

The Role of Communication in Managing Multi-level Conflicts

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Abstract

In many social contexts where individual interests conflict with what is best for the group, communication could play an important role to coordinate actions and resolve conflicts. Little is known, however, about what types of communication protocols are optimal and how communication interacts with other institutional features designed to manage multi-level conflicts.

In this paper we study the impact of cheap talk communication on the effectiveness of the output-sharing mechanism where multi-level conflict arises as individuals are asked to share their output equally in groups of optimal size in order to overcome the “tragedy of the commons” problem. We introduce communication groups that may or may not be linked to the output sharing groups. Communication reduces shirking, increases aggregate effort and reduces aggregate rents, but only when communication groups and output-sharing groups are linked. The effect is stronger for fixed groups (partners treatment) than for randomly reassigned groups (strangers treatment). Performance is not distinguishable from the no-communication treatments when communication is permitted but subjects share output within groups different from the groups within which they communicate. Communication also tends to enhance the negative effect of the partnered group assignment on the equality of individual payoffs. We use detailed content analysis to evaluate the impact of communication messages on behavior across treatments.