonestly conditional on task type (see Kajackaite, 2018). We are interested in whether real-effort tasks may have luck embedded in them, for example, a student who believes she is “bad at math” but is assigned a math task, may view it as her bad luck that she has to solve math problems rather than spelling/grammar problems (our other real-effort task). I hope to extend this work after Oumayma graduates with other students interested in deception and behavioral economics. I believe that the joint work would subsequently be suitable for publication. Oumayma also hopes to apply to graduate school, so this will be a valuable opportunity for her.

## References

Budd, John W, Ryan Lamare and Andrew Timming, 2017, "Learning about Democracy at Work: Cross-National Evidence on Individual Employee Voice Influencing Political Participation in Civil Society," *Industrial and Labor Relations Review*, 71(2).

Burdin, Gabriel, Halliday, Simon and Landini, Fabio, 2018, "The hidden benefits of abstaining from control," *Journal of Economic Behavior and Organization*, 147: 1-12.

Halliday, Simon and Jonathan Lakfy, "Reciprocity via Ratings," working paper, under submission.

Halliday, Simon, Jonathan Lakfy, and Alistair Wilson, 2019, "Honesty at the Margin and in the limit," working paper.

Kajackaite, Agne, 2018, "Lying about luck versus lying about performance," *Journal of Economic Behavior and Organization*, 153: 194-199.