



## **Rotman**

# **Southern Ontario Behavioral Decision Research Conference**

**May 6<sup>th</sup>, 2011**  
**Rotman School of Management,**  
**University of Toronto**

Email: [sobdr2011@gmail.com](mailto:sobdr2011@gmail.com)

### **Schedule of Events**

<b>Time</b>	<b>Event</b>	<b>Location</b>
9:30 – 10:30	<b>Breakfast / Welcome</b>	Kruger Hall
10:30 – 11:45	<b>Session A:</b> <ul style="list-style-type: none"><li>• Nicola Lacetera</li><li>• Li-Jun Ji</li><li>• Alison Jing Xu</li></ul>	WW126
12:00 – 1:40	<b>Lunch</b> <b>Keynote Speaker</b> Eldar Shafir	Kruger Hall WW126
1:45 – 3:00	<b>Session B:</b> <ul style="list-style-type: none"><li>• Derek J. Koehler</li><li>• Alessandro Previtiero</li><li>• Vanessa Bohns</li></ul>	WW126
3:00 – 3:30	<b>Coffee break</b>	Kruger Hall
3:30 – 4:45	<b>Session C:</b> <ul style="list-style-type: none"><li>• Lisa Kramer</li><li>• David Faro</li><li>• Laurence Ashworth</li></ul>	WW126
5:00 – 6:00	<b>Poster session with cash bar</b>	Kruger Hall

## Presentation Schedule

Event	Time	Presentation
<b>Session A Chair: <i>Nina Mazar</i>, Rotman School of Management, University of Toronto</b>		
<b>Session A</b>	10:30 – 10:55	<b>Rewarding Altruism: A Natural Field Experiment.</b> <i>Nicola Lacetera, Rotman School of Management, University of Toronto</i>
	10:55 – 11:20	<b>Culture and Decision Making.</b> <i>Li-Jun Ji, Department of Psychology, Queen's University</i>
	11:20 – 11:45	<b>Washing away your (good or bad) luck: Physical cleansing affects risk-taking behaviour.</b> <i>Alison Jing Xu, Rotman School of Management, University of Toronto</i>
<b>Keynote Speech</b>		<b>The Psychology of Decisions under Scarcity.</b> <i>Eldar Shafir, Department of Psychology, Princeton University</i>
<b>Session B Chair: <i>Claire Tsai</i>, Rotman School of Management, University of Toronto</b>		
<b>Session B</b>	1:45 – 2:10	<b>Case-Based Biases in Pricing of Uncertain Assets.</b> <i>Derek J. Koehler, Department of Psychology, University of Waterloo</i>
	2:10 – 2:35	<b>Stock Market Returns and Annuitization: a case of Myopic Extrapolation.</b> <i>Alessandro Previtero, Ivey School of Business, University of Western Ontario</i>
	2:35 – 3:00	<b>Are social prediction errors universal? Predicting compliance with a direct request across cultures.</b> <i>Vanessa Bohns, Rotman School of Management, University of Toronto</i>
<b>Session C Chair: <i>Min Zhao</i>, Rotman School of Management, University of Toronto</b>		
<b>Session C</b>	3:30 – 3:55	<b>This is Your Portfolio on Winter: Seasonal Affective Disorder and Risk Aversion in Financial Decision-Making.</b> <i>Lisa A. Kramer, Rotman School of Management, University of Toronto</i>
	3:55 – 4:20	<b>Merely Available: Products May Be Effective Without Actual Consumption</b> <i>David Faro, London Business School, London, UK</i>
	4:20 – 4:45	<b>The Distortion of Product Valuation by Product Myopia and Egocentric Bias in Product Users' Judgments of Observers' Impressions</b> <i>Laurence Ashworth, Queen's School of Business, Queen's University</i>

