



“I” make you risk-averse: The effect of first-person pronoun use in a lottery choice experiment



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HIGHLIGHTS

- I examine the effects of first-person pronoun use on people's risk aversion.
- In a lottery choice task, I directly manipulate the use of the pronoun “I”.
- Repeated exposure to the pronoun “I” increases risk aversion.

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ABSTRACT

Does repeated exposure to the first-person pronoun “I” influence people's attitudes toward risk? In a lottery-choice experiment, I directly manipulate the use of the pronoun “I” in two treatment conditions: “I,” in which the pronoun is included, and “No I,” in which it is omitted. I find that subjects in the “I” treatment condition appear to be more risk-averse than those in the “No I” treatment, suggesting a simple and cheap but effective way for policymakers and practitioners to mount interventions.

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1. Introduction

Risk preference, that is, one's attitude toward risk, determines a wide scope of economic behavior under uncertainty, including portfolio choices, insurance purchases, heavy drinking, aggressive driving, cigarette smoking and safety equipment use (Barsky et al., 1997; Anderson and Mellor, 2008; Sapienza et al., 2009). These types of risk behavior can have devastating consequences such as personal bankruptcy, serious injury, critical disease and even mortality—all of which significantly influence one's life and sometimes society at large. However, many of these undesirable outcomes initially stem from impulsive decisions. In promoting people's economic well-being, it is critical to develop interventions to prevent people from taking excessive risks.

In this study, I propose and examine a novel, easy-to-administer intervention that effectively reduces a person's tendency to take risks. I directly manipulate the use of the first-person pronoun “I” in a lottery-choice experiment. In the “I” treatment condition, “I”s are included throughout the lottery-choice task. In the “No I” treatment, all of the “I”s are simply omitted. I find that this subtle pronoun change has a significant effect on people's risk attitudes, with those in the “I” treatment group exhibiting a higher level of risk aversion than their counterparts in the “No I” group.

Although the effects of pronouns on economic decision-making have gone largely unexplored in the economics literature, the first-person pronoun “I” is used strategically by writers, speakers and business practitioners to influence people's perceptions, attitudes and values. Books written in the first person can make their readers feel more connected to the character speaking. Political speakers use “I” to convince their audiences that they are taking responsibility (Bramley, 2001). Companies use “I” (e.g., iPhone, iRobot) and “my” (e.g., MySpace) in brand or product names to elicit favorable brand attitudes (Kachersky and Carnevale,

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2015).¹ Evidence from studies in related fields highlights the effects of first-person pronouns on judgment and decision making. In one line of research, subjects primed with independence through repeated exposure to first-person pronouns give higher endorsements to individualist values than those primed with interdependence (Gardner et al., 1999). In fact, the pronoun-circling task is a common priming technique used to activate an individualistic orientation in social and cultural psychology. In another strand of literature, research on psychological distancing reveals that pronoun use alters the perspective people adopt during introspection and directly influences their thoughts and feelings under social stress. For example, subjects who adopt a self-immersed perspective by using the first-person pronoun “I” to self-talk display higher levels of stress in socially anxious situations than those who adopt a self-distanced (observer’s) perspective by using non first-person pronouns to self-talk (Kross et al., 2014).² Overall, pronoun use plays an important role in determining how individuals perceive events, objects, people and situations.

The preceding discussion leads to two competing hypotheses on the effects of the first-person pronoun “I” on individual decision making under uncertainty. Research on priming suggests that repetitive exposure to the pronoun “I” activates individualism, which studies have linked to overconfidence, and thus increases a person’s risk-taking propensity. In line with this hypothesis, Breuer et al. (2014) use both individual- and country-level data and find that individualism is positively related to financial risk-taking behavior. In contrast, motivated by studies of self-distancing, the use of “I” is thought to promote a self-immersed perspective in which individuals perceive outcomes as their own gains or losses and subsequently become more cautious in their decision-making. Dropping “I” creates psychological distance between decision makers and the ensuing outcomes, such that they feel the gain/loss less personally and behave in a less risk-averse manner. In this study, I test the individualism and self-immersion hypotheses in a controlled laboratory environment. I manipulate subjects’ exposure to “I” and observe its effects on their willingness to take risks in a lottery-choice task widely used by experimental economists. More importantly, the experimental design allows for causal attribution, which provides more meaningful insight into interventions and policymaking.

