Motives for Delegating Financial Decisions

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Abstract

Why do some investors delegate financial decisions to supposed experts? We report an on-line experiment designed to disentangle four possible motives. About 800 investors drawn from the Prolific subject pool choose whether or not to delegate a real-stakes choice among lotteries to a previous investor (a "designee") after seeing information on the performance of several available designees. We find that a surprisingly large fraction of investors delegate even trivial choice tasks, suggesting a major role for blame shifting motives. A larger fraction of investors delegate our more complex tasks, suggesting that decision costs play a role for some investors. Some investors who delegate choose a low quality designee with high earnings, suggesting a role for chasing past performance. We find no evidence for a fourth possible motive, that delegation makes risk more acceptable.

Keywords: delegation, experimental finance
JEL: C93, G11, G41.

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1 Introduction

Traditionally the delegation of financial decisions incurred substantial fees and was used only by a few wealthy investors. However, the recent rise of trading platforms such as *eToro* and *ZuluTrade* encourages a much larger set of investors[1] to delegate their financial decisions by designating another investor (referred to below as "designee") whose trades will be copied. Pelster and Hofmann (2018) and Apesteguia et al. (2020) discuss the scope and operation of such platforms.

Such recent innovations underscore the already important goal of better understanding *why* investors delegate and *which* designees they choose. Investors may gain substantially if they delegate at low cost to high quality designees, but can be harmed by chasing the past performance of recently lucky but low quality designees, or by choosing an designee who maintains an excessively risky portfolio.

In this paper we seek to disentangle possible motives for delegation, and to investigate investors' responsiveness to delegation cost. It is difficult to do so using field data that do not report investors' and designees' characteristics such as risk preferences, and have insufficient variation in key explanatory variables such as delegation cost, the nature of the delegated task or the available information on designees. Therefore we conduct on-line experiments that elicit participants' characteristics and that control and systematically vary key explanatory variables.

Our survey of previous literature identifies four possible motives for delegation: (i) chasing past performance; (ii) blame shifting, or more generally, aversion to personally making decisions; (iii) reducing decision costs, which may be prohibitive for less knowledgeable investors facing complex decisions; and (iv) increasing risk tolerance when delegating, either because delegation reduces the investors' subjective utility cost for risk or else because it reduces their perception of the riskiness of the designee's choice.

These motives differ sharply in their implications for investor welfare. Chas-

[1]For instance, in 2022 eToro alone had in excess of 3 million funded accounts and more than 100 billion USD in assets under management, see https://www.cnbc.com/2024/02/26/etoro-ceo-considers-ipo-after-scrapped-spac-deal.html.

ing past performance is a belief distortion that tends to reduce investors' wealth, and blame shifting will incur unproductive costs when there is a fee associated with delegation. On the other hand, reducing decision costs may be rational and beneficial for an investor, and (to the extent that it is consistent with investor well-being) increasing risk tolerance may also be beneficial.

In our experiments, human subjects make a series of real-stakes investment decisions. Each consists of choosing from a menu of lotteries. Subjects have the option to delegate some of those decisions to an designee. We pre-selected a small panel of designees from participants in preliminary sessions that included all the same decisions except delegation. Delegation means that the investor is assigned the lottery chosen by the selected designee. Of course, the realized lottery outcome may differ from the outcome that the designee experienced in the preliminary session.

The experiments vary the information available when an investor selects an designee. In the *AllInfo* treatment, investors see each designee's realized final payoff (a very noisy signal of expertise), quality rating (a less noisy signal) and risk rating (based on the designee's revealed risk preferences). In the *NoPay* treatment, investors see the other two designee characteristics but not realized payoff, and in the *NoQual* treatment they see the designees' characteristics except the quality rating. We also vary the cost of delegating across sessions; it is either low (10 pence, about 1.5% of average earnings) or high (100 pence, about 15%).

Each investor faces three different levels of investment task complexity. A *Trivial* task is choice between two binary lotteries with identical expected payoff and variance. A *Simple* task is choice among several lotteries that differ in expected payoff and variance, some of which are dominated by others. Finally, a *Complex* task is portfolio allocation over the set of simple lotteries. Thus, while success in the Trivial task is purely driven by luck, there is a role for skill in the Simple task and even more so in the Complex task. While risk preferences are irrelevant in the Trivial task, they may be important in the Simple and Complex tasks.

Those treatments enable us to identify the different motives for delegation: we compare across treatments the fraction of investors who choose to delegate and compare the attributes of the selected designees when investors do delegate. In the Trivial task, for example, reducing decision costs and increasing risk tolerance can play no role. Hence the surprisingly high frequency of delegation we observe in the Trivial task with NoPay (thus eliminating chasing past performance) is evidence of blame shifting.

We also find evidence of decision costs, in that delegation is significantly more frequent in the complex task than in the Simple and Trivial tasks. Evidence for chasing past performance comes from the disproportionate tendency of investors who delegate to choose an designee with a high realized final payoff. We see little evidence for the risk tolerance motive.

In the next section we summarize previous literature, with a focus on the possible motives for delegation and how they can be identified. The third section lays out our experiment procedures and design, and spells out the hypotheses on delegation motives that we will test. Results are collected in the following section, beginning with an overview using descriptive summary statistics. Later subsections present inferential statistics to identify the strength and significance of the various motives for delegation, and to analyze which characteristics matter for the selection of designees. We were surprised to discover that the decision to delegate is quite sensitive to conflicts among reported characteristics of designees. We also were surprised by some null results, e.g., own risk preferences and decision quality play no clear role in the delegation decision. In the final section we discuss such matters and suggest directions for future research. Online Appendices collect supplementary data analysis, technical details, and instructions to subjects.

2 Literature

We first discuss literature that is closest to the present paper, and then review literature that proposes motives for delegation.

2.1 Nearest neighbors

Our work is closely related to recent work on delegation in financial decision making. Apesteguia et al. (2020), like the present paper, report an experiment where investors may decide to delegate financial decisions to their peers. They show that a substantial fraction of investors does so by either directly copying previously successful investors by the click of a button or manually implementing investment strategies which are similar to those of the most successful peers. Since success is mainly driven by luck and since investors who previously took on a lot of risk appear on top of the earning rankings, Apesteguia et al. (2020) find that copy trading may lead to a substantial increase in risk taking.

The present study extends the design of Apesteguia et al. (2020) by varying the complexity of the underlying task and the information investors receive about the designees. When our investors do not have access to information on designees' decision quality, we confirm that a substantial fraction of subjects chooses to delegate to designees with previously high earnings.[2] However, we find that the share of investors choosing high earning designees substantially decreases when earnings information is augmented by information on decision quality.

Holzmeister et al. (2022) study delegation in a more traditional setting using a subject pool of finance professionals and members of the general public, both drawn from the Swedish population. Each investor is matched with a designee who is either a human with fixed or aligned incentives or a robo-advisor, i.e.,

[2]Other studies besides Apesteguia et al. (2020) finding an important role for previous earnings in the choice of "experts" include Huck et al. (1999), Offerman et al. (2002), Apesteguia et al. (2010) and Huber et al. (2010).

an appropriately programmed algorithm.[3] In contrast to our work, they offer no information on earnings or decision quality, nor do their investors choose among designee. Their investors indicate i) whether they want to delegate their decision to their designee, ii) their maximum willingness to pay for delegation and iii) how much risk they want the designee to take on their behalf. Holzmeister et al. (2022) find that investors delegate most frequently to the algorithm, and least frequently to designees with fixed preferences. Moreover, delegation is positively correlated with general trust and blame shifting tendencies as elicited in a survey. Our experiment uses observed behavior to confirm the importance of blame shifting. Moreover, Holzmeister et al. (2022) find that designees ask the expert to take more risk than they believe themselves to have taken, consistent with the increasing risk tolerance motive.[4] By contrast, we find that the fraction of delegation does not increase as we move from a task where there is no scope for risk communication to one where risk communication matters. This suggests that while the increasing risk tolerance motive may matter in the decision of how much risk investors ask the designee to take, that motive does not appear to explain why investors choose to delegate in the first place.

2.2 Motives for Delegation

Existing literature suggests four possible motives for delegating financial decisions. Firstly, under *chasing past performance* (see e.g. Sirri and Tufano, 1998), investors believe that by delegating they will be able to realize high profits, as the designee did in the past. That is, the choice is rational given possibly distorted beliefs.[5]

[3] Germann and Merkle (2023), Gaudeul and Giannetti (2023) and Lambrecht et al. (2023) also report experiments where investors can delegate to an algorithm.

[4] Analyzing the same data-set as Holzmeister et al. (2022), Stefan et al. (2022) identify a significant problem with risk communication in the sense that while finance professionals in general take into account the client's desired risk level, the constructed portfolios show considerably overlap across the different requested risk levels.

[5] E.g., a fallacious belief in an designee's "hot streak" as in Huber et al. (2010). More generally, chasing past performance in financial decisions is a form of success-based imitation. Of course, depending on the link between an action's current earnings and future earnings, such imitation

However, in environments where skill plays no role and success is purely driven by luck, chasing past performance may be detrimental to welfare (see e.g. Offerman and Schotter, 2009). Note that the chasing past performance motive for delegation can be eliminated by blocking information on designees' previous payoff success. When previous payoff information is available, the fraction of investors delegating to designees with high earnings compared to the fractions for designees with other desirable characteristics can help isolate the chasing past performance motive.

Secondly, investors may delegate to *save on decision costs* or to make better decisions in a complex environment; see Conlisk 1980; Pingle and Day 1996 and the survey of Alos-Ferrer and Schlag 2009. That is, investors may believe that the environment is too complex for them to make optimal decisions, except perhaps by incurring prohibitively large subjective decision costs.[6] Such investors may be rational in the usual neoclassical sense except that they recognize their own cognitive limitations. If true expertise is available at moderate cost, it is rational for them to hire it. Thus, while the decision cost motive allows no role for delegation in transparently simple tasks or those purely driven by luck, it offers an increasing role for delegation in cognitively more complex environments. Also, the decision cost motive should cause investors who delegate to choose high quality designees.[7]

Thirdly, under the *blame shifting* motive, agents delegate because they want somebody to blame in case things don't work out; see for example Gurdal et al. (2013).[8] Blame shifting may be seen as a form of *decision avoidance* (Anderson,

may actually decrease payoffs (see e.g. Vega-Redondo, 1997; Huck et al., 1999; Offerman et al., 2002) as well as possibly increase them (see e.g. Schlag, 1998; Apesteguia et al., 2018).

[6]Similarly, individuals may choose to delegate to save on information-gathering costs behind the observed choices as in Sinclair (1990).

[7]The decision cost motive is documented in Mertes and Weber (2023) who present an experiment where subjects may adjust their own actions after receiving objective information on their peers' performance. In this setting peers with higher expertise are more likely to be followed and subjects who have low confidence in their own decisions are more inclined to follow.

[8]A related but distinct concept is responsibility-shifting, where individuals use intermediaries to execute actions that affect *third parties*. The idea is to not be held personally responsible by those third parties for actions they find disagreeable. See e.g. Fershtman and Gneezy (2001), Hamman et al. (2010), Coffman (2011), Bartling and Fischbacher (2012) or Oexl and Grossman (2013).

2003) where individuals shy away from decisions in order to avoid regret. Shifting blame to a delegatee may also allow investors to resolve *cognitive dissonance*; as Chang et al. (2016) emphasizes, realizing losses based on personal decisions forces investors to admit that their own past choices were mistakes. The literature suggests that the blame shifting motive is as present in simple and pure luck tasks as it is in complex tasks. Nor does the blame shifting motive per se suggest a role for designees' characteristics in the selection of an designee when delegating.

Finally, according to the *increasing risk tolerance* motivation (see e.g. Gennaioli et al., 2015), trust in the designee may reduce an investor's utility cost of taking risk and thus delegation may encourage the investor to take on greater risk.[9] **?** confirm empirically that higher trust in advisers results in higher risk-taking by investors. In settings where some actions are riskier than others, this motive implies that investors will tend to choose designees whose risk tolerance equals or exceeds their own.

3 Design

The experiment involves a sequence of individual decision-making tasks. The sequence consists of three blocks, each proceeding as in Figure 1. Our human subject investors start each block with four different investment decisions. The block concludes with a fifth and final decision that can be delegated to a chosen designee or, if the investor prefers, can instead be taken by the investor herself. The level of complexity is constant within each block but differs across the three blocks as detailed below.

At the end of the experiment, one of the blocks is randomly selected for payment. For that block, one out of the first four investment decisions is randomly selected for payment, and the fifth decision is always also selected. Thus the fifth

[9]The importance of trust is echoed by Germann et al. (2025) who provide experimental evidence that the higher the level of trust in a given advisor, the more risk clients ask this advisor to take.

(delegation) decision is for higher stakes because its realized (state dependent) outcome will be paid with probability $\frac{1}{3}$, versus payment probability $\frac{1}{12}$ for the other four decisions in the block.

There is no feedback until the end of the experiment, where investors observe the resolution of uncertainty only for the two rounds of the randomly selected block. This design choice eliminates possible path dependency in that investors' actions never depend on previous lottery realizations.

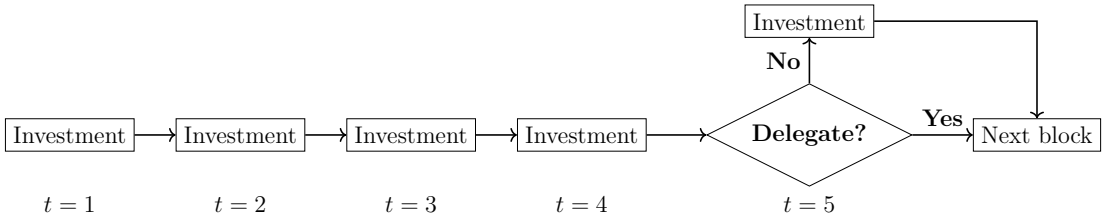


Figure 1: Timeline for each block in Experiment 1. The first 4 *Investment* decisions must be made by the investor. The fifth decision can be delegated to a chosen designee.

3.1 Investment Decision

All investment decisions involve lotteries with two equally likely states of the world, denoted Heads and Tails. Menus of lotteries have three levels of *complexity*, as illustrated in Figure 2; see Appendix D for the complete set of menus.

Investors in a *Trivial task*, exemplified in Figure 2a, choose between a given lottery and an identical lottery that switches Heads and Tails. Here the investor's choice has no impact on the ex-ante payoff distribution, and realized earnings depend only on blind luck.

Our *Simple task* is similar to popular risk-preference elicitation tasks involving choice from a finite menu of lotteries (e.g., Binswanger, 1980; Eckel and Grossman, 2002). Here our investors have six options, four of which are optimal for some range of risk preferences. The other two options are dominated, one transparently so and the other stochastically since Heads and Tails are equally likely. In the

(a) Trivial Decision Task

	Payment if Heads	Payment if Tails
○ Option 1	100	0
○ Option 2	0	100

(b) Simple Decision Task

	Payment if Heads	Payment if Tails
○ Option 1	55	15
○ Option 2	68	16
○ Option 3	40	30
○ Option 4	88	6
○ Option 5	20	40
○ Option 6	34	33

(c) Complex Decision Task

	Payment if Heads	Payment if Tails		
Option 1	100	0		- 0 +
Option 2	50	10		- 50 +
Option 3	20	16		- 0 +
Option 4	30	14		- 50 +
Option 5	60	4		- 0 +
Option 6	10	18		- 0 +
Leftover Units				- 0 +
			Reset	Submit

Next

Figure 2: Investment Decision. Investor clicks a radio button for tasks (a) and (b), and clicks or drags to adjust portfolio weights w_i in task (c). The blue Submit button appears only when Leftover Units $= 100 - \sum_{i=1}^{6} w_i = 0$.

example shown in Figure 2b, Option 1 is transparently dominated by Option 2, paying only (55, 15) vs (68, 16) in states (Heads, Tails). Option 5 is stochastically dominated by Option 3, as permuting the equally likely states in Option 5 results in contingent payments (40,20) versus (40,30) for Option 3. The choice in a Simple task therefore can either reveal a range for the investor's risk preferences or else can reveal poor decision quality.

