The Origin of Risk

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Abstract

There are many factors that determine someone's acceptable risk level. In this paper we set out to identify factors that can indicate a person's level of acceptable risk. This involves considering age, gender, math skills, trust, and other various factors. In doing this, we find that…

Introduction

The goal of the research being done in this paper is to find traits within people that can help us predict their preferred level of risk. We will try to do this using the factors of patience, positive and negative reciprocity, altruism, trust, math skills, gender, and age. Using these factors, we will find their correlation to risk and try to use this data to predict someone's preferred risk level.

Data

The data used in this research is from briq institute of on Behavior and Inequality. The data is from their global preference survey otherwise known as GPS. This survey consists of 80,000 individuals from 76 countries. This sample of people represents 90% of the world's population and their income. This data was collected in 2012.

Model

Focusing on the age we can try to find a correlation between someone's age and their preferred risk. Using linear regression, we find that the slope of our regression model is -4.195. This indicates that as someone ages, their level of acceptable risk decreases We can also run a t-test to test the hypothesis that the mean of age is equal to zero. We reject the null hypothesis that the mean is equal to zero in favour of the alternative hypothesis that the mean is greater than zero. To visualize my findings, I created a scatterplot of age and risk seen in figure 1.

Results

Conclusion

References
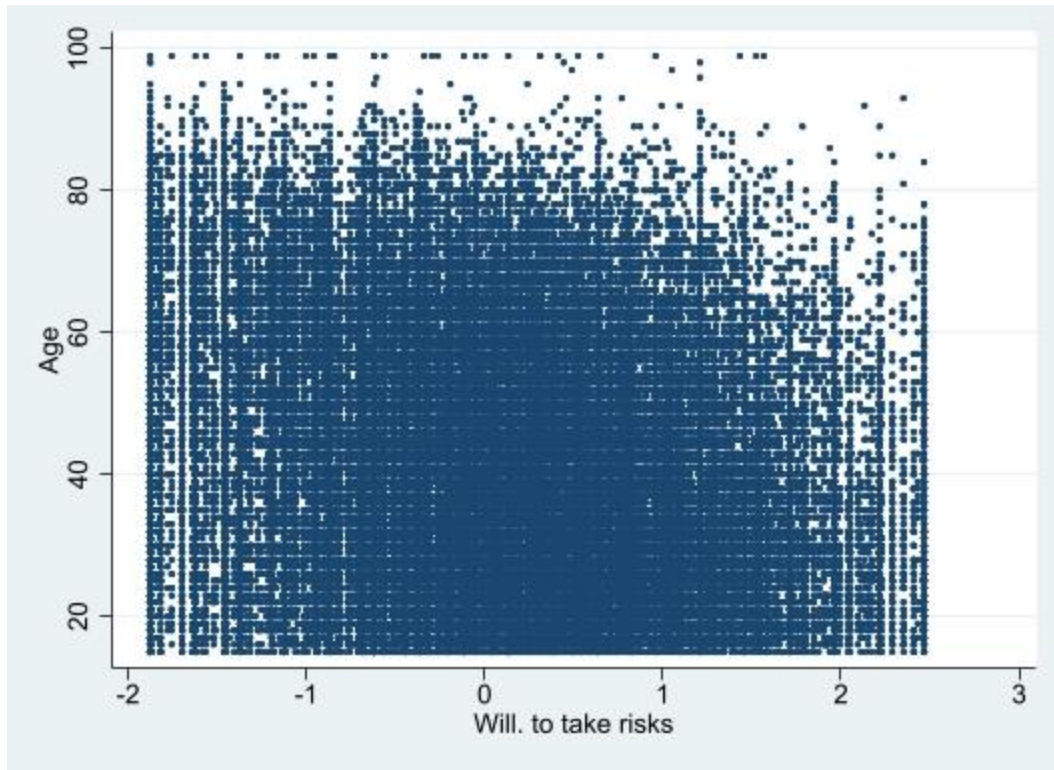
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A Appendix

A.1 Tables and Figures

Figure 1:

A.2 Some Details on Dataset