Chapter V

Summary

One of the most surprising results was the highly significant positive correlation of perceived fairness and envy when the 80/20 offer is the fairest possible choice. This is in accordance with the anomalous high acceptance rates for low offers we have observed in the real game. It seems that envy or unfairness aversion gives rise to a primary impetus to reject an unfair offer and that this first move is given a second thought. Other studies also suggest a complex interaction between stated fairness and observed behavior [Handgraaf et al. 2004].

Our effect could possibly be attributed to the influence of the Asian culture and the circumstance that the experiment was not anonymous. Although in both Christian and Buddhist societies envy is highly depreciated, the Asian people are more trained in suppressing negative emotions in order to keep face. Moreover, giving the other person a greater share is regarded a good work (than boon) in Thai culture which reduces Karma.

A similar influence of anonymity and social distance on the offering side of the ultimatum game has - in contrast to the dictator game - not been found in other studies [Charness and Gneezy 2008]. In the complete absence of any human agent, when the problem is presented non-verbally by an abstract decision theory, a likewise far reaching rationalization effect on the responder's preferences has been found [Stahl and Haruvy 2008]. In contrast to information on the agent, missing information
on the stake and share leads to lower offers and demands, thus increased rationality [Croson 1996].

There are connections between fairness consideration and reference-dependency in decisions under risk. Both can be modeled by the same class of preferences. There are also differences. Our findings confirm the established dependency of reciprocating behavior on the presence of alternatives available to the proposer, which have not been chosen. A similar dependency on bygone alternatives in decisions under risk - a violation of separability - could not be confirmed in a recent study [Cubit et al. 2010].

Almost none of the questions on values, risk-taking attitudes and motives show significant correlation to any of the variables related to the ultimatum game. The only exception was “Before I gamble I set a maximum loss after which I stop,” which showed significant correlations with both stated and revealed acceptance levels. This and the observed discrepancy points to the conclusion that reciprocation is a fragile phenomenon which could be overridden in several contexts. As a consequence, the proposed dependency on intentions, although clearly reproducible with stated preferences, is less stable than the theory of reciprocity might suggest. Together with the finding from probit regression analysis we find ourselves in a position to re-establish fairness as the primary explanatory variable for the acceptance rate in real-money ultimatum games.

Hypothesis Test:

1. Stated preferences follow the acceptance probabilities from Psychological Game Theory, as predicted by Falk and Fischbacher.
2. The behavior in the game with real money will deviate from the stated preferences.

3. There isn’t one or many major factor (a single parameter) that will definitely change the outcome of the game or remodel the behavior of players; however fairness should be viewed as the most important value for changing the direction of the game.

4. Offers are definitely not rejected just because they are too small.

Interpretation:

1. The other person's higher outcome is stated as motive for rejection even for cases consequentialism is violated.

2. Perceived fairness is the main motive in the real game decisions.

3. Responders do not always reciprocate, even if they feel (severely) cheated.

4. Negative reciprocation is higher for slightly unequal offers.