In a *Complex task* as illustrated in Figure 2c, the investor chooses a portfolio of risky assets; the user interface is a variant on the "budget jars" interface of Friedman et al. (2022). The menu of pure assets is the same as for the Simple task, but here investors use sliders to pick a particular portfolio from the five-dimensional simplex of mixtures. This task is cognitively complex in that it is high dimensional and it is easy to select a dominated portfolio. The user interface is also mechanically more complex in that it uses sliders rather than radio buttons.

For each subject, we independently randomize the presentation order of lotteries within a task menu, as well as the sequence of five tasks within a block, and the sequence of three blocks.

3.2 Delegation Decision

As noted earlier, the fifth and final task in each block has higher probability of being chosen for payment and allows the investor to delegate. Here the investor either opts to make the choice on their own, or else selects one designee from the given panel of five designees. In the latter case, the selected designee's choice from that menu will then be employed, although the realization (Heads or Tails) and the resulting payment may be different. See Figure 3 for the user interface.

The panel of five designees is constructed as follows. In preliminary sessions, 60 subjects completed three blocks of 5 tasks each, exactly like the main sessions just described except that the fifth task was a direct investment task no different from the other four. Those 60 subjects were not aware that their choices potentially could be relevant for subjects in later sessions.

Please take the delegation decision:

○	I do not want to delegate my decision
	To delegate, please select one of the investors below (costs 2 tokens = £0.1)

	Investor	Quality Rating	Risk Rating	Earnings
○	A	*High*	*Low*	*£2.5*
○	B	*High*	*Medium*	*£2.9*
○	C	*Low*	*Medium*	*£4.6*
○	D	*Low*	*High*	*£8.5*
○	E	*High*	*High*	*£3.5*

Figure 3: Delegation Decision Task

For each potential designee, we construct a *quality rating* from their choices in the Simple and Complex blocks, using the Afriat (1973) Critical Cost Efficiency Index, as detailed in Online Appendix C. Roughly speaking, the CCEI is "money left on the table," measured as the minimal share of the wealth taken from a subject that would make their choices consistent with maximizing the expectation of some utility function. We assign a High quality rating to those in the lowest CCEI quartile among the 60 potential designees and a Low quality rating to those in the top CCEI quartile. We also assign a *risk rating* to each potential designee based on the average coefficient of relative risk aversion implied by their non-dominated choices in the Simple and Complex blocks. A potential designee is rated as High, Medium or Low risk tolerance according to whether that average is in the lowest, middle or upper third of the distribution across the 60 potential designees.

In addition, we note the realized *payment* of each potential designee. As we point out in the instructions to subjects,[10] payment is a very noisy signal of designees' skill. For example, with probability 1/3, the earnings depend on the

[10]The instructions read, "Their final payments, like yours, come from the last round and one of the other four rounds in a single randomly chosen block. Please note that it is often from a different block (and round) than that for which you delegate."

designee's choice in a Trivial task where skill is irrelevant, and earnings in the other tasks depend sensitively on the riskiness of the designee's choice and on the realized state (H or T). Hence, objectively speaking, earnings add little if any useful information about designees when quality and risk ratings are known.

From among those 60 subjects, we selected 5 to designate as designees in the main sessions. We did not include anyone dominated by any of the other four in terms of earnings and risk and quality ratings. Three of the selected designees had High quality rating and different Risk ratings (L, M, H). The other two selected designees had Low quality rating and Medium or High risk tolerance. Given our elimination of dominated subjects, it is not surprising to see that the two Low quality designees have the highest realized earnings. (We will later see that that contrast is helpful for investigating the "chasing past performance" motive.) To those five designees we randomly assign the labels A, B, C, D, and E when presenting them to an investor.

Investors are aware that the designees are other human subjects recruited on the same platform who previously completed the same set of investment tasks. Investors understand that delegation means that their choice will be the chosen designee's choice on that task, but their payoff is typically different because the randomly selected task is usually different and the realized state also may differ.

Delegation is costly. Each investor is endowed with £1 at the beginning of the experiment. If an investor delegated their decision in a block chosen for payment, then they pay the cost, which (to avoid the possibility of negative earnings) does not exceed £1.

3.3 Between-Subject Treatments

As mentioned above, each subject faces three blocks, one for each level of the complexity treatment. Between subjects we vary three other treatments: delegation timing, delegation cost, and information on designees.

Delegation timing. Figure 1 indicates that for the last task in each block of Experiment 1, investors first decide whether or not to delegate. If so, they then choose to which designee to delegate the task. If not, they instead perform the task themselves.

Performing any task takes time and effort, more for some more tasks than for others. Delegation in Experiment 1 saves that time and effort — although, of course, it incurs the extra time and effort of selecting an designee.

At some point after running Experiment 1 the the role of time and effort came into focus, so we conducted a followup experiment to investigate. Each treatment in Experiment 2 is exactly the same as in Experiment 1, except that subjects decide whether to delegate only **after** completing the relevant task themselves. In terms of Figure 1, we slip the $t = 5$ investment task in front of the delegation decision. Thus in Experiment 2, delegation does not save the time and effort of completing the task, and indeed it incurs the extra effort of choosing an designee.[11]

Delegation cost. In the *Low* cost condition, the subject has to pay £0.1 (10 pence) to delegate the decision. This small positive cost will ensure that a neoclassically rational subject would not delegate their decision in the Trivial investment task. In the *High* cost condition, the subject has to pay £1 (100 pence) to delegate. Recall that this cost is deducted from realized earnings only when the investor delegates in the block randomly selected for payment.

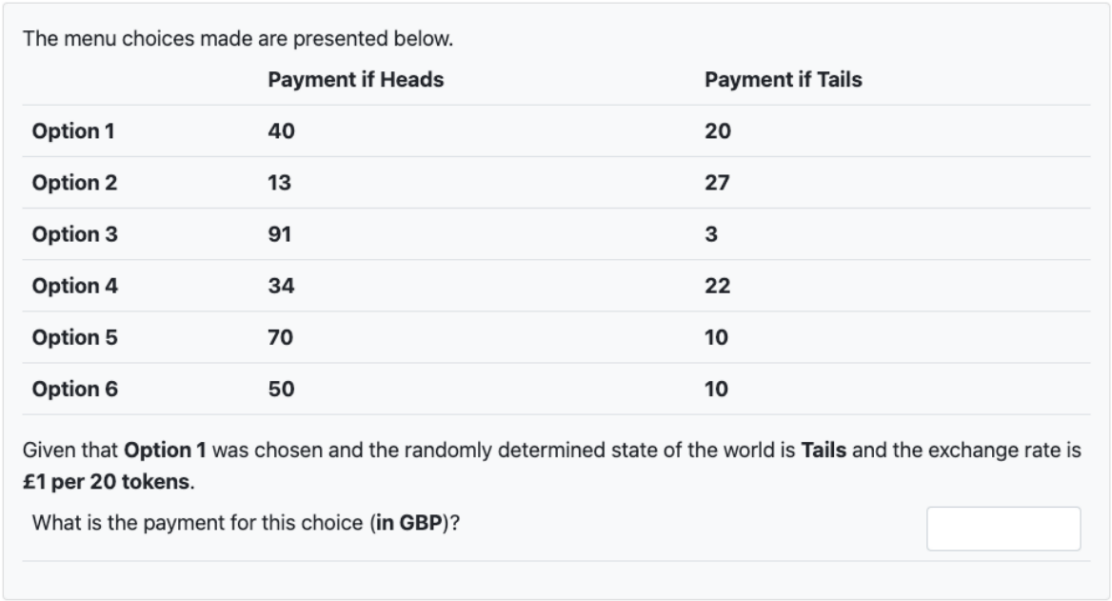
Information on designees. In the *AllInfo* condition, subjects see all three characteristics for each designee on the panel: risk rating, quality rating, and earnings. In the *NoPay* condition, subjects see only the risk and quality ratings of the designees but not their earnings. In the *NoQual* condition, subjects see designees' risk rating and earnings but not their quality rating.

[11] Experiment 1 thus resembles Apesteguia et al. (2020) where delegation allowed subjects to skip the investment task, and Experiment 2 resembles Holzmeister et al. (2022) where delegation served to substitute an already taken choice.

Factorial design. Experiment 1 uses a $3 \times 3 \times 2$ factorial design, with three complexity conditions within subjects, three information conditions between subjects, and two delegation cost conditions between subjects. Experiment 2 uses a 3×2 factorial design, with the same complexity and delegation cost conditions, but with only one information condition, NoPay.

3.4 Experimental Procedures

All experiments were conducted online using the Prolific platform for a subject pool of UK residents no older than 50 who are native English speakers. The experimental software was coded using oTree (Chen et al., 2016). In each of the three blocks, instructions were followed by two numerical quiz questions. Figure 4 includes one such question for a Simple decision task. Note that to answer the question, the participant must locate appropriate table entries, perform a calculation, and type in the resulting number. Appendix C lists all six quiz questions.



The menu choices made are presented below.

	Payment if Heads	Payment if Tails
Option 1	**40**	**20**
Option 2	**13**	**27**
Option 3	**91**	**3**
Option 4	**34**	**22**
Option 5	**70**	**10**
Option 6	**50**	**10**

Given that **Option 1** was chosen and the randomly determined state of the world is **Tails** and the exchange rate is **£1 per 20 tokens**.

What is the payment for this choice (**in GBP**)?

Figure 4: Example quiz question in the Simple Decision Task

Following Prolific's policy, any subject who failed to answer correctly any given

quiz question after three attempts was screened out. This happened for about 20% of subjects who signed up; they are excluded from further analysis.

	Experiment 1		**Experiment 2**	
	mean	std	mean	std
Age	39.76	13.55	37.75	7.33
Male (share)	0.40	0.49	0.52	.50
Students (share)	0.10	0.20	0.10	.30
Full-time work (share)	0.39	0.49	0.50	0.50
Part-time work (share)	0.16	0.37	0.09	0.29
Time spent (min)	17.38	7.31	18.15	7.75
Variable Earnings (£)	4.41	2.40	4.75	2.42
N	589		200	

Table 1: Summary statistics for participants.

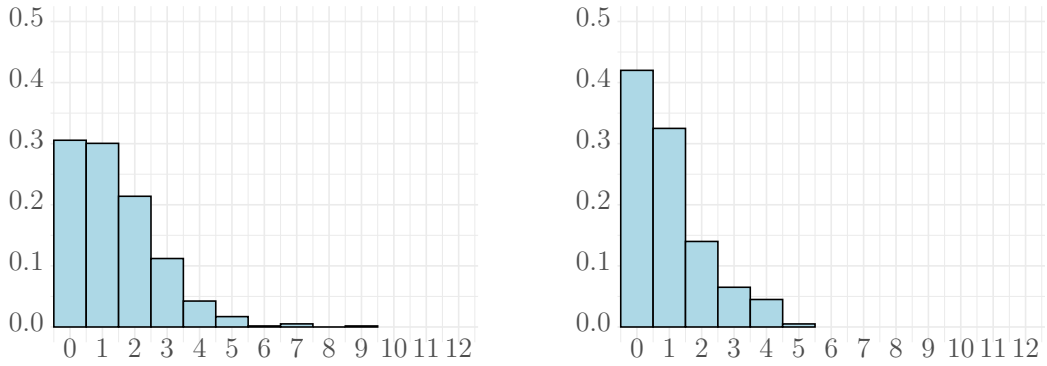
Experiment 1 was conducted from September 2022 to February 2023. Preliminary sessions (no delegation) had 60 participants. The sessions analyzed below (with a delegation option) had 589 participants after screening out those who failed to answer a quiz question correctly, with between 97 and 99 participants in each of the six between-subject treatments. Experiment 2 was conducted in August 2025 and had 200 participants evenly divided between the 2 between-subject treatments. Table 1 reports demographic data for both experiments. In addition to variable payments (averages shown in the bottom line), each participant received a £3 participation payment.

Meticulous participants. By eventually answering correctly each of six questions scattered throughout the session, each participant used in our analysis demonstrates a certain degree of understanding and attention. However, it may be useful to identify those who demonstrate a maximal degree of competence by answering each question correctly on the first try. We will refer to such participants below as *meticulous*.[12] Figure 5 shows that about one third of our participants

[12]Buso et al. 2021 and Douglas et al. 2023, among others, find that subjects on the Prolific platform behave similarly to those from traditional subject pools, while Rigotti et al. (2023) and

are meticulous. It also shows that around 80% made no more than two mistakes overall.

Table 2 shows the distribution of meticulous subjects across treatments. Note the slightly higher share of meticulous subjects in Experiment 2.



(a) Experiment 1 (b) Experiment 2

Figure 5: Distribution of errors in quiz questions for the 589 participants in Experiment 1 (left panel) and the 200 participants in Experiment 2 (right panel).

	Experiment 1			**Experiment 2**
	AllInfo	NoPay	NoQual	NoPay
Low Costs	32/99 (32%)	25/97 (26%)	29/98 (30%)	40/100 (40%)
High Costs	39/99 (39%)	32/99 (32%)	23/98 (24%)	44/100 (44%)

Table 2: Distribution of meticulous subjects across treatments

3.5 Testable Hypotheses

Our design leads to the following natural tests of the four motives for delegation presented in Section 2.2.

Hypothesis 1 (Chasing Past Performance). Delegation shares will be largest for designees with highest payoffs in treatments where those payoffs are observed.

others argue that online subjects in general may be more susceptible to inattention or confusion. Such concerns would seem to be minimized in our subsample of meticulous participants.

Hypothesis 2 (**Blame Shifting**)**.** In all information conditions, the delegation rate will be substantially greater than zero in the Trivial task.

Hypothesis 3 (**Reducing Decision Costs**)**.** The delegation rate will be (a) higher in Simple tasks than in Trivial tasks and (b) much higher in Complex tasks than in Simple tasks. (c) In treatments where designees' quality is observed, delegation shares will be largest for high quality designees.

Hypothesis 4 (**Increased Risk Tolerance**)**.** (a) The delegation rate will be much higher in Simple tasks than in Trivial tasks, but not appreciably higher in Complex than Simple tasks. (b) In Simple and Complex tasks, delegation shares will be larger for designees whose risk rating exceeds the investor's.

Hypotheses 1 and 2 follow directly from the discussion in the literature review, bearing in mind that, in testing Hypothesis 2, we use the term "blame shifting" in a broad sense to include other forms of decision avoidance. Nuances of Hypothesis 3 and Hypothesis 4, however, may deserve additional comment. As the names suggest, the Complex task seems much more cognitively (and mechanically) demanding than the other two tasks, so parts (a) and (b) of the decision costs Hypothesis 3 suggest that the contrast between Complex and Simple could be more dramatic than the contrast between Simple and Trivial. On the other hand, risk attitudes play a role only in the Complex and Simple tasks. Hence Hypothesis 4a suggests a less dramatic contrast (with ambiguous sign) between Simple and Complex than between Trivial and the other two tasks.

