



TIBER 2017 Symposium on Psychology and Economics

August 25th 2017, Tilburg University

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8.30 - 9.10	<i>Foyer</i>	Registration / Coffee & tea
9.10 - 9.20	<i>DZ2</i>	Opening
9.20 - 10.20	<i>DZ2</i>	KEYNOTE Ralph Hertwig Preferential Heuristics, Uncertainty and the Structure of the Environment
10.30 - 12.10		Parallel Sessions 1-4
<i>SESSION 1</i>	<i>DZ3</i>	Fairness and Inequality
10.30 - 10.55		<i>Leticia Michela</i> - Inequality of opportunity, Procedural fairness, Redistributive justice
10.55 - 11.20		<i>Inge Huijsmans</i> - Does exposure to inequality shape our fairness preferences?
11.20 - 11.45		<i>David Hugh-Jones</i> - Where do distributive preferences come from? An experiment on norm transmission in an adolescent social network
11.45 - 12.10		<i>Stefan Trautmann</i> - Implementing Fair Procedures?
<i>SESSION 2</i>	<i>DZ4</i>	Honesty and Deception
10.30 - 10.55		<i>Ozan Isler</i> - Honesty, Cooperation & Social Influence
10.55 - 11.20		<i>Rainer Michael Rilke</i> - Hierarchies and honesty
11.20 - 11.45		<i>Adrian Chadi</i> - Little Lies and Blind Eyes – Experimental Evidence on the Implications of Cheating for Team Performance
11.45 - 12.10		<i>Jantsje Mol</i> - Alone in the world: cheating in the presence of a virtual bystander
<i>SESSION 3</i>	<i>DZ5</i>	Promoting Cooperation and Efficiency
10.30 - 10.55		<u>Cancelled</u>
10.55 - 11.20		<i>Maria Bigoni</i> - Money and the Scale of Cooperation
11.20 - 11.45		<i>Sonja Zitzelsberger</i> - Voting on the Threat of Exclusion in a Public Goods Experiment
11.45 - 12.10		<u>Cancelled</u>
<i>SESSION 4</i>	<i>DZ6</i>	Trust
10.30 - 10.55		<i>André Klapper</i> - Facial cues influence trust decisions even when they are unlikely to signal social intentions
10.55 - 11.20		<i>Bastian Jaeger</i> - The role of facial trustworthiness and attractiveness on Airbnb
11.20 - 11.45		<i>Anthony Evans</i> - The reputational consequences of generalized trust
11.45 - 12.10		<i>Willem Slegers</i> - oTree for social scientists

12.10 - 13.50

Foyer

LUNCH + POSTER SESSION

13.50 - 15.05

Parallel Sessions 5-8

SESSION 5

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ3

Intertemporal Choice

Marcello Negrini - Intertemporal Social Preferences

Vivian Heuvelmans - Emotion regulation and shortsightedness: Expressive suppression predicts impulsive decision-making

Johannes Algermissen - Stress decreases adolescent patience in intertemporal choice

SESSION 6

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ4

Outgroup Contact, Cooperation, and Competition

Nickolas Gagnon - On Your Own Side of the Fence

Xue Xu - Intergroup Bias and Interactions with Out-group Members

Anita Kopanyi-Peuker - "I" on You: Observer Identity in a Dictator Game

SESSION 7

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ5

Risk and Uncertainty

Bernd Figner - Peer effects on risky decision making from early adolescence to young adulthood: Specificity and boundary conditions

Gabriele Paolacci - Less Likely Outcomes Are Valued Less

Yilong Xu - Risk, Time Pressure, & Selection Effects

SESSION 8

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ6

Poverty and Wealth

Lisa Spantig - The Endowment Effect and Savings Decisions of the Poor

Paul Smeets - Control over Time Predicts Inequality in Life Satisfaction Between Millionaires and the General Population

Jan Stoop - High and Low Class Show Similar Ethical Behavior

15.05 - 15.25

Foyer

Coffee & tea

15.25 - 16.40**Parallel Sessions 9-12**

*SESSION 9**DZ3***Financial Behavior and Social Norms**

15.25-15.50

Inka Eberhardt - Financial Incentives Beat Social Norms: A Field Experiment on Retirement Information Search

15.50-16.15

Monique Pollmann - Let's talk about money: Attachment style, financial communication, and financial conflict

16.15-16.40

Cong Peng - The Unacceptability of Money in Social Exchange*SESSION 10**DZ4***Cooperation and Competition**

15.25-15.50

Yadi Yang - Oligopoly with strategic delegation

15.50-16.15

Leonie Gerhards - Deliberative structures and their impact on voting behavior under social conflict

16.15-16.40

Aidas Masiliunas - Framing in the games of competition*SESSION 11**DZ5***Gender and Power**

15.25-15.50

Tobias Ruof - The gender effect on belief updating in teams

15.50-16.15

Thomas Buser - Gender, competitiveness and career choices along the whole ability distribution

16.15-16.40

Elina Pikulina - Preferences for Power*SESSION 12**DZ6***Consumer Behavior and Reparations**

15.25-15.50

Femke van Horen - Out-of-Category Brand Imitation: Product Categorization Determines Copycat Evaluation

15.50-16.15

Amir Grinstein - Embrace the Debate: The Interplay between Goal Setting and Reduced Consumption when Information Conflicts

16.15-16.40

Jeroen van Baar - Diffusion of culpability in reparations behavior

16.40- 17.00*Foyer***Coffee & tea**

17.00 - 18.00*DZ2***KEYNOTE Bertil Tungodden
Fairness and Redistribution: Experimental Evidence**

18.30 - 22.00*Faculty
Club***Optional: Dinner at the Faculty Club (for those who registered)**

10.30-10.55

Speaker: Leticia Micheli - Maastricht University
 Additional Authors: Nickolas Gagnon, Kelly Geyskens, Caroline Goukens, & Arno Riedl

Inequality of Opportunity and Redistributive Concerns

Despite explaining about half of the variability in global income inequality, inequality of opportunity - and its effects on individual behavior - has remained relatively unexplored. To investigate how inequality of opportunity influences concerns for outcome redistribution, we conduct 2 behavioral studies. In study 1, inequality of opportunity was manipulated through chances to earn a lottery prize. Participants were assigned to either a low or high probability of winning (PW) a lottery based on luck (random assignment). After seeing their PW, participants were asked to play a Dictator Game considering they were the winner of the lottery. Results showed that even though opportunities were distributed based on luck, participants with high PW seemed to feel more entitled to the lottery prize, giving significantly less to the other player than participants with low PW. To understand whether distinct procedures to allocate unequal opportunities would be perceived differently, we conducted an online survey. Results showed that procedures leading to inequality of opportunity are evaluated differently in terms of fairness and individual control. Procedures in which individuals perceive to have a higher control over the opportunities received (e.g., merit, effort) are evaluated as fairer. In study 2, we investigate whether different procedures to allocate unequal opportunities moderate the influence of PW on redistributive behavior. Participants are assigned to either low or high PW based on different procedures (i.e., luck, merit and height). Overall, results suggest that unequal distribution of opportunities influence outcome redistribution, stressing the importance of including opportunities into the redistributive debate.

10.55-11.20

Speaker: Inge Huijsmans - Donders Institute
 Additional Authors: Ila Ma, & Alan Sanfey

Does exposure to inequality shape our fairness preferences?

When we think about rich people, we typically think about them in terms of Scrooge McDuck. Rich people are thought to be greedy capitalists with only one goal in life: to get richer. However, scientific findings to support this claim are mixed. Some survey studies point to the direction that exposure to societal inequality can give rise to the rich becoming less generous. Here, we are interested in two questions, First, how does exposure to inequality shape our fairness preferences and second, can we move from survey data to experimental designs. In an online study, 300 MTurk participants will play together with an ostensible group of 100 other Mturk workers. They are instructed that the computer will distribute \$75 over all players at the start of the game as bonus fee. For one group of participant, this allocation will be relatively equal, for the other this will be very unequal. Then, participant play 30 one shot dictator games with anonymous other players from the 100 players. Participants are confronted with the (in)equality in their society before every trial. Participants distribute \$1 in wins or \$1 in losses between themselves and the anonymous other player. Participants are either rich/average or poor (between subjects) and play together with rich/average/poor other players (within subjects). We hypothesize that more unequal distributions of bonus money, and therefore more unequal societies, will lead richer participants to become less fair on a dictator game. Data is currently under analysis.

