



2nd Behavioral and Experimental Economics GATE-Lab - NTU Workshop (BEELS)

Date: May 15-16, 2025

Venue: GATE, MILC building, 35 rue Raulin, 69007 Lyon

Sessions: room 501 (5th floor), **Breaks and lunches:** 1st floor

Programme

DAY 1: May 15 (Thursday)

09:00-09:30 - Welcome coffee/tea and Opening Remarks by M.C. Villeval (GATE) and Eko Riyanto (NTU)

Session 1. Financial Markets – Chair: Eugenio Verrina

09:30-10:10 Yohanes Eko RIYANTO (NTU) - Trading on Hearsay: Credibility of Communication in Financial Markets

10:10-10:50 Aurélien BAILLON (GATE, emlyon Business School) - Source-dependent ambiguity attitudes on financial markets

10:50-11:20 Coffee/Tea break

Session 2. Persuasion and Signaling – Chair: Jonathan H. W. Tan

11:20-12:00 Marie Claire VILLEVAL (GATE, CNRS) Narratives as a Persuasion Tool in Performance Appraisals

12:00-12:40 Marina CHUGUNOVA (MPI Munich) - Reputational Concerns and Advice-Seeking at Work

12:40-13:30 Lunch

Session 3. Decision-Making in Bilateral Trade and Networks – Chair: Astrid Hopfensitz

13:30-14:10 Jiahua ZHU (King's College London) Knowing Less, Gaining More: Buyer-Seller Dynamics and Algorithmic Decision-Making in Bilateral Trade

14:10-14:50 Frédéric MOISAN (GATE, emlyon Business School) - Behavioral Attenuation in Networks

14:50-15:20 Coffee/Tea break

Session 4. Moral Excuses and Willful Ignorance – Chair: Yeow Hwee Chua

15:20-16:00 Alice SOLDA (GATE, emlyon Business School) - Playing Dumb to Look Green?

16:00-16:40 Eugenio VERRINA (GATE, University Lyon 2) – Narratives as self-excuses

16:40-17:20 Te BAO (NTU) – King's Banquet: An Experiment on Altruistic Willful Ignorance

19:00 - 21:30

Workshop dinner for the speakers

DAY 2: May 16, Friday

Session 5. Decision-Making and Social Preferences – Chair: Alice Soldà

09:00-09:40 Yeow Hwee CHUA (NTU) - Portfolio Rebalancing Within Categories: Evidence from Socially Responsible Investing

09:40-10:20 Benoît TARROUX (GATE, University Lyon 2) - Impure Motivations in Social Preferences: Experimental Evidence from Menu Choices

10:20-10:50 Coffee/Tea break

Session 6. Monitoring and Detection – Chair: Te Bao

10:50-11:30 Fabio GALEOTTI (GATE, CNRS) - Costly Confessions

11:30-12:20 Jubo YAN (NTU) - Compliance and Monitoring: Does trust information help?

12:20-13:00 Brice CORGNET (GATE, emlyon Business School) - Navigating Autonomy: The Impact of Scheduling Flexibility and Choices on Vulnerable Workers

13:00-13:50 Lunch

Session 7. Communication – Chair: Aurélien Baillon

13:50-14:30 Jonathan YEO (NTU) - Communication structures and their impact on intergroup cooperation and competition

14:30-15:10 Adam ZYLBERSZTEJN (GATE, University Lyon 2) - Don't look at them: Experimental evidence on the distribution of information and ability regarding trustworthiness inference from faces

15:10-15:30 Coffee/Tea break

Session 8. Social Relationships and Trust – Chair: Jubo Yan

15:30-16:10 Jonathan H. W. TAN (NTU) - Migration and Coordination: an Experimental Study

16:10-16:50 Astrid HOPFENSITZ (GATE, emlyon Business School) - Loneliness, trust and trustworthiness: experimental evidence from 27 European countries

16:50-17:00 Concluding remarks by Eko Riyanto and M.C. Villeval

ABSTRACT OF PRESENTATIONS DAY 1

Session 1. Financial Markets

Yohanes Eko RIYANTO. Trading on Hearsay: Credibility of Communication in Financial Markets

[with Nilanjan Roy, Nilanjan Roy, and Yan Wang]

We design an experiment to examine strategic information transmission from a privately informed investor capable of influencing followers' investment decisions through a cheap-talk message. Confirming recent theoretical predictions, we find that a short investment horizon of a sender encourages credible information sharing among investors. Consequently, short-term senders can move prices through their messages, with the impact increasing in the transparency of the trading institution. On the other hand, long-term senders aid in the propagation of fake news and fail to affect asset prices. However, the informational efficiency of asset prices remains invariant to the sender's investment horizon.