Although our main concern is to distinguish among motives for delegation, it is also useful (e.g., for welfare implications) to examine price elasticity. Therefore we will also test the following.

Hypothesis 5 (**Price Elasticity**)**.** Delegation rates will be lower in the High Cost treatment.

4 Results

We organize the presentation of results, including tests of hypotheses, around three questions. First, how does the decision whether or not to delegate depend on the treatment variables? Second, which designee characteristics matter when investors choose among potential designees? Third, how do the implicit costs of time and effort affect the delegation decision? In Section 5 we summarize the evidence for each motive for delegation.

4.1 Experiment 1: Whether to Delegate?

Table 3 reports regressions of the dummy variable for delegation (three observations per subject) on treatment variables.[13] The constant coefficient estimates for this linear probability model indicates that our investors delegate in almost exactly half of the available opportunities in the baseline treatment (Trivial task, third block, NoPay, LowCost). Consistent with Hypothesis 2, these estimates are very significantly positive. Contrary to Hypotheses 3(a) and especially 4(a), the effect of changing the task from Trivial to Simple is negligible. On the other hand, consistent with H3(b) (but still contrary to H4(a)), the estimated coefficient for the Complex task dummy in columns (1) and (2) indicates a highly significant 11 percentage point increase in delegation rate.

Showing designees' realized payoff, either by itself (NoQual) or along with a decision quality rating (AllInfo) has no significant effect on the delegation rate in the full sample. Consistent with H5, increasing the cost of delegation from 10 to 100 pence depresses the delegation rate. As seen in column (2) of the table, the decrease is 17 percentage points in the baseline, significant at the $p = 0.01$ level, but the interaction terms indicate that it is largely offset when designees' realized payoffs are shown (in treatments *AllInfo* or *NoQual*). Restricting to the subsample of meticulous investors in columns (3) and (4) does not alter the qualitative

[13] See also Figure A.1 in Appendix A summarizing the raw delegation rates across treatments.

conclusions but may slightly increase the estimated responsiveness to cost and to showing designees' realized payoffs. Of course, the smaller sample size tends to reduce significance.

	Full sample				**Meticulous Investors**			
	(1)		(2)		(3)		(4)	
Constant	0.43	$\pm 0.06^{***}$	0.49	$\pm 0.07^{***}$	0.48	$\pm 0.13^{***}$	0.52	$\pm 0.13^{***}$
Simple Task	0.01	± 0.02	0.01	± 0.02	0.04	± 0.04	0.04	± 0.04
Complex Task	0.11	$\pm 0.02^{***}$	0.11	$\pm 0.02^{***}$	0.14	$\pm 0.04^{***}$	0.11	$\pm 0.04^{**}$
High Cost	-0.06	$\pm 0.03^{\circ}$	-0.17	$\pm 0.06^{**}$	-0.21	$\pm 0.12^{\circ}$	-0.21	$\pm 0.12^{\circ}$
NoQual	0.01	± 0.04	-0.07	± 0.06	-0.20	$\pm 0.12^{\circ}$	-0.20	$\pm 0.12^{\circ}$
AllInfo	-0.02	± 0.04	-0.08	± 0.06	-0.07	± 0.10	-0.07	± 0.10
NoQual×HighCost			0.19	$\pm 0.08^{*}$			0.27	± 0.17
AllInfo×HighCost			0.14	$\pm 0.08^{\circ}$			0.10	± 0.14
Order controls	✓		✓		✓		✓	
Risk controls	✓		✓		✓		✓	
Big-5 controls	✓		✓		✓		✓	
N	1767		1767		540		540	

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$, $^{\circ}p < 0.10$

Table 3: Linear probability model coefficient estimates (± std error) for delegation decision. Standard errors are clustered at the individual subject level. Columns (1-2) use all Experiment 1 data; cols (3-4) restrict to the 180 participants deemed meticulous. Risk controls and Big-5 controls refer to responses on the post-experiment questionnaire. Order controls refer to dummies for the first and second blocks. $^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$.

	Full Sample				Meticulous Investors			
	All		Delegation Only		All		Delegation Only	
Constant	1.67	$\pm 0.19^{***}$	2.26	$\pm 0.15^{***}$	1.68	$\pm 0.38^{***}$	2.25	$\pm 0.29^{***}$
HighCost	−0.51	$\pm 0.17^{**}$	−0.38	$\pm 0.13^{**}$	−0.64	$\pm 0.36^{\circ}$	−0.77	$\pm 0.29^{**}$
NoQual	−0.25	±0.17	−0.16	±0.13	−0.61	$\pm 0.36^{\circ}$	−0.35	±0.32
AllInfo	−0.28	±0.17	−0.21	±0.13	−0.20	±0.31	−0.47	$\pm 0.24^{\circ}$
HighCost:NoQual	0.56	$\pm 0.24^{*}$	0.37	$\pm 0.19^{\circ}$	0.82	±0.52	0.66	±0.43
HighCost:AllInfo	0.43	$\pm 0.24^{\circ}$	0.37	$\pm 0.19^{\circ}$	0.30	±0.44	0.85	$\pm 0.35^{*}$
Big-5 controls	✓		✓		✓		✓	
Risk controls	✓		✓		✓		✓	
Num. obs.	589		433		180		114	

Table 4: OLS regression coefficient estimates (± standard error) for delegation intensity. The dependent variable is the number of times a subject delegated (0, 1, 2, or 3). Delegation Only refers to the subsample of investors who delegated at least once, and Meticulous refers to the subsample of investors deemed meticulous. $^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$

To check the robustness of the delegation rate results we analyze delegation intensity. Table 4 reports regressions of information and personal variables on the frequency of delegation (0, 1, 2 or 3 times) across our 589 investors. The first three rows of the first column confirm that our investors on average delegate about half the time (1.67 or 1.42 or 1.38 of 3.00 opportunities in the different information conditions for the full sample). The regressions also confirm that higher delegation cost significantly reduces delegation frequency, by 0.51 of 3 opportunities in the full sample, but the last rows show again that that reduction is largely offset when designees' payoffs are shown. The second column of Table 4 shows that the same general trends apply to the subset of subjects who delegated at least once. The last two columns show that restricting the sample to meticulous investors again has no qualitative effect, but slightly sharpens point estimates of price elasticity and of showing designees' realized payoffs. Supplementary data analysis in Appendix B.1 shows that these results are robust to changing the baseline, to using logit instead of a linear probability model, and to restricting to "monotone" subjects who delegate more complex tasks whenever they delegate a given task.

To summarize, we find strong evidence for blame shifting (Hypothesis 2) in Tables 3 and 4; almost half of subjects delegate even Trivial (and Simple) tasks. We also find significant evidence for complexity-based decision costs when we move from either the Trivial or the Simple task to the Complex task (supporting Hypothesis 3(b)) but find no significant difference when moving from Trivial to Simple (contrary to Hypothesis 3(a)).

So far, we see no evidence for increasing risk tolerance (Hypothesis 4). We see significant price sensitivity in the baseline (consistent with Hypothesis 5) but not when investors see designees' realized payoffs. Investigating how investors choose designees will shed more light on such matters.

	min	25%	50%	75%	max	mean
Simple × Low Costs	0.00	0.04	0.25	0.48	1.09	0.30
Complex × Low Costs	0.00	0.05	0.08	0.11	0.43	0.09
Simple × High Costs	0.00	0.00	0.14	0.37	1.60	0.37
Complex × High Costs	0.00	0.05	0.07	0.09	0.39	0.08

Table 5: Costs of Inefficiency (in GBP)

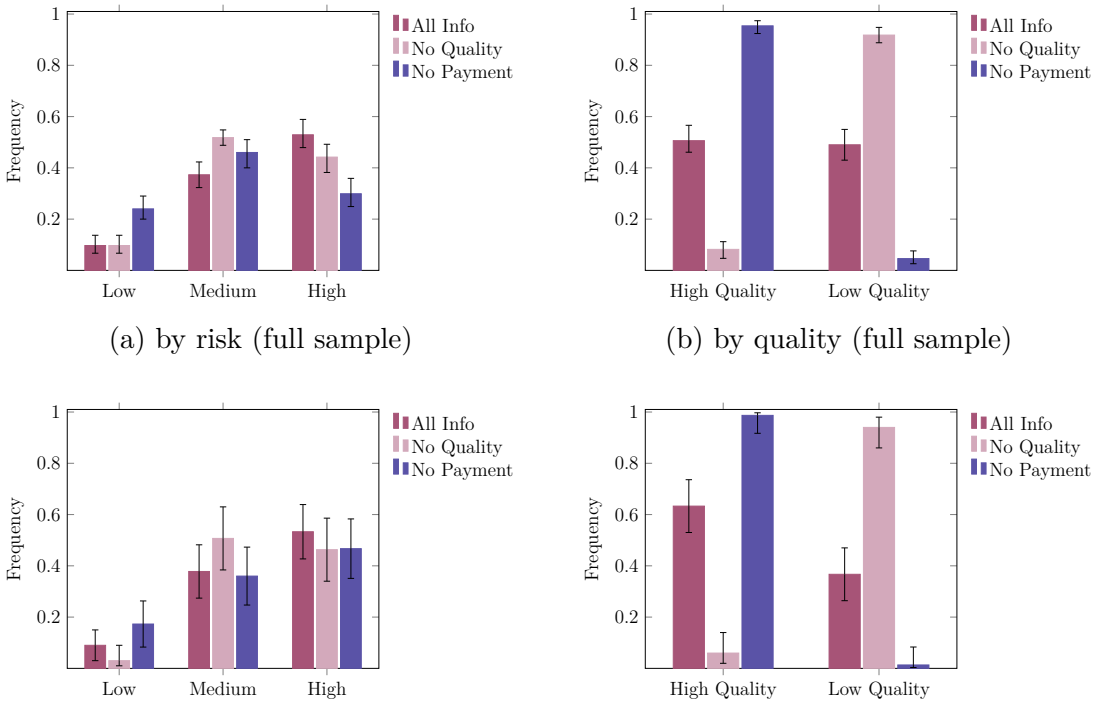
Before turning to that investigation, we ask whether delegation can be cost-effective. More specifically, how does the fixed cost of delegation (10p or 100p) compare to typical amounts of money left on the table due to suboptimal decision?

Define the inefficiency cost, or money left on the table, as $1 - \text{CCEI}$ converted to pounds. This can be regarded as an upper bound on the usefulness of delegation, since a human designee may still leave some money on the table. Table 5 summarizes the quartiles (and min and max) of observed inefficiency costs for individual subjects by treatment. Recall that inefficiency is not possible in the Trivial task, and that it is more frequent but mechanically less costly in Complex (portfolio allocation) tasks than in our Simple (lottery selection) tasks. Table 5 shows that the median investor can potentially recoup the low (10p) cost of delegation for Simple tasks, and almost recoup it for Complex tasks. For high cost (100p), however, delegation is potentially cost-effective only for the very most in-

efficient investors in the Simple task, and for no investor in the Complex task. We conclude that delegation is generally not cost effective except perhaps for Simple tasks with low delegation costs.

4.2 Experiment 1: To Whom to Delegate?

Recall from Figure 3 that investors who delegate choose from a list of five designees rated by risk, quality and realized earnings. There is a High quality designee at each risk level (Low, Medium, High). The two Low quality designees have higher earnings because we excluded dominated potential designees.[14]



(a) by risk (full sample)

(b) by quality (full sample)

(c) by risk (meticulous investors)

(d) by quality (meticulous investors)

Figure 6: Relative frequency of choosing expert types (with 95% confidence intervals).

We now analyze which designees investors choose. Figure 6 presents investors'

[14]For the same reason, there is no Low quality - Low risk designee; no such potential designee in the pool of 60 from our preliminary experiment had sufficiently high earnings to avoid domination.

choice frequencies across the three different information conditions. Figure 6(a) lumps together designees with similar risk attitudes. In the *NoPay* condition, the Low risk designees apparently attract about twice as large a share of investors as in the other information conditions. Perhaps not showing designees' payoffs allows many investors to better express their preferences for less risky investments.

Figure 6(b) combines designees with the same quality rating. It shows that in the *AllInfo* condition (red bars) investors delegate as frequently to Low as to High quality designees; apparently investors overall treat realized earnings (which are higher for Low quality designees) and quality ratings as equally informative. That Figure also shows that investors respond strongly to the information available: in *NoQual* condition (pink bars) more than 90% of delegations go to the higher earning designees while in *NoPay* condition (blue bars) more than 90% of delegations go to high quality designees. Panels (c) and (d) of Figure 6 show that meticulous investors' delegation patterns are very similar to those of the full sample.

The conflict between designees' quality ratings and their realized payoffs in the *AllInfo* treatment may shed light on earlier findings. We saw in the previous section that investors respond strongly to delegation cost only in the *NoPay* condition. Perhaps that is because investors in that condition are less distracted by the conflict and by the wide range of reported payoffs.

Designees' realized payoff varies from 250p to 850p, which might seem to dwarf even the high delegation cost of 100p. Of course that is an illusion and distraction since payoff variability is driven mainly by the random choice of pay period. Actually, as noted in the last subsection, the potential expected benefit of delegation is typically on the order of 10p.

Appendix B.1 offers supplementary analysis on which designees investors choose. This extended analysis shows that choice between designees is independent of task complexity (and even of the investor's own decision quality), but that in the *AllInfo* treatment choosing among designees based on their payoffs is less likely when the cost of delegation is high. Moreover, as also documented in Appendix A, there is

no correlation between the risk preferences of the investor and the risk tolerance of the designee they have chosen, contrary to Hypothesis 4(b).

To summarize, our data on the choice among designees strongly confirms the importance of chasing past performance (Hypothesis 1). When designees' quality ratings are not shown, over 90% of investors who delegate choose an designee with highest past performance, regardless of that investor's risk rating. Even when quality ratings are shown, about half of investors who delegate choose low quality designees with high past performance. Showing designees' past performance also seems to make investors less responsive to delegation cost and to designees' risk profiles.

4.3 Experiment 2: Do time and effort on task matter?

In addition to providing evidence on our five Hypotheses, the results of Experiment 1 contain some surprises. The overall delegation levels are higher than we expected, and the impacts of displaying designees' past performance were stronger and more complicated than expected. Might those surprises be due to details of our procedures? In particular, might many of our Prolific investors delegate mainly to save time and effort? By delegating they could avoid figuring out how to respond to the last of five tasks in a block, and by delegating to the designee with highest earnings they could avoid thinking about the designees' quality and risk ratings.

	Full Sample				Meticulous Investors			
Constant	0.50	$\pm 0.07^{***}$	0.51	$\pm 0.07^{***}$	0.41	$\pm 0.13^{**}$	0.43	$\pm 0.14^{**}$
Simple Task	−0.01	±0.03	−0.01	±0.03	0.03	±0.04	0.03	±0.04
Complex Task	0.10	$\pm 0.03^{***}$	0.10	$\pm 0.03^{***}$	0.12	$\pm 0.05^{**}$	0.12	$\pm 0.05^{**}$
HighCosts	−0.14	$\pm 0.04^{***}$	−0.14	$\pm 0.06^{*}$	−0.20	$\pm 0.07^{**}$	−0.25	$\pm 0.13^{\circ}$
DelegationAfter	−0.07	$\pm 0.04^{\circ}$	−0.08	±0.06	0.02	±0.08	−0.01	±0.11
HighCosts×DelegationAfter			0.02	±0.08			0.07	±0.16
Big-5 controls	✓		✓		✓		✓	
Risk controls	✓		✓		✓		✓	
Order controls	✓		✓		✓		✓	
N	1188		1188		408		408	

Table 6: Delegation in NoPay treatment. OLS coefficient estimates (± standard errors) for linear probability model. Meticulous refers to the subsample of investors who flawlessly answered all quiz questions.
$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$.

