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Basic Information

Ph.D. (psychology), Yale University

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Research Interests

Psychology of judgment and decision-making, consumer psychology and marketing, happiness and subjective wellbeing, management and organizational behavior, behavioral economics, cross-culture psychology.

Selected Professional Services And Honors

Distinguished Scientist Award from the Society for Consumer Psychology (SCP)

Nicosia Best Competitive Paper Award from the Association of Consumer Research (ACR)

Fellow of the Association for Psychological Science (APS) "for sustained and outstanding distinguished contributions to psychological science"

Former President of the Society of Judgment and Decision Making (SJDM).

McKinsey Award for Excellence in Teaching from Chicago Booth

Phoenix Award (for having greatly enriched the learning experiences of the students through voluntary extracurricular and community activities) from Chicago Booth.

Published Papers

*Google Scholar Citation Count exceeds 27,000 as of 12/2024.
**Coauthors with italicized names* were students or advisees during at least part of the project.
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Hsee, C. K., Imas, A., & *Li, X.* (2025). How framing influences strategic interactions. Management Science.

Abstract: In many settings, a person's outcome depends not only on her own behavior, but also on her counterpart's. Such strategic decisions have traditionally been studied using normative game theory, which assumes that people adopt equilibrium strategies and will reach the same decision, regardless of how the problem is described (framed). We examine a potentially important type of framing effect—focusing on how the relationship between players' actions generates joint outcomes. Any strategic interaction can be described by either spelling out the outcomes of all possible action combinations (which we call "outcome framing," or simply "O-framing") or describing what will happen if different players choose the same action or choose different actions (which we call "relation framing," or simply "R-framing"). O-framing has been the typical way to describe a strategic problem in prior work, whereas R-framing is commonly employed in real-life communications. We propose that these functionally equivalent frames induce different psychological processes and lead to different decisions: Relative to O-framing, R-framing increases players' beliefs about their counterparts' likelihood of coordinating on a cooperative option. We demonstrate this effect in the context of classic games such as the Prisoner's Dilemma and the Stag Hunt. We find that, compared with O-framing, R-framing significantly increases people's likelihood to choose the action that maximizes collective benefits rather than individual interests, and it does so by increasing beliefs that one's partner will choose the same action as well. We derive conditions when this effect is likely to emerge and discuss the managerial implications of this research.

Li, X, & Hsee, C. K. (2025). Blaming the strawless brickmaker: Input neglect in judging decision quality. Journal of Behavioral Decision-Making, ,*38*(1), e70006. Download

Abstract: People often judge the quality of selection decisions made by others: The CEO of a firm may judge the quality of hiring decisions made by the firm's HR personnel; the readers of a journal may judge the quality of manuscript-acceptance decisions by the journal's editor. To accurately judge others' selection decision quality, evaluators should consider not only the outcome of the selection decisions but also the constraints of the decision-maker. For example, to judge the quality of the hiring decisions made by the HR personnel, the CEO should consider not only how many high-quality (vs. low-quality) candidates the HR personnel hired, but also how many high-quality (vs. low-quality) candidates applied, and how many candidates the HR personnel needed to hire. We theorize that evaluators tend to overlook these constraints, and, consequently, judge decision-makers who faced greater constraints as having made worse decisions than decisions-makers who faced lesser constraints, even if the former's decisions were actually as good as or better than the latter's. We refer to this phenomenon as Blaming the Strawless Brickmaker (from the saying “making bricks without straw”). Eight studies, employing mixed methods, demonstrate the Blaming-the-Strawless-Brickmaker effect, examine its underlying mechanism, and suggest ways to improve the quality of judged selection decision quality.

Li, X., Hsee, C. K. & *Wang, S.* (2025). Cherry-picking tolerance in news reporting. Journal of Behavioral Decision-Making, *37*(5), e70003. Download

Abstract: People are increasingly worried about untruthfulness in news reporting. We distinguish between two types of untruthfulness: apparent untruthfulness (containing false information) and consequential untruthfulness (giving readers a wrong impression of the truth). Consequential untruthfulness can be caused by both the presence of false information and cherry-picking (reporting only parts of the truth). Despite this, we find that people's perception of untruthfulness depends largely on apparent untruthfulness. Consequently, they treat news that cherry-picks information less negatively (e.g., less likely to criticize it and more likely to share it with others) than they treat news that contains false information, when the former is more consequentially untruthful than the latter. We dub this phenomenon as cherry-picking tolerance. We also find that prompting people to think about the consequence of the news report (i.e., the impressions people form after they read the news reports) will mitigate the cherry-picking tolerance. This research draws attention to the widespread practice of cherry-picking in news reporting and calls for a new look at what constitutes fake news.

Wang, S., Li, X., & Hsee, C. K. (2025). Nation or leader? How news framing influences reader impressions. Judgment and Decision-Making, *20*, e10. Download

Abstract: This research explores a phenomenon that we see nearly every day and has implications for how we view people in other nations: Different media outlets may report the same international events either in terms of the nation (e.g., “Russia invades Ukraine”) or in terms of the leader (e.g., “Putin invades Ukraine”). Five studies, conducted during the 2022 Russia-Ukraine Conflict and involving both field and experimental data, find that readers of nation-framed news about the conflict had worse impressions of the people in the associated nation (Russians) than readers of the corresponding leader-framed version. We explain the psychology behind this framing effect and identify its moderators. Our research underscores the importance of responsible media practices in shaping global perceptions.

Wei, S., & Hsee, C. K. (2024). Future-present relationship insensitivity: A new perspective on psychological myopia and psychological hyperopia. Journal of Behavioral Decision-Making, *37*(1), e2358. Download

Abstract: How much joy versus pain people choose to experience for the present often inversely affects how much joy versus pain they will experience in the future. Do people make choices that maximize their overall happiness? Prior research suggests that people are generally myopic (i.e., over-choosing joy for the present). We suggest that the prior research may have biasedly focused only on situations in which the future is more important than the present. Rather, people are generally insufficiently sensitive to the relative importance of the present versus the future. When the future is more important than the present, people over-choose joy for the present, thus appearing myopic, but when the future is less important than the present, people under-choose joy for the present, thus appearing hyperopic. Six experiments (along with a reason-exploration study) demonstrate our propositions and show that forcing or nudging people to choose less (more) joy for the present when the future is more (less) important increases their overall happiness. This research challenges the popular view that people are generally myopic, and supports emerging research showing that people are generally situation-insensitive and can exhibit seemingly opposite biases (e.g., myopia and hyperopia) in different situations.

Yang, Y., *Li, X.*, & Hsee, C. K. (2023). Relevance insensitivity: A framework of psychological biases in consumer behavior and beyond. Consumer Psychology Review, *6*(1), 121-132. Download

Abstract: In judgment and choice, consumers show a variety of biases, from the sunk cost fallacy and projection bias to usage frequency neglect and erroneous price–quality inferences. This article explains these seemingly disparate biases and predicts new biases using an overarching framework based on the relevance insensitivity theory proposed by Hsee et al. (2019). According to the theory, many biases arise because people are insufficiently sensitive to the relevance (i.e., weight) of a cue variable to the target variable (the dependent variable). The direction of the bias depends on the normative relevance of the cue—people over-rely on the cue when it is normatively irrelevant and under-rely on the cue when it is normatively highly relevant. We show that ostensibly unique and universal biases are neither unique nor universal: All are manifestations of relevance insensitivity, and each bias attenuates or reverses as the cue variable's relevance changes.

Hsee, C. K., *Zeng, Y., Li, X.*, & Imas, A. (2023). The psychology of negative-sum behavior in strategic interactions. Journal of Personality and Social Psychology, *125*(4), 720–729. Download

Abstract: Many real-life examples—from interpersonal rivalries to international conflicts—suggest that people actively engage in competitive behavior even when it is negative sum (benefiting the self at a greater cost to others). This often leads to loss spirals where everyone—including the winner—ends up losing. Our research seeks to understand the psychology of such negative-sum competition in a controlled setting. To do so, we introduce an experimental paradigm in which paired participants have the option to repeatedly perform a behavior that causes a relatively small gain for the self and a larger loss to the other. Although they have the freedom not to engage in the behavior, most participants actively do so and incur substantial losses. We propose that an

important reason behind the phenomena is shallow thinking—focusing on the immediate benefit to the self while overlooking the downstream consequences of how the behavior will influence their counterparts' actions. In support of the proposition, we find that participants are less likely to engage in negative-sum behavior, if they are advised to consider the downstream consequences of their actions, or if they are put in a less frenzied decision environment, which facilitates deeper thinking (acting in discrete vs. continuous time). We discuss how our results differ from prior findings and the implications of our research for mitigating negative-sum competition and loss spirals in real life.

Lu, Z., Hsee, C.K., & *Zhang, K.* (2023). Short-asking with long-entreating (SALE): A simple method to increase purchase quantity. Journal of the Academy of Marketing Science, *52*(4), 1152-1170. Download

Abstract: Marketers often use messages such as "Stock up and save" to encourage consumers to buy more units of a product. Governments use messages such as "Store at least a two-week supply of water and food" to encourage consumers to stock up on essentials for emergencies. This research finds that these messages may not work as effectively as hoped and introduces a method that can increase consumers' purchase quantity in these situations. Dubbed as SALE ("Short-Asking with Long-Encouraging"), this method couples a "long-encouraging" statement (e.g., "Stock up for two weeks") with a "short-asking" statement (e.g., "Think about how many you will consume in one day") in an advertisement. Two field studies, four lab experiments and a survey with salespeople demonstrated the effectiveness and novelty of SALE and identified the mechanism, moderators and boundary conditions of the effect.

Li, X., Hsee, C. K. & O'Brien, E. (2023). "It could be better" can make it worse: When and why people mistakenly communicate upward counterfactual information. Journal of Marketing Research, *60*(2), 219-236. Download

Abstract: Imagine you are a realtor and are showing a prospective buyer a house with a lake view. Unfortunately, it is foggy outside and it is hard to see the lake. Might you be inclined to tell the prospective buyer, "If it were not foggy, the view would be even better!"? Eight studies, spanning diverse consumer domains from selling products to giving business presentations, reveal a novel discrepancy: Most presenters (e.g., the seller) choose to communicate such *upward counterfactual information* (UCI) to experiencers (e.g., the prospective buyer), believing it will enhance experiencers' impressions (e.g., of the house)—yet UCI worsens their impressions (Studies 1-5). This discrepancy arises because presenters insufficiently account for the fact that they possess more knowledge about the presented target, including its flow, than experiencers do, failing to realize that noting an imperfection reveals it. Accordingly, when experiencers are knowledgeable about the target, either because the imperfection is obvious (Study 6) or because experiencers can easily envision the upward-counterfactual version of the target (Study 7), presenters' decisions to communicate UCI become less problematic. Finally, this discrepancy emerges specifically when counterfactual information is upward, not

downward (Study 8)—ruling out a desire to share *any* information as an alternative mechanism for presenters' communication decisions. Together, this research highlights the prevalence and costs of sharing UCI.

