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<td>Favoring Foreigners (Out-group Bias): a trust intergroup experiment in Ecuador</td>
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I study and provide experimental evidence of the emergence of out-group bias (or out-group favoritism) between two naturally occurring groups using Ecuadorean (developing country) students as the in-group and foreign students from developed countries as the out-group. Even though out-group bias may disturb the optimal allocation of scarce resources, there is little research done to understand how and why out-group bias may occur. I discuss how an individual’s level of commitment to her/his group and a “status” difference between groups may play a role in promoting out-group bias. I designed a trust game experiment where the control group played a classic trust game with their countrymen and the treatment group played it with foreign students from developed countries. In addition I measure and categorize subjects according to their level of commitment. Finally I use countries’ categorizations of “developed” and “developing” as a signal of status degree. Results fail to show that low-committed Ecuadoreans will trust the out-group more than they trust the in-group. Surprisingly, high-committed Ecuadoreans have a tendency to show out-group bias in the trust game. This result may be due to the fact that high-committed subjects are affectively influenced and care much about their country’s reputation.
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Statement of Originality

This document is written by Student Santiago Martin Ramirez Chiriboga who declares to take full responsibility for the contents of this document.

I declare that the text and the work presented in this document is original and that no sources other than those mentioned in the text and its references have been used in creating it.

The Faculty of Economics and Business is responsible solely for the supervision of completion of the work, not for the contents.
1. Introduction

Out-group bias is an existing cognitive effect that has not received much attention because it is not as frequently found or as strong as its opposite partner: in-group bias. Out-group bias in this paper will imply, using the contrary definition to in-group bias (Fershtman et al. 2001); a tendency of agents to treat more favorably members of another group than they treat their fellow members. For economists, to study out-group bias is as important as the study of in-group bias since this cognitive effect may influence the decision making process of agents in virtually every economic aspect where resources must be allocated and such agents are part of a group. This bias, just like in-group bias, can produce inefficiencies in markets due to favoritism in the allocation of resources. It may affect for example the labor market, where a certain vacancy may be preferred to be offered to a foreigner (out-group) instead of a more experienced countryman (in-group). Similarly, consumers in a developing country may prefer to purchase foreign product brands in the supermarket instead of the local brand (even if both items offer the same quality and price) thus generating a competitive disadvantage to local factories. Indeed, Batra et al. (2014) provide evidence that some types of consumers prefer non-local brands over local brands in developing countries. Moreover, systematic out-group bias can lead to or reinforce the inequality of wealth distribution within a country if a certain group is more likely to receive more trust or business from other groups. Various authors have discussed how individuals in countries with mixed ethnic populations in Latin America have undergone (and still are in) a process of a constant effort for status escalation denying their indigenous roots and assimilating higher social status’ culture. (Apolo 2000: Wade 2000).

Results of out-group bias have been found in some experiments in the social sciences (see Wallach 2002, Batra et al. 2014). In another example, Fershtman and Gneezy (2001) found in a trust experiment in the Israeli society that men from Eastern origin discriminated against themselves, thus generating out-group bias with respect to the other two ethnic groups. Despite its existence, to my knowledge, little research has been done intentionally to analyze this effect and most of it has been done in business studies regarding consumer behavior (see
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Lawrence 2012; Nes et al. 2014) and in psychology (see Kent and Burnight 1951; Jost and Banaji 1994; Ellemers et al. 2002). On the other hand, in-group bias has been extensively studied in many social sciences (see Tajfel et al. 1971, Takahashi et al. 2008, Postmes et al. 2005, Abbink and Harris 2012, Butler 2014).

Not only is it important for scientists to understand better under which circumstances out-group bias may occur but also to gather experimental evidence about its mere existence. If out-group bias occurs in real-world settings with respect to an important value such as trust, it is important for policy makers to be aware of it in order to take correction measures to avoid market inefficiencies and reverse the process to enhance economic development of the country. As argued by Knack (2001) a high-radius of trust within a society will lead to higher economic performance.

For this paper an experiment has been set up in order to analyze how trust between members of a low status natural group differs when they deal with co-members from when they deal with members of a natural group with higher status. More specifically, an analysis is made of whether the member’s level of affective commitment to their country may play a role in generating a deviation between the levels of trust in the two treatments. The results provide evidence that individuals with low-commitment to their country trust high status foreigners just as much as they trust their countrymen. Surprisingly, individuals who are highly committed to their country will trust more foreigners from a high status group than their own countrymen. This unexpected out-group bias may be due to “creative social comparison” according to social identity theory; where individuals will choose to uplift their country’s reputation in the eyes of the high status out-group. In addition, a low-resource experiment design is provided which can be used to test for intergroup trust measuring the level of members’ affective commitment to their country.

The rest of the paper is divided in the following sections. First a literature review is provided of the main theories and evidence that help explain intergroup relationships and the consequences of the variability of the intragroup affective commitment. Second an experimental method is presented which consists of a “trust game” (later explained) conducted
via a survey with a questionnaire to measure for the level of affective commitment of each individual. At the end of the methodology section, two hypotheses are formulated based on the theories found. Third an analysis of the data gathered by the experiment is conducted to and the two hypotheses are formally tested. Lastly, conclusions are drawn from the results and a discussion is presented with the implications of the conclusions.

2. Literature Review

Towards a Justification Theory that Contemplates Out-group Bias

An excellent early study that analyzes and provides clarity as to why the effect of out-group bias (or negative self-stereotyping) occurs is the work of Jost and Banaji (1994) from a social psychology point of view. They make an analysis, provide extensive evidence and offer a wide variety of literature to argument as to why the appearance of this phenomenon cannot be truly explained from the “ego” or the “group” justification points of view. Furthermore they provide a new theory which is able to include the possibility of out-group bias called “system justification”.

The ego justification approach states that stereotypes are a necessary construct of each individual to defend or rationalize their actual status in front of other individuals in society. Jost and Banaji (1994) argue that ego justification fails to be a theory which can accommodate the existence of negative self-stereotyping or out-group bias. They focus their arguments in three important points. 1) There is frequent well documented evidence of negative self-stereotyping behaviors from low status groups which in their words “… it hardly seems self-serving to denigrate oneself on stereotypic dimensions. 2) Many low status groups create negative stereotyping of other low status groups even if they have never interacted with them. Jost and Banaji state that if there is no comparison, interaction or threat it is not necessary to stereotype in order to justify one’s ego. 3) A consensus of stereotypes is found among many groups. As they explain, Hispanics and blacks have negative stereotypes of each other which are very similar to the stereotypes whites have of them. They explain that if stereotypes arise from an
individual ego justification need then there should be varying stereotypes between groups since there should be a varying necessity of rationalization among individuals.

From the group justification approach, the authors describe how scholars, such as Tajfel, have argued that stereotypes serve as justification for the in-group members’ actions towards the out-group as well as to consolidate the in-group’s identity among individuals. Based upon this idea Social Identity Theory was developed. This theory helps to overcome some of the ego justification approach deficiencies such as when two similar status groups stereotype each other. This may be caused by the fact that it is beneficial to each group to try to overcome the other in status. Yet, just as the ego justification approach, it fails to explain negative self-stereotypes of low status groups when facing an out-group of higher status. As the authors mention, from the works of Hogg and Abrams (1988) defenders of social identity theory, “one might expect subjects to defend the in-group at all costs”. Nevertheless, as argued by Jost and Banaji, social identity theory has tried to include some type of explanation for negative self-stereotypes. They propose that if an undeniable or legitimate negative characteristic of a group exists then individuals may come to internalize this harmful stereotype. But even after the internalization of the negative self-stereotype the process goes on and then individuals may choose to compare themselves to the out-group on other dimensions where they can achieve positive distinctiveness. This process is called creative social comparison and would again lead to in-group bias.

To solve for the negative self-stereotypes that cannot be explained by the two approaches, the authors suggest a third, the system-justification approach, which is the “psychological process of individuals to contribute to existing social arrangements, even at their own expense or their group”. As exemplified, if high income earners have negative stereotypes of the working class, the working class may come to internalize such negative self-stereotype because it serves to maintain and explain the status quo of the system even at a loss of self-esteem to them. These negative self-stereotypes may become a self-perpetuating process and thus reinforce the negative stereotype of a given group even for third groups. In addition, I believe this is the perfect ground for the creation of an inferiority complex of societies where the internalization
of the beliefs of the strong group, false or not, leads to a self-perpetual process of reinforcement.

Jost and Banaji’s main contribution to my paper is providing theory and proof for the existence, importance and lack of interest of psychology in formally addressing out-group bias. Although the system-justification approach is a new construct, it is closely linked to the bias in behavioral economics called status quo.