## Poster Session Overview

1. *Paul Conway, Department of Psychology, University of Western Ontario*  
**No Benefit of the Doubt? Perceivers Fail to Excuse Ego-Depleted Immoral Behaviour.**
2. *Miranda Giacomini, Psychology Department, Wilfrid Laurier University*  
**The Relation between Predictions of Task Duration and Task Completion Time.**
3. *Hae Joo Kim, Rotman School of Management, University of Toronto*  
**Seeing Goals in Products: Effects of Goal Visualization on WTP.**
4. *Jesse Langstaff, Department of Psychology, University of Waterloo*  
**Exploring Cognitive Barriers in Goal Pursuit: An Experimental Work Task.**
5. *Andrew Maxwell, University of Waterloo*  
**Business Angel decision-making.**
6. *Lianne McLellan, Defence Research and Development Canada – Toronto*  
**It's All in the Question: Asking "Why" or "How" Influences Probability Estimates.**
7. *Sandeep Mishra, Department of Psychology, University of Guelph*  
**Does inequality cause risk-taking?**
8. *Ester Moher, Psychology Department, University of Waterloo*  
**When (and how) planning fails you: The role of construal in prediction error.**
9. *Sarah Mueller, University of Hamburg*  
**Compensation through same versus other domain.**
10. *Gord Pennycook, Psychology Department, University of Waterloo*  
**Detection in Dual-Process Theory: Are We Good At Detecting When We Are Biased?**
11. *Matthew Philip, Queen's School of Business, Queen's University*  
**Decision Process of Serial Position Effects: Step-by-Step Vs. Single Elimination.**
12. *Zhaleh Semnani-Azad, Industrial Organizational Psychology, University of Waterloo*  
**Perceptions and Stereotypes in Cross-cultural Negotiation.**
13. *Kamila Sobol, Schulich School of Business, York University*  
**Defensive Endowment Effect: The Role of Suspicion in Setting Prices.**
14. *Amanda Wudarczywski, Psychology Department, University of Waterloo*  
**Great Expectations: Exploring the costs of overly optimistic decisions of future behaviours.**

## Session A Abstracts

### Name of Presenter

### Presentation

**Nicola Lacetera,**  
*Rotman School of  
Management,  
University of Toronto*  
(co-authored with  
Mario Macis and  
Robert Slonim)

#### **Rewarding Altruism: A Natural Field Experiment.**

A vast debate exists on whether the provision of extrinsic incentives might offer further motivations or instead inhibit the provision of public goods and the performance of pro-social activities. Standard economic theory predicts that the addition of a set of incentives would add to the “intrinsic” reasons an individual might have to perform an activity for free. However, some studies have argued that extrinsic incentives can backfire because they might crowd out the intrinsic motives to perform these activities. These are important questions to advance knowledge of human behavior, as well as to understand how to foster altruism and the contribution to public goods – activities that involve a large part of social life but for which supply often does not keep up with demand.

In a natural field experiment involving over 100,000 individuals in collaboration with the American Red Cross (ARC), we study the short and long-term effects of providing material rewards for a particular, and highly socially relevant altruistic activity, blood donation, and the mechanisms through which these incentives might (or might not) enhance this activity. During our interventions, drives treated with rewards experienced a large increase in turnout, but no change in the share of donors who were not eligible to donate. Moreover, the (random) subset of individuals who were informed by the ARC through their standard channels (phone calls and mailed fliers) about the presence of rewards were significantly more likely to present to donate blood. Drives offering rewards also disproportionately attract individuals who have never donated at those drives before, as well as women and more experienced and frequent donors. All of these effects are stronger, the higher the economic value of the rewards. Following the drives’ performance and donors’ behavior in the months after the intervention, we find that the effect of the rewards is largely limited to the time where they are offered, with no positive or negative impact on future outcomes, and no differences in behavior between individuals subject to different treatments during the intervention. Thus, the rewards did not lead to intertemporal crowding out or undermining effects on motivations for blood donation.

**Li-Jun Ji,**  
*Department of  
Psychology, Queen’s  
University*

#### **Culture and Decision Making.**

Culture affects how much people attend to not only contextual information, but also temporal information. We found that Chinese, compared to Canadians, attended to a broader range of temporal information into the past, as well as into the future. In particular, distant past and future events felt closer to the present for Chinese than for Canadians. In a free listing task, Chinese participants listed events further into the future (and past) than Canadians. In addition, temporally remote information was perceived to be more relevant and recalled better by Chinese than by Canadians. These tendencies have significant implications for decision making. For example, Canadians’ decisions to sell stocks were strongly influenced by the most recent price trends, whereas Chinese participants’ decisions were influenced by both the recent and the early trends. Other implications will be discussed.