Yang, Y., *Li, X.*, & Hsee, C. K. (2022). Relevance insensitivity: A framework of psychological biases in consumer behavior and beyond. Consumer Psychology Review, *6*(1), 121-132. Download

Abstract: In judgment and choice, consumers show a variety of biases, from the sunk cost fallacy and the mere categorization effect to usage frequency neglect and erroneous price-quality inferences. This article explain these seemingly disparate biases and predict new biases using an overarching framework based on the relevance insensitivity theory proposed by Hsee, Yang and Li (2019). According to the theory, many biases arise because people are insufficiently sensitive to the relevance (i.e., weight) of a cue variable to the target variable (the dependent variable). The direction of the bias depends on the normative relevance of the cue—people over-rely on the cue when it is normatively irrelevant and under-rely on the cue when it is normatively highly relevant. We show that ostensibly unique and universal biases are neither unique nor universal: all are manifestations of relevance insensitivity, and each bias attenuates or reverses as the cue variable's relevance changes.

Hsee, C. K., *Zeng, Y., Li, X.* & Imas, A. (2021). Bounded rationality in strategic decisions: Undershooting in a resource pool-choice dilemma. Management Science, *67*(10), 6553-6567. Download

Abstract: This research studies a resource *pool-choice dilemma*, in which a group of resource seekers independently choose between a larger pool containing more resources and a smaller pool containing fewer resources, knowing that the resources in each pool will be divided equally among its choosers, so that the more (fewer) people choose a certain pool, the fewer (more) resources each of them will get. This setting corresponds to many real-world situations, ranging from students choosing majors as a function of job opportunities, to entrepreneurs choosing markets as a function of customer bases. Ten studies reveal a systematic *undershooting bias*: fewer people choose the larger pool relative to both the normative equilibrium benchmark and chance (random choice), thus advantaging those who chose the larger pool and disadvantaging those who chose the smaller pool. We present evidence that the undershooting bias is driven by bounded rationality in strategic thinking, and discuss the relationship of our paradigm with other coordination games.

Yang, A.. & Hsee, C. K. (2021). Obligatory publicity increases charitable acts. Journal of Consumer Research, *48*(5), 839-857. Download

Abstract: To entice new donors and spread awareness of the charitable cause, many charity campaigns encourage donors to broadcast their charitable acts with self-promotion devices such as donor pins, logoed apparel, and social media hashtags.

However, this voluntary publicity strategy may not be particularly attractive because potential donors may worry that observers will attribute their publicized charitable behavior to "impure" image motives rather than "pure" altruistic motives. We propose and test a counterintuitive campaign strategy—obligatory publicity, which *requires* prospective donors to use a self-promotion device as a prerequisite for contributing to the campaign. Five studies (N = 10,866) test the application and effectiveness of the proposed strategy. The first three studies, including two field experiments, find that obligatory-publicity campaigns recruit more contributions and campaign promoters than voluntary-publicity campaigns. The last two studies demonstrate that the obligatory-publicity strategy produces a greater effect among people with stronger image motives and that the effect is mitigated when the publicized charitable act signals a low level of altruism. Finally, we discuss limitations and implications of this research.

Yang, Y., Hsee, C. K. & *Li, X.* (2021). Prediction biases: An integrative review. Current Directions in Psychological Science, *30*(3), 195-201. Download

Abstract: Research in psychology and related fields has documented a myriad of prediction biases (forecasting errors), such as the under-prediction of hedonic adaptation and the over-prediction of others' concern for fairness. These prediction biases are ostensibly independent, each with its own cause. We argue, however, that many of these seemingly disparate biases are specific instances of a general bias—situation insensitivity: predictors are insensitive to variations in the situational variable(s) that underlie the target variable (the variable to be predicted). Consequently, when encountering a condition in which the situational variable is at one of its ends such that the value of the target variable is low, people over-predict the value; conversely, when encountering a condition in which the situational variable is at its other end such that the value of the target variable is high, people under-predict it. Most prior research documenting prediction biases has focused on only one end of the situational variable and therefore has observed either only an over-prediction bias or only an under-prediction bias. We argue that at the other end of the situational variable, the originally documented bias can disappear or even reverse. This article offers an integrative framework that not only explains known biases but also predicts new biases.

Zhang, S., Sussman, A. & Hsee, C. K. (2021). A dragging-down effect: Consumer decisions in response to price increases. Journal of Consumer Research, *47*(5), 772-786. Download

Abstract: Four studies, across a range of domains, find a *dragging-down effect* in which consumers purchase fewer units of a product when a discount applies to more units. For example, consumers buy fewer peaches when each customer can buy up to three peaches at a discount than when each customer can buy only one peach at a discount or when there is no discount at all. In contrast to basic economic principles, this dragging-down effect implies that consumers purchase less (more) when the per-unit price is lower (higher). We propose—and our results support—an acceptability account: consumers will adopt the maximum discounted quantity as their purchase quantity if that quantity falls within an acceptable range, and will ignore that quantity and purchase their initially

preferred quantity instead if the maximum discounted quantity falls below the acceptable range. The current work enriches existing research on anchoring and pricing, and carries implications for consumers, marketers, and policy-makers.

Li, X. & Hsee, C. K. (2021). The psychology of marginal utility. Journal of Consumer Research, *48*(1), 169-188. Download

Abstract: That wealth has diminishing marginal utility is a fact of life, and that people be sensitive to their current level of wealth when deciding whether to pursue additional wealth is a requirement of rational choice. A series of experiments, spanning diverse contexts, reveal marginal-utility neglect—that people are rather insensitive to their current wealth when deciding how much effort to expend to acquire a monetary reward (e.g., how long to walk to claim a voucher). Moreover, the experiments demonstrate that a marginal-utility-prompting manipulation, which prompts people to consider their current wealth and their need for the reward given their current wealth, produces a significant sensitization effect—making financially richer (vs. less rich) individuals less (vs. more) willing to seek the reward. This manipulation is more effective than either prompting people to consider their current wealth alone or consider their need for the reward alone, suggesting that marginal-utility prompting does not merely draw people's attention to their current wealth or merely draw their attention to their need for the reward, but links the two elements. This research elucidates the psychology of marginal utility and yields implications beyond the pursuit of monetary rewards.

Li, X., Hsee, C. K., & Wang, L. (2021). Incivility awareness could save lives. Behavioral Science & Policy, *7*(1), 1-8. Download

Abstract: We introduce the idea of deterring undesirable behaviors by raising incivility awareness—sensitivity to when one is violating norms of civil behavior. We demonstrate that this approach is effective in deterring pedestrians from crossing intersections at red lights, which is a serious worldwide safety problem. In three field experiments conducted at urban intersections (involving more than 12,000 total observations), we found that posting signs raising pedestrians' incivility awareness significantly reduced red-light crossing rates. We also found that the incivility-awareness message of "Crossing at the red light is uncivil" made those signs more effective than signs with messages that emphasized the importance of not crossing at a red light ("Don't cross at the red light"), civil behavior ("Waiting for the green light is civil"), safety ("Waiting for the green light is good for safety"), and danger ("Crossing at the red light is bad for safety").

Li, X., Hsee, C. K., & Wang, L. (2021). People hedonically adapt more slowly to social income changes than to temporal income changes. Journal of Experimental Psychology: Applied, *27*(1), 46-56. Download

Abstract: People hedonically adapt to most changes, and they adapt more slowly to some changes than to other changes. This research examines hedonic adaptation to income changes, and asks whether people adapt more slowly to temporal or social income changes. Four experiments, manipulating the actual pay rate of online workers, find that people adapt more slowly to social income changes (e.g., an increase in others' income while keeping one's own income unchanged) than to temporal income changes (e.g., an increase in everyone's income). This pattern holds for both negative changes (Experiment

1) and positive changes (Experiments 2, 3, and 4) and can be explained by a differential-consideration account (Experiment 3). These results suggest that in the short run, both temporal and social changes influence one's hedonic experience, but in the long run, what influences one's hedonic experiences is how much one earns relative to how much others earn, and not how much one earns now relative to how much one used to earn. This research enriches existing literature on hedonic adaptation and on social versus temporal changes, and yields managerial and policy implications for the impact of income changes on subjective well-being over time.

Li, X., & Hsee, C. K. (2021). Free-riding and cost-bearing in discrimination. Organizational Behavior and Human Decision Processes, *163*, 80-90. Download

Abstract: We study how the temporal positions in which a disadvantaged person (e.g., an unattractive-looking customer) and an advantaged person (e.g., an attractive-looking customer) encounter an actor (e.g., a vendor) influence the treatment they get from the actor (e.g., the prices the vendor offers). Three experiments, including a field experiment and a pre-registered experiment, incorporate three types of personal attributes (physical appearance, nationality, and gender) and find both a *free-riding effect* for the disadvantaged person and a *cost-bearing effect* for the advantaged person. Specifically, the disadvantaged person receives better treatment by following the advantaged person, and the advantaged person receives worse treatment by following the disadvantaged person. These effects occur only if the attribute that differentiates the disadvantaged and advantaged persons is perceived as unjustifiable, and they disappear if the attribute is perceived as justifiable, suggesting that these effects are due not to anchoring, but to the actor's need for justifiability. This research highlights the importance of choice architecture in discrimination and its prevention.

Hsee, C. K., Yang, Y., & *Li, X.* (2019). Relevance insensitivity: A new look at some old biases. Organizational Behavior and Human Decision Processes, *153*, 13-26. Download

Abstract: People show systematic biases in judgment and decision making. We propose that many seemingly disparate biases reflect a common underlying mechanism—insensitivity to the relevance of some given information—and that manipulating the relevance of the information can eliminate or even reverse the original bias. We test our theory in four experiments, each focusing on a classic bias—the sunk cost fallacy, non-regressive prediction, anchoring bias, and base rate neglect, and show that people over-rely on a given piece of information when it is irrelevant, thus exhibiting one bias, and under-rely on the same piece of information when it is highly relevant, thus showing a reverse bias. For example, when a past cost is irrecoverable and hence irrelevant to future cost, people over-rely on it when making a decision for the future, thus exhibiting the classic sunk cost fallacy, but when the past cost is fully recoverable and hence highly relevant to future cost, people under-rely on it, thus showing the reverse of the sunk cost fallacy. We also find that when people are made sensitive to the relevance of the information, both the original biases and their reverse biases are attenuated. This research offers a new look at these "old" biases, suggesting that each individual bias is not general

because it can be reversed, but collectively, these biases are general because they all reflect relevance insensitivity.

