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Tackling free riding and social loafing

Mohit Kishore

As an economic phenomenon free riding has been studied for a long time. A simple definition of a free rider is an agent who does not contribute his fair share to the cost of production of a resource, but receives an equal share of the benefits.

Preventing free riding and social loafing at work requires a multi-pronged strategy

Free riding is a problem that is commonly found in almost all organisational contexts. With most tasks being accomplished by teams, it is quite common for a few members to slack off and not contribute to the team's cause, and yet not have the results suffer. As an economic phenomenon free riding has been studied for a long time.

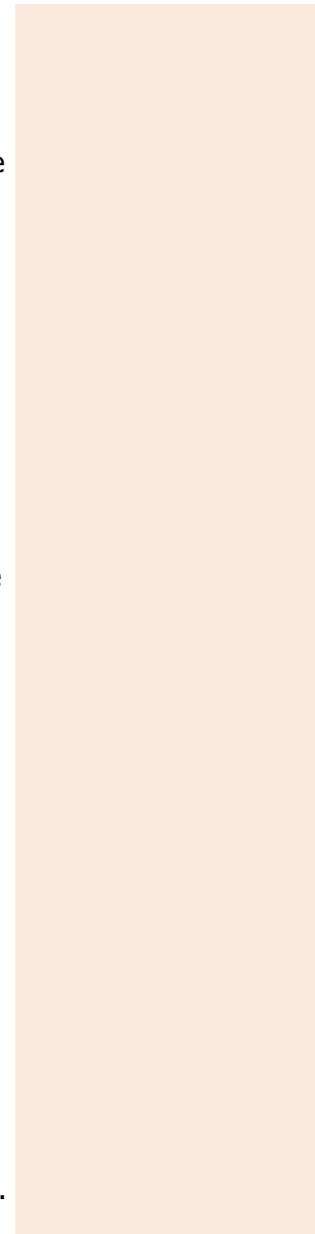
A simple definition of a free rider is an agent who does not contribute his fair share to the cost of production of a resource, but receives an equal share of the benefits.

A simple example of this is taxation. Monies collected through

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Stocks	taxes are deployed in various projects such as improving infrastructure, healthcare and so on.
<ul style="list-style-type: none"> • Quotes • SE Diary • Scoreboard • Open-End Mutual Fund 	<p>Yet, a lot of people get away with paying no tax and still continue to reap the benefits of using those resources. The free riding problem is actually an `n-player' version of the famous `prisoner's dilemma', where `n' is greater than two. Where only two players are playing, non-fulfilment of one player's contribution would amount to the project being abandoned.</p>
Cross Currency	However, when `n' is greater than two, it is possible for some players to not contribute, while hoping that others do.
<ul style="list-style-type: none"> • Rates 	<p>Another interesting example of the free riding problem is the recent reservation protests in India.</p>
Shipping	<p>Most protestors felt that while the general category of students would have to work really hard for the coveted few seats in the premier institutions, the reserved category would have it much easier without contributing enough (in terms of effort).</p>
<ul style="list-style-type: none"> • Ports 	
Archives	Social Loafing
<ul style="list-style-type: none"> • Yesterday • Datewise • Resources • In Focus • In Depth 	<p>Of course, those in favour of reservation could argue that the reserved categories have actually made up for this through the socio-economic suffering and discrimination they have faced.</p>
 <input data-bbox="199 1234 346 1274" type="text"/> <input data-bbox="199 1291 294 1331" type="button" value="Search"/>	<p>Related to the concept of free riding is that of social loafing. Social loafing refers to a situation where an individual holds back his contribution because he perceives that he would not be getting a fair share of the rewards in the eventuality of success, nor would he be blamed for failure. In an experiment by French engineer Maximilian Ringelmann, involving a group of people tugging on a rope, it has been seen that as the number of people increases, the total force exerted also increases, but the average force per person is seen to diminish.</p>
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The key difference between free riding and social loafing is that a free rider does not contribute to the cause at all, since his contribution is not essential for success, whereas a social loafer merely reduces his effort fully knowing that it would be impossible for an external observer to determine the same.

Dealing with free riding and social loafing

The Ringelmann experiment suggests that the size of the group may have some answers to offer us. A good manager may need to precisely identify the number of people it would require to successfully accomplish a task. Second, social loafing is seen in situations where it is impossible to identify individual contribution.

Thus, a good way to prevent it may be to clearly define the individual's role in the group task. Third, it is seen that social loafing does not present a major problem in cohesive teams (the reason being that team members value their affiliation with the group more than any benefits associated with social loafing). Thus, the choice of specific team members for a task may also help in minimising social loafing.

Task significance may also have a role to play in increasing motivation levels to perform. Task significance refers to the relevance of the task to the immediate organisation, group, society or the world at large.

One suspects that social loafing may be a less common phenomenon in an NGO, compared to other types of organisations.

Reward systems

Reward systems such as stock options and performance bonuses too increase the cost of not contributing, as non-

contribution would directly lead to reduced benefits for the individual team member. Thus, each team member would at least contribute in his own self interest.

This is, in fact, not unlike Adam Smith's theory of the 'invisible hand' of the economy, where each individual agent does whatever is in his self interest, and this somehow leads to a beneficial collective result, which is quite different from what the individual expects. Both free riding and social loafing are phenomena that are seen in all kinds of organisations — companies, families, communities, neighbourhoods, governments and so on. It is thus not surprising to find Glaucon arguing (many centuries ago) in Plato's *Republic* that an individual need not obey the law in situations where he can escape the consequent sanctions!

(The writer, an alumnus of XLRI, is working with a multinational financial services company)

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