We designed Experiment 2 to deal with such concerns. By requiring investors to complete all five tasks in each block before deciding whether to delegate the fifth task, we eliminate the motive to save time and effort. Indeed, an investor who delegates in Experiment 2 reveals a willingness to incur extra time and effort to choose one designee out of five. Experiment 2 uses only the NoPay treatment to eliminate issues concerning over-response to designees' past payoffs.

Table 6 reports linear probability model estimates using all data from Experiment 2 (100 participants in condition NoPay/LoCost plus 100 in noPay/HighCost) combined with all NoPay data from Experiment 1. As in Table 3, the combined NoPay data show a baseline delegation rate of about 50%, an increase of about 10 percentage points for the Complex task and a decrease of about 10 percentage points with HighCost (the point estimate here is 14pp). We find evidence of a time and effort saving motive. The coefficient estimate for DelegationAfter, the Experiment 2 dummy variable, is 7 pp and it is marginally significant when the interaction with delegation cost is excluded. In the Meticulous subsample, that coefficient estimate is essentially zero. Appendix B.1 finds evidence of a declining trend over time (the delegation rate is 9 pp higher in first block than in third block), and

reports alternative specifications (e.g., Logit and inclusion of various interactions) and separate analyses of the Experiment 1 and Experiment 2 data. The overall conclusion is that time and effort saving motive is not especially strong, and more importantly, it does not undermine the conclusions obtained earlier regarding our five Hypotheses.

5 Discussion

Our experiment is intended to assess four different motives for delegating investment decisions to designees. To distinguish among the motives, the experiment controls for the cost of delegation and for task complexity, as well as for the available information about designees.

		Delegation Evidence from	
		Whether?	To Whom?
Chasing Past Performance	H1		✓
Blame Shifting	H2	✓	
Reducing Decision Costs	H3(a)	✗	
	H3(b)	✓	
	H3(c)		✓
Increased Risk Tolerance	H4(a)	✗	
	H4(b)		✗
Price Elasticity	H5	✓(?)	

Table 7: Hypothesis Test Summary. A ✓ (or ✗) in the first column indicates favorable (or unfavorable) evidence presented in Section 4.1; those marks in the second column similarly refer to Section 4.2.

Table 7 is a scorecard for our assessment. Hypothesis 1, the chasing past performance motive, is supported in Section 4.2. Delegation indeed goes to designees with highest payoffs when those payoffs are shown. Even though objectively those payoffs convey little or no information when quality ratings are also shown, it turns

out that about as many of our investors then delegate to low quality (high payoff) designees as to high quality designees.

The high delegation rates reported in Section 4.1 for Trivial tasks support our blame shifting Hypothesis 2. The even higher delegation rates for Complex tasks support Hypothesis 3(b) but, contrary to Hypothesis 3(a), the delegation rates are not noticeably higher for Simple tasks. The popularity of high quality designees (especially when their payoffs are not shown) reported in Sections 4.2 and 4.3 supports Hypothesis 3(c).

We found no evidence that would support Hypothesis 4 on risk tolerance. The supplementary Hypothesis 5 is confirmed in that we find significant cost-sensitivity in delegation rates in the baseline. Point estimates are a bit higher in our subsample of meticulous investors, but (as suggested by the (?) in the Table) the cost-sensitivity becomes insignificant when designees' payoffs are shown.

For us, the biggest surprise was how many of our investors delegated—roughly half of them. The delegation frequencies are higher than those found in prominent previous studies, e.g., 35% in Apesteguia et al. 2020 and 17-38% in Holzmeister et al. (2022). We speculate that, in addition to other differences in the design and subject pool, our delegation frequencies arise in part from a fortuitous number of designees to choose from. In contrast to our five designees, in Apesteguia et al. (2020) subjects could choose among 80 leaders and in Holzmeister et al. (2022) there was no choice. Perhaps having no choice or too much choice may suppress delegation frequencies. Indeed, such an inverse U-shaped relationship is documented for different choice domains; see e.g. Iyengar and Lepper (2000).

Our results also stand out against those obtained by the literature on "the lure of authority" (see e.g. Fehr et al. 2013) or Bartling et al. 2014) that suggests that individuals would rather keep decision power than delegate even if it is in their best interest to do so. This appears to contradict our results where individuals delegate in scenarios where it is not beneficial. There are however several differences in terms of incentives, timing of decisions, observability of designee attributes and

complexity which may account for (part of) this discrepancy. Moreover, individual differences in preferences for decision rights may lead some individuals to under-delegate and some to over-delegate. Further research could potentially pinpoint drivers of this discrepancy and develop a unifying framework.

Some of our other findings were also unexpected. Sensitivity to delegation cost became insignificant when designees' realized payoffs are shown. Our interpretation is that showing realized payment distracts many of our investors, who give those payments more weight than they deserve and/or see even high cost as minor compared to payment variability. That interpretation is consistent with the Experiment 2 data analysis.

Despite extensive specification search, we were unable to detect clear connections between investors' characteristics (such as revealed risk aversion, choice quality and personality profile) and their decisions whether to delegate and if so, to whom. Evidently the propensity to delegate is less related to standard economic characteristics than one might have supposed.

Several caveats are in order. First, our results come from a specific subject pool. The on-line Prolific pool possibly resembles the subset of the investors who use social trading platforms, but it is not clear how closely it resembles the broader universe of investors, nor how much that matters. The size and diversity of our Prolific subject pool, and the finding that delegation decisions seem unrelated to our subjects' demographic and psychological characteristics, encourage us to think that our results may apply to other investor populations, but of course verifying generalizability would require further empirical work.

A further caveat is that our study was designed to investigate four specific motives for delegation. Unsought findings — e.g., that delegation propensity seems unrelated to revealed risk preferences or to standard personality traits — should be considered tentative until confirmed by new studies aimed at testing them.

In our experiment investors were only presented with a pre-selected sample of designees, showcasing a conflict between decision quality and past earnings. We

believe that a similar conflict exists in real world settings. While there may be some truly high quality designees, there surely is a much larger number of low quality potential designees, a few of them having had a lucky streak. Thus, one should expect to see some low quality designees among the top earners.

Delegation in our experiment entails replicating the decision of the chosen designee, in some ways reminiscent of copy trading, which commits the follower to a leader's *future* trades which may or may not resemble observed previous trades. In contrast, our delegation decision commits the follower to replicate a *past* decision of the leader, with a possibly different realized outcome. Also, the initial cohort of subjects from which we picked our designees was not aware of their potential future role. Actual copy trading platforms, however, reward those who are copied via bonuses and discounts, and that could change behaviour.[15]

In other field settings, delegation can take the form of buying an ETF (which follows a specified market index) or a mutual fund (whose composition may be difficult to observe, but typically also has publicly available risk and quality ratings as well as historical performance). It can also take the form of hiring an expert to act on clients' behalf, tailoring choices to particular clients' circumstances rather than replicating (or even approximating) the expert's personal portfolio.[16] However, our focus is on how available information on designees systematically influences investors' choices of whether to delegate and if so to whom. For our purposes, such tailored delegation would be counterproductive because we could no longer keep constant across investors the relevant attributes of designees.

The current experiment gave investors little opportunity to learn from personal experience, since they saw their payoffs only at the very end. Still, we found that

[15]See also Kirchler et al. (2018) who show that the mere provision of rankings may have stark effects on the risk taking behavior of financial professionals.

[16]Nonetheless experts often advise their clients to invest as they do personally (Linnainmaa et al. 2021). Interestingly, Bottasso et al. (2022) and Holmén et al. (2023) show that finance professionals differ significantly in their risk preferences from the general population. Whilst they have superior decision quality compared to their clients when they are trading on their own, they are no better than their clients when choosing on their behalf (Stefan et al., 2022).

delegation rates trended modestly down in later blocks. Future work might investigate more thoroughly whether delegation rates are stable over time as investors learn from experience about the pros and cons of delegation.

Another potential avenue for further research is to dissect blame shifting. For us, that motive is broadly construed to cover all sorts of non-instrumental decision avoidance. Since broadly construed blame shifting turned out to be so important in our data, it might be worthwhile in future work to try to partition it into identifiable components (e.g., narrow blame shifting vs cognitive dissonance vs regret aversion...) that can be studied theoretically and empirically.

From a policy point of view, the high fraction of investors who choose to delegate for seemingly welfare reducing motives (especially blame shifting) appears alarming and raises questions about the optimal regulatory approach towards social trading platforms. On a more positive note, it is encouraging that a large fraction of investors chooses high quality designees when decision quality information is available. That fact suggests that copy trading and other delegation platforms may wish to display more prominently information on designees' decision quality.[17]

[17]We acknowledge that it is a challenge to find appropriate quality measures in a field environment and to present them in a transparent manner.

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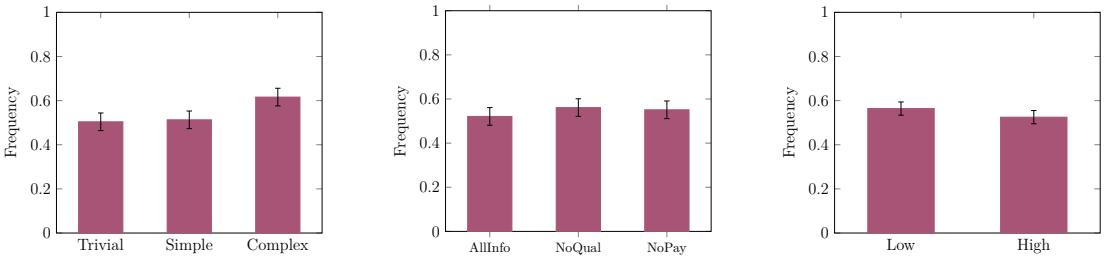
A Additional Figures (Online)



(a) by complexity (b) by information (c) by costs

Figure A.1: Delegation frequencies (with 95% confidence intervals).

B Supplementary Data Analysis (Online)

B.1 Additional Analysis on Full Sample

Here we offer additional empirical analysis, supplementing the material presented in Section 4.

B.1.1 Whether to delegate?

	NoPay	NoQual	AllInfo
Trivial Task	.541	.505	.480
Simple Task	.602	.505	.571
Complex Task	.714	.639	.520

(a) Low Costs

	NoPay	NoQual	AllInfo
Trivial Task	.439	.545	.515
Simple Task	.408	.515	.475
Complex Task	.602	.657	.566

(b) High Costs

Table B.1: Summary statistics for delegation by treatment.

Table B.1 presents delegation rates by treatment in Experiment 1. Some of the results are illustrated well with the raw numbers. We see that as the complexity of the task increases, delegation increases (usually monotonically) in each treatment.

	logit			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	−0.06	−0.02	0.43	0.49***	0.49***	0.60***
	(0.28)	(0.28)	(0.28)	(0.07)	(0.07)	(0.07)
Trivial Task		−0.04	−0.49***		−0.01	−0.11***
		(0.09)	(0.09)		(0.02)	(0.02)
Simple Task	0.04		−0.45***	0.01		−0.11***
	(0.09)		(0.09)	(0.02)		(0.02)
Complex Task	0.49***	0.45***		0.11***	0.11***	
	(0.09)	(0.09)		(0.02)	(0.02)	
High Costs	−0.73**	−0.73**	−0.73**	−0.17**	−0.17**	−0.17**
	(0.24)	(0.24)	(0.24)	(0.06)	(0.06)	(0.06)
NoQual	−0.36	−0.36	−0.36	−0.08	−0.08	−0.08
	(0.25)	(0.25)	(0.25)	(0.06)	(0.06)	(0.06)
AllInfo	−0.40°	−0.40°	−0.40°	−0.09	−0.09	−0.09
	(0.24)	(0.24)	(0.24)	(0.06)	(0.06)	(0.06)
High Costs×NoQual	0.79*	0.79*	0.79*	0.19*	0.19*	0.19*
	(0.34)	(0.34)	(0.34)	(0.08)	(0.08)	(0.08)
High Costs×AllInfo	0.61°	0.61°	0.61°	0.14°	0.14°	0.14°
	(0.34)	(0.34)	(0.34)	(0.08)	(0.08)	(0.08)
Risk (general)	0.30**	0.30**	0.30**	0.07**	0.07**	0.07**
	(0.11)	(0.11)	(0.11)	(0.03)	(0.03)	(0.03)
Big-5 (trusting)	0.16°	0.16°	0.16°	0.04°	0.04°	0.04°
	(0.09)	(0.09)	(0.09)	(0.02)	(0.02)	(0.02)
Big-5 (artistic)	0.14*	0.14*	0.14*	0.03*	0.03*	0.03*
	(0.06)	(0.06)	(0.06)	(0.02)	(0.02)	(0.02)
Big-5 (outgoing)	0.27**	0.27**	0.27**	0.06**	0.06**	0.06**
	(0.09)	(0.09)	(0.09)	(0.02)	(0.02)	(0.02)
Big-5 (blameshifting)	0.25**	0.25**	0.25**	0.06**	0.06**	0.06**
	(0.09)	(0.09)	(0.09)	(0.02)	(0.02)	(0.02)
Big-5 (nervous)	0.21*	0.21*	0.21*	0.05*	0.05*	0.05*
	(0.10)	(0.10)	(0.10)	(0.02)	(0.02)	(0.02)
Order control	✓	✓	✓	✓	✓	✓
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	1767	1767	1767	1767	1767	1767

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$

Table B.2: Regression results for delegation decision (standard errors in parenthesis) for all Experiment 1 data. Observation level: delegation decision (3 per subject). All standard errors are clustered at the individual level.

Further, we do not see consistent difference between the information conditions in terms of delegation.

Table B.2 presents an extended version of Table 3, including alternative specifications of the linear probability model as well as a logit model. The table also

includes controls for additional Big-5 questions as well as attitude to risk questions. For the Big-5 questions and risk attitudes we only report lines corresponding to the significant coefficients for this table and the tables below.

We again use both Trivial and Simple tasks as the baseline (models (1) and (2) respectively) to ensure that the difference is significant between delegation in Simple and Complex tasks as well as between Trivial and Complex tasks. The columns of Table B.2 all confirm the robustness of results presented in Section 4.

Note that in the Table B.2 risk and some of the Big-5 attributes are significant. We observe self-reported risk attitude being significant, while objective risk measures are not. Moreover, risk attitude is not robust to different regressions specifications. Among the Big-5 questions (significantly) correlating with the delegation decision we find the indicators of blameshifting (as per hypothesis), trust (consistent with existing literature), outgoing (correlated with trust), nervous, and artistic.

Table B.3 extends Table 4 from Section 4 and also includes responses to the Big-5 questions and self-reported risk attitudes.

B.1.2 Whom to delegate?

We focus on two (out of the three) characteristics of the designees: quality and risk. Recall that designees are chosen such that the earnings of Low quality designees are higher than those of High quality designees, and earnings are increasing with increasing risk tolerance. Along the dimension of quality, we separate designees into High (A, B, C) and Low (D,E) quality designees. We are particularly interested whether/when investors would like to delegate their decisions to the designees with Low quality ratings. We code Low quality as 1 and High quality as 0. For the analysis of the risk tolerance of designees, we code Low as 1 (designee A), Medium as 2 (designees B and D), and High as 3 (designees C and E).

Table B.4 reports the frequency with which Experiment 1 investors delegate to designees with different risk levels across information conditions and cost levels.

