



TIBER 2019 Symposium on Psychology and Economics

August 23rd 2019, Tilburg University

This program will soon be available on our [website](#)

When tweeting about TIBER 2019, please use **#TIBER2019**

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PRACTICAL INFORMATION

Symposium Venue

This year's TIBER Symposium takes place in the Warande building (location W on the map). Note that this is a building different from previous editions. The keynote lectures will take place in the large lecture hall on the ground floor (WZ1); while parallel sessions take place on the first and second floors of the building. The Tilburg University campus can be reached from the city center by train or by bus. For one-time visitors, the former is probably the cheaper option, as single bus tickets are relatively expensive. When taking the train, you need to get off at Tilburg Universiteit train station. You can check your itinerary at www.ns.nl.

Oral Presentations

Presenters are kindly requested to load their presentation on the PC before the start of the session. Each presentation slot is 25 minutes, including time for questions and discussion. Therefore, we suggest that you present for at most 20 minutes and leave 5 minutes of discussion. Session chairs (indicated in the schedule) can use the signs on the last pages of this booklet to signal the amount of time left to presenters. Session chairs also shortly introduce the session and the speakers (name and title of presentation suffices).

Poster Presentations

The poster session takes place during the lunch break. The posters will be displayed in the foyer of the Warande building. Poster boards will be in landscape orientation, 100 × 125 cm.

Luggage Room

Room WZ105 will be made available for storing participants' luggage. If you wish to make use of this opportunity, please inform one of our volunteers at the registration desk and he/she will accompany you to this room. We will make sure to lock the room during the conference.

Conference Dinner

The conference dinner will be at the Faculty Club (location F on the map) on the edge of the campus and the forest.

Contact

In case you need to contact us on the day of the conference, you can call:

- Thijs Brouwer +31 6 20986453
- Lenka Fiala +31 6 18965475
- Manwei Liu +31 6 44151311



SCHEDULE

8.30 - 9.10	<i>Foyer</i>	Registration / Coffee & tea
9.10 - 9.20	<i>WZ1</i>	Opening
9.20 - 10.20	<i>WZ1</i>	Gretchen Chapman Changing Health Behavior without Changing Beliefs
10.30 - 12.10		Parallel Sessions 1-4
SESSION 1	<i>WZ101</i>	META-ANALYSES AND REPLICATIONS – Chair: Annika Nieper
10.30 - 10.55	<i>Victor Gonzalez-Jimenez</i>	Evaluating Treatment Effects and Replicability
10.55 - 11.20	<i>Adrian Pourviseh</i>	A Meta-Analysis on Social Dilemmas - Cooperation in 58 Public Good and Common-Pool Resource Field Experiments
11.20 - 11.45	<i>Gilad Feldman</i>	Mass Pre-Registered Replications of Classic Findings in Judgment and Decision Making
11.45 - 12.10	<i>Annika Nieper</i>	Power and Cooperation: A Meta-Analytic Review of Economic Games and Distributive Negotiations
SESSION 2	<i>WZ103</i>	OTHER-REGARDING PREFERENCES – Chair: Anne Friesacher
10.30 - 10.55	<i>Sascha Füllbrunn</i>	Responsibility and Limited Liability in Decision Making for Others - An Experimental Consideration
10.55 - 11.20	<i>Joris Gillet</i>	Inequality, Shocks and Trust
11.20 - 11.45	<i>Anne Friesacher</i>	The Impact of Background Income Uncertainty on Social Value Orientations
11.45 - 12.10	<i>Tobias Gesche</i>	Human Bias in Algorithmic Choice
SESSION 3	<i>WZ104</i>	FINANCIAL DECISION-MAKING – Chair: Leon Hilbert
10.30 - 10.55	<i>Vânia Costa</i>	The Limits of Financial Literacy and Numeracy in Financial Decision Making
10.55 - 11.20	<i>Arnoud Plantinga</i>	Improving Borrowing Decisions in the Field
11.20 - 11.45	<i>Stephen Cheung</i>	Present Bias for Monetary and Dietary Rewards: Evidence from Chinese Teenagers
11.45 - 12.10	<i>Leon Hilbert</i>	Financial Decision-Making under Scarcity: The Household Game and Temporal Discounting
SESSION 4	<i>WZ201</i>	EMOTIONS – Chair: Dionysius Ang
10.30 - 10.55	<i>Luke Lindsay</i>	Emotions in Asset Markets: Evidence from Facial Expressions, Skin Conductance and Heart Rates
10.55 - 11.20	<i>Ellen Evers</i>	Spending-Guilt and the Fungibility of Money
11.20 - 11.45	<i>Jonas Fooker</i>	Performance-based pay, motivation, stress and preferences
11.45 - 12.10	<i>How Hwee Ong</i>	Illusory 'Suffering – Reward' Association

12.10 - 13.50

Foyer

Lunch + Poster Session

13.50 - 15.05

Parallel Sessions 5-8

SESSION 5

WZ101

SOCIAL NORMS – Chair: Mehmet Necip Tunc

13.50 - 14.15

Bianca Kern

Norm Enforcement in the Lab and in the Field

14.15 - 14.40

Arno Riedl

Norm Enforcement through Punishment and Reward in Second and Third Party Interactions: A Brain Stimulation Study

14.40 - 15.05

Mehmet Necip Tunc

Regret and Disappointment are Differentially Associated with Norm Compliant and Norm Deviant Failures

SESSION 6

WZ103

CHARITABLE GIVING – Chair: Bram van den Bergh

13.50 - 14.15

René Bekkers

The Joy of Giving: Evidence from a Matching Experiment with Millionaires and the General Population

14.15 - 14.40

Viola Ackfeld

The Aversion to Monetary Incentives for Behavioral Change

14.40 - 15.05

Bram van den Bergh

Targeting Donors: Increasing Fundraising Effectiveness by Providing Donors Opportunities to Target Their Charitable Gifts

SESSION 7

WZ104

COOPERATION AND BARGAINING – Chair: Frederic Schneider

13.50 - 14.15

Joeri Wissink

Effort, Deservingness, and Inclusion in Coalitions.

14.15 - 14.40

Manwei Liu

Majority Rule or Dictatorship? The Role of Collective-Choice Rules in Resolving Social Dilemmas with Endogenous Institutions

14.40 - 15.05

Frederic Schneider

Endogenous Mergers, Mavericks, and Tacit Collusion

SESSION 8

WZ201

INFORMATION – Chair: Claudia Cerrone

13.50 - 14.15

Si Chen

Knowing Enough to Think You Are Right

14.15 - 14.40

Rebecca McDonald

Group Identity and the Selection and Use of Information

14.40 - 15.05

Claudia Cerrone

Ignorance is Bliss: A Game of Regret

15.05 - 15.25

Foyer

Coffee & tea

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

SESSION 9	WZ101	PERSONALITY – Chair: Huaiping Yuan
15.25-15.50	<i>Karlijn Hoyer</i>	Greed, Trading Behavior and Financial Bubbles
15.50-16.15	<i>Wanqing Zhang</i>	Locus of Control, Effort Provision and Challenge Seeking
16.15-16.40	<i>Huaiping Yuan</i>	Public Speaking Aversion
SESSION 10	WZ103	FIELD BEHAVIOR – Chair: Sebastian Schneider
15.25-15.50	<i>Julien Senn</i>	Endogenous Social Reference Points
15.50-16.15	<i>Thomas Buser</i>	Can Competitiveness Predict Education and Labor Market outcomes? Evidence from Incentivized Choice and Survey Measures
16.15-16.40	<i>Sebastian Schneider</i>	(Higher Order) Risk Preferences and Patience among Adolescents
SESSION 11	WZ104	MOTIVATED BELIEFS – Chair: Katrin Gödker
15.25-15.50	<i>Kevin Grubiak</i>	Exploring Image Motivation in Promise Keeping - An Experimental Investigation
15.50-16.15	<i>Roel van Veldhuizen</i>	Motivated Motive Selection in the Lying-Dictator Game
16.15-16.40	<i>Katrin Gödker</i>	Investor Memory
SESSION 12	WZ201	HEALTH – Chair: Linda Hirt-Schierbaum
15.25-15.50	<i>Benjamin Chibuye</i>	Do Financial Incentives in a Health Setting Have a Dark Side? Experimental Evidence from Zambia
15.50-16.15	<i>Markus Fels</i>	What Is The Impact of Deductibles and Rebates On Health Care Spending? A Behavioral Approach
16.15-16.40	<i>Linda Hirt-Schierbaum</i>	You Can Win by Losing! Incentivizing Motivation and Self-Control Preferences: Evidence from DietBet Weight Loss Program

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

17.00 - 18.00*WZ1***Roberto Weber**
Moral Behavior in Markets

18.00 - 19.00*Foyer***Drinks**

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

KEYNOTE SPEAKERS

09:20-10:20

Speaker: Gretchen Chapman – Carnegie Mellon University

Changing Health Behavior without Changing Beliefs

Because decision makers frequently fail to engage in healthy actions, behavior change has the potential to improve health outcomes radically. Successfully influencing health behavior requires an understanding of the decision processes underlying health choices and techniques to harness those psychological factors in the service of effective interventions. Using vaccination as an example, evidence is reviewed which indicates that interventions designed to target behavior directly, bypassing attempts to change beliefs or attitudes, facilitate healthy choices better than health education does. Such interventions shape behavior through cues and prompts, defaults, recommendations, and behavioral incentives.