11.20 - 11.45

Speaker: David Hugh-Jones - University of East Anglia
 Additional Author: Jinnie Ooi

Where do distributive preferences come from? An experiment on norm transmission in an adolescent social network

Many economic and political outcomes are affected by people's preferences over the distribution of resources. These preferences seem to vary stably both within and between different populations. To understand this, we focus on the acquisition of fairness norms from peers early in the life course. We ran an experiment on transmission of fairness norms in a friendship network of adolescents. We show how observing others' choices affects fairness norms, as expressed in choice and attitude data. Our results show how young people can acquire redistributive preferences via the social influence of others in their peer group. We test whether the strength of social influence varies with network position, allowing us to comment on theoretical models of influence in networks.

11.45-12.10

Speaker: Stefan Trautmann - Heidelberg, Tilburg
 Additional Author: Robert Schmidt

Implementing Fair Procedures?

We study situations in which a decision maker allocates resources to two agents. The allocation will be unequal, but the allocation procedure may be fair. However, procedural fairness might be violated by favoritism. This feature is common in many practical settings. We study the perception of fairness in this setting, and the reaction to different allocation procedures by the allocator and the affected agents. We find that unfair outcomes are acceptable for the agents if procedures are perceived as fair. However, with opaque allocation decisions, it may be difficult to commit to fair allocation procedures. Indeed, we find a very high degree of favoritism by the decision makers when they are forced to allocate unequal outcomes, and have no fair (random) procedure available. Despite the unfair allocation behavior, poor-outcome agents punish the decision maker only modestly; in contrast, good-outcome agents reward substantially. We consider three interventions to get more insights into the underlying decision processes. First, we provide full transparency about the decision by the allocator. This does not reduce favoritism, but reduces rewards and increases punishments, by the affected agents. Second, we provide allocators with a randomization device. Although agents are not informed about the randomization decision (but know about the possibility), a large share of allocators chooses a fair procedure. Agents do not punish bad outcomes, optimistically expecting allocators to allocate fairly. Third, we allow the allocators to delegate their decision publicly to a fair random device. A large share of allocators is willing to even costly delegate.

10.30-10.55

Speaker: Ozam Isler - University of Nottingham
 Additional Author: Simon, Gächter

Honesty, Cooperation & Social Influence

Our project on the extrinsic determinants and intrinsic correlates of honesty consists of two studies: In the first study (n = 1431), we present a new mind-game that is powerful enough to measure honesty at the individual level and fast enough to be implemented online. The game consists of forty rounds. In each round, the participant is first asked to think of a number between 0 and 9, then shown a single-digit random number, and finally asked to report whether the two numbers match. Systematically varying per round awards of reported matches across and within six treatments, we replicate the main findings in the literature: Participants trade-off personal monetary gain and honesty; between-subject incentive treatments have no effect on honesty; and within-subject incentive treatments have robust effects on honesty. In a novel result, we find honesty and cooperation to be significantly related: In particular, we show that participants who are categorized as honest in the mind-game are more likely to be categorized as cooperative in a social dilemma. In the second study (n = 823), we investigate openness to social influence in the context of our new mind game and in the context of a social dilemma, separately test if and how peer information affects honesty and cooperation, and check whether openness to social influence in the two tasks are related. We find strong causal evidence of peer effects on both honesty and cooperation as well as significant correlations between the two contexts.

10.55-11.20

Speaker: Rainer Michael Rilke - WHU - Otto Beisheim School of Management
 Additional Authors: Anastasia Danilov, Bernd Irlenbusch, Ori Weisel, & Shaul Shalvi, SS

Hierarchies and honesty

Every organization rests on hierarchical structures. In organizations hierarchies are essential to structure and delegate which agent is responsible for which kind of task, but also which agent in the organization is required to report to other members of the organization. In the present study, we experimentally study reporting behavior in three-person coordination games. Subjects report the outcome of a private die-roll to their group. If all three reports are identical, payoffs are realized. We vary the reporting hierarchies, i.e., whether all subjects report simultaneously, as in flat hierarchies, or sequentially, as in steep hierarchies. We observe the highest levels of dishonest overreporting in flat reporting hierarchies. Our results show that honest leaders in steep hierarchies can induce honest follower behavior. In additional treatments, we investigate different motives for leaders to behave honest. Taken together, our results highlight the critical role of reporting hierarchies and leadership in shaping honesty in organizations.

11.20-11.45

Speaker: Adrian Chadi - IAAEU, Trier University
 Additional Author: Konstantin Homolka

Little Lies and Blind Eyes – Experimental Evidence on the Implications of Cheating for Team Performance

This experimental study analyses how co-workers are affected in their task performance when members of their team cheat. To this end, we establish a workplace scenario in which three individuals have to do a real-effort task in order to receive pay based on team output. Between two work rounds, it is possible for two of them to obtain a bonus through a dice game, which either allows for cheating or not. By studying worker behavior when cheating takes place, compared to when it does not, we analyze the possible implications of deception on team outcomes, without using deception as experimenters. Our study on cheating in a workplace context sheds light on the economic relevance of information preferences. We find that individuals with low preferences for obtaining inconvenient information do not respond negatively to the event of cheating. It seems that these workers intentionally turn a blind eye to the unethical action of team members in order to maintain motivation and keep task performance high. Those that we identify as information seekers, however, respond to co-worker cheating negatively. We conclude that a key reason why lies at the workplace may not be harmful to team outcomes is the intentional reluctance of a significant share of individuals to actually realize that their colleagues are cheaters.

11.45-12.10

Speaker: Jantsje Mol -Vrije Universiteit Amsterdam
 Additional Authors: Eline van der Heijden, & Jan, Potters

Alone in the world: cheating in the presence of a virtual bystander

Social interactions are an important aspect of economics, but they are not easily controlled in field experiments. Lab experiments however, often lack a degree of realism that might motivate participants to show their real-world behavior and true preferences. Virtual reality (VR) is a new technology that projects an image or environment stereoscopically (i.e. in 3D) to the viewer, who can interact with this environment. This allows for controlled experiments in the context of social interaction (among others), without the need to deceive participants with confederates and with easy replication opportunities. We carried out one of the first economic experiments in high immersive VR (see Gürerk et al., 2015, for the first experiment on work effort) on the effect of a virtual bystander on cheating in the DAF Technology Lab at Tilburg University. In total 121 people participated in a mind game with a virtual slot machine. The three between-subjects treatments concerned the presence of a virtual bystander. This bystander was either not present (None), passively seated in the corner of the pub, gazing at his mobile phone (Passive) or standing next to the slot machine, actively gazing at the participant (Active). Similar proportions of maximizers, partial liars and honest people were found in the current VR version of the mind game as in its conventional lab equivalent (Jiang, 2013). Preliminary results of the between-subject analysis with a non-parametric Mann Whitney U test, show significantly more cheating in the Passive than in the Active condition.