According to Samuelson and Zeckhauser (1988) the status quo effect refers to the tendency of people to stick with the status quo alternative in a decision-making situation. A status quo alternative is defined as when the alternative requires that the individual does nothing or remains with his actual or previous choice. One of the psychological explanations provided by the authors is that subjects will avoid decisions which will create conflicting stances in is mind. In other words, individuals will tend to choose alternatives which are consistent with their previous decisions and beliefs. This concept is not far off from the process in which a negative self-stereotype in an individual or a group will reinforce itself. An individual, who has been raised in a group with a negative belief of themselves, real or false, will tend to choose the alternative which is in accordance with his previous choices and beliefs. This does not mean that it is impossible to break a negative self-stereotype, it just means that it is harder and requires more effort to do it.

My main critique Jost and Banaji’s work is that they fail to address which variables in intergroup relations are relevant for out-group bias to emerge. Moreover, the word “system” carries quite a broad definition, which in the end lacks the ability to eliminate the vagueness or mystery of the appearance of the out-group bias.

Nevertheless, this approach serves my paper with certain specifications. For one, it seems that the ideal situation to look for out-group bias is when the in-group is of low status and the out-group of high status. Moreover, the status quo or social arrangement must be such that the difference of status between the two groups is legitimate and stable for a long period of time and thus promotes the necessity of individuals to develop a justification for it. It is important to
note at this stage that there are negative self-stereotypes based on false beliefs and those with a statistical and truthful underpinning. Both may yield out-group bias.

**Taxonomy of the Self and Social Identity**

Ellemers et al. (2002) elaborate on the variables that may play a role in finding out-group bias from a social identity perspective. Their main contribution is the creation of taxonomy where they analyze, on one hand, whether the self or the group is threatened (or compared). On the other hand they analyze the level of commitment of the individuals towards the group. They create a 6 cell matrix with the different options. The three levels of threat are: no threat, threat to the self and threat to the group level. For the purpose of this research, we will consider the threat or comparison at the group level. Two different kinds of individuals are analyzed, with low and high commitment. The effects of comparison are explained in three dimensions, perception, the affect towards the self and the group and possible outcome behavior. The cell that opens the possibility for out-group bias concerns a low-commitment individual when the group is threatened by a higher status group. In contrast, when group comparison occurs highly committed individuals will assert their identity to the group and reveal more in-group favoritism. Similar behavior is expected from a high-committed individual when facing a threat to the self. Without threat, the high-committed individual will promote cooperation towards the in-group members as normal. When there is no threat, low-committed individuals will behave as normal, which is not to get involved or have little cooperation with his members.

Ellemers et al. argue that the most probable outcome behavior of a low-committed individual is to try to leave the group and access the higher status group. But for this to happen, the boundaries must be open to transit, or in terms of social identity, boundaries should be permeable. Dealing at a cross-country level, we find that boundaries are basically impermeable so the individual will look for other type of behaviors. Here the authors cite Jost and Banaji (1994) previously discussed and state that these members of the group when faced with higher status groups will either find creative methods to compare themselves to in a positive dimension or suffer from negative categorization of their group or internalize it. This may result in an inferiority self-perception of individuals (with regard to the selected dimension of
comparison) and can lead to produce out-group bias in order to justify the actual system arrangements; even at a cost for them.

The paper of Ellemers et al. provides a theoretical approach supported by evidence that allows one to predict under which circumstances an individual may produce out-group bias. The circumstances that most promote this occur when low-committed individuals in a low status group face a higher status group. The additional key variable is to maintain boundaries impermeable, such as in country comparisons.

**Xenocentrism and preference for non-local consumerism**

Kent and Burnight (1951) coined the term “xenocentrism” and defined it to be “a view of things in which a group other than one’s own is the center of everything, and all others, including one’s own group, are scaled and rated with reference to it”. They defined xenocentrism as a counterpart of “ethnocentrism” where they provide the following definition: “a view of thing in which one’s own group is the center of everything, and all others are scaled and rated with reference to it”. Kent and Burnight explain further that this is a bias only when there is no objective evidence to support such point of view. For example, if an individual belonging to a certain culture falsely beliefs that members of an out-group of his liking are more intelligent. They suggest that in a complex of heterogeneous societies, people may show xenocentric behaviors or feelings in certain topics and ethnocentric in others. In controversial topics such as religion, politics, or societal organizations, people may be xenocentric. Furthermore they state that individuals who are constantly in touch with other cultures may tend to become xenocentric by negating their own culture and enhancing the foreign culture. Taken all this ideas together we find that such bias is in fact a negative self-stereotype (out-group bias) such as the ones that have been discussed above. Nevertheless, these authors contribute with an interesting idea that may have deep economic consequences. They argue that it is more probable to find xenocentrism in individuals who have regular contacts with foreign cultures. This idea has been researched and analyzed by Batra et al. (2014) where they studied the effect of brands’ local and non-local origins on consumer preferences.
The study focuses on analyzing consumer attitudes towards products with nonlocal brands versus similar products with a local origin. Their findings suggest, in line with the anthropological literature, that consumers from developing countries who have a great admiration for foreign countries, especially western, will opt for foreign brands not only for the “quality halo” but also because of status signaling. The “quality halo” is understood to be the belief that foreign products are of better quality. If this belief is real then it would be rational for local consumers to prefer non local products but if it is false, then such behavior can be considered xenocentric or out-group biased. Regarding the signaling purposes, authors explain that individuals belonging to high social classes will tend to adopt foreign goods from developed countries such as clothes, food or language to signal their closeness to the foreign culture. This tendency helps to differentiate themselves from other social classes. In the same manner inferior social classes will imitate the behavior adopted by high class locals to signal their belonging to higher social classes (see Batra et al. 2000 and Alm 2003).

Although the Batra et al. findings are relevant for this paper, since they suggest that high-class individuals are most likely to produce affection towards developed countries’ products, it does not contribute much to explaining why this is so. The authors merely cite Kottak (1990) who in his work analyzing the use of the English language in Brazil found that people who are not affluent may develop a sense of insecurity or an inferiority complex. (See Alm 2003 who found similar results in Ecuador). In summary, the findings suggest that “Consumers in developing countries, thus, often seek to emulate the apparently glamorous Western consumption practices…”

A Discrimination Experiment

As previously mentioned, Fershtman and Gneezy (2001) produce an experiment among different segments of society in Israel; individuals from Western and Eastern origin. The history of these groups shows that Eastern origin members are discriminated against and the experiments show that indeed they are, not only by the group of Western origin, but by themselves as well, thus giving evidence of out-group bias. The purpose of their paper is to contribute with an experimental method aimed at analyzing if discrimination exists, if such
discrimination is statistically underpinned or due to a false belief, to test if it is systematic (if other groups discriminate Eastern origin Jews as well) and if it can be attributed to a taste in discrimination (deliberate action). They find that Eastern origin Jews are discriminated based on a false belief that they are not trustworthy. Again, just as the other papers I have discussed, their main objective is not to find out-group bias but to provide an experimental approach to analyze discrimination. Fershtman and Gneezy do not give much information about the possible reasons for the discrimination they observe. They argue, in line with Jost and Banaji (1994) that they believe that this continued prejudice about Eastern origin Jews have become so strong in all groups that they have come to believe it about themselves.

For my paper, the most important contribution of Fershtman and Gneezy is to provide me with an experimental approach. They chose to measure trust levels in a trust game among different groups to test for discrimination in the society. I too, as will be motivated and described in the methodology section of this paper, will use trust levels in a trust game to search for out-group bias.

**The role of trust and uncertainty avoidance in an intergroup relation**

Interpersonal trust is seen as an important characteristic which is deeply related to the social and economic development of a nation (La Porta et al. 1996; Fukuyama 2001; Knack 2001). La Porta et al. (1996) show that there are significant positive correlations between on the one hand, the functionality and efficiency of institutions (public and private), the level of education, or the public infrastructure, and on the other hand the level of trust in a country. Furthermore, Knack (2001) has found that a “high radius” of trust within a country enhances the economic performance of nations. Fukuyama (2001) introduced the idea of the “radius of trust” and that a modern society, such as a nation, may be seen as a series of overlapping concentric radii of trust. The underlying idea is that trust within a group will enhance the performance of in-group members, where all of them cooperate with each other. The radius of trust is the boundary to where an in-group will trust an out-group member. Some groups may extend their trust beyond the group to include foreigners and some may not. Thus Knack (2001) argues that for
trust to become an important determinant of social and economic development, the radius of trust and the general level of trust in a country should be high.

Based on the aforementioned work, Bhardwaj et al. (2007) conduct a cross-national analysis to find correlations between the level of Foreign Direct Investment (FDI) in a country and the level of general trust within the country and it’s Uncertainty Avoidance Index (UAI). The UAI is an index created by Hofstede (1984) that measures the degree to which in general, the population within a country is averse or feels uncomfortable with situations that involve uncertainty. Bhardwaj et al. argue that the UAI may be a “marker” of the countries’ radius of trust. If the country has a high UAI it indicates a high level of adversity and therefore a low-radius of trust. In addition, they predict that UAI will reduce the effect of trust in FDI, meaning that if a country has a low UAI then, regardless of its level of general trust, a foreigner will be less likely to be the recipient of trust. In terms related to this paper, it is less likely that a out-group bias in trust will occur. The authors find positive correlations between FDI, trust, and UAI. Moreover, they confirm the result by Knack (2001) with respect to FDI, i.e., that a country with high FDI will have high-radius of trust within its members.

