

**Title**

Behavioral drivers of investments in catch share fisheries

**Abstract**

Excess and over capacity are key management issues in global fisheries. Previous work on firm-level investment behavior in fisheries, both theoretical and empirical, typically assumes risk neutral and profit maximizing agents. While this work has led to a much better understanding of the dynamics of investments and capacity both at the firm and the industry level, there is firm-level variation in observed behavior that has yet to be fully explained (see e.g. Nøstbakken, 2012). To test this empirically, we use a unique dataset consisting of two parts. The first part is obtained from a combined web-based experiment with real payoffs and survey of Norwegian fishers conducted in the spring of 2014. The experiment allows us to derive measures of individual risk, time and social preferences. In the survey, participants indicate their ideological beliefs, as well as their investment decisions in the period 2008 to 2013. The second part of our dataset includes profitability factors such as income, fish prices and days at sea. We find that in addition to standard economic factors, fishermen's ideological beliefs towards income distribution, competition, social responsibility, work and compliance can explain some variations in individual quota investment decisions. Our results also evident that fishers' intrinsic attitudes towards quota trading change over time. Vessel investment decisions, on the other hand, can be explained by individual risk and time preferences but not by ideological beliefs. Our results suggest the necessity of including behavioral factors to standard economic factors to explain investment strategies in fisheries.

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