**Alison Jing Xu,**  
*Rotman School of  
 Management,  
 University of  
 Toronto* (co-  
 authored with  
 Rami Zwick and  
 Norbert Schwarz)

**Washing away your (good or bad) luck: Physical  
 cleansing affects risk-taking behaviour.**

Many superstitious practices entail the belief that good or bad luck can be "washed away". Consistent with this belief, participants who recalled (experiment 1) or experienced (experiment 2) an episode of bad luck were more willing to take risk after having than after not having washed their hands, whereas participants who recalled or experienced an episode of good luck were less willing to take risk after having than after not having washed their hands. Thus, the psychological effects of physical cleansings extend beyond the domain of moral judgment and are independent of people's motivation: incidental washing not only removes undesirable traces of the past (such as bad luck) but also desirable ones (such as good luck), which people would rather preserve.

**Keynote**

**Speech:**

**Eldar Shafir,**  
*Department of  
 Psychology,  
 Princeton  
 University*

**The Psychology of Decisions under Scarcity.**

Decisions are often made in contexts of scarcity, from time scarcity among the busy to money scarcity among the poor. We will explore decisions made in contexts of scarcity, which is likened to traveling through life with an over-stuffed suitcase that offers no slack. Behavioral outcomes that emerge from scarcity will be explored, and policy implications will be discussed.

**Session B Abstracts**

**Name of Presenter**

**Presentation**

**Derek J. Koehler,**  
*Department of  
 Psychology,  
 University of Waterloo*  
 (co-authored with Lyle  
 Brenner and Dale  
 Griffin)

**Case-Based Biases in Pricing of Uncertain Assets.**

Research within the "heuristics and biases" tradition indicates that probability judgments respond primarily to case-specific evidence and disregard aggregate characteristics of the class to which the case belongs, resulting in predictable biases. Demonstrations of these biases are often discounted by economists as evidence against the rational expectations hypothesis on the grounds that (a) appropriate incentives for accurate judgment are not offered; (b) sufficient opportunities for learning from experience are not available; and (c) systematic biases exhibited by individual actors can be corrected through market interaction. We test these claims using a simulated stock market in which participants set prices on uncertain assets rather than making direct judgments of probability, and can learn from experience and have incentives for accuracy. Valuation of uncertain assets in this setting still exhibit biases consistent with case-based judgment. This result holds for buying as well as selling prices, and is not diminished with extended price-setting experience despite ample opportunities for learning. Market interaction with an unbiased, computerized agent helps to attenuate case-based biases, but small markets of bias-susceptible individuals do not eliminate them.

**Alessandro  
Previtero,**  
*Ivey School of  
Business, University  
of Western Ontario*

### **Stock Market Returns and Annuitization: a case of Myopic Extrapolation.**

I document a strong negative relationship between stock market returns and annuitization. Using a novel dataset with more than 103,000 actual payout decisions, I find that positive stock market returns decrease the likelihood of employees choosing an annuity over the lump sum, and vice versa. More precisely, only recent market performance drives annuitization with almost no weight assigned to returns two years before the decision date. Investigating two additional datasets, I document that financial education does not mitigate this result and that stock market returns affect individual annuity sales in a similar way. Although several explanations can account for these findings, I present evidence consistent with employees extrapolating from recent stock market returns: employees seem to believe that recent trends in the stock market will continue in the future. This belief can alter the relative attractiveness of the lump sum versus the annuity, an irreversible investment in a fixed income product. Three major differences separate my study from the previous literature on the influence of past stock market returns. First, I document a case of “myopic extrapolation”: only very recent stock market returns affect annuitization. Second, I find that the extrapolation bias drives also a critical and -due to adverse selection- irreversible decision. Last, annuitizing too soon after a market drop can bear serious welfare consequences (in my estimates up to 10% of retirement wealth).

**Vanessa Bohns,**  
*Rotman School of  
Management,  
University of Toronto*  
(co-authored with  
Michel J.J. Handgraaf,  
Jianmin Sun, Hillie  
Aaldering, Changguo  
Mao, and Jennifer  
Logg)

### **Are social prediction errors universal? Predicting compliance with a direct request across cultures.**

Previous research conducted in the United States has demonstrated that help-seekers fail to appreciate the embarrassment and awkwardness (i.e., social costs) targets would experience by saying “no” to a request for help. Underestimation of such social costs leads help-seekers to underestimate the likelihood that others will comply with their requests. We hypothesized that this error would be attenuated in a collectivistic culture. We conducted a naturalistic help-seeking study in the U.S. and China and found that Chinese help-seekers were more accurate than American help-seekers at predicting compliance. A supplementary scenario study in which we measured individual differences in collectivistic and individualistic orientations within a single culture provided converging evidence for the association between collectivism and expectations of compliance. In both cases, the association between collectivism (culturally defined or measured) and predicted compliance was mediated by participants' ratings of the social costs of saying “no”.

