Is greed contagious? Four experimental studies

Eric Cardella1 | Tamar Kugler2 | Jennifer Anderson3 | Terry Connolly2

Abstract
Do people become greedier when interacting with others they perceive to be greedy? It has been speculated that greed contagion exits and may have influenced the 2008 financial collapse. We examined this possibility in four experimental studies using a common pool resource dilemma. Specifically, whether participants' second-round (R2) withdrawal from the common pool was influenced (a) by their assessment of how greedy their opponents' first-round (R1) withdrawal was, (b) by R1 opponents' reputation for being greedy, (c) by observing past behavior of others in unrelated interactions, and (d) when R1 opponents directly confronted them with an assessment of their own greediness of their R1 withdrawal. In addition, Study 2 examined R2 interactions involving new opponents. Taken together, results suggest that there is contagion of greed. However, the connection appears to be driven by participants adjusting to their opponent's actual behavior, not by their evaluation of the greediness of such behavior. It seems that perceptions of greed do not mediate future behavior and, thus, are not necessarily contagious, but norms of selfish behavior are. In this sense, greed perceptions appear to by epiphenomenal in that they are an incidental by-product of the behavioral interaction. We discuss the implications of these findings and suggest directions for further research.

KEYWORDS
behavioral contagion, greed, social dilemma, social interaction

1 INTRODUCTION
This paper studies the behavioral consequences of greed perceptions in social interactions. Greed has attracted substantial attention in the business press (Haynes, Hitt, & Campbell, 2015), and in popular media (Ausick, 2010; Colvin, 2006; Dorfman, 2013; McGee, 2016; Pearlstein, 2016). Scholars have identified antecedents and consequences of greedy behavior; studies by Seuntjens, Zeelenberg, Breugelmans, and van de Ven (2015), Seuntjens, Zeelenberg, van de Ven, and Breugelmans (2015), Wang and Murnighan (2011), and Haynes et al. (2015) have explored the motivations of greedy actors, whereas Anderson (2014) and Gilliland and Anderson (2011) studied greed perceptions and subsequent responses to greedy behavior. This paper aims to investigate contagion of greed in the context of social interactions.

Greed is seen (and often deplored) as a widespread human characteristic (Haynes et al., 2015; Sama, 2010). It appears in many disciplines including behavioral economics (Wilke, 1991), political science (Collier, 2000), political economy (Collier & Hoefler, 1998), social psychology (Crossley, 2009; Grégoire, Lauffer & Tripp, 2010), spiritual studies (Tickle, 2004), and culture (Robertson, 2001). However, despite recent work (Anderson, 2014; Gilliland & Anderson, 2011; Haynes et al., 2015; Mussel & Hewig, 2016; Seuntjens et al., 2015a, 2015b; Wang & Murnighan, 2011), greed as a construct remains underdefined. Is greed distinct from selfishness, ambition, or self-interested behavior? Is an objective definition possible or is greed simply a negative evaluation of another's motivation? Does it relate to distributional inequality (Engel & Zhurakhovska, 2016)? Perhaps the only agreement among scholars is offered by Seuntjens, Zeelenberg,
van de Ven, and Breugelmans (2015): “Greed is an important motive” (p. 917).

Gilliland and Anderson (2011) noted that “greed goes beyond ambition, self-interest, and even selfish behavior ...” It is associated with exploitative motives (Crossley, 2009; Lupia, McCubbins, & Popkin, 2000), moral violations (Robertson, 2001), and insatiable desire for more (Seuntjens et al., 2015b). We therefore define greed as a selfish motivation to acquire an unfairly excessive amount of a resource, at the expense of others. We focus on behavioral responses to perceptions of greed. We study the effects of perceptions for several reasons. First, from a methodological perspective, it is difficult to identify greedy behavior and distinguish it from self-interested behavior, and it is often difficult to determine “when self-interest ends and when greed starts” (Wang & Murnighan, 2011, p. 283). We, therefore, focus on perception and examine the behavioral reactions to perceived greed. Second, from a practical perspective, it should be perceptions of greed that drive behavioral response, rather than objective characterization. Thus, what is of primary interest is whether behavior responds in reaction to their own subjective (negative) perception of others’ greed.

Although previous research has explored the antecedents of greed perceptions, less is known about how people react after perceiving another as greedy (Sanfey, Rilling, Aronson, Nystrom, & Cohen, 2003). In our studies, we place participants in an environment that induces strong perceptions of greed, and we examine how these perceptions shape future behavior. In particular, we address a possibility of greed contagion (Wang & Murnighan, 2011). Writing in the aftermath of the 2008 financial crisis, Wang and Murnighan speculated that greed contagion may have played a significant role: “The recent corporate scandals ... suggest that greed may be contagious, and capable of corrupting entire organizational and economic systems” (p. 307). Wargo, Baglini, and Nelson (2010) noted the presence of corporate greed, especially in financial institutions, after the Great Recession. In short, the financial collapse may well have been an epidemic of greed. This suggests that greed perceptions may have important reactionary implications on behavior of impacted individuals.

In probing this suggestion, we distinguish between the actual behavior judged as greedy, and the evaluative process driving that judgment (Carnevale, Walker, & Walker, 2016). An individual may observe another engaging in a financial transaction, form a judgment that the behavior is greedy, and subsequently modify his or her own behavior. There are several paths by which the other’s behavior can affect one’s own. One might see another’s behavior as threatening a financial loss and rearrange plans accordingly. In this case, one is reacting directly to the other’s behavior. Alternatively, one’s perception that another has behaved greedily might lead to anger, punishment, or withdrawal from interaction (Anderson, 2014), and those reactions will affect future behavior. In this latter case, behavior is driven by the evaluative assessment, causing greed perceptions to mediate the relationship between one’s behavioral response and another’s behavior, whereas in the former, they are simply epiphenomenal: The perception is created as a result of another’s behavior but does not shape future behavior. Through a series of experiments, we systematically investigate if, and to what extent, there is greed contagion—Do perceptions of greed result in individuals becoming greedier in subsequent interactions? We also explore the possible reputational effects of perceived greed.

Although empirical research on greed perceptions is in its infancy, previous literature relating more broadly to behavioral motivations in social interactions provides an informative backdrop. There is substantial research, both empirical and theoretical, demonstrating the important role that emotions and beliefs have in shaping strategic behavior (Elster, 1998; Loewenstein, 2000; Loewenstein & Lerner, 2002; Rabin, 1998, 2002). Bosman and van Winden (2002), Bosman, Sutter, and van Winden (2005), Dawes, Fowler, Johnson, McElreath, and Smimov (2007), Reuben and Van Winden (2008), Crossley (2009), Kugler, Connolly, and Ordóñez (2012), and Colquitt et al. (2013) documented evidence of negative emotions shaping behavior. Belief-based motivations such as reciprocity (Dufwenberg & Kirchsteiger, 2004; Falk & Fischbacher, 2006), guilt (Battigalli & Dufwenberg, 2007) and anger/frustration (Battigalli, Dufwenberg, & Smith, 2015) can also affect behavior. In light of these findings, we hypothesize that perceptions of greed, which are likely to invoke negative emotions, can shape future behavior.

We consider an incentivized common pool resource (CPR) dilemma, which is the paradigm used in all our studies. Recall the definition of greed as a selfish motivation to acquire an unfairly excessive amount of a resource, at the expense of others. Overextraction from a common pool fulfills all aspects of this definition; high extractions are selfishly motivated, perceived as unfair, and come at the expense of others. The CPR dilemma features the structure and psychological framing to engender perceptions of greedy on the part of others and, hence, is a suitable platform for examining greed contagion.

