

# Science of Happiness

WEEK 3



# QUIZ

- Explain Learned helplessness theory
- Think about Regret and contributing factors that may increase regret when making or after decision ( )– name at least 2 and briefly describe

# Deciding and Choosing

- Decision-making steps
  - Goals
  - Evaluate
  - Array options
  - Meeting your goals
  - Pick the winner
  - Feedback

# Maximizers vs Satisficers

- M – more product comparisons, , before and AFTER purchase
- M- longer time to decide
- M – compare their own decisions to decision of others
- M – more likely to experience regret
- M – spend more time thinking about alternatives (hypothetical)
- M – generally less satisfied with their choices!!!

# Maximizers vs Satisficers

- M – avoid positive experiences less
- - do not cope well with negative outcomes
- - longer recovery from negative events
- - ruminate more

....overall...less satisfaction with life, less optimistic, more depressive symptoms

# Is it all that bad?

- Objective vs. subjective criteria
- Which one matters more?
- Subjective experience – related to the quality of the objective experience

# Is maximizing a Perfectionism?

- Correlated – YES
- Interchangeable – NO
- Qualitatively different – how?

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- Interchangeable – NO
- Qualitatively different – how?
  - Difference in the expectations to meet high standards
  - P – don't expect to meet these expectations
  - M- do expect to meet these expectations
  - But they never do...P are actually more happy and less depressed

# Why would anyone maximize?

- Lack of awareness
- Status
- Scarce/ very rare goods
- ...
- ...

# Why would anyone maximize?

- Lack of awareness
- Status
- Scarce/ very rare goods
- ...
- ...
- Does choice create maximizers?
- How to study this?

# Choice and Happiness

- Too much vs. too little choice – happiness
- Freedom to choose
- Benefits of the choice
  - Instrumental
  - Expressive
  - Psychological
- Too much choice – overwhelming, paradox
- No choice – lack of freedom

# Choice and Happiness

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**SELECTIVITY WHEN MAKING DECISIONS –  
learn when to choose**

# Measuring Happiness

- Different approaches
  - Happiness as general satisfaction
  - Happiness as physical state
  - Happiness as freedom
  - Happiness and money
  - Happiness as....
- Definition of happiness

# Learned Helplessness

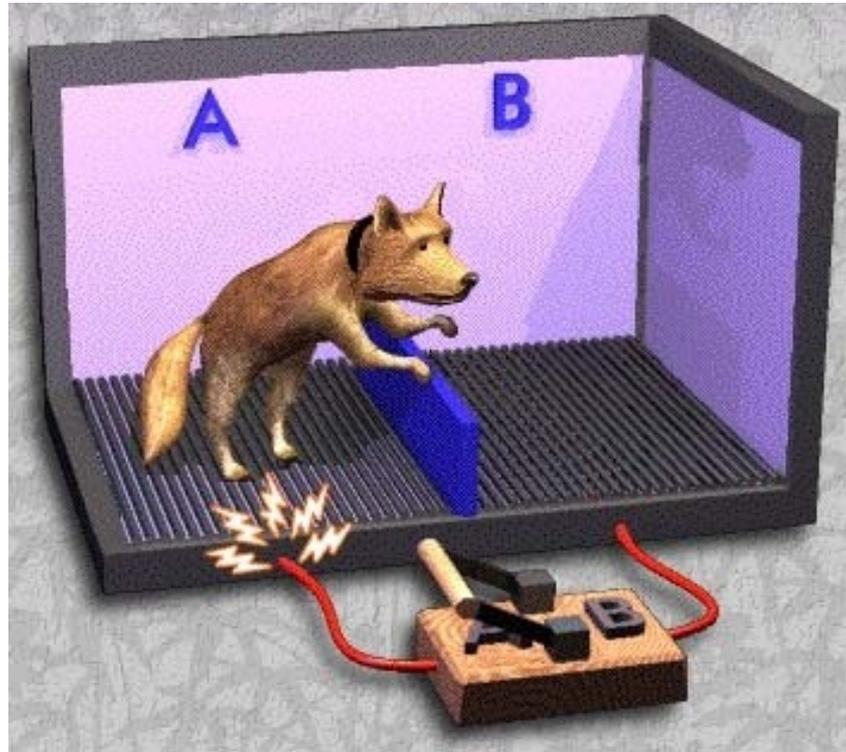
- Martin Seligman – “father of the research on happiness”
- PERMA - to summarize correlational findings: people seem happier when experiencing ...
  - *P*
  - *E*
  - *R*
  - *M*
  - *A*

# Learned Helplessness

- Martin Seligman – “father of the research on happiness”
- PERMA - to summarize correlational findings: people seem happier when:
  - *Pleasure* (tasty foods, warm baths, etc.),
  - *Engagement* (or flow, the absorption of an enjoyed yet challenging activity),
  - *Relationships* (social ties),
  - *Meaning* (a perceived belonging to something bigger),
  - *Accomplishments* (having realized tangible goals).