2. Experimental design and procedures

All of the subjects participate in a lottery-choice experiment for a total of 12 periods. In each period, the subjects are presented with a menu of 13 choices (rows) between a lottery option and a sure outcome option, as illustrated in Fig. 1. If the lottery option is chosen, the subject obtains either “ a ” experimental tokens or “ $800-a$ ” tokens with equal probability.³ The value of a indicates the better outcome of the lottery. It takes 12 different values (690, 700, . . . , 790, 800) throughout the experiment. The order is randomized to counterbalance the order effect. The subjects are paid by one randomly selected decision to control for the wealth effect.

Each option is spelled out in a short sentence to facilitate a simple manipulation of the use of the first-person pronoun “I”. In

the “I” treatment condition, all of the “I”s are included. In the “No I” treatment condition, all of the “I”s are omitted. Therefore, the “I” occurs 312 times in the “I” treatment and 0 times in the “No I” treatment over the 12 periods of the main task. A between-subject design is used and the subjects under one treatment condition are unaware of the other treatment condition.

Each session proceeds in the following manner. Once the subjects arrive at the computer lab, the experimenters assign them a random seat. When all of the subjects have signed the consent form, they are given computerized instructions, which the experimenter reads aloud to them. Then, the main experiment begins. A post-experiment questionnaire is given to each subject to collect information about their demographic characteristics, the rationale behind their decisions and their guesses regarding the purpose of the experiment. The outcomes of the lotteries chosen by the subject are not disclosed until the end of the experiment. The subjects are paid in cash before they leave the lab.

3. Results

3 sessions of each treatment (hence, 6 in total) were conducted, with a total of 108 undergraduate subjects drawn from across the range of disciplines at a research university in Singapore.⁴ 59 subjects participated in the “I” treatment and 49 participated in the “No I” treatment. Each session lasted for roughly 30 min. The average monetary earnings were S\$13.18 (roughly equivalent to US\$10), including the guaranteed S\$3 participation fee. The experiment was programmed using Z-tree (Fischbacher, 2007).

Following Holt and Laury (2002), I excluded “irrational” decisions and used the number of *Safe* options chosen in a period as an indicator of risk aversion.⁵ The pooled average number of *Safe* options (in a period) was 7 in the “I” treatment condition and 6 in the “No I” treatment. I further broke down the treatment effect by lottery, as shown in Fig. 2. For each of the 12 lottery choices, the average *Safe* options chosen were always higher in the “I” treatment than in the “No I” treatment. The treatment effect was statistically significant at the 5% or 10% levels in half of the 12 lottery choices using two-tailed Mann–Whitney tests. This result provides support for the self-immersion hypothesis and suggests that constant exposure to “I” increases risk aversion.

A natural next question relates to what drives the effect. Although the data do not allow for further investigation of the exact mechanism, a possible candidate lies in the emotional reaction. In particular, I speculate that a person’s stress level is more elevated in the “I” treatment. When the subjects adopted a self-immersed perspective, they thought more deeply about the ensuing outcomes of their decisions, which generated significant stress in the decision-making process.⁶ The elevated stress level in the “I” treatment could therefore drive the subjects to be more risk-averse, as emotions such as stress (Kandasamy et al., 2014) and fear (Cohn et al., 2015) increased their risk-aversion.

Interestingly, the treatment effects were more pronounced among the lottery items with lower risk (lower values of “ a ”). As Fig. 2 shows, the average number of *Safe* options in the “I” treatment is in the small neighborhood of 7 for nearly all of

¹ Kachersky and Carnevale (2015) show that using “I” in brand names elicits more favorable brand attitudes when the products claim to deliver “personal” benefits.

² In a similar vein, Newman et al. (2003) and Hancock et al. (2008) find that individuals use fewer self-oriented pronouns (e.g. “I” and “me”) when lying than when telling the truth, possibly due to the deceivers’ desire to create psychological distance between themselves and their lies.

³ Hence, all lotteries have an equal expected payoff of 400 tokens. The experimental earnings are converted to Singapore dollars using the 40 tokens = S\$1 rate.

⁴ 60.2% of the subjects were male, 87.0% were Chinese and 16.7% majored in economics. The decisions in periods 7–12 made by one subject in the “No I” treatment were not recorded successfully due to a technical glitch.

⁵ 9.1% of the decisions had more than one switch point. Holt and Laury (2002) document around 10% multiple switching from an undergraduate student subject pool and more irrational decisions in the hypothetical treatments.

⁶ This view is also supported by a few self-distancing studies, which suggest that self-distanced subjects exhibit better stress control and emotion regulation than self-immersed subjects (Ayduk and Kross, 2008; Kross et al., 2014).

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