Although reactions to greed perceptions offer one mechanism to explain a propensity to respond to greedy behavior in kind, other motives may shape behavior. Perhaps one reads an opponent’s behavior as reflecting social norms (shared guidelines of expected and acceptable behavior; Birenbaum & Sagarin, 1976). Bettenhausen and Murnighan (1985, 1991) posit that norms are regular behavioral patterns that emerge through repeated interaction. Norms may thus motivate an individual’s behavior in subsequent interactions (Cialdini, Reno, & Kallgren, 1990; Fehr & Fischbacher, 2004b; Gino, Ayal, & Ariely, 2009; Gino, Gu, & Zhong, 2009; Pillutla & Chen, 1999). Alternatively, one may wish to punish an opponent’s objectionable behavior or retaliate for a loss (Bries & Tripp, 1996; Boles, Croson, & Murnighan, 2000; Chaudhuri, 2011; Fehr & Fischbacher, 2004a; Henrich et al., 2006). One may also act in self-defense (Kramer, 2001), seeking restitution (Greenberg, 1993), or simply avoiding being taken twice for a sucker. Importantly, as part of our design, we elicit measures of perceived greed, which enables examining the extent to which these perceptions directly shape subsequent behavior above other motivations. Moreover, we gain some insights as to which motivations appear to be driving behavior.

Our paper is organized as follows. The next section describes the CPR dilemma. We then present four studies employing one or two rounds of a CPR dilemma. Study 1 (N = 159) examines how participants assess their opponents’ greed in the first round, and how these greed perceptions shape second-round behavior when interacting
with the same opponent. Study 2 (N = 296) addresses two questions: (a) whether Study 1 results replicate when participants interact with a new opponent in round 2 (true greed contagion) and (b) whether these new participants react to an opponent’s greed reputation despite having no information about the opponent’s past behavior. Study 3 (N = 82) isolates the possible effect of greed perceptions from the effects of having personally experienced the outcome of the behavior, by exposing participants to behavior of previous participants without incurring any of the consequences of this behavior, eliminating the possibility that participants are simply paying it forward. Study 4 (N = 176) examines changes in the focal participant’s behavior in round 2, after learning how greedy their own behavior in round 1 was perceived to be. The final section presents a synthesis of the findings and proposes further study directions.

1.1 | The CPR dilemma and greed perceptions

In this dilemma, individuals have access to a shared pool of resources and make independent decisions about how much to withdraw. Remaining resources grow at a known, exogenous rate, to be withdrawn at a later point (see Gardner, Ostrom, & Walker, 1990, for a complete characterization). Withdrawing resources, although individually beneficial, prevents optimal growth of the resource and hurts the collective in the long term, creating the dilemma (Ostrom et al., 2002; Samuelson, Messick, Rutte, & Wilke, 1984; Van Lange, Joireran, Parks, & Van Dijk, 2013; Weber, Kopelman, & Messick, 2004). Examples of real-world CPR dilemmas include fisheries, underground aquifers, and energy sources. In business contexts, Haynes, Campbell, and Hitt (2017) described an organizational dilemma, documenting a negative relationship between chief executive officer greed and shareholder wealth; more greedy chief executive officers take abnormally high compensation, thus reducing the firm’s capital resources and hindering long-term returns.

Aside from the practical applications of CPR dilemmas, this paradigm is appropriate for investigating greed perceptions and their possible behavioral implications. Notably, one’s withdrawal imposes negative consequences on others, and on future resource availability, which ultimately leads to collective overharvesting (see Hardin, 1968, on the tragedy of the commons). Any individual’s withdrawal comes at the expense of others. The total resource available for future consumption would be higher if all individuals withdrew less, letting the pool grow. Samuelson et al. (1984, p. 94) refer to this phenomenon as a social dilemma, where: “(a) each individual in a group receives a higher payoff for a socially defecting choice than for a cooperative choice, regardless of others’ choices, and (b) each individual receives a higher payoff if all group members cooperate than if all defect.”

Gilliland and Anderson (2011) posited that individuals perceive others as greedy when they intentionally take more of a scarce resource than they need and deprive others. The CPR dilemma provides individuals with precisely such an opportunity. The structure of a CPR dilemma creates incentives for taking more of the resource at the expense of others. We show in our studies that participants rated others who withdrew high amounts as greedy. They appeared to understand greed as an unfair and shortsighted pursuit of self-interest without regard to others or the future. Our particular interest is in greed contagion: the possibility that greed perceptions can stimulate others to behave in kind in future interactions.

2 | STUDY 1: PERCEIVED GREED AND CONTAGION OF GREEDY BEHAVIOR

Theory development and early empirics (van Lange et al., 2013) have identified three factors that lead participants to see opponent’s behavior as greedy: (a) the amount one’s opponent withdraws from the pool, (b) the extent to which one “loses out” (i.e., relative deprivation), and (c) the extent to which one sees the opponent’s behavior as motivated acquisitiveness (Anderson, 2014; Gilliland & Anderson, 2011). An initial objective of Study 1 was to replicate the first two factors. We hypothesize a positive relationship between amounts withdrawn by another and perceptions of that other’s greed (Hypothesis 1). Moreover, we expect this relationship to be moderated by one’s own withdrawal such that when one withdraws more, they see others’ withdrawals as less greedy (Hypothesis 2).

The central objective of Study 1 is to probe the proposition that exposure to an opponent’s greedy behavior in an early interaction can stimulate a participant to behave more greedily (withdraw more) in a subsequent interaction. Behavioral contagion is well documented. Individuals cooperate in public-goods games when others cooperate (Croson, Fatas, & Neugebauer, 2005; Fischbacher & Gächter, 2010; Fischbacher, Gächter, & Fehr, 2001; Frey & Meier, 2004; Gächter, 2007; Gunnthorsdottir, Houser, & McCabe, 2007; Nikiforakis, 2010), and defection typically leads to more defection (Fischbacher & Gächter, 2010). People cooperate if their opponent had cooperated in the past (Ahn, Ostrom, Schmidt, Shupp, & Walker, 2001; Brandts & Cooper, 2006a, 2006b; Knez & Camerer, 2000; Schmidt, Shupp, Walker, & Ostrom, 2003). Trustworthy behavior promotes trust (Bohnet & Huck, 2004; Bolton, Katok, & Ockenfels, 2004; Rigdon, McCabe, & Smith, 2007); people are more inclined to cheat after being exposed to cheaters (Gino, Ayal, & Ariely, 2009); people are less generous following ungenerous behavior of others (Gray, Ward, & Norton, 2014). We explore the possibility of a similar chain reaction and hypothesize a positive relationship between an opponent’s withdrawal in an initial round and one’s own withdrawal in a subsequent round (Hypothesis 3).

However, greed contagion goes beyond reacting to behavioral outcomes; it links one’s subsequent withdrawal to one’s assessment of the greediness of an opponent’s previous behavior. Thus, we postulate that greed perceptions mediate the relationship between an opponent’s initial withdrawal and one’s withdrawal in a subsequent interaction (Hypothesis 4).

2.1 | General procedures

The experiments were programmed in z-Tree (Fischbacher, 2007). All participants were randomly and anonymously matched and engaged
in a two-person CPR dilemma. Participants were informed of an initial pool of stock from which they could withdraw immediately, or allow the stock to remain and grow for subsequent distribution at a higher rate. Examples of various combinations of withdrawals, and the resulting payouts were provided. Participants' decisions regarding the initial amount to withdraw were made independently and simultaneously. For clarification, from here, we refer to matched participants as the participant or focal participant and the participant's opponent. No such adversarial language was used in the sessions. We used the following parameters in all studies:

- The common pool initially had 12 units of stock, and each of the two participants could withdraw any integer amount from zero to six units.\(^1\)
- After individual withdrawals, any units remaining in the pool were multiplied by 1.5 and split evenly.
- The value of each unit of stock was US$2. The total units that each participant received was the sum of (a) the units they initially took and (b) one half of any remaining (multiplied) units in the pool.
- With the exception of Study 3, participants interacted in two distinct rounds of the dilemma (R1 and R2) and received cash payment for one of the rounds, selected at random.

