

Decision Processes Colloquia

Monday, September 12, 2016

Where: 360 JMHH

When: 12:00 – 1:15 pm

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A Sharp Test of the Portability of Expertise

ABSTRACT: As-if justifications of rationality contend that economic actors approximate optimal behavior through heuristics. We evaluate this contention by observing experts perform a task that is logically isomorphic to- but contextually distinct formula familiar task in which they are skilled. We find that performance plummets when contextual cues disappear, implying that the expertise we observe on the familiar task is more heuristic than conceptual and does not travel far. Our results provide support for as-if justifications: with experience in a domain, actors develop heuristics that are adaptive in that setting. Our results also delineate bounds on such justifications, showing that heuristics can fail even in contexts with the same logical structure. This observation entails a normative implication for experimental design. If economic actors approximate rationality through context-dependent heuristics, then studies which abstract away contextual cues bias their findings against standard theories of rationality.