Lu, Z., & Hsee, C. K. (2019). Less willing to pay but more willing to buy: How the elicitation method impacts the valuation of a promotion. Journal of Behavioral Decision Making, *32*(3), 334-345. Download

Abstract: Willingness to pay (WTP—how much one is willing to pay for something) and willingness to buy (WTB—whether one is willing to buy something at a given price) are two common methods to elicit valuations and normatively should yield the same valuation order between two options. However, this research finds that WTP and WTB can yield opposite valuation orders between the regular offer and the promotional offer of a product. Specifically, it demonstrates: (a) if the valuation of a product is only elicited with WTP, consumers value the product less when it is offered with a price promotion than when it is not; (b) if the valuation of a product is only elicited with WTB, consumers value the product more when it is offered with a price promotion than when it is not; and (c) if the valuation of a product is first elicited with WTP and then elicited with WTB, consumers always value the product less when it is offered with a price promotion than when it is not. A value-inference account is proposed for the above findings, according to which, consumers infer the value of a promoted product differently when the valuation is elicited only with WTP or only with WTB. Theoretically, this research extends prior literature on sales promotion, showing that the valuation of a promotion is subject to the elicitation method. Practically, this research suggests how to help consumers manage their purchase intentions for promoted products.

Hsee, C. K. & *Ruan, B*. (2019). Curiosity and its implications for consumer behavior. In D. Iacobucci (ed.) Review of Marketing Research.

Curiosity is an important realm of human behavior. It is relevant to many activities that interest marketers. In this chapter, we examine the psychological and behavioural consequences of curiosity, highlight the importance of curiosity resolution, and discuss the costs and benefits of curiosity in marketing and other domains.

Li, X., & Hsee, C. K. (2019). Beyond preference reversal: Distinguishing justifiability from evaluability in joint versus single evaluations. Organizational Behavior and Human Decision Processes, *153*, 63-74. Download

Abstract: Extensive existing research has studied how decisions differ between joint evaluation (JE) and single evaluation (SE), but most of the research aims to demonstrate preference reversals between two alternatives that vary on two attributes simultaneously. Thus, extant research cannot tell whether the reversal occurs because one of the attributes has a greater effect in JE than in SE, or the other attribute has a greater effect in SE than in JE, or both. Going beyond preference reversals, this research examines options that vary on only one attribute and studies whether the single attribute has a greater effect in JE or SE. We posit that any single attribute has two underlying characteristics—

evaluability (i.e., whether people can evaluate a given value of the attribute without having to compare it with other values) and *justifiability* (i.e., whether people believe they should base their decisions on the attribute). Whether the single attribute has a greater effect in JE or SE depends on both the attribute's evaluability and justifiability. Specifically, (a) a high-justifiability/low-evaluability attribute (e.g., whether a candidate for a programming job has written 100 or 200 programs) has a greater effect in JE than in SE, and (b) a low-justifiability/high-evaluability attribute (e.g., whether the candidate belongs to a discriminated-against minority group) has a greater effect in SE than in JE. While the first proposition has been tested in prior research on evaluability, the second has not. Four experiments, including one in a naturally-occurring setting and another with orthogonal manipulation of evaluability and justifiability, tested and supported these propositions, especially the second.

Li, X., & Hsee, C. K. (2019). Being "rational" is not always rational: Encouraging people to be rational leads to hedonically suboptimal decisions. Journal of the Association for Consumer Research, *4*(2), 115-124. Download

Abstract: Often, laypeople motivate themselves or others to make good decisions by encouraging the decision maker to be "rational." However, this practice can be counterproductive. Laypeople typically think that "rational" decisions are anti-emotional, based only on "cold" factors such as economic value, and not influenced by "hot" factors such as hedonic experience. Paradoxically, this lay notion of rationality is in stark contrast with the utilitarian notion of rationality, which maximizes overall utility, in which feelings are essential. Demonstrating this paradox, three studies found that participants who were encouraged to be "rational" were more likely to choose options that yielded less happiness without other benefits, and therefore were less rational in the utility-maximizing sense.

Shen, L., Hsee, C. K. & *Talloen, J.* (2018). The fun and function of uncertainty: Uncertain incentives reinforce repetition decisions. Journal of Consumer Research, *46*(1), 69-81. Download

Abstract: This research studies repetition decisions, namely, whether to repeat a behavior (e.g., a purchase) after receiving an incentive (e.g., a discount). Can uncertainty drive repetition? Four experiments, all involving real consequences to each individual participant, document a counterintuitive reinforcing-uncertainty effect: individuals repeat a behavior more if its incentive is uncertain than if it is certain, even when the certain incentive is financially better. This effect is robust; it holds in both lab and field settings and at both small and large magnitudes. Furthermore, the experiments identify two theory-driven boundary conditions for the reinforcing-uncertainty effect: the effect arises (a) only if the uncertainty is resolved immediately and not if the resolution of uncertainty is delayed, and (b) only after, not before, one has engaged in repetitions. These results support a resolution-as-reward account and cast doubt on other explanations such as reference-dependent preferences. This research reveals the hidden value of uncertain incentives and sheds light on the delicate relationship between incentive uncertainty and behavioral repetition.

Ruan, B., Hsee, C. K. & *Lu, Y.* (2018). The teasing effect: An underappreciated benefit of creating and resolving an uncertainty. Journal of Marketing Research, *55*(4), 556-570. Download

Abstract: Six studies covering diverse contexts show an underappreciated benefit of teasing in information acquisition: first creating and then resolving an uncertainty can generate a net positive experience, yet laypeople do not seek out this process. For example, trivia readers report better hedonic experiences if they are first teased with some missing information and then given that information than if they receive all the information at the same time, but when given a choice, readers prefer to receive all information at the same time. The authors further show that teasing is hedonically beneficial because that uncertainty engenders curiosity and thereby *builds a potential* for a positive experience, whereas uncertainty resolution resolves the curiosity and thereby *realizes that potential*. This research yields practical implications by demonstrating that imbuing an ad with an uncertainty-creation-resolution process improves the viewer's attitude toward and increases the viewer's willingness to try the advertised product.

Yang, A., & Hsee, C. K. (2018). Idleness versus busyness. Current Opinion in Psychology. 28, 15-18. Download

Abstract: The elapse of time disregards the human will. Yet different uses of time result in distinct perceptions of time and psychological consequences. In this article, we synthesize the growing research in psychology on the actual and perceived consumption of time, with a focus on idleness and busyness. We propose that the desire to avoid an unproductive use of time and the ceaseless pursuit of meaning in life may underlie many human activities. In particular, while it has been long presumed that people engage in activities in order to pursue goals, we posit a reverse causality: people pursue goals in order to engage in activities.

Zhu, M., Yang, Y. & Hsee, C. K. (2018). The mere urgency effect. Journal of Consumer Research, *45*(3), 673-690. Download

Abstract: In everyday life, people are often faced with choices between tasks of varying levels of urgency and importance. How do people choose? Normatively speaking, people may choose to perform urgent tasks with short completion windows, instead of importance tasks with larger outcomes, because important tasks are more difficult and further away from goal completion, urgent tasks involve more immediate and certain payoffs, or people want to finish the urgent tasks first and then work on important tasks later. The current research identifies a mere urgency effect, a tendency to pursue urgency over importance even when these normative reasons are controlled for. Specifically, results from five experiments demonstrate that people are more likely to perform unimportant tasks (i.e., tasks with objectively lower payoffs) over important tasks (i.e., tasks with objectively better payoffs), when the unimportant tasks are characterized merely by spurious urgency (e.g., an illusion of expiration). The mere urgency effect

documented in this research violates the basic normative principle of dominance—choosing objectively worse options over objectively better options. People behave as if pursuing an urgent task had its own appeal, independent of its objective consequence

Tu, Y. & Hsee, C. K. (2018). Hedonomics: On subtle yet significant determinants of happiness. In E. Diener, S. Oishi, & L. Tay (Eds.), e-Handbook of Well-Being. Noba Scholar encyclopedia series: Subjective well-being. Salt Lake City, UT: DEF publishers. Download

Abstract: One way to pursue happiness is to improve the objective levels of external outcomes such as wealth; that is an economic approach. Another way to pursue happiness is to improve the arrangement of and choices among external outcomes without substantively altering their objective levels; that is a *hedonomic* approach. This chapter reviews research adopting the latter approach. Specifically, we present a list of subtle yet significant determinants of happiness from four aspects: (1) pattern of consumption, (2) procedure of consumption, (3) (mis)match between the choice phase and the consumption phase, and (4) type of consumption. Although far from comprehensive, these factors offer implications for "choice architects" – government, companies, and individual consumers – on improving happiness.

Tennant, R. & Hsee, C. K. (2017). Hedonic non-durability revisited: A case for two types. Journal of Experimental Psychology: General, *146*(12), 1749. Download

Abstract: Hedonic durability refers to the extent to which the hedonic impact of a change lasts, that is, how long the unhappiness from a loss (or happiness from a gain) will endure over time. The lesson from previous research on this topic has been that the long-term effect of most changes (e.g., larger incomes, bigger houses, shorter commutes) is negligible. The present research shows something different. Consistent with previous research, we observed a pattern of hedonic non-durability in which the impact of a change did not endure over time. However, we also observed a pattern of hedonic durability in which the impact of a change does endure over time. We demonstrate differential rates of hedonic durability for losses, both across variables (Experiment 1) and within different ranges of the same variable (Experiment 2). We also extend our research to show differential rates for gains (Experiment 3). Our findings beg the following question: Why do certain changes show a pattern of non-durability, whereas other changes show a pattern of durability? We propose a distinction between preference types, arguing that some preferences derive value from relative standing, whereas others have significant absolute value that is independent of comparisons.

Zhang, S., Hsee, C. K. & *Yu, S.* (2017). Small economic losses lower total compensation for victims of emotional losses. Organizational Behavior and Human Decision Processes, *144*, 1-10. Download

Abstract: This article explores an important yet understudied topic – the lay public's opinion of fair compensation for victims of emotional losses (emotional suffering). Four experiments, covering diverse contexts, find an anomalous phenomenon: laypeople would award *less* compensation to someone incurring an emotional loss if the person also incurs a small economic loss than if the person incurs little or no economic loss. We explain the effect using an anchoring account: if the victim incurs little or no economic loss, people will base their assessment of total compensation on what they consider the emotional loss is worth; if the victim also incurs a non-trivial economic loss, people will anchor their assessment on the economic loss, and if the economic loss is small, the compensation will also be small. In other words, the presence of an economic loss "crowds out" the emotional loss in assessment of total compensation. This research enriches our knowledge about how laypeople make compensation decisions for emotional losses, and when they use economic losses as anchors.