Prof. Dr. Gretchen Chapman has been a Professor in Social & Decision Sciences since 2017. Prior to joining the faculty at CMU, Prof. Chapman was a Distinguished Professor of Psychology at Rutgers University where she served as Department Chair of Psychology and Acting Co-Director of the Center for Cognitive Science. She is the recipient of an APA early career award and a NJ Psychological Association Distinguished Research Award, a fellow of APA and APS. She is a former senior editor at *Psychological Science*, a past president of the Society for Judgment & Decision Making, the author of more than 100 journal articles, and the recipient of 20 years of continuous external funding.

17:00-18:00

Speaker: Roberto Weber – University of Zürich

Moral Behavior in Markets

There is a widespread perception that market contexts undermine moral concerns and behavior. This talk provides an overview of several ongoing projects that study the importance and robustness of moral concerns in market exchange. Different experiments study such concerns in the behavior of consumers, workers and firms.

Prof. Dr. Roberto Weber is Professor of the Economics of Corporate Culture, Business Ethics and Social Responsibility, endowed by Credit Suisse, in the Department of Economics at the University of Zürich. He received his PhD from the California Institute of Technology. Hereafter, he held an appointment at Carnegie Mellon University until 2011. Currently, he is a Fellow of the CESifo Research Network and the Strategic Research Network. His research falls primarily within the areas of behavioral and experimental economics, decision-making, and the study of organizations and institutions.

PARALLEL SESSIONS

10.30 – 12.10: Parallel Session 1: Meta-Analyses and Replications

10.30-10.55

Speaker: Victor Gonzalez-Jimenez
University of Vienna
Additional Author(s): Karl Schlag

Evaluating Treatment Effects and Replicability

We shed new light on replications of laboratory experiments in economics and recall largely ignored methodological problems in the current praxis of analyzing experimental data. The basis of our investigation is a recent study by Camerer et al. (2016). We propose that most of the papers therein refer to a treatment effect that cannot be identified with the used test. We reinvestigate the original data sets and the replicated ones using tests that uncover treatment effects. We find that 6 of the papers in Camerer et al. (2016) do not have a treatment effect in the original data sets with the proposed test. Moreover, among those with an effect in the original data set, three present a treatment effect in the replication data whereas 8 do not exhibit a treatment effect. We comment on the importance of adequate testing before replication.

10.55-11.20

Speaker: Adrian Pourviseh
Lund University
Additional Author(s): Christian Hoenow

A Meta-Analysis on Social Dilemmas – Cooperation in 58 Public Good and Common-Pool Resource Field Experiments

In this meta-study, we investigate the correlation of experimental methods and design features as well as socio-economic variables with experimentally tested cooperation. We focus on public good (PG) and common-pool resource (CPR) experiments carried out with non-student populations. Unlike laboratory experiments conducted with students as participants, decisions of non-student populations are supposedly more representative of real behaviour. Typically, cooperation games are conducted with participants who face similar situations as simulated by the games in their real lives, e.g. users of a common-pool resource. To date, there is no published meta-analysis that provides a quantitative overview of cooperation games in the field. We examine this relationship in a synthesis of 62 studies that includes a total of 17,940 participants across 32 countries. Similar to findings from other previous laboratory meta-studies, cooperation in our analysed field experiments is on average around 45%. On the methodical side, we find that framing is associated with higher cooperation outcomes, especially if the participants are real resource users. Behaviour tends to be more social in PG than in CPR games. Realizing game payoffs by lottery to only a fraction of participants decreases average cooperation. Other than in lab experiments, no significant effect of marginal per capita return and group size is found. By adding country-level variables to our analysis, it turns out that a higher extent of democracy and higher economic inequality are associated with lower levels of cooperation. Overall, we detect the need for a more precise reporting of designs in field studies.

11.20 - 11.45

Speaker: Gilad Feldman
University of Hong Kong
Additional Author(s):

Mass Pre-Registered Replications of Classic Findings in Judgment and Decision Making

Background: Reproducibility and replicability are at heart of science yet increasing evidence from recent years suggests that many of the findings in psychological science are irreproducible and non-replicable in what some termed as a “replication crisis” and a new movement calling for significant changes in the way we do science. How can we do better? How can we inform colleagues and students about these issues and train students for rigorous replicable reproducible science?

Outline: Present a mass pre-registered replication project on classic findings in judgment and decision making conducted and ongoing at the University of Hong Kong.

Method: Project has so far spanned two semesters with 45 concluded projects, with 20+ replications planned for academic year 2019-20. Students analyze articles, reproduce methods, conduct effect-size and power analyses, design Qualtrics, preregister, analyze collected data from MTurk, and summarize an APA style journal submission. Process explained in our replication guide:<https://tinyurl.com/replicationguide>Outline: Project outline and updates see<http://mgto.org/pre-registered-replications/Results>: In spring 2018 we summarized 17 successful, 3 semi-successful, 1 inconclusive, and 3 unsuccessful replications. In autumn 2019 we summarized 9 successful, 5 inconclusive, and 4 likely unsuccessful replications. Some replications included extensions, most successful.

Goal: Present project and latest findings, and invite Early Career Researchers to join us, by suggesting replication targets and getting involved in providing feedback on pre-registrations and leading converting students reports to journal submission. Info: <https://tinyurl.com/joinmassreplication>.

11.45-12.10

Speaker: Annika Nieper
Vrije Universiteit Amsterdam
Additional Author(s): Daniel Balliet, Catherine Molho & Gerben van Kleef

Power and Cooperation: A Meta-Analytic Review of Economic Games and Distributive Negotiations

Power, a fundamental dimension underlying social interactions, can offer profound insights for understanding when people cooperate. Yet thus far, past research offers conflicting evidence on the relation between power and cooperation. We meta-analyze experimental studies of power and cooperation using economic games and negotiation paradigms, both of which are situations in which people are in a conflict between maximizing their own outcomes and providing a benefit to others. Across 85 studies and 104 effect sizes, we find that power has an overall detrimental impact on cooperation ($d = -0.313$, $N = 14,998$). Certain experimental manipulations of power show a significant negative impact on cooperation (veto power, endowment heterogeneity, different punishment ratios, and role assignments), whereas others have no significant effect on cooperation (asymmetric alternatives and recalling a powerful time). We further investigate whether manipulations that influence power structurally (i.e., participants have more power) have a different impact than manipulations solely targeting the sense of power (i.e., participants feel more powerful). The results show that both types of manipulations had a comparable impact. We find a lower impact of power on cooperation in public goods games, and a higher one in delta games. Finally, we test for additional moderators such as the type of payment, percentage of male participants, and whether the game is played one-shot or iterated, which had no impact on the relationship between power and cooperation. We discuss the theoretical implications, add suggestions for the methodologies used to study power, and propose directions for future research.

10.30-10.55

Speaker: Sascha Füllbrunn
Radboud University
Additional Author(s): Wolfgang Luhan

Responsibility and Limited Liability in Decision-Making for Others – An Experimental Investigation

Agency in financial markets has been claimed to foster excessive risk taking, ultimately leading to bubble formation. The main driving factor appears to be the skewed bonus system for agents who invest other people's money. Such behaviour would imply that such bonus systems crowds out responsible decision making for others. To test this implication, we conduct laboratory experiments comparing decision making for others with and without such a bonus system. First, we show that, in the absence of bonus systems, decision makers invested significantly less for others than for themselves. Second, we show that limited liable decision makers-participating only in gains but not in losses-invested substantially more for others than for themselves. Hence, our results suggest that indeed limited liability outweighs responsibility.

10.55-11.20

Speaker: Joris Gillet
Middlesex University
Additional Author(s): Hernán Bejarano & Ismael Rodríguez-Lara

Inequality, Shocks and Trust

We experimentally investigate the effect of a negative endowment shock in a trust game to answer the question whether different causes of inequality lead to different effects on trust and trustworthiness. In our version we vary whether there is inequality or not and whether the inequality is the result of a negative shock or not. In our treatment condition first-movers, before their decision, are subject to a chance event that can cause their endowment to being decreased significantly. We compare behaviour in situations where the shock causes the inequality with a treatment where first-movers start out with a smaller endowment from the outset and this inequality isn't the result of a shock. Theories incorporating inequality aversion predict second-movers to return more to disadvantageous first-movers who, being aware of this and using backward induction, would send more. Insights from the literature on risk attitudes suggest that people may take less risk after suffering a loss. Our experiment tests whether this also holds for social risk. We find that in general inequality leads first-movers to send more and second-movers to return marginally higher fractions. We also find that the cause of the inequality matters, but for first-movers only. When the inequality is the result of a shock they send less than when the inequality existed from the start. Finally, we conclude that uncertainty - whether a shock can happen or not - has a negative effect on trust, even for first-movers whose endowment is not affected.

11.20-11.45

Speaker: Anne Friesacher
Maastricht University
Additional Author(s): Leticia Micheli & Arno Riedl

The Impact of Background Income Uncertainty on Social Value Orientations

Background uncertainties are uncertainties that cannot be altered by the direct action of an individual. This includes a wide range of social, environmental, and financial threats that are omnipresent as individuals make decisions in every day contexts. This study aims to explore the effects of background income uncertainty on social value orientations as measured by the Social Value Orientation Task (Murphy, Ackermann, & Handgraaf, 2011). This is a money allocation task in which participants have to indicate their preferred division of resources between themselves and an “other”. An experiment was conducted online with three conditions ($n = 219$) implementing varying levels of uncertainty: certainty, risk, and ambiguity. Background income uncertainty was implemented using a lottery ticket which was either risky or ambiguous. Additionally, background income certainty was implemented in one group (baseline). Risk preferences were controlled for using two separate measures of risk attitudes: certainty equivalents and a risk attitudes questionnaire. Lastly, due to the strong implication of affect in psychological theories of decision making, a measure of trait optimism was also implemented. Results show that ambiguous, but not risky, background uncertainty has a significant negative influence on social value orientations, suggesting that participants demonstrate weaker social preferences when they are facing higher levels of background uncertainty. Given the ambiguous nature of many current global threats, research should attempt to better understand the complex dynamic between background uncertainty and social decision making.