10.30-10.55	10.55-11.20
<p>Cancelled</p>	<p>Speaker: Maria Bigoni - University of Bologna Additional Authors: Gabriele Camera, & Marco Casari</p> <p>Money and the Scale of Cooperation</p> <p>We show that the institution of money promotes a transition from small to large-scale economic interactions, from low to high-value exchange. In an experiment, subjects chose to play an "intertemporal cooperation game" either in low-value partnerships or in high-value groups of strangers. Theoretically, a monetary system was unnecessary to attain the efficient, large-scale cooperation outcome. Empirically, without a working monetary system, participants were reluctant to interact on a large scale; and when they did, efficiency plummeted compared to partnerships, because cooperation collapsed in large groups. This macroeconomic failure was reversed only when a stable monetary system endogenously emerged.</p>

11.20-11.45

Speaker: Sonja Zitzelsberger - University of Kassel
 Additional Authors: Astrid Dannenberg, & Corina Haita-Falah

Voting on the Threat of Exclusion in a Public Goods Experiment

The possibility to exclude members from a group has been shown to help cooperation in public goods experiments. In this paper, we investigate experimentally if groups decide to implement an exclusion institution when they have the choice. We consider institutional choices in finitely repeated games as well as indefinitely repeated games which maintain a “shadow of the future.” We furthermore distinguish between a costless exclusion option and a costly exclusion option that, if chosen, reduces the endowment of all players. Behavior in the experiment is surprisingly similar under the finite and the indefinite time horizon, suggesting that subjects treat the finitely repeated game more like a indefinitely repeated game, except the last round. Overall, groups favored the game with exclusion option over the game without this option. The institutional cost of the exclusion option, however, reduces the support, especially at the beginning of the experiment. Contribution levels are significantly higher when the exclusion option has been implemented. Subjects who vote in favor of the exclusion option contribute more than subjects who vote against it if the exclusion option is implemented. Groups exclude on average one group member (out of five) and exclusion is exclusively targeted at the lowest contributor. The higher contribution rates among the cooperators often (but not always) compensate them for the costs of the exclusion option in form of smaller groups and institutional costs. When there is no institutional costs, cooperators benefit from the exclusion option.

11.45-12.10

Cancelled

10.30-10.55

Speaker: André Klapper - Donders Institute, Radboud University
 Additional Author: Alan Sanfey

Facial cues influence trust decisions even when they are unlikely to signal social intentions

Prior research has shown that people's decisions to trust another person (e. g., with money) are influenced by the morphology of the other person's face even though facial morphology is not a good indicator of whether a person is trustworthy. It has been suggested that this is due to a tendency to (falsely) interpret facial morphologies as intention-signaling emotional expressions. If so, the effect of facial morphology on trust decisions may be relatively context dependent. Building on this notion, we tested whether the effect of facial morphology on trust decisions is dependent on whether an interpretation of facial cues as emotional expressions is plausible in the present context. Participants played a trust game with multiple depicted partners. Importantly, participants in the "neutral expression" group were led to believe that the partners were instructed to adopt neutral expressions whereas participants in the "undefined expression" group were led to believe that the partners displayed their incidental facial expression. Bayesian results of two studies showed that the effect of facial morphology was unchanged by this belief manipulation even though manipulation checks confirmed that (most) participants believed it. Moreover, results of Study 2 showed that participants were equally inclined to interpret facial morphologies as facial expressions in both groups. Overall, the results suggest that the effect of facial morphology on trust decisions is relatively robust due to a robust tendency to interpret facial cues as emotional expressions. Hence, it seems likely that facial morphology influences trust decisions in various contexts in everyday life.

10.55-11.20

Speaker: Bastian Jaeger - Tilburg University
 Additional Authors: Willem Slegers, Anthony Evans, & Ilja van Beest

The role of facial trustworthiness and attractiveness on Airbnb

People rely on facial cues such as trustworthiness and attractiveness when making social decisions. A host of studies has demonstrated this by measuring participants' decisions in laboratory games while exposing them to photos of their interaction partners. However, the ecological validity of this approach is poor as real-world decisions are made in contextualized environments featuring a multitude cues and highly variable photos. We use naturalistic data from the home-sharing service Airbnb to test whether the effects of facial trustworthiness and attractiveness can also be observed in the real world. Analyzing data of hosts from Antwerp ($n = 124$) and New York ($n = 1,020$), we consistently find that host attractiveness, but not trustworthiness, is positively associated with the price they can charge for a night in their apartment. This effect holds when controlling for other features such as the apartment's location, the review score, and the gender of the host. In line with evolutionary explanations, we find that the effect of attractiveness is due to an ugliness penalty, rather than a beauty premium. Less attractiveness hosts are able to charge less while more attractiveness hosts are not able to charge more for their service. Our findings demonstrate the influence of facial attractiveness in a highly contextualized decision-making environment. More generally, our approach highlights the importance and feasibility of studying the influence of different cues on people's decisions in the field using large and publicly available data.

11.20-11.45

Speaker: Anthony Evans - Tilburg University
 Additional Author: Phillippe van de Calseyde

The reputational consequences of generalized trust

The present research examines the reputational consequences of generalized trust. High-trust individuals are seen as moral and sociable, but not necessarily competent. When controlling for other positive traits; there is a negative relationship between trust and perceived competence (Studies 1 and 2). We also asked whether perceptions of trust are driven purely by general preferences for positivity; compared to dispositional optimism, trust has stronger positive effects on perceptions of morality and sociability (Study 2). However, people also believe that there are limits to how far trust should be extended. Unconditional trustors (those who fail to differentiate between trustworthy and untrustworthy groups) are seen as less moral, less sociable, and less competent than conditional trustors (those who only trust in groups that are, in fact, trustworthy). Unconditional trust and unconditional distrust are both viewed negatively. The present studies suggest that trust and how it is deployed have important reputational consequences.

11.45-12.10

Speaker: Willem Slegers - Tilburg University

oTree for social scientists

oTree is an open-source platform for conducting social science experiments online, in the lab, and in the field. Its capabilities include interactive tasks between participants, large-scale stimuli presentations, and advanced experimental features such as mouse tracking and webcam functionality. In this talk I will use examples of studies performed by our lab and real-time demos to demonstrate that oTree provides three key advantages for social scientists. First, oTree enables truly interactive tasks between participants (e.g., the prisoner's dilemma), thereby reducing the need for deceptive techniques. These interactive tasks can be administered online, allowing researchers to run studies with a larger and more varied sample size. Second, the programmatic nature of oTree makes it easier to implement common experimental practices, such as presenting large numbers of stimuli. Third, oTree's expansive functionality opens new avenues for psychological research. I will demo several oTree experiments and tasks that were designed to address new topics of research. Examples include the role of viewing personality scores of your interaction partner in a prisoner's dilemma, coalition formation among people with varying levels of power, and self-presentation styles in a speed dating context.

13.50-14.15

Speaker: Marcello Negrini - Maastricht University - Department of Economics

Additional Authors: Giang Tran, Arno Riedl, & Matthias Wibral

Intertemporal Social Preferences

We experimentally examine the relationship between time delay and generosity using modified dictator games. Between-subjects we vary whether the dictator and/or the beneficiary receive their payment immediately or with a 5 weeks delay. Within-subject we vary dictators' endowments and the efficiency of giving. We derive and test predictions of prominent models of social preferences, including a dual self-model and a social preferences model allowing for different discount rates of oneself and others. Our design also allows us to test if subjects' decisions are rationalizable and if this varies with time delay. In addition, we test whether generosity depends on the efficiency of giving and if this interacts with the delay of payments. Further, we explore whether individuals discount their own payoffs differently than payoffs of others. Our results draw a sober picture regarding the predictive power of the investigated models as none of them organizes the data well. Specifically, we find that (1) time delay does not affect the degree of rationality, (2) when giving is relatively inefficient, generosity is larger when the receiver obtains the benefit in the future instead of immediately, (3) while giving is increasing in efficiency rates when both dictators and receivers obtain payoffs immediately, this effect disappears when either of the payments is delayed, (4) discount rates for self and others are not significantly different. We also find evidence of a gender effect. Overall male participants are less generous than female.