	(1)	(2)	(3)
Constant	0.33	0.33	0.33
	(0.63)	(0.63)	(0.63)
High Costs	-1.09^{*}	-1.09^{*}	-1.09^{*}
	(0.44)	(0.44)	(0.44)
NoQual	2.94^{***}	2.94^{***}	2.94^{***}
	(0.62)	(0.62)	(0.62)
AllInfo	1.88^{**}	1.88^{**}	1.88^{**}
	(0.60)	(0.60)	(0.60)
High Costs×NoQual	1.26	1.26	1.26
	(0.87)	(0.87)	(0.87)
High Costs×AllInfo	0.14	0.14	0.14
	(0.81)	(0.81)	(0.81)
Risk (general)	1.11^{***}	1.11^{***}	1.11^{***}
	(0.30)	(0.30)	(0.30)
Big-5 (trusting)	0.41°	0.41°	0.41°
	(0.23)	(0.23)	(0.23)
Big-5 (outgoing)	0.57^{*}	0.57^{*}	0.57^{*}
	(0.25)	(0.25)	(0.25)
Big-5 (blameshifting)	0.56^{*}	0.56^{*}	0.56^{*}
	(0.24)	(0.24)	(0.24)
Big-5 (nervous)	0.50^{*}	0.50^{*}	0.50^{*}
	(0.25)	(0.25)	(0.25)
Order control	✓	✓	✓
Risk controls	✓	✓	✓
Big-5 controls	✓	✓	✓
Num. obs.	589	589	589

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.001$;

Table B.3: OLS regression for delegation intensity coefficients with standard errors in parenthesis. Observation level: delegated 0 to 3 times in the experiment (1 per subject).

The left panel reports the results for low costs of delegation and the right panel presents the results for high costs of delegation. The rows correspond to the different levels of complexity and the columns show the risk of the designee chosen. We see two main findings with respect to risk. First, subjects mainly delegate to

	Low Risk	Medium Risk	High Risk
Trivial Task	.134	.436	.430
Simple Task	.098	.500	.402
Complex Task	.131	.443	.426

(a) Low Costs

	Low Risk	Medium Risk	High Risk
Trivial Task	.115	.500	.385
Simple Task	.130	.428	.442
Complex Task	.139	.417	.444

(b) High Costs

Table B.4: Summary statistics for risk of the designee by treatment.

Medium or High risk designees. Second, there is no treatment difference in terms of the risk of investors depending on the task complexity and costs of delegation.

Table B.5 presents the results of regression analysis of whether the investors choose to delegate their choice to the designees of Low quality rating. Regression analysis confirms the findings evident from Figure 6. That is, we see that the investors take the decision based on the information available. Recall that the low-quality designees are those with higher earnings. In particular, if they do not have a quality rating for the designee, then they are significantly more likely to delegate their decision to the low-quality designees, and if they don't have the earnings information, then they are significantly less likely to delegate the decision to the low-quality designees. We also see that investors treat both quality and payment information as relevant since even in the *AllInfo* condition they are still likely to delegate their decision to low-quality designees. For the complexity and cost dimensions, we do not see robust effects.

In terms of individual attributes, we see that (self-reported) more risk-loving subjects are more likely to choose low quality designees. This outcome, however, only holds for one of the three self-reported indicators of risk. Moreover, this correlation may be driven by the fact that low quality designees are those who have higher earnings. We also see that "lazy" subjects are more likely to choose low quality designees. This finding is also reasonable, because "lazy" subjects might be less prone to take into account the quality index, and rely on less informative but more salient (and easier to interpret) designees' payoff.

Table B.6 presents the results of regression analysis for the risk tolerance of designees chosen. Note that we do not find correlations between risk of the cho-

	OLS			logit		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	-3.57^{***}	-3.78^{***}	-3.84^{***}	0.02	-0.01	-0.01
	(0.53)	(0.54)	(0.53)	(0.05)	(0.04)	(0.05)
Trivial Task		0.21	0.26		0.02	0.03
		(0.19)	(0.19)		(0.02)	(0.02)
Simple Task	-0.21		0.05	-0.02		0.00
	(0.19)		(0.20)	(0.02)		(0.02)
Complex Task	-0.26	-0.05		-0.03	-0.00	
	(0.19)	(0.20)		(0.02)	(0.02)	
High Costs	0.13	0.13	0.13	0.01	0.01	0.01
	(0.73)	(0.73)	(0.73)	(0.03)	(0.03)	(0.03)
NoQual	5.81^{***}	5.81^{***}	5.81^{***}	0.87^{***}	0.87^{***}	0.87^{***}
	(0.53)	(0.53)	(0.53)	(0.03)	(0.03)	(0.03)
AllInfo	3.79^{***}	3.79^{***}	3.79^{***}	0.54^{***}	0.54^{***}	0.54^{***}
	(0.51)	(0.51)	(0.51)	(0.06)	(0.06)	(0.06)
High Costs×NoQual	0.36	0.36	0.36	0.02	0.02	0.02
	(0.81)	(0.81)	(0.81)	(0.04)	(0.04)	(0.04)
High Costs×AllInfo	-0.86	-0.86	-0.86	$-0.16^{\cdot}$	$-0.16^{\cdot}$	$-0.16^{\cdot}$
	(0.79)	(0.79)	(0.79)	(0.08)	(0.08)	(0.08)
Risk (general)	0.48^{*}	0.48^{*}	0.48^{*}	0.05^{*}	0.05^{*}	0.05^{*}
	(0.23)	(0.23)	(0.23)	(0.02)	(0.02)	(0.02)
Big-5 (lazy)	0.45^{**}	0.45^{**}	0.45^{**}	0.05^{*}	0.05^{*}	0.05^{*}
	(0.17)	(0.17)	(0.17)	(0.02)	(0.02)	(0.02)
Order control	✓	✓	✓	✓	✓	✓
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	962	962	962	962	962	962

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$

Table B.5: Choosing low-quality designee. Results from OLS and logit regressions, coefficients with standard errors in parenthesis.

sen designee and any of the individual characteristics (self-reported investor risk preferences and Big-5 personality traits. The only additional significant correlation is that investors tend to choose more risk-averse designees in the complex task as compared to other tasks. We do confirm the finding illustrated by Figure

	(1)	(2)	(3)
Constant	2.67***	2.58***	2.40***
	(0.33)	(0.33)	(0.33)
Trivial Task		0.09	0.27**
		(0.10)	(0.09)
Simple Task	−0.09		0.18°
	(0.10)		(0.11)
Complex Task	−0.27**	−0.18°	
	(0.09)	(0.11)	
High Costs	−0.34	−0.34	−0.34
	(0.35)	(0.35)	(0.35)
NoQual	−0.13	−0.13	−0.13
	(0.25)	(0.25)	(0.25)
AllInfo	−0.54°	−0.54°	−0.54°
	(0.28)	(0.28)	(0.28)
High Costs×NoQual	0.13	0.13	0.13
	(0.37)	(0.37)	(0.37)
High Costs×AllInfo	0.41	0.41	0.41
	(0.43)	(0.43)	(0.43)
Order control	✓	✓	✓
Risk controls	✓	✓	✓
Big-5 controls	✓	✓	✓
Num. obs.	962	962	962

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.10$

Table B.6: Risk tolerance of the designee. Results of OLS regression, coefficient with standard errors in parenthesis.

6 that subjects prefer designees of at least Medium risk tolerance since the constant is about 2.5, that is subjects do not tend to choose the low-quality designee. Another relevant finding is that is that in *NoPay* condition, subjects are choosing designees of lower risk tolerance. Recall that, among the chosen designees, higher risk tolerance is associated with higher displayed earnings. However, even in *NoPay* condition, the average risk tolerance of the designee is still about 2 (corresponding to Medium risk tolerance). That is, even when we eliminate the chasing past performance motive, subjects still prefer to delegate to at least Medium risk

tolerant designees. Table B.6 also confirms that subjects are sensitive to earnings information when choosing whom to delegate.

B.1.3 Who delegates?

	logit			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	−0.18	−0.18	−0.18	0.47***	0.47***	0.47***
	(0.34)	(0.34)	(0.34)	(0.08)	(0.08)	(0.08)
High Costs	−0.86**	−0.86**	−0.86**	−0.20**	−0.20**	−0.20**
	(0.31)	(0.31)	(0.31)	(0.07)	(0.07)	(0.07)
NoQual	0.63*	0.63*	0.63*	0.14*	0.14*	0.14*
	(0.31)	(0.31)	(0.31)	(0.07)	(0.07)	(0.07)
AllInfo	0.29	0.29	0.29	0.07	0.07	0.07
	(0.31)	(0.31)	(0.31)	(0.07)	(0.07)	(0.07)
High Costs×NoQual	0.94*	0.94*	0.94*	0.21*	0.21*	0.21*
	(0.45)	(0.45)	(0.45)	(0.10)	(0.10)	(0.10)
High Costs×AllInfo	0.62	0.62	0.62	0.15	0.15	0.15
	(0.43)	(0.43)	(0.43)	(0.10)	(0.10)	(0.10)
Risk (general)	0.45**	0.45**	0.45**	0.10**	0.10**	0.10**
	(0.15)	(0.15)	(0.15)	(0.03)	(0.03)	(0.03)
Big-5 (outgoing)	0.38**	0.38**	0.38**	0.08**	0.08**	0.08**
	(0.12)	(0.12)	(0.12)	(0.03)	(0.03)	(0.03)
Big-5 (blameshifting)	0.24*	0.24*	0.24*	0.05*	0.05*	0.05*
	(0.12)	(0.12)	(0.12)	(0.03)	(0.03)	(0.03)
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	589	589	589	589	589	589

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$

Table B.7: Regression for delegated at least once, coefficient with standard errors in parenthesis. Observation level: delegated at least one in the experiment (1 per subject).

To investigate the difference between Experiment 1 investors who decided to delegate and those who didn't, we construct a variable that is equal to 1 if the

investor decided to delegate at least once (among three tasks). Table B.7 presents regression results for this dependent variable. All results presented are robust to changing the specification to logit or probit. There is no significant correlation with efficiency, risk, or personality traits. Thus, in line with the results from Table B.3 self-reported risk attitude and the Big-5 attributes "blameshifting" and "outgoing" have explanatory power for the delegation decision.

We do observe the effects of informational conditions on delegation. In particular, we see that the presence of conflicting information reduces delegation frequencies. If we remove either the information about the quality or about earnings of the designees, then the investor is 18 percentage points more likely to delegate in the case of low costs of delegation. Note that these results cannot be translated to the intensity of delegation.

B.2 Monotone Subjects: Delegation

As a further robustness check we we restrict to a subsample of *monotone* subjects, defined as delegating on more complex tasks whenever the subject delegates on a given task. Table B.8 displays the shares and the counts in Experiment 1 for the eight possible delegation patterns across the three tasks.

Pattern	Shares	Counts
NNN	0.11	65
YNN	0.08	49
NYN	0.09	55
YYN	0.10	57
NNY	0.14	85
YNY	0.15	88
NYY	0.15	87
YYY	0.18	103

Table B.8: Delegation patterns. Y (N) indicates delegation (no delegation) in a task, in the sequence Trivial, Simple, and Complex. E.g, YNY refers to investors who delegate in Trivial and Complex but not Simple tasks.

Table B.8 displays the shares and the counts in Experiment 1 for the eight possible delegation patterns across the three tasks. The most frequent pattern is to delegate in all tasks (YYY). Whatever the choice on Trivial and Simple tasks, it is more common to delegate on the complex task. That is, the **Y entries are all larger than the corresponding **N entries. On the other hand, delegation in the Trivial and Simple tasks seems roughly interchangeable in that the NY* and YN* entries are similar.

	AllInfo	NoPay	NoQual
Low Costs	72/98 (73%)	59/98 (60%)	49/97 (51%)
High Costs	48/99 (49%)	57/98 (58%)	55/99 (56%)

Table B.9: Distribution of monotone subjects across treatments

We now consider the sub-sample of monotone subjects, i.e. those whose delegation choices are monotonically increasing in task complexity. Thus an investor who delegated in the Trivial task is deemed monotone if they also delegate in Simple and Complex tasks, and one who did not delegate in the Trivial task but did delegate in Simple task is deemed monotone if they delegate in Complex task. A investor who delegates in neither the Trivial nor Simple tasks is deemed monotone whether or not they delegate in the Complex task. The row labels in Table B.8 for the monotone patterns (NNN, NNY, NYY, and YYY) are shown in bold font.

Overall, 57% (340 of 589) of our investors are deemed monotone. Table B.9 shows the percentages are similar for most treatments. The exception is the Low Costs $\times$ AllInfo treatment, which has 10-15% more monotone subjects than the other treatments. We find that the delegation rate in the Trivial task remains fairly high for monotone subjects at about 30%. The rate rises to 56% in the Simple task and to 81% in Complex.

We now consider the subsample of monotone investors. Table B.10 shows that results for this subsample are mostly similar to those presented earlier for the full sample, but with two notable exceptions. First, the increase in delegation with

	logit model			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	−0.31	0.19	0.81*	0.43***	0.54***	0.69***
	(0.37)	(0.38)	(0.38)	(0.09)	(0.09)	(0.09)
Trivial Task		−0.51***	−1.12***		−0.12***	−0.26***
		(0.07)	(0.10)		(0.02)	(0.02)
Simple Task	0.51***		−0.61***	0.12***		−0.14***
	(0.07)		(0.08)	(0.02)		(0.02)
Complex Task	1.12***	0.61***		0.26***	0.14***	
	(0.10)	(0.08)		(0.02)	(0.02)	
High Costs	−0.87**	−0.87**	−0.87**	−0.20**	−0.20**	−0.20**
	(0.32)	(0.32)	(0.32)	(0.07)	(0.07)	(0.07)
NoQual	−0.54	−0.54	−0.54	−0.12	−0.12	−0.12
	(0.33)	(0.33)	(0.33)	(0.08)	(0.08)	(0.08)
AllInfo	−0.42	−0.42	−0.42	−0.09	−0.09	−0.09
	(0.33)	(0.33)	(0.33)	(0.08)	(0.08)	(0.08)
High Costs×NoQual	1.14*	1.14*	1.14*	0.26*	0.26*	0.26*
	(0.47)	(0.47)	(0.47)	(0.11)	(0.11)	(0.11)
High Costs×AllInfo	0.68	0.68	0.68	0.15	0.15	0.15
	(0.46)	(0.46)	(0.46)	(0.11)	(0.11)	(0.11)
Big-5 (outgoing)	0.31*	0.31*	0.31*	0.07*	0.07*	0.07*
	(0.13)	(0.13)	(0.13)	(0.03)	(0.03)	(0.03)
Big-5 (blameshifting)	0.29*	0.29*	0.29*	0.07*	0.07*	0.07*
	(0.12)	(0.12)	(0.12)	(0.03)	(0.03)	(0.03)
Order control	✓	✓	✓	✓	✓	✓
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	1197	1197	1197	1197	1197	1197

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$

Table B.10: Regression results for delegation decision for restricted sample of "monotone" subjects. Standard errors in parenthesis. Observation level: delegation decision (3 per subject). All standard errors are clustered at the individual level.

complexity is now highly significant, but this is partly mechanical, due to the way we define monotone. Second, High Costs has a larger and more significant coefficient. That is, monotone subjects seem more price sensitive than the full sample.

Note that now most of the correlations with the personal characteristics are insignificant. Only the Big-5 personality traits "outgoing" (correlated with trust) and "blameshifting" (directly included into one of the delegation motives) are sig-

nificant. Neither any other Big-5 personality trait nor self-reported risk evaluation is significant.