## Session C Abstracts

### Name of Presenter

Lisa A. Kramer,  
*Rotman School of  
Management,  
University of Toronto*

### Presentation

#### **This is Your Portfolio on Winter: Seasonal Affective Disorder and Risk Aversion in Financial Decision-Making.**

Past research suggests there are seasonal patterns in financial markets which may arise due to cyclical changes in market participants' risk aversion over the course of the year for at least some individuals. For example, Seasonal Affective Disorder (SAD) causes severe autumn and winter depression for a fraction of the population as a consequence of diminished daylight, and additional numbers suffer more mildly from "winter blues". Kamstra, Kramer, and Levi (2003) document seasonal variation in risky stock returns consistent with the hypothesis that seasonal changes in the fraction of the population suffering from depression leads to seasonal variation in stock returns. The seasonal variation in stock returns is stronger in markets at extreme latitudes, such as Sweden, where the seasonal fluctuations in daylight are larger. Furthermore, the seasonal patterns in stock returns are six months out of sync in southern hemisphere markets such as Australia where the seasons are six months out of phase relative to the northern hemisphere. Other work that has explored the relationship between the seasons and financial risk aversion includes studies of the seasonal differences in the flow of mutual fund investments between safe and risky categories (see Kamstra, Kramer, Levi, and Wermers, 2011), and seasonal differences in the returns investors earn from holding safe instead of risky securities such as Treasury returns (see Kamstra, Kramer, and Levi, 2011.)

An open question is whether individuals' financial risk preferences truly vary over time in tandem with seasonal changes in affect, as implied by the studies based on aggregate financial market data. In this study we recruited staff and faculty from a large North American university to participate in a multi-wave survey conducted over the course of a year. We elicited individuals' financial risk preferences using an incentive-compatible method; that is, participants' financial compensation for taking part in the study depended on their choices, where the choices incorporated payoffs and variability in payoffs designed to mimic financial risk. We found that people who experience seasonal changes in affect, specifically those who suffer from SAD, displayed financial risk aversion that varied across the seasons as a function of their affect. SAD-sufferers had significantly stronger preferences for safe choices during the winter than non-SAD-sufferers, and they did not differ from non-SAD-sufferers during the summer.

**David Faro,**  
*London Business  
School, London, UK*  
(co-authored with  
Monika Heller and  
Caglar Irmak)

### **Merely Available: Products May Be Effective Without Actual Consumption.**

Following the recent earthquake in Japan and ensuing nuclear reactor crisis, people on the west coast of US started stockpiling potassium iodide, a drug taken against radiation-related diseases. Asked about this during a CNN interview, a leading radiologist said that in his opinion there was no radiation risk in the US. He noted, however, that there was a psychological reaction to radiation, and that if it made people feel secure having a supply of potassium iodide on hand, that was a personal decision that individuals should make. Later, one blogger added that it was "okay to have placebo effects as long as these help".

In a typical placebo study, a doctor gives a patient a pill that, unbeknownst to the patient, contains only sugar. Even though the pill has no inherent power, it shows a physiological effect on the patient's health. The interview and the blogger's comment raise the possibility, however, that the effect on people's health may occur merely by having the drug available. Along the same lines, we show that having a task-relevant product available (without actually using it) can improve performance. Participants with access to coffee during a reaction-time task performed better than participants without access to coffee. Participants with access to a dictionary solved more word puzzles than those without a dictionary. We propose that having a product available enhances consumers' perceived self-efficacy. In line with this account, task difficulty and feedback on a preceding task moderate the effect, and a measure of self-efficacy mediates it.

