

# **Altruistic and Risk Preference of Individuals and Groups\***

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## **Abstract**

This study examines whether attitudes toward risk and altruism are affected by being in a group or being alone. Differing from previous economic studies of group decision-making, we attempt to exclude the effects of group informal discussion, which are thought to be a black box when individuals make decisions in a group. Subjects in our experiment were requested only to show their faces to other members without any further communication. For a group-choice task (a group of three people), the group decision was determined based on the median rule by group members and each team member received the same payoff. In experiments of both anonymous investments and donations, we found that subjects who made decisions in a group offered significantly lower amounts than individuals who made decisions alone, even controlling for individuals' risk and altruistic preferences. Our results indicate that people are more risk averse and self-interested when they are in a group.

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