

Running Head: FEAR OF EXPLOITATION OR OPPORTUNITY TO EXPLOIT?

Fear of exploitation or opportunity to exploit? Causes of non-cooperative behavior in  
interactions between Palestinian and Jewish Israelis

Jeremy Ginges

Research Center for Group Dynamics

University of Michigan

Shahar Ayal

Department of Psychology

Open University of Israel

Deepak Malhotra

Harvard Business School

Haj Kussai Yehia

Beit Berl College, Israel

Word count: 2, 356

Jeremy Ginges

Research Center for Group Dynamics

University of Michigan

5027 ISR

426 Thompson St

Ann Arbor, MI 48106

email: [jginges@umich.edu](mailto:jginges@umich.edu)

Phone: 1 734 9364788

### **Abstract**

Experiments with Palestinian and Jewish Israelis investigated the role of distrust in causing non-cooperative decision-making in between-group interactions. Participants completed identical decision tasks with real monetary outcomes with either an in-group or out-group member either under risk of exploitation or when risk was negated by the prior cooperation of the other player. Strikingly, under risk of exploitation when distrust of out-groups should have been salient, rates of non-cooperation did not differ between the in-group and out-group conditions. However, prior cooperation by the other player *decreased* non-cooperation in within-group interactions but *increased* non-cooperation in between-group interactions. This effect was particularly marked when individuals were acting as imagined “group agents”. These findings reveal that trusting behaviors have different behavioral implications in between-group versus within-group relations. It was the opportunity to exploit members of the ethno-political “enemy” group rather than fear of exploitation by members of that group which caused in-group bias.

“Barak’s worst fear was that he would put forward Israeli concessions ...only to see the Palestinians using the concessions as a new point of departure ... The Palestinians saw acceptance of the U.S. ideas ... as presenting dangers ... To accept these proposals ... risked diluting the Palestinian position in a fundamental way.”

- Malley & Agha, *Camp David: Tragedy of errors* (2001, p.69 -72)

## **Introduction**

To outside observers, the persistence of inter-ethnic political conflicts can appear inexplicable. Both sides in such conflicts often seem to ignore clearly available compromises and instead opt for mutually destructive conflict. As the above quotation suggests, groups in ethno-political disputes might find it especially difficult to compromise because their history of mutual antagonism makes both parties wary of exploitation by the other. That is, a mutual lack of trust is a barrier to mutual cooperation (Larson, 1997; Messick & Kramer, 2001; Tyler, 2001). Here *trust* refers to the expectation that another person will act in a cooperative and truthful manner (cf., Rousseau, Sitkin, Burt, & Camerer, 1998). This expectation allows an individual to undertake actions that would otherwise be too risky (e.g., Lewis & Weigert, 1985; Milinski et al., 2002). When both parties share such expectations of benevolence and integrity, their willingness to take risks encourages mutual cooperation (Lewicki & Bunker, 1995).

There seems little doubt that people regard members of salient out-groups as less trustworthy than in-group members (Brewer, 2001; Brewer & Campbell, 1979; Tajfel et al., 1964) even when group classifications are artificial and trivial (Yamagishi et al., 1999; Otten & Moscovitz, 2000). However despite their purported importance, empirical examinations of the roles of trust and distrust in hindering cooperative decision making in between-group contexts are scarce (Kramer & Caravale, 2001). Although the study of trust has largely been confined to within-group settings (or more generally, to relatively benign contexts), the

consequences of trust and distrust may differ between within-group and between-group contexts. Within groups for example, the existence of diffuse reciprocity norms (e.g., Yamagishi & Kiyonari, 2000) facilitate risky acts such as unilateral cooperation by one party that signal trust and elicit reciprocity (c.f., Pillutla, Malhotra, & Murnighan, 2003). However, given the relative absence of diffuse reciprocity norms in encounters between groups (Brewer, 2001; Fiske, 2000), unilateral cooperative acts of another person who is an out-group member might invite exploitation rather than reciprocity and therefore undermine rather than promote cooperation. This process would be particularly exaggerated when the two groups share a history of antagonism.

