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Abstract book

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Keynote Sessions Abstracts

Monday, 25th September, 2023

Keynote I: Tim Cason

From Crowdfunding to Crowdfunding: Using Refund Bonuses to Improve Collective Action

Tim Cason, Robertas Zubrickas and Alex Tabarrok

This presentation summarizes several laboratory experiments investigating how the resources and wisdom of the crowd can be harnessed to provide public goods or fund entrepreneurial projects. It focuses on a new refund bonus mechanism, where potential contributors and investors receive a small bonus award if fundraising fails to meet the funding target threshold. In a continuous time environment for crowdfunding public goods, the experiments show that bonuses can be tailored to induce early cooperation. This increases fundraising success. In an environment featuring adverse selection for a crowdfunding context, the entrepreneur raising capital has better information than investors about project quality. Refund bonuses can signal project quality and help overcome market failure.

Keynote II: Dmitry Ryvkin

Democracy, inequality, and collective loss mitigation

Rivin Perinchery, Dmitry Ryvkin, Anastasia Semykina

Climate change and extreme weather expose individuals and communities to increasing losses. The mitigation of such losses requires substantial investment that can be made individually or collectively, e.g., via taxation. We use a lab experiment to study how effective a democratic society is at financing loss mitigation in the presence of income inequality and uncertainty about future losses. Inequality leads to misaligned incentives between the rich who have enough resources to mitigate losses privately and the more vulnerable poor who prefer to rely on taxation. We find overall smaller differences in behavior

between rich and poor subjects than anticipated, and implemented taxes are too low, causing excessive losses for the poor.

Tuesday, 26th September, 2023

In memoriam of Professor Klaus Abbink

Experimental Insights on Anti-Social Behavior: Two Meta-Analyses

Alexandros Karakostas, Nhu Tran and Daniel John Zizzo

We report two meta-analyses on the determinants of antisocial behavior in experimental settings in which such behavior is not rationally motivated by pecuniary incentives. The first meta-analysis employs aggregate data from 95 published and unpublished studies (24,086 participants), using laboratory, field and online experiments carried out since 2000. We find that antisocial behavior depends significantly on the experimental setting, being highest in vendetta games and lowest in social dilemmas. As we find significant heterogeneity across the studies, including across game classes, in the second meta-analysis we focus only on money burning experiments, for which we have the largest number of observations, 51 studies and around 16,784 participants. Overall, our findings suggest that procedural fairness and being observed by others reduce the frequency of antisocial behavior. Online and field experiments display more antisocial behavior than laboratory experiments. We also find that the strategy method biases antisocial behavior upwards. However, we do not find evidence for a positive publication bias being correlated with higher destructive behavior, either in the general meta-analysis or in relation to money burning experiments; if anything, there is evidence of a negative publication bias. The money burning meta-analysis finds evidence of a price effect for destruction frequency and of negative discrimination against outsiders, of within-subject designs under-estimating destructive behavior, and of more antisocial behavior in one-shot interactions. Collectively, our results point to the value of more laboratory experiments that systematically build on paradigmatic experimental designs to enable comparability and the identification of key economic drivers of antisocial behavior.

Do groups fight more? Experimental evidence on conflict initiation

Changxia Ke, Florian Morath, Sophia Seelos

This paper investigates whether distributional conflicts become more likely when groups are involved. We present results from a laboratory experiment in which two parties can appropriate resources via a contest or, alternatively, take an outside option. Keeping monetary incentives for fighting constant across all treatments, the experiment compares conflict choices of players in two-against-two, one-against-one, and two-against-one settings. Overall, we find evidence for a higher propensity to opt for conflict when being part of a group. The effects are strongest with endogenous group composition and in the presence of group size advantages (i.e., in two-against-one). The results can be explained by a stronger non-monetary utility from fighting in (endogenous) groups and coincide with a biased perception of winning probability in asymmetric contests.

Preventive Wars

Klaus Abbink, Lu Dong and Lingbo Huang

The rise of a new power may lead the dominant power to seek a preventive war. We study this scenario in an experimental two-stage bargaining game. In each stage, the rising power makes a bargaining offer and the declining power must choose whether to accept it or fight. Between the two stages, the winning probability shifts towards the rising power. We find fewer preventive wars when the power shift is smaller and when the rising state has the commitment power. Communication and repeated interaction decrease the likelihood of preventive wars. High fighting costs almost eliminate such wars when the rising power's first-stage offer is sufficiently large.

Deadweight Losses or Gains from In-kind Transfers? Experimental Evidence from India

Klaus Abbink, Gaurav Datt, Lata Gangadharan, Digvijay Negi and Bharat Ramaswami

Are in-kind transfers associated with deadweight losses? To answer this, we conducted an incentivized field experiment in India, which offered low-income households the choice between a free quantity of rice and varying amounts of

cash to elicit their willingness to pay for rice. Contrary to expectation, we find evidence of deadweight gain on average, though with a striking contrast between a deadweight loss among respondents from female-headed households and a deadweight gain among respondents from male-headed households. Our results highlight the role of gender differences in bargaining power in shaping the choice between cash or rice.

Parallel Sessions Abstracts

Monday, 25th September, 2023

11:15 – 12:55 Parallel Sessions 1

1.1 – Risk and Uncertainty

The gender reference point gap

Nathan Kettlewell; Jonathan Levy; Agnieszka Tymula; Xueting Wang

Studies have frequently found that women are more risk averse than men. In this paper, we depart from usual practice in economics that treats risk attitude as a primitive, and instead adopt a neuroeconomic approach where risk attitude is determined by the reference point. We then evaluate whether there is a gender difference in the reference point, explaining the gender difference in risk aversion observed using traditional approaches. We find that women make riskier choices less frequently than men. Compared to men, we find that women on average have a significantly lower reference point. By acknowledging reference points as a potential source of gender inequality, we can begin a new discussion on how to address this important issue.

Winning ways: risk-taking in rank-order tournament

Dawei Fang, Changxia Ke, Gregory Kubitz, Yang Liu, Thomas Noe, Lionel Page

We study how participants' risk-taking decisions are affected by the rank-based rewards and the competitiveness of the tournament. We create an experiment where participants can choose a mean-preserving distribution of outputs, the realisation of which determines their rank in a tournament. We find that participants opt for more risky distributions (distributions with higher dispersion) when the competition is characterised by more inequality (in the prizes) and more competitiveness (harder to get the top prize). Participants also choose more positively skewed distributions when the prize schedule is more convex (i.e, in winner-take-all tournaments than in linear prize or elimination contests).

Does the Size of the Signal Space Matter?

Hyundam Je

This paper provides the first experimental evidence that information receivers consider the size of the signal space, which represents the number of possible signals. When subjects predict the binary outcomes of compound lotteries, their values of signals for the outcome (Study 1) and values of lotteries they play (Study 2) in varying sizes of the signal space were measured. The results showed that the size of the signal space was positively correlated with the value of the signals, but not the value of the equivalent lotteries. The preference for larger signal space suggests users find a five-star rating system more attractive than a binary recommendation system. These experimental findings cannot be explained by leading theoretical frameworks.