**Laurence  
Ashworth,**  
*Queen's School  
of Business,  
Queen's  
University* (co-  
authored with  
Maggie Matar)

### **The Distortion of Product Valuation by Product Myopia and Egocentric Bias in Product Users' Judgments of Observers' Impressions.**

The current work showed that product valuation can be strongly affected by beliefs about the impact of the product on observers' impressions. Product users' beliefs about the impression they would create, however, were substantially inflated relative to the judgments of actual observers. In the current work, we showed that consumers substantially undervalued products that were associated with an undesired impression. The logic also suggests that consumers will likely overvalue those products associated with desired impressions. We identified two factors that contribute to this phenomenon: product myopia in the assessment of the impact of the product on consumers' outward impression, and an egocentric bias in the assessment of the impression on observers' attitudes towards the product user. In the first case, product users overestimated the extent to which the product would impact observers' impressions due to a tendency to focus predominantly on the impression associated with the product. In contrast, observers assessed product users' impression by considering the product alongside a wide variety of other cues. In the second case, product users appeared to assume that observers' attitudes towards a particular impression would be much the same as their own. Product users' attitude towards their perceived outward impression though reflected the extent to which the impression was consistent with their self-presentational goals. Observers possessed no information about users' self-presentation goals though. Their attitude towards the product user simply reflected their idiosyncratic evaluation of the particular impression they formed.



## Poster Session Abstracts

Name of Presenter	Presentation
<p><b>1. Paul Conway,</b> <i>Department of Psychology, University of Western Ontario</i> (co-authored with I. Cheung and J.M. Olson)</p>	<p><b>No Benefit of the Doubt? Perceivers Fail to Excuse Ego-Depleted Immoral Behaviour.</b></p> <p>DeWall et al. (2008) found that depleted participants were less willing to help others than refreshed participants. Thus, helping despite depletion implies better moral character than helping when refreshed, and withholding aid when refreshed implies worse moral character than when depleted. Do people consider depletion when forming judgments of moral character? Some work suggests that they should, as depletion is a situational influence on behaviour. When situations facilitate behaviour, people attribute weaker internal causation (i.e., discounting) than when situations inhibit behaviour (i.e., augmentation, see Kelley, 1972). Other work indicates that people typically underestimate the influence of situational forces on others' behaviour (e.g., Jones &amp; Nisbett, 1971). We compared these predictions. 111 participants read vignettes where actors were either refreshed or depleted, and either helped or failed to help someone. Participants judged the actor's state of depletion, morality, and their willingness to aid the actor. Although participants were sensitive to the actor's state of depletion, this knowledge did not affect moral judgments: only a main effect of helping was observed, such that helpers were perceived as more moral than nonhelpers regardless of depletion. Moreover, participants were more willing to aid helpers than nonhelpers, regardless of depletion. These findings suggest that even in the moral domain, people underestimate situational pressures on others.</p>
<p><b>2. Miranda Giacomini,</b> <i>Psychology Department, Wilfrid Laurier University</i> (co-authored with Roger Buehler)</p>	<p><b>The Relation between Predictions of Task Duration and Task Completion Time.</b></p> <p>People often predict they will complete a task earlier than they actually do, especially when they have a strong desire to finish early. However it is not yet known whether this optimistic bias occurs because people underestimate the time they will spend working on the task itself. Whereas some theorists have treated predictions of task completion time (i.e., when a task will be finished) and predictions of task duration (i.e., the time spent on the task) as interchangeable, we believe it is important to distinguish between these two kinds of predictions. People might often predict task duration accurately yet underestimate their task completion time substantially due to factors external to the task itself (e.g., interruptions, competing demands, changes in motivation). Furthermore, we suggest that this discrepant pattern of bias is especially likely when people are motivated to believe they can finish a task promptly. Such motives may have relatively little impact on predictions of task duration, which are heavily constrained by the characteristics of the target task and thus not highly susceptible to motivated reasoning. In contrast, given that predictions of task completion time must incorporate a broader range of factors, they are less tightly constrained and thus more prone to motivated reasoning. To test this theorizing, we gave participants a writing assignment due in one week and offered an incentive for early completion to some of the participants (speed incentive condition) but not others (control condition). Participants predicted their task completion time, task start time, and task duration time, and later reported the actual times corresponding to these predictions. In general, participants underestimated their completion times and start times, but overestimated the time they would spend working on the task itself. Consistent with the hypotheses, this pattern of bias was most pronounced within the speed incentive condition. The incentive led participants to predict earlier task completion times, but did not influence actual completion times, and thus contributed to bias. The incentive did not affect predictions of start time or task duration. These findings support the hypotheses, and suggest that the optimistic bias in predictions of task completion time does not stem from a tendency to underestimate the time spent working on the task itself.</p>

