
Why Do Workers Work? Inequality and Collective Benefit in Production Experiments

Natsuka Tokumaru*¹

¹Ritsumeikan University – Japan

Abstract

Production experiments in a simulated firm consisting of an investor and two workers were performed to examine how different incentives of self-interest, wage inequality, employer–employee inequality, or collective benefit affect worker performance. The findings indicate that workers with information on unequal wages performed significantly lower than equally waged workers for impaired cooperation. Equally paid workers undertake a boycott due to enhanced aversion to employer–employee inequality. However, workers given collective information on total wages and firm revenue showed the highest productivity in response to enhanced incentives for collective benefit, regardless of wage and employer–employee inequality.

Keywords: wage inequality, employer–employee inequality, labor productivity, collective benefit

*Speaker