Aurélien BAILLON. Source-dependent ambiguity attitudes on financial markets

[with Saeed Badri and Bertrand Tavin]

Classical finance assumes investors assess all uncertainties neutrally across markets, but real-world behavior often deviates due to market segmentation. This paper develops a model of a boundedly rational investor, combining narrow bracketing and Source Theory (ST), which posits that investors respond to uncertainties differently depending on their source. We empirically estimate recently introduced pmatchers, enabling direct comparisons of ambiguity attitudes across markets relative to a benchmark. Our results reveal significant heterogeneity in ambiguity aversion across asset classes, offering new insights into boundedly rational investment behavior and market segmentation.

Session 2. Persuasion and Signaling

Marie Claire VILLEVAL. Narratives as a Persuasion Tool in Performance Appraisals

[with Alice Soldà]

We study how workers use luck-based narratives to explain noisy performance signals and persuade managers of their higher performance in a tournament setting. In an experiment, workers were rewarded either for accurately estimating their performance relative to a sample of past workers, for persuading a manager that they outperformed their rival, or for achieving either of these goals. Results show that workers were most likely to use self-serving narratives, attributing signals of lower performance to bad luck when explanations aimed only at persuading managers. This tendency diminished when accuracy was incentivized. Narratives successfully influenced managers' bonus allocation decisions, but did not change workers' beliefs, suggesting that workers were not fooled by their own narratives when trying to persuade managers.

Marina CHUGUNOVA. Reputational Concerns and Advice-Seeking at Work

[with Lea Hersen and Svenja Friess]

Do reputational concerns impede knowledge diffusion at work? While seeking advice supports learning, professionals may worry that it could signal incompetence, affecting their career prospects. In an experiment with white-collar professionals, we demonstrate that such reputational concerns cause a significant and sizable decrease in the willingness to seek helpful advice, with little evidence that evaluators' competence priors mitigate this effect. Although advice-seeking does not actually affect evaluators' assessments of competence, an intervention study shows that the misperception that it does is difficult to correct. An additional survey confirms that reputational concerns are a common barrier to advice-seeking in the workplace.

Session 3. Decision-Making in Bilateral Trade and Networks

Jiahua ZHU. Knowing Less, Gaining More: Buyer-Seller Dynamics and Algorithmic Decision-Making in Bilateral Trade

[with Yohanes E. Riyanto]

This paper experimentally investigates how limited buyer knowledge about own valuation in bilateral trade affects seller pricing and overall market welfare. Building on the Roesler & Szentes (2017) framework, our study contrasts situations where buyers have full information with those where buyers receive a coarse signal of their valuation. We show that when buyers are less certain about their own valuation, sellers set lower prices. This reduces the seller surplus and improves the buyer outcomes. Moreover, incorporating computer algorithm treatments reveals that interactions with AI influence pricing behavior, sometimes aligning decisions more closely with theoretical predictions. These findings contribute to our understanding of strategic information design and its implications for market efficiency and policy.

Frédéric MOISAN. Behavioral Attenuation in Networks

[with Syngjoo Choi, Sanjeev Goyal, Fulin Guo]

We test a well-known prediction in the theory of networks: equilibrium actions are proportional to (Bonacich) centrality. Our data offer broad qualitative support for this prediction, but the slope of the relationship is smaller than predicted by theory. We also identify effects of the strategic structure (complements vs substitutes) and the complexity of networks on the levels of choices. These patterns cannot be explained using standard behavioral models such as other-regarding preferences, k-level reasoning, cursed equilibrium, and quantal response equilibrium, but they are consistent with a model of behavioral attenuation.

Session 4. Moral Excuses and Willful Ignorance

Alice SOLDA. Playing Dumb to Look Green?