2.2 | Study 1 methods

2.2.1 | Participants and design

One hundred fifty-nine students from a large Southwestern U.S. university (56% male; \(M_{\text{age}} = 21.38\)) were recruited via email for a decision-making study.\(^2\) The sessions lasted approximately 45 min, and compensation was based on one randomly chosen round (\(M_{\text{earnings}} = \text{US}14.75\)).

2.2.2 | Procedure

Participants were informed that they would participate in the CPR dilemma with another randomly selected person. After both participants made their first-round (R1) withdrawals, they were told how many stock units each had withdrawn, the total number of units remaining in the pool (before and after being multiplied by 1.5), the total units each had earned, and their total payoff.

After R1, participants completed a questionnaire eliciting their perception of their opponent's greed. Perceived greed was measured using a three-item scale (Anderson, 2014): (a) “How greedy was the other participant?” (b) “Compared to the average person, how greedy would you say the other participant was?” And (c) “How greedy do you think most other people would say the other participant was?” Participants rated each item from 1 (not at all greedy) to 7 (extremely greedy). The scale showed a good reliability with Cronbach’s \(\alpha = .93\). We use an average of these items as our greed perception measure.\(^3\)

Participants were then informed they would be interacting in another (surprise) round of the same CPR dilemma (R2) with the same participant from R1.\(^4\) Importantly, participants made their R1 withdrawal decisions unaware that they would later (a) evaluate their opponent's greed in R1 and (b) participate in a second round of the same dilemma, ensuring that R1 behavior and evaluation of their opponent's greed in R1 would not be affected by anticipation of R2. After making R2 withdrawal decisions, they again received feedback about their decisions and resulting outcomes, completed the greed perception questionnaire, and provided demographic information. Last, they were privately paid and dismissed.

2.3 | Results

2.3.1 | Greed perceptions in R1

We first examine the participant's perceptions of their opponent's greed in R1 (perceived opponent greed R1). Figure 1 shows the average of perceived opponent greed R1 for each of seven possible withdrawals in R1 (opponent withdrawal R1). The figure shows a strong positive correlation between perceived opponent greed R1 and opponent withdrawal R1 (\(r = .77, p < .01\)), supporting the hypothesis that higher R1 withdrawals are associated with stronger perceptions of greed (Hypothesis 1).

Table 1 reports a regression of perceived opponent greed R1 on (a) opponent withdrawal R1, (b) the participant's own withdrawal in R1 (own withdrawal R1), and (c) the interaction of the two. In all specifications, the coefficient of opponent withdrawal R1 is positive and

\(^1\)An artifact of this specific CPR dilemma is that there is no implicit scarcity of the resource in the pool; there are enough units of resource initially in the pool (12 units), and both participants can extract their full allowable amount (six units each). This mitigates the possibility that the decision of how many units of stock to withdraw from the pool is being motivated by fear of there being insufficient resources.

\(^2\)Of these 159 participants, 43 are from Study 4. Based on the experimental procedure in Study 4, described later, these participants are both operationally and strategically equivalent to the participants in Study 1; specifically, the 43 participants in Study 4 experience identical experimental procedure and instructions, and an identical software interface as those from Study 1. Therefore, we included this subsample of 43 participants from Study 3 in the analysis of Study 1. We note that there are no significant differences between the two samples, and our results are generally robust if we include only the 116 participants initially recruited for Study 1; see supplementary online material at https://osf.io/tny4z/?view_only=2361d9e226724fe6a275c26a5625a0c2.

\(^3\)We also asked respondents to complete the five-item scale developed by Grégoire, Laufer, and Tröpp (2010) to provide an alternative measure of perceived greed (Cronbach’s \(\alpha = .90\)). Originally, Grégoire et al. developed this scale to measure perceived firm greed. We adapted the phrasing to fit the individual agent framing used in our experiment. The adapted five items are as follows: (a) To what extent did the other person act selfishly? (b) To what extent did the other person intend to take advantage of you? (c) To what extent did the other person motivate you by your interest? (d) To what extent did the other person try to abuse you? (e) To what extent did the other person have bad intentions? These items were measured on a five-item scale. Importantly, this scale strongly correlates with the three-item Anderson (2014) scale. Moreover, our results are robust to using this alternative measure of perceived greed, although for brevity we do not report results using this alternative measure.

\(^4\)Participants were not originally informed about R2, although, to avoid deception, they were told that the study had multiple parts. As with any experiment, information leakage across sessions is possible, so we cannot guarantee R2 was a surprise to every participant. However, the potential subject pool is rather large (approximately 1,000 students); other studies were being run at the lab over the several months we conducted our sessions, and participants were explicitly requested to not discuss the study; hence, we do not believe information leakage was a serious concern.
significant. Model 2 shows no main effect of own withdrawal R1 on greed perceptions. However, in the full model (column 3), the coefficient of the interaction between opponent withdrawal R1 and own withdrawal R1 is negative and significant. The positive relationship between the amount withdrawn by a participant's opponent and the participant's perceptions of the opponent's greed is moderated by the participant's own withdrawal behavior. When a focal participant took more, that positive relationship was weaker, supporting the claim that when individuals withdraw higher amounts, they temper their evaluation of others' greed (Hypothesis 2).

2.3.2 Impact of perceived opponent greed in R1 on own choices in R2

The second cluster of hypotheses focuses on how R2 behavior is affected by withdrawals in R1 and by participants' evaluation of their opponent's greed. Overall, results showed that participants, on average, withdrew significantly more in R2 (mean increase $M = 0.86$ units; $t(158) = −4.05$, $p < .01$). Our assertion that participants would withdraw more in R2 in response to higher R1 withdrawals by their opponent in R1 (Hypothesis 3) was supported; we found a positive relationship between the opponent's withdrawal R1 and the focal participant's own withdrawal R2 ($r = .42$, $p < .01$; Figure 2). These results are consistent with the notion of greed contagion and set the background for testing whether greed perceptions mediate the relationship between an opponent's R1 withdrawal and one's own R2 withdrawal.

Before conducting mediation analysis, we regress the focal participant's own withdrawal R2 on (a) own withdrawal R1, (b) opponent withdrawal R1, (c) the interaction of the two, (d) the participant's assessment of perceived opponent greed R1, and (e) the participant's assessment of perceived opponent selfishness R1. The results are in Table 2. Columns 1–4 show positive coefficients of both own withdrawal R1 and opponent withdrawal R1, and a negative interaction term coefficient.

**FIGURE 1** Perceptions of greed associated with R1 withdrawals (Study 1). Participants' perceptions of their opponent's greed after withdrawals in round 1 of the common pool resource dilemma. The numbers immediately below the x-axis indicate the number of units of stock withdrawn by an opponent in round 1. Error bars indicate the standard error. The correlation between opponent withdrawal R1 and participants' perceived opponent greed R1 is $r = .77$ ($p < .01$).

**TABLE 1** Regression table of the antecedents of perceptions of greed (Study 1)

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable: Perceived opponent greed R1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Opponent withdrawal R1</td>
<td>.645*** (.043)</td>
</tr>
<tr>
<td>Own withdrawal R1</td>
<td>−.036 (.043)</td>
</tr>
<tr>
<td>Opponent withdrawal R1 × Own withdrawal R1</td>
<td>−.056*** (.018)</td>
</tr>
</tbody>
</table>

$N = 159$  
Adj $R^2$ = .583, .582, .605

Note. All coefficients are unstandardized; standard errors reported in parentheses. R1 denotes round 1 of the two rounds of the common pool resource dilemma played in Study 1.