Can a single model account for both risky choices and inter-temporal choices? Testing the assumptions underlying models of risky-intertemporal choice: A conceptual replication

Filip Fidanoski, Vinayak Dixit, Andreas Ortmann

Luckman et al. (2018) experimentally tested the conjecture that a single model of risky intertemporal choice can account for both risky and intertemporal choices, and under the conditions of their experiment, found evidence supporting it. Given the existing literature, that is a remarkable result which warrants (conceptual) replication. A key reason to be sceptical about the result is that Luckman et al. (2018), following a well-established tradition in psychology, had first-year psychology students participate that were rewarded with non-monetary course credits, casting shadows of doubt on whether their participants were properly incentivised. Proper incentivization is a long-standing bone of contention among experimentally working economists and psychologists and it is widely accepted among economists that the elicitation of risk preferences and time preferences is very much a function of the way that experimenters incentivize choices. Another reason to be sceptical is that the experiment was not properly powered up; hence the no-difference results reported by the authors might be spurious. In our conceptual replication, we find significant differences between the risky and intertemporal choices at both the group and individual level. We find further that there is no significant difference between choices made by participants that are paid a flat incentive and participants that are paid under the random incentive scheme. We find

that order effects matter for intertemporal choices, but not for risky choices. At the individual level, we find evidence in favour of the model that assumes a common value function, but separate choice functions. This result is robust across the incentive systems, and order of presentation, but sensitive to different prior distributions. Other semi-nested models are sensitive to the different orders of presentation as well as incentive systems.

1.2 – Social Preference

Milestones and Feedback in Dynamic Voluntary Contribution Games

Nisvan Erkal, Boon Han Koh, Nguyen Lam

The provision of public goods often involves dynamic contributions over time. In this process, information provision can be structured in different ways to resolve the strategic uncertainty that decision makers face. We examine whether providing real-time feedback about progress or feedback based on the achievement of pre-determined intermediate goals (i.e., milestones) is more beneficial for increasing dynamic contributions to a public good. An important application is in fund-raising campaigns, where both types of feedback structures have been considered. Our results reveal that providing feedback about the attainment of milestones leads to a significant increase in average group contributions as compared to providing real-time feedback. This impact is largely driven by conditional cooperators. The magnitude of the milestones does not seem to make a difference. Findings from a follow-up experiment reveal evidence of a goal effect, a signalling effect, and an information effect arising from the use of milestones on the behavior of conditional co-operators.

White Saviour Perceptions Reduce Charitable Donations

Swee Hoon Chuah, Matthew Clarke, Simon Feeny, Robert Hoffmann, Ananta Neelim

The White Saviour charge accuses Western foreign aid of being tokenistic and self-serving, motivated by superiority, guilt and sentimentality and of perpetuating prejudice and negative stereotypes. How do White Saviour

perceptions arise from charitable appeals and what is their effect on donations? We use three studies with representative Australian samples to identify the visual characteristics of typical appeal photos that activate five dimensions of the White Saviour perception and assess their effects on intentions to donate. The dimensions reduce to two factors, ineffectiveness and entitlement, that constitute the White Saviour and negatively affect intentions to donate. Our findings can inform the design of successful appeals that do not perpetuate counterproductive racial stereotypes.

Threshold effects in elections

Vera te Velde and Andrea Robbett

Individuals make moral decisions differently on their own than when part of a group. This is true even in when decisions are made anonymously, without communication, in elections. Social preferences of several different kinds, including bandwagon effects, expressive voting, and diffusion of responsibility, change the moral tradeoffs involved and induce threshold effects in threshold majority rules elections. We experimentally implement several of these elections to study these social preferences. We find significant threshold effects: when a higher fraction of selfish voters is required to implement a selfish option, more voters vote selfishly. This is inconsistent with expressive voting or bandwagon effects, but consistent with diffusion of responsibility in which guilt is experienced only when the selfish option is actually implemented.

Pro-Sociality During Times of Political Unrest

Amnon Maltz, Moti Michaeli

Do extreme political events influence pro-sociality in society? More specifically, do such events have different effects on pro-sociality measures among those who support the events and those who oppose them? We make use of the elections in Israel in November 2022 in which the most right-wing government in the history of Israel (The Economist, Dec 29th 2022) came to power and started to advance radical reforms, most notably in the judiciary system. These reforms were, and still are, viewed by many as threatening the very democratic nature of the state of Israel. Using an online incentivized survey,

we compare pro-social behavior of a large sample of the Israeli adult population before the elections (October 2022) and during the political unrest and turmoil that has spread through the country in February-March 2023. We find that: (1) pro-sociality measures drop across the board, and (2) the measures of those who regard themselves as neutral with respect to the political events drop most significantly.

1.3 – Market Dynamics

Disrupting cybercrime markets: investigating slander and sybil attacks in markets of asymmetric information using online experiments

Edoardo Gallo, Rebecca Heath, Jonathan Lusthaus, Federico Varese

Cybercrime markets are markets of asymmetric information, characterised by quality uncertainty and identity uncertainty. We investigate the effect of two interventions designed to disrupt rather than fix these markets. In the slander attack, there is a 20% probability that each rating is replaced with a different random rating. In the sybil attack, there is a 20% probability that each good does not arrive independent of the seller's decisions. We run a series of online experiments using participants recruited from Amazon Mechanical Turk. We find that the sybil attack reduces the number of goods traded by 18.0%, driven by an increase in buyer inactivity. The reduction in market trade comes at the cost of a consolidation of market power.

Bivariate Newsvendor Competition: A Sequential Perspective

Hang Wu, Qin Wu, Yue Liu and Mengmeng Shi

This study investigates the pricing and inventory decisions of retailers operating in an e-commerce environment, utilizing a combination of theoretical analysis and experimental methods. It focuses on the initial price competition among retailers, followed by their subsequent inventory management. This scenario closely resembles the practices observed in online businesses, where sellers establish prices for popular products before procuring inventory to meet consumer demand. The timely listing and availability of these trending products often take precedence over inventory

decision-making. Moreover, the accessibility of pricing information among e-commerce retailers through online platforms serves as a significant reference point in determining inventory choices.

Our study addresses two critical considerations faced by e-commerce retailers: determining a competitive price to withstand market competition and effectively managing the trade-off between overstocking and understocking. The theoretical framework employed involves a two-stage game, where two firms initially make price decisions. Subsequently, both firms observe these decisions and proceed to make inventory choices before the realization of demand. To account for the inherent uncertainty, we incorporate a two-section demand model with stochastic elements. Our findings indicate that equilibrium is only achieved through a mixed strategy, resulting in price dispersion within the product market. Specifically, firms consistently set prices below the reservation price by offering discount prices. The optimal quantity is determined by the interaction between marginal cost and the selling price chosen in the first stage.

To validate our theoretical framework, we implement a two-by-two experimental design, varying the size of stochastic demand and the profit margin. Analysis of the experimental data reveals that prices converge closer to equilibrium in markets characterized by high-margin products compared to those with low-margin products. Moreover, a noteworthy proportion of participants deviate from the theoretical predictions by selecting the reservation price. Notably, our observations consistently indicate overordering in low-margin treatments and underordering in high-margin treatments.

Experiments on Pricing Frequency and Collusion in Infinitely Repeated Games

Mia Tam, Ralph-C Bayer

We experimentally investigate how pricing frequency impacts collusion in the context of infinitely repeated games. This bridges the gap between the literature on the determinants of cooperation in infinitely repeated games, and experiments that consider how behavioural aspects of timing impact cooperation levels. Our market is a symmetric, differentiated Bertrand triopoly. We use four treatments, where we vary the number of price changes

per stage game, and the induced discount factor. This allows us to distinguish between the impacts of collusion incentives derived from repeated game logic, the discount factor, and the frequency of interaction. Results show that increased pricing frequency reduces tacit collusion through adaptive pricing. We do not find evidence to support collusion incentives or the discount factor as key drivers of collusion levels.