[with Claire Rimbaud]

This paper investigates whether individuals use information complexity as an excuse to remain ignorant so as to behave more selfishly. We study this question in a context where individuals face a trade-off between their monetary payoff and their pro-environmental preferences. We propose that individuals use information complexity as an excuse to make self-serving mistakes, which allow them to behave more selfishly without compromising their pro-environmental image. To test this idea, we conducted an online experiment in which we varied

(i) the complexity of the information regarding the environmental impact of a donation and (ii) whether there is a trade-off between participants' selfish motives and pro-environmental preferences. In line with our hypothesis, we found that participants make more mistakes when information is complex, but even more so when there is a trade-off between their monetary payoff and their pro-environmental preferences. Our findings suggest that pro-environmental individuals do 'play dumb' when doing so gives them an excuse to behave more selfishly without compromising their image.

Eugenio VERRINA. Narratives as excuses

[with Marie Claire Villeval]

This study explores how people use causal narratives—beliefs about the causal relation between variables—to justify moral behavior, and how this changes when their actions and narratives are observed by others and when they are provided with narratives from others. Participants decide whether to pay a cost that may increase the chance of a donation going to charity. They are informed that either their decision or an exogenous variable (beyond their control) will determine the donation's likelihood. They receive simulated data showing the relationships between variables. In the Baseline treatment, participants first report their belief whether the cost or the exogenous variable influences the probability of the donation (their narrative), then decide whether to pay the cost. Other treatments examine how public visibility of narratives and choices, exposure to selfish narratives from others, or both, influence behavior. The study finds that people use narratives to justify their actions. Compared to the Baseline, all treatments lead to a decrease in the narrative—especially among those who tend to avoid information in an independent task. Public exposure increases the likelihood that participants choose to pay.

Te BAO. Earnings Management in IPOs: Moral Hazard or Signaling?

[with Xiaomeng Chen and Zhenxing Huang]

Many studies have shown that people may strategically avoid or ignore costless information to create moral wiggle room and maintain positive social image. In this paper, we explore the possibility that a principal (the King) may deliberately choose to be “kept in the dark (KMID)” about his agent's (the General) opportunistic behavior to avoid punishing her and protect the agent's social image. Our result shows that around 30% Kings are indeed willing to turn a blind eye to the Generals' betrayal even without any expectation of doing so may nudge the agent's to pay back in the next stage. The fraction increases to more than 50% if the latter can reward the goodwill. Material consequence seems to be a stronger driver of the King's decision than social image; more than 2/3 of Kings will switch from avoiding the information to receiving the information but pardoning the General if the pardon option is available.

Session 5. Decision-Making and Social Preferences

Yeow Hwee CHUA. Portfolio Rebalancing Within Categories: Evidence from Socially Responsible Investing

[with Yiting Chen, Chek Ann Tan]

Using both experimental and brokerage administrative data, we document a behavioral pattern in how investors rebalance their portfolios in response to social concerns. In our laboratory experiments, subjects allocate across risk-free and risky assets, with one risky asset varying in its social or personal payoff. We find that ESG-seeking investors increase their allocation to assets with positive social outcomes, while ESG-averse investors reduce it. In both cases, these

adjustments occur primarily through shifts between risky assets rather than between risky and risk-free assets. Risk-free holdings remain largely unchanged. This behavior contrasts with standard portfolio theory, which predicts rebalancing across asset classes when expected returns shift. Real-world trading data confirm these dynamics: investors maintain stable positions in safe assets while reallocating among risky instruments, including ESG-focused mutual funds. Our findings reveal a unified portfolio strategy across divergent social values, consistent with category-based thinking and narrow bracketing.

Benoît TARROUX. Impure Motivations in Social Preferences: Experimental Evidence from Menu Choices

[with Yosuke Hashidate, Tetsuya Kawamura, Fabrice Le Lec and Yusuke Osaki]

This article investigates impure motivations in social preferences through an experiment in which participants choose menus of social allocations (i.e. allocations of gains between themselves and another participant). Menu choices reveal the presence of impure motivations: according to a parsimonious theoretical model, negative motivations (e.g. guilt) will imply a preference for smaller menus, whereas positive ones (e.g. pride) a preference for larger sets. By varying the level of publicity of within-menu choice, we can also observe the importance of self- and social image. Data from France and Japan show unambiguously an important impact of impure motivations on preferences on menus, with the suggestion that negative ones exceed positive ones.

