Newcastle University | Business School

Newcastle Experimental Economics Workshop

6 and 7 November 2025

Newcastle University | Centre for Behaviour

Version: 2025-10-29

Programme

Thursday, 6 November 2025

12:00-12:55	Registration & lunch
12:55-13:00	Welcome remarks
13:00-14:40	Submitted talks 1
	1. Concerns about rising prices may raise prices *Fidel Petros (WZB Berlin & Berlin School of Economics)* 2. Discriminative Trust: Method and Evidence From England's North-South Divide *Ethan O'Leary (Norwegian School of Economics)* 3. Transparency and whistleblowing in public goods provision with rent-extracting administrators *Zeyu Qiu (University of Birmingham)* 4. Public Goods Provision with Private Information: From Procedural Fairness to Participatory Incentives *Kei Tsutsui (University of Bath)*
14:40-15:00	Coffee/tea
15:00-16:15	Submitted talks 2
	1. Correlation Neglect in Financial Decision-Making: The Role of Complexity *Jing Zhou (University of Edinburgh)* 2. How do Individuals React to Information in Naturalistic Settings? Rational Decision Making in Elite Sports *Scott Dickinson (University of Exeter)* 3. Irrational Attention *Aleksei Chernulich (Durham University)*
16:15-16:35	Coffee/tea
16:35-17:35	Keynote lecture 1: "Female leaders" *Brit Grosskopf (University of Exeter)*
19:30	Dinner at Blackfriars

Friday, 7 November 2025

8:45-9:00	Coffee/tea
9:00-10:00	Keynote lecture 2: "Psychological Games: Theory & Experiments" *Martin Dufwenberg (Purdue University & University of Gothenburg)*
10:00-10:20	Coffee/tea
10:20-11:35	Submitted talks 3 1. Willingness to Lead in Precarious Times and the Glass Cliff: Does the Organisation's Financial Status Matter? *Rebecca Heath (University of Cambridge)* 2. Confidence in Job Search: Closing the Gender Gap in Reapplications *Joel Lamb (University of Exeter)* 3. Heuristics and Signals: Experimental Evidence on Information and Wage Discrimination *Magdalena Smyk-Szymańska (Warsaw School of Economics, GRAPE)*
11:35-11:55	Coffee/tea
11:55-13:10	Submitted talks 4 1. Nudges in Sustainable Food Choices: Evidence from a Truth-Telling Incentivized Online Experiment *Lina Rinaldi (IMT School for Advanced Studies - Lucca)* 2. The collective risk social dilemma: A meta-analysis *Sijia Liang (Newcastle University)* 3. Designing markets for bundled environmental goods *Ben Balmford (University of Exeter)*
13:10-14:00	Lunch

