

Research stay at New York University, The Center for Experimental Social Science

Study of decision-making in professional soccer matches

Reference dependency is one of the basic elements of a leading theory in behavioural economics on decision-making subject to uncertainties: prospect theory. The idea is that your assessment of your decision results is affected by how they compare against a benchmark. For instance, in a popular 1999 experiment by Nobel Prize laureates Kahneman & Thaler, half of the participants got a cup. They were then given the chance to sell or trade their cup to an alternative of equal value. They found out that the amount demanded in exchange for the cup was about twice as high as the amount that the participants without cups were willing to pay. Recent leading theories model benchmarks as expectations. As regards the cup example, this would indicate that participants that get a cup expect that they own it. This means, that the amount that they are willing to accept in exchange for the cup has to compensate for the expectation they are abandoning. Even though empirical studies about the formation and impact of expectation-based benchmarks are highly valuable to many economics fields, empirical evidence is scarce, since it is hard to observe expectations.

The purpose of the PhD project, which deals with decision-making theory subject to uncertainties, is to study the formation of benchmarks and their impact in a soccer context, and thereby attempt to contribute to the scarce empirical evidence. Soccer matches are a competitive situation with high stakes and uncertainty, thereby providing an ideal platform for analysing how competitors change their behaviour when their position in competitions change in relation to the benchmarks. For that purpose, I will work with detailed data about actions, captured during matches in the main soccer leagues, thereby using the availability of extensive data about odds before the match, which can be used as a manifestation of expectations.

To complete the PhD study in economics at Aarhus University, I was invited to a six-month research stay at the interdisciplinary research centre "The Center for Experimental Social Science", which carries out experimental work that combines, e.g., economic theory and psychology. The stay will give me a unique chance of being part of a high-quality research environment, get feedback from some of the best researchers in the world within my discipline, and thereby concentrate on my research project, which deals with the professional crossfield between psychology and economic behaviour.