B.2.1 Whether to delegate

	logit			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	−0.42	−0.42	−0.42	0.40***	0.40***	0.40***
	(0.40)	(0.40)	(0.40)	(0.09)	(0.09)	(0.09)
High Costs	−0.83*	−0.83*	−0.83*	−0.19*	−0.19*	−0.19*
	(0.37)	(0.37)	(0.37)	(0.08)	(0.08)	(0.08)
NoQual	0.29	0.29	0.29	0.07	0.07	0.07
	(0.37)	(0.37)	(0.37)	(0.09)	(0.09)	(0.09)
AllInfo	−0.02	−0.02	−0.02	−0.00	−0.00	−0.00
	(0.36)	(0.36)	(0.36)	(0.09)	(0.09)	(0.09)
High Costs×NoQual	1.07*	1.07*	1.07*	0.25*	0.25*	0.25*
	(0.54)	(0.54)	(0.54)	(0.12)	(0.12)	(0.12)
High Costs×AllInfo	0.67	0.67	0.67	0.15	0.15	0.15
	(0.51)	(0.51)	(0.51)	(0.12)	(0.12)	(0.12)
Risk (general)	0.42*	0.42*	0.42*	0.10*	0.10*	0.10*
	(0.17)	(0.17)	(0.17)	(0.04)	(0.04)	(0.04)
Big-5 (outgoing)	0.38*	0.38*	0.38*	0.09**	0.09**	0.09**
	(0.15)	(0.15)	(0.15)	(0.03)	(0.03)	(0.03)
Big-5 (blameshifting)	0.27*	0.27*	0.27*	0.06*	0.06*	0.06*
	(0.14)	(0.14)	(0.14)	(0.03)	(0.03)	(0.03)
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	399	399	399	399	399	399

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$

Table B.11: Whether subject delegated in at least one of the tasks.

Table B.11 shows that the restriction to monotone subjects has little effect on earlier results on whether investors delegated at least once. We again conclude that the AllInfo treatment, which generates conflicting information about designees, undermines the propensity to delegate. Note that in subsample of monotone subjects we observe about 20% of subjects who never delegated while in full sample this share drops to 11%. We still confirm other treatment effects including the price sensitivity in NoPay treatment. However, again among the personality traits we

observe less correlations. Only self-reported risk attitude and the Big-5 attributes "outgoing" and "blameshifting" still correlate with the delegation decision.

B.2.2 Whom to delegate

	logit			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	-5.08^{***}	-4.97^{***}	-4.61^{***}	-0.01	-0.00	0.03
	(1.04)	(1.10)	(1.08)	(0.06)	(0.05)	(0.05)
Trivial Task		-0.12	-0.48°		-0.01	-0.04°
		(0.21)	(0.27)		(0.02)	(0.02)
Simple Task	0.12		-0.36	0.01		-0.03
	(0.21)		(0.24)	(0.02)		(0.02)
Complex Task	0.48°	0.36		0.04°	0.03	
	(0.27)	(0.24)		(0.02)	(0.02)	
High Costs	-0.49	-0.49	-0.49	-0.00	-0.00	-0.00
	(1.53)	(1.53)	(1.53)	(0.03)	(0.03)	(0.03)
NoQual	8.36^{***}	8.36^{***}	8.36^{***}	0.96^{***}	0.96^{***}	0.96^{***}
	(1.39)	(1.39)	(1.39)	(0.03)	(0.03)	(0.03)
AllInfo	5.23^{***}	5.23^{***}	5.23^{***}	0.64^{***}	0.64^{***}	0.64^{***}
	(1.11)	(1.11)	(1.11)	(0.08)	(0.08)	(0.08)
High Costs×NoQual	0.47	0.47	0.47	0.02	0.02	0.02
	(1.81)	(1.81)	(1.81)	(0.05)	(0.05)	(0.05)
High Costs×AllInfo	-0.31	-0.31	-0.31	-0.18	-0.18	-0.18
	(1.57)	(1.57)	(1.57)	(0.11)	(0.11)	(0.11)
Risk (general)	0.69°	0.69°	0.69°	0.06°	0.06°	0.06°
	(0.40)	(0.40)	(0.40)	(0.03)	(0.03)	(0.03)
Big-5 (trusting)	0.46°	0.46°	0.46°	0.02	0.02	0.02
	(0.26)	(0.26)	(0.26)	(0.02)	(0.02)	(0.02)
Big-5 (relaxed)	-0.35	-0.35	-0.35	-0.03°	-0.03°	-0.03°
	(0.22)	(0.22)	(0.22)	(0.02)	(0.02)	(0.02)
Order control	✓	✓	✓	✓	✓	✓
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	569	569	569	569	569	569

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$

Table B.12: Choosing low-quality designee. Results from OLS and logit regressions, coefficients with standard errors in parenthesis.

Table B.12 analyzes the probability of choosing low quality designees by reporting regression analysis in line with Table B.5 restricted to the sample of monotone investors. Again, we observe a higher likelihood of choosing low quality designee

in AllInfo and NoQual treatments, where payment information is available as the low quality designees are those with higher payoffs. While we do not see robust correlations between the Big-5 personality traits and the choice of low quality designee among the monotone subjects, there is a marginally significant correlation between low-quality designee choice and self-reported risk attitude. This may, however, again be due to low quality designees having either M and H risk ratings and higher payoffs.

Table B.13 presents the regressions results for the risk rating of the chosen designee. We still see similar treatment effects as in the full sample. Note that we do not observe correlation between self-reported risk attitude and the risk category of the chosen designee. Moreover, the only Big-5 personality characteristic question that (marginally) correlates with the choice is "blameshifting".

B.3 Meticulous Subjects: Quiz

Below we collect more detailed results on subjects deemed meticulous, i.e., subjects who have correctly answered all quiz questions on the first try.

B.3.1 Whether to delegate

Table B.14 presents results for the delegation decision by task complexity and treatment for meticulous investors. This regression confirms the treatment effects reported in the main part of the paper. We still observe a high share of delegation in the trivial task, as well as an increase with increasing task. We see price sensitivity in all treatments, however, due to the reduced sample size significance is only at the 10% level. Note that we also observe less delegation in NoQual treatment, albeit this effect is only marginally significant. Moreover, we do not observe any correlation with individual characteristics, neither with Big-5 questions nor with the self-reported risk attitudes.

Table B.15 presents the results for whether meticulous investors have delegated

	(1)	(2)	(3)
Constants	2.54***	2.50***	2.43***
	(0.44)	(0.43)	(0.43)
Trivial Task		0.05	0.11
		(0.09)	(0.12)
Simple Task	−0.05		0.07
	(0.09)		(0.10)
Complex Task	−0.11	−0.07	
	(0.12)	(0.10)	
High Costs	−0.55	−0.55	−0.55
	(0.50)	(0.50)	(0.50)
NoQual	−0.01	−0.01	−0.01
	(0.34)	(0.34)	(0.34)
AllInfo	−0.76*	−0.76*	−0.76*
	(0.37)	(0.37)	(0.37)
High Costs×NoQual	0.32	0.32	0.32
	(0.53)	(0.53)	(0.53)
High Costs×AllInfo	0.75	0.75	0.75
	(0.60)	(0.60)	(0.60)
Big-5 (blameshifting)	0.25°	0.25°	0.25°
	(0.14)	(0.14)	(0.14)
Order control	✓	✓	✓
Risk controls	✓	✓	✓
Big-5 controls	✓	✓	✓
Num. obs.	569	569	569

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$; °$p < 0.1$

Table B.13: Risk tolerance of the designee. Results of OLS regression, coefficient with standard errors in parenthesis.

at least once. The results confirm the main treatment effects from the full sample. We do observe high level of delegation (about 46%) as well as price sensitivity in the NoPay treatment. However, we neither see any correlation with self-reported risk assessment nor with Big-5 personality traits.

	logit model			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	−0.07	0.09	0.54	0.48***	0.52***	0.62***
	(0.54)	(0.53)	(0.54)	(0.13)	(0.13)	(0.13)
Trivial Task		−0.16	−0.61***		−0.04	−0.14***
		(0.16)	(0.16)		(0.04)	(0.04)
Simple Task	0.16		−0.45**	0.04		−0.11**
	(0.16)		(0.16)	(0.04)		(0.04)
Complex Task	0.61***	0.45**		0.14***	0.11**	
	(0.16)	(0.16)		(0.04)	(0.04)	
High Costs	−0.92°	−0.92°	−0.92°	−0.21°	−0.21°	−0.21°
	(0.49)	(0.49)	(0.49)	(0.12)	(0.12)	(0.12)
NoQual	−0.88°	−0.88°	−0.88°	−0.20°	−0.20°	−0.20°
	(0.52)	(0.52)	(0.52)	(0.12)	(0.12)	(0.12)
AllInfo	−0.29	−0.29	−0.29	−0.07	−0.07	−0.07
	(0.42)	(0.42)	(0.42)	(0.10)	(0.10)	(0.10)
High Costs×NoQual	1.18	1.18	1.18	0.27	0.27	0.27
	(0.73)	(0.73)	(0.73)	(0.17)	(0.17)	(0.17)
High Costs×AllInfo	0.42	0.42	0.42	0.10	0.10	0.10
	(0.61)	(0.61)	(0.61)	(0.14)	(0.14)	(0.14)
Order controls	✓	✓	✓	✓	✓	✓
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	540	540	540	540	540	540

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.10$

Table B.14: Regression results for delegation decision for restricted sample of meticulous subjects. Standard errors in parenthesis. Observation level: delegation decision (3 per subject). All standard errors are clustered at the individual level.

B.3.2 Whom to delegate

Table B.16 presents the regression results for the choice of low quality designees. The regression confirms the main observation that the subjects are more likely to choose low quality designee when the payment information is available (NoQual and AllInfo). Interestingly there is a significant degree of price sensitivity in this subsample, something which was not observed in the other subsample or in the full sample. Moreover, in this subsample we observe that in more complex tasks investors are less likely to choose low quality designees. Again, this result was not observed in the previous analysis. Moreover, we do observe negative corre-

	logit			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	−0.22	−0.22	−0.22	0.46**	0.46**	0.46**
	(0.59)	(0.59)	(0.59)	(0.14)	(0.14)	(0.14)
High Costs	−1.34*	−1.34*	−1.34*	−0.30*	−0.30*	−0.30*
	(0.64)	(0.64)	(0.64)	(0.15)	(0.15)	(0.15)
NoQual	−0.57	−0.57	−0.57	−0.14	−0.14	−0.14
	(0.61)	(0.61)	(0.61)	(0.15)	(0.15)	(0.15)
AllInfo	0.09	0.09	0.09	0.02	0.02	0.02
	(0.53)	(0.53)	(0.53)	(0.13)	(0.13)	(0.13)
High Costs×NoQual	2.22*	2.22*	2.22*	0.51*	0.51*	0.51*
	(0.91)	(0.91)	(0.91)	(0.21)	(0.21)	(0.21)
High Costs×AllInfo	0.84	0.84	0.84	0.19	0.19	0.19
	(0.79)	(0.79)	(0.79)	(0.19)	(0.19)	(0.19)
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	180	180	180	180	180	180

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$

Table B.15: Whether subject delegated in at least one of the tasks.

lation with the Big-5 attributes "trusting" and "artistic". Again, none of these correlations was observed before.

Table B.17 presents regression results for the risk category of the chosen designee. The average risk-rating of the chosen designee is still about 2 (Medium) for all treatments. This regression also shows that investors are choosing slightly less risky designees in the complex task. In terms of individual characteristics, the self-assessed risk attitude (responsibility) question and several of the Big-5 personality traits questions are negatively correlated with the risk level of the chosen designee. Thus, while treatment effects are consistent with the previous analysis, the picture with regard to personality is more nuanced.

	logit			linear probability model		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	-4.28^{**}	-5.86^{***}	-5.70^{***}	0.14	0.03	0.04
	(1.42)	(1.54)	(1.53)	(0.08)	(0.09)	(0.08)
Trivial Task		1.58^{**}	1.42^{*}		0.11^{*}	0.10^{*}
		(0.60)	(0.56)		(0.05)	(0.05)
Simple Task	-1.58^{**}		-0.16	-0.11^{*}		-0.01
	(0.60)		(0.58)	(0.05)		(0.04)
Complex Task	-1.42^{*}	0.16		-0.10^{*}	0.01	
	(0.56)	(0.58)		(0.05)	(0.04)	
High Costs	-16.34^{***}	-16.34^{***}	-16.34^{***}	-0.07	-0.07	-0.07
	(1.65)	(1.65)	(1.65)	(0.07)	(0.07)	(0.07)
NoQual	8.49^{***}	8.49^{***}	8.49^{***}	0.88^{***}	0.88^{***}	0.88^{***}
	(1.45)	(1.45)	(1.45)	(0.09)	(0.09)	(0.09)
AllInfo	4.98^{***}	4.98^{***}	4.98^{***}	0.38^{***}	0.38^{***}	0.38^{***}
	(1.15)	(1.15)	(1.15)	(0.09)	(0.09)	(0.09)
High Costs×NoQual	34.46^{***}	34.46^{***}	34.46^{***}	$0.21^{\cdot}$	$0.21^{\cdot}$	$0.21^{\cdot}$
	(2.02)	(2.02)	(2.01)	(0.11)	(0.11)	(0.11)
High Costs×AllInfo	16.22^{***}	16.22^{***}	16.22^{***}	0.05	0.05	0.05
	(1.79)	(1.78)	(1.78)	(0.12)	(0.12)	(0.12)
Big-5 (trusting)	-1.10^{*}	-1.10^{*}	-1.10^{*}	-0.07^{*}	-0.07^{*}	-0.07^{*}
	(0.54)	(0.54)	(0.54)	(0.04)	(0.04)	(0.04)
Big-5 (artistic)	-0.94^{***}	-0.94^{***}	-0.94^{***}	-0.07^{*}	-0.07^{*}	-0.07^{*}
	(0.28)	(0.28)	(0.28)	(0.03)	(0.03)	(0.03)
Order control	✓	✓	✓	✓	✓	✓
Risk controls	✓	✓	✓	✓	✓	✓
Big-5 controls	✓	✓	✓	✓	✓	✓
Num. obs.	232	232	232	232	232	232

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$

Table B.16: Choosing low-quality designee in meticulous subsample. Results from OLS and logit regressions, coefficients with standard errors in parenthesis.

	(1)	(2)	(3)
Constant	2.37^{***}	2.15^{***}	1.85^{**}
	(0.61)	(0.62)	(0.60)
Trivial Task		0.22	0.52^{*}
		(0.28)	(0.21)
Simple Task	−0.22		0.30
	(0.28)		(0.27)
Complex Task	-0.52^{*}	−0.30	
	(0.21)	(0.27)	
High Costs	0.25	0.25	0.25
	(0.64)	(0.64)	(0.64)
NoQual	0.53	0.53	0.53
	(0.54)	(0.54)	(0.54)
AllInfo	0.10	0.10	0.10
	(0.49)	(0.49)	(0.49)
High Costs×NoQual	−0.30	−0.30	−0.30
	(0.77)	(0.77)	(0.77)
High Costs×AllInfo	0.34	0.34	0.34
	(0.74)	(0.74)	(0.74)
Risk (responsibility)	-0.28°	-0.28°	-0.28°
	(0.16)	(0.16)	(0.16)
Big-5 (reserved)	-0.33°	-0.33°	-0.33°
	(0.19)	(0.19)	(0.19)
Big-5 (artistic)	-0.43^{***}	-0.43^{***}	-0.43^{***}
	(0.13)	(0.13)	(0.13)
Big-5 (outgoing)	-0.33°	-0.33°	-0.33°
	(0.18)	(0.18)	(0.18)
Order control	✓	✓	✓
Risk controls	✓	✓	✓
Big-5 controls	✓	✓	✓
Num. obs.	232	232	232

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$; $^{\circ}p < 0.1$

Table B.17: Risk tolerance of designee in meticulous subsample. Results of OLS regression, coefficient with standard errors in parenthesis.

