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Positions

Postdoctoral Research Scholar October 2009 - Present
Center for Decision Sciences, Columbia University Graduate School of Business

Education

University of Chicago Booth School of Business

M.B.A., Ph.D., Managerial and Organizational Behavior, 2009

Focuses: Judgment and Decision Making, Behavioral Economics, Marketing

Dissertation: *Responsibility towards others and its effect on motivation*

California Institute of Technology

B.S., Cum Laude, Business Economics & Management, 2004

B.S., Cum Laude, Electrical Engineering, 2004

Research Interests

Judgment and decision making, obstacles to decision making, information processing, behavioral/experimental economics, incentives

Publications (see appendix for abstracts)

- Li, Ye, Eric J. Johnson, and Lisa Zaval (2011), "Local Warming: Daily Temperature Deviation Affects Beliefs and Concern about Climate Change," *Psychological Science*, 22(4), 454-459, [DOI 10.1177/0956797611400913](https://doi.org/10.1177/0956797611400913).
 - Selected press coverage: [ABC Science](#), [Daily India](#), [Discovery News](#), [Fast Company](#), [Forbes](#), [Grist](#), [LiveScience](#), [MSNBC](#), [New York Times](#), [NSDL](#), [Planet Save](#), [Psychology Today](#), [Science Daily](#), [Scientific American](#), [Time](#), [Wall Street Journal](#)
- Li, Ye and Nicholas Epley (2009), "When the best appears to be saved for last: Serial position effects on choice," *Journal of Behavioral Decision Making*, 22(4), 378-389, [DOI 10.1002/bdm.638](https://doi.org/10.1002/bdm.638).
- Li, Ye and Claus O. Wilke, (2004) "Digital evolution in time-dependent landscapes," *Artificial Life*, 12(2), 123-134, [DOI 10.1162/106454604773563559](https://doi.org/10.1162/106454604773563559).

Papers Under Review (see appendix for abstracts)

- Li, Ye, Martine Baldassi, Eric J. Johnson, and Elke U. Weber. "Compensating Cognitive Capabilities, Economic Decisions, and Aging." Under review, *Psychology & Aging*.
- Lerner, Jennifer S., Ye Li, and Elke U. Weber. "The Financial Cost of Sadness." Under review (past the desk), *Psychological Science*.

Working Papers (see appendix for abstracts)

- Li, Ye and Margaret Lee. “Comparing the strengths of self-interest and prosocial motivations.” Manuscript being revised for *Management Science*.
- Zhang, Yan, Ye Li, and Ting Zhu (equal authorship; order determined randomly). “How multiple anchors affect judgment: Evidence from the lab and eBay.” Manuscript being revised for *Journal of Consumer Psychology*.
- Li, Ye, Cade Massey, and George Wu. “Learning to detect change.” Revising for second round review, *Organizational Behavior and Human Decision Processes*.
- Li, Ye, Daniel Bartels, and George Wu. “A pairwise-comparison model of intuitive probabilistic inference.” Manuscript in preparation for *Journal of Experimental Psychology: Learning, Memory and Cognition*.
- Li, Ye and Reid Hastie. “Perspective-taking in strategic interactions.” Manuscript in preparation for *Management Science*.
- Li, Ye and George Wu. “Can markets detect change? Over- and under-reaction in an experimental market.” Manuscript in preparation for *Management Science*.

Select Research in Progress

- “Cognitive and decision-making abilities as determinants of financial success: Evidence from credit reports.” (with Eric Johnson)
- “A finite pool of worry: How media’s whims divert attention from long-term problems.” (with Elke Weber and Cindy Kim)
- “Why consumers (dis)trust the power of neighborly advice?” (with Jon Westfall)
- “The dynamic time course of user-generated ratings: Evidence from IMDb.” (with Alex DePaoli)
- “Effects of seasonal allergies and sleep deprivation on decision-making.” (with Rachel Meng)
- “Efficiency in information markets: Adverse effects of unevenly distributed information.”

Selected Peer-Reviewed Conference Presentations

- Sadder but not wiser: The myopia of misery
 - *Society for Consumer Psychology*, Las Vegas, February 2012
- Local Weather and Perceptions of Global Warming
 - *Behavior, Energy and Climate Change*, Washington, D.C., December 2011
- Cognitive aging and financial decision making
 - *Association for Consumer Research*, St. Louis, October 2011
- Can social expectations be more motivating than financial incentives?
 - *International Meeting of the Economic Science Association*, Chicago, July 2011
- Financial literacy and decision making over the lifespan
 - *Boulder Summer Conference on Consumer Financial Decision Making*, June 2011
- Local warming: Daily variation in temperature affects belief and concern about climate change
 - *Center for Research in Environmental Decisions Annual Meeting*, New York, May 2011 (invited talk)

