Online Reputational Loss Aversion: Empirical evidence from StackOverflow.com

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Abstract

Do people care equally about reputational gains and losses? We study this question by analyzing users' contribution to online knowledge repositories, with data from StackOverflow.com, a website for user-curated technical questions and answers. We find that users who receive upvotes are encouraged to post more answers. But more interestingly, when users receive downvotes to their answers, they are much more strongly encouraged to post more answers. Reputational losses (downvotes) elicit a stronger reaction in users than reputational gains (upvotes), suggesting the presence of reputational loss aversion.

Loss aversion is highest among users in the highest reputation segment and users with moderate tenure. These results hold after controlling for simultaneity between answers, upvotes and downvotes using instrumental-variables two-stage least squares panel data analysis. Our paper is novel in studying reputational loss aversion using observational data, compared to prior studies on loss aversion in choice

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