Southern Ontario Behavioural Decision Research Conference

SOBDR2014

Conference Program

College of Business + Economics
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Letter from the Chairs

Welcome to the 10th Annual Southern Ontario Behavioral Decision Research (SOBDR) Conference! We are thrilled that you could join us for the event. This year, the conference is being hosted in conjunction with the Department of Economics and Finance, the Department of Marketing and Consumer Studies, and the Center for Business and Social Entrepreneurship with the College of Business and Economics at the University of Guelph.

This year, we are happy to introduce two keynote speakers. Our first keynote speaker, Yan Chen, is a Professor of Information at the School of Information and a Research Professor at the Center for Group Dynamics in the Institute for Social Research at the University of Michigan. She is also the Associate Director of the Smith Experimental Economics Research Centre at Shanghai Jiaotong University. She earned her Ph.D in Social Science from the California Institute of Technology. Her BA is from Tsinghua University. Dr. Chen specializes in experimental and information economics as well as mechanism design. Her research has been published in such journals as the American Economic Review, the Journal of Political Economy, Games and Economic Behavior, Journal of Economic Theory and Experimental Economics.

Our second keynote speaker, J. Keith Murnighan, is the Harold H. Hines Jr. Distinguished Professor of Risk Management at the Kellogg School of Management, Northwestern University. He earned his PhD and MS degrees in social psychology and a BS in psychology from Purdue University. His research has been published in many different academic journals, primarily in organizational behaviour, psychology, and economics. His books include The Dynamics of Bargaining Games, Bargaining Games: A New Approach to Strategic Thinking in Negotiations, Social Psychology in Organizations: Advances in Theory and Research, The Art of High-Stakes Decision-Making: Tough Calls in a Speed-Driven World, Social Psychology and Economics, and Social Psychology and Organizations. He is currently writing book number seven, a trade book on leadership.

We also have a very diverse and distinguished group of scholars presenting their work in our two main sessions and closing poster session. Be sure to stay for the closing reception where we will have a cash bar, snacks, and a host of new ideas and projects in progress at the poster session. In all, we hope you will enjoy your day with us.

Welcome to SOBDR 2014,

Bram Cadsby
Professor of Economics
Department of Economics & Finance

Theodore J. Noseworthy
Associate Professor and Graduate Coordinator
Department of Marketing & Consumer Studies
About the College of Business and Economics

The College of Business and Economics is Uniquely Guelph in all the best ways. We attract students and faculty who have a social conscience, an environmental sensibility and a commitment to community involvement.

Our vision is to develop and be Leaders for a Sustainable World.

Our mission is to provide a transformational learning environment that encourages critical reflection, personal growth, community engagement and global awareness, and promotes comprehensive understanding of both traditional and emerging themes in management and economics. We foster social and ethical responsibility and prepare graduates for leadership roles that will improve the effectiveness of their organizations and the wellbeing of people in Canada and around the world.

About the Department of Economics & Finance

Established in 1966, the Department of Economics and Finance is one of four units in the College of Business and Economics.

With its roots in Wellington College, the Department of Economics was a founding department of the College of Social Science. It has a staff complement of 4 and an FTE faculty complement of 25, with interests across the entire range of economic analysis. The Department is the home to the BComm major in Management Economics and Finance (MEF), and also has majors in the BA and BSc (Env) programs. The Department also has a well-established one-year MA program and a successful PhD program. On May 1, 2011 the Department’s name changed to the Department of Economics and Finance.

About the Department of Marketing & Consumer Studies

The Department of Marketing and Consumer Studies is one of four academic units in the College of Business and Economics.

Our faculty members and graduate students share strong research interests in consumer behaviour, marketing and related phenomena. Our scholarly activities include conference presentations and the publication of articles covering a wide variety of marketplace topics. These activities are supported by two research facilities available exclusively to our faculty and students.

We are responsible for two Bachelor of Commerce programs (in marketing management and in real estate & housing) and one Masters of Science program (in Marketing and Consumer Studies). We are also partnered with Hospitality, Food and Tourism Management and the Department of Management, to offer the Ph.D. in Management with primary responsibility for the Marketing stream. Guest Speakers frequent our classrooms, and we run both a weekly seminar and a semi-annual speaker series to bring visiting academics and practitioners to present to large groups of our faculty and students.
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# Southern Ontario Behavioural Decision Research Conference

## SOBDR 2014 Conference Program

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<th>REGISTRATION AND BREAKFAST</th>
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Sylvain Charlebois – Associate Dean of Research, College of Business & Economics, University of Guelph

