On the Impact of Quotas and Decision Rules in Ultimatum Collective Bargaining

Robert Feicht  
Regierung der Oberpfalz  

Veronika Grimm  
University of Erlangen-Nürnberg  

Holger Rau  
Universität Göttingen  

Gesine Stephan  
Institute for Employment Research (IAB) and University of Erlangen-Nürnberg  

(November 2015)  
LASER Discussion Papers - Paper No. 91  
(edited by A. Abele-Brehm, R.T. Riphahn, K. Moser and C. Schnabel)  

Correspondence to:  
Prof. Dr. Veronika Grimm, Lange Gasse 20, 90403 Nürnberg, Germany, Email: veronika.grimm@fau.de.
Abstract

We conduct multi-person one-shot ultimatum games that reflect important aspects of collective bargaining. In all treatments a proposer has to divide a pie among herself and two groups of three recipients each. She cannot discriminate within, but across groups. A committee with representatives from one or both groups takes acceptance decisions. In a 2x2 design we vary (i) representation in the decision committee (one vs. both groups) and (ii) the decision rule (unanimity vs. majority voting). We find that (i) representation of a group in the committee is crucial for receiving a significant share, (ii), proposals are balanced only if both groups have veto power (iii) negotiations often fail if the decision environment gives insufficient guidance on what an appropriate proposal is and (iv) non-binding communication substantially reduces rejection rates and proposer shares.

Copyright statement

This document has been posted for the purpose of discussion and rapid dissemination of preliminary research results.

Author note

We thank Carlos Alós Ferrer and Martin Kocher for helpful discussion and seminar participants in Cologne, Berlin, Nuremberg, Regensburg, and Zurich for helpful comments. We also thank Christian Solch for excellent Research assistance. Financial support by BMFSFJ (Bundesministerium für Familie, Senioren, Frauen und Jugend) of the Federal Republic of Germany and the Emerging Field Initiative (EFI) of FAU Erlangen-Nuremberg is gratefully acknowledged.