LETTING DOWN THE TEAM? SOCIAL EFFECTS OF TEAM INCENTIVES

Kelly Bedard  
University of California, Santa Barbara

Gary Charness  
University of California, Santa Barbara

John Hartman  
University of California, Santa Barbara

Heather Royer  
University of California, Santa Barbara and NBER

Abstract
This paper estimates social effects of incentivizing people in teams. In three field experiments featuring exogenous team formation and opportunities for repeated social interactions, we find large team effects that operate through social channels. In particular, assignment to a team treatment increases productivity by 9 to 17 percent relative to an individual incentive treatment, even though the individual incentive yields a higher private return. Further, we find that in a choice treatment individuals overwhelmingly prefer the individual incentive to the team incentive, despite the latter being more effective. These results are most consistent with the team effects operating through guilt or social pressure as opposed to pure altruism. (JEL: B49, C93, J01, J33)

The editor in charge of this paper was Stefano DellaVigna.

Acknowledgments: We would like to thank Ted Bergstrom, Tom Chang, Uri Gneezy, Michael Kuhn, Peter Kuhn, Justin Sydnor, and participants at the Southwest Economic Theory Conference 2011, Southern California Conference in Applied Microeconomics 2011, the Society for Labor Economics 2011, University of Stavanger Conference on Work and Family, and Yale University for helpful comments. We particularly thank Chris Clontz for assistance with UCSB Recreation Center usage information and Mac Brown for assistance running the third round of this experiment. We would also like to thank Sabrina Benyammi, Luke Bodendorfer, Morgan Carpenter, Kevin Cornea, Stefanie Fischer, Jack Giuliano, Laurie Ho, Ryan Knefel, Jennifer Milosch, Ruth Morales, Bonnie Queen, Ryan Smart, Carina Rammelkamp, George Tam, Iwunze Ugo, Kevin Welding, and Allison Witman for excellent research assistance.

E-mail: kelly@econ.ucsb.edu (Bedard); charness@econ.ucsb.edu (Charness); hartman@econ.ucsb.edu (Hartman); royer@econ.ucsb.edu (Royer)

Journal of the European Economic Association
Preprint prepared on 4 December 2014 using jeea.cls v1.0.