Shen, L. & Hsee, C. K. (2017). Numerical nudging: Using an accelerating score to enhance performance. Psychological Science, *28*(8), 1077-1086. Download

Abstract: People often encounter inherently meaningless numbers, such as scores in health apps or video games, that increase as they take actions. This research explored how the pattern of change in such numbers influences performance. We found that the key factor is acceleration—namely, whether the number increases at an increasing velocity. Six experiments in both the lab and the field showed that people performed better on an ongoing task if they were presented with a number that increased at an increasing velocity than if they were not presented with such a number or if they were presented with a number that increased at a decreasing or constant velocity. This acceleration effect occurred regardless of the absolute magnitude or the absolute velocity of the number, and even when the number was not tied to any specific rewards. This research shows the potential of numerical nudging—using inherently meaningless numbers to strategically alter behaviors—and is especially relevant in the present age of digital devices.

Jia, J., Jia, J., Hsee, C. K. & Shiv B. (2017). The role of hedonics in reducing perceived risk: Evidence from post-earthquake mobile-app data. Psychological Science, *28*(1), 23-35. Download

Abstract: Understanding how human populations naturally respond and cope with risk is important for fields ranging from psychology to public health. We use geophysical and individual-level mobile phone data (mobile apps, telecommunications, internet usage) of 157,358 victims of the 2013 Ya'an earthquake to diagnose the effects of the disaster and investigate how experiencing real risk (at different levels of intensity) changes behavior. Rather than limiting human activity, higher earthquake intensity yielded graded increases in communications (e.g., social networking, messaging), functional (e.g., informational tools), and hedonic (e.g., music, videos, games) behavior. Combining mobile data with a field survey (N = 2000) completed 7 days after the earthquake, we use an instrumental variable approach to show that only hedonic behavior reduced perceived risk, and potentially serves as a population-scale coping and recovery strategy that is often missing in risk management and policy considerations.

Hsee, C. K. & *Ruan, B.* (2016). The Pandora effect: The power and peril of curiosity. Psychological Science, *27*(5), 659-665. Download

Abstract: Curiosity – the desire for information – underlies many human activities, from reading celebrity gossip to developing nuclear science. Curiosity is well recognized as a human blessing. Is it also a human curse? Tales such as Pandora's box suggest it is, but scientific evidence is lacking. Four controlled experiments demonstrate that curiosity can lead humans to expose themselves to aversive stimuli (even electric shocks) for no apparent benefits. The research suggests that humans possess an inherent desire, independent of consequentialist considerations, to resolve uncertainty; when facing something uncertain and feeling curious, they will act to resolve the uncertainty even if the consequences are expectedly negative. This research reveals the potential perverse side of curiosity, and is particularly relevant to the current epoch, the epoch of information, and to the scientific community, a community with high curiosity.

Tu, Y. & Hsee, C. K. (2016). Consumer happiness derived from inherent preferences versus learned preferences. Current Opinion in Psychology, *10*, 83-86. Download

Abstract: We distinguish between two types of preferences. One is inherent (e.g., preference for warm over cold temperature); it is formed early in evolution and largely stable. The other is learned (e.g., preference for large over small diamonds); it is acquired more recently, and variable across time and contexts. We propose that compared with inherent preferences, learned preferences 1) rely more on social comparison, resulting in a relative effect on happiness, and 2) are more prone to hedonic adaptation, resulting in a transient effect on happiness. In addition, we propose that preferences about resource-related attributes (e.g., size of home) are inherent in low-value regions, and learned in high-value regions. We discuss implications of this analysis for improving consumer subjective well-being.

Hsee, C. K., Yang, Y. & *Ruan, B.* (2015). The mere reaction effect: Even non-positive and non-informative reactions can reinforce actions. Journal of Consumer Research, *42*(3), 420-434. Download

Abstract: Building on and extending existing research on feedback, learning and motivation, the current research studies the effect of reactions on actions, and finds that reactions per se are reinforcing even if they are *a priori* non-positive and non-informative. Specifically, eight experiments, including a field experiment, demonstrate that individuals are more likely to repeat an action (e.g., inserting money in a donation box or typing a message in a textbox) if the action is followed by a reaction (e.g., the emission of a sound or the flash of an image) than if it is not, even if the reaction is *a priori* negative (e.g., an annoying sound or an aversive image) and carries no useful information. Moreover, the reaction effect described above will occur only if the reaction-serving stimulus is contingent on (immediately follows) the action. Finally, an *a priori* non-positive stimulus can become positive by merely serving as a reaction to one's action.

The present work yields theoretical implications for stimulus-response relationships and practical implications for designs of consumer products and loyalty programs.

Hsee, C. K., Yang, Y., Zheng, X. & *Wang, H*. (2015). Lay rationalism: Individual differences in using reason versus feelings to guide decisions. Journal of Marketing Research, *52*(1), 134-146. Download

Abstract: People have a lay notion of rationality—using reason rather than feelings to guide decisions. Yet individuals differ in the degree to which they actually base their decisions on reason versus feelings. This individual difference variable is potentially general and important but is largely overlooked. The present research (a) introduces the construct of *lay rationalism* to capture this individual difference variable and distinguishes it from other individual-difference variables, (b) develops a short and easy-to-implement scale to measure lay rationalism and demonstrates the validity and reliability of the scale, and (c) shows that lay rationalism, as measured by the short scale, can predict a variety of consumer-relevant behaviors, including product preferences, savings decisions, and donation behaviors.

Shen, L., Fishbach, A. & Hsee, C. K. (2015). The motivating uncertainty effect: Uncertainty increases resource investment in the process of reward pursuit. Journal of Consumer Research, *41*(5), 1301-1315. Download

Abstract: Can a reward of an uncertain magnitude be more motivating than a reward of a certain magnitude? This research documents the motivating-uncertainty effect and specifies when this effect occurs. People invest more effort, time, and money to qualify for an uncertain reward (e.g., a 50% chance at $2 and a 50% chance at $1) than a certain reward of a higher expected value (e.g., a 100% chance at $2). This effect arises only when people focus on the process of pursuing a reward, but not when they focus on the outcome (the reward itself). When the focus is on the process of reward pursuit, uncertainty generates positive experience such as excitement and hence increases motivation. Four studies involving real rewards lend support to the motivating-uncertainty effect. This research carries theoretical implications for research on risk preference and motivation and practical implications for how to devise cost-efficient consumer incentive systems.

Hsee, C. K., Rottenstreich, Y. & Tang, J. (2014). Asymmetries between positives and negatives. Social and Personality Psychology Compass, *8*(12), 699-707. Download

Abstract: How people react to negatives (what they dislike) is not always symmetric to how they react to positives (what they like). We propose a theoretical framework that links three potentially general types of positive-negative asymmetries: asymmetry in prediction errors (people err more when predicting others' attitudes about positives than about negatives), asymmetry in consensus (people agree more among themselves about negatives than about positives), and asymmetry in base rates (there are more negatives than positives). Our theory further explores a moderator for these asymmetries –

importance of the stimulus to the self: greater importance engenders greater positive-negative asymmetries. We provide empirical evidence for our theory and discuss the boundaries and implications of our propositions and findings.

Hsee, C. K., *Tu, Y., Lu, Y.* & *Ruan, B.* (2014). Approach aversion: Negative hedonic reactions towards approaching stimuli. Journal of Personality and Social Psychology, *106*(5), 699-712. Download

Abstract: We live in a dynamic world, surrounded by moving stimuli – moving people, moving objects, and moving events. The current research proposes and finds an *approach aversion effect* –individuals feel less positively (or more negatively) about a stimulus if they perceive it to be approaching rather than receding or static. The effect appears general, occurring whether the stimulus is initially negative or non-negative and whether it moves in space (toward or away from "here"), in time (toward or away from "now"), or in probability (toward or away from "sure"). This research complements extensive existing research on perceived static distance of stimuli (near versus far) by exploring perceived dynamic movement of stimuli (approaching versus receding), showing that the effect of movement is distinct from the effect of distance.

Hsee, C. K., Zhang, J., *Lu, Y.* & Xu, F. (2013). Unit-asking: A method to boost donations and beyond. Psychological Science, *24*(9), 1801-1808. Download

Abstract: The solicitation of charitable donations costs billions of dollars annually. Here, we introduce a virtually costless method for boosting charitable donations to a group of needy persons: merely asking donors to indicate a hypothetical amount for helping one of the needy persons before asking donors to decide how much to donate for all of the needy persons. We demonstrated, in both real fundraisers and scenario-based research, that this simple *unit-asking* method greatly increases donations for the group of needy persons. Different from phenomena such as the foot-in-the-door and identifiable-victim effects, the unit-asking effect arises because donors are initially scope insensitive and subsequently scope consistent. The method applies to both traditional paper-based fundraisers and increasingly popular Web-based fundraisers and has implications for domains other than fundraisers, such as auctions and budget proposals. Our research suggests that a subtle manipulation based on psychological science can generate a substantial effect in real life.

Hsee, C. K., Zhang, J., Wang, L. & *Zhang, L.* (2013). Magnitude, time and risk differ similarly between joint and single evaluations. Journal of Consumer Research, *40*(1), 172-184. Download

Abstract: Arguably, all choice options involve three basic attributes: magnitude (outcome size), time (time of occurrence) and probability (likelihood of occurrence), and all evaluations of choice options occur in one of two evaluation modes: JE (joint evaluation, involving comparison of multiple options) and SE (single evaluation, without comparison). This research explores how reactions to the three attributes vary between

the two evaluation modes. Nine studies, tapping diverse contexts, yield two general results: First, for all of these attributes, people are more sensitive to variations near endpoints (zero magnitude, no delay, and 0% or 100% probability) than in other regions and this differential sensitivity is more pronounced in SE than in JE. Second, when faced with options involving a tradeoff between magnitude and time (delay) or between magnitude and probability (risk), people in SE are both more delay-averse and more risk-averse than people in JE.

Hsee, C. K., Rottenstreich, Y. & Stutzer, A. (2013). Suboptimal choices and the need for experienced individual well-being in economic analysis. International Journal of Happiness and Development, *1*(1), 63-85. Download

Abstract: Standard economic analysis assumes that people make choices that maximize their utility. Yet both popular discourse and other fields assume that people sometimes fail to make optimal choices and thus adversely affect their own happiness. Most social sciences thus frequently describe some patterns of decision as suboptimal. We review evidence of suboptimal choices that arise for two reasons. First, people err in predicting the utility they may accrue from available choice options due to the evaluation mode. Second, people choose on the basis of salient rules that are unlikely to maximize utility. Our review is meant to highlight the possibility of a research program that combines economic analysis with measures of experienced individual well-being to improve people's happiness.

