

We face risk every day. According to common wisdom people differ in risk preference, although research demonstrates that differences in risk taking result mostly from differences in risk perception rather than risk attitude, which remains comparable for different groups (genders, nations, etc.). Thus, two decision makers with the same risk attitude, could take different actions in the same risky situation because of differing risk perceptions. Less frequently, two people with the same risk perception could act differently because of their different risk attitudes. Therefore risk taking research needs to focus on the following aspects of decisions:

- Declared willingness to engage in risky actions
- Risk perceptions
- Benefit perceptions
- Decision makers' individual attitudes toward risk

In the proposed project we will research emotion's (or more precisely: affect's) influence on risk perception and risk taking. Affect is associated with all objects, thus we can instantly say if we like or dislike something without even knowing why. Such affective judgements are fast and less effortful compared to analytical thinking. Numerous studies show that the positive affect associated with an object results in the rose-tinted spectacle phenomenon: if one likes the Apple brand's products (or jogging) one will believe that investing in Apple shares (or jogging in marathons) is highly beneficial and not risky. However, such thinking is erroneous. In the financial world it is obvious that high returns only come at the cost of higher risk (otherwise everyone would buy stocks instead of opening bank savings accounts), and this is also the case in everyday life. Our project will research how the risk-benefit relationship is moderated by risk attitudes, since we believe that a negative relationship might exist for risk avoiders but not for risk lovers. To measure the affect related with risky actions or risk taking itself we will use both declaration-based measures and implicit attitude measures allowing inferences to be made about affect by measuring reaction times in categorization tasks and by observing external symptoms (e.g., sweating).

The project will highlight the fact that people can be unaware of their own risk attitudes and the likelihood that current risk scales often produce distorted measures: people can exaggerate their risk taking propensity in some domains to show-off (e.g., a man might want to impress a woman and hide their real risk preference) and play down their propensity in others (e.g., domains where risk taking is stigmatized or penalized). Therefore we believe that inferring risk preferences (from reaction times in categorization tasks or from psychophysiological measures such as skin conductance level) is better than direct questioning about risk preferences. Thus, we will use the Implicit Association Test (IAT), adapting it to measure both implicit attitudes toward risk itself and affect associated with different domains. In such tasks participants are asked to assign stimuli to one of two combined categories: (1) Risky or Good words vs. (2) Safe or Bad words. Faster categorization of risky stimuli when the risk category is associated with Good rather than Bad words demonstrates a positive implicit attitude toward risk (as compared to safety). Similarly, we will investigate implicit attitudes toward categories of risky actions to answer theoretical questions posed by other researchers: whether such attitudes change the commonly observed negative relationship between risks and benefits. We also think that implicit risk attitudes might be a better predictor of engaging in risky actions than explicitly stated risk attitudes. This might be particularly true in situations where there is little time for consideration and in domains where risk taking is stigmatized.

Research questions will be answered by conducting a series of experimental studies, with human participants performing computerized tasks in a lab. Depending on the study, tasks will involve both:

- Explicit measures of declared willingness to engage in risky actions, perceived risks and benefits, and the emotion associated with risky objects or situations;
- Implicit measures of risk attitudes and attitudes toward objects as well as psychophysiological measures of the affect experienced (such as changes in the electrical conductivity of the skin associated with sweating).