*Significant at the 10% level.
**Significant at the 5% level.
***Significant at the 1% level.
However, the analysis shows no effect of perceived opponent greed R1 on own withdrawal R2 (Columns 2 and 3), which suggests that perceptions of the opponent’s greed in R1 do not affect focal participants’ behavior in R2 above R1 behavior. Moreover, the coefficient on perceived opponent selfishness R1 is not significant when it is included with perceived opponent greed R1 (Column 3) or without (Column 4).

We conducted mediation analysis using Preacher and Hayes’ (2004) PROCESS. We found no indication that greed perceptions mediate the relationship between an opponent withdrawal R1 and one’s own withdrawal R2; the bootstrapped 95% confidence interval spanned zero (Lower-level confidence interval [LLCI] = –.046 and Upper-level confidence interval [ULCI] = .272). Because earlier findings demonstrated that one’s own withdrawal R1 affected perceived opponent greed R1 (when interacted with opponent withdrawal R1), we also tested moderated mediation, using one’s own withdrawal R1 as a moderator. Results showed no indication of moderated mediation, and the bootstrapped 95% confidence intervals spanned zero (LLCI = –.025 and ULCI = .004). Although a participant’s rating of their
opponent’s R1 greed was positively related with both the opponent’s actual R1 withdrawal and their own R2 withdrawal, greed perceptions did not appear to mediate the two (Hypothesis 4).

2.3.3 | Spillover of R1 outcomes on R2 behavior

Table 2 shows that R1 had strong effects on R2 behavior. Although not our main aim, we perform some post hoc analyses to examine alternative motivations connecting the two. We examine the difference between one’s R1 withdrawal and the opponents R1 withdrawal affects R2. We plotted the degree to which a participant’s R1 withdrawal "compares" with their opponent’s R1 withdrawal, against the participant's "adjustment" in the withdrawal between R1 and R2. Figure 3 displays R1 compare = (own withdrawal R1 − opponent withdrawal R1) on the x-axis (ranging from -6 to 6) and R2 adjust = (own withdrawal R2 − own withdrawal R1) on the y-axis (same range).

When the paired participants had the same R1 withdrawal (R1 compare = 0), there was almost no adjustment from R1 to R2; average adjustment is 0.65 units. Furthermore, of the 23 instances when R1 compare = 0, 17 (74%) participants repeated their withdrawal in R2. In contrast, for pairs whose R1 withdrawals did not match (R1 compare differs from 0), there is a strong negative correlation between R1 compare and R2 adjust (r = −.71, p < .01), indicating that lower withdrawing R1 participants (R1 compare < 0) adjusted upward in R2. The mismatched R1 withdrawals converged in R2, but the adjustments were highly asymmetrical; relatively high-withdrawing R1 participants persisted in their withdrawals, whereas relatively low-withdrawing R1 participants increased their withdrawals. When R1 compare > 0, the relationship between R1 compare and R2 adjust is essentially flat (r = −.14, p = .23), indicating no adjustment; when R1 compare < 0, the negative relationship between R1 compare and R2 adjust is negative (r = −.66, p < .01). This asymmetric pattern is exemplified at the extremes: When R1 compare = −6, 76% (13/17) increased their R2 withdrawal from zero to six units, whereas when R1 compare = 6, 75% (12/16) persisted in withdrawing six units in R2.

2.4 | Discussion

Study 1 casts doubt on the simplest model of greed contagion, where participants who perceive their opponent as greedy in an initial interaction react to this perception by becoming greedier in subsequent interactions against the same opponent. Although we found that high R1 opponent withdrawals were perceived as greedy, the opponent’s R1 behavior was a better predictor of the focal
participant's R2 behavior than was their assessment of their opponent's greed. Greed perceptions were associated with high R1 opponent withdrawals but did not mediate participants' increased R2 withdrawals. Perceptions did not affect R2 above behavior in R1. Rather, we observed that behavior in R1 shaped behavior in R2 in a manner consistent with a "compare-and-adjust" process. Participants withdrawing larger amounts enjoy a profitable R1 and do not reduce their subsequent withdrawal. Individual withdrawing low amounts, however, had an unprofitable R1 and were in essence victims of their opponent's greedy behavior. This negative outcome results in a stronger behavioral response (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001; Gray et al., 2014; Keysar, Converse, Wang, & Epley, 2008).

This comparison and adjustment pattern may be driven by several motivations. Perhaps participants' increased withdrawals are a self-interested defense against losses in R2, an attempt to avoid being taken twice for a sucker, or intended as reciprocal punishment. Perhaps their opponent's R1 behavior suggests a norm for acceptable behavior. The stability of matched R1 withdrawals suggests that equity may be involved. Study 2 attempts to narrow this range of alternative accounts, exploring (a) the effect of interaction with new opponents in R2 and (b) the effect of knowing only the opponent's reputation for greed, not their actual behavior.

3 | STUDY 2: INTERACTION WITH NEW OPPONENTS AND EFFECTS OF GREED REPUTATION

Study 1 revealed that opponent behavior in R1 predicted participants' R2 behavior better than did perceptions of their opponent's greed. The design of Study 1 allows reciprocity or punishment motivations to “crowd out” the potential effect of greed contagion. The first goal of Study 2 is to more cleanly test greed contagion by effectively shutting down the reciprocity channel. We retain the general structure of Study 1 but have participants interact with different opponents in R2.

Previous studies have documented behavioral spillovers in social interactions. Schmidt, Shupp, Walker, Ahn, and Ostrom (2001) found that previous outcomes in a prisoners' dilemma influence behavior in future interactions with new partners. Cason, Savikhin, and Sheremeta (2012) demonstrated that previous experience with coordination facilitates coordination with new partners. Gray et al. (2014) found spillover in dictator games: People who receive unfair allocations pay it forward by giving less to a different person. Conformity to social norms spills over to future interactions with new members (Bettenhausen & Murnighan, 1991; Pillutla & Chen, 1999). Our interest is whether an opponent's R1 behavior spills into the focal participant's behavior against a new opponent in R2, and whether this R2 behavior is mediated by the participant's perceptions of their R1 opponent's greed. To this end, Study 2 participants were divided into two groups, incumbents and new participants. Incumbents completed R1 and then evaluated their opponent's greed as in Study 1. In R2, incumbents were matched with new participants who did not participate in R1. However, new participants received information about how greedy their opponent was in the past.

Two important implications follow. First, because the incumbent participants play R2 against a new opponent, there is little scope for reciprocity motivations to affect their R2 behavior. Therefore, if the incumbent's R2 behavior toward a new opponent is directly affected by their perceptions of their R1 opponent's greed, this would present a strong case for greed contagion. Second, the new participants, who only partake in R2, are only given information about the previous (perceived) opponent greediness; hence, they are receiving a context-free evaluation of their opponent's perceived greed. In this sense, we can separate the possible reputation effects of perceived greed from retaliation or reciprocation.

We first propose a relationship between an opponent's R1 withdrawal and a participant's R2 withdrawal when paired with a new partner in R2. Specifically, we expect a positive relationship between withdrawals of an incumbent's opponent in R1 and the incumbent's own withdrawal in R2 when paired with a new opponent (Hypothesis 5). We further hypothesize that the potential mechanism that accounts for this relationship is greed perceptions: The positive relationship between an incumbent opponent's R1 withdrawal and an incumbent's R2 withdrawal is mediated by greed perceptions (Hypothesis 6). This would indicate true greed contagion, as the incumbent participant's R2 behavior would be driven by perceptions of their R1 opponent's greed.