Dai, X. & Hsee, C. K. (2013). Wish versus worry: Ownership effects on motivated judgment. Journal of Marketing Research, *50*(2), 207-215. Download

Abstract: How do consumers' needs and motivations influence their perceptions of external objects? For example, do hungry individuals perceive a cake to be larger or smaller than do satiated individuals? According to the new-look psychology literature, the answer is invariably "larger." However, we propose and demonstrate that the answer is more complex, depending on whether the object belongs to the perceiver. If the cake does not belong to the perceiver, she will perceive it to be larger if she is hungry than if she is satiated. But if the cake already belongs to her, she will perceive it to be smaller if she is hungry than if she is satiated. We propose a two-process (wishful-thinking versus worryful-thinking) hypothesis to explain the finding, and discuss its theoretical and marketing implications.

Hsee, C. K., Zhang, J., Cai, C. F. & *Zhang, S.* (2013). Overearning. Psychological Science, *24*(6), 852-859. Download

Abstract: High productivity and high earning rates brought about by modern technologies make it possible for people to work less and enjoy more. Yet many continue to work assiduously to earn more. Do people over-earn—forgo leisure to work and earn beyond their needs? This question is understudied, partly because in real life, determining the right amount of earning and defining over-earning are difficult. In this research, we

introduce a minimalistic paradigm that allows researchers to study over-earning in a controlled laboratory setting. Using the paradigm, we found that individuals do over-earn, even at the cost of happiness, and over-earning is a result of mindless accumulation rather than reasons such as uncertainty about the future or enjoyment of work. Supporting the mindless-accumulation notion, we showed that prompting participants to consider the consequences of their earnings or denying them excessive earnings could disrupt mindless accumulation and enhance happiness.

Hsee, C. K., *Shen, L.,* Zhang, S., Chen, J. & Zhang, L. (2012). Fate or fight: Exploring the hedonic costs of competition. Organizational Behavior and Human Decision Processes, *119*(2), 177-186. Download

Abstract: As a resource-allocation method, free competition is generally considered more efficient and fairer than binding assignment, yet individuals' hedonic experiences in these different resource-allocation conditions are largely ignored. Using a minimalistic experimental simulation procedure, we compared participants' hedonic experiences between a free-competition condition (in which participants could equally and freely compete for the superior resource) and a binding-assignment condition (in which the superior and inferior resources were unequally and irreversibly assigned to different participants). We found that individuals in the binding-assignment condition -- even the disadvantaged ones -- were happier than those in the free-competition condition. We attributed the effect to individuals' peace of mind, and supported the peace-of-mind notion by identifying two moderators: ease of social comparison and enjoyability of the inferior resource. In sum, this research highlighted the hedonic aspects of resource allocation methods and identified when accepting one's fate is hedonically better than fighting for the best.

Shen, L., Hsee, C. K., Wu, Q. & Tsai, C. I. (2012). Overpredicting and underprofiting in pricing decisions. Journal of Behavioral Decision Making, *25*(5), 512-521. Download

Abstract: This research examines sellers' price-setting behavior and discovers a naturally occurring mismatch between sellers and buyers: Sellers who make a price decision often consider alternative prices and engage in the joint evaluation mode, whereas buyers who make a purchase decision see only the finally set price and are in the single evaluation mode. This mismatch in evaluation modes leads sellers to overpredict buyers' price sensitivity and underprice their products. However, these effects apply only to products unfamiliar to buyers and without salient reference prices and can be alleviated if sellers are encouraged to mimic single evaluation when making pricing decisions. These propositions are empirically tested and verified.

Yang, A. X., Hsee, C. K., Liu, Y. & Zhang, L. (2011). The supremacy of singular subjectivity: Improving consumer decisions by removing specifications and comparisons. Journal of Consumer Psychology, *21*(4), 393-404. Download

Abstract: When making purchase decisions, consumers want objective product specifications and seek direct product comparison. The present research demonstrates that consumers can make better decisions (i.e., choose what yields a better consumption experience) if objective specifications are removed and direct comparison is inhibited than if not, and this is true even if consumers cannot experience the target products themselves at the time of choice (such as in online shopping). The reason is that consumption is largely subjective and non-comparative, and decisions based on subjective and non-comparative information are often more compatible with consumption. In general discussion, we explore the boundary conditions of our findings and the implications of this research for a new way of marketing that emphasizes subjectivity over objectivity and non-comparison over comparison.

Yang, A. X., Hsee, C. K. & Zheng, X. (2011). The ABIS: A survey method to distinguish between absolute versus relative determinants of happiness. Journal of Happiness Studies, *13*(4),729-744. Download

Abstract: This article introduces a simple survey method to distinguish between two types of variables that affect happiness – type A, which exerts an absolute effect on happiness, and type B, which affects happiness only through social context. The authors validate the method by comparing its findings with the findings of a theoretically superior but less practical experimental method, and use the method to identify the AB nature of a variety of naturally-occurring variables among both college students and people with work experience. We conclude by discussing the limitation of this method as well as its potential to inform policymakers about where to invest resources in order to improve people's happiness over time.

Shen, L., Hsee, C. K., Zhang, J. & Dai, X. (2011). The art and science of guessing. Emotion, *11*(6),1462. Download

Abstract: This research examined how one affectively reacts to others' guesses at a value one cares about, such as one's income. Conventional wisdom suggests that people will feel happier upon receiving more favorable guesses (e.g., higher income) than less favorable guesses. We found the opposite pattern. We propose a model to explain the effect and identify its boundaries and report experimental evidence for the model. This research enriches existing literature on self-enhancement and yields practical implications for how to approach guessing in interpersonal communications.

Botti, S. & Hsee, C. K. (2010). Dazed and confused: How the temporal costs of choice freedom lead to undesirable outcomes. Organizational Behavior and Human Decision Processes, *112*(2), 161-171. Download

Abstract: We propose that individuals underestimate the costs of making choices relative to the benefits of finding the best option. Specifically, we demonstrate that research participants make systematic mistakes in predicting the effect of having more, vs. less, choice freedom on task performance and task-induced affect. Even when participants have the information to understand that the costs of choice freedom outweigh its benefits, they still predict that choice freedom will lead to better performance and more positive affect. As a result, those who have the option to choose exercise it, yet end up performing worse and feeling worse than those who do not have that option.

Hsee, C. K., *Yang, A.* & Wang, L. (2010). Idleness aversion and the need for justified busyness. Psychological Science, *21*(7), 926-930. Download

Abstract: There are many apparent reasons why people engage in activity, such as to earn money, to become famous, or to advance science. In this report, however, we suggest a potentially deeper reason: People dread idleness, yet they need a reason to be busy. Accordingly, we show in two experiments that without a justification, people choose to be idle; that even a specious justification can motivate people to be busy; and that people who are busy are happier than people who are idle. Curiously, this last effect is true even if people are forced to be busy. Our research suggests that many purported goals that people pursue may be merely justifications to keep themselves busy.

Hsee, C. K. & Zhang, J. (2010). General evaluability theory. Perspectives on Psychological Science, *5*(4), 343-355. Download

Abstract: A central question in psychology and economics is the determination of whether individuals react differently to different values of a cared-about attribute (e.g., different income levels, different gas prices, and different ambient temperatures). Building on and significantly extending our earlier work on preference reversals between joint and separate evaluations, we propose a general evaluability theory (GET) that specifies when people are value sensitive and when people mispredict their own or others' value sensitivity. The GET can explain and unify many seemingly unrelated findings, ranging from duration neglect to affective forecasting errors and can generate many new research directions on topics ranging from temporal discounting to subjective well-being.

Hsee, C. K., *Yang, Y.*, Li, N. & Shen, L. (2009). Wealth, warmth and well-being: Whether happiness is relative or absolute depends on whether it is about money, acquisition, or consumption. Journal of Marketing Research, *46*(3), 396-409. Download

Abstract: A central question in consumer and happiness research is whether happiness depends on absolute or relative levels of wealth and consumption. To address this question, the authors evaluate a finer level than overall happiness and distinguish three

specific types of happiness: with money, with the acquisition of an item, and with the consumption of an item. They find that happiness with money and with acquisition is relative and that happiness with consumption can be either absolute or relative, depending on whether the consumption is inherently evaluable or not. Including both lab and field data, this research yields implications for how to increase consumer happiness from one generation to the next.

Hsee, C. K., Xu, F. & Tang, N. (2009). Two recommendations on the pursuit of happiness. Journal of Legal Studies, *37*, 115-132. Download

Abstract: While any improvement in wealth and consumption will likely increase happiness, the increased happiness may or may not last long. In this article we offer two recommendations to make the increased happiness sustainable. The first one—to invest resources to promote adaptation-resistant rather than adaptation-prone consumption—seeks to make the increased happiness sustainable within a generation. The second recommendation—to invest resources to promote inherently evaluable rather than inherently inevaluable consumption—seeks to make the increased happiness sustainable across generations.

Morewedge, C. K., *Kassam, K. S.*, Hsee, C. K. & Caruso, E. M. (2009). Duration neglect depends on stimulus familiarity. Journal of Experimental Psychology: General, *138*(2), 177-186. Download

Abstract: When people are asked to assess or compare the value of experienced or hypothetical events, one of the most intriguing observations is their apparent insensitivity to event duration. The authors propose that duration insensitivity occurs when stimuli are evaluated in isolation because they typically lack comparison information. People should be able to evaluate the duration of stimuli in isolation, however, when stimuli are familiar and evoke comparison information. The results of 3 experiments support the hypothesis. Participants were insensitive to the duration of hypothetical (Experiment 1) and real (Experiment 2) unfamiliar experiences but sensitive to the duration of familiar experiences. In Experiment 3, participants were insensitive to the duration of an unfamiliar noise when it was unlabeled but sensitive to its duration when it was given a familiar label (ie, a telephone ring). Rather than being a unique phenomenon, duration neglect (and perhaps other forms of scope insensitivity) appears to be a particular case of insensitivity to unfamiliar attributes.

Hsee, C. K., Yang, Y., Gu, Y. & Chen, J. (2009). Specification seeking: How product specifications influence consumer preferences. Journal of Consumer Research, *35*(6), 952-966. Download

Abstract: We offer a framework about when and how specifications (e.g., megapixels of a camera and number of air bags in a massage chair) influence consumer preferences and report five studies that test the framework. Studies 1–3 show that even when consumers can directly experience the relevant products and the specifications carry little or no new information, their preference is still influenced by specifications, including specifications that are self-generated and by definition spurious and specifications that the respondents themselves deem uninformative. Studies 4 and 5 show that relative to choice, hedonic preference (liking) is more stable and less influenced by specifications.

Tsai, C. I. & Hsee, C. K. (2009). A behavioral account of compensation awarding decisions. Journal of Behavioral Decision Making, *21*, 1-15. Download

Abstract: Suppose an individual loses an irreplaceable object and someone else is at fault. How much should he be compensated? Normatively, compensation should equal the value (utility) to the victim. Our experiments demonstrate that compensation decisions often ignore value and are instead based on cost (how much the victim originally paid for the item) except when cost is zero. For example, we found that people awarded $200 for a destroyed item worth $500 to the victim if the cost was $200; however, they awarded $500 if the original cost was zero. We explain these phenomena in terms of lay scientism (the tendency to base decisions on objective factors) and discuss how the prevalent cost-based compensation rule hurts consumer welfare.

