

The Effect of Chronic Regulatory Focus on Sampling Behavior and Risky Decisions

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Abstract

Prior research on a possible role of regulatory focus orientation (Higgins, 1998) in financial decision-making has focused on description-based tasks in which people receive explicit information about the characteristics of a decision problem a priori. However, relatively few real-world decisions resemble this type of laboratory task. Here, we examine how regulatory focus orientation influences peoples decision behavior in an experience-based sampling paradigm (Hertwig et al., 2004), where people learn about the characteristics of a decision problem only through experience. We investigated if individuals chronic regulatory focus orientation (promotion-focus or prevention-focus) predicts process (sampling) and outcomes (risky versus sure-thing choices) in a sampling paradigm task. Regulatory focus did not predict sampling behavior, nor the number of risky choices in the gain domain, but promotion focus orientation was correlated with the prevalence of risky choices in the loss domain. Also, the big-5 personality trait of Openness was found to be related to number of sampled outcomes for losses and to risky choices for gains.