

Adriani, Fabrizio; Sonderegger, Silvia

A theory of esteem based peer pressure. (English) Zbl 1411.91212
Games Econ. Behav. 115, 314-335 (2019).

Summary: How does the incentive to engage in social signaling depend on the composition of peers? We find that an increase in the mean peer quality may either strengthen signaling incentives (keeping up with the Joneses) or weaken them (small fish in a big pond). Both right and left truncations of the distribution of peer quality reduce signaling incentives, while more dispersed peer distributions strengthen them. Finally, more right skewed peer distributions strengthen signaling incentives when only a small fraction of the group engage in signaling, but weaken them when signaling is widespread.

MSC:

91B10 Group preferences

91B08 Individual preferences

Keywords:

esteem; status; peer pressure; signaling; small fish in a big pond; conspicuous consumption; distributional comparative statics

Full Text: [DOI](#)

References:

- [1] Adriani, F.; Sonderegger, S., Why do parents socialize their children to behave pro-socially? An information-based theory, *J. Public Econ.*, 93, 1119-1124, (2009)
- [2] Adriani, F.; Sonderegger, S., Signaling about norms: socialization under strategic uncertainty, *Scand. J. Econ.*, 120, 685-716, (2018)
- [3] Adriani, F.; Matheson, J. A.; Sonderegger, S., Teaching by example and induced beliefs in a model of cultural transmission, *J. Econ. Behav. Organ.*, 145, 511-529, (2018)
- [4] Andreoni, J.; Bernheim, B. D., Social image and the 50-50 norm: a theoretical and experimental analysis of audience effects, *Econometrica*, 77, 1607-1636, (2009) · [Zbl 1178.91042](#)
- [5] Arnott, R.; Rowse, J., Peer group effects and educational attainment, *J. Public Econ.*, 32, 287-305, (1987)
- [6] Atkinson, A., On the measurement of inequality, *J. Econ. Theory*, 2, 244-263, (1970)
- [7] Banerjee, A.V., Besley, T., 1991. Peer group externalities and learning incentives: a theory of nerd behavior. Mimeo.
- [8] Barron, J. M.; Gjerde, K. P., Peer pressure in an agency relationship, *J. Labor Econ.*, 15, 234-254, (1997)
- [9] Bénabou, R., Workings of a city: location, education, and production, *Q. J. Econ.*, 108, 619-652, (1993)
- [10] Bénabou, R.; Tirole, J., Incentives and prosocial behavior, *Am. Econ. Rev.*, 96, 1652-1678, (2006)
- [11] Bénabou, R.; Tirole, J., Laws and Norms, (2011), National Bureau of Economic Research
- [12] Bernheim, B. D., A theory of conformity, *J. Polit. Econ.*, 102, 841-877, (1994)
- [13] Bisin, A.; Verdier, T., The economics of cultural transmission and the dynamics of preferences, *J. Econ. Theory*, 97, 298-319, (2001) · [Zbl 0991.91060](#)
- [14] Bowles, S.; Park, Y., Emulation, inequality, and work hours: was Thorsten Veblen right?, *Econ. J.*, 115, 397-412, (2005)
- [15] Charles, K. K.; Hurst, E.; Roussanov, N., Conspicuous consumption and race, *Q. J. Econ.*, 124, 425-467, (2009)
- [16] Cho, I. K.; Kreps, D. M., Signaling games and stable equilibria, *Q. J. Econ.*, 102, 179-221, (1987) · [Zbl 0626.90098](#)
- [17] Corneo, G.; Grüner, H. P., Social limits to redistribution, *Am. Econ. Rev.*, 90, 1491-1507, (2000)
- [18] Dubey, P.; Geanakoplos, J., Grading exams: 100, 99, 98,... or A, B, C?, *Games Econ. Behav.*, 69, 72-94, (2010) · [Zbl 1229.91091](#)
- [19] Ellingsen, T.; Johannesson, M., Paying respect, *J. Econ. Perspect.*, 21, 135-149, (2007)
- [20] Ellingsen, T.; Johannesson, M., Pride and prejudice: the human side of incentive theory, *Am. Econ. Rev.*, 98, 3, 990-1008, (2008)
- [21] Frank, R. H., *Choosing the Right Pond: Human Behavior and the Quest for Status*, (1985), Oxford University Press: Oxford University Press Chicago