11.45-12.10

Speaker: Tobias Gesche
ETH Zürich
Additional Author(s):

Human Bias in Algorithmic Choice

How “sure” should an algorithm be to take a risk on behalf of persons? The current work addresses this question in an experiment. In it, subjects set a parameter which controls a data-driven algorithm. This parameter, a threshold, determines whether a person’s preference for risk is high enough for a financial risk to be taken. A lower threshold means that lower values of persons’ predicted risk preferences are sufficient for the algorithm to implement risky choices. It also implies a higher rate of false positive. Conversely, a larger threshold implies that risky choices are implemented less often but it also comes with a higher share of false negatives. The findings are as follows: i) When setting the threshold for choices which affect themselves, subjects leave the algorithm little influence in the eventual decisions by either setting the threshold very high or very low. When setting it for others, they leave the algorithm more influence. On average, however, chosen thresholds are the same when subjects set it for choices affecting themselves as when choices affect others. ii) Subjects respond to conflicts of interests: When setting the threshold for decisions which affect others, subjects respond to a bonus for inducing risky decisions. They do so by setting the threshold lower than when the bonus is absent. iii) Threshold choices in all treatments are unaffected by whether the choice procedure is framed as being based on a “computer algorithm” or a human-developed “decision rule”.

10.30-10.55

Speaker: Vânia Costa
University of Coimbra
Additional Author(s): Nuno de Sá Teixeira, Ana Santos & Eduardo Santos

The Limits of Financial Literacy and Numeracy in Financial Decision Making

In the context of a shifting and highly complex financial environment, numeracy and, specially, financial literacy, are seen as paramount in providing consumers with the knowledge and confidence to partake in the financial market. In order to understand the role of financial literacy and numeracy in financial decision making, we employed an experimental task involving a hypothetical sale of shares of an electrical company. One hundred participants took part in the experiment. Our results suggest that numeracy and financial literacy affect decision making in very distinct ways, in a pattern that, in part, runs counter to conventional economic theory. Numeracy was found to promote rational choice, as measured by sensitivity to differences in value between two options. Financial literacy, on the other hand, was significantly associated with an amplification of cognitive biases, such as framing effects and risk aversion. Political implications of these outcomes are noticed and discussed.

10.55-11.20

Speaker: Arnoud Plantinga
Dutch Authority for the Financial Markets
Additional Author(s): Patricia de Jonge, Alexandra van Green & Ilva van der Gragt

Improving Borrowing Decisions in the Field

Does the way a borrowing decision is presented influence actual borrowing behavior? We present insights from three field experiments in collaboration with a Dutch provider of consumer credit. We test whether changes to the choice architecture of the loan application form affect borrowing behavior.

A vast amount of literature on the anchoring effect suggests that giving people a numerical reference point can cause their choices to be closer to that reference point. In Experiment 1, we test an anchoring effect for the amount people apply for. We test both the effect of a different anchor and of removing the anchor altogether, creating an active choice condition. In Experiment 2, we test an anchoring effect for repayment amount, again testing different anchors and an active choice condition.

In addition to anchoring effects, we are interested in whether making consumers think more actively about their repayment conditions influences their decisions. In Experiment 3, we test two ways to focus consumers' attention on the repayment. First, we direct attention to the repayment period or costs by changing the question "How much would you like to repay monthly?" to either the number of repayment months or the desired total costs. In addition, we change the user interface for selecting a repayment amount, building on research showing differences between a slider scale and a text box. Does removing the slider scale, forcing consumers to use a text box to select their repayment amount, influence their choices?

11.20-11.45

Speaker: Stephen Cheung
University of Sydney
Additional Author(s): Agnieszka Tymula & Xueting Wang

Present Bias for Monetary and Dietary Rewards: Evidence from Chinese Teenagers

Few studies have elicited adolescents' present bias over money, and none has elicited their present bias for primary rewards. We measure impatience and present bias for different reward types to study: (i) are adolescents equally patient for different reward types? (ii) do they show present bias for different reward types? (iii) do laboratory measures of time preference correlate with adolescents' behaviour in the field?

923 adolescents participated in our longitudinal experiment, at four high schools in Guizhou Province, China. In week 1, participants chose what quantity of a reward to receive in weeks 2 and 5 (both delayed) using a modified version of the Convex Time Budget design. We used three reward types: money, healthy food, and unhealthy food. In week 2, the same participants chose from the same options except that their decisions were between an immediate and a delayed reward. We also relate demographic variables and information about subjects' field behaviour to their time preferences.

Participants were more patient for money than for food and showed strong present bias across all three types of reward. We observed surprisingly strong utility curvature and present bias over monetary rewards. We also observe that adolescents who show stronger present bias for money and unhealthy food are more likely to consume alcohol. Finding strong utility curvature and present bias over money is surprising and not in line with previous studies. One possible explanation is that we observed much fewer corner solutions in our sample, perhaps because our subjects were more credit constrained.

11.45-12.10

Speaker: Leon Hilbert
Leiden University
Additional Author(s): Marret Noordewier & Wilco van Dijk

Financial Decision-Making under Scarcity: The Household Game and Temporal Discounting

When being poor or having debt, people often experience financial scarcity. Financial scarcity is the subjective experience of lacking needed financial resources. Scarcity has been shown to affect emotions, cognitive abilities, and decision-making. So far, the relatively young area of research has mostly been studied in the field, as it seems challenging to reliably manipulate financial scarcity in laboratory studies. While they are certainly very informative, field studies based on existing differences in wealth or debt levels can be confounded and are not optimal for investigating cause and effect relations. To tackle this, we developed the household game. During the game, participants have to manage the finances of a household—by earning income through labour and paying expenses. By changing the income and expenses ratio, we can manipulate how much money participants have available and thereby induce a scarcity mindset. Over three studies, we show that financial scarcity leads to increased temporal discounting. In Study 1, we test the effectiveness of the paradigm, showing that the household game is successful in inducing a scarcity mindset and financial stress. In Study 2, we show that scarcity changes time preferences, with participants in the scarcity condition having a higher present bias for gains (pre-registered). In Study 3, we replicate the effect of scarcity on temporal discounting of gains, and extend it to the discounting of losses (pre-registered). Altogether, these studies make significant contribution to the literature and methodology of research on financial scarcity.

10.30-10.55

Speaker: Luke Lindsay
University of Exeter
Additional Author(s):

Emotions in Asset Markets: Evidence from Facial Expressions, Skin Conductance and Heart Rates

This paper explores relationships between market events, trader's emotions, and trading behavior. A set of experimental asset markets were run using a variant of the structure introduced by Smith, Suchanek, and Williams (1988). Like Breaban and Noussair (2018), videos of trader's facial expressions were recorded. The videos were analysed using face reading software to infer emotions, e.g. joy, anger, fear, sadness. As well as this, trader's heart rates and skin conductance were recorded using sensors. The data from the sensors was used to construct measures of emotional arousal. Linking the data on emotions with data on market activity allows a range of hypotheses about the effect of market experience on emotions and the effect of emotions on market behavior to be tested.

10.55-11.20

Speaker: Ellen Evers
University of California, Berkeley
Additional Author(s): Michael O'Donnell & Leif Nelson

Spending-Guilt and the Fungibility of Money

Money is fungible, which means consumers can spend this money however they want, and in doing so maximize their well-being. In this project we document that while money may objectively be fungible, consumers often impose rules on themselves about how they should and should not spend money. When consumers violate these self-imposed rules, they feel guilty. The anticipation of this guilt affects consumer behavior in a variety of domains.

In the first study we document that consumers hold self-imposed norms about how they should and should not spend money, and consumers widely share the belief that they should not spend money frivolously. In Study 2 we find that violating these norms feels negative and specifically results in consumers feeling guilty. In Study 3 we find substantial heterogeneity in the degree to which consumers experience spending-guilt, and in Study 4 we show that this guilt-proneness represses buying intentions for hedonic goods, but not utilitarian ones. If consumers experience spending-guilt, then the introduction of exchanges of money should affect behavior. This was tested in Study 5 in which we find that anticipated guilt mediates preference-reversals in choice vs. buy situations. Finally, in the domain of hedonic goods, providing rationalizations for a purchase should reduce guilt in those who are guilt-prone and increase purchase intentions, this is what we tested and found in Study 6.

Combined, these studies illustrate the important role of guilt in consumer decisions on how to spend their money.

11.20-11.45

Speaker: Jonas Fookien
University of Queensland
Additional Author(s): Alanah Jenner & Stacey Parker

Performance-Based Pay, Motivation, Stress and Preferences

In employment contracts, performance-based pay can motivate higher employee performance. However, in practice, but not everyone performs better with explicit performance incentives. This may be because incentives may create stress that reduces performance. In this study, we investigate if (heterogeneity in) the effect of performance-based pay can be explained by psychic costs, or stress. We hypothesise that all workers potentially experience more stress when their pay is more performance-based. For some stress helps them to increase performance, while for others it reduces it. We invite students as workers into the laboratory and offer them three payment schemes: Fixed pay, gain-framed performance-based pay, loss-framed performance-based pay. Participants state their payment scheme preference and subsequently work in a randomly chosen scheme. Over three rounds, participants re-evaluate their preference, and work once under each pay scheme. We record participants' performance and their stress. To measure stress we use self-reported emotional states and heart rate variability measures. Our results show that performance-based pay increases performance as well as stress, and it does so more when it is loss-framed. However, the effect differs between individuals. Those who prefer performance-based pay perform better under this scheme, but also experience less stress. Those who prefer fix pay experience more stress under performance-based pay and increase their performance less under this scheme. A similar effect is found comparing preference, stress and performance between the gain-framed and loss-framed schemes. Hence, stress appears to be a mediator of performance, and preference for a particular payment scheme reflects this.