We were interested in investigating whether trust and trusting behaviors have qualitatively similar or different effects on cooperative and non-cooperative decision-making in between and within group interactions. More specifically, we tested two alternative hypotheses to explain *in-group cooperation bias* (the tendency to cooperate less in between-group than within-group interactions). The “fear of exploitation” (FEx) hypothesis proposes that between-group cooperation may be less likely than within-group cooperation, even when the motivation to cooperate in between- and within-group contexts is equal, because a greater FEx of out-groups leads to a reluctance to take risks. If FEx is correct, then unilateral acts of cooperation by the other party should *decrease* any in-group cooperation bias because such acts diminish or eliminate the possibility of exploitation by party that has already cooperated.

Alternatively, our “opportunity to exploit” (OEx) hypothesis proposes that between-group cooperation is less likely than within-group cooperation because, due to a relative absence of between group reciprocity norms, people are more likely to exploit cooperative out-group members. Thus, in contrast with the FEx hypothesis, the OEx hypothesis suggests that anything that reduces the risk of exploitation of one party, such as the unilateral

cooperation by the other party, will *increase* in-group cooperation bias. Whereas unilateral cooperation of a fellow in-group member is likely to increase the probability of mutual cooperation, the unilateral cooperation of an out-group member is likely to decrease the probability of mutual cooperation. In contrast to the FEx hypothesis, OEx warns that the goal of mutual cooperation in between-group interactions is hindered, not helped, when a party engages in acts of unilateral cooperation.

We tested the OEx and FEx hypotheses both in purely individual exchanges and in contexts where individuals were acting as agents on behalf of their respective ethnic groups. A typical example of people acting as agents in between-group interactions is political negotiation between ethnic groups where both the need for cooperation and the risk of exploitation are high. Based on prior research showing greater competitiveness and less cooperation between groups than between individuals (see Insko & Schopler, 1998), we predicted that both FEx and OEx will loom larger in interactions where people are acting as agents of ethnic groups (or as group representatives) than when they are representing only themselves. Thus, we hypothesized that the difference between inter- and intra-ethnic cooperation rates will be greater in interactions where participants are acting as group agents than in interactions where participants are representing only themselves.

The reported study investigated these hypotheses by varying the degree of risk/exploitability in inter- and intra-ethnic interactions. Unlike many studies of between-group interactions that use groups with minimal meaning outside the laboratory (c.f., Tajfel et al., 1971), we presented Palestinian and Jewish Israelis, two groups undergoing protracted (Smootha, 1992) and often violent (Burston, 2003; Eshel & Moran, 2002) ethno-political conflict, with a decision-making task involving real monetary outcomes where the payoff structure was identical across conditions. Specifically, we analyzed the dynamics of in-group

cooperation bias by testing the effect that unilateral cooperation by one party has on the willingness of the other party to cooperate.

### **Method**

Participants and Design. Participants included 164 Palestinian Israeli Bachelor of Education students at Beit Berl Teachers College (mean age  $\approx$  22), and 162 Jewish Israeli Bachelor of Arts students at the Ramat Gan campus of The Open University of Israel (mean age  $\approx$  24). Palestinian and Jewish Israeli researchers collected data from the Palestinian and Jewish samples respectively. In each sample, participants were randomly assigned to one of eight conditions using a 2 (Risk of Exploitation: Risk vs. No Risk) x 2 (Opponent Identity: In-group vs. Out-group) x 2 (Agency: Individual vs. Group Agent) factorial design. All experimental materials had been back translated from English into Arabic (for Palestinians) and Hebrew (for Jews).

Procedure. Students volunteered to stay behind at the end of their classes to participate in a decision making exercise. They were told that everyone who participated would earn money, but that the amount each would receive would depend on the decisions they and others made. All decisions were anonymous and neither the experimenters nor the other participants would know who made which decisions. Participants were seated in a room and told that they would be taking part in a “decision making exercise” with another player in a different location. In reality, there was no other player, and a confederate made the decisions of the other party. Participants were told that they and their counterpart would each make a dichotomous choice (either “A” or “B”) and that the amount of money each of them received would depend on the choices both players made. They were provided a verbal explanation of the rules of the game and also presented with a table that displayed the payoff

structure for the exercise (see Table 1). The table describes all of the potential outcomes of the exercise and the payoff to each party given each possible set of decisions (e.g., “If Player 1 chooses ‘A’ and Player 2 chooses ‘B’ Player 1 will receive \$12 and Player 2 will receive \$4”).