14.15-14.40

Speaker: Vivian Heuvelmans - Behavioural Science Institute, Radboud University

Additional Authors: Angelo Panno, Isabel Woyke, & Bernd Figner

Emotion regulation and shortsightedness: Expressive suppression predicts impulsive decision-making

Emotions play a major role in decision-making and substantial individual differences in how people regulate emotions have been associated with far-reaching consequences for health and well-being. Little is known, however, about the involvement of emotion-regulation strategies in decision-making. We investigated how the habitual use of emotion-regulation strategies (cognitive reappraisal and expressive suppression, self-reported) is related to intertemporal decision-making. In an incentive-compatible intertemporal choice task, 92 participants made a series of binary choices, each between a monetary smaller-but-sooner reward (SS option) and a monetary larger-but-later reward (LL option). We systematically varied the difference in time of delivery between choice options, the relative difference between LL and SS amounts, and whether the SS choice was delivered immediately or in the future. While higher habitual use of reappraisal did not show associations with intertemporal decisions, suppression was associated with more impatient choices. Furthermore, participants with higher suppression scores were affected more strongly by the immediacy of rewards, and were less sensitive to changes in relative amount differences than participants with low use of suppression: When the SS reward was delivered now, participants scoring high on suppression made more impatient choices than those scoring low on suppression, even when the future reward was much larger than the immediate reward. Our results suggest that suppression is associated with suboptimal shortsighted decision-making, thereby advancing our insight in how regulatory strategies affect the impact of choice characteristics on impulsive choices and thus contributing to a better understanding of emotional processes that play a role intertemporal choice.

14.40-15.05

Speaker: Johannes Algermissen - Behavioural Science Institute, Radboud University Nijmegen, the Netherlands
Additional Authors: Isabel Woyke, Hannah Niermann, Anna Tyborowska, Karin Roelofs, & Bernd Figner

Stress decreases adolescent patience in intertemporal choice

Adolescence is characterized by increases in both problematic behaviors and stress-reactivity. While previous research reported that stress leads adolescents to make riskier decisions, crucially, adolescents' problem behaviors usually also bear an intertemporal aspect, trading-off short-term and long-term outcomes. We tested whether stress decreases patience in intertemporal choice in adolescents (N = 91). As our sample was part of a longitudinal study, no control group could be included; instead, we employed a pre-post design. Stress was induced via the Maastricht Acute Stress Test (MAST), which combines physiological (ice water) and social-evaluative (math performance) stressors. Before and after stress induction, participants completed binary choices between smaller-sooner (SS) and a larger-later (LL) monetary offers as well as a valuation task involving ratings of single monetary offers. Stress resulted in reduced patience in binary choices, but had no effect on valuation ratings of single offers. Stronger decreases in patience were marginally significantly associated with larger cortisol increases. We also computed preference reversals (PRs) as mismatches between the choices implied by participants' valuation ratings and their actual choices in the binary choice task. After stress, we found a decrease in self-controlled PRs (SS implied, LL chosen) and an increase in impulsive PRs (LL implied, SS chosen). We conclude that stress potentially hampers self-control in adolescents' intertemporal choices between competing options, but does not influence subjective reward ratings of single choice options. Our results suggest that increases in shortsightedness in stressful situations may contribute to adolescents' problem behaviors, with implications for prevention and intervention efforts.

13.50-14.15

Speaker: Nickolas Gagnon - Maastricht University

On Your Own Side of the Fence

This paper explores the causality behind the previously-found negative effect of inter-ethnic proximity with the poor and support for income redistribution (Luttmer 2001, Dahlberg et al. 2012), with a different methodology: a laboratory experiment in the American Southwest. In controlled imitations of neighborly contact, highly-paid participants (“the rich”) interact with poorly-paid participants (“the poor”) of different natural ethnicities, as well as with other highly-paid participants and propose redistribution schemes affecting a larger group. The results contrast with the literature. Contact with the poor increases redistribution by rich whites, regardless of the poor’s ethnicity. Contact with the poor leaves rich minorities unaffected, again regardless of ethnic differences. The effect of contact is to haul up rich whites’ redistribution support toward the levels of rich minorities. Self-selection into proximity with the poor and with other ethnicities is investigated with the experimental design, and so are counterfactual effects of contact on the redistribution support of those who actively evade proximity and those who do not.

14.15-14.40

Speaker: Xue Xu - Tilburg University CentER
Additional Authors: Jan Potters, & Sigrid Suetens

Intergroup Bias and Interactions with Out-group Members

This experimental study explores whether interpersonal interactions with an out-group member matter for intergroup bias in social preferences. We look at two natures of interactions: cooperative and competitive. We hypothesize that cooperative interactions with an out-group member decrease intergroup bias while competitive interactions increase it. The experimental results confirm the existence of intergroup bias that subjects are more altruistic when they make allocations between themselves and in-group members compared to case when they are faced with out-group members. Also, it is shown that both competitive and cooperative interactions decrease the intergroup bias in altruism/charity. But the intergroup bias in envy is not saliently affected by the interactions.

14.40-15.05

Speaker: Anita Kopanyi-Peuker - University of Amsterdam

Additional Author: Jin Di Zheng

"I" on You: Observer Identity in a Dictator Game

It is a well-established result in the literature that being observed by others already affects pro-social behavior. Less research, however, has shed light on the heterogeneity of such effect. Does it matter whether someone is observed by an in-group member, or by an out-group member? The answer is important for charitable fundraising strategy, for instance. In a laboratory experiment, we test the effect of the observer identity in a dictator game. We do so by creating in-group and out-group in the laboratory, using the minimum-group paradigm. Varying the group composition, we conduct a one-shot dictator game with a passive observer. There are four scenarios (treatments) among the dictator, the recipient and the observer: 1) three of them are in-group, 2) the observer is out-group, 3) the recipient is out-group, and 4) the dictator is out-group. The results show that dictators in scenario 4 give less than those in the other three scenarios, whereas there are insignificant differences in the dictators' giving in the other three scenarios. This illustrates that dictators give more to the recipient when at least either recipient or the observer is in-group. When the dictator is matched with an in-group recipient and an in-group observer, however, no additional dictator giving is observed.

13.50-14.15

Speaker: Bernd Figner - Radboud University
 Additional Authors: Joseph Moran, & Leah Somerville

Peer effects on risky decision making from early adolescence to young adulthood: Specificity and boundary conditions

Research over the past decade and real-world health statistics indicate that peer contexts increase adolescents' tendency to take risks. While some experimental work has revealed unique effects of peer monitoring on adolescents' decision making, the specificity and consistency of these effects remain poorly understood. The present study aimed to evaluate with greater specificity what "ingredients" of complex decisions are influenced by peers and what components of peer involvement are influential to adolescents' risky decisions. A sample of participants aged 13-25 (N = 140) completed the "hot" affect-rich and the "cold" more deliberate version of the Columbia Card Task (CCT), which assesses not only overt risk-taking levels, but allows for a decomposition into meaningful underlying mechanisms. Participants completed both CCTs alone and in one of two social conditions, with either a friend monitoring their decisions, or the friend merely being in the same room (with condition and CCT orders counterbalanced). Bayesian linear mixed-effects models revealed differential peer x age effects in the hot and the cold CCT: In the affect-charged hot CCT, mid-adolescents showed greater risk-taking when peer-monitored, while all other ages showed decreased risk-taking when monitored. In the relatively affect-free cold CCT, the youngest adolescents showed increased risk-taking when peer-monitored while the rest of the sample showed decreased risk-taking when monitored, and this peer-monitoring effect became stronger with age. Mere peer-presence without monitoring did not affect risk-taking. Together, the observed results not only replicate the previously reported peer-effects but reveal important boundary conditions around peer effects on adolescent decision making.

