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ECONOMIC EXPERIMENTS IN INFORMATION SYSTEMS

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Background on Economic Experiments

 Economic experiments have existed as far back as 1931, and how they have developed over time. Unlike psychological experiments which are require falsification of certain aspects to properly work, economic experiments need to create incentives that mirror economic bonuses what appear in real life. There have been multiple people who have had significant sway over “behavioral economics” throughout the decades as well with their own contributions such as the theories and findings from Maurice Allais’ Allais Paradox, to Herbert A. Simon’s Bounded Rationality.

How Economic Experiments Fit into Information Systems

 There are three main themes found in economic experiments that also appear information systems when examining how participants make decisions: Acquiring information, processing information, and valuing information.

Studying the ways participants acquire information such as through visual aids versus regular text is important to both fields because it informs the person conducting the experiment how to best convey their system or product. Analyzing how participant process information refers to studying how a participant decides based on the situation presented to them. Reviewing how information is valued by participant is important for determining how the participant will make decisions. In information systems and economic experiments, this provides data can be useful for implementing new systems or products, as some clients may value certain features over others.

Creating an Economic Experiment in Information Systems

 In this section one of the most important factors when creating an economic experiment in information systems is the rationale. As not all experiments are carried out for the same purpose, some are performed to obtain data on outcomes, others are made to test behaviors among the population. After that, the article discusses how there are three factors that need to be considered when constructing the experiment namely: Input, actives, conclusions.

For input, this refers to who are the participants, and whether they are motivated to participate or not, differences in inputs could result in unreliable data. Activities mean how the problem is presented in the experiment, differences in how the experiment is presented could lead to participants determining a different answer than expected. Conclusions refer to what demographic information is gained from the outcomes, although this part is not always relevant in cases like completions in the free market.

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