The payoffs in this game are typical Prisoners’ Dilemma Game (PDG) payoffs. In the PDG, each participant maximizes his or her payoff by choosing “non-cooperation” (here, choosing A), but if both participants choose non-cooperation the total (summed) payoffs are minimized. If one party “cooperates” (chooses B), and the other is non-cooperative (A), then the non-cooperative party is able to exploit the cooperator and gets the highest possible payoff, while the party that cooperated gets the lowest possible payoff.

Risk of Exploitation In the *Risk* condition, participants were told that they had been randomly chosen to be Player 2 and that both they and Player 1 would make their decisions simultaneously. In the *No Risk* condition participants were told that they had been randomly chosen to be Player 2 and that Player 1 had already made the first decision. Both players in the No Risk condition knew that Player 2 would be informed of Player 1’s choice before Player 2 made his or her own decision. All participants were provided a sheet on which to make their decision; in the No Risk condition, participants were provided a decision sheet that already indicated Player 1’s choice. In order to eliminate the possibility of exploitation, all participants in the No Risk condition were told that Player 1 had chosen “B” (i.e., to cooperate). In other words, the No Risk condition entailed unilateral cooperation initiated by the “other player”. Meanwhile, exploitation by Player 1 in the Risk condition was possible because Player 2 did not know what Player 1 would choose prior to his/her own choice.

Opponent Identity. Participants in the *In-group* condition were told their counterpart was Palestinian (for Palestinian Israelis) or Jewish (for Jewish Israelis); participants in the *Out-group* condition were told that their counterpart was Jewish (for Palestinians) or Palestinian (for Jews).

Agency. In the *Individual* condition, participants were told that they would be asked to “make a decision to allocate money between you and another person”. In the *Group Representative* condition, participants were additionally told to imagine that they were the leaders of an imaginary group of five members of their own ethnicity (e.g., for Palestinian Israelis “... an imaginary group of 5 other Palestinian Israelis”) and to imagine that the same was true of their counterpart (e.g., if their counterpart was Jewish then the counterpart was a “leader of 5 other Jewish Israelis”). They were further told to imagine that each group member would receive the same amount of money that they themselves would actually receive (as per the payoff structure) and that the same would be true of their counterpart.

## Results

Because the dependent variable was dichotomous (cooperate = 0, not cooperate = 1) we analyzed the data using logistic regression analysis. Predictor variables were ethnicity of participant (0 = Jewish, 1 = Arabic), risk level (0 = risk, 1 = no risk), agency (0 = individual, 1 = group representative) and opponent identity (0 = ingroup, 1 = outgroup). Preliminary analysis revealed a main effect of participant ethnicity: Palestinians were more likely than Jews to choose non-cooperation (Wald coefficient = 40.36, exponent of logistic coefficient = 5.11 [95% CI = 3.09-8.44],  $p < .005$ ). However, participant ethnicity did not interact with other indicator variables (all Wald coefficients  $< 2.3$ ; all  $p$ 's  $> .1$ ) demonstrating that the overall pattern of results across experimental conditions was similar across ethnicities.

There were no main effects for risk or agency, but there was a significant main effect for opponent identity (Wald coefficient = 13.55, exponent of logistic coefficient = 5.11 [95% CI = 2.15-12.29],  $p < .005$ ), and an opponent identity x risk interaction (Wald = 3.99, exponent of logistic coefficient = 2.72 [95% CI = 1.02-7.28],  $p < .05$ ). The likelihood of non-cooperation increased by a factor of 5.11 when participants interacted with ethnic out-group compared to ethnic in-group players. The identity x risk interaction (see Figure 1) suggests that unilateral acts of cooperation were rewarded when they were initiated by in-group members, and exploited when initiated by out-group members. Notably, in the Risk condition, when there was uncertainty regarding the decision of the other party, participants cooperated equally with in-group and out-group opponents ( $\chi^2(1, 98) = 0.02, p > .88$ ). These results are consistent with the OEx Hypothesis and contradict the FEx Hypothesis: in-group bias surfaced only when the opportunity to exploit the opponent was made salient (i.e., in the No Risk condition, once the other party had unilaterally cooperated).