14.15-14.40

Speaker: Gabriele Paolacci - Rotterdam School of Management, Erasmus University
 Additional Author: Joachim Vosgerau

Less Likely Outcomes Are Valued Less

Most theories of decision-making under risk assume that the attractiveness of an outcome is independent of its likelihood to occur. For instance, how much people value obtaining a \$50 gift card should not depend on how likely it is that the gift card will be obtained. In violation of this assumption, nine studies using hypothetical and real gift cards show that people value an outcome less when it is uncertain to occur than when it is certain to occur. In our typical study, participants in a certainty condition are asked how much they would pay for a gift card that is certainly attainable. In our uncertainty conditions, participants learn that a gift card might be available to buy with some probability, and state how much they would pay for the gift card if it turns out to be available to buy. We found that people value the gift card less when its availability is uncertain. The devaluation of uncertain outcomes is stronger the more unlikely the outcome is to occur, but is also present with high probability (90%) of occurrence. Importantly, uncertainty mutes people's reactions to both positive outcomes (obtaining a gift card) and negative outcomes (losing a gift card), suggesting that psychological distance, and not anticipated disappointment, may be implicated in the devaluation of uncertain outcomes. These findings contribute to our understanding of the psychology of risk aversion. Further research is delving more deeply into the mechanisms of this effect.

14.40-15.05

Speaker: Yilong Xu - Tilburg University

Additional Authors: Martin G. Kocher, Stefan T. Trautmann, & David Shindler

Risk, Time Pressure, & Selection Effects

Time pressure, as well as the uncertain consequences of many decisions are central aspects of decision-making in many economic contexts nowadays. It is, therefore, natural to ask how time pressure affects such decisions, and how to detect individual heterogeneity in the ability to successfully cope with time pressure. In this paper, we ask whether a person's performance under time pressure can be predicted by measurable behavior and traits, and whether the outcome of such measurement may be affected by selection issues. We find that the ability to cope with time pressure varies significantly across decision makers, leading to selected subgroups with respect to their observed behavior and traits. Furthermore, we are able to establish a link to observable decision styles, but there is overall only a modest predictive success of measured traits.

13.50-14.15

Speaker: Lisa Spantig - LMU Munich

The Endowment Effect and Savings Decisions of the Poor

The relative reluctance of individuals to give up things they have been endowed with (the 'endowment effect') has been documented in a large body of experimental studies and might have important consequences for the design of contracts and institutions. One area in which the endowment effect may play an important role are savings decisions of the poor. In many developing countries, poor households receive their income in cash. This cash 'endowment' may increase the psychological costs of saving, contributing to the widely observed low savings rates of the poor. I study the causal effect of cash endowment on savings decisions of 300 Filipino microfinance clients in an experimental setting, controlling for potential confounds such as transaction costs and time preferences. During an individual interview, study participants decide whether they want to save some of their compensation for survey participation in their existing savings account. Treated individuals already hold on to the cash for about 20 minutes when making the savings decision whereas the control group knows that they will receive the money (less the amount saved) in cash just after deciding. I find that cash in hand makes individuals feel richer. However, this feeling of endowment does not translate into smaller savings amounts. The distribution of savings in treatment and control is merely identical. Using administrative and survey data as well as economic preference measures, I classify savers and investigate treatment effect heterogeneity while controlling for multiple inference.

14.15-14.40

Speaker: Paul Smeets - Maastricht University

Additional Authors: Ashley Whillans, Rene Bekkers, & Michael I. Norton

Control over Time Predicts Inequality in Life Satisfaction Between Millionaires and the General Population

Income and wealth inequality have received increased interest from academics and policy-makers. We focus on two additional and impactful forms of inequality: time use and life satisfaction. Two large-scale surveys reveal that millionaires (N=863, N=690) and the general population (N=1232, N=306) spend their time in surprisingly similar ways, but differ in critical ways that predict different levels of life satisfaction. In Study 1, millionaires choose to spend more time engaged in active leisure (e.g., exercise) rather than passive leisure (e.g., watching television) activities. In Study 2, millionaires spend more time engaging in tasks at work over which they have greater control. Wealth in turn contributes to greater life satisfaction to the extent that millionaires exert control over their time, by engaging in active leisure and autonomous work.

14.40-15.05

Speaker: Jan Stoop - Erasmus University Rotterdam
Additional Authors: Minah Jung, Paul Smeets, & Joachim Vosgerau

High and Low Class Show Similar Ethical Behavior

Four large scale field studies document that individuals from high and low social class show similar ethical behavior. Social class has no influence on the extent to which drivers break the law. Our studies are direct replications of earlier work by Piff et al. (2012a) who found that drivers of expensive cars were more likely to break the law than drivers of cheaper cars. Two of our studies took place at the exact location of the original study by Piff et al and we used two and a half times the original sample size. We find no relation between social class and the extent to which drivers broke the law in Berkeley. Our other studies show that social class neither has an effect on Dutch, German and Belgium drivers. These highly powered non-replications provide new evidence on the relation between social class and ethical behavior, which has important consequences for understanding society.

15.25-15.50

Speaker: Inka Eberhardt - Maastricht University
 Additional Authors: Rob Bauer, & Paul Smeets

Financial Incentives Beat Social Norms: A Field Experiment on Retirement Information Search

Do social norms help individuals to search for information about their retirement situation, or are financial incentives more effective? As many people overestimate their retirement savings, this is an important question. To find an answer, we conducted a field experiment with about 250,000 pension fund participants. We sent out six different types of letters. The baseline letter asks the participant to login to the personal website, where the personal retirement situation is displayed. The other five letters add one sentence to the baseline letter after the first paragraph. The letters test four potential ways of motivating participants to search for information on their future retirement situation. First, social norms are powerful in triggering desired action (Duo and Saez, 2003; Burger and Shelton, 2011; Schultz et al., 2007). Second, it remains questionable whether a goal focus or a means focus activates people (Freund and Hennecke, 2015). In our context, a goal focus means that the emphasis is on retirement income. A means focus leads to emphasizing savings. Third, we test fear and hope as motivators by painting either a positive or negative picture in the letters (Weinstein, 1980; Slovic et al., 2007). Fourth, financial incentives change people's behavior and decisions (Gneezy et al., 2011). Participants in the financial incentive treatment are 70% more likely to login than participants in the control group. Social norms turn out to be ineffective. This evidence adds to a new literature that shows the limitations of social norm, while it stresses the power of financial incentives.

15.50-16.15

Speaker: Monique Pollmann - Tilburg University

Let's talk about money: Attachment style, financial communication, and financial conflict

A key component of a good functioning close relationship is good communication between partners (Feeney, 1994). However, some topics are harder to talk about than others. In society, there is a certain taboo when it comes to talking about financial issues (Trachtman, 1999) and within close relationships discussions about money tend to be more negative than discussions about other topics (Dew, Britt, & Huston, 2012). The current paper investigates predictors and consequences of financial communication in two survey studies with samples from two different countries. The results show that a person's attachment style affects how comfortable a person is communicating about financial issues with their partner. Good financial communication, in turn, is related to better financial management and less financial conflict. These studies show the need to combine insights from relationship science and financial decision making. Money and love may not go together well, but in the average household, both play an important role. In order to understand how someone manages their finances in a close relationship, it is necessary to first understand how that person manages their relationship in general.

16.15-16.40

Speaker: Cong Peng - Department of Social Psychology, Tilburg University
Additional Authors: Rob M. A. Nelissen, & Marcel Zeelenberg

The Unacceptability of Money in Social Exchange

From an economic perspective, money – being (almost) perfectly fungible – should be the most preferred favor or gift, but it is not. We believe that receiving money has adverse consequences that become apparent when studying the affective engines of the social exchange process. Specifically, compared to non-financial favors, receiving money elicits less gratitude, which facilitates social bonding, as it reflects poorly on the benevolent intentions of the giver. Meanwhile, receiving money elicits more indebtedness, which intensifies obligations to get even, due to the fact that money triggers an urgency to reciprocate. We found support for these arguments in three scenario studies. Consistently, both financial favors (Study 1 & 2) and financial gifts (Study 3) were considered less acceptable to their non-financial counterparts, as accepting money triggered less gratitude and more indebtedness. We also obtained support for the proposed mediating roles of perceptions of benevolence and reciprocation urgency. We conclude that the unacceptability of money lies in its propensity to impede the social exchange process, by turning it into a transaction while sacrificing its symbolic meaning.