Intertemporal Coordination in Volunteer Markets

Matej Lorko, Maroš Servátka, Robert Slonim, and Michal Ďuríník

Research on altruism focuses on static conditions despite many contexts featuring dynamic spillovers that exacerbate the difficulties when coordinating supply and demand in the absence of prices. We show that the intertemporal volunteering spillovers lower market surplus compared to the static condition and study whether providing demand or supply information improves market outcomes. We find that demand information causes higher market surplus in static than dynamic conditions, while supply information causes higher market surplus in dynamic than static conditions. The most critical takeaway is that comparative static inferences in static conditions do not carry over into dynamic conditions.

1.4 - Field Experiments I

Scientific Inference from Field and Laboratory Economic Experiments: Empirical Evidence

Jonathan H.W. Tan, Zhao Zichen and Daniel John Zizzo

Field experiments can help improve scientific inference by providing access to diverse samples that are representative in terms of demographic backgrounds, and by availing the use of assets that relate directly to the economic problem of interest. We present a study comparing claims based on laboratory and field experiments in 520 publications in 2018 and 2019 at leading general and field journals in economics. Each paper is surveyed for their key claims and matches along the dimensions of profession, age, and gender of experimental subjects; country of experiment; and experimental asset in relation to which a claim is made. We find that, particularly in the realm of policy testing, field

experiments are more likely to match the key claims than laboratory experiments. However, depending on the dimension, less than 20% or only up to around 65% of field experiments, including natural field experiments, achieve a match. Around four out of five field experiments fail to match in at least three out of five of the dimensions considered. We conclude that the methodological challenge of generalizing results beyond what is within the domain of the experiments themselves, also applies to many papers based on field experiments, given the claims being made. In addition, we find that publications by top 20 institutions authors or with experiments conducted in Caucasian majority countries have a substantially higher likelihood of wide generalizations.

Proximity and Prejudice: A field experiment on gig workers' discrimination against gay job posters

Sabina Albrecht, Samuel Pearson, David Smerdon

We investigate the influence of physical proximity on sexual-orientation discrimination within the gig economy. Utilising a field experiment on a prominent gig-economy platform that connects local errand service demand with freelance workers, we posted 1,200 unique jobs across six Australian cities. These jobs were experimentally manipulated to appear as being posted by either a gay or straight male, while also randomising the job's proximity to the poster (inside or outside the house). The results show minimal discrimination against gay job posters for tasks located outside the house. However, for indoor tasks requiring close proximity to the poster, workers discriminated against gay job posters by making fewer offers and by generally engaging less with job posts. Additionally, indoor jobs posted by gay individuals attracted lower-quality but similarly-experienced workers compared to those posted by straight individuals, indicating that the observed discrimination is taste-based rather than statistically driven. Our results contribute to the discrimination literature by highlighting the moderating role of physical proximity, with potential implications for the broader labour market as remote-work options become more common.

Nudging ex-post

Hanlin Lou, Robert Slonim, Kadir Ataly

We empirically examine whether information disclosures after making high-cost transactions induce customers to improve their financial decision-making. We examine a randomized control trial by a large commercial bank that involved notifications sent to credit card customers in a treatment group after every high-cost transaction. Customers were informed that the transaction incurs an additional fee and a higher interest rate effective immediately. We find that this ex-post nudge significantly reduces the number of subsequent high-cost transactions and increases the likelihood of making a repayment on the same day. This evidence is consistent with the ex-post information notification increasing customers' awareness of the fee and higher interest rate which subsequently resulted in them rationally adjusting their credit card usage to save money. More generally, this evidence supports a novel method to help people make better decisions by nudging them immediately after a costly decision was made.

Coordination via Assurance: A Lab-in-the-Field Threshold Public Goods Experiment

Shuwen Li, Yunpeng Li, Zhi Li, Wenchao Xu

We investigate two crowdfunding mechanisms, the refund bonus mechanism (RBM, Zubrickas, 2014) and the assurance payment mechanism (APM, Li et al., 2014), for the voluntary provision of threshold public goods in rural China. Both mechanisms offer assurance to would-be contributors if the provision fails: RBM offers bonuses proportional to contributions, while APM pays a fixed assurance payment once a minimum contribution level is reached. We design an experiment varying bonus levels to compare the two mechanisms among farmers, college and high school students in large groups of size 50. We find that APM induces more individual contributions than RBM in most cases, where the assurance payment (AP) acts as a coordination focal point. Farmers are most responsive heuristically to AP, followed by college and then high school students. RBM is more effective in terms of distributive efficiency by facilitating contributions proportional to induced values. Our results highlight the importance of salient coordination properties in crowdfunding mechanisms to provide public goods, and suggest that optimal mechanism design depends on specific policy objectives.

13:55 – 15:35 *Parallel Sessions 11*

11.1 – Market Design

LYQ: Learning More-General Y Equilibrium

Jacob K. Goeree, Brett Williams

We introduce LYQ, a parameter-free model of trader behavior in multiple interlinked markets. Transaction prices inform traders about the likelihood certain prices are acceptable. Traders submit limit orders accordingly or accept others' limit orders. We demonstrate this simple learning model reproduces data patterns from prior general equilibrium experiments, whether observed prices converged, kept cycling, or led to classically surprising outcomes. For a non-convex economy in which Walrasian equilibrium does not exist LYQ predicts the more-general Y-equilibrium outcomes recently proposed by Goeree (2023). We show these predictions are corroborated by laboratory data.

A Promise Mechanism to Improve Reputation System in Markets: Evidence from An Experimental Study

Lingfang (Ivy) Li, Yuting Wu, Erte Xiao, Xun Zhu

An effective reputation system is essential for establishing and maintaining trust in online markets. We design and test a simple promise mechanism aimed at addressing the common challenge of insufficient feedback provision. Before the transaction, a buyer is given the opportunity to make promises regarding leaving feedback. We compare two distinct methods of soliciting promises: Centralized Promise Solicitation (CP) and Decentralized Promise Solicitation (DP). In the CP approach, the platform automatically prompts buyers to decide whether they will commit to providing feedback to sellers after the transaction, while in the DP approach, sellers themselves request the promise from buyers. We show that theoretically both methods are equally efficient in terms of improving reporting rate and market efficiency. However, our findings from a controlled laboratory experiment demonstrate that DP outperforms CP by generating higher reporting and purchasing rates, resulting

in higher market efficiency. The differences between the two align with the expectation-based motivation theory of promise-keeping.

Preventing Search with Wicked Defaults

Andreas Ortmann, Dmitry Ryvkin, Tom Wilkening, Jingjing Zhang

We explore how firms might use defaults to extract rents from rational consumers whose decision making involves search. We consider a setting where a buyer chooses one of several available options whose values are initially unknown but can be discovered sequentially, at a cost. We show theoretically that firms can extract rents by strategically offering a default that benefits the seller but is sufficiently good for the buyer to prevent further search. These “wicked” defaults help consumers when search costs are low but are harmful when search costs are high. In an experimental setting, we compare buyers' decisions made under random and wicked defaults. Consistent with our model's predictions, low-cost buyers are better and high-cost buyers are worse off, although effect sizes are moderated by sub-optimal search. Sellers benefit from wicked defaults even when their default-setting strategy is revealed.

