

INTRODUCTION

- According to rational choice models, continuing with an endeavor simply because one has invested resources into it previously is **irrational** (the sunk cost bias)
- So, why do people commit the sunk cost bias?
- Many existing explanations:
 - Want to avoid waste (Arkes, 1996)
 - Loss aversion (Tait & Miller, 2019)
 - Want to justify past decisions (Aronson, 1969)
- Some suggest that honoring sunk costs protects social reputation, but untested (e.g., Kanodia et al., 1989)
- We know that for moral judgments, people infer cooperation-relevant qualities (i.e., more trustworthy, preferred as social partners) about the decision-maker (Everett et al., 2016)

RESEARCH QUESTION:

- Does honoring sunk costs (engaging in sunk cost reasoning) confer social benefit to the agent?

METHODS

SAMPLE

- $N = 400$
 - 52% male
 - Age $M = 39.30$ $SD = 12.34$
 - 60% hold bachelor's degree or higher
- Recruited on MTurk

DESIGN

- 2 **Decision** (Continue/ Stop) x 3 **Judgment Type** (Dependability/ Rationality/ Partner Choice) mixed design
 - **Decision** is within subjects
 - **Judgment Type** is between subjects
 - In another study, this factor was also within-subjects and the data are identical

PROCEDURE

1. Read vignette describing an agent in a "sunk cost" scenario
2. Judge the agent (based on **Judgment Type**) in two "what if" **Decision** situations
3. Answer vignette-related comprehension question
4. Repeat for next 3 vignettes (random order)

VIGNETTE EXAMPLE

Andy pays \$1200 for a non-refundable annual membership to a tennis club. Within a month, Andy develops tennis elbow. He can only play tennis in some pain, though playing will not damage his elbow. Andy would have quit without hesitation had the membership been free, but he hates the thought of not playing tennis after having paid all that money.

Consider the following statement:

[Andy is **Dependable**/ Andy is **Rational**/ I would **want to work on a project** with Andy].

Please rate your agreement with this statement (1 = **Strongly Disagree**, 6 = **Strongly Agree**) if:

- In the end, Andy decides to **continue** playing
- In the end, Andy decides to **stop** playing

LINK TO CHAT SESSION: <https://meet.google.com/hyq-fdeo-ztz>

OSF (data, materials, pre-registrations): <https://osf.io/qdhy3/>

Those who honor sunk costs are judged as more dependable, rational and are more preferred as partners. Those who do not may pay a reputational cost.

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Sunk costs as cooperative social signals

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RESULTS

Error bars on all figures +/- 1 SE.