Session 6. Monitoring and Detection

Fabio GALEOTTI. Costly Confessions

[with Julia Rose]

In many economic interactions, individuals lie for their own benefit to the detriment of others. Detecting such lies can be difficult because they typically involve private information. In a large-scale experiment involving 1,202 subjects, we provided individuals with the opportunity to confess their lies in a setting where the counterpart cannot verify the misreport. Confessing is monetarily costly for the subjects, and we vary this cost across treatments. Our results show that allowing people to confess is an effective tool for detecting lying behavior, even when the monetary cost of confessing is particularly high for the liar. This detection effect persists over time. However, we also find that allowing subjects to confess does not deter future lying behavior. Furthermore, we find that confessions are not driven by altruistic motives, supporting the view that the internal mechanism underlying the confession decision is based on a trade-off between monetary and image costs. Finally, we find only a negligible fraction of false confessions, which supports the validity of using confessions as a detection mechanism.

Jubo YAN. Compliance and Monitoring: Does Trust Information Help?

[with Zhi Li]

In a rapidly changing world with the ever-fast-growing technology, compliance and monitoring in many settings, such as verifying individuals' reported income to the tax bureau and monitoring industry pollution by the environmental protection agency, are becoming increasingly challenging. From a theoretical perspective, compliance and monitoring is a

principal-agent problem in which trust may play an important role. Most previous studies have treated trust as a signaling device (i.e., part of the strategy) to supplement contracts. In the current study, we experimentally test the impact of trust information when it is part of the institutional arrangement. That is, we randomly determine whether the trust/trustworthiness of the agent/principal is revealed to the counterpart. This study design allows us to distinguish between the impact of trust per se and the strategic use of trust in a principal-agent game. To test the possible impact of trust/trustworthiness, we first elicit the agents' and principals' trust/trustworthiness in a trust game. We then adopt a tax audit framework in which a taxpayer (agent) chooses the amount of income to report to the tax authority (principal). The tax authority then determines whether to audit the taxpayer at a fixed cost. Although the tax audit game features a unique Nash Equilibrium, our results show that trust/trustworthiness information affects taxpayers' and tax authorities' behaviors. We find that (1) when taxpayers' trust in the tax authority or tax authority's trustworthiness is revealed, the audit rate significantly decreases while compliance does not improve; (2) when the tax authority's trust in taxpayer or taxpayer's trustworthiness is revealed, audit rate significantly decreases with significantly improved compliance. Although we use a tax audit framework to analyze our experimental results, the conclusion applies more generally to other principal-agent settings, especially those involving possible audit and compliance decisions.

Brice CORGNET. Navigating Autonomy: The Impact of Scheduling Flexibility and Choices on Vulnerable Workers

The workplace has recently undergone significant transformations characterized by an unprecedented level of scheduling autonomy. In a natural field experiment involving 998 gig workers, we show that scheduling autonomy, which requires effective planning, exclusively benefits workers with high self-control. Workers with limited self-control earn less when presented with scheduling choices, as they tend to commit to excessively rigid schedules. These vulnerable workers, characterized by low income and health status, are the most adversely affected by scheduling autonomy. For instance, workers in the lowest income quartile earn \$2.15 less per hour when given scheduling options than when given a fixed schedule. We conclude that flexibility does not benefit all workers and that excessive autonomy, especially among vulnerable populations with limited cognitive resources, can be detrimental.

Session 7. Communication

Jonathan YEO. Communication structures and their impact on intergroup cooperation and competition

[with Fang Liu, Yohanes Eko Riyanto, Jonathan Yeo, Zichen Zhao]

In this study, we investigate experimentally the impact of communication structures on intergroup interactions. Participants are induced with minimal identities and then matched into teams with their own identity groups. Subsequently they play a modified team Tullock rent-seeking contest which incorporates both cooperative (efficiency-enhancing information sharing) and competitive (rent-seeking investment) behaviours. On one dimension, we vary whether ex-ante, participants have between-group communication, within-group communication or no communication at all. On the other dimension, we vary whether in the Tullock rent-seeking contest, sharing creates disproportionate benefits for between-group interactions (i.e. diversity benefits). Our results show that between-group communication creates sizeable improvements in cooperation no matter whether diversity has benefits or not. By contrast, it reduces competition significantly only when there are no diversity benefits. We

explore the mechanisms by which these occur. Overall, considering the combined impact of cooperation and competition, between-group communication is never harmful, suggesting that encouraging constructive discussions between groups is an important tool to enhance social efficiency.

