

# Social Connections and Financial Incentives: A Quasi Field Experiment in India's Manufacturing Sector

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## Abstract

Production processes are often organised in teams, yet there is limited evidence on whether and how social connections and financial incentives affect productivity in tasks that require coordination among workers. We conduct a lab-in-the-field experiment in India's manufacturing industry in which workers exert real effort in a minimum-effort coordination game in teams whose members are either socially connected or unconnected and are paid according to the group output. We find that group output increases by 15% and wasted individual effort is lower by 30% when workers are socially connected with their co-workers. In addition, increasing the power of group-based financial incentives does not reduce the positive effect of social connections. Our results are driven by male workers whose average productivity is significantly lower than that of women.

## Speaker Profile:

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