C Details on CCEI (Online)

We now explain how we adapt the Afriat (1973) Critical Cost Efficiency Index (CCEI) to our setting. Recall that we have a finite set of observations for each subject. A subject is choosing from a finite budget set B_t, which is defined by the constant price vector p_t, such that

$$x \in B_t \text{ if and only if } p_t x \leq 1.$$

(Figure D.2 illustrates all budget sets used in the experiment.) Denote by x_t the allocation chosen from the budget B_t. Then, under the **Generalized Axiom of Revealed Preferences (GARP)** for every sequence $t = 1, \ldots, n$ such that $p_{t+1}x_t \leq 1$, it holds that $p_n x_1 \geq 1$. It is well known (see Varian, 1982) that GARP is equivalent to the existence of a locally non-satiated continuous and concave utility function that generated the data. Since we consider preferences consistent with stochastic dominance and we consider assets with only two equally likely states of the world, we can use a simplified version of FSD-GARP (see Heufer, 2014; Castillo and Freer, 2018). Let $\sigma((x_1, x_2)) = (x_2, x_1)$ be the permutation of the choice x. A data set satisfies **FSD-GARP** if for every sequence $t = 1, \ldots, n$ such that $p_{t+1}x_t \leq 1$ or $p_{t+1}\sigma(x_t) \leq 1$ it holds that $p_n x_1 \geq 1$ and $p_n \sigma(x_1) \geq 1$. FSD-GARP is then equivalent to the existence of a utility function that satisfies stochastic dominance and generated the data. Finally, given the axiom we can define **CCEI** as the maximum $e \in [0, 1]$ such that for every sequence $t = 1, \ldots, n$ with $p_{t+1}x_t \leq e$ or $p_{t+1}\sigma(x_t) \leq e$, it holds that $p_n x_1 \geq e$ and $p_n \sigma(x_1) \geq e$.

Intuitively, a CCEI of e means that the chosen bundle is only better than everything in the reduced budget set $p_t x \leq e$ instead of the full budget set $p_t x \leq 1$, i.e., decision makers are maximizing preferences as if their income were only $e < 1$. In that sense, they are leaving a $1 - e$ share of income on the table, and could have attained a better bundle if they rationally deployed the $1 - e$ share.

D Experimental Details (Online)

D.1 Budget Specifications

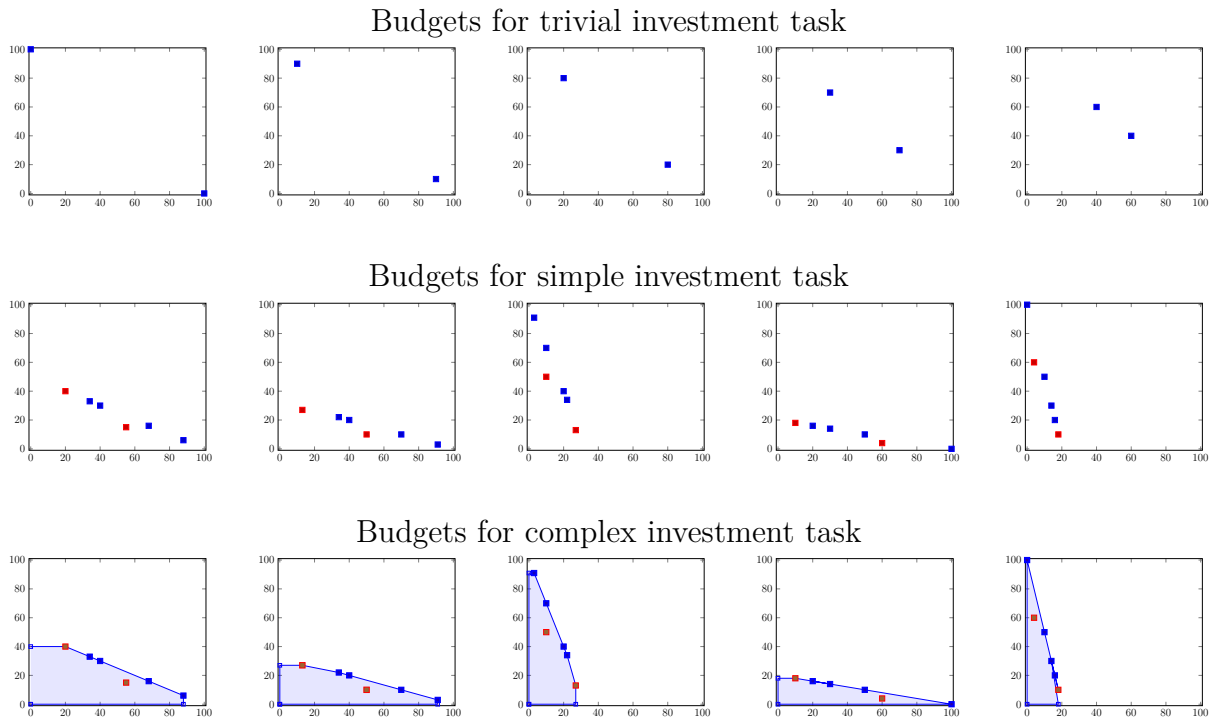


Figure D.2: Budget specifications used in the experiment

Figures D.2 presents the entire set of budgets for Trivial, Simple and Complex tasks. Recall that Trivial and Simple tasks are menu choices, while the Complex task is the portfolio choice. Thus, for the Complex task we also present the comprehensive closure of the budget set. Every budget for Simple and Complex task contains two points that are dominated if subject is consistent with maximizing a utility function that satisfies first-order stochastic dominance. These points are marked with red. One dominated point for every budget set is strictly inside the budget set, so it is dominanted as long as subject has monotone utility. Second dominated point for every budget set is on the "short side", that is, this choice is not dominated if subject has only monotone utility, but is dominated if subject

has utility that satisfies first-order stochastic dominance.

D.2 Experimental Instructions

Below we present the full set of experimental instructions. General instructions been shown to every subject prior to the beginning of the experiment. Investment tasks were shown in random order of "Blocks". After instruction explaining each block, the subjects are given a comprehension check. The comprehension check (two quiz questions) is presented below the instructions. Note that in order to comply with the rule of the Prolific platform, each subject is given three attempts on each quiz question. If they fail to answer a question in three attempts they are asked to "return" the study. Data for the subjects who failed at least one of the comprehension checks is not included in the study as it is incomplete.

General Instrucitons:

Overview

In this experiment you will face three blocks of five tasks each. Each task involves an economic decision. At the end of the experiment, one of the blocks will be randomly (with equal likelihood) selected for payment. Out of this block you will be paid for one out of your first four decisions (with equal likelihood), and you also will be paid for your last decision in that block.

You will certainly receive **£1.5 for participation**. You will also earn an additional £0-11 depending on the decisions you make and on the random events, as described below. Throughout the experiment we use tokens as currency. At the end of the experiment tokens will be converted at the rate of **20 tokens per £1**. In the beginning of the experiment you are given the **endowment of 20 tokens (£1)** and further earnings (and losses) will be added to the initial endowment.

Before making decisions in each block, you will receive instructions for that block and a couple of questions to check your understanding. Please read the instructions carefully because fully understanding them will help you make better decisions and take home more money.

Trivial Investment Task:

Instructions (Block 2 out of 3)

In this block, you will make five decisions. In each of these decisions, you will choose one of two investment options.

The table on the decision screen shows how the payoff of each option depends on the state of the world. There are two equally likely states of the world: Heads and Tails. The actual state will be determined by a virtual coin flip (using the computer's random number generator).

In the example decision below, if you choose Option 1, then you will receive 100 tokens if the coin comes up Heads, and will receive 0 tokens if the coin comes up Tails. If you choose Option 2, then you will receive 0 tokens if the coin comes up Heads, and 100 tokens if Tails.

	Payment if Heads	Payment if Tails
○ Option 1	100	0
○ Option 2	0	100

Simple Investment Task:

Instructions (Block 3 out of 3)

In this block, you will make five decisions. In each of these decisions, you will choose one of six investment options.

The table on the decision screen shows how the payoff of each option depends on the state of the world. There are two equally likely states of the world: Heads and Tails. The actual state will be determined by a virtual coin flip (using the computer's random number generator).

In the example decision below, if you choose Option 1, then you will receive 55 tokens if the coin comes up Heads, and will receive 15 tokens if the coin comes up Tails. If instead you choose Option 3, then you will receive 40 tokens if the coin comes up Heads, and 30 tokens if Tails. Likewise, if you choose Option 4, then you will receive 88 tokens if the coin comes up Heads, and 6 tokens if Tails.

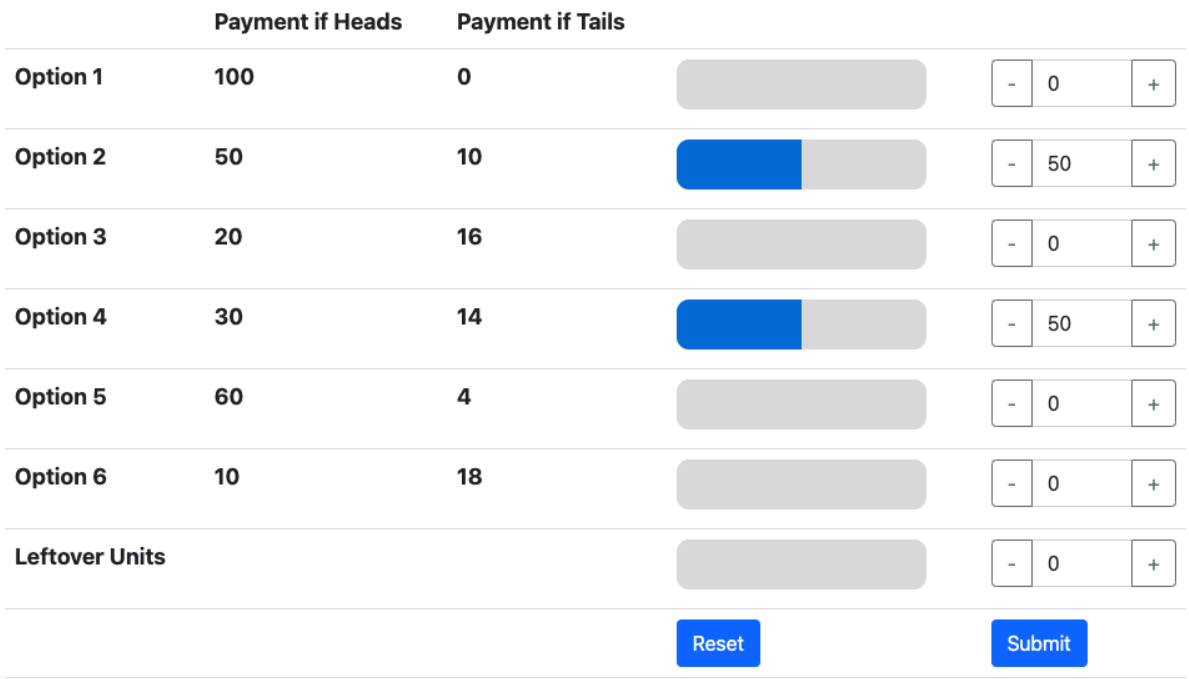
	Payment if Heads	Payment if Tails
○ Option 1	55	15
○ Option 2	68	16
○ Option 3	40	30
○ Option 4	88	6
○ Option 5	20	40
○ Option 6	34	33

Complex Investment Task:

Instructions I (Block 1 out of 3)

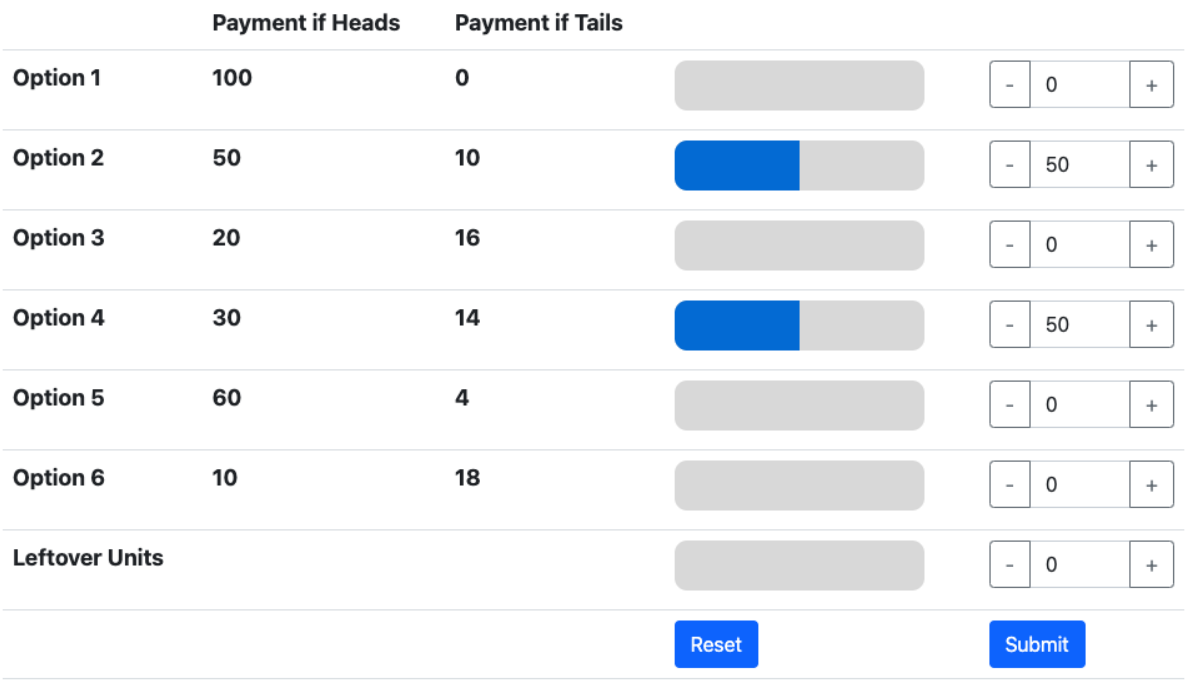
In this block, you will make five decisions. In each of these decisions, you will distribute 100 units among six investment options. At the end of the experiment, one of the decisions will be randomly chosen and it will determine your payment.

The table on the decision screen shows how the payoff of each option depends on the state of the world. There are two equally likely states of the world: Heads and Tails. The actual state will be determined by a virtual coin flip (using the computer's random number generator).