In my view, the work of Bhardwaj et al. is incomplete since they do not take into consideration the work that has been done in social psychology regarding in-group and out-group bias in intergroup trust relations, which I discussed above. Such omitted variables include the different status of the groups and the affective commitment of individuals in the host country. Moreover, I see a shortcoming in their assumption regarding the situation with high UAI and low general trust. The authors argue that regardless of the general level of trust, individuals in a country with a high UAI will be less likely to have trust in foreigners, a hypothesis for which they do find empiric evidence. Yet, the argument seems incomplete. If a country has a very low general trust where countrymen barely trust each other and they face a foreigner, it is hard for them to trust the foreigner less since the trust in the countrymen was very low to start with. More so, this may happen regardless of the country’s UAI (small or high radius of trust). The point is that a marker of the radius of trust is only effective if there is a significant difference in trusting people inside and outside the circle. If a person within a circle barely trusts the people
inside of it, then the amount of trust whom that same person would place in a person outside of it (foreigner) will not be significantly different. So, contrary to what Bhardwaj et al. suggest, holding all else constant, in a low trust country regardless of its level of uncertainty avoidance, a foreigner will be at least as trusted as a local stranger (if not more).

Experimental evidence opposing the Bhardwaj et al. view was found in an experiment conducted between Chinese (high trust and low UAI) and Japanese (high trust and high UAI) participants, showing that Japanese show less in-group favoritism than the Chinese do (see Takahashi et al. 2008). This counterevidence supports the idea that other variables must be taken into consideration in intergroup relations and that more research on the effect of UAI on trust is needed.

3. Methodology

Methodological Justification

The intergroup relationships will be analyzed in a trust game setting similar to the one conducted by Fershtman and Gneezy (2001). Trust has been selected because as put by Arrow (1972) “virtually every commercial transaction has within itself an element of trust”. It is the objective of contracts to increase the assurance that both parties will comply with the agreement, yet no contract can contemplate every possible risk and therefore trust is still inherent in every economical transaction. Bhardwaj et al. (2007) define trust as “the expectation of regular, honest cooperative behavior within a society”. This definition implies that within a society in general, every agent meeting a stranger will have a predetermined level of belief that this stranger will choose to cooperate in a situation like the Prisoners Dilemma game. I argue that trust is not only the expectation of cooperative behavior within a society but also across societies.

I plan to conduct my experiment to find out-group bias with a host (developing) country as the in-group and foreigners from developed countries as the out-group. As an example, think of the case of a local firm which produces goods to be sold to other local firms or foreign firms.
The in-group would be defined as the local firms and the out-group would be consumer firms from abroad. As mentioned before, countries have the characteristic that their boundaries are impermeable.

It is important to use, as suggested by the literature reviewed (Jost and Banaji 1994; Ellemers et al. 2002 and Batra et al. 2000), a dimension for in which the in-group has a lower status compared to the out-group. In my setup, the underlying assumption is that high status is reflected by belonging to a developed country. I argue that belonging to a developed country, in comparison to belonging to a developing country, signals a high level of income and a high level of education.

Another interesting point to take into consideration is that, since Bhardwaj et al. found evidence that there is a positive correlation between FDI and general trust only for countries with low UAI. For countries with high UAI, they concluded that regardless of their level of general trust there is no correlation with FDI. So for my experiment it is interesting to select a country which has low general trust and high UAI because, as I pointed out earlier on my critique for the Bhardwaj et al. paper, if general trust is low enough then even with a high UAI, a foreigner will be trusted at least as much as a local stranger.

**Ecuador as the In-group**

As the in-group country I have chosen Ecuador. Ecuador, which is part of the frontier developing countries (just above the least developed), is a very good option where we can expect to find out-group bias when facing a developed countries. The income per capita in Ecuador for 2013 was $6,003 current U.S. dollars while the average income per capita of the countries part of the OECD (mainly composed of developed countries is $38,021. Not only is income a difference but out of 5 categories to classify the countries according to their development level Ecuador is categorized in the 4th; as a frontier market.
Regarding the UAI and general trust Ecuador fits perfectly. First according to Hofstede (1984), Ecuador has a UAI index of 67 which makes it a high UAI country\(^1\). This means that Ecuador as a society, does not feel comfortable with uncertain situations. According to Bhardwaj et al. a high UAI would mean that the marker of the radius of trust of the society in Ecuador has a tight radius which it should not expand to the out-group or foreigners. Second Ecuador has a very low general trust according to the World Values Survey (WVS) (Wave 6: 2010-2014). Ecuador ranks as the 55th country (6th lowest country with general trust) out of the 60 evaluated. The question asked is whether “most people can be trusted” and has a yes/no answer. A 7.2% percent out of the 1.202 people surveyed responded yes in Ecuador; while in the country with highest interpersonal generalized trust, the Netherlands, 66.1% answered positively. As previously shown, economic performance is correlated with high trust among its citizens. In addition, in the WVS, 6.8% of Ecuadorians answered positively to the question of whether they see themselves as “someone who is generally trusting” vs. 83.5% in the Netherlands. Finally, the percentage of Ecuadorians who answered positively that they trust people from other countries (foreigners) was of 25.8% vs a 42.2% in Netherlands.

The characteristic that there is a higher percentage of people who trust foreigners than the percentage that generally trust people is not exclusive for Ecuador (3 times as much). Brazil follows a similar pattern with 7.1% of generalized trust and 18.1% of trust in foreigners. Most high income countries such as the Netherlands, United States, Qatar, among others, show the contrary tendency, to have higher generalized trust than trust in foreigners. Although these data taken directly from the surveys has not undergone statistical analysis, they suggest that high income-per-capita countries tend to show in-group bias in trust and low income-per-capita countries tend to show out-group bias in trust. In the end, in-group bias in trust will enhance a country’s development by reducing transaction costs (La Porta 1996) and promoting socially desired outcomes. This idea is not farfetched based on the evidence and theory presented in the literature review.

\(^1\) Ecuador is considered as a country with a high uncertainty index at 67 according to the Hofstede Centre on the web the 06/08/2015 (http://geert-hofstede.com/ecuador.html)
Finally, based on the works of Ellemers et al. (2002) I will measure the affective commitment of the individuals in the local country (Ecuador). As strongly argued by Ellemers et al. (1999) affective commitment is the strongest of the intragroup variables that help to promote or demote in-group bias. I intuitively expect that individuals who are highly committed to their group will choose to benefit the in-group over the out-group hence resulting in in-group bias. On the contrary, out-group bias will most probably occur when commitment to the group is at its lowest. The approach to study out-group bias in trust across countries and measure for the members’ affective commitment level to their country is, to my knowledge, the first of its kind.

Experiment

To test for out-group bias in Ecuador I used an approximation of the method suggested by Fehr et al. (2003) where an interactive experiment of a sequential social dilemma “Trust Game” (explained below) is implemented as a survey between different treatment groups. Fehr et al. propose that one possible way to implement this game is using the “strategy method”. This method consists in that player A will get one survey with the typical question as to how much of an initial endowment they would transfer to player B. Simultaneously B players will get another survey asking them to give their best response to each of the options that A players could choose from. This method has the advantage that it permits one to acquire rich data about the responses to all possible decisions by A. In addition, the strategy method requires fewer resources and has simpler logistics.

Moreover, individuals’ level of affective commitment to their country will be measured using a questionnaire created by Hew and Cheung (2011) where I will be able to categorize individuals into the categories “barely”, “very low”, “low” and “high”. They tested this questionnaire by measuring the level of affective commitment of students from Singapore towards the country. The measure yielded a Cronbach alpha of 0.91, which is high above the 0.70 threshold of acceptance. The last part of the survey will include some questions regarding background information.
To motivate truthful answering, the experiment included a random draw (lottery) of a subject to be paid. The winner was saliently paid accordingly to his/her decisions and his/her partner’s decisions in the trust game.

Participants, Treatments and Survey Platform

Local players for this survey were Ecuadorian students from different universities in Ecuador whom are part of the in-group. The out-group is made up of students from the University of Amsterdam born in any developed country.

The two treatments that played the Trust Game are: 1) the control group, where locals took part both as A and B players and 2) the treatment group, where locals were the A players and foreigners the B players. The A players will be described as CA and TA for the control and treatment groups respectively and the B players will be described as CB and TB respectively.