11.45-12.10

Speaker: How Hwee Ong
Tilburg University
Additional Author(s): Rob Nelissen & Ilja van Beest

Illusory 'Suffering – Reward' Association

Religious scriptures and anecdotal accounts suggest that people sometimes expect suffering to be subsequently rewarded in implausible ways. We propose that this form of 'magical' compensatory belief may result from the tendencies (i) to judge victims of suffering to be more deserving of future reward, and (ii) to perceive deserving individuals as more likely to actually receive the reward. We conducted three studies to investigate this prospect. In Studies 1 (n = 369) and 2 (n = 494), we manipulated the extent to which a victim in a vignette is experiencing suffering (i.e., poverty and bully respectively) and measured the effects thereof on the perceived deservingness to receive future fortuitous rewards and perceived likelihood of receiving the reward. Across both studies, we found significant mediating effects where suffering increased the perceived deservingness of a future reward, which in turn increased the perceived likelihood of actually receiving the reward. In Study 3 (n = 1524), we investigated potential boundary conditions of this phenomenon by systemically varying the cause of suffering. We found the same mediating effect when suffering was caused by another individual but not when suffering was caused by oneself or when it was the result of stochastic processes. Taken together, our research provides empirical evidence for an illusory 'suffering – reward' association, where people expect suffering to be compensated in implausible ways, and shed light on its underlying mechanisms and boundary conditions.

13.50-14.15

Speaker: Bianca Kern
University of Munich
Additional Author(s):

Norm Enforcement in the Lab and the Field

The external validity of laboratory experiments has often been put into question. The aim of this study is to examine, whether norm enforcement decisions in the laboratory can be extrapolated to the field. Therefore, I first conducted a natural field experiment on norm enforcement, measuring whether the social norm of not jumping the queue is enforced or not. Second, a subsequent laboratory experiment was executed with the subjects from the field experiment, eliciting norm enforcement decisions with and without the possibility of counter-punishment. The within-subjects comparison showed a clear correlation between the norm enforcement behavior in the field and the norm enforcement decisions in the laboratory when counter-punishment was possible. However, I did not find a significant correlation when there was no counter-punishment possibility in the laboratory. Overall this result is encouraging regarding the external validity of laboratory experiments. It furthermore underpins prior survey evidence, that weighing up the danger of being counter-punished is crucial for norm enforcement decisions in the field. Regarding the external validity of the standard norm enforcement treatment without counter-punishment option, it indicates that further field studies on norm enforcement are necessary.

14.15-14.40

Speaker: Arno Riedl
Maastricht University
Additional Author(s): Leticia Micheli & Marcello Negrini

Norm Enforcement through Punishment and Reward in Second- and Third-Party Punishment

Norm enforcement plays an important role in sustaining cooperation among strangers. Yet, the neural mechanisms underlying norm enforcement are still poorly understood. In order to disentangle different hypotheses regarding human norm enforcement and its relation to two prefrontal regions of the brain, we investigate the brain mechanisms associated with second and third-party norm enforcement through costly and costless punishment and rewarding, respectively. We use transcranial magnetic stimulation (TMS) to disrupt the activity of the right dorsolateral prefrontal cortex (dlPFC) and medial prefrontal cortex (mPFC). Participants attend three different sessions in which they receive stimulation in the dlPFC, mPFC or sham (control) stimulation in a random order. In each session, participants take part in a dictator game with the opportunity to punish or reward those who proposed an allocation. We implement a 2x2 within-subject design where we vary personal involvement (2nd party vs. 3rd party) and the cost involved in punishing and rewarding (no cost vs. cost). Preliminary results (N=44 sessions) show that downregulation of both right dlPFC and mPFC leads to a decrease in norm enforcement when punishing and reward, respectively, is costly. This suggests that these two brain regions may have a similar role in overriding economic selfish impulses to facilitate the enforcement of social norms. Personal involvement was not related to the two brain regions examined. Importantly, although social norm enforcement decreased with brain stimulation in costly conditions, individuals' fairness evaluation as well as their social appropriateness judgements of the offers proposed were not affected by brain stimulation.

14.40-15.05

Speaker: Mehmet Necip Tunc

Tilburg University

Additional Author(s): Mark Brandt & Marcel Zeelenberg

Regret and Disappointment are Differentially Associated with Norm Compliance and Norm Deviant Failures

Social norms provide benchmarks to use when we compare actual outcomes with what might have, could have or should have been. We investigated the emotional consequences of negative financial outcomes after norm deviant and norm compliant behaviors. Because disappointment is an emotional response to failed expectancies and norms can strengthen such expectancies, we expected disappointment to be higher when norm compliant investment behavior resulted in a loss. On the other hand, because regret is an emotional response to a comparison between actual and counterfactual outcomes and norms are a salient source of such counterfactuals, we expected regret to be higher when norm deviant investment behavior resulted in a loss. Participants in all three pre-registered experiments (N1 = 401, N2 = 1579, N3 = 347) read a vignette about a financial decision involving either a norm compliant or norm deviant investment the participants themselves or some other person engage(s) in. Then, they rated how much regret and disappointment they expected the person in the vignette would feel. Consistent with the hypotheses, we found significant interaction effects in all experiments, indicating that norm compliance was associated with more disappointment and norm deviance was associated with more regret. The results suggest that norm compliant and deviant failures engender different emotional reactions even when the consequences are the same

13.50-14.15

Speaker: René Bekkers
Vrije Universiteit Amsterdam
Additional Author(s): Paul Smeets, Ashley Williams & Michael Norton

The Joy of Giving: Evidence from a Matching Experiment with Millionaires and the General Population

Does charitable giving make people happy? If so, why? We conducted a field experiment among a large and representative population sample and a large sample of high wealth individuals to answer these questions. In a 1:1 match treatment, we provided additional money for charity at no cost to the donor to test whether the benefits of giving for recipients increased hedonic mood benefits of giving to donors. We found that participants in the population sample gave more to charity when we matched their donations, but charitable giving had no hedonic mood benefits. Participants in the population sample who reported higher life satisfaction in the survey gave more, but giving did not increase their happiness beyond the preceding level of life satisfaction. Millionaires gave more across all conditions and had higher life satisfaction, but did not respond to the match and did not increase their gifts with life satisfaction. The results imply that people do not give to charity to make themselves happy. An exploratory analysis of characteristics of donors suggests that charitable giving is motivated by moral concerns that current models of philanthropy do not capture. We suggest that matches work because they activate a sense of duty.

14.15-14.40

Speaker: Viola Ackfeld
University of Cologne
Additional Author(s):

The Aversion to Monetary Incentives for Behavioral Change

Monetary incentives are a powerful economic tool to influence people's actions, but may fall short in changing one's reason to act. In this paper, I test whether this lack causes monetary incentives to be disliked while informative interventions, targeted at also changing the reason to act, are preferred. In an experiment, one group of participants decides about interventions which try to change others' initial behavior and make them donate to charity. Between treatments, I vary whether the intervention consists of (i) information, (ii) monetary incentives, (iii) monetary incentives for informed subjects, or (iv) monetary incentives for information acquisition. Results show that participants consider monetary incentives as more effective in changing behavior than informative interventions. Nonetheless, they are less willing to foster behavioral change by monetary incentives compared to informative interventions. A comprehensive set of elicited beliefs supports the idea that this aversion to incentives stems from their lack of changing one's reason to act.

14.40-15.05

Speaker: Bram van den Bergh

Erasmus University

Additional Author(s): Emilie Esterzon & Aurélie Lemmens

Targeting Donors: Increasing Fundraising Effectiveness by Providing Donors Opportunities to Target their Charitable Gifts

According to the impact philanthropy framework, donors prefer to target gifts to a particular cause, rather than support diverse causes more broadly. A test of this prediction in a field experiment with more than 40,000 prospective donors manipulates opportunities to target a gift by (1) associating specific suggested donation amounts with particular causes (i.e., coupling) and/or (2) providing a physical choice among causes (i.e., unpacking). Both interventions increase donation rate and amount, boosting revenues up to 42%. A mediation analysis reveals that unpacking, and coupling to a lesser extent, increases the likelihood that donors select one of the suggested amounts and make multiple gifts in response to a single solicitation. These findings have pertinent implications for the impact philanthropy framework specifically, as well as for fundraising efforts more generally.

13.50-14.15

Speaker: Joeri Wissink
Tilburg University
Additional Author(s): Ilja van Beest, Tila Pronk & Niels van de Ven

Effort, Deservingness, and Inclusion in Coalitions

A key observation in coalition formation research is the finding that bargainers who have the most resources are often excluded from coalitions; an observation dubbed the Strength-is-Weakness effect. Previous literature has attributed this finding to the use of equity rules: bargainers aim to obtain a share of the coalition's payoff that is proportional to the resources they bring to the coalition, making smaller coalitions more attractive.

We investigated whether the effect can be attributed to the random origin of resources in previous studies. We predicted that when resources are randomly received, proportional claims of larger parties are not seen as legitimate, leading to a Strength-is-Weakness effect. We predicted, however, that when resources are earned through a real-effort task, those with more resources are seen as deserving of inclusion, leading to the formation of more large coalitions.

