

Reading Experimental and Behavioural Economics Workshop (REBEW)

**The Inaugural Workshop of the
Behavioural Economics Research Group**

**Organized by the Department of
Economics, University of Reading**

June 12, 2018

Edith Morley Building G74, University of Reading

Local Organizers at the University of Reading:

- Steven Bosworth (s.j.bosworth@reading.ac.uk)
- Joo Young Jeon (j.jeon@reading.ac.uk)
- Stefania Lovo (s.lovo@reading.ac.uk)

Keynote speakers:

- Philip Grossman (Monash University)
- Sarah Smith (University of Bristol)

Regular session speakers:

- Federica Alberti (University of Portsmouth)
- Nick Bardsley (University of Reading, School of APD)
- Steven Bosworth (University of Reading)
- Subhasish M. Chowdhury (University of Bath)
- Marina Della Giusta (University of Reading)
- Joo Young Jeon (University of Reading)
- Ismael Rodriguez-Lara (Middlesex University London)
- Ferdinand Vieider (University of Reading)

Schedule

Time	Schedule	Details
09.00-09.20	Registration	Coffee (room G74)
09.20-09.30	Inauguration	Giovanni Razzu (HoD – Economics)
09.30-11.10	Session 1:	Vieider, Jeon, Rodriguez-Lara, Chowdhury
11.10-11.30	Break	Coffee (room G74)
11.30-12.30	Keynote speech 1:	Phil Grossman
12.30-13.30	Break	Lunch (room G74)
13.30-15.10	Session 2:	Bosworth, Alberti, Della Guista, Bardsley
15.10-15.30	Break	Coffee (room G74)
15.30-16.30	Keynote speech 2:	Sarah Smith
16.30-17.30	End of workshop drinks	Park House
19.00-21.00	Dinner	Browns

Session Details

Session 1

Title: Shocks and Risk Preferences Revisited: Causal inferences from panel data versus cross-sections

Authors: Salvatore di Falco (Geneva) and **Ferdinand M. Vieider (Reading)**

Abstract: We present data from a field experiment in Ethiopia following 1000 rural households over six years. The data allow us to revisit the literature on shocks and preferences, which has reached highly contradictory conclusions. Between respondents, we find a positive correlation between risk-tolerance and rainfall shocks. Within respondents, however, we find shocks to cause risk-tolerance to decrease. We explain these contradictory findings showing that long-term core preferences differ across geographical regions. This finding is at odds with an implicit assumption in much of the cross-sectional literature—that preferences are uniformly distributed across treated and untreated respondents ex ante.

Title: The art of asking: Pre-play communications in dictator games

Authors: Sang-Hyun Kim (Yonsei), **Joo Young Jeon (Reading)**, Angela Sutan (Burgundy School of Business)

Abstract: In this study we explore the subtle effects of pre-play communications in dictator games. A recipient can send a message of an amount he/she would expect from a dictator and the dictator may receive the message before his/her decision. Since who the recipient communicates with and a framing of game can affect dictator's giving, we vary two factors, framing (giving vs taking) and modes of communications (to an experimenter vs to the dictator). We find two results. First, communication influences the giving behaviour but there exist significant framing effects. Asking is powerful in a negative frame. And second, the recipients send different messages to the experimenter than to the dictator.

Title: United we stand: On the benefits of coordinated punishment

Authors: Vicente Calabuig (Valencia), Natalia Jiménez (Middlesex), Gonzalo Olcina (Valencia) and **Ismael Rodriguez-Lara (Middlesex)**

Abstract: Coordinated punishment requires a specific number of punishers to be effective (otherwise, no damage is inflicted on the target) but it also exhibits returns to scale. While societies often rely on this punishment device, its benefits are unclear compared with uncoordinated punishment, where punishment decisions are substitutes. We argue that coordinated punishment can prevent the free-riding of punishers and show, both theoretically and experimentally, that this may be beneficial for cooperation in a team investment game, compared with uncoordinated punishment.

Title: ‘Born this Way’?: Prenatal Exposure to Testosterone May Determine Competitive and Conflictive Behavior

Authors: Pablo Branas Garza (Loyola Andalucia), **Subhasish M. Chowdhury (Bath)**, Antonio M. Espin (Middlesex), Jeroen Nieboer (Financial Conduct Authority, UK)

Abstract: Fetal exposure to hormones (measured by the second-to-fourth-digit-ratio) have long lasting effects on human behavior. However, no study documents such effect in conflicts. Unbeknownst to the subjects, we perform a controlled match of gender specific High-type (top tercile digit-ratio) and Low-type (bottom tercile) as opponents in a contest game. Low-type males expend higher effort, but do not earn more than High-type. Anybody matched with Low-type males earns less than while matched with High-type. All females exert more effort against High-type, and Low-types earn more. High joy-of-winning for Low-type males, and high spitefulness for Low-type females can partially explain these results.

Keynote Speech 1: Philip Grossman

Title: Impact of Social Identity and Inequality on Antisocial Behaviour

Authors: Lata Gangadharan (Monash), Philip J. Grossman (Monash), Mana Komai (St. Cloud), Joe Vecci (Gothenburg)

Abstract: We use a modified investment game in which participants can, at a cost, reduce others’ payoff to examine the impact of social group affiliation on antisocial behaviour in the presence of inequality. Participants are identified by their randomly assigned income group and/or a naturally occurring, exogenous social identity. We find little difference in rates of antisocial behaviour across our environments. However, with revealed social identity and income identity, antisocial behavior is redirected. Low income participants are more likely to be antisocial towards someone from a different income or social group. In contrast, high income participants do not vary their behaviour.