### SESSION 1

| 10:00 AM – 11:00 AM |

**Tanjim Hossain – Rotman School of Business, University of Toronto**

**Extrinsic Incentives and Intrinsic Motivations in Contests**

This paper develops a new method to investigate the interaction between extrinsic incentives and intrinsic motivations in contests. Our method separates the effect of intrinsic motivations from the effects of extrinsic motivations and risk aversion. We run a set of laboratory experiments involving contests among salespeople and use the data to estimate the level of intrinsic motivation under different treatments. Our results show that the spread of contest rewards affects both the extrinsic and intrinsic motivations of participating agents. We also explore the effects of alternative recognition regimes on the levels of effort and intrinsic motivation. We find that a regime like “President’s Club” where top performers are publicly recognized without revealing the ranking among them performs better than other regimes. Overall, this paper demonstrates the significant impact of an agent’s intrinsic motivations on her effort, and underscores the importance to managers of jointly choosing incentive structures and recognition regimes.

**Peter Darke – Schulich School of Business, York University**

**Trick or Treat?: Effects of Suspicion on Schematic Processing and Sales Promotion Tactics**

*Authors: Kelley Main (University of Manitoba) and Peter R. Darke (Schulich School of Business, York University)*

Priming consumer suspicion had different effects on subsequent judgments of sales promotions depending on the type of offer made. Specifically, suspicion lowered evaluations of promotions strongly associated with negative schemer-schemas for deceptive marketing tactics (i.e. discounts and price-matching-guarantees). Alternatively, suspicion actually increased evaluations for schema-incongruent promotions (i.e. EDLPs, free gifts), and had little impact on price offers that were aschematic (i.e., regular price offers). These effects were automatic in the sense that they were not mediated by conscious elaboration. The results are understood in terms of the defensive goals associated with suspicion and the role these play in activating schemer-schemas that can automatically protect consumers from persuasion attempts.

**BREAK 11:00 AM – 11:15 AM**
Keynote Address #2: Yan Chen – School of Information, University of Michigan

*Does Team Competition Increase Pro-Social Lending? Evidence from Online Microfinance*

*Authors: Roy Chen, Yan Chen, Yang Liu and Qiaozhu Mei*

We investigate the effects of team competition on pro-social lending on Kiva.org, the first microlending website to match individual lenders with entrepreneurs in developing countries. Using field data, we find that lenders who join teams contribute 1.2 more loans per month than those who do not. Meanwhile, we also find considerable heterogeneity among the 26,000 teams. In the past year, more than half of the teams have not been active. To investigate the heterogeneity in team performance, we run a field experiment by posting forum messages. Compared to the control, lenders from inactive teams make significantly more loans when shown a goal-setting competition message. Including team coordination increases the effect magnitude.

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Keynote Address #1: Keith Murnighan – Kellogg School of Management, Northwestern University

*Equilibria and a Moral Core*

In this talk I will summarize some recent and some older research on the moral choices that people make. I will use the findings to address the question of the existence of a moral core, i.e., the roots of an individual’s value system that push them to consistently and consciously choose to do the right thing. I will also use the findings to create an equilibrium model of human moral action.

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Bradley J. Ruffle – School of Business and Economics, Wilfrid Laurier University

*The Impact of Including, Adding and Subtracting a Tax on Demand*

*Authors: Naomi E. Feldman (Federal Reserve Board) and Bradley J. Ruffle (Wilfrid Laurier University)*

We test the equivalence of tax-inclusive, tax-exclusive and tax-rebate prices through a series of experiments differing only in their handling of the tax. Subjects receive a cash budget and decide how much to keep and how much to spend on various attractively priced goods. Subjects spend significantly more under tax-exclusive prices whereas total purchases under tax-inclusive and tax-rebate prices are similar. These results persist throughout most of the ten rounds despite feedback and the ability to revise purchases. The asymmetric response to tax liabilities and rebates highlights consumers’ ability both to internalize and to willfully ignore hidden price components.
Laurence Ashworth – Queen’s School of Business, Queen’s University

*Prices that Feel Good: The Role of Trading Motivation in the Endowment Effect*

*Authors: Laurence Ashworth (Queen’s University), Peter R. Darke (York University), Lindsay McShane (Carleton University) and Tiffany Vu (University of Michigan)*

The current work suggests that decisions about buying and selling prices might be importantly influenced by the desire to trade on favorable terms. Specifically, traders are predicted to set prices that leave them feeling happy about trading. Owner/non-owner price discrepancies might therefore exist because one or other is typically required to specify the price at which they would be willing to trade (i.e., buy or sell). Three experiments separate trading from ownership and find that when neither owners nor non-owners are in a trading position discrepancies between the two disappear.

