Fate Or Fight?

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We experimentally compare people’s experiences in two resource-allocation systems—free competition and binding assignment—finding that under predictable conditions, those in the binding-assignment system are happier. The present research highlights the hedonic costs of competition and explores when accepting one’s fate is better than fighting for the best.

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effect of type of exercise for European-Americans, such that those who worked on the peaceful exercise had a more positive life happiness index compared to those who worked on the exciting exercise, $b = -.27$, $t(83) = 1.97$, $p = .05$. Third, the reverse occurred for Asian-Americans, $b = .28$, $t(83) = 2.29$, $p < .03$. Finally, supportive of our prediction, there was a significant interaction effect between type of exercise for European-Americans and their HAP score in the beginning of the study. It was such that the greater European-Americans’ HAP score initially, the greater difference in life happiness they experienced when they did the peaceful exercise rather than the exciting exercise, $b = -.45$, $t(83) = 2.30$, $p < .03$.

Our findings reveal that people may have a “happiness capital” associated with each type of ideal affect they focus on as a result of their culture. As people’s actual affect gets closer to their ideal affect, this capital gets exhausted, and it becomes increasingly beneficial to switch to the alternative ideal affect.

Fate or Fight?

EXTENDED ABSTRACT

This research compares people’s hedonic experiences in two resource allocation systems: binding assignment and free competition. In the binding assignment system, superior and inferior resources are unequally and irrevocably assigned to different individuals so that some can enjoy the superior resource without risks of losing it whereas others can only access the inferior resource. In the free competition system, each individual can compete equally for the superior resource but the winner may lose it if he/she does not stay competitive.

We seek to make two contributions here. One is methodological: to introduce an experimental procedure that mimics the two systems and allows researchers to compare people’s hedonic experiences in the two systems while holding objective outcomes constant. The other is empirical: to explore whether binding assignment can be hedonically better than free competition.

The Method

Our method consists of two between-participant conditions: fate (simulating binding assignment) and fight (simulating free competition). In the fate condition, two participants are run at a time. They are seated in isolated cubicles separated by a divider, each facing a computer. The “resources” are a video and a book. The video is pretested to be more enjoyable than the book, so the video is the superior resource and the book the inferior resource. The experiment lasts a fixed period (e.g., 8 minutes), during which only one participant can watch the video and the other cannot. Who can watch the video is randomly determined at the outset and cannot be changed. The book is available to both participants, with one copy on everyone’s table. Either participant can read it at any time. Participants are not allowed to do anything else.

The fight condition is similar to the fate condition except that the participants can compete equally for the video. At the beginning of the experiment, half of the video image is displayed on one participant’s screen and the complementary half on the other’s. Any time during the experiment, either participant can drag more of the video image toward his/her screen (and thereby away from the other’s screen) by pressing a dedicated key on the computer. If the other participant does not press his/her key in response, the first participant can watch the video fully on his/her screen without having to press the key further. If both participants press their keys simultaneously, the video will move toward the participant who presses his/her key at a faster rate. As in the fate condition, each participant also has the book and can read it at any time. Participants report their feelings during the experiment.

Note that the method is zero-sum in terms of objective outcome, in the sense that relative to fate, fight neither increases nor decreases the duration or the image size of the video. Nevertheless, fight is not zero-sum in terms of hedonic experience. This is what we discuss next.

The main finding

We have conducted several experiments using this paradigm and the main finding is:

The fate participants – even the disadvantaged fate participants, who cannot watch the video, are happier than the fight participants.

This finding is counter-normative. Normatively the disadvantaged fate participants are in an absolutely worse situation than the fight participants, because the former have no opportunities to watch the video and the latter do. The worst scenario for the fight participants is to stop fighting for the video and read the book instead, which is no worse than the situation of the disadvantaged fate participants. Yet they are happier.

Explanation

In the fate condition, both the advantaged and the disadvantaged members can enjoy what they have with peace of mind: The advantaged members can enjoy the video without disruptions, real or imagined. The disadvantaged members, because they have no hope of accessing the video, accept their fate, ignore the video and just enjoy the book. On the other hand, participants in the fight condition lack such peace. They are not able to enjoy the video because their rivals are competing with them; nor are they willing to enjoy the book, because the video is tantalizing them. Our finding echoes recent research showing that the opportunity to ameliorate one’s state can undermine one’s ability to adapt to the state (e.g., Gilbert & Eb, 2002; Smith et al., 2009).

Boundary Conditions

The reason why even the disadvantaged fate participants were happier than fight participants is that they were able to ignore the superior resource (the video) and enjoy the inferior resource (the book). This suggests two pre-conditions for the fate-better-than-fight effects: (a) that the disadvantaged and the advantaged members are isolated from each other so that the disadvantaged members cannot easily compare with the advantaged members and thereby can ignore the video they are enjoying, and (b) that the disadvantaged members can amuse themselves with the book. These two pre-conditions in turn suggest two moderators: (a) whether comparison between the disadvantaged and advantaged fate participants is inhibited or facilitated, and (b) whether the book is available or unavailable.

Consistent with the theory, we found evidence for two moderators:

The fate-better-than-fight effects are stronger when comparison between the members is inhibited than when it is facilitated.

The fate-better-than-fight effects are stronger when the inferior resource (the book) is available than when it is unavailable.

General Discussion

The current research suggests that an unequal assignment system may make people happier than does a free competition system.
if the advantaged and the disadvantaged are segregated and the dis-
advantaged are given some alternative, albeit inferior, resource to
enjoy.

However, the current research assumes that free competition is
zero-sum in objective outcomes. Obviously, most free competition
systems in the real world are not zero-sum; they may increase pro-
ductivity and profit. The purpose of the current research is not to trivi-
alize such positive outcomes, but instead to call attention to people’s
hedonic experiences during the process. We recommend that when
assessing the overall worthiness of a system, one should consider not
only the outcome produced, but also the experience evoked.