Study 1 showed that R2 withdrawals were influenced by knowing the opponent's R1 withdrawal, but not by perceptions of the R1 opponent's greed. The second goal of Study 2 was to examine what happens if participants do not directly observe their opponent's behavior but are only informed about the opponent's greed reputation. Substantial research indicates the importance of one's reputation in shaping the behavior of others. People are more cooperative when interacting with others who have a cooperative reputation in helping activities (Bolton, Katok, & Ockenfels, 2005; Seinen & Schram, 2006), public-goods games (Brandt, Hauert, & Sigmund, 2003; Milinski, Semmann, & Krambeck, 2002), and prisoners' dilemma games (Duffy & Feltovich, 2002). Participants show more trust in others who have a trustworthy reputation (Bohnet & Huck, 2004: Bolton et al., 2004; Charness, Du, & Yang, 2011; Dulleck, Kerschbamer, & Sutter, 2011) and are more generous in dictator games toward others who had a more generous reputation (Servátka, 2009). Research in organizational justice suggests that participants are more likely to retaliate against individuals who have a reputation for being unfair (Brebels, De Cremer, & Sedikides, 2008; Colquitt et al., 2013; Jones & Skarlicki, 2005; Skarlicki & Folger, 1997).

We designed Study 2 to test the effects of a greedy reputation. We propose a positive relationship between a new participant's R2 withdrawal and their opponent's greedy reputation from R1. Specifically, these new participants are informed that this information about their opponent is based on a reported perception of their opponent's opponent in a previous interaction.
In R2, new participants were not informed of their opponent’s behavior in R1, but only of their incumbent opponent’s greed reputation, as rated by the incumbent’s original opponent in R1.

Finally, Study 2 explores whether incumbents try to manage their reputation. Reputation is important to collective action and fostering cooperation (Fehr, 2004), as well as efficient functioning of markets, especially online (Bolton, Greiner, & Ockenfels, 2013). Research indicates that individuals work to establish a positive reputation (Bolton et al., 2013; Brandt et al., 2003; Engelmann & Fischbacher, 2009; Milinski et al., 2002; Panchanathan & Boyd, 2004). Milinski et al. (2002) found that people aim to garner a cooperative reputation when playing a public-goods game repeatedly, whereas Engelmann and Fischbacher (2009) found that people strategically garner a cooperative reputation in repeated helping games. Even children deliberately manage their reputation (Aloise-Young, 1993; Engelmann, Herrmann, & Tomasello, 2012; Piazza, Bering, & Ingram, 2011). These findings inform our hypothesis that incumbents who are warned that their R1 greed reputation would be shared with a new opponent in R2 would manage their reputation by withdrawing less in R1 than would incumbents who were not warned (Hypothesis 8).

3.1 Study 2 methods

3.1.1 Participants and design

Two hundred ninety-six students from a large Southwestern U.S. university (57% male; median age = 20.65) participated in this study. None participated in Study 1. Sessions lasted approximately 45 min (median earnings = US$14.75).

3.1.2 Procedure

We randomly assigned participants into two groups: incumbents and new participants. Upon arrival, incumbents were seated in the laboratory, and new participants were taken to a separate room. Incumbents learned that they would participate in two rounds of the CPR dilemma against two different opponents. Specific procedures were similar to Study 1 up to the greed perception questionnaire after R1. Incumbent participants were randomly assigned to two conditions. In the warned condition, incumbent participants were told that their R1 opponent would evaluate how greedy they were in R1, and that their new R2 opponent would receive this greed rating (their reputation) before R2. In the unwarned condition, incumbent participants were not informed that their greed reputation would be revealed to their new R2 opponent. This allowed testing whether people manage their reputation by comparing the R1 withdrawals of incumbents that were warned to incumbents not warned. While the incumbents completed R1, new participants were informed that they would be matched with an incumbent who had previously participated in a two-person task. No details regarding the task were provided. However, they were informed that they would receive information about how greedy their paired incumbent was in this previous task. Once the new participants entered the laboratory, the rest of the procedure was identical to Study 1.

3.2 Results

3.2.1 Incumbent behavior

As in Study 1, withdrawals were significantly higher in R2 than in R1. The mean increase across all incumbents was $M_{\text{inc}} = 1.22$ units, $t(147) = 6.61, p < .01$; for comparison, Study 1 $M_{\text{increase}} = 0.86$ units; $t(158) = -4.05, p < .01$. Table 3 reports several regressions of the focal incumbent’s own withdrawal R2 on (a) opponent withdrawal R1, (b) the focal incumbent’s own withdrawal R1, (c) the interaction of these two, (d) the focal incumbent’s perceived opponent greed R1, and (e) the focal incumbent’s perceived opponent selfishness R1. In the first model, the coefficients of both own withdrawal R1 and opponent withdrawal R1 were positive and significant, replicating Study 1, and supporting Hypothesis 3. The interaction term was negative and significant, also replicating Study 1. Although the correlation between the withdrawal of the incumbent’s opponent in R1 and the incumbent’s own withdrawal was modest ($r = .21, p < .01$), it is perhaps larger than expectation given that opponents in R1 and R2 were different people. This suggests behavioral contagion: Changes in an incumbent’s behavior toward a new opponent were correlated with their original opponent’s behavior. When an incumbent’s original R1 opponent withdrew more from the pool, the focal incumbent, in turn, withdrew more in R2 against a new opponent.

Models 3 and 4 show that the coefficient of perceived opponent greed R1 was not significant, and the addition of greed perceptions or selfishness perceptions to the model did not increase the predictive power of an incumbent’s R2 withdrawal. Mediation analysis revealed that greed perceptions failed to mediate the relationship between the withdrawal of the incumbent’s opponent in R1 and the incumbent’s own withdrawal in R2, in contrast to Hypothesis 6. The bootstrapped 95% confidence interval spanned zero ($LLCI = -.193$ and $ULCI = .208$).

3.2.2 Spillover of R1 outcomes to R2 behavior

As in Study 1, R1 behavior played a role in shaping R2 behavior. We, again, provide a post hoc examination of the behavioral spillovers from R1 to R2 by examining how R2 behavior adjusts in response to differences in R1 behavior between the paired participants. Figure 4 reveals that the compare-and-adjust process better characterizes incumbent R2 behavior. The Figure displays $R1$ compare $= (\text{own withdrawal R1} - \text{opponent withdrawal R1})$ on the x-axis and $R2$ adjust $= (\text{own withdrawal R2} - \text{opponent withdrawal R1})$ on the y-axis; $R1$ compare is a measure of how closely R2 behavior follows R1 behavior, whereas $R2$ adjust is a measure of how closely R1 behavior affects R2 behavior. The Figure reveals that R1 behavior significantly affected R2 behavior, as indicated by the significance of the regression coefficient. These findings suggest that incumbents manage their reputation in R1, which in turn affects R2 behavior.
When the paired participants had similar R1 withdrawal (R1 compare = 0), there was almost no adjustment in withdrawal from R1 to R2; the average adjustment is 1.17 units. Of the 24 instances when R1 compare = 0, 67% (16) participants repeated R1’s withdrawal in R2 (R2 adjust = 0). These results replicate Study 1.