**Name of Presenter****Presentation**

**3. Hae Joo Kim,**  
*Rotman School of  
Management,  
University of  
Toronto*

**Seeing Goals in Products: Effects of Goal Visualization on WTP.**

This research demonstrates that when the aesthetic attributes of a product (e.g., curvy bottle) depict an end-state that individuals are pursuing (e.g., hourglass shape), they show a stronger desire to purchase the product. While prior research has shown that easy-to-visualize goals increase motivation to pursue goal-facilitating behavior, this research shows that goal visualization can increase the valuation of products that are no more effective in achieving the goal than products that do not symbolize the goal are. In study 1, participants are presented with one of two differently shaped water bottles (curvy vs. straight). After controlling for product information (e.g., quantity, brand), I find that when cueing individuals with a diet goal, they express a greater willingness to pay for the water bottle when it is curvy as opposed to straight. In study 2, participants are primed with either a strength goal or a diet goal and are later asked to indicate their willingness to pay for a box of chocolates containing individual pieces shaped as “thick squares” or “thin rectangular slices.” Participants who were primed with the diet (strength) goal showed a higher willingness to pay for the thin slices (thick squares). Furthermore, this interaction was moderated by the degree to which individuals attended to the aesthetics of the product. In both studies, attitudes toward the differently shaped products were similar, revealing a divergence between goal-driven wanting and liking.

**4. Jesse Langstaff,**  
*Department of  
Psychology,  
University of Waterloo*

**Exploring Cognitive Barriers in Goal Pursuit: An Experimental Work Task.**

Previous research suggests that, even when they form part of an interrelated sequence, people often make decisions one at a time, in isolation from one another. The resulting decisions are often suboptimal because the individual fails to adopt a broader, more integrative choice strategy. Few studies, however have attempted to analyze the underlying processes in an experimental setting, disentangling cognitive and motivational obstacles. We attempt to address this shortcoming by creating a simulated work environment, where participants are tasked with allocating their available time between work and leisure. Work wages are manipulated and the resulting changes in intertemporal substitution between work and leisure are observed.

**5. Andrew Maxwell,**  
*University of Waterloo  
(co-authored with  
Moren Levesque)*

**Business Angel decision-making.**

We develop a staged model of the investment decision process, and use heuristics to posit the retrieval sequence of investment criteria and the use of non-compensatory rejection techniques. We observe real interactions between Business Angels and 602 entrepreneurs. We find investors retrieve criteria based on ease of availability and retrieval, and make a decision to reject an opportunity based on non-achievement of threshold levels of investment return, or excess levels of investment risk.

**Name of Presenter****Presentation**

**6. Lianne McLellan,**  
*Defence Research  
 and Development  
 Canada – Toronto*  
 (co-authored with  
 Amrit Litt and David R.  
 Mandel)

**It's All in the Question: Asking "Why" or "How" Influences Probability Estimates.**

The present study investigated the effect of focusing on "why" or "how" someone might perform an action on judgments of probability. Participants (N=83) read vignettes about a target person who has to choose between two courses of action. Next, they generated responses to the question of why (i.e., reasons) or how (i.e., steps) the target person might perform that action. Participants estimated the probability that the target would choose a given course of action, and estimated when it would be performed. Probability estimates were higher when participants focused on "why" than on "how" an action would be performed ( $p=.001$ ), but there was no effect on estimates of when it would be performed. We speculate that focusing on reasons bolsters perceived justifications for the action, while focusing on steps elucidates potential obstacles. Further, the sums of the probability estimates for the two courses of action were significantly greater than 100%, indicating a violation of additivity ( $p<.001$ ). This violation was marginally greater when participants focused on "why" than on "how" ( $p=.07$ ).

**7. Sandeep Mishra,**  
*Department of  
 Psychology,  
 University of Guelph*

**Does inequality cause risk-taking?**

Income inequality has been associated with various forms of risky behaviour at the aggregate level, including teenage pregnancy, violence, substance abuse, and crime. Little experimental research, however, has examined whether there is a causal link between inequality and risk-taking. In four experiments involving 345 young men and women, we examined whether people exhibit elevated risky behaviour after experiencing inequality manifesting through (1) external systemic inequality, or (2) perceived intrinsic competitive disadvantage. Results indicate that both systemic inequality and competitive disadvantage appear to play a causal role in motivating risky behaviour. The experience of inequality elevated risky behaviour, and removal of the experience of inequality decreased risky behaviour across all four experiments. Results were obtained controlling for individual differences in risk-propensity and sensitivity to justice violations. These findings represent the first experimental evidence demonstrating that inequality causes risk-taking. The results have important implications: Aiming to affect modifiable environmental causes of risk-taking--such as inequality manifesting through unequal access to health care, education, and other opportunities--may contribute to reductions in such societally harmful risky behaviours as delinquency, excessive gambling, and crime.

