

How the sunk cost fallacy impacts your relationships



Whether you've invested money, time, or effort, learn how to recognize and overcome this *insidious* (隐伏的) psychological phenomenon.

You might sit through the entirety of a movie that you hated from the beginning if only to justify the cost of the ticket.

In economics, this is called the sunk cost fallacy — also called the sunk cost effect — which is notorious^①. It occurs whenever we double down on poor financial decisions based on past investments that can't be recouped^②.

"But what's happening in all these situations is you're not really getting that money, or that time, or that effort, or whatever it is you invested, back," says Olivola, an associate professor of marketing at the Tepper School of Business at Carnegie Mellon University. "That's part of why it's irrational^③."

And the phenomenon often rears its ugly head in our relationships, too.

Researchers from the University of Minho in Portugal offer a reason why we stay in unhappy relationships, according to a study published in *Current Psychology* in 2018. Spoiler alert: ①The sunk cost effect may be to blame.

In one experiment, the research team presented more than 900 participants with a far-from-perfect relationship scenario. When the participants were given a chance to leave this hypothetical^④ relationship, their responses suggested that we're more likely to stay in such situations when we've previously spent significant effort.

A follow-up experiment, in which a smaller number of participants were asked to choose how much time they would be prepared to invest in an unhappy marriage, revealed that we're also willing to put more time in once much time has already been devoted to the relationship. Participants were willing to stick with an unfulfilling relationship for nearly 600 days, in fact, if that relationship had already lasted for a decade or longer.

Research has shown that the sunk cost fallacy also sinks its claws into our non-romantic relationships — in the workplace, for example. Even if you no longer feel your job is serving you, you might be more likely to stick around when you

think about how long your boss spent training you, or when you consider any generous raises your employer handed out.

The psychology of the sunk cost fallacy is a robust^⑤ phenomenon that's been studied time and time again. But researchers still haven't quite pinned down the reason humans keep falling for it. "There are a lot of different mechanisms that could be explaining it," says Olivola. "And maybe it has multiple mechanisms."

Based on his own research, Olivola tends to blame our desire to minimize waste. "We don't like to see ourselves as wasteful and we don't like to see other people as wasteful," he says.

Another possible reason? We tend to open up a mental "bank account" whenever we deposit money, time, or effort, he says. Subsequently, the only way we can then "close" this account is by getting our figurative money's worth.

In certain circumstances, the sunk cost fallacy could actually help you achieve major goals like becoming more fit or finishing a degree. But if you find yourself fixating on past decisions you can't change, the sunk cost fallacy is no longer beneficial.

How, then, do we overcome this bias^⑥? ②When it comes to honoring the effort, time, or money others have invested in us, Olivola says it's important to remember that our friends and family members don't actually want us to suffer at their expense. "I don't think you can argue that it's any more rational to honor another person's sunk costs," he says. "If you're suffering, then that's bad for two people: you and the people who care about you, right?"

Of course, don't feel too bad if you still find yourself struggling. Even for Olivola, who has spent more than two decades studying these sorts of things, the sunk cost phenomenon can still be irresistible. "Sometimes I realize I'm doing it, I realize that it's irrational, that it's a bad idea — and I still do it," he adds. "So, you know, if you can overcome it, you're better than me."

Words in context

I. Find these words in the article. Then match each word with their definition.

<i>notorious</i>	<i>recoup</i>	<i>irrational</i>
<i>hypothetical</i>	<i>robust</i>	<i>bias</i>

- _____ well known for being bad
- _____ not based on, or not using, clear logical thought
- _____ to get back an amount of money that you have spent or lost
- _____ based on situations or ideas which are possible and imagined
- _____ strong; able to survive being used a lot and not likely to break
- _____ a strong feeling in favour of or against one side in an argument

II. Complete each sentence with a suitable word in its proper form.

<i>invest</i>	<i>overcome</i>	<i>unfulfilling</i>
<i>generous</i>	<i>psychology</i>	<i>deposit</i>
<i>suffer</i>	<i>irresistible</i>	

- Her symptoms are more _____ than physical.
- I found the temptation to miss the class too hard to _____.
- The two parties managed to _____ their differences on the issue.
- They were found guilty of causing unnecessary _____ to animals.
- The project has demanded considerable _____ of time and effort.
- Nursery schools should _____ the function of preparing children for school.
- A £50 _____ is required when ordering, and the balance is due upon delivery.
- There are stories about his _____, and the huge amounts of money he gave to charities.