Hsee, C. K., Hastie, R. & Chen, J. (2008). Hedonomics: Bridging decision research with happiness research. Perspectives on Psychological Science, *3*(3), 224-243. Download

Abstract: One way to increase happiness is to increase the objective levels of external outcomes; another is to improve the presentation and choices among external outcomes without increasing their objective levels. Economists focus on the first method. We advocate the second, which we call *hedonomics*. Hedonomics studies (a) relationships between presentations (how a given set of out-comes are arranged among themselves or relative to other outcomes) and happiness and (b) relationships between choice (which option among alternative options one chooses) and happiness.

Hsee, C. K. & *Tsai, I. C.* (2008). Hedonomics in consumer behavior. In C. P. Haugtvedt, P. M. Herr & F. R. Kardes (Eds.), Handbook of Consumer Psychology (pp 639-658). Mahwah, NJ: Lawrence Erlbaum Associates. Download

Hsee, C. K., Dubé, J. P. & *Zhang, Y.* (2008). The prominence effect in Shanghai apartment prices. Journal of Marketing Research, *45*(2), 133-144. Download

Abstract: A field study conducted in Shanghai identified a robust inconsistency between real estate developers' desired sales pattern (selling all apartments in a building at similar rates) and the actual sales pattern (selling good apartments faster). The authors explain this inconsistency using Tversky, Sattath, and Slovic's (1988) prominence principle, according to which buyers, who were in a choice mode, weighed the desirability of floors more heavily than developers, who were in a matching mode when setting prices. This explanation is corroborated by controlled experiments involving potential home buyers and professional real estate price setters. The research relates an intriguing anomaly originally found in paper-and-pencil surveys to a real-world issue in one of the world's most active markets. These findings also have implications for issues beyond real estate markets.

Hsee, C. K. & Tang, J. (2007). Sun and water: On a modulus-based measurement of happiness. Emotion, *7*(1), 213-218. Download

Abstract: Most happiness researchers use semantic differential or Likert scales to assess happiness. Such conventionally used scales are susceptible to scale renorming (interpretation of scales differently in different contexts) and can produce a specious relativism effect (eg, rating a low-income person happier than a high-income person in situations where the low-income person is not happier). Building on related psychophysical measurements, the authors propose a simple, survey-friendly, modulus-based scale of happiness and show that it is less susceptible to specious relativism than conventional rating scales but can still catch genuine relativism (eg, rating a low-income person to be happier than a high-income person in situations where the low-income person is indeed happier).

Hsee, C. K. & Hastie, R. (2006). Decision and experience: Why don't we choose what makes us happy? Trends in Cognitive Sciences, *10*(1), 31-37. Download

Abstract: Recent years have witnessed a growing interest among psychologists and other social scientists in subjective well-being and happiness. Here we review selected contributions to this development from the literature on behavioral-decision theory. In particular, we examine many, somewhat surprising, findings that show people systematically fail to predict or choose what maximizes their happiness, and we look at reasons why they fail to do so. These findings challenge a fundamental assumption that underlies popular support for consumer sovereignty and other forms of autonomy in decision-making (e.g. marriage choice), namely, the assumption that people are able to make choices in their own best interests.

Zhang, J., Hsee, C. K. & Xiao, Z. (2006). The majority rule in individual decision making. Organizational Behavior and Human Decision Processes, *99*(1), 102-111. Download

Abstract: This research investigates an understudied decision heuristic, the majority rule. By using the rule, decision makers choose the option superior on most of the available cues. Cues are broadly defined, including advisors and attributes. We propose that decision makers are more likely to use the majority rule when encouraged to employ intra-cue comparison as opposed to intra-option integration, and that their choices are influenced by factors that influence which option appears majority superior. We corroborate the two propositions in four studies. In Studies 1 and 2, we explore two factors that moderate use of the majority rule through facilitating intra-cue comparison or intra-option integration—response mode and information display format. In Studies 3 and 4, we explore two factors that influence choice through influencing which option appears majority-superior—cue-unpacking and cue-regrouping.

Hsee, C. K., Rottenstreich, Y. & Xiao, Z. (2005). When more is better? On the relationship between magnitude and subjective value. Current Directions in Psychological Science, *14*(5), 234-237. Download

Abstract: We examine three determinants of the relationship between the magnitude of a stimulus and a person's subjective "value" of that stimulus: the *process* by which value is assessed (either by feeling or by calculation), the *evaluability* of the relevant magnitude variable (whether the desirability of a given level of that variable can be evaluated independently), and the *mode* of evaluation (whether stimuli are encountered and evaluated jointly or separately). Reliance on feeling, lack of evaluability, and separate evaluation lead to insensitivity to magnitude. An analysis invoking these factors provides a novel account for why people typically become less sensitive to changes in the magnitude of a stimulus as magnitude increases.

Leclerc, F., Hsee, C. K. & Nunes, J. (2005). Narrow focusing: Why the relative position of a good in its category matters more than it should? Marketing Science, *24*(2), 194-205. Download

Abstract: This research examines whether a low-ranking member in a high-status category (e.g., a low-end model of a high-end brand) or a high-ranking member in a low-status category (e.g., a high-end model of a low-end brand) is favored, holding the objective qualities of the items constant. Brand equity research suggests that the quality of a brand is more important than the ranking of a product within a brand. Our research documents a robust *ranking effect*—whereby a high-ranking product in a low-status category is favored over a low-ranking product in a high-status category even when information on competing categories is made available. We explain this effect in terms of narrow focusing and evaluability, and we identify boundary conditions of the effect.

Hsee, C. K. & Z*hang, J.* (2004). Distinction bias: Misprediction and mischoice due to joint evaluation. Journal of Personality and Social Psychology, *86*(5), 680-695. Download

Abstract: This research identifies a new source of failure to make accurate affective predictions or to make experientially optimal choices. When people make predictions or choices, they are often in the joint evaluation (JE) mode; when people actually experience an event, they are often in the single evaluation (SE) mode. The" utility function" of an attribute can vary systematically between SE and JE. When people in JE make predictions or choices for events to be experienced in SE, they often resort to their JE preferences rather than their SE preferences and overpredict the difference that different values of an attribute (eg, different salaries) will make to their happiness in SE. This overprediction is referred to as the distinction bias. The present research also specifies when the distinction bias occurs and when it does not. This research contributes to literatures on experienced utility, affective forecasting, and happiness.

Hsee, C. K. & Rottenstreich, Y. (2004). Music, pandas, and muggers: On the affective psychology of value. Journal of Experimental Psychology: General, *133*(1), 23-30. Download

Abstract: This research investigated the relationship between the magnitude or scope of a stimulus and its subjective value by contrasting 2 psychological processes that may be used to construct preferences: valuation by feeling and valuation by calculation. The results show that when people rely on feeling, they are sensitive to the presence or absence of a stimulus (ie, the difference between 0 and some scope) but are largely insensitive to further variations of scope. In contrast, when people rely on calculation, they reveal relatively more constant sensitivity to scope. Thus, value is nearly a step function of scope when feeling predominates and is closer to a linear function when calculation predominates. These findings may allow for a novel interpretation of why most real-world value functions are concave and how the processes responsible for nonlinearity of value may also contribute to nonlinear probability weighting.

Nunes, J., Hsee, C. K. & Weber, E. U. (2004). Why are people so prone to steal software? The effect of cost structure on consumer purchase and payment intensions. Journal of Public Policy and Marketing, *23*(1), 43-53. Download

Abstract: Intellectual property piracy is a significant global problem and an enormous problem for U.S. companies and policymakers. This article examines why typically law-abiding people are more inclined to steal intellectual property products than more tangible, material products. The authors propose that the inclination to pay for certain types of goods and services is greater than for other types, and what distinguishes the two classes is their cost structure. They document how consumers are more or less inclined to pay for goods and services as a function of whether the product's cost is principally attributable to variable cost (VC) or fixed cost (FC). The authors' central thesis is that consumers (1) believe that they cause less harm if their failure to pay prevents a seller from recovering FC than if their failure to pay helps a seller recoup VC; (2) are more likely to risk not paying for a product the less harm they perceive that not paying would cause; and (3) therefore feel less obligated and are less likely to pay voluntarily for a high-FC, low-VC product than for a high-VC, low-FC product, when total cost and average cost are held constant. This research is particularly relevant in the information age, because it helps explain why consumers appear to be more inclined to risk stealing software and other intellectual property products with relatively high FC and little or no VC. It also allows for the creation of marketing remedies that do not involve further legal enforcement.

Hsee, C. K., *Zhang J.* & Chen J. (2004). Internal and substantive inconsistencies in decision making. In D. Koehler & N. Harvey (eds.) Blackwell Handbook of Judgment and Decision-making, Oxford, England: Blackwell. Download

Hsee, C. K., *Zhang, J., Yu, F. & Xi, Y.* (2003). Lay rationalism and inconsistency between predicted experience and decision. Journal of Behavioral Decision Making, *16*(4), 257-272. Download

Abstract: Decision-makers are sometimes depicted as impulsive and overly influenced by 'hot', affective factors. The present research suggests that decision-makers may be too 'cold' and overly focus on rationalistic attributes, such as economic values, quantitative specifications, and functions. In support of this proposition, we find a systematic inconsistency between predicted experience and decision. That is, people are more likely to favor a rationalistically-superior option when they make a decision than when they predict experience. We discuss how this work contributes to research on predicted and decision utilities; we also discuss when decision-makers overweight hot factors and when they overweight cold factors.

Hsee, C. K., *Yu, F., Zhang, J. & Zhang, Y.* (2003). Medium maximization. Journal of Consumer Research, *30*(1), 1-14. Download

Abstract: A medium—for example, points or money—is a token people receive as the immediate reward of their effort. It has no value in and of itself, but it can be traded for a desired outcome. Experiments demonstrate that, when people are faced with options entailing different outcomes, the presence of a medium can alter what option they choose. This effect occurs because the medium presents an illusion of advantage to an otherwise not so advantageous option, an illusion of certainty to an otherwise uncertain option, or an illusion of linearity to an otherwise concave effort-outcome return relationship. This work has implications for how points influence consumer choice and how money influences human behavior.