Adam ZYLBERSZTEJN. Don't look at them: Experimental evidence on the distribution of information and ability regarding trustworthiness inference from faces

[with Zakaria Babutsidze, Nobuyuki Hanaki, Astrid Hopfensitz]

Humans strongly value seeing facial characteristics when judging and evaluating potential interaction partners. While very influential, the information drawn from seeing others is in most cases not very helpful and often misleading, resulting in economic and societal costs. While much previous research has focused on these biases, little is known about their variation across individuals. In this paper, we investigate two potential levels of heterogeneity: (1) the variance across individuals in being judged correctly or wrongfully by others, and (2) the heterogeneity in judging others correctly. We carry out a three-stage experiment (N=357) where subjects predict a stranger's trustworthiness in an incentivized prediction task after seeing that person's picture. We demonstrate heterogeneity in predictability: some faces contain "kernels of truth" about trustworthiness, while other faces are confusing. On the side of raters, we observe no variance in the ability to judge others correctly. These results suggest that facial inference of trustworthiness should not be viewed as a stable ability, but rather a matter of mere luck. Nonetheless, individuals exhibit "face-sim" by assigning excessive value to using this information in social interactions.

Session 8. Social Relationships and Trust

Jonathan TAN. Migration and Coordination: an Experimental Study

[with Fang Liu, Yohanes Eko Riyanto, Jonathan Yeo]

Our paper experimentally explores how social identity affects coordination in a novel experimental migration game. We model migration contexts by manipulating the payoff structure of dyad-specific interactions and arbitrary social identities of players with or without "incumbency", namely dyads with "locals" or "migrants", respectively. Across treatments, we vary the rate and permanency of migration, the salience of incumbency, and how signals of preference for local or foreign norms can be sent and observed. We find that local norms emerge rapidly in homogenous (local) groups, and eventually in heterogenous (local-migrant) groups across treatments. However, the convergence to local norms is hampered when migrants are in the minority and migration is permanent, as migrants tend to persist in signaling their home-grown norms to protect their interests. This resistance weakens when migrants are present in large numbers, as they benefit from playing foreign and local norms with the respective counterparts.

Astrid HOPFENSITZ. Loneliness, trust and trustworthiness: experimental evidence from 27 European countries

[with Elena Stepanova and Marius Alt]

Trust behavior and being trusted are influenced by a multitude of individual and situational factors. Loneliness is a factor that has recently been hypothesized to be related to trust. Societies

and governments are increasingly concerned with the rise of loneliness, and a negative impact on trust might add an additional social cost of loneliness. Loneliness might be further aggravated by an associated social stigma. To evaluate the economic risk of loneliness, we present results from a large, incentivized trust experiment conducted with more than 27000 respondents. Our study allows us to investigate (i) the relationship between self-reported loneliness and behavior in an incentivized trust situation and (ii) the impact of knowing about the loneliness status of others on behavior.

Contrary to what the literature hypothesized, we observe no negative correlation between self-reported loneliness and trust in the trust game: lonely individuals are more trusting than individuals who are not lonely. Higher trust by lonely individuals cannot be attributed to more optimistic beliefs of returns but seems to reflect a larger willingness of the lonely to take the social risk associated with trusting in the trust game. We further observe that being informed that an interaction partner is lonely leads to a beneficial treatment of the lonely. Individuals known to be lonely are significantly more likely to be trusted, and they benefit from their partners acting more trustworthy. Behavior that cannot be attributed to strategic concerns.

We conclude that loneliness should not be considered as a deteriorator of social capital but as an emotional state that governments and organizations should acknowledge to enable individuals to reconnect to others.

Workshop venue: GATE, MILC building, 35 rue Raulin, 69007 Lyon

Welcome on May 15, breaks and lunches: 1st floor

Sessions: room 501, 5th floor

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