15.25-15.50

Speaker: Yadi Yang - Tilburg University
 Additional Author: Jan Potters

Oligopoly with strategic delegation

In a two-stage oligopoly game with delegation, where the profit-maximizing principals first set incentive schemes for the agents as a weighted sum of his own principal's profit and the rival principal's profit and then the agents compete in strategic complements or strategic substitutes, the principals may choose different incentive schemes for their agents at their own best interest, depending on the strategic feature of the game. We present a model with predictions that when decision variables are strategic complements, principals choose more cooperative weights, while they choose more competitive weights with strategic substitutes. A lab experiment only finds that principals choose more competitive incentive schemes for their agents in the case with strategic substitutes, while principals do not set more cooperative incentive schemes in the case with strategic complements.

15.50-16.15

Speaker: Leonie Gerhards - University of Hamburg
 Additional Authors: Jordi Brandts, & Lydia Mechtenberg

Deliberative structures and their impact on voting behavior under social conflict

In an experimental study, we investigate which deliberative structures (best) promote the truthful exchange of information, despite incentives to lie. Societies consist of six players – 3 “whites” and 3 “blues”. The whites receive an imprecise signal about the state of the world and can share these as well as voting recommendations with the rest of their society in a freeform chat before the six players finally cast their vote in a secret ballot. Across treatments, we exogenously vary the communication protocol: no communication vs. only the whites may publicly chat vs. whites and blues may publicly chat. We find that the society as a whole benefits from communication opportunities. Remarkably, however, mainly the whites' earnings increase compared to the treatment without chat. The blues are significantly more reluctant to follow the whites' lead if they can only listen, but not reply to what the whites announce. From this we conclude that the group of blues trusts and supports the whites to a greater extent in a situation (treatment) in which they at least have a say.

16.15-16.40

Speaker: Aidas Masiliunas
Additional Author: Heinrich H. Nax

Framing in the games of competition

Psychologists often run experiments in-context, while economists favor decontextualization. It is therefore surprising that the core models of economic interaction have almost always been implemented using non-neutral framing: games of price and quantity competition use market framing, while contest games use lottery framing. We test whether such framing can explain why choices in these games are often more competitive than predicted. We used three models of competition: a proportional Tullock contest, games of substitutes and complements (Potters & Suetens, 2009), designed to have identical locations and payoffs of the Nash equilibrium, joint profit maximization and relative profit maximization point. Typical competitive framing was used in the baseline, but no context was provided in neutral treatments. As predicted, we find that choices are less competitive with neutral framing, but the effect is driven by contest and complements games: neutral framing decreases the competitiveness of choices in all rounds (first round) by 21% (32%) in contest, 59% (93%) in substitutes and 3.5% (-27%) in complements. The treatment ranking is best explained by a hybrid model in which framing operates mostly through beliefs rather than preferences. The best fit is achieved by a model in which preferences and beliefs are pro-social with neutral framing, but anti-social with standard framing. In the game of strategic complements and contest, we find higher rates of convergence to the Nash equilibrium, although the effect is stronger on initial choices. We conclude that framing guides initial preferences and beliefs, but learning erodes the effect over time.

15.25-15.50

Speaker: Tobias Ruof - Maastricht University
 Additional Author: Paul Smeets

The gender effect on belief updating in teams

Men are more overconfident than women. How does this affect team decisions where the gender of the teammate is known? We find reduced overconfidence in female and mixed teams while male teams exhibit strong overconfidence. We ran an incentivized experiment with 216 students. We formed teams of two and provided information on the gender of the teammate. Each participant then individually completed a timed calculation task. The number of correctly solved problems between the two was declared their team score. Teams had to form a unanimous prior belief on their relative performance in their session. Successively, they received a series of four noisy but informative signals on their performance after which teams were asked to update their beliefs. Our results show: (1) Team performance among male, female and mixed groups is not significantly different. (2) Prior beliefs: upon the announcement of teams, women become more confident of ending up in the top half whether being matched to a man or a woman. Men stay equally confident when matched to another man but lower their confidence when matched to a girl. (3) Belief updating: we find evidence for asymmetric belief updating which is purely driven by male groups. Men weigh positive signals twice as much as negative signals. We do not observe this in female and mixed groups. High prior beliefs and asymmetric belief updating in male groups consequently lead to overconfident decision making. Our results can help to objectify the discussion on why more women should join executive boards.

15.50-16.15

Speaker: Thomas Buser - University of Amsterdam
 Additional Authors: Noemi Peter, & Stefan Wolter

Gender, competitiveness and career choices along the whole ability distribution

Men are generally found to be more willing to compete than women and there is growing evidence that willingness to compete is a predictor of individual and gender differences in career decisions and labor market outcomes. Most existing evidence comes from the top of the education and talent distribution. In this study, we use incentivized choices from more than 1500 Swiss secondary school students to ask how the gender gap in willingness to compete varies with ability and how willingness to compete predicts career choices along the whole ability distribution. Career choices are extremely gendered. At the vocational level, girls are underrepresented in math-intensive apprenticeships which lead to high salaries. At the academic level, girls are less likely to specialize in physics and mathematics. Our main results are: 1. The gender gap in willingness to compete is highest for the highest-ability students. 2. Willingness to compete predicts career choices. In particular, competitive girls are more likely to choose a math-intensive career at both the vocational and the academic level. 3. Results are very similar whether using a stereotypically male numerical task or a stereotypically female letter task to measure willingness to compete.

16.15-16.40

Speaker: Elena Pikulina - UBC
Additional Author: Chloe Tergiman

Preferences for Power

In many social contexts, the ability to decide or influence others' actions and payoffs is associated with positive externalities for the decision-maker, for example higher compensation for managers or public recognition for politicians. In this study, we demonstrate that individuals enjoy power, which we define as an ability to determine payoffs of others, by and of itself. People are willing to pay for power even when it does not provide any positive externalities in terms of their own payoffs or social status. In fact, they are willing to trade a lower payoff for themselves in exchange for power. The main challenge in estimating individuals' willingness to pay for a right to choose others' payoffs comes from the fact that individuals may put a non-zero weight on the outcomes of others, i.e., people may have social preferences. We introduce a new game to specifically address this issue. In our game, the participants are willing to pay significant amounts in order to be able to choose their partners' payoffs on a given interval, but they are unwilling to decrease their payoffs when exactly the same payoffs they have previously chosen are given exogenously. If individuals' desire to choose for others is exclusively motivated by their wish to implement their preferred allocations, they should not attach any value to how those allocations are attained. Instead, we show that individuals' preference for power are different than, and cannot be explained by, their social preferences, such as social welfare preferences, difference aversion, or competitive preferences.

15.25-15.50

Speaker: Femke van Horen - Vrije Universiteit Amsterdam
 Additional Author: Rik Pieters

Out-of-Category Brand Imitation: Product Categorization Determines Copycat Evaluation

Copycat brands imitate the trade dress of other brands, such as their brand name, logo, and packaging design. Copycats typically operate in the core product category of the imitated brand under the assumption that such “in-category imitation” is most effective. In contrast, four experiments demonstrate the benefits of “out-of-category imitation” for copycats, and the harmful effect on the imitated brand. Copycats are evaluated more positively in a related category, because consumers appraise the similarity between copycat and imitated brand more positively than in the core category, independent of the perceived similarity itself. This is due to a reduced salience of norms regarding imitation in the related category. Moreover, the results show a damaging backlash effect of out-of-category imitation on the general evaluation of the imitated brand and on its key perceived product attributes. The findings replicate across student, Mturk, and representative consumer samples, multiple product categories, and forms of brand imitation. This research demonstrates that out-of-category brand imitation helps copycat brands and hurts national leading brands much more than has so far been considered, which has managerial and public policy implications.