Workshop venue

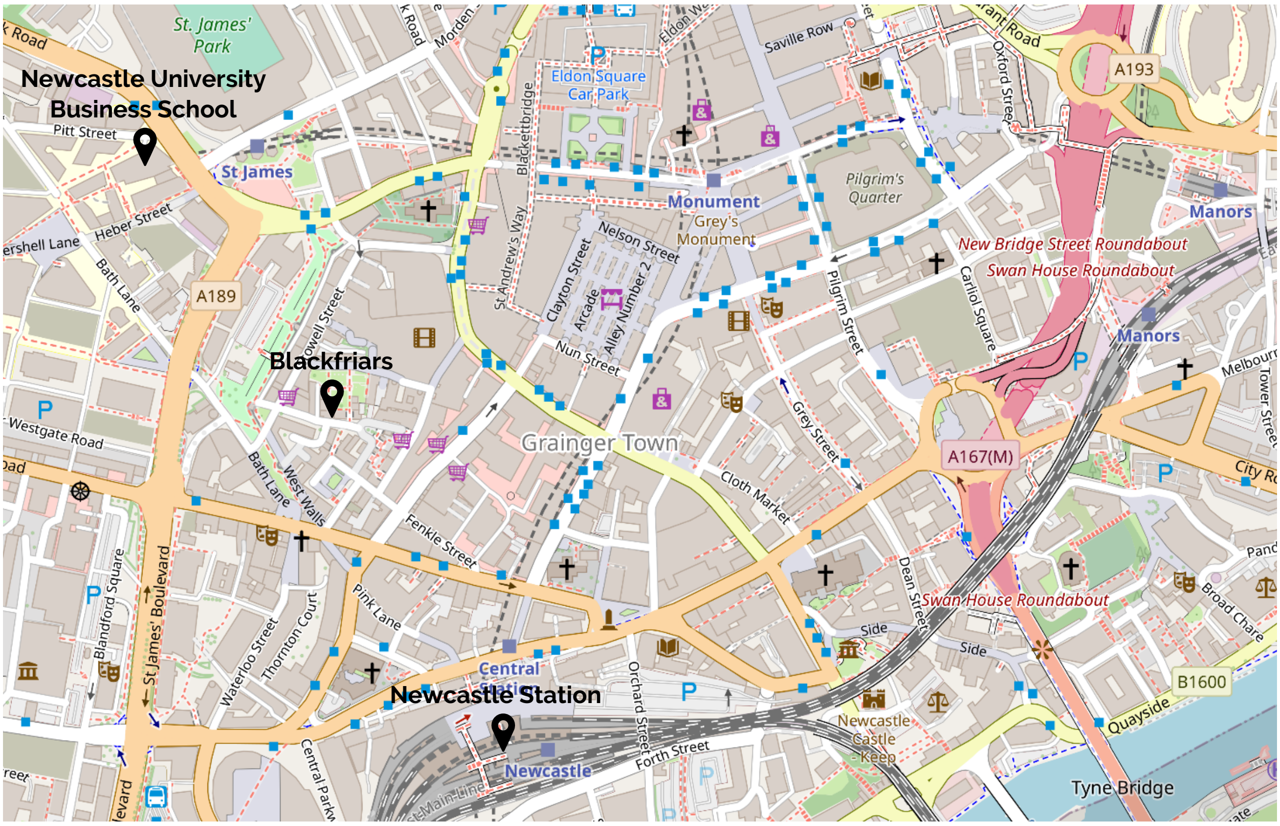
The workshop will be held at the Newcastle University Business School Room NUBS.8.10 ("St James View"). The Business School is in walking distance of Newcastle Central Station (approx. 15 minutes). The closest Metro stop is "St James" (approx. 2 minutes). For public transport information see: https://www.nexus.org.uk/

Newcastle University Business School
5 Barrack Road
Newcastle upon Tyne
NE1 4SE

Dinner venue

We booked Blackfriars for dinner on Thursday, 6 November 2025, from 7.30pm. Walking from the Business School to Blackfriars will take approximately 8 minutes.

Blackfriars
Friars Street
Newcastle upon Tyne
NE1 4XN
https://blackfriarsrestaurant.co.uk/



Notes for chairs and presenters

Each presentation will last 25 minutes. You can divide this time between your presentation and the discussion as you prefer. However, we recommend leaving at least 5 minutes for the discussion. Each session has a designated chair who is responsible for timekeeping and moderating the discussions. A computer with MS Windows will be available in the room. Your presentation should be in PowerPoint or PDF format. Please bring your presentation on a USB flash drive and copy your slides onto the computer before the start of your session.

Lunch and coffee breaks

Buffet lunch will be served in NUBS.8.10 ("St James View"). Tea and coffee will be available during breaks. We encourage you to bring a reusable water bottle which can be refilled at various water fountains across the Business School.

Internet

Please select the Wifi network "Eduroam". You will need your University username and password to sign in.

Acknowledgements

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Contact information

If you have any questions, please email expecon@newcastle.ac.uk, or contact the workshop organisers:

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Abstracts

Submitted talks 1

Concerns about rising prices may raise prices

Fidel Petros (WZB Berlin & Berlin School of Economics) with Steffen Huck and Hans-Theo Normann

Abstract: We use a laboratory experiment to investigate whether statements from governmental institutions expressing concerns about price increases trigger such increases by facilitating tacit collusion. Such statements on market conduct are disclosed after an exogenous and unexpected upward cost shock. Two potential channels affecting tacit collusion work through (i) a reduction of strategic uncertainty and (ii) an inducement of correlated beliefs. We find that issued statements of concern become self-fulfilling prophecies, triggering price increases by reducing strategic uncertainty. Our results suggest that institutions should seriously reflect on possible adverse effects of statements of concern when considering disclosing them.