In an online interactive study (N = 1023), participants were grouped into triads and bargained in a 5(4-3-2) simple weighted majority game. In the Random condition, participants obtained their resources randomly, in the Earned condition, participants completed a slider task to determine who obtained more resources.

Against our prediction, larger parties were included equally often in the two conditions. Larger parties in the Earned condition did, however, receive more initial offers than large parties in the Random condition. These results might be explained by our finding that, in the Earned condition, larger parties were perceived as more deserving of inclusion in a coalition than in the Random condition, but especially by larger parties themselves.

14.15-14.40

Speaker: Manwei Liu
Tilburg University
Additional Author(s): Eline van der Heijden

Majority Rule or Dictatorship? The Role of Collective-Choice Rules in Resolving Social Dilemmas with Endogenous Institutions

When groups need to make collective decisions, a collective-choice rule is used to aggregate individual choices into a collective choice. This study addresses the role of collective-choice rules in the context of self-governance in social dilemma. Specifically, groups decide collectively and repeatedly on whether to establish any institution, and if so which institutions, to sustain cooperation in a public goods game.

We investigate three representative collective-choice rules: majority voting, dictatorship and rotating dictatorship. We identify a direct and an indirect channel through which collective-choice rules may affect groups' behavior and performance in the game. The direct effect refers to the influence of collective-choice rules on cooperation behavior, conditional on the same institutions. The indirect effect refers to the impact of collective-choice rules on the stability of institutions over time.

Our main findings are: (1) In terms of the direct effects, there is no evidence of a "democracy premium" (i.e., cooperation level is higher under the institutions chosen via a democratic rule than when the same institutions are chosen via a non-democratic rule). (2) In terms of the indirect effects, institutional choices produced by a fixed dictator are more stable over time than produced by rotating dictators. (3) Overall, groups with a fixed dictator earn the highest payoffs.

14.40-15.05

Speaker: Frederic Schneider

Cambridge University

Additional Author(s): Catherine Roux & Donja Darai

Endogenous Mergers, Mavericks, and Tacit Collusion

We study whether firms' collusive ability influences their incentives to merge because, when tacit coordination is unsuccessful, firms switch to mergers in order to reduce competitive pressure. Our experimental approach suggests that firms send more merger offers when prices are closer to marginal costs. Maverick firms that undercut prices and thereby foster market competition are the predominant - yet reluctant - receivers of these offers.

13.50-14.15

Speaker: Si Chen
University of Bonn
Additional Author(s): Carl Heese

Knowing Enough to Think You Are Right

Information often unravels the reality gradually. We analyze decision-making over actions that might harm others, and ask how rewarding the decision maker for choosing a certain action changes their acquisition of sequential noisy information. Drawing from Bayesian persuasion models, where the optimal signal used by a sender to persuade a receiver is often noisy, we postulate that individuals exploit noisy information and propose the Asymmetric Sampling Hypothesis: decision makers are more likely to stop acquiring information when the previously acquired information indicates no harm of the self-rewarding option to others, but not when it indicates the opposite. In a laboratory experiment, we find that people do engage in Asymmetric Sampling. Theoretically, we investigate the determinants of Asymmetric Sampling in a Bayesian persuasion model, in which the sender and the receiver are the same person (self-persuasion). This finding is relevant in various contexts, e.g. the incentive design for physicians, the information design in charitable giving and the understanding of how acquiring information can deepen discrimination.

14.15-14.40

Speaker: Rebecca McDonald
University of Birmingham
Additional Author(s): Johannes Lohse

Group Identity and the Selection and Use of Information

In an increasingly polarised world, concerns are growing that individuals may select less reliable information (news, opinions), if it comes from a perceived in-group member. However, it is not yet clear how individuals make tradeoffs between the preference for in-group information sources, versus the reliability of the information. We derive predictions from a modified sender-receiver game and test them in an experiment. Senders have perfect information about the state of the world, whilst receivers know only the probability distribution from which the true state is drawn, and must guess what it is. Receivers can purchase up to two signals emerging from two senders who differ in their incentives to send a truthful signal. We manipulate whether the (induced) group identity of senders is known to receivers. We find strong evidence that shared group identities bias receivers towards less useful information by inducing them to ignore potentially useful out-group information. As a result, decision quality is significantly lower in settings where group identities are observable. We conclude that, if our results generalise, out-group ignorance is an important and under-studied mechanism explaining the harms of polarisation.

14.40-15.05

Speaker: Claudia Cerrone
Max-Planck-Institute for Research on Collective Goods
Additional Author(s): Francesco Feri & Philip Neary

Ignorance is Bliss: A Game of Regret

Economists model regret as the utility loss experienced from comparing a choice made - that turned out to be suboptimal - to a foregone alternative. This implies that it is always possible for the decision maker to make an ex-post comparison between the choice and the foregone alternative. Yet in many situations, ranging from technology adoption to ordering food in a restaurant, the decision maker will only be able to make an ex-post comparison if someone else chose an alternative option. In this paper, we introduce and experimentally test a model of regret aversion with this property. In our model, a regret-averse agent must decide between the status quo and a new and risky option that outperforms the status quo in expectation, and learns the outcome of the new option, if unchosen, with a probability that depends on the choices of others. This assumption turns what was previously considered a single-person decision problem into a coordination game. Most notably, regret can facilitate coordination on the status quo - an action that would not be observed if the agents were acting in isolation or regret neutral. Our experimental data show that, as predicted by our model, regret-averse participants choose what they believe their partner to choose. However, also participants who are not regret-averse do, which can be interpreted as evidence of conformist preferences.

15.25-15.50

Speaker: Karlijn Hoyer
Tilburg University
Additional Author(s): Stefan Zeisberger, Seger Breugelmans & Marcel Zeelenberg

Greed, Trading Behavior and Financial Bubbles

Questionable financial practices by greedy Wall Street bankers are often mentioned as one of the root causes of the 2008 global financial crisis that led to, among other things, increased unemployment and business failures (see, for example, Dalai Lama, 2009; Munasinghe, 2010; Suranovic, 2010). Yet, there is surprisingly little empirical research investigating the trading behavior of greedy individuals in stock markets. In our laboratory study (N = 127), we test how individual differences in greed relate to buying, selling, pricing, and ordering behavior in asset markets, and to the occurrence of asset market bubbles. We present results from 15 experimental asset markets with a constant fundamental value, closely mimicking the design of Weitzel et al. (2018). Using multilevel analysis, we found that greedy people were more likely to sell their assets at higher prices. This result is driven by market orders, rather than limit orders, meaning that greedy individuals are quick in identifying and accepting higher priced buying orders submitted by other traders. We found no effect of dispositional greed on other aspects of market behavior and long run profits. In a second study, we sorted participants (N = 93) into high and low greed markets. Contrary to expectations, preliminary results suggest that low greed markets are less price efficient than high greed markets. Our research could not confirm that the financial crisis could have been caused by bankers' greed.

15.50-16.15

Speaker: Wanqing Zhang
Tilburg University
Additional Author(s): Elena Cettolin, Patricio Dalton & Jan Potters

Locus of Control, Effort Provision and Challenge Seeking

We explore the relationship between locus of control and the willingness to engage in profitable, but effortful activities. We set up a theoretical model which predicts that beliefs about the controllability of own outcomes do not affect effort provision, but positively affect challenge seeking. We design an experiment to test these predictions. To manipulate beliefs about controllability, subjects first participate in an exploration task. In the high controllability treatment, they can detect patterns which give them control over their payoffs, while in the low controllability treatment there are no such patterns. After completing the exploration task, subjects are invited to participate in an unrelated real effort task. In one version (Experiment 1), subjects decide whether to do the real-effort task and, if so, for how long. They are paid linearly according to their performance. In another version (Experiment 2), subjects have to decide on a performance target: the higher the target, the higher the potential reward, but participants who do not reach the target earn nothing. The experimental findings confirm the predictions of the model. Beliefs about controllability do not affect effort provision in Experiment 1, both at the extensive and intensive margin. However, in Experiment 2, we find that low controllability beliefs impair challenge seeking, especially among men.

16.15-16.40

Speaker: Huaiping Yuan
University of Amsterdam
Additional Author(s): Thomas Buser

Public Speaking Aversion

Our aim is to establish public speaking aversion as an economically relevant phenomenon. In a lab experiment, we show that many participants are willing to forgo substantial amounts of money to avoid giving a five-minute presentation in front of an audience. Preferences for public speaking are strongly heterogeneous: some individuals are willing to present for as little as 1 Euro while others are willing to forgo up to 40 Euros to avoid presenting. In a pre-experimental questionnaire, we introduce two survey questions which elicit participants' self-view on how stressful they find presenting and how good they are at it. We show that these self-judgments are strongly validated by the incentivised choice. We also show that preferences for speaking in public are not fully captured by standard measures of personality traits and economic preferences. Our results indicate that public speaking aversion is an underexplored individual trait with significant potential for explaining heterogeneity in career choices and labour market outcomes.

15.25-15.50

Speaker: Julien Senn
University of Zürich
Additional Author(s): Christian Zehnder & Jan Schmitz

Endogenous Social Reference Points

Daily life provides individuals with many occasions to compare themselves to others. To this point, much of the evidence on social comparisons has focused on environments in which peers are exogenously assigned to individuals. However, in many settings individuals endogenously choose whom to compare to. Using a large scale study with a real effort task in an online labor market, we document the anatomy of preferences for social reference points and their behavioral implications. We show that individuals predominantly choose to compare to stronger peers and these comparisons have very large motivational spillovers. Overall, they generate an increase in effort of the same magnitude as the one obtained by the introduction of a sizeable piece-rate (yielding a 20 percent increase in payment on average). Our evidence indicates potentially large heterogeneity in the underlying motivations that guide individuals' choices of a social comparison point. Psychology has highlighted two key motivations to guide choices: self-enhancement (compare downwards to feel better) and self-improvement (compare upwards to motivate oneself). While half of our sample chooses the most motivating reference point (consistent with self-improvement), the rest of the sample either decides to compare with a weaker reference point (consistent with self-enhancement) or not to compare with anyone. We also show that there are no intrinsic motivational benefits from choosing ones peer: compared to exogenous peer assignment, choosing ones peer does not significantly increase performance (after controlling for self-selection).