Jessica Cao – Ontario Agricultural College, University of Guelph

*Incentive Mechanisms, Loan Decisions and Policy Rationing: A Framed Field Experiment on Rural Credit*

This paper investigated the relative efficiency of incentives and information in micro credit loan decisions. Pay-for-performance incentives which reward performance and penalize default were widely adopted in financial institutions as a way to control credit risk. What is less known is that whether the negative incentive would trigger loan officers to behaviorally reject loans that would otherwise be good so as to avoid personal income losses. Results from a framed field experiment showed loan officers did ration credit by rejecting more loans when facing risks of personal income loss. However, providing risk information about the application pool re-boosted the approval rate and offset the behavioral responses by a roughly same magnitude. Findings in this study suggest that information can sometimes generate similar effects as those costly incentives or mechanisms that are not implementable in practice.

Joshua Gonzales – Faculty of Business, University of Regina

*For the Win: Risk-Sensitivity Theory in Football Decision-making*

Risk-sensitivity theory (RST) states that decision makers should prefer high-risk options in high need situations when low-risk options will not meet this need. RST has shown promising results as a human behaviour decision-making framework but has lacked external validity and has not looked at multiple levels of need. This study attempted to address both problems by assessing risk-sensitive decision-making in National Football League games. Offensive plays from the 2012 regular season (N = 33,944) were analyzed at two need levels: attaining first downs and outscoring opponents. Results indicate decision-makers made risk-sensitive decisions correlated with attaining first downs throughout games while only making risk-sensitive score disparity decisions in the fourth quarter when outscoring the opponent was most salient. This is the first time risk-sensitivity theory has been examined in a naturalistic human setting involving groups. Results may help researchers better understand real world implications of the theory.
Rebecca Elskamp – College of Business and Economics, University of Guelph

*Aggressive Bidding Behaviour in Multi-Unit Uniform Price Auctions*

This study investigates the role of past auction outcomes in explaining bidders’ choice of aggressive or conservative bidding strategies in a uniform price auction. In particular, I examine whether bid schedules submitted after an auction loss (win) lie strictly above (below) the previously submitted bid schedule; indicating a strategy adjustment towards aggressive (conservative) bidding behaviour. To test this hypothesis, I examine bidding behavior in 37 uniform price auctions between 2006 and 2009 in which 21,000 kilograms of dairy quota were transferred among Ontario dairy producers valued at over $630 million dollars. Preliminary results indicate repeat losers submit aggressive bid schedules such that their bid schedule following a loss lies strictly above their previous bid schedule at all price and quantity values. Repeat losers are also found to diversify their bidding strategy by submitting more bids, suggesting an additional dimension in which bidders demonstrate aggressive behaviour.

Monica El Gamal – School of Business and Economics, Wilfrid Laurier University

*It’s under control: How does a sense of control influence self-relevant predictions?*

People tend to be optimistically-biased in predicting task completion times (Buehler et al., 1994) and personal spending (Peetz & Buehler, 2009). How would perceptions of personal control influence these predictions? We examined two competing hypotheses: (1) Perceptions of greater control may enhance optimistic biases by suggesting that one will have greater control over their future actions (2) Alternatively, a lack of control may enhance optimism through a compensatory control mechanism. Participants wrote about an aspect of their life that they have a low (high) level of personal control over, and then predicted completion time for a future project (Study 1) or spending in the following week (Study 2). The results supported the second hypothesis whereby a low level of personal control increased optimism. Specifically, when people experienced low (vs. high) levels of personal control, they predicted earlier project completion dates (Study 1) and lower personal spending levels (Study 2).

Ada Hurst – School of Accounting and Finance, University of Waterloo

*The effect of the problem’s visual representation on the perceived number of “near-hits”: implications for the ratio bias phenomenon*

The ratio bias phenomenon describes people’s belief that the probability of an event is greater when expressed as a ratio of larger numbers (e.g., 10 /100) than when expressed as a ratio of smaller numbers (e.g., 1/10). The effect has been shown in both verbal and visual representations; for example, given equal probabilities of drawing a desired red jellybean, people would rather draw from a 10x10 tray than from a 1x10 tray. Common explanations are the numerosity effect and denominator neglect. We propose another explanation: People place significant psychological value on “near-hits” - being close to the desired object, even if that object is not ultimately selected. Compared to small-number ratio representations, large-number ratio representations disproportionally increase the number of possible outcomes with “near-hits”. We demonstrate this in various permutations of size, ratios, and configurations and present the results of some preliminary experiments.
Display and Impact of Postural Mimicry in Negotiation: Canada and China