Schweitzer, M. E. & Hsee, C. K. (2002). Stretching the truth: Elastic justification and motivated communication of uncertain information. Journal of Risk and Uncertainty, *25*(2), 185-201. Download

Abstract: Although both cognitive and motivational factors can influence the communication of uncertain information, most of the work investigating the communication of uncertainty has focused on cognitive factors. In this article, we demonstrate that motivational factors influence the communication of private, uncertain information and we describe the relationship between elasticity (i.e. uncertainty and vagueness) and motivated communication. We report results from four experiments that demonstrate that motivated communication is not purely opportunistic. The values people report are constrained by the elasticity of private information even when the costs and benefits of misrepresenting information are held constant. Perceptions of justifiability mediate the relationship between elasticity and motivated communication, and we explain our results in terms of the self-justification process.

Loewenstein, G. F., Weber, E. U., Hsee, C. K. & Welch, N. (2001). Risk as feelings. Psychological Bulletin, *127*(2), 267-286. Download

Abstract: irtually all current theories of choice under risk or uncertainty are cognitive and consequentialist. They assume that people assess the desirability and likelihood of possible outcomes of choice alternatives and integrate this information through some type of expectation-based calculus to arrive at a decision. The authors propose an alternative theoretical perspective, the risk-as-feelings hypothesis, that highlights the role of affect experienced at the moment of decision making. Drawing on research from clinical, physiological, and other subfields of psychology, they show that emotional reactions to risky situations often diverge from cognitive assessments of those risks. When such divergence occurs, emotional reactions often drive behavior. The risk-as-feelings hypothesis is shown to explain a wide range of phenomena that have resisted interpretation in cognitive–consequentialist terms.

Rottenstreich, Y. & Hsee, C. K. (2001). Money, kisses, and electric shocks: On the affective psychology of risk. Psychological Science, *12*(3), 185-190. Download

Abstract: Prospect theory's S-shaped weighting function is often said to reflect the psychophysics of chance. We propose an affective rather than psychophysical deconstruction of the weighting function resting on two assumptions. First, preferences depend on the affective reactions associated with potential outcomes of a risky choice. Second, even with monetary values controlled, some outcomes are relatively affect-rich and others relatively affect-poor. Although the psychophysical and affective approaches are complementary, the affective approach has one novel implication: Weighting functions will be more S-shaped for lotteries involving affect-rich than affect-poor outcomes. That is, people will be more sensitive to departures from impossibility and certainty but less sensitive to intermediate probability variations for affect-rich outcomes. We corroborated this prediction by observing probability-outcome interactions: An affect-poor prize was preferred over an affect-rich prize under certainty, but the direction of preference reversed under low probability. We suggest that the assumption of probability-outcome independence, adopted by both expected-utility and prospect theory, may hold across outcomes of different monetary values, but not different affective values.

Hsee, C. K. (2000). Attribute evaluability: Its implications for joint-separate evaluation reversals and beyond. In D. Kahneman & A. Tversky (eds.), Choices, Values and Frames (pp. 543-563). Cambridge, England: Cambridge University Press. Download

Hsee, C. K. & Kunreuther, H. C. (2000). The affection effect in insurance decisions. Journal of Risk and Uncertainty, *20*, 141-159. Download

Abstract: We use insurance behavior as a context to study affective influences in seemingly purely monetary decisions. We report two related findings. First, people are more willing to purchase insurance for an object at stake, the more affection they have for the object, holding the amount of compensation constant. Second, if the object is damaged, people are also more willing to go through the trouble of claiming a fixed amount of compensation, the more affection they have for the object. These effects are

not predicted by standard decision theories. We explain these findings by a "consolation hypothesis," according to which, people perceive insurance compensation as a token of consolation, and we discuss its implications for affective influences in other types of decisions.

Weber, E. U. & Hsee, C. K. (2000). Culture and individual judgment and decision-making. Journal of Applied Psychology, *49*(1), 32-61.

Abstract: In the last two decades, much has been published on the topic of culture and cross-cultural psychology and much on the topic of judgment and decision making (J/DM). However, only a few researchers have examined the intersection of the two areas. In this article, we review this body of research. Our focus is on four particular J/DM topics that have been studied cross-culturally: probability judgment, risk perception, risk preference, and modes of decision making. Our review reveals an encouraging trend in cross-cultural J/DM research—a shift from merely describing national differences in overt behaviour to exploring underlying processes that explain these differences by recourse to cultural perceptions or values. To reinforce this trend, we recommend that future cross-cultural J/DM research be more model-based (i.e. testing for the causal effect of independent variables shown to differ between cultures rather than simply describing group differences) and adopt a mosaic-building approach in its data collection (i.e. using multiple methodologies and seeking converging evidence to support or reject any model).

Hsee, C. K. (1999). Value-seeking and prediction-decision inconsistency: Why don't people take what they predict they'll like the most? Psychonomic Bulletin and Review, *6*(4), 555-561. Download

Abstract: In this research, it is proposed that, when making a choice between consumption goods, people do not just think about which option will deliver the highest consumption utility but also think about which choice is most consistent with rationales—beliefs about how they should make decisions. The present article examines a specific rationale, value seeking. The value-seeking rationale refers to the belief that one should choose the option in a choice set that has the highest monetary value. Studies 1 and 2 show that value seeking could lead to a prediction-decision inconsistency, predicting a high consumption utility from one option but choosing another option. Study 3 shows that the prediction-decision inconsistency could be created even by "illusory" (as opposed to truly monetary) values and that the inconsistency could be turned on or off through empirical manipulation.

Weber, E. U. & Hsee, C. K. (1999). Models and mosaics: Investigation of cross-cultural differences in risk perception and risk preference. Psychonomic Bulletin and Review, *6*(4), 611-617. Download

Abstract: In this article, we describe a multistudy project designed to explain observed cross-national differences in risk taking between respondents from the People's Republic of China and the United States. Using this example, we develop the following recommendations for cross-cultural investigations. First, like all psychological research, cross-cultural studies should be model based. Investigators should commit themselves to a model of the behavior under study that explicitly specifies possible causal constructs or variables hypothesized to influence the behavior, as well as the relationship between those variables, and allows for individual, group, or cultural differences in the value of these variables or in the relationship between them. This moves the focus from a simple demonstration of cross-national differences toward a prediction of the behavior, including its cross-national variation. Ideally, the causal construct hypothesized and shown to differ between cultures should be demonstrated to serve as a moderator or a mediator between culture and observed behavioral differences. Second, investigators should look for converging evidence for hypothesized cultural effects on behavior by looking at multiple dependent variables and using multiple methodological approaches. Thus, the data collection that will allow for the establishment of conclusive causal connections between a cultural variable and some target behavior can be compared with the creation of a mosaic.

Hsee, C. K., Loewenstein, G. F., Blount, S. & Bazerman, M. H. (1999). Preference reversals between joint and separate evaluation of options: A review and theoretical analysis. Psychological Bulletin, *125*(5), 576-590. Download

Abstract: Arguably, all judgments and decisions are made in 1 (or some combination) of 2 basic evaluation modes—joint evaluation mode (JE), in which multiple options are presented simultaneously and evaluated comparatively, or separate evaluation mode (SE), in which options are presented in isolation and evaluated separately. This article reviews recent literature showing that people evaluate options differently and exhibit reversals of preferences for options between JE and SE. The authors propose an explanation for the JE/SE reversal based on a principle called the evaluability hypothesis. The hypothesis posits that it is more difficult to evaluate the desirability of values on some attributes than on others and that, compared with easy-to-evaluate attributes, difficult-to-evaluate attributes have a greater impact in JE than in SE.

Hsee, C. K. & Weber, E. U. (1999). Cross-national differences in risk preferences and lay predictions for the differences. Journal of Behavioral Decision Making, *12*, 165-179. Download

Abstract: This research explores whether there are systematic cross-national differences in choice-inferred risk preferences between Americans and Chinese. Study 1 found (a) that the Chinese were significantly more risk seeking than the Americans, yet (b) that both nationals predicted exactly the opposite—that the Americans would be more risk seeking. Study 2 compared Americans' and Chinese risk preferences in investment, medical and academic decisions, and found that Chinese were more risk seeking than Americans only in the investment domain and not in the other domains. These results are explained in terms of a 'cushion hypothesis', which suggests people in a collectivist society, such as China, are more likely to receive financial help if they are in need (i.e.

they could be 'cushioned' if they fell), and consequently, they are less risk averse than those in an individualistic society such as the USA.

Hsee, C. K. (1998). Less is better: When low-value options are valued more highly than high-value options. Journal of Behavioral Decision Making, *11*(2), 107-121. Download

Abstract: This research demonstrates a less-is-better effect in three contexts: (1) a person giving a $45 scarf as a gift was perceived to be more generous than one giving a $55 coat; (2) an overfilled ice cream serving with 7 oz of ice cream was valued more than an underfilled serving with 8 oz of ice cream; (3) a dinnerware set with 24 intact pieces was judged more favourably than one with 31 intact pieces (including the same 24) plus a few broken ones. This less-is-better effect occurred only when the options were evaluated separately, and reversed itself when the options were juxtaposed. These results are explained in terms of the evaluability hypothesis, which states that separate evaluations of objects are often influenced by attributes which are easy to evaluate rather than by those which are important.

Hsee, C. K. & Leclerc, F. (1998). Will products look more attractive when presented separately or together? Journal of Consumer Research, *25*(2), 175-186. Download

Abstract: This research examines whether each of two different options of comparable overall quality will be perceived more positively when presented in isolation and evaluated separately (*separate evaluation*) or when juxtaposed and evaluated side by side (*joint evaluation*). Six studies, involving either judgment or choice as the dependent variable, reveal a general principle: If the focal options are already attractive (relative to their natural reference) in separate evaluation, then subjecting these options to joint evaluation will hurt their attractiveness. If the focal options are unattractive (relative to their reference) in separate evaluation, subjecting them to joint evaluation will enhance their attractiveness.

Weber, E. U., Hsee, C. K. & Sokolowska, J. (1998). What folklore tells us about risk and risk taking: Cross-cultural comparisons of American, Chinese and German proverbs. Organizational Behavior and Human Decision Processes, *75*(2), 170-186. Download

Abstract: Two studies attempted to discriminate between a situational-economic and a cultural explanation for the recently reported finding that Chinese from the People's Republic of China (PRC) are more risk-seeking than Americans. Both studies compared American and Chinese proverbs related to risk and risk-taking. The first study added Germany as a control group for its socioeconomic similarity to the United States but its closer resemblance to the PRC in its social safety-net and cultural collectivism. Members of each culture rated American, Chinese, and German risk-related proverbs, respectively, on implied advice (to take or avoid risk) and applicability to financial or social risks. Results were consistent with the cultural explanation of national differences in risk taking: (a) Chinese and German proverbs were judged to provide more risk-seeking advice than American proverbs; (b) American proverbs were judged less applicable to risks in the social domain than Chinese and German proverbs; (c) regardless of national origin of proverbs, Chinese perceived proverbs to advocate greater risk-seeking than American raters, but only for financial and not for social risks.