**8. Ester Moher,**  
*Psychology  
 Department,  
 University of Waterloo*  
 (co-authored with  
 Derek J. Koehler)

**When (and how) planning fails you: The role of construal in prediction error.**

It has been well-documented that individuals overestimate the speed at which tasks will be completed, even when they are familiar with the process of executing those tasks (Buehler, Griffin & Ross, 1994). Two literatures have attempted to better understand how this planning fallacy can be reduced: Support theory (Tversky & Koehler, 1994) has focused on an ignorance of procedural steps; the implementation intention literature (Koole & Spijker, 2000; see also Gollwitzer & Sheeran, 2006) has focused on a lack of planning in successful task completion. We compare these two strategies (unpacking the task into a task-specific to-do list, versus forming task-specific implementation intentions) in a take-home formatting assignment, and discuss the costs and benefits to both strategies. We also examine whether either of these strategies offers benefits in regard to shifting construal level, making the task appear mentally closer or farther away.

**Name of Presenter****Presentation**

**9. Sarah Mueller,**  
*University of Hamburg*  
(co-authored with  
Nina Mazar and Anne  
Fries)

**Compensation through same versus other domain.**

If people's self image is threatened through unethical behavior an act of compensation can restore the moral self-concept (Sachdeva, Iliiev, & Medin 2009). Companies are using this effect, through bundling harmful products with a donation. E.g. airlines such as Air Canada, Continental Airlines or Lufthansa are offering to donate while booking a flight. The compensation and the unmoral act can either belong to the same domain (e.g., carbon offsetting when booking a flight) or originate from unrelated domains (e.g., donating for children in need when booking a flight). Companies are currently using both compensation strategies. It has been shown that licensing and compensation respectively is successful when the unethical behavior and the compensation originate from the same as well as from other domains. Up to now, it is unclear which compensation is more successful. On the one hand, compensation from the same domain could be more successful than an unrelated compensation because the mental calculation that might be required for the balancing act should be easier if dealing with the same medium. Thus, exact reparation of the damage might be easier to achieve. On the other hand, compensation from the same domain could be less successful because it could make the damage itself more salient and thus, lead consumers to avoid facing this uncomfortable situation.

In this research, we investigate whether consumers prefer compensation from the same versus another domain after an unmoral behavior. Especially we analyze which kind of compensation consumer chose when offered with both options and what are potential moderators of the preference for one type of compensation versus the other. Also, we focus on guilt as a potential psychological driver of these effects. Finally, we derive managerial implications which compensation strategy should be employed in order to enhance sales and brand image. We also look at potential harmful effects that might occur for companies offering compensation from the same domain and thus pointing out the damage caused by their products.

First experiments indicate that it depends on the product type (hedonic versus utilitarian) and the magnitude of the damage whether compensation from the same or another domain is advantageous.

**10. Gord Pennycook,**  
*Psychology*  
*Department,*  
*University of Waterloo*

**Detection in Dual-Process Theory: Are We Good At Detecting When We Are Biased?**

Recent research from Dual-Process theorists has demonstrated that people are highly efficient at detecting conflict between output differentially engendered by intuitive (Type 1) or analytic (Type 2) processing (De Neys & Glumicic, 2008; De Neys, Comheeke & Osman, 2011; De Neys, Moyens & Vansteenwegen, 2010 ; De Neys, Vartanian & Goel, 2008). However, the strongest support for this hypothesis has come from base-rate neglect problems constructed with very large probabilities (e.g., 995 doctors and 5 nurses). Over four experiments, it was demonstrated that the integral response time difference between stereotypical responses for conflict problems and correct responses for non-conflict problems was fully mediated by the very large probabilities previously used by De Neys and colleagues. Our findings suggest that humans are not as efficient at detecting when we are biased as is claimed by De Neys and colleagues.