15.50-16.15

Speaker: Thomas Buser
University of Amsterdam
Additional Author(s): Muriel Niederle & Hessel Oosterbeek

Can Competitiveness Predict Education and Labor Market Outcomes? Evidence from Incentivized Choice and Survey Measures

We assess the predictive power of two measures of competitiveness for education and labor market outcomes using a large, representative panel. The first is incentivized and is an online adaptation of the laboratory-based Niederle-Vesterlund measure. The second is an unincentivized survey question eliciting general competitiveness on an 11-point scale. The two measures are strongly correlated at the individual level and both measures are strong and consistent predictors of completed level of education, field of study in college, occupation and income. The predictive power of the unincentivized measure for these outcomes is robust to controlling for other traits, including risk attitudes, confidence and the Big Five personality traits. For most outcomes, the predictive power of competitiveness exceeds that of the other traits. Risk attitudes, but not competitiveness, predict outcomes that are intrinsically risky but not competitive (investing in stock, self-employment and smoking). Gender differences in competitiveness can explain 5-10% of the observed gender differences in education and labor market outcomes.

16.15-16.40

Speaker: Sebastian Schneider
Max-Planck-Institute for Research on Collective Goods
Additional Author(s): Matthias Sutter

(Higher-order) Risk Preferences and Patience among Adolescents: The Relation with Cognitive Abilities and Predictive Power for Real-World Behavior

To date, there is still very little empirical evidence on the real-world consequences of higher order risk preferences, although theoretically, connections have been established to saving, portfolio choice, and other behavior especially in – but not limited to – the health domain. With respect to the determinants and age-related changes of these higher order risk preferences, also very little is known; particularly concerning the relation between cognitive abilities and higher order risk preferences. In this study, we investigate the prevalence, age- and ability-related changes therein, and possible influence factors of (higher order) risk attitudes and patience amongst adolescents and study related field behavior. Using the method described in Schneider (2017) to elicit intensities of higher order risk preferences and standard tasks to measure cognitive abilities, we find patience and (higher order) risk preferences to decrease with age with the exception of prudence, but these findings are mainly driven by an increase in cognitive ability. Females exhibit higher values of risk aversion, prudence and temperance. Combining the measures with survey data, we find - as predicted by theory - saving to be positively correlated with prudence and risky investment to be negatively correlated with temperance. Imprudence and impatience predict the risk of addiction (smartphone, drinking and smoking behavior). Besides being female, risk aversion and temperance, but not prudence, are positively related to a desire for non-competitive payment. Moreover, our risk measures are strongly correlated with risky behavior as indicated by an index based on an adapted DOSPERT catalogue.

15.25-15.50

Speaker: Kevin Grubiak
University of East Anglia
Additional Author(s):

Exploring Image Motivation in Promise Keeping – An Experimental Investigation

This paper reports an experiment designed to investigate the role of image concerns in promise keeping. The task employed allows to shed light on the relevance of both social-image and self-image concerns. Whereas in the former case, behaviour is expected to depend on how others perceive a given action, in the latter case what matters is how actions reflect on a decision-maker's self-perception. We observe evidence of social-image concerns in treatments which feature ex-ante opportunities for promise exchange. Ruling out alternative explanations, our results are consistent with subjects exhibiting an aversion to being perceived as a promise breaker by others. Surprisingly, subjects seem not to anticipate social-image concerns to be present in others. Our test of self-image concerns yields a null result: there is no evidence of subjects engaging in self-deception to evade their promise induced commitments. This resilience could be interpreted as corroborating evidence of the strength of promises. Our results shed light on the conditions under which promises can be expected to facilitate successful relationships based on trust.

15.50-16.15

Speaker: Roel van Veldhuizen
Lund University
Additional Author(s): Kai Barron & Robert Stüber

Motivated Motive Selection in the Lying-Dictator Game

A large body of evidence suggests that people are willing to sacrifice personal material gain in order to adhere to a moral motive such as fairness or truth-telling. Yet less is known about what happens when moral motives are in conflict. We hypothesize that in such situations, individuals engage in what we term 'motivated motive selection', choosing to adhere to the motive that most closely aligns with their personal interest. We test this hypothesis using a laboratory experiment that induces in subjects a conflict between two of the most-studied moral motives: fairness and truth-telling. Our experimental design has the attractive features of being both parsimonious and closely related to both the classic dictator and lying games, implying comparability with a wealth of benchmark evidence. In line with our hypothesis, our results suggest that participants are more likely to adhere to the motive that is more in line with their self-interest.

16.15-16.40

Speaker: Katrin Gödker

Maastricht University

Additional Author(s): Peiran Jiao & Paul Smeets

Investor Memory

How does memory shape individuals' decisions? While we all learn from experiences, our memories of those experiences can be both selective and distorted. Such memory limitations are largely ignored in economic research. While theory has recently integrated psychology-based facts about memory formation and retrieval into behavioral models, we are the first to provide evidence for a systematic memory bias in an important economic domain: financial decision-making. We find experimental evidence of a self-serving memory bias for past outcomes. Subjects who previously invested in a risky stock are more likely to remember positive investment outcomes and less likely to remember negative outcomes. In contrast, subjects who did not invest but merely observed the investment outcomes do not have this memory bias. The results are consistent with our model in which image-concerns form the basis for how information is remembered and robust to different measures of memory bias. Importantly, the memory bias distorts beliefs and drives investment choices. After investing, subjects form overly optimistic beliefs and re-invest in the stock even when doing so reduces their expected return. An important feature of our experiment is that we directly measure what people actually remember and can draw clear conclusions about subjects' deviations from the Bayesian benchmark of objectively correct beliefs and choices. The memory bias we document changes the understanding of how people learn from experiences in financial markets and provides a unified explanation for well documented puzzles in individual decision making, such as confirmation bias, overconfidence, and sticky choices.

15.25-15.50

Speaker: Benjamin Chibuye
 Christian-Albrechts-University of Kiel
 Additional Author(s): Peter Hangoma & Menush Khadjavi

Do Financial Incentives in a Health Setting Have a Dark Side? Experimental Evidence from Zambia

The Zambian health system faces numerous challenges including a high rate of maternal deaths at 398 deaths per 100,000 live births. In response, health programmes aimed at improving productivity through the use of financial incentives to reward individual health personnel for their performance, have been implemented. This, however, contradicts agency theory on incentives in a multitasking framework, which predicts that such incentivisation can potentially result in unintended consequences: agents may inadvertently focus unequally on the outcomes with incentives at the expense of the non-incentivised outcomes. We employ a 'health-framed' laboratory-in-the-field experiment with 154 future Zambian medical doctors to investigate the extent to which financial incentives improve overall health worker effort, whether this effort/productivity effect can be accompanied by any adverse unintended distortionary effects and, whether such unintended effects can be effectively counteracted.

We find that the financial incentive results in a significant distortionary effect in favour of an incentivised health resource. However, rather surprisingly, we find that the financial incentive does not in and of itself, result in significantly higher effort, adequate enough to compensate for the distortionary effect. Furthermore, we find that observability of health resource allocation decisions does not seem to have a counteracting effect on the distortionary effect of the financial incentive. Our findings imply that the use of financial incentives in settings characterised by multitasking, should be undertaken with caution given that incentivised agents are likely to focus on incentivised activities, at the expense of non-incentivised activities.

15.50-16.15

Speaker: Markus Fels
 TU Dortmund University
 Additional Author(s): Nadja Kairies-Schwarz & Christian Waibel

What Is the Impact of Deductibles and Rebates on Health Care Spending? A Behavioral Approach

Economists have long stressed the importance of designing appropriate incentives in health insurance plans. Rebates substitute the negative incentives of the more common cost-sharing procedure through a positive incentive scheme, but recent evidence from the Netherlands suggests that the utilization response to rebates is weaker than the response to cost-sharing. Prior studies disagree on whether this difference is attributable to a framing difference that triggers loss aversion, but are unable to test the framing explanation directly. We conducted a laboratory experiment on care utilization and varied the frame between a rebate and a cost-sharing frame. The design allows us to rule out competing explanations for the different behavioral responses that are observed in the field, such as liquidity constraints and discounting. Our results indicate that individuals seek significantly more treatment under cost-sharing than under rebates and that the difference is unrelated to loss aversion. Our results suggest that this is due to (a) individuals constructing separate mental accounts in the evaluation of rebates, and (b) a reduced salience of dynamic incentives for treatment under the rebate frame. Both effects reduce treatment rates under rebates. Our results contradict the assertion that the observed discrepancy in the field, that is exactly the opposite of the one that we observe in the laboratory, is the result of a framing effect and loss aversion. This suggests that rebates may be more effective in implementing efficient utilization and underlines the importance of complementing different empirical methods to test the validity of competing explanations.

16.15-16.40

Speaker: Linda Hirt-Schierbaum
University of Dortmund
Additional Author(s): Marina Ivets

You Can Win by Losing! Incentivizing Motivation and Self-Control Preferences: Evidence from DietBet Weight Loss Program

We develop a model that links commitment preferences, self-control costs and motivation. We apply the model to the situation of weight loss and test its conclusions with the data from DietBet.

