

A Online Appendix A - Related Literature

Online Appendix Table 1 summarizes some of the most related papers in the literature. We identify key features of related papers: (i) the pay-rate design (Column 4); (ii) the sample size (Column 5); (iii) the structural estimation of the social preference parameters (Column 8); and (iv) whether the return to the firm is made explicit and varied experimentally (Columns 6 and 7). We also indicate whether the gift exchange variation is between subjects or within subjects (Column 3) and whether the experiment takes place in a field setting or in the laboratory (Column 9). Panel A documents the most relevant real-effort experiments on gift exchange, including some executed as laboratory experiments, so long as the “work” is real effort and not stated effort.

Regarding the sample size (Column 5), our paper is the real-effort field experiment with the largest sample size thus far, though there are other studies that are well-powered (which we somewhat arbitrarily indicate with a sample size above 100). Column 8 documents the fact that there is only one other paper which attempted structural estimation of social preferences in a gift exchange set-up in the field, Bellemare and Shearer (2011). Bellemare and Shearer (2011) has a very nice estimation set-up, which we partly borrow from, such as a power cost of effort, and individual fixed effects. The table clarifies important differences of our work relative to Bellemare and Shearer (2011): (i) (*sample size*) Bellemare and Shearer (2011) estimates the gift exchange effect on a sample size of just 18 workers; (ii) (*within-subject identification*) The identification of gift exchange is based on time-series variation: all workers on a particular day were given a “gift,” with no control group on that date. Thus, the identification is based on comparing worker effort on those days versus in the days before (that is, is within subject); (iii) (*returns*) the workers do not know the explicit return to the firm of their effort.

The table also highlights another distinguishing feature of our design: whether the return to the firm was made explicit (Column 6) and varied in the experiment (Column 7). As the table makes clear, few real-effort experiment papers did so (and the list omits a few other gift exchange in the field papers which also do not do so). One of the two Gneezy-List experiments arguably made returns explicit, as the workers were raising money for charity and thus could know the return to their effort (though the return itself was not varied). Also, Englmeier and Leider (2012a) vary the return to the firm by telling people in one case that the experimenters would get “a substantial bonus” if 50% of the work was done by a deadline. Hennig-Schmidt, Sadrieh, and Rockenbach (2010) provide more information on the return to the employer in one of their treatments, and find evidence suggestive of gift exchange only when the return is made clear. Both experiments provide suggestive evidence on the effect of returns, given the relatively small sample size.

A study that both informs workers of the return to the firm, and varies returns across treatments, is Englmeier and Leider (2012b). The paper employs a real-effort task and it has a sizable sample ($N = 192$). Interestingly, as in our paper, there is no statistically significant response to a gift from the “manager,” nor does the response appear to interact with the return to the “manager.” We should point to two key differences of this very nice study relative to our work: As the authors themselves emphasize, it is a laboratory experiment, and the “managers” are laboratory subjects assigned to the “manager” role. And this paper does not attempt a structural estimation.

Panel B of the table also shows several of the design features in stated-effort laboratory experiments that our study aims to introduce in the field experiments. Most importantly, the return to the “firm” is made salient, and occasionally also varied. Indeed, a key point in our paper is to show that one can put together the pieces that allow for estimation of preferences in a field setting, as pioneered in the laboratory for stated-effort gift exchange experiments. In this way, our design aims to bridge the gap between the laboratory and field studies, as we say in the paper.