This study investigates the effects of mimicry on negotiation outcomes and the role of culture. Previous research in nonverbal behaviour has shown that the presence of mimicry in a dyadic interaction increases convergent thinking and is associated with perspective-taking. In the negotiation context, the presence of mimicry should facilitate free sharing of ideas, improving creative problem-solving. In the experiment, participants took part in a dyadic negotiation that was videotaped and coded for frequency and duration of mimicry. Our findings illustrated a moderated mediation between mimicry and joint gain – mimicry led to high joint gain only when a dyad was low on attention to indirect meaning of communication, having the opposite effect when the dyad was high on attention to indirect meaning. High-context Chinese negotiators engaged in a lower proportion of mimicry than low-context Canadian negotiators, while low-context negotiators experienced a higher satisfaction with the negotiation process than high-context negotiators.

Reading Your Counterpart: Interpreting Nonverbal Messages in Cross-cultural Negotiation

This study examines accuracy of nonverbal interpretation in cross-cultural negotiation. 87 East-Asian and 134 North American employees recruited from MTurk observed a 30-second video of a culturally ingroup or outgroup negotiator exhibiting nonverbal cues conveying different meanings. The meanings were adapted from the involvement-affect dimensions of nonverbal messages, which reflect a negotiator’s motivation in the negotiation task or relationship. Using theories of high-low context and ingroup bias, and research on ingroup advantage for emotion recognition, we predicted and found 1) an ingroup advantage for interpretation across all participants, and 2) higher accuracy for interpretation of outgroup among high-context East-Asian participants. Interestingly, the ingroup advantage was only evident when the negotiator was prosocial while the outgroup advantage was evident when the negotiator was asocial. We discuss implications for theory and practice.

Warm glow utility, mental accounting and budgeting of charity

Warm glow utility induced by charitable donations was proposed by Andreoni (1989) but has elicited mixed empirical support. Findings may just as easily be explained by confounds or alternate explanations as they are accounted for by warm glow utility. This research circumvents this difficulty by positing that warm glow will be considered a gain in a mental accounting (Thaler 1985) framework and thus should elicit greater happiness if segregated from another gain. However, this effect will only be manifested if the charitable donation is of an unbudgeted (Heath and Soll 1996) nature and follows receipt of a windfall gain (Arkes et al, 1994). In six experiments support is found for (i) greater happiness at making a charitable donation rather than an equivalent payment for a service (ii) greater happiness when the charitable donation is segregated from a monetary gain and (iii) greater happiness at segregation only following a windfall gain.
Antonia Mantonakis – Goodman School of Business, Brock University

*Look for the Signature: How the Infusion of Personal Signatures Affects Product Evaluations and Purchase Behaviour*

Brand managers often infuse personal signatures into marketing stimuli with little understanding of the potential impact. Using six studies, including two retail field studies, the authors demonstrate that a personal signature is a multidimensional extrinsic cue that predictably influences product perceptions and consumption behavior. Broadly perceived as a cue for quality, a personal signature is also an identity cue that makes salient the identity of the signer. The infusion of a personal signature into marketing stimuli influences consumption behavior by (1) enhancing perceptions of product quality and (2) increasing the salience of self-important identities that the consumer shares with the signer. Theoretical and practical implications are discussed.

Mark Mullaly – Bond University/Interthink Consulting

*The Role of Agency in Project Initiation Decisions*

This paper explores the role of decision rules and agency in supporting project initiation decisions, and the influences of agency on decision making effectiveness. The research on which this paper is based was conducted using grounded theory methodology, and sought to understand the influences of individual decision makers on project initiation decisions within organizations. This study demonstrates the presence and utilization of agency by actors at all levels of the organization, rather than just the executive and board level. Agency was observed to support stewardship behaviours rather than the pursuit of actor self-interest. The study demonstrates that the overall effectiveness of project initiation decisions is a product of agency, process effectiveness or rule effectiveness. The employment of agency can have a direct influence on decision making effectiveness, it can compensate for organizational inadequacies of a process or political nature, and it can be constrained in the evidence of formal and effective organizational practices.

