

# Sander Renes

## *Presentation Title*

### **Flip a coin or vote? An experiment on the implementation and efficiency of social choice mechanisms**

(with Timo Hoffmann)

## *Abstract*

Corporate boards, experts panels, parliaments and cabinet, and even nations all take important decisions as a group. Selecting an efficient decision rule to aggregate individual opinions is paramount to the decision quality of these groups. In our experiment we elicit the preferences of group members over several important decision rules and test the empirical performance of these decision rules. We find that: 1) the efficiency of the theoretically optimal rule is not as robust as simple majority voting and theoretical efficiency rankings can reverse in the lab; 2) participation constraints often hinder implementation of more efficient mechanisms; 3) these constraints are relaxed if the less efficient mechanism is risky; 4) participation preferences appear to be driven by realized rather than theoretic pay-offs of the decision rules. These findings highlight the difficulty of relying on theory alone to predict what mechanism is better and acceptable to the participants in practice.

## *Keywords*

Experimental economics; Group choice; Choice rules; Participation constraints; Individual rationality; Bayesian games

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