Using Qualtrics (an internet-based survey platform) I created 4 different surveys, one for each of the 4 groups (control A, control B, treatment A and treatment B); these 4 surveys were randomly distributed to the subjects at different universities and are presented in the Appendix. To reduce the probability of misunderstanding due to language, the surveys handed to Ecuadoreans were created in Spanish and for the foreigners in English. A direct translation of the survey for the Control A group is presented first in the appendix for non-Spanish readers.

Trust Game in the Strategy Method

The Trust Game is a sequential prisoner’s dilemma game created by Berg et al. (1995). It is a 2 player game, with players A and B, where player A is given an initial endowment and asked how much s/he would like to transfer to player B. The amount chosen to transfer to player B may be (in Berg et al. experiment) 0, all or any amount in between. Then the experimenter triples the chosen amount so that player B receives three times the initial transfer. Finally, player B is asked how much s/he would like to transfer back to player A. Again, this amount may be none, all of the received amount or any number in between.
The subgame perfect equilibrium of the game is that player A will not send any money to player B, since if player B is a “selfish rational agent” it would be optimal for her/him to keep all. Player B may keep all the money received because the game will be played only once and it is anonymous; thus there is no chance of punishment, reciprocity by A, signaling or reputation building that could affect the equilibrium. On the other hand, the optimum social outcome (which will generate the maximum amount) is for player A to transfer all the initial endowment.

The results of Berg et al. (1995) typically show some positive amount being transferred by player A and a positive amount returned by player B. The amount sent by player A to player B shows the level of trust that A is willing to put in B and the amount returned by B is usually considered to be a measure of the trustworthiness or reciprocity of B.

For this experiment, in contrast to the Berg et al. (1995) experiment, I have reduced the number of options that player A may choose from to transfer to player B to only four. This change does not influence any theoretical results since both the control and the treatment groups will play the same version of the game.

In the survey, A players receive 10 endowment points (E). Next they choose how much to transfer (ta) to B players. The question for A players to answer is the following:

1. Out of your initial endowment of 10, how much will you transfer to B? 0, 3, 7 or 10?

Then, this amount is tripled by the experimenter so that Player B will receive 0, 9, 21 or 30.

In their survey, B players choose between any integer amounts (including 0) to transfer (tb) back to A. The following 3 questions are asked to B players:

1. If A sends you 3 points so that you now have 9 in total, how much of it would you send back?
2. If A sends you 7 points so that you now have 21 in total, how much of it would you send back?
3. If A sends you 10 points so that you now have 30 in total, how much of it would you send back?

The total amount of points for both players will be calculated in the following way:
Player A = E – ta + tb

Player B = 3xta – tb

Commitment to Ecuador

Ecuadorian A players only (control and treatment) are asked to rate how much they agree with the following 10 statements where 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree and 5=strongly agree:

Q1: I would be happy to spend my whole life in Ecuador
Q2: I enjoy discussing Ecuador with people from other countries
Q3: I feel as if Ecuador’s problems are my own
Q4: I am proud to tell others that I live in Ecuador
Q5: I feel accepted as a member of society in Ecuador
Q6: I feel emotionally attached to Ecuador
Q7: I feel a sense of belonging to Ecuador
Q8: I love Ecuador
Q9: I care about the fate of Ecuador
Q10: I am willing to work hard to help Ecuador be successful

With these 10 questions a mean is calculated to obtain the affective commitment index (aci).

Background Information

Finally all subjects were asked some questions regarding to their background.

- Age
- Current level of education (undergraduate, graduate, post graduate)
- Gender (m/f)
- Self-determined ethnicity (indian/black/mixed/white/other)

Matching and Lottery
After both surveys (A’s and B’s) were collected, the B surveys were randomly matched to the A surveys. This put together both decisions and the final allocations for both players were finalized.

In the survey, prior to the explanation and examples of the trust game, it was explained to the subjects that at the end of the survey they would have the option to participate in a lottery. If they chose to participate in the lottery and result as the winner then each point of their final allocation would be paid out to them with the equivalency of 1 local currency unit per point (dollars for Ecuadorian students and Euro for Amsterdam students). After collecting and matching the surveys, I randomly chose a pair and contacted them for payment arrangements. The winning couple belonged to the Control Treatment. Player A was paid 14 U.S. dollars (14 points) and player B was paid 2 U.S. dollars (2 points).

What does B know about A? What does A know about B?

A players knew the country of origin of B players and were also informed that B players would know A’s country of origin. The same goes for B players, they knew A’s country of origin and knew that A would be informed about their own country of origin. No other information was disclosed of each of the players.

Formulation of Hypotheses

Out-group bias of the low-committed

Based on the taxonomy provided by Ellemers et al. (2002) and by the system justification approach argued by Jost and Banaji (1994) we can formulate a rationale for the expected out-group bias in low-committed subjects (low commitment category).

Since Ecuador is a very low trust country with a high UAI, I predict that individuals in a one-shot interaction with a stranger from the same country are not willing to risk cooperativeness. The Ecuadoreans, who are partnered with another Ecuadorean, do not perceive any social comparison among groups. Therefore, low-committed individuals, as suggested by Ellemers et al., will continue with their “normal” behavior towards other in-group members. In this case
this leads to low transfers to B players. On the other hand, low-committed Ecuadoreans who are partnered with foreigners belonging to a developed country will perceive a comparison at the group level to which they belong. The context characteristics are the following: the boundaries are impermeable and the status is stable, that is, there is no option for removing the gap difference in status between the development levels of the countries. This status difference will lead low-committed individuals to internalize their inferiority and thus result in an attempt to cooperate/relate with the foreigner reducing the effect of the high UAI and increasing the trusting level in the investment setting, i.e., it will lead to higher transfers.

Hypothesis 1: Low-committed (low aci category) local individuals will trust foreigners from a developed country more than they trust local countrymen (out-group bias).

Commitment level and trusting a foreigner

The treatment group gives the possibility of social comparison between a low status local group and a high status foreign group. It is expected that the members in the low status group are heterogeneous, that is that one will find members with different levels of commitment to their country. I expect that given the situation of comparison, high-committed individuals will be motivated to achieve group distinctiveness in face of the out-group member by offering little trust and boosting their self-esteem as predicted by the Social Identity theory. On the other hand, as mentioned above for hypothesis 1, low-committed individuals will take advantage of the comparison situation to cooperate/relate themselves to the foreigner of higher status. Hence:

Hypothesis 2: Low-committed (low aci category) local individuals will trust foreigners from a developed country more than high-committed (high aci category) local individuals do.

4. Results

General

A total of 92 surveys were randomly distributed, yielding 46 pairs with 23 observations per treatment (52 males and 40 females; 62 undergraduate, 26 master, 4 other education level;
mean age of 25.08 and s.d. of 5.06). A mean score of the 10 affective commitment questions was calculated for each subject (variable “aci”). After this, each observation was categorized as “high” (aci mean score >4), “low” (3< aci mean score >=4), “indifferent” (aci mean score=3), “very low” (2<= aci mean score <3), “barely committed” (aci mean score <2) which resulted in the creation of the variable “accat”.

There were only 2 observations in the “very low” category, none in the “indifferent” and none in the “barely committed” categories (these outliers are not taken into consideration in the further analysis because of the meaningless sample size). One of the observations ignored belongs to the CA and the other to the TA group. For the analysis subjects with “high” in the accat variable will be referred to as the “high-committed” and the subjects with “low” will be referred to as the “low-committed”.

As shown in Table 1 the number of observations for CA and TA (control and treatment for A players) is now 22 each, CB and TB have a total of 23 each. The TB group is composed of foreigners from different developed countries; all responded to be ‘white’ in the race/ethnicity question. Both, CB and TB, where not asked about their commitment level since the group effects involved in reciprocity are not discussed in this thesis. Nevertheless, an analysis is done to check whether there is a significant trustworthiness difference (reciprocity level of CB and TB) among treatments.

It is noteworthy that 92.76% of the Ecuadoreans fall in the positive categories of “high” and “low” affective commitment towards the country. These results are not surprising; they follow closely the results from the World Values Survey 6: 2010-2014 questions “How proud are you to be an Ecuadorean?” and “I see myself as part of the Ecuadorean nation” (both rated in a 4 point Likert-type question). For the first question 98.3% of the respondents answered positively (“Very Proud” or “Quite Proud”). For the latter 96.4% answered positively (“strongly agree” or “agree”).
The results of the transfers made by each of the A players (variable “trust”) for the CA and TA groups, will measure the amount of trust they have in the B players. The responses of the B players (variables “r3”, “r7” and “r10” corresponding to each of the relevant options from which A players could choose) in the CB and TB groups will give us information about the reciprocity or trustworthiness of the two groups.

**Out-group bias**

For this section we only need the transfers made by A players in both treatments and under both categories of affective commitment. We have a 2x2 matrix of results (treatments and level of commitment).