- [22] Frank, R. H., The demand for unobservable and other nonpositional goods, *Am. Econ. Rev.*, 75, 101-116, (1985)
- [23] Frank, R.H. Levine, A.S. Dijk, O., 2005. Expenditure cascades. Cornell University mimeograph.
- [24] Glazer, A.; Konrad, K. A., A signaling explanation for charity, *Am. Econ. Rev.*, 86, 1019-1028, (1996)
- [25] Grout, P. A.; Mitraile, S.; Sonderegger, S., The costs and benefits of coordinating with a different group, *J. Econ. Theory*, 160, 517-535, (2015) · [Zbl 1369.91043](#)
- [26] Harbaugh, R., 2010. Prospect theory or skill signaling? Mimeo.
- [27] Harbaugh, R.; Rasmussen, E., Coarse grades: informing the public by withholding information, *Am. Econ. J. Microecon.*, 10, 210-235, (2018)
- [28] Harsanyi, J. C., *Essays on Ethics, Social Behavior, and Scientific Explanation*, (1980), D. Reidel Publishing Company: D. Reidel Publishing Company Dordrecht, Holland
- [29] Hopkins, E.; Kornienko, T., Running to keep in the same place: consumer choice as a game of status, *Am. Econ. Rev.*, 94, 1085-1107, (2004)
- [30] Hopkins, E.; Kornienko, T., Status, affluence, and inequality: rank-based comparisons in games of status, *Games Econ. Behav.*, 67, 552-568, (2009) · [Zbl 1188.91110](#)
- [31] Hopkins, E.; Kornienko, T., Which inequality? The inequality of endowments versus the inequality of rewards, *Am. Econ. J. Microecon.*, 2, 106-137, (2010)
- [32] Ireland, N. J., On limiting the market for status signals, *J. Public Econ.*, 53, 91-110, (1994)
- [33] Jensen, M. K., Distributional comparative statics, *Rev. Econ. Stud.*, 85, 581-610, (2018) · [Zbl 1405.91118](#)
- [34] Jewitt, I., 2004. Notes on the 'shapes' of distributions. Unpublished manuscript.
- [35] Kandel, E.; Lazear, E. P., Peer pressure and partnerships, *J. Polit. Econ.*, 100, 801-817, (1992)
- [36] Lazear, E. P., Educational production, *Q. J. Econ.*, 116, 777-803, (2001) · [Zbl 1004.91075](#)
- [37] Lee, S., The timing of signaling: to study in high school or in college?, *Int. Econ. Rev.*, 48, 785-807, (2007)
- [38] Levy, G.; Razin, R., Preferences over equality in the presence of costly income sorting, *Am. Econ. J. Microecon.*, 7, 308-337, (2015)
- [39] Marsh, H. W., The big-fish-little-pond effect on academic self-concept, *J. Educ. Psychol.*, 79, 280-295, (1987)
- [40] Marsh, H. W.; Chessor, D.; Craven, R.; Roche, L., The effects of gifted and talented programs on academic self-concept: the big fish strikes again, *Am. Educ. Res. J.*, 32, 285-319, (1995)
- [41] Mazali, R.; Rodrigues-Neto, J. A., Dress to impress: brands as status symbols, *Games Econ. Behav.*, 82, 103-131, (2013) · [Zbl 1282.91070](#)
- [42] Milgrom, P.; Roberts, J., Comparing equilibria, *Am. Econ. Rev.*, 84, 441-459, (1994)
- [43] Meltzer, A. H.; Richard, S. F., A rational theory of the size of government, *J. Polit. Econ.*, 89, 914-927, (1981)
- [44] Postlewaite, A., Social norms and preferences, (Benhabib, J.; Bisin, A.; Jackson, M., *Handbook for Social Economics*, (2011)), 31-67
- [45] Spence, M., Job market signaling, *Q. J. Econ.*, 3, 355-374, (1973)
- [46] Weiss, Y.; Fershtman, C., Social status and economic performance: a survey, *Eur. Econ. Rev.*, 42, 801-820, (1998)
- [47] Zubrickas, R., Optimal grading, *Int. Econ. Rev.*, 56, 751-776, (2015) · [Zbl 1404.91177](#)

This reference list is based on information provided by the publisher or from digital mathematics libraries. Its items are heuristically matched to zbMATH identifiers and may contain data conversion errors. It attempts to reflect the references listed in the original paper as accurately as possible without claiming the completeness or perfect precision of the matching.