# Learned Helplessness

- Experiment:



# Learned Helplessness

- Experiment:
- University of Pennsylvania in 1967
- learned helplessness - *psychological condition in which a human being or an animal has learned to act or behave helplessly in a particular situation — usually after experiencing some inability to avoid an adverse situation — even when it actually has the power to change its unpleasant or even harmful circumstance.*
- clinical depression and related mental illnesses - partially from a perceived absence of control over the outcome of a situation

# Money and Happiness

- Number of theories:

- 1, Livability theory (Veenhoven 1991,1995)

subjective appreciation of life depends in the first place on the objective quality of life

the better the living-conditions in a country, the happier its inhabitants will be

Linked to the idea that there are universal human needs

# Money and Happiness

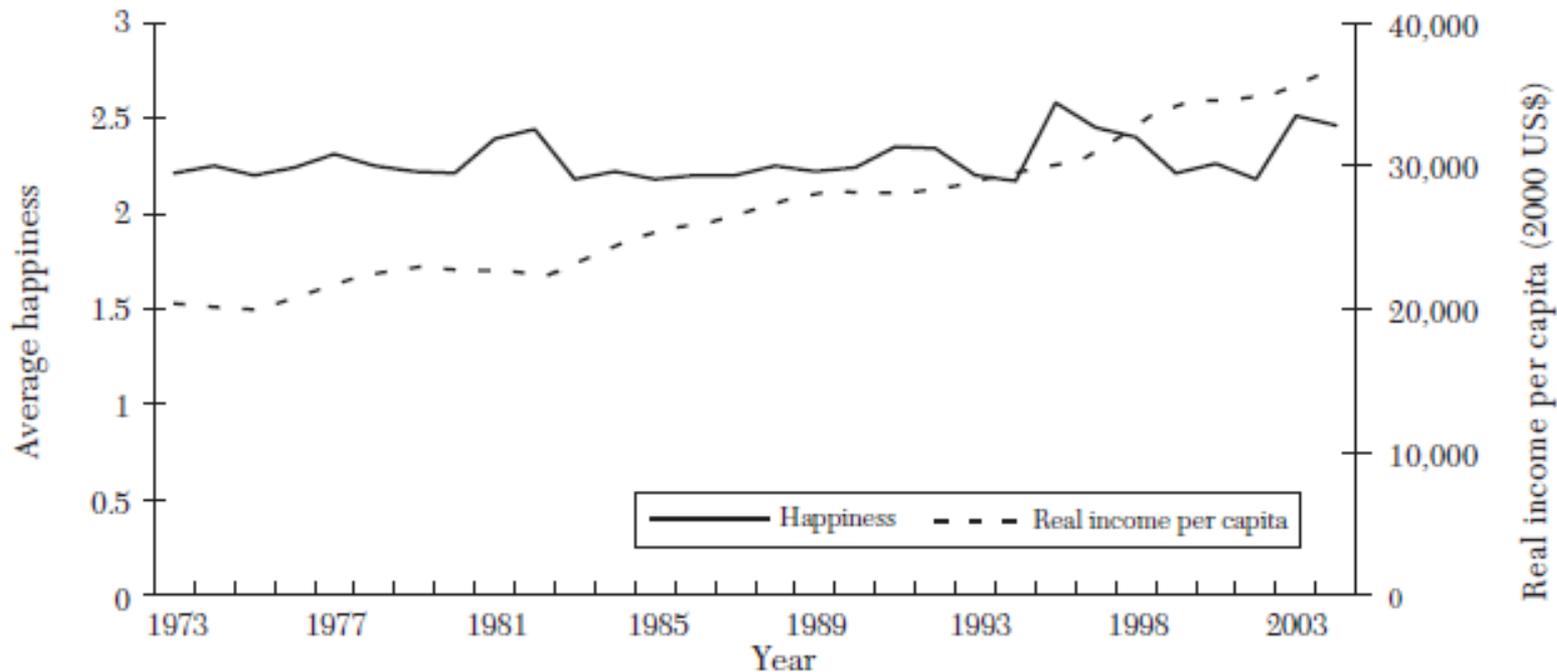


Figure 1. Happiness and Real Income Per Capita in the United States, 1973–2004

Source: World Database of Happiness and Penn World Tables. Happiness is the average reply to the following question: “Taken all together, how would you say things are these days? Would you say that you are...?” The responses are coded as (3) Very Happy, (2) Pretty Happy, and (1) Not too Happy. Happiness data are drawn from the General Social Survey.

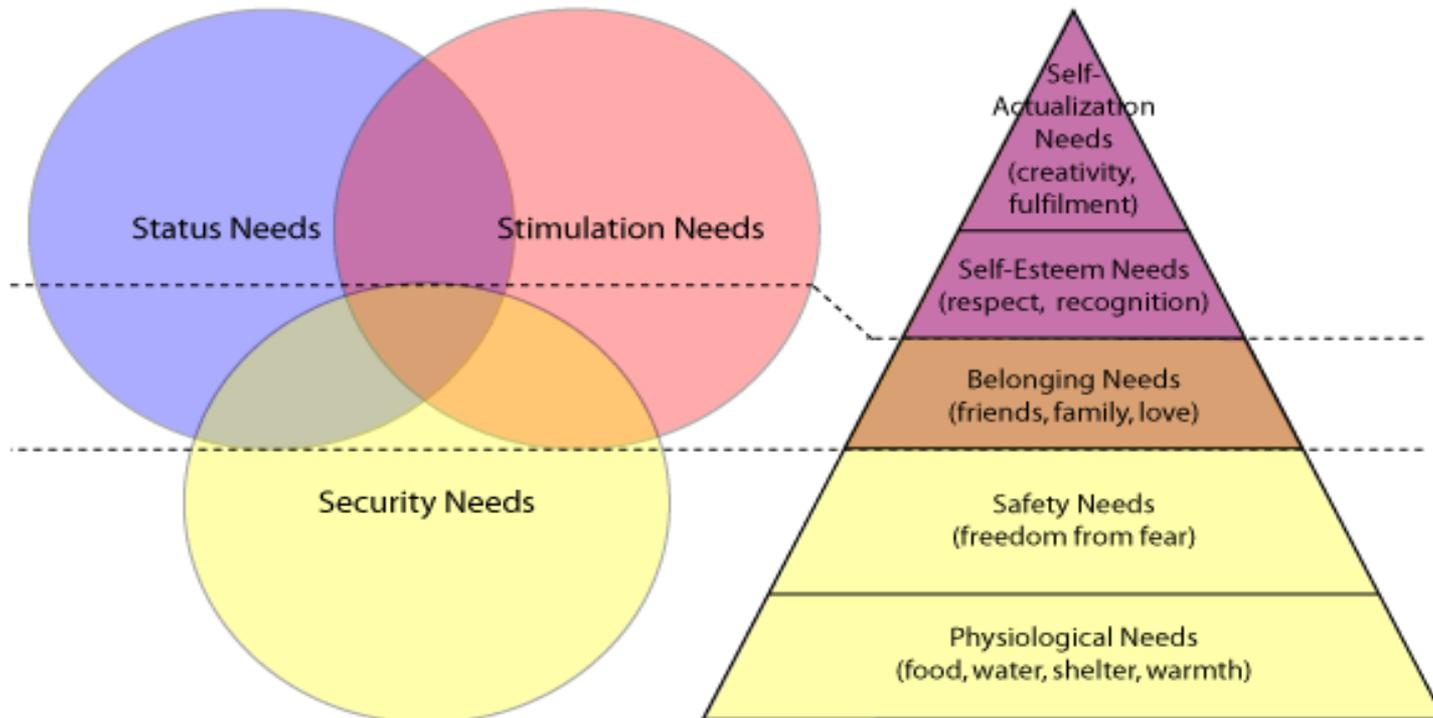
Clark, A. E., Frijters, P., Shields, M. A. (2008) Income, Happiness, and the Easterlin Paradox, *Journal of Economic Literature*, 46:1, 95–144

