

Groups and Socially Responsible Production: An Experiment with Farmers

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Abstract:

Does corporate social responsibility decrease when corporate decisions are taken by several people (a corporate board) instead of an individual entrepreneur? And if so, why? I study these questions in a lab-in-the field experiment involving 126 Italian farmers. They are asked to choose between an ecological and non-ecological but more profitable product to use in their farm. To study the effect of collective decision making, I introduce two experimental variations in a 2x2 design: (i) the number of people responsible for the decision (one vs three) and (ii) the number of people receiving a payoff from the decision (one vs three). I find that collective payoff leads to less socially responsible decisions, possibly because it provides participants with the moral wiggle room to be less pro-social. On the other hand, sharing the responsibility of the decision with others does not change behaviour in this setting, meaning that there is no diffusion of responsibility, in contrast to what has been found in other laboratory experiments. To shed light on the external validity of my results, I find that my experimental measure of social responsibility correlates with measures of social responsibility outside the lab.