Conversely, for pairs whose R1 withdrawals did not match (R1 compare ≠ 0), the adjustment in withdrawal from R1 to R2 shows

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**TABLE 3** Regression table of the determinants of incumbents’ own R2 withdrawal (Study 2)

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable: Own withdrawal R2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Own withdrawal R1</td>
<td>.581*** (.112)</td>
</tr>
<tr>
<td>Opponent withdrawal R1</td>
<td>.392*** (.112)</td>
</tr>
<tr>
<td>Opponent withdrawal R1 × Own withdrawal R1</td>
<td>-.053* (.029)</td>
</tr>
<tr>
<td>Perceived opponent greed R1</td>
<td>.114 (.128)</td>
</tr>
<tr>
<td>Perceived opponent selfishness R1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>N</th>
<th>148</th>
<th>148</th>
<th>148</th>
<th>148</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj R²</td>
<td>.25</td>
<td>.25</td>
<td>.25</td>
<td>.25</td>
</tr>
</tbody>
</table>

Note. All coefficients are unstandardized; and standard errors reported in parentheses. R1 denotes round 1 of the two rounds of the common pool resource dilemma played in Study 1, whereas R2 denotes round 2.

*Significant at the 10% level.

**Significant at the 5% level.

***Significant at the 1% level.
the same asymmetrical pattern from Study 1. There is a strong negative correlation between R1 compare and R2 adjust \((r = -0.58, p < .01)\), indicating that lower withdrawing R1 participants adjusted upward in R2. High-withdrawing R1 participants persisted in withdrawing high amounts in R2, whereas low-withdrawing R1 participants moved closer to their opponents by increasing their R2 withdrawals. When R1 compare > 0, the relationship between R1 compare and R2 adjust is not significant \((r = -0.04, p = .77)\), indicating no adjustment. However, when R1 compare < 0, the negative relationship between R1 compare and R2 adjust is strong and significant \((r = -0.50, p < .01)\), indicating larger adjustments.

3.2.3 | New participant behavior

We examined the relationship between the new participants’ withdrawal in R2 and the greed reputation of their paired incumbent opponents. Figure 5 displays new participants’ average own withdrawal R2 for each of the possible greed reputation scores of their incumbent opponent and shows no relationship between new participants’ mean own withdrawal R2 and their opponent’s greed reputation \((r = .12, p = .15)\). Interestingly, the unused information is meaningful; greed reputation correlated strongly with the incumbent opponent’s R1 withdrawal \((r = .78, p < .01)\) and moderately with the incumbent opponent’s withdrawal in R2 \((r = .30, p < .01)\). Nevertheless, reputation information was essentially ignored by new participants as their R2 withdrawals were unaffected by the greed reputation of their opponent, failing to support Hypothesis 7.

3.2.4 | Managing a greedy reputation

We also proposed that incumbents who were warned that their greed reputation from R1 would be reported to their new R2 opponents would reduce their R1 withdrawal to manage this reputation (Hypothesis 8). To test this, we compared mean incumbent R1 withdrawals in the warned and unwarned conditions (Figure 6). The mean own withdrawal R1 of incumbents in the warned condition was lower than in the unwarned condition, but this difference was not statistically significant \((M = 2.75 \text{ and } 3.43, \text{ respectively}, t(146) = 1.89, p = .06)\). Thus, the data provide little evidence that incumbent participants sizably changed their behavior to decrease their greedy reputation, failing to support Hypothesis 8. Taken together, findings from Study 2 indicate that the behavior of both incumbent and new participants was largely unaffected by information related to greed perceptions.

3.3 | Discussion

In Study 2, we attempted to instantiate greed contagion using a different procedure than Study 1; incumbents participated in two repetitions of the CPR dilemma, with two different opponents. This design allowed for a cleaner test of greed contagion, as matching incumbents with a new opponent eliminated motives such as direct punishment or reciprocity toward one’s original opponent. We found that although focal participants’ own R2 withdrawals against a new opponent were correlated with their original opponent’s R1 withdrawals and with their own R1 withdrawals, this relationship was not mediated by greed.

**FIGURE 5** Average new participant R2 withdrawals, by opponent greed reputation (Study 2). New participants’ withdrawals against incumbent opponents whose greed reputation has been conveyed to the new participant. The numbers immediately below the x-axis indicate the conveyed perceived greed score of the incumbent opponent, as rated by their first-round partner: greed reputation. The y-axis is the average own withdrawal R2 of new participants against incumbent opponents, for each level of greed reputation. Error bars indicate the standard error. The correlation between the opponent’s greed reputation and new participants’ own withdrawals R2 was \(r = 0.12\) \((p = .15)\).
perceptions. We found little evidence of greed contagion despite robust perceptions of greed associated with high withdrawals. Further supporting the idea that greed perceptions are epiphenomenal in these types of interactions, we found no evidence that learning an opponent’s greed reputation affected a new participant’s withdrawal, and no real evidence that incumbents tried to manage said reputation. Instead, the observed spillover for incumbents from R1 to R2 is better characterized by an asymmetric compare-and-adjust process. Adjusting behavior against new opponents in R2 renders certain motives, such as punishment, unlikely. Rather, this spillover would support a mechanism akin to paying it forward (Gray et al., 2014). This suggests that a plausible mechanism is norm learning in R1, which then impacts R2 behavior, despite this being an interaction with a new opponent.

4 | STUDY 3: EXPOSURE TO PAST GREED

In Study 2, incumbents participated in two repetitions of the CPR dilemma against two different opponents. We found, as in Study 1, that incumbents’ R2 withdrawals were not directly affected by their perception of their opponent’s greed in R1. Although this design eliminates the possibly that R2 behavior is driven by reciprocity or punishment, there still is a possibility that incumbent behavior in R2 is affected by the experience of greedy behavior in R1: The incumbent’s evaluation of how greedy their opponent was in R1 is formed via their interaction with the opponent and their personal experience of the associated opponent greed. Hence, the effect of this greed perception is inherently coupled with the experience that the incumbent had in R1. This is potentially problematic in light of the paying it forward findings from Gray et al. (2014) where peoples’ personal experience of the implications of greedy behavior results in them offering lower amount when they act as dictators.

In Study 3, we further isolate the possible behavioral effect of greed perceptions by shutting down this channel of having personally experienced the outcome of R1. In this study, participants merely observe the behavior of a participant from a previous CPR dilemma (in which they did not take part), evaluate how greedy that person was, and then participate in an unrelated CPR dilemma themselves. This design allows testing how greed perceptions—without personal experiencing the implications of greed—affect subsequent behavior in the CPR dilemma.

4.1 | Study 3 methods

4.1.1 | Participants and design

Eighty-two students from a Southwestern U.S. university (32% male; \( M_{\text{age}} = 21 \)) participated. None participated in Study 1 or 2. Sessions lasted approximately 30 min (\( M_{\text{earnings}} = \$14.57 \)).

4.1.2 | Procedure

Participants were randomly assigned to a computer and instructed about a previous CPR dilemma that took place between two participants in a past experimental session; these instructions about the CPR dilemma were similar to those provided to participants in Studies 1 and 2. We then informed participants about the withdrawal of one
of the participants in the pair and asked them to evaluate that decision. They filled in the same greed questionnaire used in the previous studies. To ensure proper variation, participants were randomly informed of one of the following three withdrawals: five units (greedy), three units (moderate), or one unit (not greedy).

After participants evaluated the previous participant’s greed (based on the revealed withdrawal level), they participated in one round of the CPR dilemma themselves. The specific procedures from this point mirrored those of Studies 1 and 2. At the time participants evaluated the former participant, they did not know they would be participating in the CPR dilemma themselves; thus, their greed perceptions were elicited independently of their own plans of behavior.

