

# Human Behavior in Response to Incentives and Opportunity Costs : Experimental Method

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## Abstract

We use experimental methods in examining several aspects of psychology and economics to understand economic phenomena in simulation processes and behavior. We examine human behavior in response to incentives and opportunity costs. We recruited 80 participants by classifying them based on income level, debt owned, cost of living and family dependents. We use a game method where participants play a game in the form of choosing a box that has a cost per box and there is a mystery prize from each box or not choosing at all. each participant can get a prize money based on the decision he made. From the results of the study, almost all participants expected the same results, namely to be able to bring as much money as possible as research incentives. However, variations in decision making, readiness to take risks, and readiness to return home without getting any money can be seen to be influenced by income level, debt owned, cost of living, and family dependents.

**Keywords:** Human Behavior, Insentif, Opportunity Cost, Expermiental Research

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## **Introduction**

Psychology and economics in experimental research have studies that have many similarities, for example, related to negotiations (Madsen & Stenheim, 2015). Humans as economic actors are never separated from their psychological side as humans where humans have feelings, empathy, desires and so on which of course have an impact on economic decisions taken (Rusmingsih, Widarni, & Bawono, 2021).

Despite the various similarities in research approaches, psychology and economics certainly have different goals, including implications for their respective fields of science. The implications for experimental research design in the fields of psychology and economics have an impact on the results of research that sometimes have the same results even though they have different goals (Hensel, 2021). Management science is one of the applied sciences of economics which often intersects both theoretically and empirically with psychological studies, especially human resource management (Widarni & Bawono, 2021).

Economics, psychology, and management are social sciences that can complement and strengthen each other in the business and real sectors so that the combination of the three improves the performance of companies that collaborate with the three disciplines, for example, the birth of a branch of human capital studies that is never separated from the psychology side (Gomes da Costa, Pinto, Martins, & Vieira, 2021). Research across disciplines is not something new in the 21st century. However, it takes patience and a broad and fundamental understanding to conduct cross-disciplinary research (Rojko & Lužar, 2022).

The experimental method can show real causation with high internal validity. Experimental methods can be applied in economic and psychological research with human objects as economic actors so that economic simulations can be carried out and psychological observations can be made in experimental research activities. The selected human object is a human being who is assumed to be able to think and make rational decisions so that research simulations in the experimental method can show simulations in the real world so that research results can be used in understanding economic phenomena that occur and how humans make decisions in every simulated condition (Madsen & Stenheim, 2015).

Because the experimental method is a simulation in the internal environment the possibility of the external environment is different so it becomes a limitation of research on the environment outside the research, which means that research results may differ in reality due to external factors that are not accommodated in the study (Jabbour, Darquennes, Divet, Bennacer, Torrenti, & Nahas, 2021). Psychological researchers who focus on understanding humans themselves actually consider external factors outside the scope of humans to be a distraction or bias in understanding humans as a whole (Kou, Kwan, & Chai, 2021).

## **Research Method**

We use experimental methods in examining several aspects of psychology and economics to understand economic phenomena in simulation processes and behavior. We examine human behavior in response to incentives and opportunity costs. We keep experimental participants confidential to provide participant anonymity so that participants can act genuine in response to incentives and opportunity costs. We observe human behavior in response to economic incentives and opportunity costs.

We recruited 80 participants by classifying them based on income level, debt owned, cost of living and family dependents. So that every response from each participant from various economic backgrounds can be recorded in the study so that they can understand human behavior on economic incentives and opportunity costs from various backgrounds. We use a game method where participants play a game in the form of choosing a box that has a cost per box and there is a mystery prize from each box or not choosing at all. Each participant can get a prize money based on the decision he made.

## Conclusion

The 80 participants who took part based on the grouping on income level, debt owned, cost of living, and family dependents, it can be observed seen that almost diverse in making a decision, where the higher one's income level, the more daring to make decisions and wiser in managing finances. On the other hand, the greater the debt owned, the more they expect to get a lot of money after research, and the more careful they are in making decisions. The higher the cost of living the riskier it is to expect more money to take home. The larger the family dependents, the more careful with decisions, hoping that the money that has been obtained will not decrease. From the results of the study, almost all participants expected the same results, namely to be able to bring as much money as possible as research incentives. However, variations in decision making, readiness to take risks, and readiness to return home without getting any money can be seen to be influenced by income level, debt owned, cost of living, and family dependents.

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