

The Research Centre of the Faculty of Economics
cordially invites you to a research seminar
on Thursday, **29th January 2015** at **12 p.m.** in room **P-109** at the
Faculty of Economics, University of Ljubljana

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will present the article:

"The role of cognitive frames on the selection of demanding tasks"

“Cognitive framing influences subjective valuation of monetary payoffs and individuals' willingness to exert effort and take risk. Whereas in a certain real life task decisions about effort exertion and risk taking are taken together – i.e. in demanding vs. easy tasks, the theories studying the determinants of risk taking and motivation (effort exertion) remain disintegrated. The aim of this paper is to understand how cognitive frames created by the incentive design and outcome fairness influence decisions about risk and effort level and which of two frames prevails in joint decisions. We set up a multi-period 2x2 experiment where we analyse the effects of cognitive frame manipulations (bonus vs. malus scheme and fair vs. unfair outcome distribution). We use a gamble task and a modified Sternberg task to measure risk taking and cognitive effort, respectively. We find that effort exertion without risk of the outcome is positively associated with the bonus scheme and outcome fairness and that in interaction the sign of direction may reverse. Risk taking is associated only with the malus scheme. In joint decisions on effort and risk level outcome fairness plays a dominant role: it encourages subjects to undertake more difficult tasks in which they decide for high effort at high risk of the outcome. Our results contribute to the advancement of management literature by the integration of separate theories into a combined approach for a more comprehensive understanding of multiple facet decision-making.”

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:
research.seminars@ef.uni-lj.si by Wednesday, 28th January 2015.

We look forward to seeing you!