

# Fairness & Reciprocity

Economics

Where people sacrifice money to punish unfairness.

*Findings from experimental games.*

## Findings

Low offers rejected in ultimatum games

Costly punishment of free riders

Cooperation higher than predicted

Reciprocity in both directions

Fairness norms vary across cultures

## Implications

Perceived fairness affects price acceptance

Contracts rely on norms, not only enforcement

Reputation systems change behaviour

Pay comparisons matter within firms

Relative pay within an organisation affects effort and retention independently of the absolute level.