Discriminative Trust: Method and Evidence From England's North-South Divide

Ethan O'Leary (Norwegian School of Economics)

Abstract: Trust—the belief in another individual or organization's intent to act in good faith—is a cornerstone of social prosperity. However, cultural norms significantly influence trust levels within and between groups, often leading to discriminatory behaviours that undermine cooperation. This paper investigates the impact of culture on trust in England—a culturally and economically divided nation—using a novel experimental approach that isolates trust from confounding factors such as risk preferences and distributional concerns. Focusing on self-identified Southerners and Northerners, I find evidence of a cultural trust gap. Specifically, while Southerners exhibit equal trust towards both groups, Northerners trust Southerners significantly less than their own group. By decomposing trust into its conditional and unconditional components, I show that this disparity is driven by unconditional trust: Northerners perceive Southerners as more selfish than their own culture.

Transparency and whistleblowing in public goods provision with rent-extracting administrators

Zeyu Qiu (University of Birmingham) with Michalis Drouvelis and Johannes Lohse

Abstract: This paper investigates how transparency and whistleblowing influence public goods provision in the presence of administrators who may engage in rent extraction. Using a repeated public trust game experiment, we find that both institutions increase voluntary contributions by approximately 40% compared to a baseline where contributors cannot distinguish between rent extraction and low contributions. However, they operate through distinct behavioural channels. Transparency reduces the roundwise decline of contributions, while whistleblowing triggers an early boost in contributions. To distinguish these mechanisms, we estimate a structural panel vector autoregressive model (PVAR). Results from this model confirm that whistleblowing operates predominantly through an assurance mechanism, with little evidence of deterrence, as actual whistleblowing occurs infrequently and administrators' rent extraction is largely unaffected. Our results highlight that whistleblowing, despite being costly, can be an effective substitute for full transparency, especially when full transparency is difficult or costly to implement.

Public Goods Provision with Private Information: From Procedural Fairness to Participatory Incentives

Kei Tsutsui (University of Bath) with Federica Alberti and Mahsa Ghaffari

Abstract: We study a procedurally fair mechanism for public goods provision that incorporates monetary incentives awarded upon successful provision. Our theoretical model accounts for private valuations, risk preferences, and subjective beliefs about others' contributions, allowing us to derive predictions about optimal contributions and assess the role of monetary incentives. We test the model's predictions in a laboratory experiment. The results show that monetary incentives significantly increase contributions, though their effect on efficiency is limited. Contrary to the model's predictions, we find a positive correlation between contributions and subjective beliefs. Surprisingly, we also find a significant effect of risk preferences on contributions. These findings contribute to the understanding of how monetary incentives interact with fairness-oriented institutions, highlighting the importance of individual heterogeneity, risk preferences, and subjective beliefs in shaping cooperative behaviour.

Submitted talks 2

Correlation Neglect in Financial Decision-Making: The Role of Complexity

Jing Zhou (University of Edinburgh)

Abstract: Optimal portfolio choice requires people to recognize and act on correlations between asset returns, yet many fail to do so – sometimes they neglect the correlation change, and sometimes they do respond. I reconcile the mixed findings in the literature by proposing two mechanisms of complexity aversion that attenuate responsiveness to correlation in portfolio choice: Cancellation Complexity (the cognitive burden of identifying and ignoring states in which assets yield the same return) and Tradeoff Complexity (the difficulty of aggregating outcomes across states when marginal distributions are more dissimilar). I then test these hypotheses by switching each of them on and off in the controlled experiments. I find that both types of complexity aversion significantly reduce sensitivity to correlation and increase mis-responses (adjusting in the wrong direction). And the finding is robust to the measures to capture responsiveness to correlation. Experience modestly improves responsiveness in the benchmark condition but does not offset either complexity. The results provide a unified account of heterogeneous evidence on correlation neglect and highlight how specific forms of complexity systematically distort portfolio decisions.