Optimal Top-n Policy

Siqi Pan, Isa Hafalir and Kentaro Tomoeda

The efficacy of the widely-adopted “top-n” policy in university integration has been questioned because students strategically relocate to low-achieving high schools. We show that when minorities are less likely to strategize than others, the policy can even segregate minorities from the target university, compared to the school-blind policy. A suitably chosen eligibility requirement, featuring the minimum time students must spend at a high school in order to be eligible for top-n admissions, can restore the efficacy of this policy. However, the most stringent requirement is not always optimal. The optimal requirement depends on the original distribution of students across high schools.

11.2 – Auction

Knapsack auctions with private information

Peyman Khezr, Vijay Mohan, Lionel Page

The knapsack problem is a well-known problem in computer science, where the aim is to fill a knapsack of a fixed size with various objects of different sizes and values. Computer scientists have attempted to solve this problem using various algorithmic methods, assuming that the values of the objects are publicly known. However, in many real-world scenarios, the owners of the knapsack and the objects are different parties, and the values of the objects remain privately known. In this article, we explore three renowned auctions as potential mechanisms to allocate knapsack space to various buyers who have private knowledge of their objects' value. These three auctions are the discriminatory price (DP), the generalized second price (GSP), and the uniform price (UP) auctions. Our theoretical results suggest that the three auctions could have ambiguous ranking in terms of revenue generation and efficiency. Therefore, we resort to lab experiments and simulations with reinforcement learning to test the performance of the three auctions and compare their relative effectiveness in terms of revenue generation and efficiency.

Competing Sellers in Experimental Auctions with Securities

Zachary Breig, Allan Hernández-Chanto, Elliot Hiller

We study the effect of competition between sellers using security-bid auctions, which are used to sell projects with large and stochastic revenue streams. Buyers in these auctions bid using securities, which tie payments to the revenue generated by the project. Theoretically, sellers trade off between using institutions that better extract surplus from buyers and those that recruit more buyers to make bids. Empirically, we find that buyers tend to bid more aggressively when they are making bids using flatter securities, but that when presented with the option they tend to prefer participating in auctions using steeper securities. Sellers tend to prefer running auctions using steeper securities, and their decision does not depend on whether there is competition from other sellers.

A Secret Worth Keeping? Bid Cap Design in Multi-Unit Reverse Auctions

Josephine Auer, Lana Friesen, and Ian A. MacKenzie

Multi-unit reverse auctions are commonly used in conservation auctions worldwide including in the U.S. Conservation Reserve Program and in Australia's Emissions Reduction Fund. A multi-unit reverse auction involves a single buyer purchasing multiple units from many potential sellers, subject to a budgetary constraint. Bid caps a maximum acceptable payment level above which price offers will not be considered - are also common features of conservation auctions. These bids caps have different features and are sometimes disclosed and other times not. Regulators implement bid caps to reduce the rents associated with information asymmetry but bid caps may also detrimentally reduce auction participation, as well as affect bidding behavior in the auction. This paper investigates how the design of a bid cap impacts aggregate market outcomes and strategic bidding behavior in a multi-unit reverse auction. We use a laboratory experiment to analyze two potential bid cap designs - a disclosed versus undisclosed bid cap as well as comparing both to a baseline case when there is no bid cap. We compare the impact of these three bid cap designs in two different auction formats: a discriminatory price auction and a uniform price auction. Experiments provide a controlled environment to compare these different policy options, which is challenging to do using observational data as individual bidding behavior and valuations are typically private information, and the counterfactual is not observed.

We find that implementation of a bid cap significantly improves the budgetary cost-effectiveness (the cost per unit of measured environmental outcome) of both discriminatory and uniform price auctions regardless of whether the cap is disclosed or not. Bid caps are equally effective whether disclosed or not in either auction format. Our results reveal how in discriminatory price auctions bid caps can have potentially offsetting effects and improve efficiency (by decreasing the average abatement cost of purchased units) while also increasing the rate of information rents received by sellers. Our analysis of individual bidding behaviour reveals how bid caps and auction format influence strategic bidding behaviour. In particular, while bid caps significantly decrease bids in the discriminatory price auction format, they have the opposite impact on bidding in the uniform format. Analysing bidding behavior enable us to disentangle the role of the auction institution itself from bidding behaviour.

Our findings have important policy implications for the design of current and future reverse auction mechanisms receiving large-scale government funding. In particular, our results demonstrate the benefits of implementing bid caps in discriminatory price auctions (the typical format currently used) for improving budgetary cost-effectiveness while highlighting potential tradeoffs to be aware of from improved efficiency but worsening information rents.

Optimal Contests with Negative Prize: Theory and Experiment

Lingbo Huang, Jingjing Zhang, Jun Zhang

In this paper, we show that the optimal contest in maximizing the highest effort can be implemented by a modified all-pay auction with negative prize and reserve. We then compare the performance of contests in an experiment varying the size of the entry fees. Consistent with our predictions, the introduction of entry fee leads to significantly higher effort that increases in the size of the entry fee. This is because the entry fee provides better incentives to the high ability type as the top up prize as well as enough incentives to the low ability type anticipating the return of the entry fee in the case that no one's effort exceeds the reserve effort.

11.3 – Field Experiments 11

Can Meaningful Participation of Women Facilitate Conflict Resolution? An Experimental Study

Quynh Nga Do, Birendra Rai, and Liang Choon Wang, Edward Ma

A growing literature hints towards the possibility that meaningful participation of women in inter-group negotiations can improve the likelihood of achieving efficient outcomes. Theoretically, common knowledge that women are not merely present as tokens but have substantive power to influence the decisions of their group may impact the beliefs held by the negotiating parties. Consequently, the presence of women with substantive opportunity to influence negotiation outcomes may impact how the involved groups approach the negotiation and the ultimate outcomes of the negotiation.

We use an experimental approach to investigate whether meaningful participation of women can increase the likelihood of achieving efficient

outcomes in inter-group strategic interactions where conflict and cooperation are possible. Our design involves two groups interacting via a strategic game. Prisoner's Dilemma (PD) and Hawk-Dove (HD) serve as the underlying inter-group interactions in our two studies. Mutual-cooperation and mutual-dove are socially efficient outcomes in PD and HD, respectively.

The key design feature relates to how we manipulate meaningful participation of women in the decision-making of a group. Each group consists of one man and one woman, and is endowed with a total of 100 decision-tokens. The groups differ in terms of whether these 100 decision-tokens are divided equally or unequally between the man and the woman in a group. We assume a relatively greater share of the decision-tokens for the woman in a group gives her relatively greater opportunity to influence the decision of her group, and thereby amounts to greater meaningful participation in the decision-making process.

This design allows us to test whether the likelihood of the efficient outcome is higher when women in both groups involved in the interaction have more decision-tokens than men, and thus have relatively greater opportunity to influence the decisions of at least their own groups. The data from both PD and HD suggest otherwise. We find that likelihood of the efficient outcome in interactions where women have relatively greater opportunity to influence outcomes in both groups is not higher than the corresponding likelihood in any other type of interaction. In contrast, likelihood of the efficient outcome in interactions where men have relatively greater opportunity to influence outcomes in both groups is not lower than the corresponding likelihood in any other type of interaction. Our findings thus suggest that meaningful participation of women, per se, may have a limited role in creating favourable conditions for cooperative agreements to emerge.

