

Social norms or low-cost heuristics: An experimental investigation of imitative behavior

(Discussion Paper No. 2014-2)

Reply to Referee #2's comment

July 4, 2014

Response Letter

We would like to thank the Reviewer for a careful reading of the paper and for her/his informed and stimulating comments which have led to what we believe is an improved version.

Below we report the original comments and observations (in italics) and explain, through a list of point-by-point replies, how the revised version of our paper would deal with the concerns raised by the Reviewer.

Response to Reviewer #2

1. The paper reports the results of an experiment where subjects have the possibility to overcome cognitive difficulties related to a task on the basis of two different sets of information: what the Majority of the others participants to the experiment chose in previous sessions of the experiment and the information that the Default card is “one of the best 8 cards (among 16) appearing covered on the screen”, in two different cognitive settings: a more difficult one (that they called high cost) and a simpler one (that they called low cost).

They assess that in this way they are able to understand how much cognitive costs and social norms affect individuals decisions and to analyze how this determines imitation.

I am quite skeptical about this being the main result of the paper since no actual interactive setting is implemented in the experiment (all decisions are individually taken by “participants randomly allocated to cubicles inhibiting interaction with other participants”); moreover, in Treatment MAJORITY, information about what the majority of others participants choices refers not to the current group decisions, but to the choices made in “a previous experimental session”). There are several studies about networks structures among participants (apart the two mentioned in the paper) that better account for effects related to the difficulty to work out optimal choices when complexity and multiplicity of equilibria are binding (see Conte et al. 2012 as an example).

Moreover no social norm is evocated by the experimental setting (contrary to

the mentioned tax compliance framing). Therefore I do not see any possible normative determinants be at work in this setting. So I am not very surprised that they do not find strong evidence for imitative behavior: in their setting it represents in fact just a way to overcome individual cognitive difficulties.

We thank the Reviewer for pointing out a literature contribution (Conte et al. 2012) that fits well with our work and that we have included in the revised version of the paper for the insights it provides. We agree with the Reviewer that the social norms component of the paper could have been framed in a more powerful way. In order to account for this, in the new version of the paper we decided to change the title, as recommended also by Reviewer #1, and to develop more in depth the self-confidence component of subjects' decisions, as well as the beliefs about majority choices.

2. Despite the above observations, I found quite interesting the experiment and its results from several points of view and I suggest to revise the paper as illustrated below.

Its main focus in my opinion is the relationship between under-confidence and low-cost heuristics that seem to better capture the framing implemented. In particular the decision of imitating others choices in presence of a task that requires some skill could be easily related to the lack of confidence that individuals experience when coping with tasks either too complicated or in which they think not to be talented.

The comparison between the treatment Majority and Default will allow to disentangle the confidence from the cognitive effect.

Moreover the belief elicitation could be considered as the expectation of personal success and therefore could capture the subjects ability to self-evaluate. Also the information on the difficulty that subjects declared about the task could be used to this aim.

The same analysis could be reproduced also with high or low cognitive costs to see if they affect confidence or its consciousness versus bounded rationality options. As far as the temporal pattern in the distribution of choices, I found quite interesting the role of memories that emerges from the data.

We would like to thank the Reviewer for pointing out this interpretation for our results. In the revised version of the paper we included in the Appendix the post-experiment questionnaire administered to subjects, from which we get data about their beliefs regarding the accuracy of their final choice, as well as their beliefs of relative performance compared to the other subjects of their own experimental session. These are crucial variables in order to investigate the under-confidence component proposed by the Reviewer, to which we now devote a part in the Results section. Moreover, we now separately analyze the difficulty declared for the task, as well as other variables of interests, for those who opted for a default/majority card and for those who decided to chose one of the inspected cards.

3. Therefore I suggest to revise the paper focusing on the different ways to cope with complexity (following the majority versus accepting the default option). Herding is in fact a way to cope with complex or ambiguous decisions.

In addition, it would be interesting to have a measure of how many times their subjects decided to go for a hint in the two different settings and if this could depend on how they evaluate themselves.

In the descriptive statistics I suggest to give less relevance to the analysis of the final payoffs.

We inform the Reviewer that we have now added a few contributions referred to the herding literature, and reorganized the literature related to social norms, in the light of the new interpretation and twist given to our work. We also gave less relevance to the analysis of final payoffs, as suggested by the Reviewer. Furthermore, we wish to acknowledge that the paper has been thoroughly proof-read.