

Facing Your Opponents: Social Identification and Information Feedback in Contests

Shakun Datta Mago^a, Anya C. Savikhin^b and Roman M. Sheremeta^c

^a Department of Economics, Robins School of Business, University of Richmond,
1 Gateway Road, Richmond, VA 23173, USA

^b Becker Friedman Institute for Economic Research, The University of Chicago
5807 South Woodlawn Avenue, Chicago, IL 60637, U.S.A.

^cArgyros School of Business and Economics, Chapman University,
One University Drive, Orange, CA 92866, U.S.A.

September 11, 2011

Abstract

We experimentally investigate the effect of social recognition and information feedback in a rent-seeking contest, systematically varying the level of identification of subjects and the amount of information available about group members' bids. We find significant over-dissipation in all treatments. Identifying subjects through photo display decreases over-dissipation. However, providing information feedback does not change individual behavior. We also find that subjects exhibit non-monetary utility of winning, which is not significantly influenced by social recognition or by information feedback in this setting. We propose that identification decreases social distance, while providing information feedback increases the likelihood of social norm formation and decreases variability in bidding behavior over time.

JEL Classifications: C72, C91, D72

Keywords: rent-seeking, contest, information, recognition, over-dissipation

Corresponding author: Anya Savikhin, savikhin@uchicago.edu

* We thank University of Richmond for generous funding of this project and Kory Garner for help in conducting experiments. We also thank James Andreoni, Cary Deck, Brian Roberson, Erik Kimbrough, Tim Shields, Subhasish Chowdhury, Kai Konrad, Joan Esteban, participants at the Western Economics Association International Conference, participants at the International Economic Science Association meetings and participants at the Alliances and Alliance Formation in Conflict Workshop for helpful discussions and comments. Any remaining errors are ours.

Anya C. Samak 9/11/11 12:14 PM

Comment: Shakun did you present this at the ESAs??