(Soft-)Commitment vs. Feedback

Zhongwen Chen, Erte Xiao, Jane Zhang and Xiaojian Zhao

The paper studies how heterogeneous individuals in terms of self control and self awareness process information feedback and demand soft commitment devices, followed by a change of screen time usage. In a field experiment involving 1186 participants, we find an asymmetric effect of feedback on self-

control: individuals who underestimate their screen time usage significantly reduce their usage after feedback is provided, while it is not the case for those overestimating usage. However, we do not find a clear effect of the commitment APP on altering screen time usage, given the significant feedback effect on usage. We also provide a model of procrastination with diversely naive individuals, largely accounting for our experimental observations. Upon receiving feedback, individuals may perceive their self control problem in a possibly biased but motivated manner to improve their inter-temporal decisions.

Within-Individual Consistency of Survey and Laboratory-based Measurements of Self-Control

Deborah Cobb-Clark, Juliana Silva-Goncalves, Agnieszka Tymula, Xueting Wang

Self-control can be defined as the ability to be in command of one's behaviour and to restrain or inhibit one's impulses. Researchers across all behavioural sciences have contributed to the knowledge on the predictive power of self-control for life outcomes, the origins and sources of individual differences in self-control, and how to promote self-control. One caveat of this large body of research is the diversity in the instruments used to measure self-control and the lack of knowledge on the extent to which they yield consistent measurements of the trait self-control. We conduct a panel online experiment with a large representative sample of the Australian adult population to establish the link between the most widely used survey-based measurement of self-control and standard experimental measurements of self-control in economics. Our survey-based measurement is the Brief Self-Control Scale (Tangney et al., 2004), which is included in major representative population panel surveys (including HILDA and the German SOEP). Our experimental measures of self-control include impatience, present-bias, classification into self-control types and impulsivity, covering the main behavioural proxies of self-control in the economics literature. These measurements are obtained with an experimental design that blends the main features of the Convex Time Budget experiment (Augenblick et al., 2015) and the temptation experiment in Toussaert (2018). We elicit our experimental measurements of self-control in the domain of effort, because of the evidence that self-control problems are stronger for primary rewards (including the choice of effort versus leisure), than for money. Learning about the extent to which the BSC scale and experimental methods yield within-individual consistent measurements of self-

control is important to understand the validity and implications of the large and increasing body of research findings using these methods.

Order effects in dynamic team contests

Greg Kubitz, Sheryl Siew Quin Lim, Lionel Page

We investigate the effect of the order of competitors within teams in a dynamic team contest. To do so, we conducted a field experiment in swimming pools with swimmers participating in relay races. Our findings indicate that the order of the competitors is significant, which contradicts the assumptions of complete information models of contests. We argue that the observed patterns can be better explained by more comprehensive contest models that account for incomplete information. This result suggests that, beyond the specific setting we examined, assuming complete information may overlook numerous significant behavioral patterns in dynamic contests.

Tuesday, 26th September, 2023

10:00 – 11:40 Parallel Sessions III

III.1 – Information and Opinion

Consent and Information Disclosure: An Experiment

Ratul Chaudhury, Aaron Nicholas, Birendra Rai,

Economic transactions may lead to disputes where a weaker party claims economic abuse or injury. A key consideration for whether policy or legislation should intervene is the availability of information to the weaker party at the time of transacting. With decreasing costs of information disclosure, this has led to governments, firms, and legislators inundating consumers with pre-transactional information (or mandating for it to be so). The appeal of information disclosure stems from the general presumption that while more information may not necessarily help, it cannot make things worse for consumers. Motivated by literatures on blame, counterfactual thinking, and the psychology of consent, we explore avenues through which information disclosure may make things worse for the consumer. Through bargaining games, we analyse how information disclosure affects third-party spectators' willingness to intervene on behalf of the consumer in interactions where power disparity leads to highly unequal outcomes. We find that there is less third-party intervention when consumers choose to be informed, even though information has no effect on the consumer's behaviour. This contrasts with the real-world stance of courts, where consumers who choose to ignore information are held to the same standard as the informed. In addition, our results suggests that making consumers more informed harms them by inadvertently attributing more responsibility to them.

Gender and the Demand for Social Comparative Information

Nisvan Erkal; Boon Han Koh; Lingguo Xu

Are women averse to receiving information about their relative performance? Organisations and schools often disclose information on top or average performers to motivate individuals to further challenge themselves and to

improve their performance. While some individuals may use this type of information to learn about their comparative advantage and set goals for the future, others may choose to avoid any such information altogether to preserve their ego and self-esteem. Using controlled laboratory experiments, we investigate gender differences in individuals' demand for relative performance information in two contexts: one where demand is likely to be driven by ego-management, and one where information can also play a motivational role. Overall, we find that low confidence participants are more likely to avoid information and information avoidance does not decrease when participants are told that they will perform the same task again. Women, despite being less confident than men, are equally likely to seek comparative information. However, this negative relationship between confidence and information avoidance breaks down for women when faced with the prospect of doing the task again, with high confident women being more likely to avoid information. Amongst those who demand information, we find that when faced with a future task, women are more likely to seek upward-looking information than men. This result is driven by those women who consider themselves to be average performers.

Do Consumers Acquire Information Optimally? Experimental Evidence from Energy Efficiency

Andrea La Nauze, Erica Myers

We use an experiment to test whether consumers optimally acquire information on energy costs in appliance markets where, like many contexts, consumers are poorly informed and make mistakes despite freely available information. To test for optimal information acquisition we compare the average utility gain from improved decision making due to information with willingness to pay for information. We find that consumers acquire information suboptimally. We then compare two behavioral policies: a conventional subsidy for energy-efficient products and a non-traditional subsidy paying consumers to acquire information on energy costs. The welfare effects of each policy depend on the benefits of improved decisions versus the losses of mental effort (from the information subsidy) or distorted choices (from the product subsidy). In our context, information subsidies dominate product subsidies. In a variety of settings where decisions are made and information is delivered online, paying for attention could more effectively target welfare improvements.

The Value of a Second Opinion Under Diagnostic Uncertainty in a Credence Goods Market: A Laboratory Experiment

Pimwilai Kijjanapanich, Lana Friesen, Priscilla Man, Alexandros Karakostas

We study the role of experts' diagnostic uncertainty on consumers' search for a second opinion and experts' overtreatment (offering an unnecessary treatment) in a credence goods market laboratory experiment. Consumers purchase treatment from an expert to solve their unknown problems. They have a chance to seek a second opinion after seeing the first offer. The experimental results are consistent with the theoretical predictions: when diagnostic uncertainty is sufficiently high and the costly treatment which certainly solves the consumers' problem is offered by the first visited expert, consumers who put a high value on their problem are more likely to accept that offer and not search for a second opinion. The experts beneficially respond by overtreating more often. Contrary to the theoretical prediction, the laboratory results suggest that this behavior occurs despite low uncertainty. Nevertheless, both results indicate that, if consumers put a low value on their problem, the opportunity of having a second opinion can reduce the overtreatment.