15.50-16.15

Speaker: Amir Grinstein - Northeastern University
 Additional Authors: Liad Bareket-Bojmel, & Yael Steinhart

Embrace the Debate: The Interplay between Goal Setting and Reduced Consumption when Information Conflicts

When faced with conflicting information, consumers often wonder what the “right” consumption level is, finding it difficult to set their own goals in many health-related contexts. The current work aims to understand how consumers respond to conflicting information when they would benefit from reduced consumption (e.g., of meat or dairy products), given lack of previous work on goal setting and de-consumption under conflicting information. Three experiments, conducted online and in the field, show that, in a consumption context with conflicting information, specific goals, which serve as contextual cues, are better for reducing consumption than general goals. This research further identifies consumers’ naïve beliefs about the reliability of specific goals as a moderator. Our findings can shed new light on existing practices in health communication as we also find that slogans promoting healthier behavior recommend general consumption goals in the vast majority of cases. Policy makers, NGOs, and responsible corporations can utilize the tendency of consumers to rely on contextual cues and naïve beliefs to reduce consumption of foods under debate, improving health and reducing environmental consequences in our society overall.

16.15-16.40

Speaker: Jeroen van Baar - Donders Institute for Brain, Cognition and Behavior, Radboud University

Additional Authors: Luke Chang, & Alan, Sanfey

Diffusion of culpability in reparations behavior

The well-known sociopsychological phenomenon of 'diffusion of responsibility' entails that individuals are less likely to take action when others are present. We explore the similar concept of 'diffusion of culpability', whereby an individual is less likely to feel guilt and make amends for a norm violation if he shares culpability for the violation with others. Diffusion of culpability likely affects real-world behavior like drone warfare, voting, and illegal downloading, but its psychological underpinnings remain largely unknown. In an fMRI experiment, we used the novel Reparations Game to study the computational and neural correlates of culpability diffusion. On each round of this game, a participant carries out a perceptual decision-making task together with 0, 1 or 2 other players. An erroneous group decision leads to a financial loss to a real game partner not involved in the decision. We measured how varying degrees of culpability for the task error affected voluntary payments made by the participant to offset the partner's loss (i.e., reparations). We found that for 35% of participants the responsibility manipulation significantly affected money spent on reparations. Different patterns of behavior emerged from the interaction between decision-makers: some participants reduced their reparations continuously with diminishing culpability, while others showed strongest reparations behavior if they had cast the decisive (and incorrect) vote in the perceptual decision task. We formalized these different culpability-sensitive motives mathematically, and studied their neural underpinnings in relation to previous literature on the brain bases of reward, inequity aversion, guilt aversion, and regret.

Poster presentations – Abstracts

1. Cátia Alves - Nova School of Business and Economics

Emotional characterization of marketing-videos: using implicit and declarative measurements

Additional Authors: Luis F. Martinez, Patrício Costa, & Pedro Almeida

Emotions play a crucial role on the effectiveness of different types of marketing materials. Prior research has shown that high emotional videos are more likely to be shared and memorized. Also, emotional assessments were also used to predict voter's preference and to unveil political attitudes. In fact, emotional activation is indispensable to better understand engagement and consequently behaviours/choices of different types of stimuli. Plenty of studies conducted in this field only use declarative methods (e.g., surveys) to assess consumers' preferences, their conclusions might be biased/limited and recent techniques have emerged to complete these traditional methods. In my research I am collecting implicit responses (e.g., galvanic skin response and heart rate) through a wearable-technology combined with continuous-declarative evaluations of multimedia content, adding to traditional questionnaires. My main focus is precisely to join the data collected by these different methods and identify which differences can emerge and how they could be complementary. Additionally, I am exploring these physiological data to try to find metrics and engagement patterns that could optimize marketing-videos. Overall, this research seeks to shed some light into a better understanding of the emotional activation mechanisms involved in consumers' choices.

2. Arno Apffelstaedt - University of Hamburg

Corrupted Votes and Rule Compliance

Additional Author: Jana Freundt

By means of an online experiment, we identify the effect of corruption in the process of aggregating votes on the compliance with rules that are implemented by a referendum. The rules ask people to share or not to share their income with unlucky agents in modified dictator games. Treatments vary between subjects by whether a rule has been selected using a democratic procedure to aggregate preferences (i.e., by majority vote), or by a corrupt voting procedure where the

majority vote is undermined either by the possibility to accept bribes, by introducing a fee for voting, or by excluding poor voters. We find that corruption has a strong and significant adverse effect on compliance with the pro-social rule ("share") but not with the anti-social rule ("don't share"). The effect is driven by a loss in intrinsic motivation to follow a rule when corruption prevents a subject from casting her vote or when it leads her to believe that the outcome of the referendum will be biased. Taking advantage of the heterogeneous online subject pool, we conduct a post-experimental questionnaire to relate behavior in the experiment to real-world political attitudes and characteristics. We find that the detrimental effects of corruption are largely driven by participants of Western nationalities, i.e. those who live in relatively stable and well-functioning democracies.

3. Tugba Atasoy - RWTH Aachen University

Response to Dynamic Electricity Pricing: A Laboratory Tool to Investigate Interventions

Additional Authors: Marjolein Harmsen - van Hout, & Reinhard Madlener

Although consumer valuation and marginal production costs vary throughout the day, consumers mostly pay a fixed rate for each kWh of electricity. In contrast, dynamic pricing allows for reflecting the marginal production costs to consumers and therefore facilitates demand-side response and management. It gives consumers financial incentives to change their consumption pattern as to mitigate network congestion and flatten the load curve. Several field studies investigate whether dynamic electricity pricing proves effective in shifting electricity consumption from peak to off-peak periods. We make two observations from reviewing this literature: there is an agreement that financial incentives are effective in this context, but the size of the effect varies among studies. There seems to be no research examining the behavioral mechanism underlying the observed demand response. To fill this gap, the objective of our study is to capture the core decision problem in a simple experimental design. As a baseline treatment, we replicate the implementation of a two-period "wait-or-buy" game with an exogenous first period, an automated seller, and twenty subject buyers by Mak et al. (2014). To capture the electricity market setting, we design a treatment in which we replace the restricted-inventory condition by congestion pricing. Thus,

we develop a laboratory tool, which grants us a more controlled, situation-independent, and cost-effective way of (pre-) investigating influences and interventions on consumer demand than field studies. Mak, V., A. Rapoport, E.J. Gisches, and J. Han (2014). Purchasing Scarce Products under Dynamic Pricing: An Experimental Investigation. *Manufacturing & Service Operations Management* 16(3), 425-438.

4. Omar Adam Ayaita - LEAD Graduate School & Research Network (University of Tübingen)

The Attractiveness of Being Ahead and not Being Behind: Positional Preferences and Narcissistic Rivalry among College Students

Additional Author: Kerstin Pull

Various research on social preferences demonstrates that people do not only seek own profit but also, for example, joint profit or cooperation, altruistic goals, and equity. However, questionnaire data suggest that many people also care about their relative standing, rank or position in the social group. A sufficient identification and measurement of those positional preferences in contrast to other social preferences has not been achieved so far. The present study overcomes this limitation by offering a set of economic games that measure different facets of positional preferences, such as superiority seeking and inferiority aversion, and that distinguish positional preferences particularly from egoism and equity preferences. Furthermore, the understanding of positional preferences is enriched by linking these preferences to a personality trait, namely narcissistic rivalry. Positional preferences and narcissistic rivalry are studied in the context of college students, who play with real money and whose personality is measured with an additional questionnaire, including the Big Five personality traits as controls. Exploratory analyses consider the role of self-esteem, the role of expectations with regard to other students' behavior, and potential differences between students dependent on their major. The study facilitates a better understanding of positional preferences and contributes to bridging the gap between personality measures in psychology and social preferences in economics. Implications include the enhancement of cooperative behavior among college students and more generally in organizations, as well as the promotion of efficient and responsible behavior and personality through the education system and childhood education.