Prosperity through Philanthropy

EXTENDED ABSTRACT

Affluence is associated with luxury, wasteful consumption, and
generosity. These behaviors might appear to result from an excess of
resources, however scholars have noted that conspicuous con-
sumption is high among the poor as well as the rich. A particular
topic of debate among economists has been the U-shaped curve of
charitable giving, that is, that the poor and the wealthy give a greater
proportion of their income than does the middle class. Why do the
poor give more? Part of the difference in behavior can be explained
by religion, retirement status, identification with the needy, and de-
pendence on social ties. We propose, and our experimental findings
suggest, an additional explanation: the poor may give more because
charity provides the psychological benefit of feeling wealthy. We
propose that philanthropy may have an unintentional self-signaling
effect—when we observe ourselves making charitable donations, we
infer we must be prosperous. Therefore, in addition to the observed
cost in happiness from charitable giving (e.g. Dunn, Aknin &
Norton, 2008), givers also benefit from an increase in perceived fi-
nancial well-being.

In Study 1, we documented the main effect of donations on
subjective wealth. Seventy-three members of an online panel were
compensated probabilistically for their participation (according to
typical practice in this subject pool) with a 1/25 chance of winning a
$25 Amazon.com certificate. All participants saw a picture of a very
sick child from the Make-A-Child-Smile web site and read a brief
biography written by the child’s mother. In the Donation condition,
they were asked to make a binding pledge of $5 of their $25 subject
payment, so that if they were selected to receive payment, we sent a
$20 certificate to the participant, and $5 to the child’s family. In the
Control condition, no donation was requested. All participants then
responded to our Subjective Wealth Scale, comprised of statements
such as “I’m well-off financially,” and “Compared to the people I
spend time with, I’m satisfied with my standard of living.” Those
who had chosen to donate reported higher subjective wealth levels
(M=5.3) than those in the control condition (M=3.2). Furthermore,
when we collapsed the Donation condition across both donors and
non-donors, the difference remained significant (M_{donation}=5.0).

There is ample evidence that recognition is a strong motivator
for charitable giving, implying that when we give to charity, we are
purchasing wealth and status. In the U.S., only 1% of all donations
are anonymous; and when donations are publicized by tier (“Silver,”
“Gold,” etc.), most gifts are at the lower bound of each one. We sug-
gest that donors observe and are influenced by their own status-sig-
naling behavior, even though the signal reveals no new information.

Gift-giving produces some of the same psychological effects
as charitable donations (Dunn, Aknin & Norton, 2008), and signal-
ing motives are strongest in romantic contexts (Griskevicius et al,
2007; Souzou & Seymour, 2005; Saad & Gill, 2003); therefore, we
tested our wealth-signaling hypothesis in the domain of Valentine’s
day spending. Because women care more about wealth and status,
men have a stronger motive to signal wealth—and this will happen
during courtship, when women have incomplete information about
their partners’ financial status. We predicted that spending money
on a Valentine would generally make givers feel wealthier, and also
that this effect would be greatest among single men. We asked 99
members of an online subject pool, who had celebrated Valentine’s
Day with a partner, to describe their Valentine’s Day, and how much
money they had spent on their partner. In a conceptual replication
of Study 1, we found that spending more on a Valentine was associated
with increased subjective wealth (β=.22), and that this relationship
was strongest for single men (β=.56). Those men had also spent the
most on their Valentines (M_{single-male}=$80 vs M_{non-male}=$40).

Finally, we explored the effect of increases in subjective wealth
due to giving on product preferences. Although luxury and premium
brands are associated with power and status, theorists (e.g. Bordieu,
1984) have proposed that lower-status groups embrace these behav-
iors because they want to emulate high-status groups; and in fact,
many brands have increased their logo size during the current re-
cession (e.g. Volkswagen, Polo). A recent empirical analysis (Han,
Nunes, Dreze, 2010) found that branding was more conspicuous on
lower-priced status goods, even within the same brand. We therefore
tested the hypothesis that giving money, by increasing donors’ per-
ceptions of wealth and power, would decrease their need for status-
signaling premium-branded products.

Two hundred ninety-one undergraduate students completed this
laboratory study. Each received a sealed envelope containing $1 and
was randomly assigned to one of three conditions: Give (select a
DonorsChoose classroom project, and give the money to this cause),
Lose (return the money to the experimenter), and Keep (pocket the
money). Givers, therefore, were no wealthier than Losers, but, like
the marginally better-off Keepers, had received a signal of wealth
and status. Following this manipulation, all participants completed
the Subjective Wealth Scale, and finally, they made a series of hypo-
thetical product choices among 20 pairs of similar products. These
products were items that participants in the study (i.e. young, unem-
ployed, and living in a dorm) might purchase regularly. We gathered
price information and photos of various pharmacy and grocery store
products from drugstore.com and peapod.com, matching one store
brand and one premium product in each category (e.g. StopNShop
Kapop! vs Orville Redenbacher’s microwave popcorn). Replicating
Studies 1 and 2, Givers felt wealthier than Losers (3.9 vs 3.3), in fact,
as wealthy as the Keepers (3.8). Consistent with previous literature,
Losers reported stronger preferences for higher-priced branded prod-
ucts than Keepers did (50% vs 42%), despite feeling poorer. And
consistent with our hypothesis, Givers’ product preferences aligned
with Keepers (only 39% premium brand choices) rather than Losers.

In sum, our current research shows that while decreasing objec-
tive wealth, giving money away can increase subjective wealth. We
have gathered evidence in support of our self-signaling hypothesis,
that we interpret charitable donations as signals of wealth and power,
even when the donations are our own.