#29 A Critique of “Winners Love Winning and Losers Love Money” by Kassam et al. (2011)
Introduction

This essay critically evaluates the study done by Kassam et al. 1, “Winners love winning and losers love money”. The critique starts off by summarising the hypothesis and findings of the paper, followed by commenting on the strengths and weaknesses in terms of the study design and implications. To conclude, suggestions on how the hypothesis can be tested in the student population is discussed.

Overview

Comparison is a common cognitive strategy to help us make judgements. The outcome derived from a comparison is dependent on its corresponding reference point (RP). 2,3 Thus the question is to find out factors that determine the kind of alternatives people are comparing with. The study of Kassam et al. tried to investigate this in the framework of happiness, and hypothesized that two factors influence the position of the RP. Salience determines what we first attend to 4, and satisfaction motivates us to search for alternatives to compare with (when cognitive resource is available), until gratification is attained. 5,6

Winners and losers are different in terms of their route in decision making. It would be enough for winners to feel gratified by comparing their status (i.e. winning), a salient dimension, with their opponent’s status (i.e. losing). Therefore winners should notice only the relative value of the consequences. However, losers would have to search for an extra dimension to compare with, and thus should also notice the absolute value of their outcome, since the comparison of status left them unsatisfied.

Two experiments were conducted to test the hypothesis. In the first study, 297 pedestrians were given a two-option scratch-ticket. The subjects were awarded with the amount of money of their choice, the alternative outcome was also revealed after that. Participants were then filled in a questionnaire about their degree of satisfaction in the dimension of happiness, disappointment, and regret, which were later combined as a positive-
affect index. The method used in the experiment was similar to the first only replacing the tickets with boxes (with prizes inside). The aim of this study, however, was to examine how cognitive load would affect loser’s ability to make comparisons. The participants (31 in total) in some trials were manipulated to be losers, either under a low load (memorize a two-digit word) or high load condition (eight-digit word).

On the whole the results supported the hypothesis that the absolute value of the prize received only affects losers. Moreover, high cognitive load impaired extra searching process in losers, thus they tend not to contrast in happiness upon the value of the prize received.

**Critical Appraisal**

There have been many studies supporting the view of happiness being relative but not absolute. Yet others have found the determinants of what standards people are comparing with. Kassam et al. attempted to combine these findings into a more comprehensive model, of which the factors were placed in different levels of the comparison hierarchy, and relativity was the rule of thumb that determines the outcome of decision making.

Questionnaires are a quick and cheap method of gathering data and generating comprehensive results, especially for a large population size. However, the reliance on subjective feedback may potentially bias the results. Participants usually have some tendencies to behave in a particular way. Focusing on the scaling system used in the experiment, end aversion, for instance, is a well-known phenomenon which the participants tend to stay in the middle range of the scale whilst sparing the two ends. Thus the scale will be less reliable to reflect the actual emotion of the subjects. For losers, the results may also be positively-skewed due to the tendency of acting more optimistically. Moreover, it may be socially desirable not to revel in winning the lottery, therefore winners may report a lower positive affect. The results from the first experiment clearly revealed this issue. The lowest and highest scores were only separated by 1.2 intervals, which did not really
differentiate the groups. Examples of objective emotion measurements may include functional imaging (fMRI) and electroencephalography (EEG). Apart from subjective bias, inconsistency in the scale range across the two experiments (change from a 7-interval to a 9-interval scale) may lead to unreliable comparison between the results.

In experiment 1, participants were randomly selected in public area, and were assigned to either the winner or loser group depending on their own choice, which sufficiently protected against selection biases. Nevertheless, the candidates may guess the real aim of the study by correlating their status to the questions about how they feel after receiving the prize (though the supplementary study has omitted the possibility that people know losers would also be conscious of the absolute value of the prize). Evidence found in experiment 2 was problematic in terms of those error bars of the $3($5) and $5($7) groups in the low load situation met, though the ANOVA output was significant. (p = .002) Together with the small population size tested (28 individuals), the results were inconclusive.

**Implication**

In the context of financial decision making, this research has shed some light on the reason behind overconfidence in making judgements. As suggested in the study, losers tend to search for alternatives to be compared with and gain satisfaction, ascribe to the self-serving bias. This shift of RP may bias the perception of the individual so that the loss may appear to be a gain. Although it might be adaptive in the way that promotes personal well-being by reducing cognitive dissonance, it also encourages the individual to engage in risky activities. However, without deliberating other alternatives, winners can be as irrational as losers. In the first experiment, winners who received different prize values were not differed from their positive affect. This may indicate no matter how little the rewards is, the same level of positive emotion may drive one to take more risks, without considering how much one possesses. Unreasonable thinking in winners can be avoided by further considering
their absolute gain. Whereas for losers, recalling the loss, and focus less on the absolute gain will be useful. This is supported by the study of Hammond et al.\textsuperscript{21,22}, who stated that the framing effect can be avoided either by reframing the context of comparisons or by considering several RPs at once.

\textit{Further Study}

Most students have little experience of handling real financial issues or making financial decisions on their own (e.g. paying rent and utility bills, making investments etc.) In order to test the hypothesis within the student environment, here I propose and briefly describe a refined experiment after Kassam et al.. Academic performance is a frequently aroused concept in every student’s mind, and is usually coupled with emotional changes.\textsuperscript{23} Therefore it should be a good replacement for the lottery game. In my proposed study, all student participants are first asked to take an intelligence test using a computer, and are debriefed that their “true” marks will be given later. This is actually a disguise experimental procedure to make the participants believe that their scores truly reflect their performance. After completing the test, two fabricate scores, their final mark and the general mean score (with the maximum score being 10), will be displayed on the screen. Participants are randomly assigned by the computer to either be losers (i.e. their own marks below average) or winners (i.e. marks above average). Within the losers there are three groups that differ in their absolute mark (mark-mean: 5-6, 6-7, 7-8). The same for winners except their marks and the mean is reversed (mark-mean: 6-5, 7-6, 8-7). Later the candidates are requested to complete a questionnaire similar to the one adopted by Kassam et al. that reports their current emotional state. The prediction is that winners should only be aware of their relative score resembling the mean, thus not differ in positive affect. While losers should also be aware of their absolute score, since the comparison of status left them unsatisfied. Therefore losers with higher scores should be happier.
References


