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Toward the Integration of Personality Theory and Decision Theory in the Explanation of Economic and Health Behavior

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Abstract:

Trait-based personality psychology and economics have taken different approaches to understanding individual differences, with the former emphasizing variables derived from the factor analysis of trait assessments, and the latter emphasizing variables derived from formal decision theory. In a data set on trainee truckers in a large US company, we provide a systematic initial assessment of the empirical pattern of relationships between the elements from these two approaches by comparing the predictive power of measurements derived from personality theory and decision theory for several individual characteristics and outcomes, and relating the two sets of measurements to each other. We show that personality traits have a comparable or stronger predictive power than do economic preferences for several dependent variables, including credit score, job persistence, and heavy truck accidents. They also have strong predictive power for Body Mass Index (BMI) and smoking status. Further, decision theory and personality variables are meaningfully related. For example, we confirm that cognitive ability explains a substantial part of time preferences, and find that Neuroticism and cognitive ability together explain attitudes toward risk. In addition, Agreeableness and cognitive ability explain aspects of other-regarding behavior in a strategic setting.

Text: See [Discussion Paper No. 6750](#)



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