We insert the idea of changing motivation into a self-control framework based on Gul & Pesendorfer (GP) (2001). Contrary to GP we assume the choice menu to be given. The agent cannot use the commitment strategy discussed in GP. We offer another commitment device, an investment-payoff combination, to ensure his future behavior will be in line with his normative preferences. Also, we adapt GP's model such that the perceived cost of self-control depends on the degree of motivation.

We apply our model to data from DietBet (players bet on the percent of body-weight they lose in a given amount of time). The underlying idea is to view the investment as a wager, when the agent bets on himself. If he reaches his goal to resist temptation, he gets a share of the pot. We use their data to check whether there is a relationship between the amount of the wager and the amount of weight-loss.

The results show that there is a positive relationship between the wager and the amount of weight loss and probability of winning the game. We additionally explore differences by gender and other individual and game characteristics.

Our findings support the idea that agents can use an investment-payoff mechanism to incentivize a change in their behavior in the normatively preferred direction, validating the model.

POSTER PRESENTATIONS

1. Teun Siebers – Tilburg University

Your Lies Leave Me Cold: Infrared Thermal Imaging of Finger Temperatures when Observing Lies

Additional Author(s): Rima-Maria Rahal, Willem Sleegers & Ilja van Beest

People tend to be bad at explicitly detecting lies, rarely deviating from chance-levels in accuracy. However, physiological responses may yield above-chance levels of accuracy in differentiating lies from the truth. Specifically, if facing deception induces threat in observers, physiological responses regulated by the autonomic nervous system may respond even if no explicit detection of deception occurs. Consequently, we hypothesized that vasoconstriction driven by the sympathetic nervous system would reduce blood flow through the skin, leading finger temperatures to drop when confronted with a lie compared to the truth. Participants (N = 96) observed people telling lies or the truth about their social relationships in eight videos, showing four lies and four true stories per participant in random order. Participants' fingertip temperature in the non-dominant hand while viewing these videos was recorded non-invasively using infrared thermal imaging. Results suggesting lower fingertip temperatures while viewing videos containing a lie compared to a true story while the accuracy of explicit deception judgments remains at chance levels would conceptually replicate the results of Van't Veer, Gallucci, Stel, and Van Beest (2015). This would suggest implicit deception detection can be unveiled in physiological responses. We further explored the influence of variables specific to the stories observed, such as whether the story was positive or negative. Implications for the use of infrared thermal imaging in deception detection research are discussed.

2. Camilla Zallot – Rotterdam School of Management

Value Pricing and Distributive Concerns

Additional Author(s): Gabriela Paolacci & Amit Bhattacharjee

Value pricing refers to the practice of pricing goods based on consumers' willingness to pay (WTP) for them. In addition to maximizing firm profit, value pricing can also increase societal welfare by making it viable for firms to serve consumers with different preferences and price sensitivities. However, price discrimination based on temporary or stable differences in product valuation is often perceived as unfair.

In this research, we investigate whether the perceived acceptability of value pricing varies as a function of consumers' background economic conditions. Given increasing concerns about economic inequality, it is important to investigate how moral standards are applied differently based on individual differences in income or wealth.

In our studies, participants indicated what prices it would be fair to charge richer and poorer segments of consumers. We either varied WTP across segments (orthogonally to wealth) or held it constant (reflecting equal opportunity costs between segments). Across studies, we find that the perceived fairness of value pricing depends on the affluence of target consumers. In particular, participants considered it unfair for sellers to charge poorer consumers according to their WTP (instead expecting them to voluntarily forgo profits), but found it acceptable for sellers to maximize profit at the expense of more affluent customers.

Our findings highlight a novel determinant of the acceptability of value pricing: distributive justice. Perceptions of price fairness in isolated market exchanges may depend on existing economic disparities, even when they are unrelated to consumer preference and WTP.

3. Austėja Kažemekaitytė – University of Trento

Feeling in Control: A Study on Learned Helplessness and Intertemporal Choice

Additional Author(s): Lucia Savadori

Differences in intertemporal choices have largely been associated not only with one's personal preferences but also the socioeconomic circumstances. Certain decisions, such as saving, investment in education or health, require more future orientation, but more financially constrained people tend to exhibit higher degrees of impulsiveness and present bias. Previous studies have attributed this to individual preferences or an effect of stress and scarcity. This study employs learned helplessness paradigm in trying to uncover the drivers behind the differences in intertemporal preferences. According to it, inability to ensure the intended outcome of one's action leads to a lesser sense of personal control that can manifest itself in various domains, such as lower level of effort, poorer cognitive performance, or depressive mood (Maier & Seligman, 2016). In two online experiments we asked participants to solve a novel anagram task, followed by elicitation of time preferences using convex time budget method. The goal of anagram task is to manipulate the perceived sense of control by randomly assigning participants to either easy or difficult condition. Study 1 (N = 265) used max. 1 month delay of monetary reward in CTB, while study 2 (N = 302) employed a longer time period of max. 2 months. Manipulations checks show significant differences in emotional response to the task (with the difficult condition

resulting in more negative reactions). The overall results suggest that although two conditions show differing trends in the intertemporal allocations, the difference, however, is not significant.

4. Florian Heine – Tilburg University

The Foreign Language Effect in Cooperation Games

Additional Author(s): Joeri van Hugten, Arjen van Witteloostuijn & Anne-Wil Harzing

We present results from an experiment using three cooperation games -- prisoner's dilemma, public goods and volunteers dilemma game -- conducted either in a player's mother tongue or in one of two foreign languages: English or Dutch. In a sample of German students at a Dutch university, we find evidence for a mother tongue bias, such that individuals show higher cooperation levels in their mother tongue. The evidence is especially pronounced in the public goods game, and less pronounced between English and German.

5. Lenka Fiala – Tilburg University

The Heterogeneous Treatment Effects of Role Models: Theory and Evidence

Additional Author(s):

I observe a strong, unanticipated effect of female role models on the competitiveness of girls in an educational context, with no effect on boys. I develop a model of the channels how role models can affect behavior, drawing on the existing (primarily) experimental psychology literature. Building on this model, I formulate testable hypotheses and study them in an incentivized laboratory setting.

6. Deepti Bhatia – University of Konstanz

Attribution of Responsibility - Reward and Punishment in an Eye-Tracking Experiment

Additional Author(s): Jan Hausfeld & Urs Fischbacher

A large number of economic and political decisions are taken collectively via voting. Previous research has revealed that in case an unpopular outcome is implemented (in a sequential voting process), pivotal decision makers are punished significantly more than the non-pivotal decision makers. We investigate how recipients of these decisions attribute responsibility to different decision makers and explore the role of pivotality through an eye tracking experiment. We study how recipients acquire information of the

voting process by varying whether they can punish, reward or do both (reward and punish). We find that in the punishment and reward condition, pivotal voters get sanctioned more than non-pivotal voters. Also, voters who vote for an unfair outcome intentionally are punished more than voters who vote for an unfair outcome unintentionally. In the reward condition, intentionally kind voters are rewarded more than unintentionally kind voters. A response time analysis of the voters demonstrates that potentially pivotal voters are slower than non-pivotal voters.

7. Huyen Nguyen – Erasmus University of Rotterdam

Gender Disparities in Debate Speeches and Evaluations - A Text Mining Approach

Additional Author(s):

Discrepancies in career success across genders persist, particularly at high-ranked positions in business, academia and politics. Given the importance of persuasion skills in these careers, this raises the question of whether differences in persuasion tactics and evaluations of persuasiveness across genders play a role. To answer this question, I investigate the persuasiveness of speeches given by males and females, in the well-defined field experiment setting of inter-collegiate debate tournaments by: (i) collect & construct a high-dimensional data set of 1500 verbatim transcribed debate speeches (2 million words) and 107000 speech scores and individual administrative data of the highest-profile tournaments from 2008 to 2018; (ii) quantifies how the words, phrases, argument components and argument relations in these speeches contribute to the associated speech scores, using an adapted multinomial speech model with choice probabilities that vary by gender and related natural language processing (NLP) techniques, i.e. text mining, sentiment analysis, recurrent neural networks; and (iii) unravel, if any, the existence and magnitude of systematic gender differences in speeches and their evaluations. Administrative data analysis of 107000 speeches shows persistent under-representation and performance of female speakers. Preliminary analysis of specific word and phrase markers across the World and European Universities Debating Championships shows notable differences, particularly on hedging languages and hesitations, between speeches given by males and females. This research thus contributes a novel evidence to understand how the language used and evaluated in competitive contexts across genders, which shed light on debates about persuasion style issues cited as barriers to female career success.

8. Gitta van den Enden – Maastricht University

Expressing Emotions after Failing to Control Impulsive Tendencies

Additional Author(s): Caroline Goukens & Kelly Geyskens

Although consumers are getting more and more concerned about their weight, dieters oftentimes fail to actually control their food intake. A single self-control failure (e.g. eating a cookie) on its own does not disrupt the entire dieting goal, but it does elicit negative emotions (e.g. regret, guilt, and frustration) and can even lead to a downward spiral of goal cheating behavior. Prior research established that expressing one's emotions has a positive effect on physical health and psychological well-being. We tested whether expressing negative emotions triggered by a self-control failure, can reduce these feelings in two studies. In study 1, we let participants choose between a healthy and an unhealthy dessert, whereby the choice of the unhealthy dessert is more likely to represent the self-control failure. Then, we randomly assigned participants to either the control group or the group that was asked to express their emotions with regards to their choice. In study 2, we took this phenomenon outside the food context and investigated the effect of emotion expression after failing to stick to long-term goals when choosing between apartments. Participants could choose between two apartments: one more hedonic (satisfying short-term goals) versus another more utilitarian apartment (satisfying long-term goals). In both studies, we measured to what extent participants regretted their choice and how they felt about their choice. In line with our expectations, participants who made a hedonic choice (i.e. a self-control failure), were less likely to experience negative emotions such as regret after they expressed themselves.

