

Background & Motivation

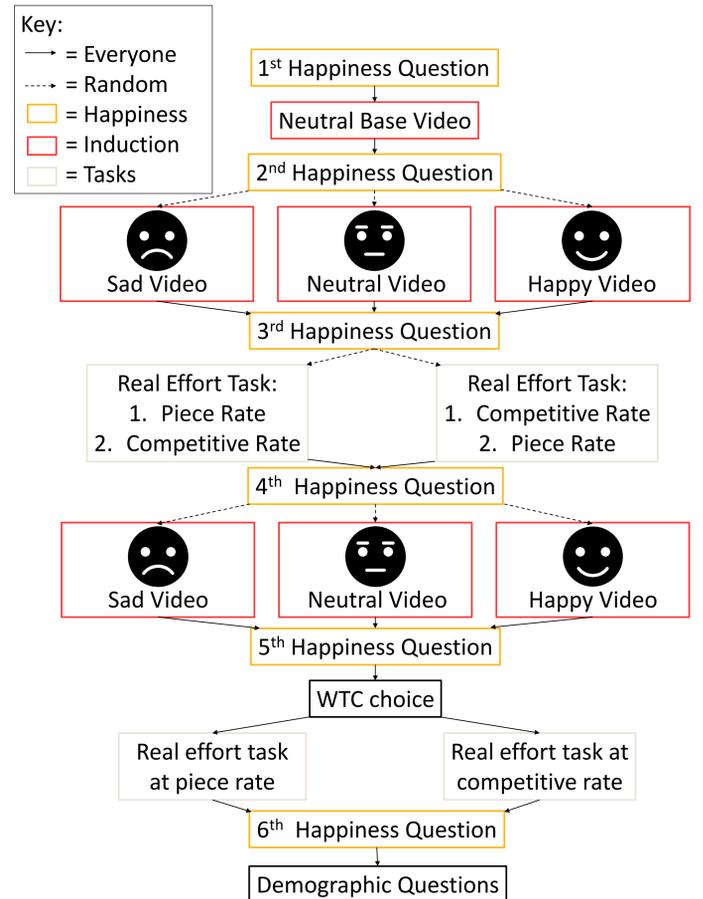
- Willingness to Compete (WTC) is interesting to investigate because of strong and puzzling tendencies
 - Large gender gap
 - Strong correlation with risk aversion
- Uncertainty persists on what drives behavioural preferences such as WTC
- Happiness has emerged as an important driver of behaviour
- A growing literature tries to manipulate happiness experimentally to test effects on behavioural outcomes
- In a similar vein, it would now be interesting to investigate the effect of happiness on WTC
- The empirical approach is somewhat dictated by previous work on WTC and online happiness inductions

Hypotheses

- Happiness increases WTC (binary decision whether to get competitive or piece rate pay)
- Happiness increases productivity (number of real effort tasks done)
- Male subjects show higher WTC
- Competitive pay increases productivity

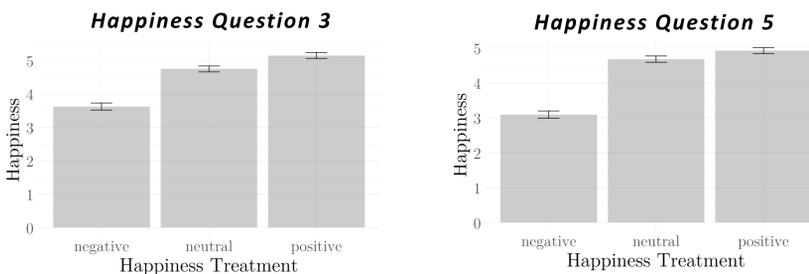
Data & Empirical Strategy

- Nationally representative sample of 645 US-respondents from prolific.ac
- Main hypotheses and analyses were pre-registered on aspredicted.org
- Online experiment with attention checks and fair pay (see graphic to the right)
- Happiness is rated on a 7-point scale
- WTC is the binary decision between payment schemes
- Productivity is measured by the number of slider tasks accomplished in the rounds
- Regression analysis and statistical tests serve as methods for the different hypotheses
- The experiment collected subjective variables to analyse potential explanatory mechanisms