Opponent identity also interacted significantly with agency (see Figure 2; Wald = 5.58, exponent of logistic coefficient = 3.28 [95% CI = 1.22-8.78],  $p < .05$ ). Participants who were acting as agents were more likely to cooperate with in-group members than were those acting only for themselves. The opposite was true in the case of interaction with the out-group: non-cooperation was higher among agents than among individuals when the opponent was a member of the out-group. This result provides support for our agency hypothesis: the propensity to cooperate more with in-groups than with out-groups (i.e., in-group bias) is higher between agents representing groups, than between individuals.

## Discussion

These results show that the salience of exploitation opportunities may be a greater barrier to inter-ethnic cooperation than fear of exploitation by the out-group. Strikingly, prior-cooperation by another player *increased* the likelihood of non-cooperation for between-group interactions but *decreased* the likelihood of non-cooperation for within-group interactions. Put another way, people were more likely to cooperate with members of their own ethnic group when the other player reduced the risk of exploitation by cooperating first, but more likely to cooperate with members of the ethnic out-group when risk of exploitation was present. Thus reductions in risk led to reciprocal cooperation for both Palestinian and Jewish Israelis playing members of their own ethnic groups but led to exploitation behavior when playing members of the “other” ethnic group. This pattern was most marked when participants were acting as hypothetical group representatives. It was particularly noteworthy that under risk, when the actions of the other party was unknown (and when fear of exploitation ought to have been salient in between-group interactions) we found no in-group cooperation bias. These results imply that trust and trusting behaviors have qualitatively different effects on cooperative decision-making in between-group versus within-group interactions. There are also practical implications. For example, based on these results we would advocate that mediators in negotiations between antagonistic ethnic groups should focus their attention on retaining a certain threshold of symmetrical risk, or make salient a degree of mutual fate control, in order to reduce the salience of opportunities to exploit. Moreover, the results imply that unilateral concessions may be detrimental in such contexts in that they may trigger exploitation rather than reciprocity. Instead, the parties may benefit from making explicit agreements involving simultaneous mutual compromise.

## References

Agha, H., & Malley, R. (2001). *Camp David: The Tragedy of Errors*. Retrieved 1/3/2004, from <http://www.nybooks.com/articles/14380>

Brewer, M. B., & Campbell, D. T. (1979). *Ethnocentrism and intergroup attitudes: East African evidence*. Beverly Hills, CA: Sage.

Brewer, M. B. (2001). Ingroup identification and intergroup conflict: When does ingroup love become outgroup hate? In R. D. Ashmore (Ed.), *Social identity, intergroup conflict, and conflict reduction*. London, England: Oxford University Press.

Burston, B. (2003, May 13). Background / Israeli vs. Israeli: A threat to the state? *Haaretz*.

Eshel, Y., & Moran, M. (2002). Jewish-Arab violence: Perspectives of a dominant majority and a subordinate minority. *Journal of Social Psychology, 145*, 549-565.

Fiske, S. T. (2000). Stereotyping, prejudice, and discrimination at the seam between the centuries: evolution, culture, mind, and brain. *European Journal of Social Psychology, 30*(3), 299-322.

Insko, C., & Schopler, J. (1998). Differential distrust of groups and individuals. In C. Sedikides & J. Schopler (Eds.), *Intergroup cognition and intergroup behavior*. NJ, US: Lawrence Erlbaum Associates.

Kramer, R. M., & Carnavale, P. J. (2001). Trust and intergroup negotiations. In R. Brown & S. L. Gaertner (Eds.), *Intergroup Processes*: Blackwell.

Larson, D. W. (1997). Trust and missed opportunities in international relations. *Political Psychology, 18*, 701-734.

Lewicki, R., & Bunker, B. (1995). Trust in relationships: A model of trust development and decline. In B. Bunker & J. Z. Rubin (Eds.), *Conflict, cooperation and justice*. San Francisco, CA: Jossey-Bass.

Lewis, J. D., & Weigert, A. (1985). Trust as a social reality. *Social Forces, 63*, 967-985.

Messick, D. M., & Kramer, R. M. (2001). Trust as a form of shallow morality. In K. S. Cook (Ed.), *Trust in Society*. New York: Russell Sage Foundation.

Milinski, M., Semmann, D., & Krambeck, H. J. (2002). Reputation helps solve the 'tragedy of the commons'. *Nature, 415*(6870), 424-426.