In Table 2 the “trust” variable results by treatment only are shown (ignoring the commitment category variable accat). It follows from the Table that the trust mean for the CA group (locals vs locals) is 5.27 (standard error of the mean “sem” of 0.68) while the mean for the TA group (locals vs foreigners) is of 6.45 (sem 0.67) showing an out-group bias. A two-tailed nonparametric Mann-Whitney-Wilcoxon test was conducted to analyze whether the two treatment’s samples come from different distributions. Results indicate that at a 90% confidence level ($z=-0.862$ and Prob>|z|=0.3888) the null hypothesis cannot be rejected and thus both distributions cannot be considered different. Thus the difference of trust levels between the treatment groups is not significant.
Table 2 Trust between the control and treatment groups

<table>
<thead>
<tr>
<th>group</th>
<th>N(trust)</th>
<th>mean(trust)</th>
<th>sem(trust)</th>
<th>sd(trust)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>22</td>
<td>5.27</td>
<td>0.68</td>
<td>3.18</td>
</tr>
<tr>
<td>TA</td>
<td>22</td>
<td>6.45</td>
<td>0.67</td>
<td>3.16</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>5.86</td>
<td>0.48</td>
<td>3.19</td>
</tr>
</tbody>
</table>

In Table 3 the results according to the different commitment categories and treatments are described. For the low-committed subjects the mean trust of the control group CA is 6.14 (sem=1.20) which is larger than the trust mean of the treatment group TA (mean=5.14, sem=1.08) showing a slight in-group bias contrary to hypothesis 1. A two-tailed nonparametric Mann-Whitney-Wilcoxon shows that with a 90% confidence level (z=0.625 and Prob>|z|=0.5319) that both samples do not come from different distributions. Thus the difference between the trust levels is not significant. This result fails to support Hypothesis 1.

For the high-committed subjects the trust of the CA group (mean=4.87, sem=0.83) is smaller compared to the mean of the TA group (mean=7.07, sem=0.83) showing an out-group bias. A two-tailed Mann-Whitney-Wilcoxon test shows that with a confidence level of 90% (z=-1.831 and Prob>|z|=0.0671) both samples do not come from the same distributions and the out-group bias is significant.

Table 3 Trust by level of commitment (between control and treatment groups)

<table>
<thead>
<tr>
<th>accat and group</th>
<th>Freq.</th>
<th>mean(trust)</th>
<th>sem(trust)</th>
<th>sd(trust)</th>
</tr>
</thead>
<tbody>
<tr>
<td>high</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>15.00</td>
<td>4.87</td>
<td>0.83</td>
<td>3.20</td>
</tr>
<tr>
<td>TA</td>
<td>15.00</td>
<td>7.07</td>
<td>0.83</td>
<td>3.20</td>
</tr>
<tr>
<td>Total</td>
<td>30.00</td>
<td>5.97</td>
<td>0.61</td>
<td>3.34</td>
</tr>
<tr>
<td>low</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>7.00</td>
<td>6.14</td>
<td>1.20</td>
<td>3.18</td>
</tr>
<tr>
<td>TA</td>
<td>7.00</td>
<td>5.14</td>
<td>1.08</td>
<td>2.85</td>
</tr>
<tr>
<td>Total</td>
<td>14.00</td>
<td>5.64</td>
<td>0.79</td>
<td>2.95</td>
</tr>
</tbody>
</table>
Within treatment level of trust

By rearranging Table 3 we can obtain Table 4 to compare the level of trust between high-committed and low-committed subjects in each treatment. As it can be seen in the CA group, the trust mean of high-committed subjects is 4.87 (sem=0.83) and for the low-committed individuals it is 5.27 (sem=1.20). The difference between both is not significant when applying a two-tailed Mann-Whitney-Wilcoxon test at the 90% confidence level (z=-0.857, Prob>|z|=0.3914)

In the treatment group we proceed in the same way. For the TA group, the trust mean of the high-committed subjects is 7.07 (sem=0.83) and for the low-committed it is 5.14 (sem=1.08). Even though the trust mean for the high-committed is larger than the low-committed, it is not significant using the two-tailed Mann-Whitney-Wilcoxon test at a 90% confidence level (z=1.358, p=0.1746). This result does not support Hypothesis 2.

<table>
<thead>
<tr>
<th>Table 4 Trust by treatment (between levels of commitment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>group and accat</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>CA</td>
</tr>
<tr>
<td>high</td>
</tr>
<tr>
<td>low</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>TA</td>
</tr>
<tr>
<td>high</td>
</tr>
<tr>
<td>low</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Reciprocity

In this section the reciprocity (transfer from player B back to player A) in each of the response options for B players will be analyzed. Only the data of the groups CB and TB is used. As stated before, B players had to decide how much they would transfer back conditional on the A
player’s transfers 3, 7 or 10 points. These answers are collected under the variables r3, r7 and r10.

Table 5 shows the statistics for each of the response categories in each of the treatments for the B players. For the response after having received from A players 3, (r3), the mean in the CB group is 3.43 (sem=0.42) which is larger than the mean for the TB group which is 2.57 (sem=0.47). A two-tailed Mann-Whitney-Wilcoxon test was conducted to verify whether both samples come from populations with the same distribution. The results reject the null hypothesis and thus they are significantly different from each other at the 90% confidence level (z=1.693, Prob>|z|=0.0905). Thus we can conclude that subjects from the CB group (local B players) on average reciprocated more than the subjects from the TB group (foreigners from developed countries) when they had received 9 points from A players.

The same test was conducted for r7 where CB (mean=9.70, sem=0.81) shows to be slightly larger than TB (mean=9.48, sem=0.74). The same two-tailed test shows that there is no significant difference (z=-0.2, Prob>|z|=0.8413). Lastly the same procedure was done for r10 where CB (mean=13.22, sem=1.50) is smaller than TB (mean=14.70, sem=1.17). The difference is not statistically significant (z=-0.82, Prob>|z|=0.4120). Only when A players sent 3 points to B (B received 9) the subjects from the CB group sent back on average a significantly larger amount to B. Under the r7 and the r10 condition there was no significant difference on the averages sent back between both treatments.

<table>
<thead>
<tr>
<th>Groups</th>
<th>Variable</th>
<th>N</th>
<th>mean</th>
<th>sem</th>
<th>s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB</td>
<td>r3</td>
<td>23</td>
<td>3.43</td>
<td>0.42</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>r7</td>
<td>23</td>
<td>9.70</td>
<td>0.81</td>
<td>3.90</td>
</tr>
<tr>
<td></td>
<td>r10</td>
<td>23</td>
<td>13.22</td>
<td>1.50</td>
<td>7.20</td>
</tr>
<tr>
<td>TB</td>
<td>r3</td>
<td>23</td>
<td>2.57</td>
<td>0.47</td>
<td>2.25</td>
</tr>
<tr>
<td></td>
<td>r7</td>
<td>23</td>
<td>9.48</td>
<td>0.74</td>
<td>3.55</td>
</tr>
<tr>
<td></td>
<td>r10</td>
<td>23</td>
<td>14.70</td>
<td>1.17</td>
<td>5.60</td>
</tr>
</tbody>
</table>

In summary, the results for the A players fail to support either of the two hypotheses. Regarding the average treatment effect (ignoring the level of commitment) there was no
significant difference among the trust placed in locals vs trust placed in foreigners. Hypothesis 1 stated that low-committed subjects would show out-group trust bias towards foreigners from a developed country. The results failed to show any significant difference among treatments with these subjects. In the same way, hypothesis 2 stated that low-committed subjects would trust foreigners more than high-committed individuals would.

Although the results fail to support either hypothesis, a side result shows to be interesting. I found surprising evidence of out-group bias with subjects who are highly committed to their country. A statistically significant result based on a Mann-Whitney-Wilcoxon test showed that the mean trust placed in foreigners from a developed country by highly committed Ecuadoreans is higher than the mean trust placed in locals. Lastly, the results showed that Ecuadoreans reciprocate more than foreigners from developed countries when A transferred to the 3 points. At the other two conditions (7 and 10) there is no significant difference in reciprocity.

5. Conclusions and Discussion

The experiment focused on providing experimental insight into the interaction between a low status natural group (Ecuadoreans) with their own countrymen and a high status out-group (foreigners from a developed country). The target was to find experimental evidence for out-group bias and how this relates with the subjects’ affective commitment towards their country. The behavior was tested on trust since it has been shown to be a primitive component in many economic interactions and to contribute to economic development.

The experimental results show no significant differences in the average levels of trust of Ecuadoreans when dealing with another Ecuadorean compared to when dealing with foreigners from developed countries. Moreover, there was neither out-group bias nor an in-group bias for the low-committed subjects. A side result shows that subjects who are highly committed towards their country actually showed a significant out-group bias. Reciprocity of locals and foreigners did not show any significant difference at high trust levels yet at a low trust level,
Ecuadoreans showed on average more reciprocity. In addition, there was no significant difference in the trust levels among low and high committed subjects when dealing with foreigners.

