

Research Statement

Sining Wang
Department of Economics

My main research interest is at the border that divides economics and psychology. I am specialized in behavioral and experimental economics. In particular, my work has focused on behavioral game theory. In my dissertation, I employ laboratory experiments to examine the effect of individual characteristics on belief formation and decision-making. In addition to my dissertation, I am also engaged in a number of other research topics on decision-making. A central emphasis of my research is to bridge economics and psychology, looking at how certain mental rules of thumb, cognitive bias, individual differences, and interpersonal relationships lead to individual judgments and decisions that will deviate from theoretical, optimal decisions.

The Role of Risk Aversion and Cautiousness in Belief Formation is the first chapter of my dissertation. This is also my job market paper where I investigate belief formation and decision-making in a coordination game. Past studies on coordination game have looked at how institutional changes impact the outcomes of the games, but have ignored the importance of subjective belief and the role of individual characteristics. In this study, I argue that to fully understand the decision-making mechanism, it is essential to investigate how individual differences in risk preference influence the decision-maker's subjective beliefs. Specifically, I demonstrate that in a coordination game, a decision-maker's subjective belief is determined by her risk preference. I conducted a laboratory experiment where the participants played a repeated, fixed-partner stag-hunt game. In the experiment, I elicited the participants' subjective belief, risk aversion and cautiousness level. While the traditional measure of risk aversion in economics cannot explain people's behavior just as past studies suggested, I find that the psychological concept of cautiousness plays a key role in determining the origin and the evolution of the decision-maker's belief. More precisely, I find that cautiousness affects the way people form the mental representation of their partners. A decision-maker with higher cautiousness level is less likely to believe that her partner will choose the risky option. When the stag-hunt game was played repeatedly, high cautiousness level prevents the decision-maker from updating her belief effectively, and consequently impedes cooperation between the players.

Well-designed experiments are critical to behavioral economics and decision-making research. In the second chapter of my dissertation titled ***A Cognitive Dissonance Interpretation of the Context Effect in Economic Experiments: Evidence from a Laboratory Bribery Game***, I aim to make contributions on experimental methodology. Specifically, this paper examines how experimental context affects people's decision using the paradigm of a bribery game. Cognitive dissonance level evoked by engaging in dishonest practices was manipulated by different experimental instructions. More precisely, the

same experimental task was presented to the student subjects with three different instructions: one with real-life-context instruction, one with unfamiliar-context instruction, and the other with context-free instruction. In line with past studies, we do not find essential different outcomes in the unfamiliar-context treatment and the context-free treatment. In contrast, we find that the student subjects are much less likely to engage in corrupt activities in the real-life-context treatment. In addition, students who engaged in corrupt activities in the real-life-context treatment required more monetary compensation to justify for their decisions. Integrate results obtained from a separate attitude survey, we propose that the real-life experimental context amplifies the cognitive dissonance of engaging in dishonest practices, prevents them from behaving unethically.

The Premium for being a Nice Person: Agreeableness and the Gender Wage Gap constitutes the third chapter of my dissertation. In this paper, I apply the insights gathered from the laboratory experiments and the psychology literatures to investigate important issues in labor economics. Specifically, I use individual differences in *agreeableness* to explain the gender wage gap among recent graduates in China. Past studies suggested that agreeableness negatively correlates with income. Yet in the current paper, I find the opposite relationship by looking at people's starting salaries. In general, more agreeable people get higher starting salaries. Moreover, I find that disagreeable men receive higher starting salaries than disagreeable women. This difference can partially explain the gender wage gap among the recent graduates. I conjecture that employers' preference may play an important role in explaining these results. The findings of this study provide insights that can help economists better understand the gender wage gap and the search-and-matching mechanism on the labor market.

In addition to my dissertation, I am also working on several other research projects in the area of decision-making. For instance, in the project ***Overconfidence and Self-selection in a Sequential Decision-Making Task*** (with Mikhael Shor), we try to explore how overconfidence affects people's decision in complex tasks. We propose and experimentally test the hypothesis that the above-average bias often hurt the decision maker by impeding them from accepting advantageous default setting. In the paper ***Explaining Domain-Specific Risk Taking with Loss Aversion***, I will directly examine the associations between domain specific risk taking and loss aversion under the framework of prospect theory. The conceptualization and measurement of risk preference has been a major focus of past studies, but little consensus has been achieved. In this paper, I hypothesize that loss aversion could be seen as a trans-situational measure for risk preference and it could help explains individual risk taking behavior across domains. I plan to complete these projects within the next one and half years.

Since March 2015, I have initiated a long-term research program with scholars from the United States (Harvard University), Canada (The University of Waterloo) and China (Jiangnan University). We will conduct a series of experiments in colleges from different countries. We are looking at how individual characteristics and institutional factors jointly determine people's decisions both in the laboratory environment and in real life. In particular, we are seeking to get a better understanding on the underlying causes of corruption and other unethical behavior. I expect to collaborate with new colleagues to grow this program in the next five years. In my future career, I will look for potential opportunities to engage myself into the study of neuroeconomics.