Weber, E. U. & Hsee, C. K. (1998). Cross-cultural differences in risk perception, but cross-cultural similarities in attitudes towards perceived risk. Management Science, *44*(9), 1205-1217. Download

Abstract: In this study, respondents from the P.R.C., U.S.A., Germany, and Poland were found to differ in risk preference, as measured by buying prices for risky financial options. Chinese respondents were significantly less risk-averse in their pricing than Americans when risk preference was assessed in the traditional expected-utility framework. However, these apparent differences in risk preference were associated primarily with cultural differences in the *perception of the risk* of the financial options rather than with cultural differences in *attitude towards perceived risk*. In all cultures, an equal proportion (the majority) of respondents was willing to pay more for options perceived as less risky, i.e., were perceived-risk averse. These results are most naturally explained within a risk-return conceptualization of risky choice. They have practical implications for cross-cultural negotiation and commerce by suggesting the locus of cultural differences in risky choice that may allow for the creation of joint gains.

Hsee, C. K. & Weber, E. U. (1997). A fundamental prediction error: Self-other discrepancies in risk preference. Journal of Experimental Psychology: General, *126*(1), 45-53. Download

Abstract: This research examined whether people can accurately predict the risk preferences of others. Three experiments featuring different designs revealed a systematic bias: that participants predicted others to be more risk seeking than themselves in risky choices, regardless of whether the choices were between options with negative outcomes or with positive outcomes. This self–others discrepancy persisted even if a monetary incentive was offered for accurate prediction. However, this discrepancy occurred only if the target of prediction was abstract and vanished if the target was vivid. A risk-as-feelings hypothesis was introduced to explain these findings.

Hsee, C. K. (1996). The evaluability hypothesis: An explanation for preference reversals between joint and separate evaluations of alternatives. Organizational Behavior and Human Decision Processes, *67*(3), 247-257. Download

Abstract: This research investigates a particular type of preference reversal (PR), existing between joint evaluation, where two stimulus options are evaluated side by side simultaneously, and separate evaluation, where these options are evaluated separately. I first examine how this PR differs from other types of PRs and review studies demonstrating this PR. I then propose an explanation, called the *evaluability hypothesis,* and report experiments that tested this hypothesis. According to this hypothesis, PRs between joint and separate evaluations occur because one of the attributes involved in the options is hard to evaluate independently and another attribute is relatively easy to

evaluate independently. I conclude by discussing prescriptive implications of this research.

Hsee, C. K. (1996). Elastic justification: How unjustifiable factors influence judgments. Organizational Behavior and Human Decision Processes, *66*(1), 122-129. Download

Abstract: When making judgments, one may encounter not only justifiable factors, i.e., attributes which the judge thinks that he/she should take into consideration, but also unjustifiable factors, i.e., attributes which the judge wants to take into consideration but knows he/she should not. It is proposed that the influence of an unjustifiable factor on one's judgment depends on the presence of elasticity (ambiguity) in justifiable factors; the influence will be greater if there is elasticity than if there is not. Two studies involving different contexts demonstrated the proposed elasticity effect and suggested that the effect could be a result of a self-oriented justification process. Implications of this research for decisions involving a should-vs-want conflict are discussed.

Hsee, C. K. (1995). Elastic justification: How tempting but task-irrelevant factors influence decisions. Organizational Behavioral and Human Decision Process, *62*(3), 330-337. Download

Abstract: This research is concerned with task-oriented decision situations where the decision maker faces two options, one superior on a factor directly related to the given task (called the A factor) and the other superior on a factor not central to the accomplishment of the task but tempting to the decision maker (called the B factor). According to the elastic justification notion, the decision maker may find it unjustifiable to choose the B-superior option over the A-superior option if there is no uncertainty in the A values of the two options, but will construct a justification and become more likely to choose the B-superior option if there is uncertainty. In support of this proposition, two experiments employing a simulated decision situation found that subjects were indeed more likely to choose the B-superior option when there was uncertainty in the A factor than when there was not, no matter whether the uncertainty resided in one of the options (Experiment 1) or in both options (Experiment 2).

Hatfield, E., Hsee, C. K., Costello, J., Weisman, M. S. & Denney, C. (1995). The impact of vocal feedback on emotional experience and expression. Journal of Social Behavior and Personality, *10*(2), 293-313. Download

Abstract: Darwin argued that emotional experience should be affected, in part, by feedback from the skeletal musculature. Since Darwin's time, researchers have documented that emotional experience is shaped by both facial and postural feedback. Two experiments were conducted to determine whether emotional experience and facial expression are influenced by vocal feedback as well. In experiment 1, subjects were asked to read a joyous, loving, sad, or angry script. The impact on emotional experience and expression was assessed in two ways: (a) subjects completed a self-report measure of emotion, and (b) judges rated subjects' faces as they read the scripts. In Experiments 2, subjects were required to try to reproduce a random sound pattern vocally. These tones were designed to mimic the voice quality, rhythm, intonation, and pausing associated with joy, love, sadness, anger, or fear, or in the control condition, with an emotionally neutral state. The impact on subjects' subjective emotional experience was assessed by a self-report questionnaire. As predicted, in both experiments, emotional experience and/or facial expression were affected by verbal and/or vocal feedback (Experiment 1)and by vocal feedback alone (Experiment 2). Possible explanations for these results are discussed.

Hsee, C. K., Salovey, P. & Abelson, R. P. (1994). The quasi-acceleration relation: Satisfaction as a function of the change in velocity of outcome over time. Journal of Experimental Social Psychology, *30*(1), 96-111. Download

Abstract: Satisfaction with a dynamic outcome is positively related to its value, the change in the value, and the rate of change. Proposed in this article is another outcome-satisfaction relation: Satisfaction is positively related to the change in the rate, or quasi-acceleration (QA). We tested this proposition (a) in a direct comparison paradigm where Ss compared pairs of hypothetical academic or investment values of different QAs unfolding graphically on the computer (Experiment 1) and (b) in a between-subject paradigm where Ss in different QA conditions indicated moment-to-moment feelings about a hypothetical investment value changing numerically on the computer (Experiment 2). In support of the QA relation, Ss in both experiments indicated greater satisfaction the more positive the QA. Limitations of the present research and implications for a relative and temporal perspective on outcome-satisfaction relations are discussed.

Salovey, P., Hsee, C. K. & Mayer, J. D. (1993). Emotional intelligence and the self-regulation of affect. In D. Wegner & J. Pennebaker (Eds.), The Handbook of Mental Control (pp 258-277). Eaglewood Cliff, NJ: Prentice Hall. Download

Hsee, C. K., Hatfield, E. & Chemtob, C. (1992). Assessments of the emotional states of others: Conscious judgments versus emotional contagion. Journal of Social and Clinical Psychology, *11*(2), 119-128. Download

Abstract: Examined how therapists rely on their conscious analytic skills and their own emotions to give information as to what their clients are feeling moment-to-moment. 16 university students and 16 controls were randomly assigned to 1 of 8 experimental conditions (e.g., targets' [Ts'] appraisal of own emotional state or facial expression, Ss' appraisal of Ts' or own emotional state). Findings indicate that what Ss think and what they feel are 2 different things, differentially influenced by various kinds of information. The Ts' self-descriptions had a greater influence on Ss' appraisals of the Ts' emotions than on Ss' own emotions, whereas Ts' facial expressions influenced Ss' appraisals and their own emotions equally.

Hsee, C. K. & Abelson, R. P. (1991). The velocity relation: Satisfaction as a function of the first derivative of outcome over time. Journal of Personality and Social Psychology, *60*(3), 341-347. Download

Abstract: Social scientists have found that satisfaction with an outcome is positively related not just to the position (i.e., actual level) of the outcome, but also to the displacement (i.e., directional difference) between the current level and a reference level. Extending the displacement notion, the present research hypothesized that satisfaction is positively related to the velocity (i.e., rate) at which the outcome changes over time, and tested this hypothesis by using hypothetical outcomes presented in questionnaires (Study 1) and displayed on a computer screen (Study 2). Results from both studies supported the hypothesis. The findings are discussed with regard to their implications for a formal model of the outcome-satisfaction relationship and for a dynamic analysis of human behavior.

Hsee, C. K., Abelson, R. P. & Salovey, P. (1991). The relative weighting of position and velocity in satisfaction. Psychological Science, *2*(4), 263-266. Download

Abstract: Satisfaction with a desired outcome depends both on its position (i.e., the actual value of the outcome) and on its velocity (i.e., the change in the value). In a questionnaire study, we investigated factors that influence the relative weighting of position and velocity in satisfaction and found that the relative weight of velocity loomed larger when the outcome was (a) framed in terms of change (rather than in terms of overall position), (b) related to consummatory (rather than instrumental) behaviors, or (c) internally (rather than externally) controlled. The findings suggest that the relative importance of position and velocity in satisfaction varies, depending on the condition and nature of the outcome.

Hsee, C. K., Hatfield, E., Carlson, J. & Chemtob, C. (1990). The effect of power on susceptibility to emotional contagion. Cognition and Emotion, *4*(4), 327-340. Download

Abstract: This study explored two questions: Do people tend to display and experience other people's emotions? If so, what impact does power have on people's susceptibility to emotional contagion? We speculated that the powerless should pay more attention to their superiors (than their superiors pay to them) and should thus be especially likely to “catch” their superior' emotions as well. College students, given the role of “teacher” (powerful person) or “learner” (powerless person), observed videotapes of another (fictitious) subject relating an emotional experience. They were asked what emotions they felt as they watched their partner describe the happiest and saddest event in his life. In addition, they were videotaped as they watched the tape. As predicted, clear evidence of emotional contagion was obtained in this controlled laboratory setting. However, a direct (rather than inverse) relation between power and emotional contagion was found. Powerful subjects were *more* likely to display their subordinate's feelings than subordinates were to display those of the powerful other. Several possible explanations for these unexpected results were proposed.

Working Papers

*This is a partial list; titles are subject to change.

"The psychology of overshooting in resource competition"

"Contingent prediction can reduce selfish behavior"

"An overlooked benefit of having a disadvantaged minority: How resource distributions influences happiness"

"Moderating the worsening effect of a better experience: Qualitative versus quantitative outcomes"

"The more effective the product, the less effective the ad: How the before-state in a before-and-after ad influences its persuasiveness"

"Dominance-seeking and internecine behavior"

"Forming versus interpreting consumer ratings"

"Greater improvement., less persuasiveness: How the initial state in before-after advertisements influences consumer impressions"

"The curse of payment: Paying more and enjoying less"

"Assimilation versus contrast in appearance judgment"

"Gender discrimination in the marketplace: Asymmetric acceptance of male and female-typical products"

"Indulgence aversion: Why people prefer desire control over harm control "

"How duration interacts with popularity in influencing consumer judgment"

"Under-appreciating the positive effect of emoji usage among professionals"