

Measuring risk attitudes in a laboratory search experiment

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Abstract

This paper proposes an alternative method of measuring risk preference from a laboratory search experiment. We conducted a laboratory search experiment by using two methods of decision making, direct response method and strategy method. Also, we conducted Multi Price List (MPL) method that is commonly used in the behavioral economics to measure risk preference. And, we analyzed the correlation between the risk preference that is elicited from a laboratory search experiment and from MPL method. By the result, we observed risk averse in totally both in direct response and in strategy method. The extent of risk preference by using strategy method is higher than that by using direct response method. The risk preference that is measured from a laboratory search experiment is correlated that from MPL method, but the correlation is weak in strategy method. We do not observe the gender difference of risk preference in direct method, but observe that in strategy method from OLS but not from structural estimation.

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