4.2 Results

We first check that participants evaluated higher withdrawals of the previous participant as greedier. The average greed evaluations of the previous participant (ranging from 1 = not at all greedy to 7 = extremely greedy) for each of the three possible withdrawals were $M_{5 \text{ units}} = 5.15$; $M_{3 \text{ units}} = 2.86$; $M_{1 \text{ unit}} = 2.35$. There is strong correlation between the revealed withdrawal and the participant’s greed evaluation ($r = .67$, $p < .001$), which is consistent with Study 1.

Next, we examine if participants’ own withdrawal in the subsequent CPR dilemma is affected by their greed evaluation of the previous participant. Figure 7 shows the average own withdrawal for each of the possible greed evaluations. There is very little relation between participants’ greed evaluation and their own withdrawal behavior. The correlation between the two is not statistically significant ($r = -.12$, $p = .284$). Similarly, a regression of a participants’ own withdrawal on their greed evaluation yields an insignificant coefficient (with and without controlling for the revealed withdrawal).

4.3 Discussion

Studies 1 and 2 provided evidence that greed perceptions formed in R1 had little direct effect on withdrawals in R2. However, in both studies, greed perceptions were formed on the basis of a participant’s personal exposure to the greedy behavior of their opponent. In Study 3, we remove the experience of greedy behavior by having participants form perceptions of a participant in a previous interaction that they were not a part of, essentially shutting down the possibility of paying greed forward.

Consistent with the two previous studies, we find evidence that greed perceptions affect behavior. When participants observe a high withdrawal by another in a previous interaction, they do perceive that behavior as greedy, but there is no relation between their greed perceptions and their own withdrawal. There is, again, no evidence of a direct link between greed perceptions and subsequent behavior.

Neither forming one’s own evaluation of an opponent’s earlier greed (Studies 1 and 3) nor receiving such an evaluation from another person (Study 2) seems to have any discernable effect on later withdrawal choices. Participants appear to ignore perceptions of their opponent’s greed, but what of perceptions conveyed directly to them about their own greed? We examine this in Study 4.

![Figure 7: Average own withdrawal, by greed perception of observed past behavior (Study 3).](image)

**FIGURE 7** Average own withdrawal, by greed perception of observed past behavior (Study 3). Participants’ perception of a prior participant’s greed in a previous common pool resource dilemma and their subsequent withdrawals when playing their own common pool resource dilemma. The numbers immediately below the x-axis indicate the seven possible integer values of a participant’s greed evaluation of the prior participant’s withdrawal decision. Because the three-item greed perception scale does not necessarily result in integer values (each item was on a scale from 1 to 7), we rounded greed perceptions to the nearest integer for binning purposes in this figure. Error bars indicate the standard error. The correlation between greed evaluation and own withdrawal is $r = -.12$ ($p = .284$).
STUDY 4: OTHERS' PERCEPTIONS OF OWN GREED AND CONTAGION OF GREEDY BEHAVIOR

In the preceding studies, we examined the greed contagion when interacting with (a) an opponent whose greed was assessed earlier by oneself or (b) an opponent whose reputation for greed had been reported by another. In Study 4, we examine the effects of learning another’s assessment of one’s own greed on one’s future withdrawal. Centrally, do participants withdraw less when informed that others see them as greedy?

Social approval research shows that people prefer being viewed positively (Ariely, Bracha, & Meier, 2009; Lacetera & Macis, 2010; Masclet, Noussair, Tucker, & Villeval, 2003; Noussair & Tucker, 2005; Pan & Houser, 2017; Rege & Telle, 2004). As greed is generally socially disapproved (Grégroire et al., 2010; Haynes et al., 2017; Wang & Murnighan, 2011), learning that an opponent sees one’s R1 behavior as greedy should motivate less greedy behavior in R2. The impression management literature also suggests that individuals work to maintain a positive impression (Greenberg, 1990; Schlenker, 1980). Social approval and impression management are driven by the motive of self-enhancement; people are biased toward receiving positive feedback (Baumeister, 1998). As such, they act in ways that portray themselves in a positive light (Murnighan, Oesch, & Pillutla, 2001), supporting the notion that if an individual is perceived as greedy, they will work to change that impression.

Research on internal accountability suggests that people restrain themselves from behavior that causes harm to another when they feel personally responsible (Molenmaker, de Kwaadsteniet, & van Dijk, 2016; Schlenker, Britt, Pennington, Murphy, & Doherty, 1994; Shafir, Simonson, & Tversky, 1993). To the extent that being seen as greedy signals that one has harmed another, participants may feel accountable and restrain themselves from future greedy actions. Taken together, this suggests that participants will withdraw less if their opponent sees them as greedy. Once again, we view perceived greed as an important link between early and subsequent withdrawals and hypothesize a negative relationship between another’s perception of one’s own greed in R1 and one’s own subsequent withdrawals in R2 (Hypothesis 9).

5.1 Study 4 methods

5.1.1 Participants

One hundred seventy-six students from a Southwestern U.S. university (59% male; M_age = 21.35) participated. None participated in previous studies. Sessions lasted approximately 45 min with M_earnings = US $14.50.

5.1.2 Procedure

The procedure of Study 4 followed that of Study 1 with the following modification: After completing R1 and the associated questionnaire, and before R2, participants were told how greedy their opponent perceived them to be in R1:

At the end of TASK 1, the OTHER PLAYER rated your level of greed on a scale from 1 (not at all greedy) to 7 (very greedy).

The OTHER PLAYER reported that your level of greed in TASK 1 was [X] out of 7.7

Finally, after R2, participants completed a short questionnaire, which included an evaluation of their own greed in R1 and R2.

5.2 Results

5.2.1 Consistency between another’s and one’s own greed perceptions

It is plausible that participants react only to information that they view as reasonable. We therefore examine the relationship between participants’ own evaluations of their greed and their opponents’ evaluations of how greedy they were in R1. Overall, we find no systematic differences between a participant’s self-reported evaluation of their own greed and their opponent’s evaluation of how greedy they were. Withdrawals by participants in R1 correlated strongly with both self-reported ratings of one’s own greed (r = .71, p < .01), and with opponents’ ratings of perceived greed (r = .73, p < .01). We found no evidence of self-serving bias (Schilizzi & Iftekhar, 2015; Ubeda, 2013); the data showed no overall difference between one’s own and one’s opponent’s rating of the greed of one’s R1 withdrawals (M = 3.80 and M = 3.63, respectively), t(132) = .883, p = .38. Figure 8 shows the distribution of the difference between the two ratings. In 59/133 (44%) instances, there was no difference, and in 94/133 (71%) instances, the difference was no more than one point.

5.2.2 Participants’ reactions to being perceived as greedy

Next, we examined if participants’ R2 withdrawal is affected by how greedy their opponent perceived them to be in R1. Table 4 presents several regressions of own withdrawal R2 on withdrawal in R1 and perceived greed from R1. Of primary interest is whether an opponent’s rating of the focal participant’s greed in R1 (own greed R1) affects the focal participant’s subsequent own withdrawal R2. We proposed that if the focal participant received high ratings of perceptions of their own greed in conjunction with their R1 withdrawal, we would observe decreased R2 withdrawal.

We used two variations of this manipulation. In condition 1, both participants in a pair were informed of their own greed rating, and both knew this information would be shared. In condition 2, only one participant was given this information; A knew B’s rating of him or her and also knew that B does not know A’s rating of him or her. However, the data showed little difference in R1 behavior between the two conditions, and no statistically significant differences between conditions in how participants react in R2. We therefore pooled the data across conditions and report here only the results from the pooled sample. Note that the 43 participants in condition 2 who received no feedback are informationally equivalent to the participants from Study 1 and are therefore incorporated into the Study 1 sample (see footnote 4).
they would adjust their R2 withdrawal downward (Hypothesis 9). Results showed that both own withdrawal R1 and opponent withdrawal R1 predicted own withdrawal R2 (column 1). Adding own greed R1 to the model (columns 2–5) did little to improve it, rejecting Hypothesis 9. The results also show that the coefficient of perceived opponent greed R1 (columns 3 and 4) was not significant, and adding this measure to the model did not explain additional variance. In short, there is no evidence that greed perceptions related to R1 behavior, either one’s own or one’s opponent’s, were predictive of R2 withdrawals.