All in all, low-committed Ecuadoreans showed no sign of bias in their trusting behavior. On the other hand, high-committed Ecuadoreans revealed a bias by putting a higher trust in foreigners than in fellow Ecuadorians. According to the statistical analysis done in the reciprocity levels, when having been trusted a little, Ecuadoreans reciprocated more, yet at higher levels there is no difference in relation to foreigners from developed countries.

Limitations

There are three important points that have to be considered in relation to the internal validity of this experiment. The first is that the number of observations is quite small for dealing with a 2x2 experiment (treatment and commitment category). Only 7 subjects were categorized as low-committed and 15 as high. The number of observations for the low category is neither sufficient nor symmetric to the high-committed.

A second important point is that low-committed subjects, although less than the high-committed, are still on the positive spectrum of the Likert-type affective commitment questionnaire. The results for the low-committed cannot be extended to the “very low-committed” and “barely-committed” subjects (which are on the negative spectrum). In the sample collected there were only 2 very low-committed out of 46 subjects. In conclusion, the results derived from this experiment are focused on high-committed subjects and “less” committed subjects which are categorized as the low-committed. To find a sufficient sample of low-committed subjects in Ecuador the survey should be conducted on a very large scale.

The last point regards the method of this experiment. The experiment was conducted in a between-subject design, if it would have been a within subject design the results may have differed. In this between-subject design subjects in the control treatment did not feel any threat and thus behaved as they normally would and only the subjects in the treatment group may decide either to behave favorably or derogate the outgroup. In a within-design subjects
may choose to favor or derogate both or either of the groups. It is much more flexible since to achieve out-group bias there is three different ways: to derogate the in-group and act normally with the out-group, to act normal with the in-group and favor the out-group or derogate the in-group and favor the out-group. This latter method needs another type of analysis which is outside the scope of this paper.

Discussion and Further Research

The results did not provide any support to the developed hypotheses. Nevertheless, the lack of an overall difference in trust deposited in Ecuadorean countrymen and foreigners from a developed country actually offer counter experimental support to the third hypothesis made by Bhardwaj et al. (2007). They stated that in high uncertainty countries such as Ecuador foreigners are less likely to be the recipients of trust. The results of this experiment show that there is no significant difference when Ecuadoreans trust countrymen or foreigners from developed countries. Furthermore, in the World Values Surveys a greater percentage of Ecuadoreans trust foreigners than people in general. The results taken together show that the relationship between a country with low general trust, high uncertainty avoidance and trust in foreigners is not as simple as it seems. In fact, as Bhardwaj et al. suggested in their paper as further research it is important to take into account the intergroup relationship and the heterogeneity of the host country. I would also suggest that it is necessary to further study the UAI and its relationships to trust, nationalism, and affective commitment, among others. This would help clarify if the UAI can actually work as a marker of the radius of trust and how it interacts with other variables. Finally, I believe that further cross-country experiments should be done as to provide more experimental evidence. Yet it would be wise to maintaining certain kind of scope in the experimental design like trust and affective commitment.

The result that high-committed subjects show out-group bias was unexpected since according to Ellemers et al. (2002) when a comparison at the group level is made, this type of subjects will act favorably towards their in-group. The key to explaining this counterintuitive result may lie in social identity theory’s “creative social comparison” where individuals will choose to boost their selected distinctive dimension. High-committed individuals are emotionally attached to
their country, and thus are affected by the country’s reputation. If the country is lowly valued by foreigners, they will be emotionally affected, but if their country is positively valued they will have a higher self-esteem. In the experiment, as it can be evidenced in the surveys (Appendix), A players were told that B players would only be aware of their nationality and no other personal information. This piece of information may have played a role in the generation of the out-group bias. Since trust is an important component to value a group or members of a group, Ecuadoreans may have boosted their trust to foreigners so they will think positively of Ecuadoreans in general. The experiment was designed this way as to mimic real life economic transactions where both parts, although strangers, were aware of each other’s’ country of origin.

This paper contributes to future research on intergroup trust in providing an experimental design which is simple to run, avoiding complicated logistics and excessive resources. In addition, the design permits for the simultaneity of responses from both players. Lastly, the design allows one to calculate the affective commitment of each population to their country, which theory suggests is relevant to predict outcomes in intergroup relations.

On a more conceptual dimension this paper’s contribution is to increase researchers’ awareness that intergroup relations (especially in-group bias) are not always straightforward to predict based solely on the country’s uncertainty avoidance or generalized intra-personal trust. From my point of view, it is necessary to take into account characteristics of the intragroup that make it heterogeneous, such as affective commitment. This idea is in line with the research done by Ellemers et al. (1999) where they argue that characteristics such as group size, self-selected membership and affective commitment are important variables that help understand and predict outcomes based on social identity theory. For Economics it is important to understand when foreigners may be favored with trust and investment. Yet to understand this intricate relationship it is important to use a scope which includes elements of social identity theory.
6. Appendix

The Control A, Control B and Treatment A surveys were created in Spanish so that there is a less probability that Ecuadoreans misunderstand the instructions due to language. Because of this, I here present a direct translation in English of the Instructions for the Survey given to the Control A. The instructions for the B players in English are presented at the end of the Appendix in the Treatment B Survey.

Control A Survey (English Translation)

Introduction

Welcome to this Master thesis Survey and thank you for your time. The survey is anonymous and will not take you more than an estimated 10 minutes.

I ask you to please answer each question truthfully. It is optional to provide your email address at the end of the survey to participate in the lottery. The winner will be paid up to 30 dollars depending on the results.

This survey is exclusively targeted to Ecuadoreans with Superior Education.

The information gathered will be used exclusively for purposes of this thesis.

Please have in mind you will not be able to go back to a question after proceeding.

Which is your country of origin?

Ecuador, Other

Are you currently a student (any level, any type: full time, part time, on line)

Yes, No

In which city do you study?

Investment Trust Game

Instructions for the Game

The game consists of two parts and between two players, A and B.

You will be player A.

Player B will be a randomly selected ECUADOREAN. Player B will make his choice after you and that choice will be matched to your response in the relevant case.

This game is real and will be played with points. Each point is equivalent to 1 dollar
Player B will only be informed that of your country of birth is Ecuadorean. He/she will not be given any other information about you.

At the end of the survey you may choose whether you would like to participate in the lottery where I will get in contact with the winner for payment for his/her total points (dollars) earned from the Game Question.

**Game Description**

Player A (you) will receive 10 initial points.

Player B will not receive any points.

First step:

Player A (you) will freely choose an amount out of your 10 initial points to transfer to player B. The amount chosen by player A (you) to be transferred to B will be tripled.

Second step:

Player B will freely choose to transfer any amount back to A (you).

Hence the total points calculated for each player will be:

Total for A = 10 (Transfer from A to B) + (Transfer from B to A)

Total for B = 3*(Transfer from A to B) (Transfer from B to A)

**Example 1:**

Player A receives 10 points. Chooses to transfer 7 points to player B.

Player B receives 21 points, the transfer from A to B is tripled.

Player B decides to transfer back to player A 15 points out of his/her 21.

The total for A is 18 points and for B is 6 points.

Note: In this example, the lottery winner A would earn 18 dollars and B 6 dollars.

**Example 2:**

Player A receives 10 points. Chooses to transfer 0 points to player B.

Player B receives 0 points, the transfer from A to B is tripled.

Player B has no points to transfer back.

The total for A is 10 points and for B is 0 points.

Note: In this example, the lottery winner A would earn 10 dollars and B 0 dollars.

**The Game**
Remember:

The game is real. You will be Player A and Player B will be a randomly chosen ECUADOREAN.

Player B will only be informed that your country of birth is a Ecuador.

**Question**

Out of your 10 initial points, how much do you wish to transfer to B?

0, 3, 7 or 10

**Commitment to Ecuador**

How strongly to do agree/disagree with the following statements?

Completely Disagree / Disagree / Indifferent / Agree / Completely Disagree

Q1: I would be happy to spend my whole life in Ecuador
Q2: I enjoy discussing Ecuador with people from other countries
Q3: I feel as if Ecuador's problems are my own
Q4: I am proud to tell others that I live in Ecuador
Q5: I feel accepted as a member of society in Ecuador
Q6: I feel emotionally attached to Ecuador
Q7: I feel a sense of belonging to Ecuador
Q8: I love Ecuador
Q9: I care about the fate of Ecuador
Q10: I am willing to work hard to help Ecuador be successful

**Background Questions**

What is your age?

What is your gender? Male/female

To which race/ethnicity do you belong to?

Mixed / Indigenous / Afroecuadorean / White Caucasic / Asianecuadorean / Other

What is your current level of education?

Highschool / Technology / University / Master / Doctorate / Post Doctorate / Diploma / Other

**Lottery**
Favoring Foreigners (Outgroup-bias): a trust intergroup experiment in Ecuador

If you agree to participate in the lottery please provide your email address. If you are the winner I will contact you to give you the results and agree on the method of payment.