How do Individuals React to Information in Naturalistic Settings? Rational Decision Making in Elite Sports

Scott Dickinson (University of Exeter)

Abstract: In many experimental settings, individuals appear to either underreact or overreact to information when making decisions about the future. Less is known about how individuals react to information when making decisions in naturalistic settings. In this paper, I study the ability of individual decision makers to incorporate information about past outcomes when making judgements about future outcomes in naturalistic settings using data on elite sports. In the setting under observation, fans make hundreds of decision relating to the future performance of elite athletes. Using variation in outcomes between athletes who took actions with the same probability of success, I show that persistence in the data generating process is correctly incorporated by fans into their predictions. Not only do fans react to information in the correct direction, but they also appear to react with the correct magnitude. This is consistent with rational decision making.

Irrational Attention

Aleksei Chernulich (Durham University) with John Wooders

Abstract: We show that people exhibit irrational attention – spending time and attention on solving a problem beyond the deadline, even when missing the deadline leads to a worse possible outcome. We demonstrate that irrational attention can be generated by satisficing behaviour. People try to reach aspiration levels, but when it takes longer than the available time, they miss the deadline instead of lowering the aspiration level. We provide evidence on irrational attention by analysing games of chess with time control. Chess is a classic example (Simon, 1955) of a situation where an optimal strategy is not possible to calculate, and people resort to satisficing behaviour of searching for a good enough (at the aspiration level) move. We collected data on millions of chess games and analysed them to show that people regularly lose on time even though they have good odds of winning, have an understanding of their chances to win, have time to make a move, and even have a simple but suboptimal (below aspiration level) strategy readily available.

Submitted talks 3

Willingness to Lead in Precarious Times and the Glass Cliff: Does the Organisation's Financial Status Matter?

Rebecca Heath (University of Cambridge) with Nisvan Erkal, Lata Gangadharan and Erte Xiao

Abstract: Women often take leadership positions with a high risk of failure, a phenomenon known as the Glass Cliff. While existing literature has focused on demand-side motivations for nominating women for precarious positions, limited attention has been paid to the supply-side. In this study, we investigate gender differences in the willingness to lead financially successful versus financially failing organisations, under two different leadership selection mechanisms. Under the Opt-in mechanism, candidates must actively express interest in the leadership position. Under the Opt-out mechanism, all qualified individuals are automatically considered for the leadership position, unless they actively choose to decline. We find that, under Opt-in, men are less likely to apply for leadership in failing organisations compared to successful organisations, whereas women's willingness to lead is not affected by financial status. As a result, a gender gap emerges in leadership for successful organisations but not for failing organisations. However, under Opt-out, this gap disappears, suggesting the leadership selection mechanism plays an important role in shaping the conditions under which the Glass Cliff arises.

Confidence in Job Search: Closing the Gender Gap in Reapplications

Joel Lamb (University of Exeter) with Iris Bohnet, Hui-Yih Chai, Oliver Hauser and Kim Louw

Abstract: We explore reapplication gaps to leadership positions and to research assistantships caused by applicants' gender and confidence, respectively. Providing applicants with information that helps them update their beliefs of the likelihood of receiving an offer closes both gaps, suggesting that confidence-boosting messages not only make underconfident but also female applicants more willing to reapply. A mediation analysis corroborates the role of confidence: when (truthfully) informed that they were among the top 20% of applicants and possessed characteristics desired by the employer, beliefs about relative performance and relative fit mediated the treatment's impact on expected likelihood of success and willingness to reapply. Our findings are compatible with a simple model of Bayesian updating, with one exception: in the field experiment, men's likelihood of reapplying decreased when informed of their high relative standing. The paper discusses the importance of employer feedback boosting employee confidence towards closing gender gaps in the labor market.

