



Upcoming Seminars

Monday, 15.1.2024

Departmental Seminar

13.30-14.30
AWI room 00.010

Peiran Jiao, Maastricht University
"Motivated Reasoning in the Social Domain"
(Host: Sebastian Ebert)

Tuesday, 16.1.2024

Environmental Economics Brown Bag Seminar

12.30-14.00
ZEW room HKH
L7,1, Mannheim

Menglu Neupert-Zhuang, Frankfurt School of Finance & Management
"Do individuals invest more sustainably when advised to do so? An incentivised online experiment"

Wednesday, 17.1.2024

Internal Seminar

12.15-13.15
AWI room 00.010

Theodoros Alysandratos
"Inter-ethnic interactions and identity formation:
Evidence from Zambia"

Departmental Seminar

Peiran Jiao

"Motivated Reasoning in the Social Domain"*

Individuals tend to overweight positive signals relative to negative ones when updating beliefs in the ego-relevant domain, including their own intelligence, beauty, and skills. One's kindness to others can also be thought of as ego-relevant. Indeed, it has been documented that people have motivated memory regarding their generosity to others. However, motivated belief updating in the social domain has not been studied. In particular, this paper studies both types of motivated reasoning, i.e. asymmetric updating and motivated memory, in a consistent framework, replicates previous experimental paradigms in related ego-relevant domain, and documents interesting patterns in motivated reasoning about one's altruism. In particular, participants in our experiment exhibit significant asymmetric updating, relatively overweighting positive signals in the social domain, which can be attenuated by removal of ego-relevance or the prospect of obtaining objective feedback (uncertainty resolution). We also document patterns that have not been found in other domains. For instance, participants have more severe underweighting of negative signals when they are asked to update belief about themselves being the least selfish, rather than the most altruistic, within a group. Moreover, information suggesting that altruism is costly also attenuates asymmetric updating. In terms of motivated memory, we do find that participants were more likely to over-remember amount allocated to others when they chose the more selfish option in a binary dictator game.

* with Jing Li and Xinxin Zhu

Environmental Economics Brown Bag Seminar

Menglu Neupert-Zhuang

"Do individuals invest more sustainably when advised to do so? An incentivised online experiment"

For retail investors, the service of financial advisors is a distinct type of credence goods. Individuals, even after purchasing the investment products, are not sure about the quality of the advice and to what extent the required fee charges are necessary. Indeed, the new dimension of "sustainability" in investments introduces wiggle room for advisors to charge more to investors who show preferences for sustainable investments, an overcharge not justifiable by their skills, efforts, or the associated costs (Laudi, Smeets & Weitzel, 2022). In this paper, I focus on the advice-taking side of the story. Using an incentivised online experiment with $n=1,973$ UK residents, I explore if investors allocate a larger share to sustainable funds based on advice before and after fees of the sustainable funds are increased. Moreover, I investigate the effects of "bad advice" - advice information that poorly matches the sustainability preferences of the individuals (as this trait is frequently unobservable by advisors outside the EU). What the "financial advisor" says (including the advice treatments) in this experiment is simulated with written texts. I have designed this based on consultation with practitioners in the banking sector. In the preliminary results, I will present and discuss the main and heterogeneous advice treatment effects, as well as the mediation channels of the treatments.

Internal Seminar

Theodoros Alysandratos

"Inter-ethnic interactions and identity formation: Evidence from Zambia"

We investigate the effects of inter-ethnic interactions on the formation of ethnic and national identities. We use the construction of the Kariba dam in the late 50's in Zambia which resulted in the forceful and hastened (in a manner that we argue was quasi-random) relocation of population of the area that would be flooded. Resettlements took place either in areas inhabited by co-ethnics of the relocated population or members of another ethnic group. We use a survey, a lab-in-the-field experiment, and focus groups discussions to examine what is the present-day self-identification with respect to nationality and ethnicity of (the descendants of) the forcefully relocated, and how it was impacted by the ethnic composition of the regions that were forcefully resettled in.

New Publications

Giovanni Burro and A. Castagnetti: "The Ego is No Fool: Absence of Motivated Belief Formation in Strategic Interactions" (2023), accepted by the *Journal of Behavioral and Experimental Economics*.

Bordalo, P.; Burro, G.; Coffman, K.; Gennaioli, N.; and Shleifer, A: "Imagining the Future: Memory, Simulation and Beliefs" was accepted by the *Review of Economic Studies*.

Brettschneider J., Burro, G. and Henderson V.: "Make hay while the sun shines: an empirical study of maximum price, regret and trading decisions" was conditionally accepted by the *Journal of the European Economic Association*.

Editorial deadline for issue 03/2024 of the newsletter:
Wednesday, January 17, 2024, 12 p.m.
newsletter@awi.uni-heidelberg.de