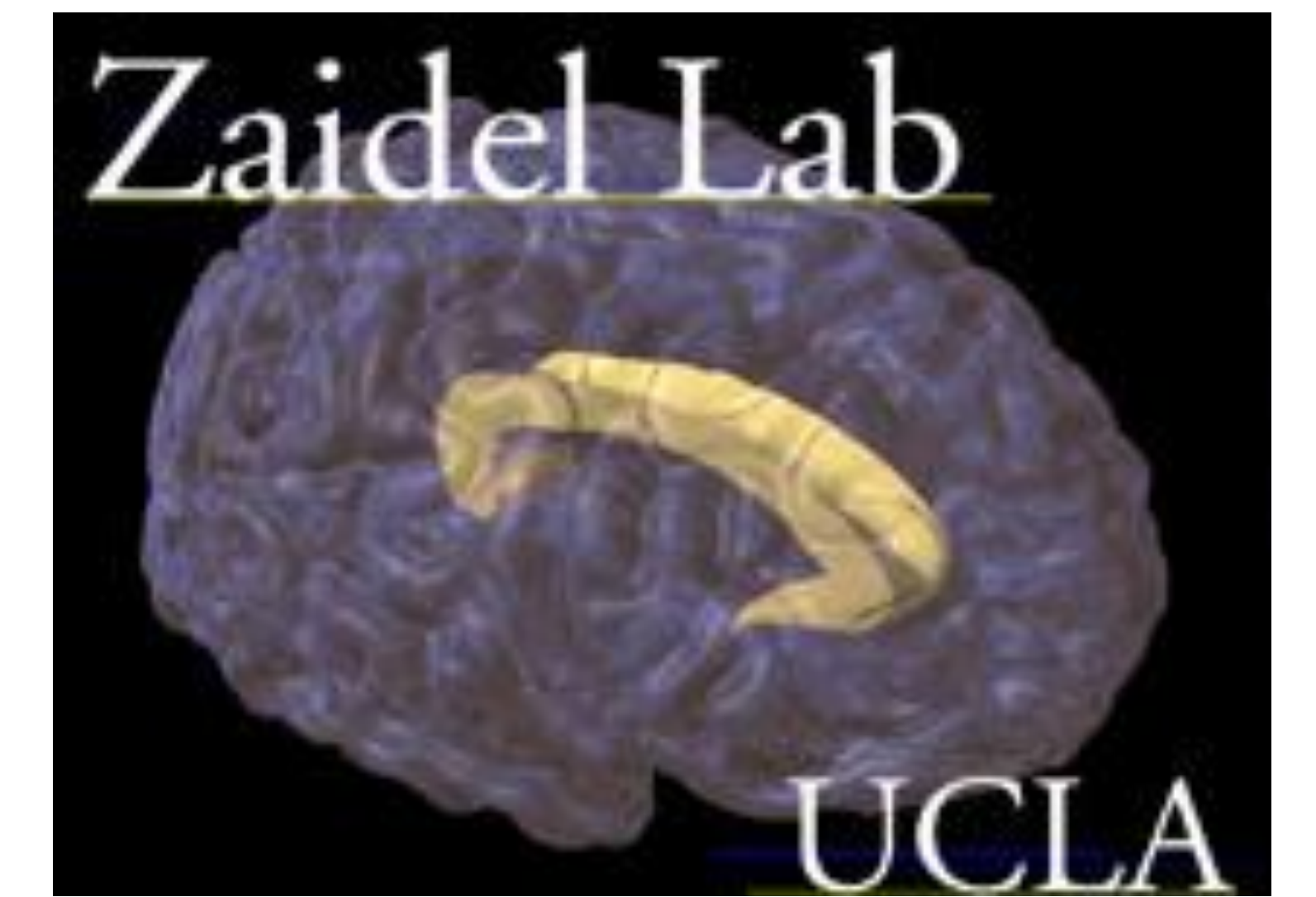




Asians' Perceived Out-Group Dissimilarity and Risk-Seeking in Auctions: Evidence of Hemispheric Specialization

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Risk-seeking Choices in Non-cooperative Auctions: In a non-cooperative auction setting, both winners and losers pay the amount that they bid. This rule leads second-highest bidders to make risk-seeking choices in bidding against their opponents in order to avoid a certain loss (Shubik, 1971).

Research Question: How does the visual presentation area (i.e., Right Visual Field vs. Left Visual Field) of an opponent bidder's face and the opponent bidder's Identity (i.e., out-group identity vs. in-group identity) affect risk-seeking in a non-cooperative auction?