# Money and Happiness

## 2, Extension of Veenhoven's theory (based on Maslow's theory of needs)

Comparison of the *Fundamental Needs Model* with Abraham Maslow's *Hierarchy of Needs*

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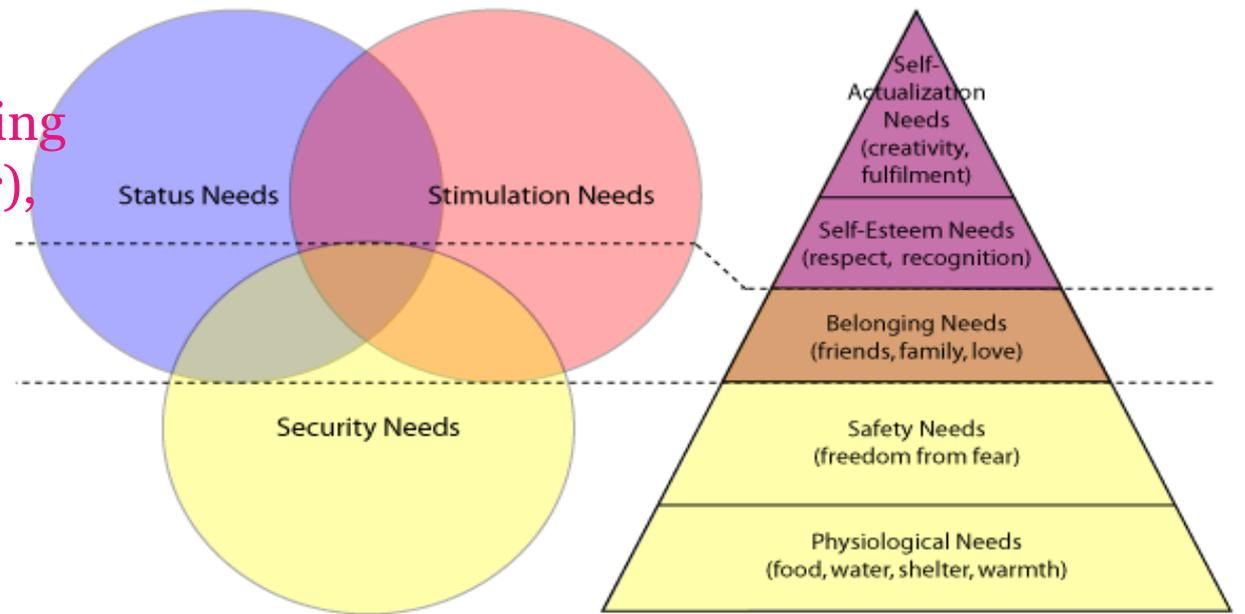


Revich, A, *Three Fundamental Needs Model*, 2008

From Maslow, A. *Motivation and Personality* (2nd ed.) Harper & Row, 1970

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# Money and Happiness

- 2, Extension of Veenhoven's theory (based on Maslow's theory of needs)
  - meeting needs – increases happiness
  - self-actualization need – opens door to vast array of rewarding activities with increased income

**Needs** as explanation of  
INCOME – SWB relationship ...increase in income above the basic level needs produce increase in SWB, when income used for fulfillment of self-actualizing needs

# Money and Happiness

- Comparison theory
- Brickman and Campbell (1971) & Easterlin (1974)
- perceptions of life-as-it-is are weighted against standards of how-life-should-be
- People use comparisons when assessing “what life should be” – experiences, other people
- Middle class person living next to
  - Well off person ... < SWB
  - Lower class family ... > SWB

# Money and Happiness

- There are two main variants of this theory: ‘social -comparison’ and ‘lifetime-comparison’.
- The social-comparison variant
  - comparison with other people; people will be unhappy in spite of good conditions if they compare with others who are in an even better situation. Likewise, people would be happy in adverse conditions if they compare with others who suffer even more.

# Money and Happiness

- There are two main variants of this theory: ‘social -comparison’ and ‘lifetime-comparison’.
- The lifetime-comparison variant
  - that we judge our life in the cognitive context of our best and worst experiences. This variant claims that people will be unhappy in good conditions if they happen to have enjoyed even better before. Conversely, people would be happy in adverse conditions if life was even worse before.