Control A Survey (Spanish original)

Introducción
Bienvenidos a esta encuesta para tesis de maestría y gracias por su tiempo. La encuesta es anónima y no tomará más de 10 minutos.

Les pido responder las preguntas de la manera más honesta. Es optativo proporcionar su dirección de email al final para participar en un sorteo. A la persona ganadora se le pagará en efectivo hasta 30 dólares, según sus resultados.

Esta encuesta está dirigida exclusivamente a estudiantes ECUATORIANOS de NIVEL SUPERIOR.

La información que se recopile será utilizada exclusivamente para fines de la tesis.

Favor tener en cuenta que no se puede regresar a la respuesta anterior.

¿Cuál es su país de origen?
○ Ecuador
○ Otro

¿Es usted actualmente un estudiante (de cualquier nivel, cualquier tipo: presencial o en línea o semi)?
○ Sí
○ No

¿En qué ciudad estudia usted?

Juego de la Confianza en Inversiones

Instrucciones para el Juego
El juego consiste en dos fases y entre dos jugadores, A y B.

Usted será el jugador A.
El jugador B será un ECUATORIANO seleccionado de forma aleatoria luego de esta encuesta.

El jugador B solamente conocerá SU país de origen (Ecuador). No conocerá ninguna otra información suya.

Este juego es real y se juega con puntos. Cada punto equivale a 1 dólar.

Al final de la encuesta es optativo participar en el sorteo, y si resulta ganador me contactaré con usted por e-mail para acordar un modo de pago de sus puntos totales (dólares) de la pregunta referente al juego.

Descripción del Juego
Favoring Foreigners (Outgroup-bias): a trust intergroup experiment in Ecuador

El jugador B no recibe puntos iniciales.

Primera fase:
• El jugador A (usted) elige libremente un monto de sus 10 puntos para transferir al jugador B.
• El monto que usted ha elegido transferir a B, será triplicado.

Segunda fase:
• El jugador B elige transferir de regreso o no algún monto al jugador A.

Por lo tanto, el resultado para cada jugador será:
Total para A = 10 - (Transferencia de A a B) + (Transferencia de B a A)
Total para B = 3'(Transferencia de A a B) - (Transferencia de B a A)

Ejemplo 1:
• Jugador A recibe 10 puntos. Elige transferir 7 puntos a jugador B.
• Jugador B recibe 21 puntos, el monto fue triplicado.
• Jugador B decide devolver a jugador A 15 puntos de los 21 recibidos.
El total de A es 18 puntos y de B es 6 puntos.

Nota: Tomando este ejemplo, el ganador A del sorteo ganaría 18 dólares y el B 6 dólares.

Ejemplo 2:
• Jugador A recibe 10 puntos. Elige transferir 0 puntos a jugador B.
• Jugador B recibe 0 puntos, el monto fue triplicado.
• Jugador B tiene 0 puntos para devolver al jugador A.
El total de A es 10 puntos y de B es 0 puntos.

Nota: Tomando este ejemplo, el ganador A del sorteo ganaría 10 dólares y el B 0 dólares.

El Juego

Recuerde:
• El juego es real.
• Usted es el jugador A y el jugador B será un ECUATORIANO elegido aleatoriamente.
• El jugador B solamente conocerá su nacionalidad.

Pregunta
¿De sus 10 puntos iniciales, cuanto desea transferir a B?
○ 0 puntos
○ 3 puntos
○ 7 puntos
○ 10 puntos

Compromiso al Ecuador

¿Qué tanto está usted de acuerdo con las siguientes declaraciones?

<table>
<thead>
<tr>
<th>Muy en Desacuerdo</th>
<th>En Desacuerdo</th>
<th>Indiferente</th>
<th>De Acuerdo</th>
<th>Muy de Acuerdo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senta feliz viviendo el resto de mi vida en el Ecuador</td>
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<tr>
<td>Disfruto conversar sobre el Ecuador con gente de otros países</td>
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<tr>
<td>Siento como si los problemas del Ecuador son</td>
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<td></td>
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<tr>
<td>mis problemas</td>
<td>Muy en Desacuerdo</td>
<td>En Desacuerdo</td>
<td>Indiferente</td>
<td>De Acuerdo</td>
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<tr>
<td>------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Me siento orgulloso de contar a otras personas que vivo en el Ecuador</td>
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<td></td>
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<tr>
<td>Me siento aceptado como miembro de la sociedad en el Ecuador</td>
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<tr>
<td>Me siento emocionalmente vinculado al Ecuador</td>
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<tr>
<td>Tengo un sentimiento de pertenencia hacia el Ecuador</td>
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<tr>
<td>Amo al Ecuador</td>
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<tr>
<td>Me importa el futuro del Ecuador</td>
<td></td>
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<tr>
<td>Estoy dispuesto a trabajar duro para el éxito del Ecuador</td>
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</tr>
</tbody>
</table>

**Preguntas Generales**

¿Cuál es su edad? (en números)

<table>
<thead>
<tr>
<th>Femenino</th>
<th>Masculino</th>
</tr>
</thead>
</table>

¿Cuál es su género?

¿A qué raza/étnia usted considera que pertenece?

- Mestizo
- Indígena
- Afroecuatoriano
- Blanco/caucásico
- Asiático-ecuatoriano
- Otro

¿Cuál es su actual nivel de educación?

- Colegio
- Tecnología
- Universidad
- Maestría
- Doctorado
- Post Doctorado
- Diplomado
- Otro

**Sorteo**

Si usted desea participar en el sorteo por favor proporcionar su dirección de email. Si resulta ganador me contactaré para darle los resultados y acordar el medio de pago.

Si no desea participar favor dar click en siguiente para finalizar.
Introducción

Bienvenidos a esta encuesta para tesis de maestría y gracias por su tiempo. La encuesta es anónima y no tomará más de 10 minutos.

Les pido responder las preguntas de la manera más honesta. Es optativo proporcionar su dirección de email al final para participar en un sorteo. A la persona ganadora se le pagará en efectivo hasta 30 dólares, según sus resultados.

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La información que se recopile será utilizada exclusivamente para fines de la tesis.
Favor tener en cuenta que no se puede regresar a la respuesta anterior.

¿Cuál es su país de origen?
- Ecuador
- Otro

¿Es usted estudiante actualmente (puede ser cualquier nivel: diplomado, universidad, maestría phd)?
- Sí
- No

En qué ciudad vive/estudia?

Juego de la Confianza en Inversiones

Instrucciones para el Juego
Este juego es real y se juega con puntos. Cada punto equivale a 1 dólar.
El juego consiste en dos fases y entre dos jugadores, A y B.
Usted será el jugador B.
El jugador A será un ECUATORIANO seleccionado de forma aleatoria. El jugador A realizará su decisión luego de esta encuesta y será ligada a la respuesta que usted ha dado en el caso relevante.
El jugador A solamente conocerá el país de origen del jugador B (usted). No conocerá ninguna otra información suya.
Al final de la encuesta es optativo participar en el sorteo, y si resulta ganador me contactaré con usted por e-mail para acordar un modo de pago de sus puntos totales (dólares) de la pregunta referente al juego.

Descripción del Juego
El jugador A recibirá 10 puntos. El jugador B (usted) no recibe puntos iniciales.

Primera fase:
El jugador A elige libremente un monto de sus 10 puntos para transferir al jugador B (usted). El monto que el jugador A ha elegido transferir a B (usted), será triplicado.

Segunda fase:
El jugador B (usted) elige si desea o no transferir de regreso algún monto al jugador A.

Por lo tanto, el resultado para cada jugador será:
Total para A = 10 - (Transferencia de A a B) + (Transferencia de B a A)
Total para B = 3*(Transferencia de A a B) - (Transferencia de B a A)

Ejemplo 1:
- **Jugador A** recibe 10 puntos. Elige transferir 7 puntos a jugador B.
- **Jugador B** recibe 21 puntos, el monto transferido por A fue triplicado.
- **Jugador B** decide devolver a jugador A 15 puntos de los 21 recibidos.
El total de A es 18 puntos y de B es 6 puntos.

Nota: Tomando este ejemplo, el ganador A del sorteo ganaría 18 dólares y el B 0 dólares.

Ejemplo 2:
- **Jugador A** recibe 10 puntos. Elige transferir 0 puntos a jugador B.
- **Jugador B** recibe 0 puntos, el monto transferido por A fue triplicado.
- **Jugador B** tiene 0 puntos para devolver al jugador A.
El total de A es 10 puntos y de B es 0 puntos.

Nota: Tomando este ejemplo, el ganador A del sorteo ganaría 10 dólares y el B 0 dólares.

El Juego

Usted como jugador B deberá responder y elegir que monto devolvería al jugador A en cada caso. Para efectos de simplificación, el jugador A podrá solamente elegir entre 4 opciones para transferir: (0, 3, 7, 10).

Recuerde:
El juego es real. Usted es el jugador B y el jugador A será un ECUATORIANO elegido aleatoriamente. El jugador A solamente conocerá SU nacionalidad.