Social identity theory (Tajfel & Turner, 1986) has suggested that people who strongly identify with their own identity groups blur the distinctions between their own and their in-group members' welfare, but distinguish their own welfare from out-group members' welfare. Thus, people are more likely to make risk-seeking choices while bidding against their out-group members than their in-group members.

However, we propose that the above argument holds only when the facial photo of the opponents is presented to people's LVF (associated with the Right Hemisphere) because the RH is associated with the in-group and out-group distinctions. For instance, activations in the RH is connected to romantic and maternal bonding (similar to in-group favoritism) and an antagonism to outsiders (similar to out-group competitiveness) (Aron et al, 2005).

Hypothesis: An opponent bidder's face presentation area and the opponent bidder's identity jointly affect risk-seeking in a non-cooperative auction. When an out-group bidder's face compared with an in-group bidder's face is presented to the LVF, people feel more dissimilarity to their opponent and therefore are more likely to make risk-seeking choices and to bid against their opponent. However, the above differences become insignificant when the bidder's face is presented to the RVF.

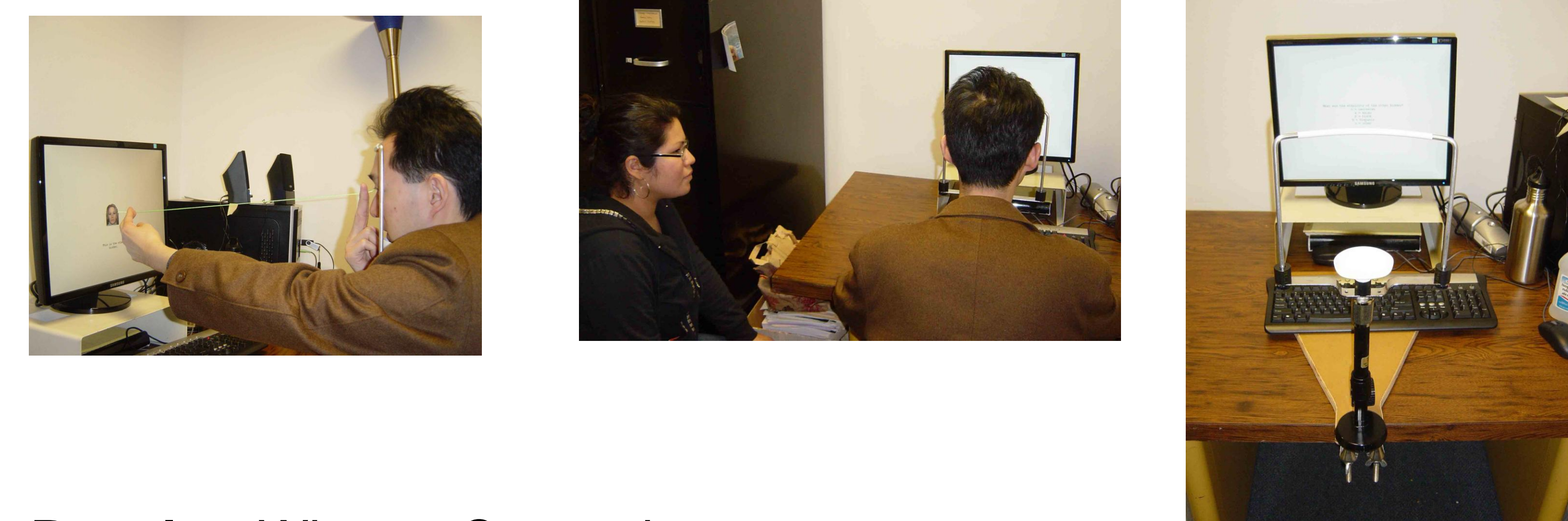
Study 1: Caucasian Out-group Opponent

Participants: 20 Asian adults (80 data points), 55% female, age from 18 to 43 years ($M = 21.65$, $SD = 5.62$), right handed