111.2 – Gender

Tall Poppy Syndrome: Cultural and Gender Differences

Jo Peryman

Tall poppy syndrome is the tendency to scrutinise high achievers. Egalitarian societies are expected to engage in more tall poppy syndrome than more hierarchical societies. Further, due to gender norms, female tall poppies are expected to face higher scrutiny than male tall poppies. In this project, I compare attitudes towards tall poppies in Australia, the UK and the USA in an online study. Additionally, I investigate gender differences in a further online study, using an Australian sample. The results suggest that US participants are less likely to favour a tall poppy's fall than UK or Australian participants. In contrast to expectations, female tall poppies face less scrutiny than their male counterparts, i.e., positive discrimination.

The Role of Advice From Others in Sustaining Gender Gaps

Juliana Silva Goncalves, Rigissa Megalokonomou and Roel van Veldhuizen

Advice from others guides important individual decisions, including education and career-related decisions. Advice from others typically comes from a subjective judgement, influenced by many factors beyond the objective performance potential of the person receiving advice. Two important factors include the way the person receiving advice conveys information about their performance potential to others (their self-evaluation skills) and biases from advisors. We conduct an experiment to study the role of advice from others in sustaining gender gaps and the sources of gender bias in advice. We also test the effectiveness of interventions to address the gender bias in advice and attenuate gender gaps.

Experimental measures of intrahousehold resource control

Kate Ambler, Kelly Jones, Maria Recalde

We study experimental measures of preferences for intra-household resource control among spouses in Ghana and Uganda. We have couples make decisions in two incentivized tasks: (1) a game that measures willingness to pay for resource control in the household, and (2) private and joint dictator games that measure preferences for resource allocation and the extent to which those preferences are reflected in joint decisions. Across study sites, we find that women have lower resource control than men; they exhibit a higher willingness to pay for resource control than their husbands and have less influence over joint dictator game decisions. Importantly, behavior in the two tasks is correlated, suggesting that they describe similar underlying latent variables. In Uganda the experimental measures are also robustly correlated with a range of household survey measures of resource control and women's empowerment and suggest that simple private dictator games may be as informative as more sophisticated tasks and survey modules. Like recent papers, we find that an important fraction of respondents are willing to pay a negative price for intra-household resource control. Using the choices made by husbands and wives we show that such behavior is associated with higher not lower levels of women's economic empowerment and wellbeing, a result that contradicts previous conjectures made in the literature.

Is women's competitiveness expressed vicariously through their husband's income?

David Ong, Gahye Jeon

Prior research on the contribution of competitiveness on the gender income gap has focused on the effect of individual competitiveness. We investigate the influence of heterosexual individuals' own and cohabiting partner's competitiveness on their own and partner's income using a recently validated self-reported measure of competitiveness incorporated in 2017 into a representative survey of the Netherlands. The present (2017) and future (after 2017) income levels of single and cohabiting women and cohabiting men are positively associated with their own competitiveness. Single men's are not. Consistent with competitive women selecting high-income men, women's competitiveness is positively associated with their male partner's present and future incomes, but the men's competitiveness is not significantly associated with their female partner's income. However, controlling for 2017 income as a proxy for unobserved factors, only single men's competitiveness causally increases their future income. Single women's and cohabiting men's and women's do not. Remarkably, only men's female partner's competitiveness, not their own, causally increases the men's future income. Inconsistent with household specialization as the channel, women's competitiveness does not increase their partner's work hours. Neither cohabiting women's own nor their partner's competitiveness increase the women's income. Women's competitiveness may be contributing to the gender income gap by contributing only to men's income.

111.3 – Beliefs and Reasoning

Complexity Preferences over Information Search Methods

Lana Friesen, Luk Peeters, Charity Shadforth, and Daniel John Zizzo

People have preferences over complexity, as shown in previous studies of complexity preferences over gambles. However, complexity preferences over information methods - ways of receiving information about the state of the world - have not been previously studied. In the experiments presented here, preferences over complexity of information methods were measured by participants making choices between pairs of information methods that differ in informativeness and/or complexity. After choosing an information method,

they then used it in a ball-and-urn belief updating task to estimate the probability that a particular urn was chosen. We find aggregate evidence of complexity aversion. More complex information methods are selected less frequently than optimal, even when they are more informative than a less complex alternative.

Information Disclosure in a Supermodular Game: An Experimental Study

Quazi Shahriar; Ninghua Du

We experimentally study the effectiveness of information disclosure in a binary-action supermodular game with state-dependent payoff. An information designer, who observes the state, aims to maximize the choice of high (instead of low) action by the players who do not observe the state. The players prefer the high action when the state is favorable; when it's unfavorable, they prefer the low action. The designer utilizes information disclosure to induce high action. We find in the experiment that both truthful and persuasive disclosures can raise frequency of the high action compared to no disclosure. However, contrary to prediction, persuasive disclosure is less effective than truthful disclosure, likely due to risk aversion of the players.

A Visible (Hot) Hand? Expert Players Bet on the Hot Hand and Win

Joshua B. Miller and Adam Sanjurjo

Since its inception, the hot hand fallacy literature has tended to focus on whether the hot hand exists, rather than the fitness of hot hand beliefs. We provide the first evidence that people here experienced practitioners' can profitably exploit their hot hand beliefs. In particular, using the data from the seminal hot hand field study we find that players' bets predict future outcomes. We use simulations to demonstrate how underpowered tests and misinterpreted effect sizes led the original study to the opposite conclusions. We explore potential mechanisms behind bettors' predictive success.

Interacting with Man or Machine: When Do Humans Reason Better?

Ralph Bayer

Solving complex problems is widely seen as the next challenge for hybrid human-AI teams. This paper uses experiments to assess if there is a difference in humans' reasoning quality depending on interacting with humans or algorithms?

For this purpose, we design an interactive reasoning task that can be framed as a game with other players or as a decision problem, where automata take the role of the other players. At any point there is a logically correct course of action for humans regardless of their beliefs about the play of their partners (AI or human). This allows us to eliminate strategic uncertainty as a driver of behavioural differences. Varying the difficulty of the task (i.e. steps of counterfactual reasoning required), we find that for difficult tasks subjects perform much better if they play with an algorithm, while the opposite is true for simple problems. These surprising results have important implications for AI design. Currently, we are running experiments designed to separate the effects of strategic uncertainty arising when paired with humans from the primary effect from just knowing that your opponent is human.

III.4 - Labor

The Impacts of Soft Affirmative Action: Experimental Evidence

Hairong Hu, Changxia Ke, Greg Kubitz

Soft affirmative action (SAA) is an affirmative action policy that restricts the composition of the candidate pool rather than directly changing hiring criteria. Concerns have been raised that SAA policies may have adverse effects on the perception of and the preference for members of the target group. These potential effects call into question the effectiveness of SAA policies. We conducted an experiment to understand how a SAA policy influences employers' decisions in a labor market setting. Our experimental design incorporates both performance estimations and hiring decisions, allowing us to separately identify effects driven by changes in beliefs and changes in

preferences. We find that the SAA policy has an overall positive effect in favor of the targeted group. In addition to the increase in the representation of targeted candidates in the candidate pool, the SAA policy induced a positive change in belief about the targeted candidates' performance (Perception effect) and a positive change in preferences for the targeted candidates (Backfire effect). Base-level differences in beliefs (Statistical discrimination) and preferences for ethnic majority candidates (Taste-based discrimination) are found to be insignificant when there is a clear productivity signal of the candidates during the hiring process.

