

Refereed article

Risk Preferences in China — Results from Experimental Economics^{*}

Alexander Haering and Timo Heinrich

Summary

The propensity to take risks is a fundamental trait that determines the nature of decision making. For example, risk taking is regarded as an important driver of entrepreneurial and innovative behavior in an economy. In this paper, we survey the empirical evidence on individual risk-taking behavior in China. We focus on those studies that elicit preferences for risk taking involving real monetary stakes under controlled conditions, using the methods of Experimental Economics. The studies that we summarize compare Chinese subjects to those in other countries. While non-incentivized surveys find that Chinese subjects are more willing to take risks than Germans and Americans are, the existing experimental studies suggest that this relationship is less clear cut.

Keywords: Experimental Economics, risk preferences, China, survey, cross-cultural experiments

Alexander Haering is a Doctoral Researcher with the Research Group Behavioral Economics and East Asia, IN-EAST School of Advanced Studies, University of Duisburg-Essen, Duisburg; Research Fellow, RWI Leibniz-Institute For Economic Research, Essen.

Timo Heinrich is a Postdoctoral Researcher with the Research Group Behavioral Economics and East Asia, IN-EAST School of Advanced Studies, University of Duisburg-Essen, Duisburg.

* We thank the guest editor, Marcus Conlé, and the anonymous referees for their very valuable comments on this paper. We are grateful to Werner Pascha and Markus Taube for their guidance, and to Heike Hennig-Schmidt, Sven Horak, Toshio Yamagishi, and Chaoliang Yang for sharing their knowledge about cross-cultural experiments. We also thank our fellow members of the IN-EAST School of Advanced Studies as well as the participants of the 5th ACCER International Workshop 2014 in Duisburg for contributing to many fruitful discussions. Franziska Then and Stephanie Zimmer provided excellent research assistance. The financial support from the BMBF to the IN-EAST School of Advanced Studies (Grant No. 01UC1304) is also gratefully acknowledged.