5.3 | Discussion

Study 4 explored another mechanism by which withdrawal in R1 might be linked to withdrawal in R2—by opponents’ assessments of how greedy participants’ initial withdrawals were. We hypothesized that learning an opponent rated one’s behavior as greedy would reduce one’s withdrawal in R2. We grounded this hypothesis in the social approval, impression management, and internal accountability literatures. Interestingly, opponent’s ratings were broadly consistent with self-ratings, with no evidence of self-serving bias; yet we found
no effect of own or other's greed ratings on R2 withdrawals. Once again, participants judged large R1 withdrawals as greedy, but these perceptions did not affect subsequent withdrawals. It was participants' and opponents' R1 behavior, and not greed perceptions, that determined R2.

6 | GENERAL DISCUSSION

Our primary goal was to examine behavioral reactions to greed perceptions in social interactions and determine the extent to which there is greed contagion, namely, whether perceptions of other's greed directly result in individuals acting in a greedier manner themselves. In four studies, we examined how individuals (a) respond when interacting with another whom they judge as greedy, (b) respond when interacting with another who has a reputation of being greedy, (c) respond to exposure to greedy behavior by unrelated others, and (d) react to being perceived as greedy.

Our findings suggest that greedy behavior does spillover into subsequent interactions. However, the novelty lies in the somewhat paradoxical finding that greed perceptions are not the mechanism driving this contagion. In that sense, we fail to document evidence of greed contagion. Rather, greed perceptions appear to be epiphenomenal. The important distinction differentiates what the participant does—how much is withdrawn—and another's assessment of how greedy this withdrawal is. Greed perceptions were consistently related to high withdrawals but did not mediate the relationship between high initial opponent withdrawals and increases in focal participants' subsequent withdrawals when interacting against the same opponent. In a stricter test, we paired incumbent participants with new participants in R2 and again found behavioral spillover, but no behavioral reactions to greed perceptions. This suggests that we need to reconceptualize our understanding of the role that greed perceptions play in dynamic interactions.

Furthermore, the epiphenomenal nature of greed perceptions seems robust. Greed perceptions are important; if an individual takes a lot of resources at the expense of others, that person is perceived as greedy. Even participants' own greed ratings were aligned with other's ratings of their greed and were positively related to the amounts withdrawn. Yet it does not seem to matter if one becomes aware of past instances of greed, perceives their opponent as greedy, if a third party perceives one's opponent as greedy, or if a focal participant is presented with their opponent's ratings of their own greed—these perceptions of greed do not drive subsequent behavior for either the participant or the opponent above previous behaviors. Those who were perceived as greedy continued to withdraw high amounts, with little regard for their own or others' assessments of their greed.

Behavior in CPR dilemmas can be shaped by different motivations such as reciprocity, punishment, and norm learning. In examining greed contagion, it is necessary to do so under the backdrop of other motivations. Given that we find little evidence that greed perceptions affect subsequent behavior (after controlling for observed behavior), this suggests that other motivations may be more dominant. In Study 1, participants interacted with the same opponent, so reciprocity or punishment motives could crowd out greed contagion. However, in Study 2, we effectively eliminated this channel, by having participants interact in R2 with a different opponent. We still observe spillover in withdrawal from initial rounds. The data suggest that norm learning is important—people learn what behavior is acceptable/expected (in this environment that might be unfamiliar) and then apply that to subsequent interactions (Gino, Ayal, & Ariely, 2009; Gino, Gu, & Zhong, 2009; Pillutla & Chen, 1999). The behavioral spillover pattern is also consistent with individuals "paying it forward" (Gray et al., 2014), after having been the victim of greedy behavior, although Study 3 shows that merely learning how unrelated others behave in the task does not affect behavior.

Our results contradict evidence that reputation shapes respondent behavior (Brandt et al., 2003; Duffy & Feltovich, 2002). Specifically, when participants received information about their opponent's past greed (based on another's evaluation) with little context and no direct experience, this information had little impact on their behavior. Despite the reliable nature of the "pure" greed reputations presented to new participants, it is possible that the consequences of garnering a greedy reputation may be muted when information about earlier decisions and greedy behavior is not transparent. We considered a generalized reputation construct that captures the propensity to behave in a certain way outside of a known domain. In most of the reputation management literature, reputation refers to a history of past behavior in a specific domain. This distinction may be important; namely, although we do observe evidence of history of past behavior of one's opponent influencing behavior, we find little evidence of a behavioral reaction when participants only received information about their opponent's greed reputation unaware of the specific behavior that garnered the reputation. The lack of context may have reduced participants' confidence in the information given to them and weakened their reaction to the reputation information.

Our results also suggest that one's self-impression is not tarnished by being perceived as greedy. Participants ignored potential effects that a greedy reputation may have and showed no evidence of managing their greed reputation, even when informed that it would be shared. Contrary to the literature on social approval and impression management, our results suggest that being viewed as greedy might not carry the same stigma as other behaviors like lying, cheating, and being unfair.

Other important implications emerged from our findings. Although some paired participants were able to successfully achieve a cooperative outcome, these outcomes were fragile, following Pillutla and Chen (1999) findings. We found that competitive, tit-for-tat outcomes were more robust (Fischbacher & Gächter, 2010). Even the seemingly tangential behavior of others acting in pursuit of their own self-interest can cause overall cooperation to fall apart. As Gino, Ayal, and Ariely (2009) suggested, one bad apple can indeed ruin the barrel. Our results point toward the difficulty of turning a group toward an overall cooperative outcome. The robust nature of competitive decisions suggests that once behavior has escalated to a highly competitive state, cooperative attempts by a few select members will likely not be
sufficient to motivate competitive group members to start cooperating (Bettenhausen & Murnighan, 1991).

Our findings are subject to the familiar limitations of laboratory studies: student performing brief, unfamiliar tasks for modest financial incentives and with little opportunity to learn. Moreover, in all three studies reported, we utilized a CPR dilemma; hence, there, it is possible that our main results do not generalize to other settings where greed perceptions might be salient. We do, however, see a role for such studies in early-stage theory development. We examine greed contagion using a CPR dilemma because of its ability to incite strong greed perceptions. That said, there are important questions that remain to be explored in follow-up research. For example, do we see the same lack of greed contagion in other settings? Why do people not react to their perceptions of other’s greed? In which settings are people more negative to the greed of others and, hence, more inclined to react on their perceptions?

7 | CONCLUSION

The importance of investigating possible reactions to behavior perceived as greedy is apparent. The tension between cooperative and self-interested motives inherent in a CPR dilemma makes it a clear platform for studying greed perceptions and behavioral reactions to those perceptions. Interestingly, our data demonstrate a strong relationship between acquisitive behavior and greed perceptions, yet no contagion effect of greed perceptions on behavior. In particular, participants do not appear to behave differently in reaction to perceptions of another’s greed or another’s greedy reputation. In short, within the constraints of the specific paradigm used here, perceived greed appears to be driven by a consistent set of antecedents; it just does not have much of an effect on how individuals behave over the direct reaction to past behavioral outcomes. Although norms of selfish behavior are contagious, it is not the perceptions of greed that are necessarily the cause of this contagion.

ORCID

Eric Cardella https://orcid.org/0000-0002-9398-2191

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