Otten, S., & Moskowitz, G. B. (2000). Evidence for implicit evaluative in-group bias: Affect-biased spontaneous trait inference in a minimal group paradigm. *Journal of Experimental Social Psychology, 36*, 77-89.

Pillutla, M. M., Malhotra, D., & Murnighan, J. K. (2003). Attributions of trust and the calculus of reciprocity. *Journal of Experimental Social Psychology, 39*(5), 448-455.

Rousseau, D., Sitkin, S., Burt, R. & Camerer, C. (1998). Not so different after all: A cross-discipline view of trust. *Academy of Management Review, 23*, 393-404.

Smootha, S. (1992). *Arabs and Jews in Mutual Intolerance (Vol. 2)*. San Francisco: Westview Press.

Tajfel, H., Flament, C., Billig, M., & Bundy, R. (1971). Social Categorisation and

intergroup behaviour. *European Journal of Social Psychology*, *1*, 149-178.

Tajfel, H., Sheikh, A. A., & Gardner, R. C. (1964). Content of stereotypes and the inference of similarity between members of stereotyped groups. *Acta Psychologica*, *22*(3), 191-201.

Tyler, T. R. (2001). Why do people rely on others? Social identity and the social aspects of trust. In K. S. Cook (Ed.), *Trust in Society*. New York: Russell Sage Foundation.

Yamagishi, T., & Kiyonari, T. (2000). The group as the container of generalized reciprocity. *Social Psychology Quarterly*, *63*(2), 116-132.

Yamagishi, T., Jin, N. & Kiyonari, T. (1999). Bounded generalized reciprocity: Ingroup favoritism and ingroup boasting. *Advances in Group Processes*, *16*, 161-197.

Table 1

Payoff structure

		Player 2 Chooses:	
		<b>A</b>	<b>B</b>
Player 1 Chooses:	<b>A</b>	Player 1: \$5 Player 2: \$5	Player 1: \$12 Player 2: \$4
	<b>B</b>	Player 1: \$4 Player 2: \$12	Player 1: \$8 Player 2: \$8

Figure Caption

Figure 1. Interactive effects of the other players ethnic identity on the predicted odds of non-cooperative decisions under no risk versus risk conditions.

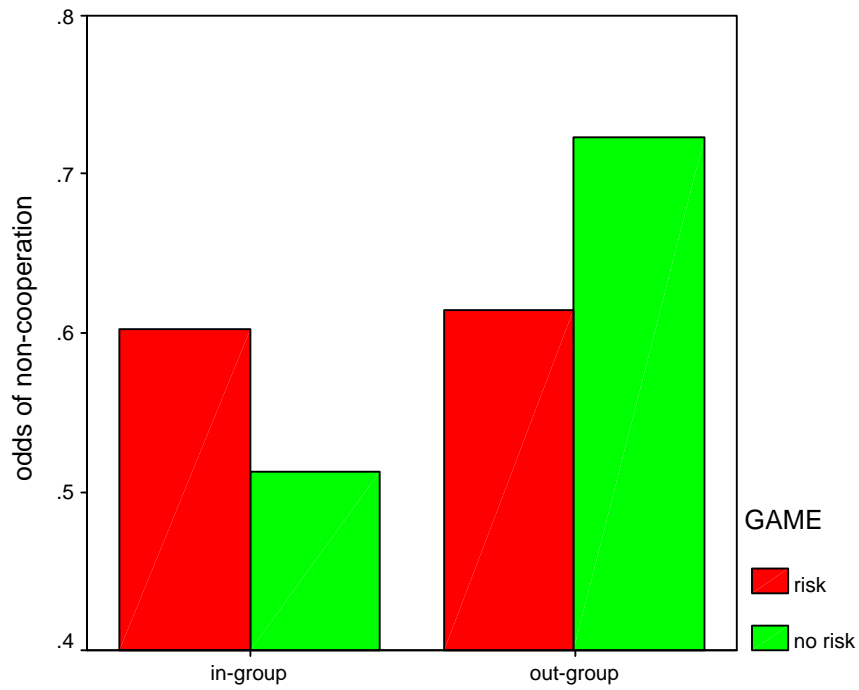


Figure Caption

Figure 2. Interactive effects of the other players ethnic identity on the predicted odds of non-cooperative decisions under individual versus group agent conditions.