Effects of Mandatory Ethics Training

Yee Wah Lisa Chan, Birendra Rai and Liang Choon Wang

Managers in hierarchical organisations are generally granted discretionary power to improve organisational efficiency. However, managers can abuse this power for their own benefit, often at the expense of subordinates. In recent years, it has become legally mandated for many organisations to provide ethics training to their employees to improve ethical awareness and reduce abuse of power.

The existing literature has focused almost exclusively on the impact of ethics training on unethical behaviour, such as abuse of power by managers. Our paper contributes to the literature by investigating the impact of mandatory ethics training on choices made by firms as well. Arguably, if firms are (a) concerned about abuse of power, and (b) believe there are systematic gender differences in the propensity to abuse power, then mandatory ethics training may influence who firms choose to hire as managers and the extent of discretionary power they choose to give managers.

Using a large online experiment with a demographically representative sample of U.S. adults (N=1202), this paper examines the impact of mandatory ethics training on the choices of both managers and firms. Training was randomly assigned to participants in the role of firms, managers and subordinates. Participants in the role of firms first choose their manager's discretionary power level, and then choose the manager's gender. Participants in the role of managers choose whether to abuse their discretionary power for personal gain (mainly at a cost to the subordinate).

We find training decreases the overall incidence of abuse of discretionary power by managers. The effect of training depends on the level of power firms provide to the managers: training reduces the propensity of managers to abuse their power conditional on firms providing high power, but has no impact conditional on firms providing low power. This finding suggests a possible explanation for conflicting findings in the existing literature regarding the impact of ethics training on unethical behaviour.

We also find training decreases the overall propensity of firms to provide high discretionary power to managers. However, this effect is solely driven by female participants in the role of firms. Overall, training has no impact on the firms' choice of manager's gender. However, training makes male participants in the role of firms less likely to hire female managers, and more likely to let chance determine the manager's gender. Our study highlights the importance of understanding both the direct and unanticipated effects of mandatory ethics training.

Going Beyond the Mean: How Gender Affects the Distribution of Evaluations and How the Distribution of Evaluations Affects Hiring Decisions

Mallory Avery, Andreas Leibbrandt, and Joseph Vecci

Extensive research has gone into identifying and closing the gap in average evaluations received by men and women in many work contexts. However, when such evaluations are used to make major decisions like hiring or promotion, the distribution of evaluations received by an applicant may also carry information for final decision makers, as well as transmit evaluator bias. In this paper we identify how applicant gender affects the distribution of evaluations those applicants receive as well as how distributions of evaluations affect hiring decisions. First, we show using field experimental data that the evaluations of female applicants have a higher variance and range, lower minimums, and greater downward skew compared to those of men. Then, using a series of survey and natural field experiments, we identify how these distributional differences in evaluations affect hiring, providing evidence of another way in which evaluator bias may translate to worse employment outcomes for women.

The Effects of Experience and Peer Information on Skill Accumulation

Lana Friesen, Bhagya N. Gunawardena, Kenan Kalayci

Skill accumulation requires a periodic and persistent investment of time and effort. Unlike in financial investments, investing in skills does not allow for saving or borrowing, the maximum periodical investment is capped, and the cost of investment often decreases with the person's cumulative past investment. We report results from an online experiment that captures the key characteristics of a skill accumulation task where it is optimal to invest relatively high and increasing input levels in earlier periods. We find that most subjects invest too little compared to the optimal path and the majority of the subjects' investments are characterised by myopic optimisation. Whereas individual experience over repeated lifecycles improves investments and earnings, social information about a selected peer's investments, earnings, or confidence levels has a limited effect.

12:40 – 14:20 Parallel Sessions IV

IV.1 – Decision-Making in Games

Is it What You Say, or How you Say it?

Xiangdong Qin, Siyu Wang, Mike Zhiren Wu

This study investigates the mechanisms driving the effectiveness of free-form communication in promoting cooperation within a sequential social dilemma game. We hypothesize that the self-constructing nature of free-form communication enhances the sincerity of the messages and increases the disutility of dishonoring promises. Our experimental results demonstrate that free-form messages outperform both restricted promises and a treatment where subjects can select from previously constructed free-form messages. Interestingly, selected free-form messages achieve a similar level of cooperation as restricted promises. We observe that threats do not promote cooperation, while free-form messages frequently incorporate notions of promise and honesty, contributing to increased cooperation. Our findings emphasize the crucial role of sincerity in self-constructed free-form messages

for promoting cooperation, exceeding the impact of message content when compared to restricted communication protocols.

Can tournaments induce workaholic behaviours?

Kun Zhang; Nick Feltovich; Yanren Zhang

Work is ordinary and necessary for most people, but some people work excessively workaholic seemingly driven by internal forces. We theoretically and experimentally investigate the role of tournaments in causing or intensifying workaholicism. In our setting, agents perform a task over two stages. In the first stage, they can earn prizes, which are allocated either randomly or according to performance. Afterwards, they can continue working in a second stage, with payment by piece rate and no competition against others. Our model of motivated belief updating predicts that agents adjust their beliefs asymmetrically: they attribute the tournament outcome more to their productivity if they win a prize, and more to luck if they lose. This bias leads both winners and losers to overwork in the subsequent piece-rate stage. Results from a real-effort experiment confirm these predictions: post-tournament effort is roughly 20 percent higher when subjects are informed that tournament prizes are allocated by performance, compared to when prizes are allocated randomly. The effect is seen in both winners and losers, though it is larger for winners.

How does competitive framing affect team coordination?

Sookie Xue Zhang

We conduct laboratory experiments to examine how team coordination behaviour evolves in a competitive environment. In particular, we are interested in the interplay between the preference for efficiency and taking a leading position. Therefore, we modify a symmetric two players stag-hunt game where deviation from the efficient equilibrium incurs no costs for one player but positive costs for the other player. In the control treatment, we present the game in neutral language and label the other player your teammate. In the competition treatment, we keep the same game structure as the control treatment but frame the deviation payoff from the efficient equilibrium as the sum of a bonus and the remaining part and label the other

player your rivalry. In the complexity treatment, we replace the competitive wording back into neutral language but keep the game representation form the same as the competition treatment. We observe that subjects tend to choose the payoff-dominant actions at the initial period across treatments. However, efficient equilibrium unravels more quickly in the competition treatment. We find that the complexity of the framing induces noise into efficient behaviour but the competitive wording and feedback discourage efficient behaviour. Our results suggest caution to use competitive incentive devices at the workplace when teamwork requires coordination.

On generosity in public good and charitable dictator games

Ronald Peeters

We examine the relationship between generosity in charitable dictator games (CDGs) and public good games (PGGs). We construct a novel generalized game that subsumes both as special cases and present experimental subjects with different blends of CDG and PGG tasks. Generosity in the CDG and PGG are only weakly correlated, in spite of close experimental control on confounding factors. We furthermore demonstrate how underlying preferences shape these behaviors, revealing important distinctions between preferences for charity and public good provision. Our findings have implications for the generalizability of existing experimental results that rely upon these games.