Instructions II (Block 1 out of 3)

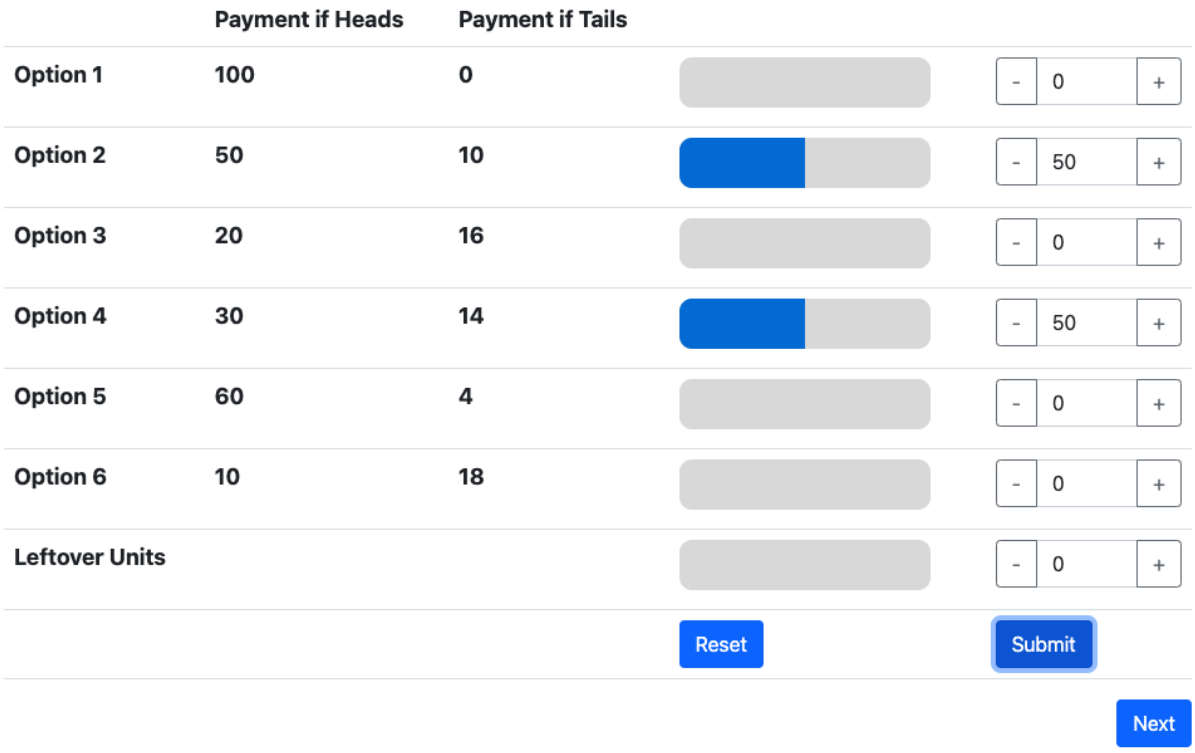
Your payoff each round will depend on how you choose to allocate 100 units among the available options, and also on the outcome of a virtual coin flip. In the example below, if you choose to allocate all 100 units in Option 1, then you would receive 100*100 = 10,000 mini-tokens = 100 tokens if the coin comes up Heads, and would receive 0 tokens if the coin comes up Tails. If you choose instead to invest 50 units in Option 2 and 50 units in Option 4, then you would receive 50*50+50*30 = 4000 mini-tokens = 40 tokens if the coin comes up Heads, and you would receive 50*10+50*14 = 1200 mini-tokens = 12 tokens if the coin comes up Tails.



Instructions III (Block 1 out of 3)

To distribute your 100 units, use your mouse to move the blue bars in the fourth column, or use the -/+ buttons in the last column. If you want to start over, just click the "**Reset**" button.

To finalize your distribution, first check that you have distributed all 100 units. (To avoid unnecessary waste, the program will not let you proceed if there are leftover units.) Then click the "**Submit**" button and, provided there are no leftover units, a "**Next**" button will appear. Clicking it will finalize your distribution on that task.



Delegation instructions: All Info Treatment

Instructions: Delegation

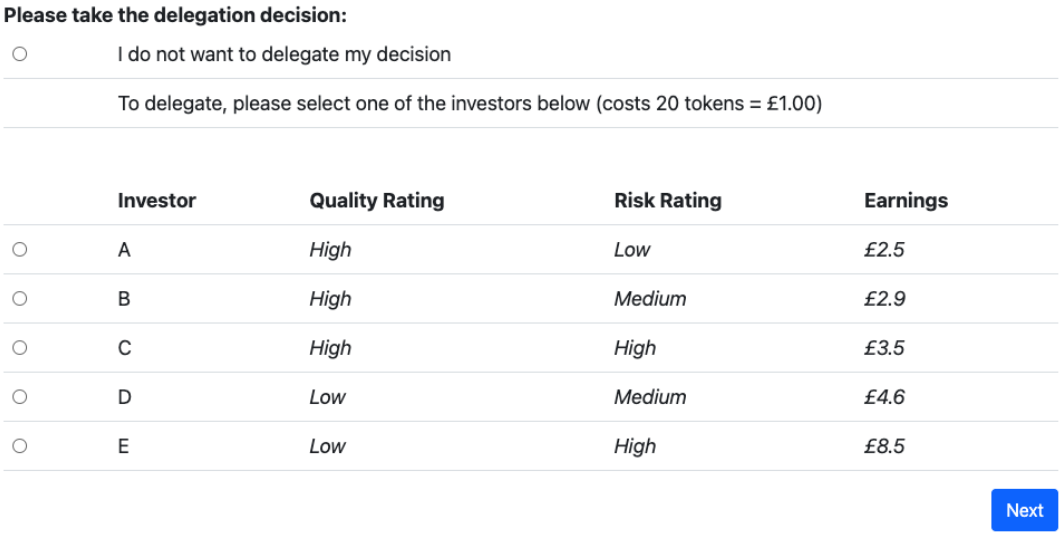
You can now choose to either delegate the task to a previous investor or else you can continue making your own choices as in the previous four rounds. If you delegate to a previous investor, then the computer will automatically choose for you exactly the same asset as that investor chose in that round.

As usual, your screen will display information you will need if you decide to make your own choices. It will also display a list of five investors who have previously played this game. The display also tells you something about each of those previous investors: the final payments they received, their risk ratings and their quality ratings.

Their final payments, like yours, come from the last round and one of the other four rounds in a single randomly chosen block. Please note that it is often from a different block (and round) than that for which you delegate.

Their risk rating --- High, Medium, or Low --- is based on all their choices during their session. High risk rating means they often made choices that result in a very high payment in one state and a very low payment in the other state, while low risk rating indicates mostly choices that give a moderate payout no matter what the state turns out to be.

Their quality rating --- High or Low --- indicates the "efficiency" of the investor's choices. A low rating indicates that they often could have obtained higher payments in both states if they had made different choices.



Please take the delegation decision:

○ I do not want to delegate my decision

To delegate, please select one of the investors below (costs 20 tokens = £1.00)

	Investor	Quality Rating	Risk Rating	Earnings
○	A	*High*	*Low*	*£2.5*
○	B	*High*	*Medium*	*£2.9*
○	C	*High*	*High*	*£3.5*
○	D	*Low*	*Medium*	*£4.6*
○	E	*Low*	*High*	*£8.5*

Next

Delegation instructions: No Payment Info Treatment

Instructions: Delegation

You can now choose to either delegate the task to a previous investor or else you can continue making your own choices as in the previous four rounds. If you delegate to a previous investor, then the computer will automatically choose for you exactly the same asset as that investor chose in that round.

As usual, your screen will display information you will need if you decide to make your own choices. It will also display a list of five investors who have previously played this game. The display also tells you something about each of those previous investors: their risk ratings and their quality ratings.

Their risk rating --- High, Medium, or Low --- is based on all their choices during their session. High risk rating means they often made choices that result in a very high payment in one state and a very low payment in the other state, while low risk rating indicates mostly choices that give a moderate payout no matter what the state turns out to be.

Their quality rating --- High or Low --- indicates the "efficiency" of the investor's choices. A low rating indicates that they often could have obtained higher payments in both states if they had made different choices.

Delegation instructions: No Quality Info Treatment

You can now choose to either delegate the task to a previous investor or else you can continue making your own choices as in the previous four rounds. If you delegate to a previous investor, then the computer will automatically choose for you exactly the same asset as that investor chose in that round.

As usual, your screen will display information you will need if you decide to make your own choices. It will also display a list of five investors who have previously played this game. The display also tells you something about each of those previous investors: the final payments they received and their risk ratings.

Their final payments, like yours, come from the last round and one of the other four rounds in a single randomly chosen block. Please note that it is often from a different block (and round) than that for which you delegate.

Their risk rating --- High, Medium, or Low --- is based on all their choices during their session. High risk rating means they often made choices that result in a very high payment in one state and a very low payment in the other state, while low risk rating indicates mostly choices that give a moderate payout no matter what the state turns out to be.

Please take the delegation decision:

○	I do not want to delegate my decision
	To delegate, please select one of the investors below (costs 2 tokens = £0.1)

	Investor	Risk Rating	Earnings
○	A	*Medium*	*£2.9*
○	B	*High*	*£3.5*
○	C	*High*	*£8.5*
○	D	*Low*	*£2.5*
○	E	*Medium*	*£4.6*

Trivial Task Quiz

Question 1

The menu choices made are presented below.

	Payment if Heads	Payment if Tails
Option 1	**30**	**70**
Option 2	**70**	**30**

Given that **Option 1** was chosen and the randomly determined state of the world is **Heads**.

What is the payment for this choice (**in tokens**)?

Question 2

The menu choices made are presented below.

	Payment if Heads	Payment if Tails
Option 1	**80**	**20**
Option 2	**20**	**80**

Given that **Option 2** was chosen, the randomly determined state of the world is **Tails** and the exchange rate is **20 tokens per £1**.

What is the payment for this choice (**in GBP**)?

Simple Quiz

Question 1

The menu choices made are presented below.

	Payment if Heads	Payment if Tails
Option 1	**100**	**0**
Option 2	**50**	**10**
Option 3	**20**	**16**
Option 4	**30**	**14**
Option 5	**60**	**4**
Option 6	**10**	**18**

Given that **Option 4** was chosen and the randomly determined state of the world is **Heads**.

What is the payment for this choice (**in tokens**)?

Question 2

The menu choices made are presented below.

	Payment if Heads	Payment if Tails
Option 1	**40**	**20**
Option 2	**13**	**27**
Option 3	**91**	**3**
Option 4	**34**	**22**
Option 5	**70**	**10**
Option 6	**50**	**10**

Given that **Option 1** was chosen and the randomly determined state of the world is **Tails** and the exchange rate is **£1 per 20 tokens**.

What is the payment for this choice (**in GBP**)?

Complex Quiz

Question 1

Options	Payment if **Heads**	Payment if **Tails**	Chosen to invest
Option 1	34	22	**0**
Option 2	70	10	**20**
Option 3	50	10	**40**
Option 4	40	20	**40**
Option 5	91	3	**0**
Option 6	13	27	**0**
The state of the world is	**Tails**		
Exchange Rate	100 mini-tokens per 1 token		
Exchange Rate	20 tokens per £1		

What is the payment for this choice (**in tokens**)?

- ○ 10*20 + 10*40 + 20*40 = 1400
- ○ (10*20 + 10*40 + 40*40)/100 = 22
- ○ (10*20 + 10*40 + 20*40)/100 = 14
- ○ (70*20 + 50*40 + 40*40)/2000 = 2.5

Question 2

Options	Payment if **Heads**	Payment if **Tails**	Chosen to invest
Option 1	18	10	**0**
Option 2	16	20	**0**
Option 3	10	50	**40**
Option 4	0	100	**60**
Option 5	14	30	**0**
Option 6	4	60	**0**
The state of the world is	**Tails**		
Exchange Rate	100 mini-tokens per 1 token		
Exchange Rate	20 tokens per £1		

What is the payment for this choice (**in £**)?

- ○ (10*40 + 100*60)/20 = 320
- ○ (50*40 + 100*60)/2000 = 4
- ○ (10*40 + 0*60)/1000 = .4
- ○ (50*40 + 100*60) = 8000

D.3 Post-experimental tasks

Once a subject would complete the experiment they proceed to post-experimental questionnaire. The questionnaire is split in two parts. We do ask several questions with regards to personality traits and risk-attitudes. All questions are on Likert scale.

Post-Experimental Survey 1 of 2

I see myself as someone who ...	Disagree strongly	Disagree a little	Neither agree nor disagree	Agree a little	Agree strongly
... is reserved	○	○	○	○	○
... is generally trusting	○	○	○	○	○
... tends to be lazy	○	○	○	○	○
... is relaxed, handles stress well	○	○	○	○	○
... has few artistic interests	○	○	○	○	○
... is outgoing, sociable	○	○	○	○	○
... tends to find fault with others	○	○	○	○	○
... does a thorough job	○	○	○	○	○
... gets nervous easily	○	○	○	○	○
... has an active imagination	○	○	○	○	○

Figure D.3: Post-experimental task 1.

The first part elicits the Big-5 personality traits. In order to do so we use ten questions as introduced by Rammstedt and John (2007). The screenshot with the questionnaire is presented in Figure D.3. Recall that Big-5 personality traits are composed of openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism. Openness to experience is reflected in questions about having artistic interest and active imagination (questions 5 and 10). Conscientiousness is reflected in questions about being lazy and doing thorough job (questions 3 and 8). Extraversion is reflected in questions about being reserved and outgoing (questions 1 and 6). Agreeableness is reflected in questions about being trusting or

finding fault with others (questions 2 and 7). Neuroticism is reflected in questions about handling the stress and getting nervous (questions 4 and 9).

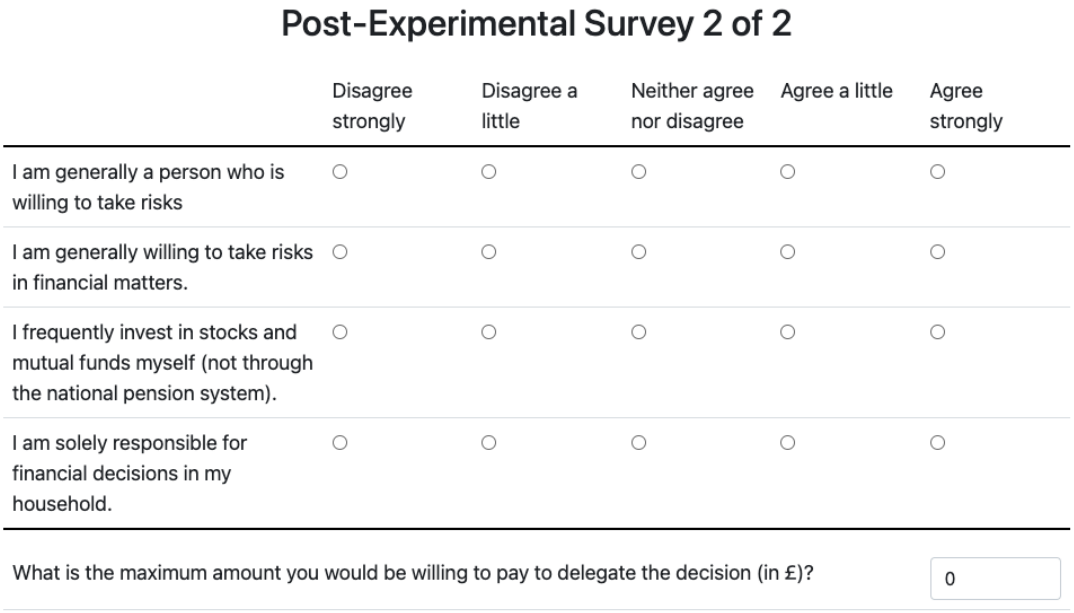


Figure D.4: Post-experimental task 1

The second part elicits different dimensions of risk attitudes using four questions (see figure D.4. In particular we inquire about subjects' general attitude to risk as well as the attitudes to taking risks in financial decisions. In addition, we ask about how experienced are subjects with the financial decisions by asking whether they are frequently taking these decisions in real life. Finally, we ask about whether subjects are used to take responsibility for their financial decisions that is a potential approach towards blame shifting.