

The authors report results on a repeated three-player trust game with probabilistic returns. A player A decides on an amount to send to player B, subsequently player B sends an amount (which is multiplied by a randomly determined number) to a player C. Sequentially, first player C decides on how much to transfer back to B and player B decides on how much to send back to player A. In addition, they varied the information participants got on the realized multiplier, earnings and behavior of the other participants. The main finding is that more information leads player C to return a larger amount.

Motivation and Significance of the Research

The research adds to the experimental literature on trust and more specifically on sequential three-player trust games. It is written in a generally accessible way. It could help the paper if more emphasis would be placed on motivating the research questions and why this particular experimental design was chosen. What is the main research question and what phenomena does it shed light on? I think that sequential multi-player trust games are important in everyday life, however, some motivating examples would strengthen the paper. Relatedly, it may not be necessary to go into too much detail on general findings about the trust game in the introduction, but rather make sure that the main aim of this research becomes clear. E.g. why talk about cultural difference in trust-game behavior even though the paper is not about cultural differences?

Design

One drawback of this research is that it introduces several new design features, which makes comparisons to the existing literature harder. It introduces a random multiplier, varies the informational content (in three different conditions), and compared to the existing literature also gives participant B an endowment (so that participant B can send an amount to C even though s/he did not obtain anything from A). Given that the number of observations is not too large it may have been beneficial to focus on changing one factor compared to the existing literature.

A design feature is that player C has to send back at least the amount he received from player B. The decision for this design feature could be discussed in more detail. By doing this there is no risk involved for player B by transferring resources – which makes it a bit harder to interpret as a measure for reciprocity. One may wonder whether it is still a trust game, yet, it also has the nice feature that - absent the risk of losing money – sending an amount most likely is driven by social preferences like inequality concerns. This raises the question why B would not always send the maximal amount since it is riskless to him and he can signal that he is a nice person. Potential motivators like inequality aversion / nastiness / status concerns could be discussed in more detail.

I am not able to follow figure 1. Some more precise explanation would be helpful there. Are all numbers correct?

Procedures

Why reporting the average age of women by condition and not the average age (of all participants) by condition? What was the criteria for exclusion due to bad understanding? (That is, were there control questions? It may be helpful to rather have the design and procedure section together and the results section separately.

Analysis

It would help to report more detailed test-statistics in table 1 (What test was used, decrease of freedom, significant levels etc...). Since individuals made repeated decisions each decision is not an independent observation and from Table 1 I cannot infer how the tests were implemented. With non-parametric tests one can take account of multiple decisions by taking individual averages or only focus on the first decision a person took. Similarly, in the regression analysis robust standard errors should be clustered on the individual (since multiple decisions of one individual are not independent). (Also the first rows in table 1 report "Average transfer A to B", while the columns talk about "Media". Are all values in column 2 and 3 medians? Are column 4 and 5 test statistics?)

A challenge with this complex experimental design is to pin down the different effects. For example, changing the informational content ('public announcements') may increase the transfer of B to C due to two different factors (i) having (potentially) received more from A (ii) caring about the public announcement. Similarly, a higher back transfer from C may be due to (i) having received more from B (ii) caring about the public announcements. I therefore think while it is worthwhile reporting non-parametric test results, a stronger emphasis can be put on the regression analysis that can control for these factors (that is, acknowledge the shortcomings of the non-parametric test and thereby motivate the regression approach and discuss the results of the regression approach in more detail). Correlation tables are for this reason not so illuminating and could be put in an appendix.

The results section could be a bit more accessible by focusing on answering the main research question. Another example of accessibility is e.g. what do the numbers in this sentence refer to: "The largest absolute differences were in the amount transferred from Players C to B (4.46) and B to A (4.47), an indicator of C's greater trustworthiness to B and subsequently B's greater trustworthiness to A, when information about transfers or earnings in each round was made available." Wouldn't table 2 lend itself to a regression analysis? (Also instead of using numbers in the second row, why not state an abbreviation of the variable).

In table 3 two columns (e.g. 1 and 2) are redundant due to the way the dependent variables are defined (you can check that the coefficients (b) in column 1 are (1-b) in column 2). Also I think the word 'selfish' is a misnomer: Is it really selfishness if player C has to return an amount that may even be higher than the amount he earns in the game. Why not use 'back-transfer'. The interesting part is how back-transfers change with information. The regression could thus control for the variable 'dividend' (that is, no interaction), a dummy variable 'Information' (no interaction). The dummy variable will reveal the effect of the information treatment. In a second column a regression could be added for an interaction ('Information' X 'Dividend'). I am surprised that the amount returned increases in the last round (column 3 and 4). This is in contrast to the literature on end-game effects. Does this interact with the information treatment? E.g. before leaving the room together they want to be nice?

Similar regression analysis can be undertaken for player B's behavior (that is, controlling for what he got from A). In the appendix one could only focus on the first period (so that spillovers from earlier rounds do not influence the estimates).