

Trust and Reciprocity: Groups versus Individuals and Behavior versus Perceptions

Fei Song
Schulich School of Business, York University
Toronto, Ontario, M3J 1P3, Canada
Tel: +1-416-736-2100 ext. 20265
Fax: +1-416-736-5687
Email Address: fsong@schulich.yorku.ca

Abstract

Employing the widely-used experimental framework of the trust game (Berg et al., 1995) with salient monetary payoffs, I examine and contrast the level of trust and reciprocity exhibited by individuals inter-individual interactions with those by groups in inter-group interactions. A group decision in this study is a consensus decision among group members and is reached via an intra-group discussion. The results suggest that, compared to individuals, groups are neither more or less trusting, but are significantly less reciprocating. Furthermore, the results suggest that intra-group discussion does little to correct cognitive biases in strategic interactions. The biases reported in this study are remarkable in their pervasiveness on both sides of the interaction and at both the individual and group level.