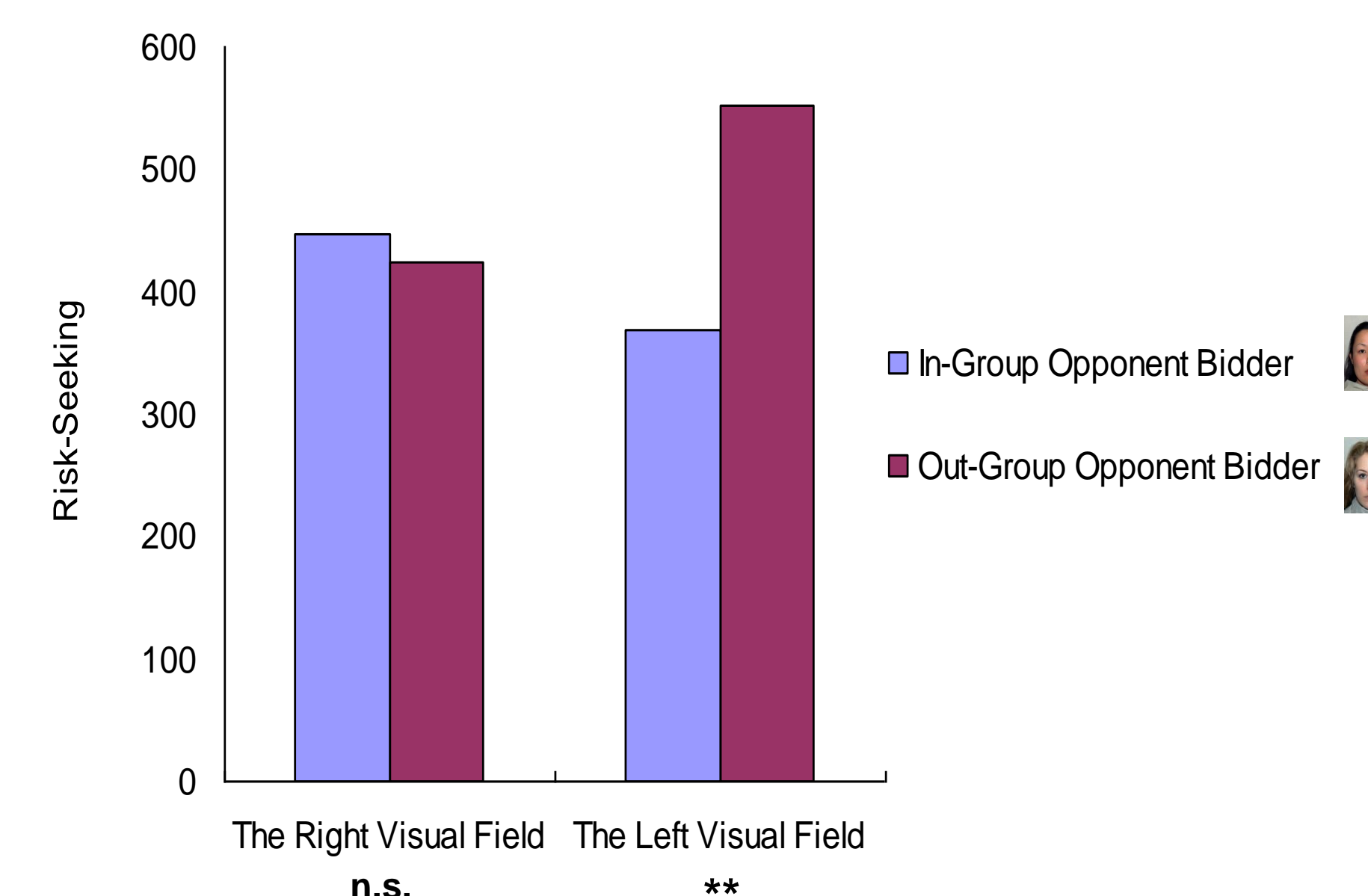
Research Design: A within-subject design with one four-condition factor (randomizing the order of each condition), jointly manipulating Face Presentation Area (Left Visual Field vs. Right Visual Field) and Opponent Identity (Out-group: Caucasian vs. In-group: Asian)

Non-cooperative Auctions: Asian participants engaged in four auction task (a modified task from Ku, 2008) with another bidder simulated by the computer. Participants were given an allotment of 800 points to bid against the bidder to win a prize of 400 points for each auction game.

Risk-seeking Tendency (DV): The final bid price of each auction task.



Results: When a Caucasian opponent bidder's face compared with a Asian opponent bidder's face was presented to the LVF, Asian participants were more likely to make risky choices and to bid against their opponent. However, the above difference became non-significant when the opponents' face was presented to the RVF.



Study 2: African American Out-group Opponent

Participants: 24 Asian adults (96 data points), 75% female, age from 18 to 43 years ($M = 20.10$, $SD = 1.37$), right handed

