

*Title: Reciprocating to Strategically Motivated Kindness*

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Abstract:

An important consideration in reciprocity is how people evaluate the kindness of an action and whether this evaluation matters for their responses. We examine the role of the first-stage player's motivations behind helping a second-stage player in shaping the second-stage player's reciprocal behavior. Across conditions where the same helpful action could be motivated by punishment-avoidance, reward-seeking, and/or pure altruism, we elicit the second-stage player's reciprocal choices as well as her beliefs about the altruism of the first stage player. We use a full information probabilistic design with the strategy method to elicit reward demands in situations where the first-stage player expected a different sub-game to take place most the time. We find that positive reciprocity is higher for an unmotivated helpful action than for the same helpful action potentially motivated by punishment-avoidance. First-stage players who choose the helpful option in a dictator game are perceived as on average more altruistic than those who choose the same option when the alternative option could have led to punishment. In line with the prediction of intention-based reciprocity theories, we show that the difference in the level of reciprocity is driven by the changes in the altruism inferences regarding the person who took the helpful action.

Theories of intention-based reciprocity and theories of guilt aversion make seemingly contradictory predictions regarding the difference in the level of positive reciprocity towards helpful actions that are unmotivated versus those potentially motivated by reward-seeking. We disentangle the predictions of these theories, providing experimental support for both. The results show that the second-stage players for whom the existence of reward-seeking motives significantly lower altruism inferences reciprocate less to helpful actions, in line with the predictions of intention-based reciprocity theories. However, when altruism inferences are not affected negatively, rewards are higher when rewards were expected, in line with guilt aversion. Therefore, inferences about the first-stage player's type play a pivotal role in determining reciprocal behavior. Coupled with the observation that existence of reward-seeking motives does not lower altruism inferences as uniformly as the existence of punishment-avoidance motives does, these findings help explain the null results (in this and previous research) regarding the difference in level of reciprocity in the overall population of subjects.

The results contribute to the reciprocity literature by showing that 1) perceived intentions impact the levels of reciprocal behavior, 2) this impact is due to changes in altruism inferences and may differ across motives, and 3) seemingly contradictory theories and previously inconclusive evidence regarding the role of intentions can be reconciled. We discuss several implications of our findings for principal-agent contracts.