III. Translate the following expressions into Chinese.

- sit through the entirety of a movie
- justify the cost of the ticket

- double down on poor financial decisions
- rear its ugly head
- sink its claws into ...
- stick around
- pin down the reason humans keep falling for it
- fixate on past decisions you can't change
- at one's expense

Reading comprehension

Choose the best answer.

- The function of paragraph 1 is to _____.
 A. use an everyday example to lead into an economic concept
 B. justify the reasons for watching a bad movie till the end
 C. illustrate how common a certain consumer behavior is
 D. discuss the consequences of making poor financial decisions
- According to the study by the University of Minho, people decide to stay in unhappy relationships because of _____.
 A. the emotional attachment developed over time
 B. the belief that the relationship will improve
 C. the amount of investment in the relationship
 D. the fear of being judged for ending the relationship
- According to paragraph 11, in which of the following situations will Jim choose to "close his mental bank account"?
 A. When Jim realizes that the initial investment of time in a project is not leading to the desired results.
 B. When Jim notices that the information in an expensive online course he is taking can be found elsewhere for free.
 C. When Jim thinks that the first few piano lessons are not as enjoyable as expected.
 D. When Jim finds that he becomes more fit after joining a fitness club although it is extremely physically demanding.

4. Which of the following is not true according to the article?
- The sunk cost effect is not always harmful.
 - It is difficult to overcome the sunk cost effect.
 - Our friends do not want to see their effort on us wasted.
 - There is no conclusive reason for the cause of the sunk cost effect.

Translation

Translate the following sentences into English using the words or phrases given in the brackets.

- 纠结于无法改变的过去只会让你错上加错。(double)
- 尽管这部电影不太对胃口,我还是耐着性子看完了,好对得起票价。(justify)
- 当经济危机初露端倪时,许多投资者决定不惜自掏腰包坚守阵地。(expense)
- 她努力想弄清楚为什么她会将怀疑的魔爪伸向真正关心她的家人们。(reason)

Text structure

Finish the table according to the article.

The psychology of the sunk cost effect



- The sunk cost effect, a concept in the field of (1)_____, refers to the irrational decision to continue a course of action due to prior (2)_____. For example, we may end up watching an entire movie which we dislike just to make the (3)_____ of the ticket feel worthwhile.
- A study which involved 900 participants revealed why people were unwilling to abandon an unsatisfactory (4)_____. It was found that people preferred to stay in relationships where a huge amount of (5)_____ had been previously invested.
- The effect also affects professional relationships, where we decide to stay in unsatisfactory jobs because we don't want to give up the (6)_____ offered by the boss or we don't want the company to have wasted the (7)_____ spent on training us.
- In some cases, the sunk cost effect can bring benefits such as improved (8)_____ or educational attainment.

How to overcome the sunk cost fallacy



- We should stop (9)_____ what others have invested in us.
- We should realize that it is (10)_____ to struggle and suffer.

Sentence structures

Read the following sentences and pay attention to their structures. Then try to translate the given sentences by modeling the structures.

1. The sunk cost effect may be to blame.

句型 sth. is/are to blame 意为“……应承担责任”或“归咎于……”。扩展句型: sth. is/are to blame for sth. 意为“……应对……负责”。

仿写 决策过程中的偏见是导致项目失败的罪魁祸首。

2. When it comes to honoring the effort ... our friends and family members don't actually want us to suffer at their expense.

句型 when it comes to ... 意为“说到……”或“就……而言”。

仿写 说到如何处理一段伤痕累累的关系,走出来的唯一办法是及时止损。