

Behavioral Measures of Risk-Taking

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Risky behavior has been studied theoretically and empirically in multiple disciplines. Often, the theoretical/normative (what people *should* do) and the empirical (what people *actually* do) are in conflict. For example, we observe the same individual both purchasing insurance (suggesting risk-aversion) and lottery tickets (suggesting risk-lovingness). Other studies show individuals accepting a gamble when it is described in one way, and rejecting the same gamble when it is described differently (framing effects). Finally, a broad set of research has identified systematic biases in how individuals perceive risky decisions, and heuristics that they use to choose in these settings. This chapter provides a summary of this empirical literature on individual attitudes toward gambling from the fields of experimental economics and judgment and decision making.

In addition, we offer a methodological contribution. We describe best-practices from each discipline in eliciting risk preferences, and highlight both advantages and dangers in the methods discussed. We identify complimentary methods that have been used to measure the same underlying constructs, including attitudinal versus behavioral measures, and self-report versus laboratory versus field behavior.

We conclude with avenues for further research, highlighting a set of puzzles that could be further explored using existing empirical methods. We also describe recent advances in neuro-imaging (brain-scanning), and identify the potential for that methodology to shed light on risk attitudes, risky choices and addictive gambling behaviors.