5. Ferdinand Langnickel - University of Zurich

How Investment Performance Affects the Formation and Use of Beliefs

Additional Authors: Daniel Grosshans, & Stefan Zeisberger

Research Questions: This study provides new insights on how investors form beliefs about future asset prices and how they incorporate these beliefs into their trading decisions. We use a novel experimental design to address two unresolved aspects of the trading behavior of individuals: First, we analyze if investors maintain overly optimistic beliefs in the face of losses. And second, we test whether buying is more forward-looking than selling. **Methodology:** 63 advanced economics students participated in our experiment. Each participant had to make investment decisions for an artificial stock over 40 rounds. The stock price dynamics were driven by a two-state Markov process that created positive (negative) short-term momentum of stock prices in the good (bad) state. In every round participants decided whether they want to buy or sell the stock, or keep their position. Moreover, participants estimated the probability of a price increase to the next round. Final earnings were based on the trading performance and the accuracy of the probability estimates. **Main Results:** Compared to the objective Bayesian belief, participants become overly optimistic when they face a paper loss. This finding is in line with a belief channel that helps to alleviate cognitive dissonances of investors who are facing a paper loss. In addition, selling appears less sensitive to beliefs buying. We further show that this difference is driven by selling decisions in the loss domain. We therefore conclude that selling at a loss but not selling as such is less forward-looking than buying.

6. Cancelled

7. Manwei Liu - TiSEM, Tilburg University

Are groups more immoral than individuals?

This study examines whether groups are more likely to make immoral decisions than individuals. We argue that team incentive, diffusion of responsibility and social interaction are the three critical components that shape group moral decisions and distinguish them from individual moral decisions. We first show how these three features change the game structure and equilibrium using a

moral decision model with self- and social image, which is built on Tirole and Falk (2016). Then we use a lab experiment to test our hypothesis.

8. Vânia Moreira Costa - University of Coimbra

When financial literacy meets the dual-process approach to decision-making

Additional Authors: Ana Cordeiro Santos, & Eduardo Santos

Since the global financial crisis of 2007, financial regulators worldwide have been promoting financial literacy as a way to improve individual financial welfare and better-functioning financial markets (OECD, 2009; World Bank, 2012). Defined as “a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing” (OECD/INFE, 2012: 14), financial literacy is now an active policy in more than 55 countries (OECD/INFE, 2014). Its relevance is based on the idea that better informed and educated consumers about financial matters make better financial decisions (Lusardi & Mitchell, 2014). But the psychology of decision-making, especially the consideration of the dual process approach, sheds doubts on the effectiveness of financial education. Financial decision making, like other decisions, is governed by the combined action of two types of processing systems. While the automatic-intuitive system (system 1), which operates associatively, emotionally and quickly, with little or no effort and without voluntary control, often leads to biases. The deliberative-rational system (system 2), which comprises slow, controlled and effortful operations, can be compromised if cognitive resources are unavailable, due to lack of time, stress and cognitive overload (Stanovich & West, 2000; Evans, 2011; Kahneman, 2011). The objective of this research is twofold. The first is to assess the impact of financial literacy in decision-making (with and without risk). And the second is to clarify the effect of financial literacy on the quality of the decision-making when cognitive constraints, such as time pressure, cognitive overload and stress, are present.

9. Janna Ruessmann - University of Wuerzburg

The pleasure of being right, (even about terrible outcomes)

Additional Author: Carey K. Morewedge

People often believe that the true state of the world is bad. Are people happier to learn they are right that the world is bad, or would they be happier to learn they are wrong and the world is better than they assumed? In a series of 7 experiments,

we had research participants guess whether better or worse facts were true, such as whether the life expectancy of a cat is 14 or 21 years. The true fact was then revealed and participants reported their affective reaction to it (e.g., “The life expectancy of a cat is 14 years. How do you feel about this fact?”). We find that their happiness was more affected by whether their predictions were right or wrong, than by better or worse states of the world being true. Participants were happier when they were right - whether the better or worse fact was true, than when they were wrong - whether the better or worse fact was true. It did not vary with the degree to good or bad outcomes were surprising, and it was not explained by accuracy indicating intelligence or knowledge. This pleasure of being right extended even to random outcomes, including predictions for whether other participants - or they - would win or lose money in a coin toss. Moreover, participants became less sensitive to the desirability of outcomes and more sensitive to their accuracy when responding under cognitive load, suggesting that accuracy of predictions is coded before their implications.

10. Carin van der Crujssen - De Nederlandsche Bank

Payments data: do consumers want to keep them in a safe or turn them into gold?

For policymakers seeking to protect consumer data or financial stability and financial institutions that wish to keep their customers satisfied it is key to know consumers' attitudes towards payments data usage. This paper provides detailed insight into these attitudes based on unique surveys held among Dutch consumers. Privacy is considered an important payment instrument attribute, especially by low-educated, low-income, and elderly consumers and consumers who have little trust in other people or in their bank. Attitudes towards payments data usage depend on the context. For example, most people support the use of payments data to improve security or services but find sharing payments data with other companies unacceptable. Moreover, the latter practice would result in a significant decline of trust in banks. Depending on the purpose of the data use, attitudes relate to socio-demographic factors, online behaviour, satisfaction with the bank and perceptions of current data usage practices. Lastly, many consumers are unwilling to share their payments data with non-banks to use a payment app or get a financial overview. This holds especially for consumers with low trust in other people and in banks.

11. Mara Verheijen - Tilburg University

Relatively Certain: the Effects of Comparative Time Feedback on Doubt and Certainty

Additional Author: Anthony Evans

Decision time influences our perceptions during decision making processes, on average faster decisions are more certain than slow decisions. This present research however examines the effect of relative (rather than actual) decision time. Does making a decision more quickly than others influence feelings of certainty? In two experiments we presented participants with a choice task while measuring their actual decision time. After this we showed them their actual decision time after which we randomly gave them (false) feedback stating that they were relatively fast or slow. Participants in the fast-feedback condition felt less doubt (study 1 and 2) and more certainty (study 2) than participants in the slow-feedback condition. These results suggest that comparative feedback about decision time (in addition to their actual decision time) shapes people's feelings, and this may influence when people feel certain about their (product) choices.

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Low future orientation leads to unethical behavior

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People with high future orientation have a greater tendency to behave in ethically responsible ways in tempting situations than people with low future orientation do. We found a significant effect related to the extent of future orientation present in a national culture vis-à-vis the country's Corruption Perceptions Index score (Study 1). We also found that the dispositional consideration of future consequences predicts the tolerance of unethical behavior in academic cheating vignettes (Study 2). Finally, we tested the mediating role of construal level between the relationship of future orientation and disapproval of unethical behavior (Study 3).

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Cortisol meets GARP: The Effect of Stress on Economic Rationality

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Empirical studies indicate that poverty is associated with counterproductive maladaptive behaviors. One possible aspect of the condition of poverty that could explain this stylized fact is stress. The high level of stress that poor people typically experience may affect behaviors related to the quality of their decisions, creating the possibility of a stress-based poverty trap. In this paper, we directly test the effect of stress on the rationality of economic decisions by investigating whether people exposed to a stressful challenge are more likely to violate the axioms of rational choice and hence fail to maximize their earnings. We also try to shed light on the mechanisms behind this effect, whether it is physiological (by elevating cortisol level), emotional (by inducing negative affects), or synergistic effects of both factors. In our laboratory experiment, we induce stress in participants by using a cold-pressor perturbation task. We collect saliva samples at different points to measure participants' cortisol levels, a stress-related hormone. We measure their emotional responses by evaluating facial expressions using digitized analyses with Noldus Facereader™. To measure the degree of economic rationality, we observe participants choices in fifty independent decision problems under risk and evaluate the consistency of their choices with the Generalized Axiom of Revealed Preference (GARP). By offering a direct test of the causal effect of stress on the rationality of economic decision-making, our results will elucidate the possibility of a stress-related poverty trap.

Notes

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