**Name of Presenter****Presentation**

**11. Matthew Philip,**  
*Queen's School of  
Business, Queen's  
University*

**Decision Process of Serial Position Effects: Step-by-Step Vs. Single Elimination.**

In a choice scenario the first and last items in the sequence are preferred, known as primacy and recency effects (Mantonakis et al., 2009). What is the evaluation process consumers engage in that leads to these effects? In Study 1, participants tasted a sequence of either 2, 3, 4, or 5 wine samples, rated each sample tasted (i.e., engaged in a step-by-step evaluation process), and then chose a favourite wine at the end of the sequence. In Study 2, participants were asked to pick a favourite between two wine samples. Depending on the condition (2, 3, 4, or 5 wines) this process was repeated with a new sample being presented after each choice was made with participants being asked to compare their current favourite from the previous pair of wines to the newly presented sample (i.e., they engaged in a single elimination pair-wise comparison process). In both Studies, unknown to participants each sample tasted was the same wine poured from the same bottle. Results showed that high knowledge consumers do not experience any primacy or recency effects when engaging in a step-by-step evaluation process but low knowledge consumers do (Study 1). On the other hand, high knowledge consumers experience primacy and recency effects when engaging in a single elimination pair-wise process whereas low knowledge consumers do not (Study 2). Results show evidence that high and low knowledge consumers engage in different sequence evaluation processes that can produce primacy and recency effects.

**12. Zhaleh Semnani-  
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*Industrial  
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(co-authored with  
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**Perceptions and Stereotypes in Cross-cultural Negotiation.**

Stereotypes are cognitive schemas that influence our perception, beliefs and behavior toward members of a social group (Fiske & Taylor, 1991). While culture is a salient social group and an important contextual cue for schema activation (Gelfand & Realo, 1999; Morris & Gelfand, 2004), there is limited research examining cultural stereotypes and perception change in international negotiations (Adair, Taylor, & Tinsley 2009). Thus, we examined the role of stereotypes in perception formation and perception change in negotiation, where North American students acted as observers and viewed a photograph of North American and Middle Eastern business men, and then viewed three video clips (different stages) of an intercultural negotiation between the business men. In a third video clip, participants were presented with one of three negotiation outcomes: a) negotiators did not reach an agreement (blow-out), b) negotiators reached an agreement by compromising (compromise), or c) by employing a problem solving approach (pie-expansion). After viewing the photo and each video clip, participants rated both negotiators on a series of positive and negative attributes (e.g. honesty, competitiveness), as a measure of observer perceptions. Our findings show in-group bias across all observers, where they rated the negotiator of their own culture higher on positive attributes. We observed changes in observer perceptions across different stages of negotiation, and participants' initial stereotypes varied as a function of the negotiation outcome. We discuss theoretical and applied implications of this study and its contribution to cross-cultural negotiation research.

**13. Kamila Sobol,**  
*Schulich School of  
Business, York  
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**Defensive Endowment Effect: The Role of Suspicion in Setting Prices.**

The purpose and the main contribution of the present study was to extend the endowment effect literature by identifying an additional factor that explains the tendency for owners to set considerably higher prices than buyers for the same good. Up to date, the endowment effect has two main explanations, namely the loss aversion argument and the ownership argument. We do not refute either explanation. In fact, our data supports that the endowment effect exists without any deception. Instead, we propose and provide evidence that the endowment effect can be enhanced by the activation of a defensive mechanism when a person feels betrayed or deceived.

**Name of Presenter****Presentation****14. Amanda****Wudarzewski,***Psychology**Department,**University of Waterloo**(co-authored with**Derek J. Koehler)***Great Expectations: Exploring the costs of overly optimistic decisions of future behaviours.**

Previous research has found that people tend to be overly-optimistic when making self-predictions of future behaviours that can lead people to systematically underestimate the impact of services which are intended to increase goal behaviour (Koehler, White & John 2009). In the current study, we employed a 2 (time delay: short vs. long) x 2 (payment option: low vs. high) x 3 (reminder: free reminder vs. no reminder vs. purchased reminder) between subjects design. We examined the novel factor of temporal distance; as participants were prompted to make the decision of foregoing a small payment for a chance to receive a larger incentive by completing a second questionnaire made available after a certain amount of time delay. For some, a reminder service was either offered for free or for a minimal fee that would be subtracted from the participants' final imbursement, whereas others did not receive the service. Using an objective dependent measure, our results are consistent with previous findings that participants consistently undervalue the effect that the reminder has on carrying out predicted behaviour, as virtually no one opted to pay for the reminder service. As expected, participants' predictions were more overly optimistic in the distant future time delay condition, compared to the near future condition. Finally pay-off was found to affect intentions at the time of predictions, but was not found to be a significant factor in return behaviour. Prescriptions based on our results are to be discussed.