Risk Tolerance and Cheap Talk in the College Classroom

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Background and motivation

- Getting students out of their comfort zones

- Impact of offhand remarks in the classroom

  ➢ How to tie all of this together?
  ➢ And why does it matter?

Background and motivation

- AGR 213: Farm Management
  - Senior-level agribusiness course
  - Typical enrollment: 70-75 students
  - Student demographics: a mixed bag
  - Course addresses a variety of risk-management issues

Rationale

- This study seeks to:

    – Identify characteristics that affect students' reported levels of risk tolerance

    – Measure the effect of "cheap talk" on classroom communication

Methods

- Risk questionnaire
  - Administered in AGR 213 – Farm Management
    - ISU Institutional Review Board Protocol #1102050-2
    - Based on Blaise and Weber (2006)[x]
    - Topics included:
      - Likelihood of engaging in risky activities/behaviors
      - Perception of risk level of those activities/behaviors
      - Expected benefits of those risky activities/behaviors
      - General risk tolerance
      - Demographics

[x]Blaise, A.-R., and E.U. Weber. 2006. A domain-specific risk-taking (DOSPERT) scale for adult populations. Judgment and Decision Making 1:33-47.

Methods

- Half of students randomly selected to receive questionnaires with "cheap talk" statements:

Risk-taking - READ THESE INSTRUCTIONS CAREFULLY
Studies have shown that people say they are ***willing*** **to take more risk** than they ***actually*** **will take** when they find themselves in a real-life situation where risk is involved. For this reason, as you answer these questions, please imagine that you are actually facing the potentially risky situation that is described.

(sample cheap talk statement from AGR 213 questionnaire)

- Fall 2017: 70 respondents

Methods

- Summary statistics
- Independent samples t-tests
- SPSS Version 22

Results: Demographics

Attribute (n=70)	% reporting
Gender	
Male	65.7%
Female	34.3%
Home background	
Farm	57.1%
Non-farm	42.9%
Educational background	
Transfer	85.7%
Native	14.3%

Results: General risk tolerance

Attribute (n=56)	Mean ranking[y]
Gender [z]	
Male	4.97
Female	4.10
Home background	
Farm	4.82
Non-farm	4.36
Educational background	
Transfer	4.67
Native	4.50

[z] $t(54)=2.854$**
**$p<0.01$
[y] Scale ranking from 1=don't like to take risks to 7=fully prepared to take risks

Results: Cheap talk and general risk tolerance

Attribute	Mean ranking[y]
Cheap talk script (n=24)	4.38
No cheap talk script (n=32)	4.84

[y] Scale ranking from 1=don't like to take risks to 7=fully prepared to take risks

Implications

- Casual phrases matter in classroom communication

- Understanding students' risk tolerance can inform how we encourage them to take risks both in and out of the classroom