Session 2

Title: Cross-task spillovers in workplace teams: The role of incentives

Authors: Simon Bartke (Kiel), **Steven Bosworth (Reading)**

Abstract: This paper addresses the question of how incentives should be deployed within organizations to motivate team members who must exert effort in diverse activities. In our setting a principal can observe the individual efforts of two agents in one task but can only observe team effort in another. We vary the availability of piece rate, tournament, team piece rate, and fixed wage contracts for the individually-observable task while holding fixed the use of a team pay contract for the task where only team output is observable. We use a rich set of controls to document the channels of cross-task spillovers.

Title: Learning Direction Theory and Threshold Public Good Games

Authors: Federica Alberti (Portsmouth), Edward Cartwright (Kent), Anna Stepanova (Coventry)

Abstract: We apply learning direction theory and impulse balance theory to study behavior in threshold public good games. Strong support is found for the predictions of both theories in looking at individual behavior across a range of different games. We also show that a model based on impulse balance theory can accurately predict observed success rates in providing the public good. We use this to give novel insight on the assurance problem of avoiding 'coordination' on the inefficient equilibrium of no public good provision. We show that the assurance problem is only likely to be a factor if endowments are very small or the threshold is very large.

Title: Keep Calm and Carry On: Gender differences in Endurance

Author: Marina Della Giusta (Reading), Amalia Di Girolamo(Birmingham), Sophie Clot (Reading)

Abstract: We investigate endurance, the capacity to maintain levels of performance through internal rather than external motivation in non-rewarding tasks and over sequences of tasks. We design an experiment with the purpose of ascertaining whether this characteristic is in fact substantially different by gender, and discuss the effect of the differences we find in terms of both biased beliefs (in the case of differences in means that are statistically significant but associated with negligible effect sizes which nevertheless affect decision making) and in terms of positive selection. We measure endurance in two ways: through evidence of sustained performance in a repetitive task in the absence of external rewards, and in continued performance across sequences of tasks. We find that overall, the significant driver of average performance is game order for women (who perform worse if the first game is based on performance) and payment schemes for men. When looking at social effects, but the effect is more through increased intrinsic motivation (ambition) for women and on average more through extrinsic motivation (competition) for men, though the distributions are not too dissimilar. We also find strong size effects in gender differences in performance over sequences. We discuss how differences in averages may be enough to lead to biased allocations of tasks, and how the evidence with strong size effects may be used assess reward schemes in the workplace.

Title: Effects of monetary and individualistic framing on acceptance of climate policies

Author: Nick Bardsley (Reading), Graziano Ceddia (MODUL University Vienna), Rachel McCloy (Reading) and Simone Pfuderer (Reading)

Abstract: Much research on people's attitudes to climate policies, particularly in economics, focusses on how the policy would affect the respondent. Yet real climate policies would have to be socially stratified, to avoid overly-regressive outcomes. In addition, much relevant

research, including all relevant contingent valuation studies, is framed in monetary terms, a factor often viewed as inducing individualism. We report results of two critical survey experiments on acceptance of a climate change policy designed to reduce fossil energy consumption and capitalise the renewable energy sector. The design manipulated individual versus social information, and monetary versus non-monetary framing. Samples were drawn from the general working population of Reading (UK). We find evidence that both individual-level information and monetary framing reduce reported policy acceptance.

Keynote Speech 2: Sarah Smith

Title: Gender differences in goal setting: Evidence from fundraising

Author: Sarah Smith (Bristol), Mark Ottoni-Wilhelm (IUPUI)

Abstract: This paper presents evidence from a real-world setting showing that goal-setting improves fundraising performance for men and women. However, similarity in the overall effect of goal-setting masks a striking gender difference in response to the value of goals that people set. Men's performance improves (compared to no goal) only in response to high-value goals, while women's performance improves even when they set themselves low-value goals. The findings imply that setting goals can be an important motivational tool but that, to get the best results, men (but not women) need to set high goals.

Details of the end of workshop drinks and Dinner

End of Workshop Drinks: Park House

Dinner at 7pm: Browns Restaurant

Participants

- Federica Alberti (University of Portsmouth)
- Nick Bardsley (University of Reading, School of APD)
- Maksim Belitski (University of Reading, Henley Business)
- Steven Bosworth (University of Reading)
- Simona Cantarella (University of Reading, Henley Business)
- Subhasish M. Chowdhury (University of Bath)
- Marina Della Giusta (University of Reading)
- Philip Grossman (Monash University)
- Neha Hui (University of Reading)
- Joo Young Jeon (University of Reading)
- Ismael Rodriguez-Lara (Middlesex University London)
- Rachel McCloy (University of Reading, Psychology)
- Anwasha Mukherjee (University of Surrey)
- Simone Pfuderer (University of Reading, School of APD)
- James Reade (University of Reading)
- Sarah Smith (University of Bristol)
- Ferdinand Vieider (University of Reading)
- Julia Vogt (University of Reading, Psychology)