IV.2 – Individual Decision-Making

Does the attraction effect exist in non-hypothetical settings? ---an experimental application on healthy food consumption

Yu Chen, Yanshu Chen, Hanna Fromell, Robert Lensink, Shuangmiao Wang

The attraction effect has been demonstrated as a promising solution to induce individuals' behavioral change. However, the attraction effect mainly holds in hypothetical settings where individuals imagine how they would make decisions in real situations without any monetary incentives. In this study, we develop a lab experiment consisting of four purchasing rounds (i.e. two rounds without no-buy option and two rounds with no-buy option) to investigate if the attraction effect exists in non-hypothetical food settings. Additionally,

considering the difference of taste on food decisions, we keep the types of food for each round the same, namely, two rounds consisting of biscuits (biscuits rounds) and two rounds consisting of jelly (jelly rounds). The results suggest that in general the decoys have a weak influence on promoting healthy food choices and the attraction effect is more prominent in jelly rounds than biscuits rounds. We study the potential reasons behind this phenomenon and argue that the attraction effect is more likely to happen when 1) the decoy's inferiority is obvious and 2) individuals are more hesitant in choosing the target option or the competitor in the absence of a decoy. Our research contributes to applications of attraction effects in real food settings, and informs policymakers and marketers trying to use decoys to induce dietary change.

Identifying Nontransitive Preferences

Carlos Alós-Ferrer, Ernst Fehr, Michele Garagnani

Transitivity is perhaps the most fundamental choice axiom and, therefore, almost all economic models assume that preferences are transitive. The empirical literature has regularly documented violations of transitivity, but these violations pose little problem as long as they are simply a result of somewhat-noisy decision making and not a reflection of the deterministic part of individuals' preferences. However, what if transitivity violations reflect individuals' genuinely nontransitive preferences? And how can we separate nontransitive preferences from noise-generated transitivity violations—a problem that so far appears unresolved? Here we tackle these fundamental questions on the basis of a newly developed, non-parametric method which uses response times and choice frequencies to distinguish genuine preferences from noise. We extend the method to allow for nontransitive choices, enabling us to identify the share of weak stochastic transitivity violations that is due to nontransitive preferences. By applying the method to two different datasets, we document that a sizeable proportion of transitivity violations reflect nontransitive preferences. Specifically, in the two datasets, 19% and 14% of all cycles of alternatives for which preferences are revealed involve genuinely nontransitive preferences. These violations cannot be accounted for by any noise or utility specification within the universe of random utility models.

Ambiguity Vulnerability

Mahdi Akbari, Vinayak Alladi, Hyundam Je, and Agnieszka Tymula

This paper theoretically defines and empirically investigates a new notion — ambiguity vulnerability — the concept that individuals exhibit greater risk aversion when faced with a background prospect with unknown probabilities (background ambiguity) than one with known probabilities (background risk). We find empirical evidence of ambiguity vulnerability, with individuals investing 11% less when faced with background ambiguity compared to background risk. Additionally, we observe a positive correlation between ambiguity vulnerability and risk vulnerability. Aligning with theoretical predictions, DARA (decreasing absolute risk aversion) is a sufficient condition for both vulnerabilities. However, for non-DARA individuals, risk vulnerability is higher, whereas ambiguity vulnerability is lower, which has not yet been explained by theory.

Perceived Control and Attendance to Information: Evidence on the Health Risks of Air Pollution

Anca Balietti, Angelika Budjan, Tillmann Eymess, Alice Soldà

Individuals are often tempted to ignore self-threatening information, foregoing valuable insights for decision-making. We present a large-scale online experiment conducted in India (N=2,036) and in the US (N=2,272) to test whether an increase in perceived control can mitigate individuals' failure to attend to self-threatening information. Participants first indicate their preference over receiving information about the regional health risk associated with air pollution before being tasked to recall it. We find evidence that perceived control can effectively improve information retention, especially for (wrongly) optimistic individuals.

IV.3 – Decision-Making under Collective Settings

Experiment on Emergence of Leadership in Teams under Uncertainty: Independent Signal and Correlated Signal

Koji Abe, Hajime Kobayashi, Hideo Suehiro, Hisashi Toku

Hermalin (1998) developed a theory of leadership in a particular setting, that is, leading by example by an appointed leader with information superior to her subordinates in the team. We consider leadership in a different setting, that is, leading by example voluntarily taken by one of the team members with ex ante equal chances of receiving partial information. This type of leadership raises novel issues: who leads and who follows among ex ante symmetric players, and how influence is realized between ex ante symmetric players.

We provide a theory of endogenous signalling. It explains for risk neutral and own-money maximizing players that (1) if the information is independent across players, the player with a positive signal leads and the player with a negative signal follows, and (2) if the information is correlated, leadership is not realized.

Then, we experimentally test this theory. We found in independent information treatment that leadership emerged basically as the theory predicts but subjects behaved in part differently from the prediction. In correlated information treatment, some subjects led sparsely and followed partially. We examined the observed departures from the theory, using the data of elicited beliefs and measured risk aversion and inequity aversion.

Does the leader selection mechanism affect the leader's behavior?

Nisvan Erkal, Aaron Kamm, Muhammad Arslan Iqbal

Leaders often face a conflict of interest as they can use their position to pursue either their private interests or improve social welfare. In this paper, we investigate the impact of different leader selection mechanisms on leaders' behavior. Using a laboratory experiment, we consider three selection mechanisms: random appointment, meritocracy, and election. The experiment is based on a novel two-stage game that allows the leader to

engage in opportunistic or socially responsible behavior. First, the leader chooses the other group members' contribution to the common fund. Second, the leader decides on their own contribution to the common fund which can be positive or negative. We conjecture that leaders' behavior under different selection mechanisms will be influenced by selection, entitlement, legitimacy, and reciprocity effects. We find that overall leaders are substantially more likely to engage in opportunistic than in socially responsible behavior. Compared with random appointment, meritocracy and election significantly reduce the leaders' probability to engage in opportunistic behavior. Hence, our results suggest that the legitimacy effect dominates the entitlement effect. There exists no statistical difference between election and meritocracy which indicates the absence of a reciprocity effect in elections.

The role of information in collective decisions

Nicolas Figueroa, Jose-Alberto Guerra and Francisco Silva

In this paper, we study collective information acquisition in groups that make decisions using majority rule. We argue both theoretically and experimentally that a naive interpretation of the median voter theorem does not apply; the level of information acquired by the group can be bigger or smaller than the level of information a median voter would like to acquire individually, despite agents having single peaked preferences over information. We find that groups overacquire or underacquire information relative to the median voter depending on the levels of disagreement among the group members both before and after information is acquired. We also discuss our results in terms of efficiency.

Group identity and promotions

Michal Ďuríník, Hodaka Morita, Maroš Servátka, Le Zhang

How does group identity influence promotion decisions and what impact does it have on the performance of organizations through promotions? We provide answers based on two experiments in which we identify the effect of group identity on the employer's preferences regarding whom to promote, the employer's expectations of post-promotion effort of promoted and non-promoted workers, and the post-promotion effort itself. In Experiment 1 we

find strong evidence of group identity biasing the employer's preferences. The employer is more likely to promote an in-group worker not only when the productivities of the in-group and the out-group workers are the same but also when the in-group worker is observably less productive, the latter of which results in lower overall performance. In Experiment 2 we observe that not getting promoted decreases the effort of the out-group worker but not of the in-group worker and that the employer has correct expectations of workers' effort in the presence of group identity. When comparing expectations and the promotion decision of individual employers, we find that many employers promote an in-group worker when they expect the same combined effort from promoting an in-group or out-group worker and also when they expect a lower combined effort from promoting an in-group worker. This group identity bias in the promotion decision significantly reduces efficiency.