Pregunta 1 de 3
¿Si A le transfiere 3 de sus 10 puntos iniciales y usted recibe 9, cuantos de estos puntos transferirá a A de regreso? (utilizar número enteros solamente)

Pregunta 2 de 3
¿Si A le transfiere 7 de sus 10 puntos iniciales y usted recibe 21, cuantos de estos puntos transferirá a A de regreso? (utilizar números enteros solamente)

Pregunta 3 de 3
¿Si A le transfiere 10 de sus 10 puntos iniciales y usted recibe 30, cuantos de estos puntos transferirá a A de regreso?
Favoring Foreigners (Outgroup-bias): a trust intergroup experiment in Ecuador

Preguntas Generales

¿Cuál es su edad? (en números)

¿Cuál es su género?
- Femenino
- Masculino

¿A qué raza/étnia usted considera que pertenece?
- Mestizo
- Indígena
- Afroecuatoriano
- Blanco/caucásico
- Asiático-ecuatoriano
- Otro

¿Cuál es su nivel de educación más alto obtenido?
- Colegio
- Tecnología
- Universidad
- Maestría
- Doctorado
- Post Doctorado
- Diplomado
- Otro

Sorteo

Si usted desea participar en el sorteo por favor proporcionar su dirección de email. Si resulta ganador me contactaré para darle los resultados y acordar el medio de pago.

Si no desea participar favor dar click en siguiente para finalizar.

Gracias
Favoring Foreigners (Outgroup-bias): a trust intergroup experiment in Ecuador

Treatment A Survey (Spanish)

Introducción

Bienvenidos a ésta encuesta para tesis de maestría y gracias por su tiempo. La encuesta es anónima y no tomará más de 10 minutos. Les pido responder las preguntas de la manera más honesta. Es optativo proporcionar su dirección de email al final para participar en un sorteo. A la persona ganadora se le pagará en efectivo hasta 30 dólares, según sus resultados. Esta encuesta está dirigida exclusivamente a estudiantes ECUATORIANOS de NIVEL SUPERIOR. La información que se recopile será utilizada exclusivamente para fines de la tesis. Favor tener en cuenta que no se puede regresar a la respuesta anterior.

¿Cuál es su país de origen?
- Ecuador
- Otro

¿Es usted actualmente un estudiante (de cualquier nivel, cualquier tipo: presencial o en línea o semi)?
- Sí
- No

¿En qué ciudad estudia usted?

Juego de la Confianza en Inversiones

Instrucciones para el Juego
El juego consiste en dos fases y entre dos Jugadores, A y B.

Usted será el **Jugador A**.
El **Jugador B** será un EXTRANJERO originario y que vive en un PAÍS DESARROLLADO que será seleccionado de forma aleatoria luego de ésta encuesta.

El jugador B solamente conocerá SU país de origen (Ecuador). No conocerá ninguna otra información suya.

Este juego es real y se juega con puntos. Cada punto equivale a 1 dólar.

Al final de la encuesta es optativo participar en el sorteo, y si resulta ganador me contactaré con usted por e-mail para acordar un modo de pago de sus puntos totales (dólares) de la pregunta referente al juego.

Descripción del Juego
Favoring Foreigners (Outgroup-bias): a trust intergroup experiment in Ecuador

El jugador A (usted) recibirá 10 puntos.
El jugador B no recibe puntos iniciales.

Primera fase:
- El jugador A (usted) elige libremente un monto de sus 10 puntos para transferir al jugador B.
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El total de A es 18 puntos y de B es 6 puntos.

Nota: Tomando este ejemplo, el ganador A del sorteo ganaría 18 dólares y el B 6 dólares.

Ejemplo 2:
- Jugador A recibe 10 puntos. Elige transferir 0 puntos a jugador B.
- Jugador B recibe 0 puntos, el monto fue triplicado.
- Jugador B tiene 0 puntos para devolver al jugador A.
El total de A es 10 puntos y de B es 0 puntos.

Nota: Tomando este ejemplo, el ganador A del sorteo ganaría 10 dólares y el B 0 dólares

El Juego

Recuerde:
- El juego es real.
- Usted es el jugador A y el jugador B será un EXTRANJERO de un PAÍS DESARROLLADO.
- El jugador B solamente conocerá SU nacionalidad.

Pregunta
¿De sus 10 puntos iniciales, cuanto desea transferir a B?

- 0 puntos
- 3 puntos
- 7 puntos
- 10 puntos

Compromiso al Ecuador

¿Qué tanto está usted de acuerdo con las siguientes declaraciones?

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Favoring Foreigners (Outgroup-bias): a trust intergroup experiment in Ecuador

Preguntas Generales

¿Cuál es su edad? (en números)

¿Cuál es su género?
- Femenino
- Masculino

¿A qué raza/étnia usted considera que pertenece?
- Mestizo
- Indígena
- Afroecuatoriano
- Blanco/caucásico
- Asiático-ecuatoriano
- Otro

¿Cuál es su actual nivel de educación?
- Colegio
- Tecnología
- Universidad
- Maestría
- Doctorado
- Post Doctorado
- Diplomado
- Otro

Sorteo

Si usted desea participar en el sorteo por favor proporcionar su dirección de email. Si resulta ganador me contactaré para darle los resultados y acordar el medio de pago.
Introduction

Welcome to this survey for my Master Thesis and thank you for your time. The survey is anonymous and will take you around 6 minutes.

Please respond to the questions are honest as possible. At the end, it is optional to provide your email contact if you wish to participate in a lottery where the winning couple will be paid out according to their decisions and of others up to a maximum of 30 euro.

The target population for this survey is for students of higher education born in a DEVELOPED COUNTRY.

Please note you will not be able to go to the previous answers.

Is your country of birth a DEVELOPED COUNTRY?

- Yes
- No

Which is your country of birth?

[Input field]

Are you currently studying?

- Yes
- No

Investment Trust Game

Instructions for the Game

This game is real and will be played with points. Each point is equivalent to 1 euro. The game consists of two parts and between two players, A and B.

You will be player B. Player A will be a randomly selected ECUADOREAN (Ecuador). Player A will make his choice after you and that choice will be matched to your response in the relevant case.

Player A will only be informed that of your country of birth is a DEVELOPED COUNTRY. He/she will not be given any other information about you.

At the end of the survey you may choose whether you would like to participate in the lottery where I will get in contact with the winner for payment for his/her total points (euro) earned from the Game Question.

Game Description
Player A will receive 10 initial points. 
Player B (you) will not receive any points.

First step: 
Player A will freely choose an amount out of his 10 initial points to transfer to player B (you). The amount chosen by player A to be transferred to B (you) will be tripled.

Second step: 
Player B (you) will freely choose to transfer any amount back to A.

Hence the total points calculated for each player will be:

Total for A = 10 - (Transfer from A to B) + (Transfer from B to A) 
Total for B = 3*(Transfer from A to B) - (Transfer from B to A)

Example 1: 
- Player A receives 10 points. Chooses to transfer 7 points to player B.
- Player B receives 21 points, the transfer from A to B is tripled.
- Player B decides to transfer back to player A 15 points out of his/her 21.

The total for A is 18 points and for B is 6 points.

Note: In this example, the lottery winner A would earn 18 euro and B 6 euro.

Example 2: 
- Player A receives 10 points. Chooses to transfer 0 points to player B.
- Player B receives 0 points, the transfer from A to B is tripled.
- Player B has no points to transfer back.

The total for A is 10 points and for B is 0 points.

Note: In this example, the lottery winner A would earn 10 euro and B 0 euro.

The Game

As Player B, you will have to answer how much you would transfer back to player A in each case. To simplify the procedure player A (in his/her survey) will only be able to choose between 4 options to transfer to you (0, 3, 7, 10).

Remember: The game is real. You will be Player B and Player A will be a randomly chosen ECUADORIAN. Player A will only be informed that your country of birth is a Developed Country.

Question 1 of 3

If A transfers you 3 out of his/her 10 initial points so that you receive 9, how much would you transfer back to A? (please use numbers)

Question 2 of 3

If A transfers you 7 out of his/her 10 initial points so that you receive 21, how much would you transfer back to A? (please use numbers)

Question 3 of 3
If a transfers you 10 out of his/her 10 initial points so that you receive 30, how much would you transfer back to A? (please use numbers)

Background Information

What is your age? (in numbers)

What is your gender?
- Feminine
- Masculine

What is your highest completed education?
- Highschool
- Diploma
- Diplomado
- Master
- PhD
- Post Doctorate
- Other

Lottery

If you wish to participate in the lottery please provide your email address. If you result as the winner I will contact you to give you the results and coordinate the payment.

If you do not wish to participate please click the "next" button.

Thankyou
7. References


Fehr et al. (2003). Representative Surveys. (Mimeo, Institute for Empirical Research in Economics, University of Zurich).