Chelsea Galoni – Kellogg School of Management, Northwestern University

*How Money Transfers Values*

*Authors: Jeff Rotman (Richard Ivey School of Business, University of Western Ontario), Chelsea Galoni (Kellogg School of Management, Northwestern University), Theodore J. Noseworthy (University of Guelph)*

How does money affect our social relationships? Economists and sociologists have generally posited either that money is a neutral, non-social kind of substance or that money can corrupt and contaminate social relationships. Drawing primarily from the work of Zelizer (1994; 2009), who argues that this distinction is a false dichotomy, this paper examines the psychological mechanism underlying how money transfers, not just its face value, but its values between people. This paper demonstrates a) that money can transfer the personality values of the giver, b) that the values in which one earns money affects the value attributed to it, c) that giving and receiving money affects people’s sense of power and d) that the physical colour characteristics of money affect how we spend it.
The Richards Building is attached to the Thornbrough building. Once you are inside the Thornbrough building, you will see signs directing you to Richards Room 113.

Parking is free for all registered SOBDR Guests. Please print the parking pass attached to your welcome email to ensure you are covered for the day.

If you are planning to stay overnight, there are 4 major hotels within walking distance from the University. On the corner of Stone Road and Gordon, there is a Delta, a Best Western, and a Days Inn. If you were to continue down Stone Road, you would come to the biggest shopping center in Guelph- Stone Road Mall. There is also a Holiday Inn adjacent to the mall.
Out and About in Guelph

Shopping

**Stone Road Mall**: 435 Stone Road West, Guelph, ON, N1G 2X6

With over 150 stores, Stone Road Mall is the largest enclosed shopping centre in Guelph and Wellington County. Relax in our cozy Food Court next to the fireplace, grab a seat in the sun at Thai Express/Cultures or enjoy fine dining at Moxie’s Classic Grill. Stone Road Mall offers a great selection of stores and convenient hours.

**Old Quebec Street Mall**: 55 Wyndham Street North, Guelph, ON, N1H 7T8

Located in the heart of downtown Guelph, Old Quebec Street offers a wide range of retail stores, restaurants, a medical centre, and office suites. Along with its unique architecture and skylight roof, this mix of use has made Old Quebec Street one of the finest properties in Guelph.

Dining

**Baker Street Station**: 76 Baker Street, Guelph, ON, N1H 4G1

A unique pub experience in Guelph, the Baker Street Station is proud to offer its patrons the finest food and drink in a thoroughly modern yet surprisingly traditional atmosphere.

**Buon Gusto**: 69 Wyndham Street North, Guelph, ON, N1H 4E7

Located in the historic Victoria Hotel building in St. George’s Square in Downtown Guelph, Buon Gusto is warm and casual with exposed stone walls and a contemporary interior design. We have a passion for keeping things simple, using high-quality, often locally-sourced ingredients. Our full bar features local craft beers, an extensive and reasonably-priced old-world wine selection, as well as top-shelf spirits and classic cocktails.

**Elements Lounge**: 601 Scottsdale Drive, Guelph, ON, N1G 3E7

Elements Lounge offers a variety of food that tantalizes the palate while visiting your home away from home! Sumptuous food, refreshing drinks & exceptional service is the perfect blend for your memorable experience.

**La Cucina**: 25 Macdonell Street, Guelph, ON, N1H 2Z4

Dine on traditional Italian cuisine made from fresh local ingredients. La Cucina believes in slow food provided by nature’s ‘quattro stagioni’ or four seasons. Eat in the comfortable dining room, at the exclusive Chef’s table or outside on the covered terrace.
Sight Seeing

**Alton Mill Arts Centre**: 1402 Queen Street, Alton, ON, L7K 0C3

Built on the banks of Shaw’s Creek, this national award-winning heritage building is now a jewel in the crown of the GTA’s arts scene. The Alton Mill is home to some 25 studio artists, galleries, a heritage museum, café, and unique shops.

**Guelph Civic Museum**: 52 Norfolk Street, Guelph, ON, N1H 4H8

Located at the heart of Guelph in the newly renovated Loretto Convent, the Guelph Civic Museum showcases Guelph’s history through permanent and changing exhibits, a fun and interactive families gallery and special events and activities. The historic 1850s building, atop the hill at Norfolk Street and beside the landmark Church of Our Lady, is now the home for a collection of over 30,000 artifacts that illustrate the rich history of Guelph.

**McCrae House Museum**: 108 Water Street, Guelph, ON, N1G 1A6

McCrae House, a c.1850 stone cottage, located along the banks of the Speed River, is the birthplace of Lt. Col. John McCrae (1872 – 1918), doctor, soldier and author of the famous WWI poem “In Flanders Fields”. The museum features exhibitions on the life of McCrae, period rooms reflecting the 1870s when the McCraes occupied the house, a programming space and heritage gardens.

www.visitguelphwellington.ca