

ABSTRACT:

Gender and Collusion

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Most of the literature in industrial economics neglects individuals' incentives to form cartels. Although oligopoly experiments revealed important insights on individuals acting as firms, they largely ignore individual heterogeneity, such as gender differences. We experimentally analyze gender differences in prisoner's dilemmas, where cartelization harms a passive third party.

In a control treatment, no externality exists. To study the role of social distance, we apply a within-subjects setting with two consecutive games. In the first game subjects have no information on other players, whereas they are informed about personal characteristics in the second game.

Results show that guilt-averse women are significantly less inclined to form cartels than men when collusion harms a third party. No gender difference can be found in the absence of this negative externality. Interestingly, we find that only men are sensitive to the decision context, i.e., betrayal-averse men significantly reduce cooperation when knowing that their interaction partner is also male.