Heuristics and Signals: Experimental Evidence on Information and Wage Discrimination

Magdalena Smyk-Szymańska (Warsaw School of Economics, GRAPE) with Katarzyna Bech-Wysocka

Abstract: Statistical discrimination theory explains wage differences between demographic groups by referring to differences in group averages or heuristic-based decision-making. This study investigates whether providing employers with accurate information about individual productivity affects wage-setting practices. We replicate a labor market scenario in which employers determine wages based on perceived productivity differences between male and female workers. Our experimental findings suggest that statistical discrimination influences initial wage decisions, but access to individual performance data reduces reliance on group-based heuristics. The dominant strategy when the actual information about performance is to share the resources according to contribution. We observe that in tasks where women statistically outperform, higher-scoring individuals tend to receive slightly less than their proportional contribution, whereas in tasks where men perform better, they tend to receive slightly more than their contribution. Furthermore, we show that with only statistical information, significant gender-based wage discrimination aligned with performance stereotypes occurs, but there is no gender discrimination under full information about performance. Our results contribute to the broader discussion on labour market inequalities and approaches to reducing statistical discrimination.

Submitted talks 4

Nudges in Sustainable Food Choices: Evidence from a Truth-Telling Incentivized Online Experiment

Lina Rinaldi (IMT School for Advanced Studies - Lucca) with Panizza Folco and Bilancini Ennio

Abstract: This study evaluates the effectiveness of three nudging strategies—eco-labels, social norm nudges, and personal norm reflection—in reducing the selection of animal-based food. Using an incentivized online grocery store experiment with a UK-based sample, we tested the individual and combined impacts of these interventions. Results show that eco-labels effectively guide participants toward plant-based choices, whereas the impact of norm-based nudges depends on socio-demographic characteristics and participants' baseline predisposition toward sustainable diets. Combining interventions did not yield additive benefits and, unexpectedly, counteracted the effectiveness of the eco-label nudge used in isolation. Socio-demographic factors also influenced basket composition, with some characteristics shaping participants' responsiveness to the treatments. The study also introduces a novel "truth-telling-compatible" incentive mechanism designed to align stated preferences with actual choices. Our findings provide actionable insights into the potential of eco-labels as policy tools to encourage more sustainable food choices, in line with the European Union's Farm-to-Fork strategy.

The collective risk social dilemma: A meta-analysis

Sijia Liang (Newcastle University) with Matt Walker and Till Weber

Abstract: The collective-risk social dilemma (CRSD; Milinski et al. 2008) has been used extensively to simulate the collective action problem of climate change: a group of people must make repeated costly decisions to reach a collective target and avoid a probabilistic loss before the outcome is realized. Numerous experimental studies in economics and the wider social sciences have investigated different factors that affect cooperation in the CRSD, including core parameters of the game (e.g., the group size, probability of loss, or threshold), elements of the environment (e.g., inequality or uncertainty) and potential interventions (e.g., communication, milestones or punishment). By pooling data from 35 published and unpublished studies (150

treatment groups), a meta-analysis was conducted to quantitatively identify regularities in behaviour and distil key factors underlying successful climate action. The paper develops a variant of the Collective Risk Ratio, previously introduced in the context of a deterministic threshold public good game, to capture the expected gain from contributing in the CRSD relative to the cost. The results at the treatment level reveal that there is a significant positive relationship between the Collective Risk Ratio and cooperation success rates. Larger groups are less likely to reach the collective target, and the presence of uncertainty substantially reduces cooperation. The results have timely implications for the conduct of successful climate negotiations.

Designing markets for bundled environmental goods

Ben Balmford (University of Exeter) with Brett Day and Luke Lindsay

Abstract: "No net loss" policies are increasingly common tools through which governments reduce net environmental damage. To function efficiently, these policies require trade, with firms who damage the environment paying for offsetting environmental improvements from other economic agents. Yet, current trade is hamstrung because the blocky nature of supply and demand for environmental services has yet to be recognised by existing market solutions. In this paper we propose and test, both in the real world and laboratory, a package market using the Balanced Winners' Contribution rule of Lindsay (2018). Proprietary data from the real world shows that the package market design is highly flexible and can facilitate trade where current approaches fail. The experimental results point to this new market design offering substantial efficiency gains relative to the current approaches applied internationally, suggesting broad applicability of the market design.

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