



---

UMO-2014/13/B/HS4/00458

Dr Michał Krawczyk

***Reaction times in economic experiments on behavior under risk and cooperative behaviors***

Project objectives/Research hypothesis

There are two main goals of the project. First, we will develop a new, efficient technique of identifying the relationship between decision time and contents of the decision in economic experiments. Second, we will apply this technique in two specific fields: decision making under risk and other-regarding preference. We will thus be able to contribute to our understanding of how time pressure affects willingness to take a risk and willingness to support others or cooperate with them. We hypothesize that time pressure will tend to lead to a) more noise/errors in the data, b) greater polarization of behaviors, c) more cooperation and d) less probability sensitivity. It remains an open question whether time pressure will lead to more or less risk seeking in general.

Research methodology

The essential innovation of our approach lies in the incentive scheme to be used. In a typical experiment only the final decision matters; by contrast, our subjects will have to keep indicating what they are choosing at any point in time. Accordingly, they will know that any second of given round of experiment may be randomly selected to determine payments. They will thus have an incentive to make a quick initial decision, yet continue considering switching to the other option until the end of the round. In this way we will elicit both crude, intuitive decision and one based on more deliberation from the same subject and for the same problem at hand. We consider this a major innovation, the only closely related technique being applied in a very different context by Agranov et al. (2013).

We will use our elicitation technique to investigate other-regarding preference as it shows up in simple cooperation dilemmas as well as binary dictatorial choices designed by Charness and Rabin (2002). We will also elicit risk posture within the framework of Prospect Theory using the method proposed by Abdellaoui, Bleichrodt and l'Haridon (2008). Additionally, we will address the relationship between willingness to take risk and response time using field experiments—we will set up poker tournaments with longer vs. shorter decision time limits and record participants' behavior.