

Positive and negative reciprocity in the labor market

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Abstract

This paper reports results of an experiment designed to analyze whether reciprocal behavior survives in a more hostile environment than usually considered in the literature. In fact, positive reciprocity survives in a treatment favoring selfish behavior, although there is a decrease in the deviations from the subgame perfect Nash equilibrium. Besides positive reciprocity there is negative reciprocity in this new treatment. Additionally, this paper highlights the influence of the experimental design, namely the importance of wage cut points, on subjects' behavior.

JEL classification: C72; C91; J30

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