# Money and Happiness

- In both variants *relative deprivation* determines happiness; not *absolute deprivation*.

# Money and Happiness

...and more

- Context of the countries
- Difficult to measure
- Unified measure?
  
- Survey vs. Experience sampling method
  - Pros and cons of each

# Money and Happiness

- Greater increase – greater opportunities
- Greater opportunities – more choice
- More choice – greater happiness ???
  
- How do people eliminate making decisions???

- Second-order decisions
  - Rules
  - Presumptions
  - Standards
  - Routine

- **Second-order decisions** (Sunstein & Ullmann-Margalit)
  - **Rules** –strict, you don't break the rules, e.g. ...
  - **Presumptions** - less stringent than rules, e.g. ...
  - **Standards** - even less rigorous than rules or presumptions, e.g. ...
  - **Routine** – sticking with options that meet our standards, e.g. ...

# What happens when we choose?

- Evaluation options
- **TRADE-OFFS**
  - Affects level of subjective satisfaction
  - Facing trade-offs – decrease happiness, increase indecisiveness
  - More options – more trade-offs – avoiding decision
  - BUT inferior choice – less conflict

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# What happens when we choose?

- Evaluation options
- TRADE-OFFS
  - Evaluation of negatives between choices
  - Anchoring
  - Framing

# Regret

- Decision making – difficult enough...but then...

## REGRET

[http://www.ted.com/talks/lang/eng/barry\\_schwartz\\_on\\_the\\_paradox\\_of\\_choice.html](http://www.ted.com/talks/lang/eng/barry_schwartz_on_the_paradox_of_choice.html)

*“Blessed is he who expects nothing, for he shall never be disappointed”*

**Alexander Pope**, *Letter to Gay*, October 6, 1727

*English poet & satirist (1688 - 1744)*

‘a ninth beatitude added to the eighth in the scripture’.

The reference is to Matthew, v, 3-10.

# Regret

- Decision making – difficult enough...but then...

## REGRET

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Anticipated regret

Postdecision regret

- Both raise emotional stakes of decision

# Regret

- Decision making – difficult enough...but then...

## REGRET

Anticipated regret – harder to make decision

Postdecision regret – harder to enjoy decision



Regret score -



less happy, satisfied  
with life, optimistic,  
more depressed

# Regret

- Decision making – difficult enough...but then...  
REGRET

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- When do we tend to regret more????

# Regret

Anticipated regret – harder to make decision

Postdecision regret – harder to enjoy decision

- When do we tend to regret more???? – personal significance, maximizing....

*„Mr. Paul owns shares in Company A. During the past year he considered switching to stock in Company B, but he decided against it. He now finds out that he would have been better off by \$1,200 if he had switched to the stock of company B. Mr. George owned shares in company B. During the past year he switched to stock in Company A. He now finds that he would have been better off by \$1,200 if he had kept his stock in Company B. Who feels greater regret? „*

**Which one feels worse???**

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**Which one feels worse???**

- omission bias**
- prospect theory - gain/loss**
- time perspective**
- Near misses**

# Factors affecting regret

- Omission bias
  - We regret actions that don't turn out well more than we regret actions failures to take actions that *would have* turned out well
- Near misses
- Responsibility
- Counterfactual thinking
  - Upward
  - Downward – more rare?

# Factors affecting regret

- Omission bias
- Near misses
  - When you miss by a lot vs. when you miss by a little
- Responsibility
- Counterfactual thinking
  - Upward
  - Downward – more rare?

# Factors affecting regret

- Omission bias
- Near misses
- Responsibility
  - Bad results makes us regret more ( and more unhappy) when we feel responsible for them (when we are held accountable)
- Counterfactual thinking
  - Upward
  - Downward – more rare?

# Factors affecting regret

- Omission bias
- Near misses
- Responsibility
- Counterfactual thinking
  - Upward – imagined states that are better than what actually happened
  - Downward – imagined states that are worse...more rare?
  - Right balance important – why?

# Avoiding regret

- Avoiding risk ...taking sure thing, avoid regret
- Inaction inertia
  - Avoid making decision to avoid regret
  - Avoid to change decision after, to avoid even bigger regret
- Sunk costs – do not focus on sunk costs
- Positives:
  - Anticipating regret – we take decisions seriously
  - Focus on the consequences
  - Mobilizing and motivation function to improve negative consequences
  - Show that we care