9. Anneloes Kip – Utrecht University

Let Go and Give In! Self-Licensing and the Role of Competing Motivations

Additional Author(s): Catherine Evers

Self-regulation failure can be the result of self-licensing, the act of using justifications to give in to immediate temptations. The present research aimed to investigate how justifications influence the underlying motivations for temptations and their competing long-term goals by assessing shifts in motivational strengths. A multimethod approach was used entailing an online Study 1 (N = 123), a laboratory Study 2 (N = 107) and a field Study 3 (N = 160) amongst individuals who wanted to lose- or maintain weight and accordingly experienced food temptations as conflicting. Participants either generated reasons to eat (justification condition) or free-thoughts (control condition) about visualized unhealthy or healthy food products (Study 1), or for actual unhealthy food products preceding a taste test (Study 2). In Study 3 participants registered their food

intake for a period of five consecutive days in combination with associated licensing and competing motivations using mobile Ecological Momentary Assessment (mEMA). Main outcomes across studies were temptation and goal motivation, their relative difference, along with subsequent caloric intake (Study 2) or people's perceived amount of food intake (Study 3). Consistent across all studies, we did not find support for the assumption that justifications strengthen temptation motivation. Preliminary findings, though inconsistent across studies, showed that justifications devaluated long-term goals. These findings are discussed in light of the speculation that if justifications weaken people's long-term goal motivation, these goals can be more easily overruled by people's motivation to indulge and therefore lead to self-regulation failure.

10. Danae Arroyos-Calvera – University of Birmingham

Conditional Risk Sequences and Time, Risk and Sequence Preferences

Additional Author(s): Rebecca McDonald & Tyson Hayes

In most of the time discounting literature, the outcomes in the future materialise with certainty or are determined by a one-time only uncertainty resolution. Less is known about discounting when receiving the outcomes depends on a series of conditional probabilities that extend into the future. This type risk distributions underlie important policy applications such as the increase of life expectancy through the reduction of air pollution or improvement of road safety. Such sequences of conditional risks create opportunities for different distributions of the risk reductions. For as long as the expected gain they offer is the same, people should not prefer some risk reduction distributions over the others. However, Nielsen et al. (2010) and Hammit and Tunsel (2015) found that this Expected Utility theory prediction does not hold. We investigate whether these preferences can be explained by time, risk or sequence preferences. In our 4-session study, participants made choices between one-off large risk reductions; a risk reduction offered in every period whose magnitude is proportional to the risk baseline; and a constant risk reduction offered in every session. Uncertainty is resolved in each session, revealing whether or not each participant receives an additional £5 and, because the future probability of success is conditional on previously succeeding, whether they will be eligible for the extra payment in the next session. This setup is an abstraction from perturbations to people's survival curves, which allows for affect-free responses. We found that sequence preferences best explain people's preferences for the different risk reduction distributions.

11. Yadi Yang – Tilburg University

Can Strategic Delegation Solve the Hold-Up Problem? An Experimental Study

Additional Author(s):

This paper presents an experiment examining whether strategic delegation can mitigate the hold-up problem. In a simple hold-up game with a single-investor investment stage and a subsequent ultimatum bargaining stage where the non-investor proposes an allocation to divide the gains from investment, subjects are allowed to delegate the decision to an agent by setting an incentive scheme for the agent that depends on the principal's final payoff. Evidence for strategic delegation is observed. When the investor makes aggressive commitments, or when the non-investor commits to an ex post allocation that ensures the investor at least the same amount as the outside option, strategic delegation can increase investment rate and mitigate the hold-up problem.

12. Dries Bostyn – Ghent University

The Shape of Blame

Additional Author(s): Joshua Knobe

While certain behaviors are always praiseworthy (e.g. giving to charity) and others are always blameworthy (e.g. murder), there exists an entire class of behaviors for which blame or praiseworthiness is a function of how much of that behavior is done: e.g. spending time with your loved ones or helping a friend in need. These behaviors lie on a continuum of “effort” in which part of the continuum is blameworthy (spending only a small amount of time with loved ones) and another part of the continuum is praiseworthy (spending a lot of time with your loved ones). In a set of seven studies, we study how blame and praise change as a function of “effort” for both naturalistic behaviors (such as spending time with your family) and a made-up behavior called “blarging”. We uncover that the resulting blame/praise curve is logistical in nature and that the shape of each blame/praise curve is directly related to the statistical background information of how much “effort” people typically do for a certain behavior.

13. Nicole Andelic – Queen’s University Belfast

Repaying Problem Debts and Thinking about the Future

Additional Author(s): Aidan Feeney

Poor financial decision-making has been linked to problems with future thinking such as temporal discounting, lower future self-continuity (FSC) and poor episodic future thinking (EFT). Most research on future thinking and financial decision-making has concerned saving behaviour rather than debt-related decision making, even though problem debt is an increasingly important issue. Our study was carried out with a company that provides Individual Voluntary Arrangements (IVAs), legal debt repayment mechanisms which

enables people with substantial debt to negotiate a monthly repayment sum. We compared temporal discounting, FSC, EFT, temporal attention and temporal attitudes in individuals in an IVA with an age-matched control group.

A logistic regression on 238 participants (excluding EFT) found that lower FSC, higher temporal discounting and higher perceived financial stress increased the likelihood of being a debtor. A regression on a reduced sample with EFT data (164 participants) showed that lower EFT also increased the likelihood of being a debtor.

Participants in an IVA displayed significantly weaker future thinking than the control group. It is possible that individuals with poorer future-thinking are also more likely to get into debt, or that being in a debt repayment arrangement leads to decreased future thinking due to the restrictive nature of the arrangement. Regardless of the causal direction, problems with future thinking in an IVA may lead to difficulties adhering to the terms of the arrangement if debtors prioritise the present over the future.

14. Terence Dores Cruz – Vrije Universiteit Amsterdam

Gossip in Daily Life

Additional Author(s): Daniel Baliet, Paul van Lange, Isabel Thielmann & Bianca Beersma

Gossip is ubiquitous in human societies and argued to be fundamental for human groups by enabling large-scale cooperation in systems of indirect reciprocity. Despite being a key pillar of human societies, empirical knowledge of gossip in daily life is scarce. Most data pertaining to gossip’s role in cooperation are obtained through laboratory social dilemma games. While this allows for controlled observations and causal inferences, it lacks key features of real-world gossip. To further our understanding of gossip and its role in cooperation, we need to describe gossip in its natural setting, test whether real-world gossip fits with theories of indirect reciprocity, and delineate what our theories must explain. In an experience sampling study, 309 participants reported on gossip in daily life four times a day for ten days (9953 observations), describing and evaluating the shared information and involved parties. Rigorously observing gossip instances and dynamics as experienced in daily life addresses many fundamental aspects of gossip with high ecological validity. We show (a) people gossip with others they value highly about others they value less, (b) people largely believe gossip, (c) people gossip mostly about information they directly experienced (c) gossip is overall more negative than positive, (d) gossip content relates to change in relationship valuation of the person whom the gossip was about, and (e) through a change in relationship valuation gossip influences intentions to help, avoid, and confront the person whom the gossip was about. In sum, gossip in daily life largely fits indirect reciprocity theories.

15. Owen Powell – Vienna University of Business and Economics

Introduction to "jtree" - A Javascript Toolbox for Running Economics Experiments

Additional Author(s):

"jtree" is a software package for programming and running economics experiments. It has several features that collectively make it stand out from other alternatives. First, no installation is required, to get started you simply download the package and run it. Second, the package is available for multiple platforms (Windows, Mac, Linux). Third, the software is web-based, meaning there is no "client" program for participants to download, they simply connect through a browser. Fourth, particular care has been put into reducing the time required to test experiments. Experiments may be edited "live" (immediately displaying changes on participants screens), and participants themselves may be automated. Fifth, programs are written in a modern programming language, Javascript. Javascript is relatively simple, yet it has powerful constructs such as functions and objects that help with programming an experiment. It is also widely used, making learning resources and additional packages easy to find and access.

16. Deborah Kistler – ETH Zürich

Salience in Public Good Games

Additional Author(s): Christian Thöni & Nanxu Su

In an influential article Taylor & Thompson (1982) define salience as: “ the phenomenon that when one's attention is differentially directed to one portion of the environment rather than to others, the information contained in that portion will receive disproportionate weighing in subsequent judgments.”

Only recently, economists started to include salience in formal models. These studies provide evidence that salience can play a role in consumer behavior and lottery choices. However, there is no research so far, which evaluates salience in the context of social dilemmas such as the public goods game.

In our paper, we first extend the Fehr-Schmidt model by a salience factor. This allows us to predict how salience affects the behavior of conditional cooperators in a standard public goods game. Our model indicates that salience should systematically influence contributions. I.e., if the behavior of a high contributor is most salient, conditional cooperators can increase their utility by matching that contribution. And vice versa, if the lowest contribution within a group is most salient.

Second, we test these predictions with a series of laboratory experiments. We find that when contributions become salient endogenously (as proposed in the theory by Bordalo et al. (2012)) the predictions of our model hold. However, when we force subjects to

exogenously focus on either the highest or the lowest contribution in their group, we find opposing results. In particular, our results indicate that making contributions salient exogenously leads to an upper and lower bound of the acceptable contribution level.

NOTES

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