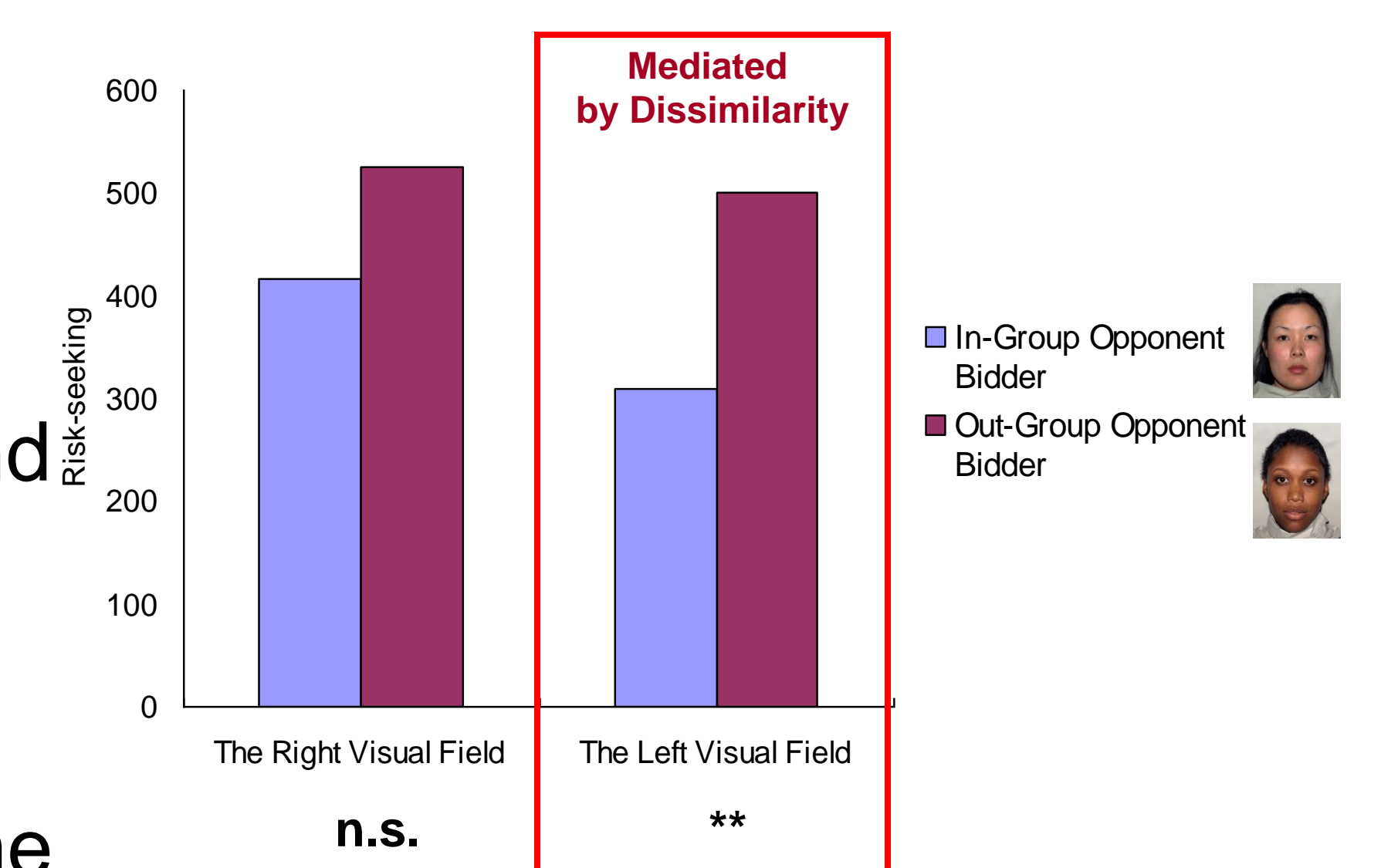
Research Design: A within-subject design with one four-condition factor (randomizing the order of each condition), jointly manipulating Face Presentation Area (LFV vs RFV) and Opponent Identity (Out-group: African American vs. In-group: Asian)

Non-cooperative Auctions: The same auction tasks as in Study 1

Perceived Dissimilarity ($\alpha = 0.79$): (1) To what extent do you feel the bidder resembles yourself in physical appearance? (reverse item) (2) To what extent do you feel the bidder resembles yourself in ethnic background? (reverse item)" (1 = Not similar at all and 7 = Very much similar).

Risk-seeking Tendency (DV): The final bid price of each auction task.

Results: When an African American opponent bidder's face compared with a Asian opponent bidder's face was presented to the LVF, Asian participants felt more dissimilarity to their opponent and therefore were more likely to make risky choices and to bid against their opponent. However, the above difference became non-significant when the opponents' face was presented to the RVF.



Conclusion: When an out-group bidder's facial photo is presented to the LVF, Asians are more likely to perceive dissimilarity to their opponent and make risk-seeking choices and bid against their opponents. Thus, people should pay attention to all potential risk-seeking choices, such as gambling and competing in a drinking game, in order to effectively mitigate the joint influence of identity and visual presentation area on risk-seeking choices.