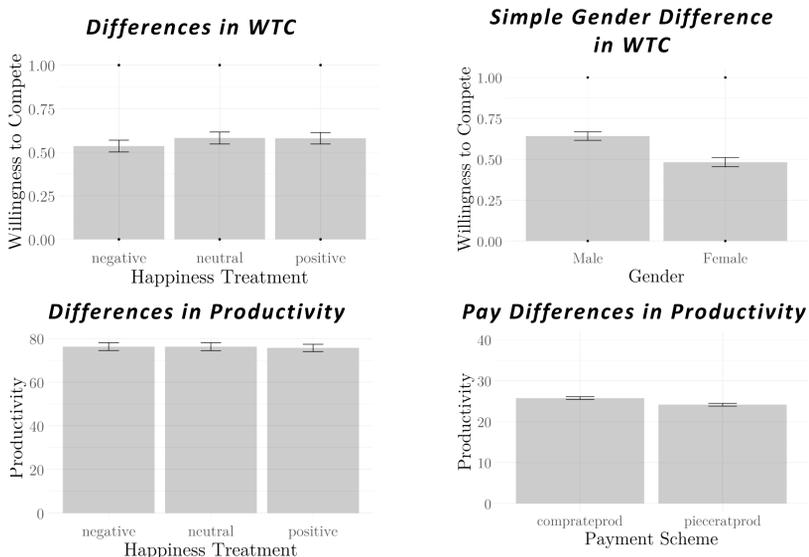


Induction

- Successful induction for each of the two successive attempts



Results



Regression Results

	Regression Results	
	Dependent variable:	
	WTC (1)	Productivity (2)
Happy	-0.029 (0.048)	0.116 (1.960)
Sad	-0.006 (0.048)	0.359 (1.953)
Female	-0.066 (0.044)	-3.174* (1.778)
Age	-0.003 (0.002)	-0.579*** (0.098)
Risk	0.022** (0.009)	-2.412*** (0.365)
Comp. confidence	0.003** (0.001)	0.094* (0.048)
Task confidence	0.006** (0.003)	1.181*** (0.109)
Constant	0.282* (0.170)	72.706*** (6.887)
Fixed effects?	No	No
Controls	Yes	Yes
Observations	629	629
R ²	0.121	0.471
Adjusted R ²	0.061	0.435
Residual Std. Error (df = 588)	0.481	19.443
F Statistic (df = 40; 588)	2.023***	13.090***

*p<0.1; **p<0.05; ***p<0.01

- Regression analysis for differences in WTC by treatment group:

$$WTC_i = \beta_0 + \beta_1 * Treatment_i + X_i + \epsilon_i$$

- Subjective variables:
 - Risk attitude - are you generally a person prepared to take risks from 0-10
 - Competition confidence - how confident are you to outperform your opponent from 0-100
 - Task confidence - how many out of 40 sliders will you be able to move correctly
- All subjective variables are highly correlated with WTC and productivity.
- All subjective variables correlate with gender but not with happiness
- Other numerical analyses:
 - Tukey's HSD test for differences in productivity by happiness treatment shows insignificant results
 - Welch's t-tests for differences in WTC by gender and productivity by pay-scheme both show significant results

Conclusion

- Differences in WTC for happiness treatments are weak** and generally insignificant, but the negative treatment shows some tendency to be less willing to compete.
 - One potential explanatory channel is **risk preference**. Whereas gender correlates strongly with risk preference, happiness does not shift it as much.
- Important distinction between happiness and life satisfaction. The latter could arguably be more correlated with risk preferences but is impossible to manipulate in an experiment setting.
- Experiment confirms previous findings that female participants are much less willing to compete.

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