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**Status Quo Bias under uncertainty:
An experimental study**

Abstract

Individuals' tendency to stick to the current state of affairs, known as the status quo bias, has been widely documented over the past 30 years. Yet, the determinants of this phenomenon remain elusive. Following the intuition suggested by Bewley (1986), we conduct a systematic experiment exploring the role played by different types of uncertainty on the emergence of the bias. We find no bias when the status quo option and the alternative are both risky (gambles with known probabilities) or both

ambiguous (gambles with unknown probabilities). The bias emerges under asymmetric presence of ambiguity, i.e., when the status quo option is risky and the alternative ambiguous, or vice versa. These findings are not predicted by existing models based on loss aversion (Kahneman and Tversky, 1979) or incomplete preferences (Bewley, 1986) and suggest a novel determinant of the status quo bias: the dissimilarity between the status quo option and the alternative.

Wednesday 12th April
from 1pm to 2pm
Campus Luigi Einaudi

Seminar room n. 36
Building D1 - 3rd Floor
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