- *Society for Judgment and Decision Making*, St. Louis, November 2010 (poster)
- Under- and overreaction to change in an experimental asset market
 - *Society for Judgment and Decision Making*, St. Louis, November 2010.
- Money (That's what he wants): Social incentives for effort
 - *Society for Judgment and Decision Making*, St. Louis, November 2010 (poster)
 - *Behavioral Decision Research in Management*, Pittsburgh, June 2010 (poster)
- Should seniors be in charge? Decision-making over the lifespan
 - *Society for Judgment and Decision Making*, St. Louis, November 2010
 - *Society for Judgment and Decision Making*, Boston, November 2009 (poster)
- A pairwise-contrast model of intuitive probabilistic inference
 - *Society for Judgment and Decision Making*, Boston, November 2009
 - *Midwestern Psychological Association*, Chicago, May 2009
- Learning to detect change
 - *Academy of Management*, Chicago, August 2009
- How multiple anchors affect judgment: Evidence from the lab and eBay
 - *Association for Consumer Research*, Pittsburgh, October 2009
 - *Society for Judgment and Decision Making*, Chicago, November 2008
 - *Marketing Science*, Vancouver, June 2008
- Strategic perspective-taking: When wearing others' shoes lets you walk more steps
 - *Behavioral Decision Research in Management*, San Diego, April 2008
 - *Society for Judgment and Decision Making*, Long Beach, November 2007 (poster)
- Detecting change in markets
 - *Asia-Pacific Meeting of the Economic Science Association*, Shanghai, August 2007
- When the best is saved for last: Serial position effects on choice
 - *Society for Judgment and Decision Making*, Houston, November 2006
 - *Behavioral Decision Research in Management*, Santa Monica, June 2006 (poster)

Invited Talks

- “Perspective-taking in Games” at the Center for Decision Sciences, Columbia University, February 2009
- “Detecting Regime Shifts in Markets” at the Behavioral Science Brownbag Series, University of Chicago, June 2007
- “Why the Best is Saved For Last: Serial Position Effects in Choice” at the Behavioral Science Brownbag Series, University of Chicago, November 2005

Grants

- Cognitive and Emotional Sources of Wisdom in Decision Making Across the Lifespan. *National Institutes of Health*, \$640,000. *Pending approval.*

Awards and Honors

- Katherine Dusak Miller PhD Fellowship 2008-2009
- Hillel Einhorn Memorial Fellowship 2007-2009
- Dean's Commendation for Teaching Excellence 2007
- University of Chicago Summer Research Grant 2005

- University of Chicago Graduate School of Business Fellowship 2004-2008
- Caltech Carnation Merit Scholarship 2003-2004
- Arnold O. Beckman Award 2002
- Robert C. Byrd Honors Scholarship 2001-2004
- SBC Scholarship 2001-2004
- National Merit Scholarship 2001
- Valedictorian, Adlai E. Stevenson High School Class of 2001

Professional Affiliations and Service

- Academy of Management
- Association for Consumer Research
- Association for Psychological Science
- Economic Science Association
- Society for Judgment and Decision Making
- Midwestern Psychological Association
- Organizer of Columbia's Center for Decision Sciences' Speaker Series 2009-2012
- Journal reviewer
Climatic Change, Experimental Economics, Journal of Consumer Research, Judgment and Decision Making, PLoS ONE, Strategic Management Journal, Theory and Decision
- Conference reviewer
Society for Consumer Psychology, Society for Judgment and Decision Making

Teaching

Guest Lecturer (Columbia University) — *detailed teaching ratings available*

- *Thinking and Decision Making* (Undergraduate Psychology Course), Fall 2010
 - Lectured on “Descriptive theories of choice.” (Overall rating: 4.4/5.0)
- *Behavioral Economics and Decision Making* (MBA Marketing Course), Fall 2010
 - Lectured on “Linear models versus experts.” (Overall rating: 4.0/5.0)

Teaching Assistant (University of Chicago)

- *Strategies and Processes of Negotiation* (MBA, Prof. Uri Gneezy), Autumn 2004
- *Managerial Decision Making* (MBA, Prof. George Wu), Winter 2006-2009
- *Advanced Marketing Strategy* (MBA, Prof. Suresh Ramanathan), Fall 2006
- *Experimental Economics* (Undergraduate, Prof. John List), Spring 2007
- *Managerial Decision Making and Negotiation* (Executive MBA, Prof. George Wu), Summer 2007 – received Dean's Commendation for Teaching Excellence

Teaching Assistant (California Institute of Technology)

- *Introduction to Applied and Computational Mathematics* (Graduate), Winter 2004 (Professor Sterl Phinney), Spring 2004 (Professor Oscar Bruno)
- *Introduction to Economics* (Undergraduate), Autumn 2003 (Professor Charles Plott), Spring 2004 (Professor Simon Wilkie)

References

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APPENDIX: ABSTRACTS BY TOPIC

1. Obstacles to Decision-Making

Li, Ye, Martine Baldassi, Eric J. Johnson, and Elke U. Weber. “Compensating Cognitive Capabilities, Decision Performance and Aging.” Under review, *Cognitive Psychology*.

Older adults have lower levels of fluid intelligence than younger adults, but decision-making studies do not always find worse performance for older adults, sometimes finding no difference or even better performance instead. We propose that age differences in decision performance result from the interplay between capabilities for which older adults are worse off than younger adults (e.g., fluid intelligence and executive functions) and capabilities for which older adults are better (e.g., crystallized intelligence). In particular, we hypothesized that higher levels of crystallized intelligence would help offset lower levels of fluid intelligence for older adults and that they would perform better or worse than younger adults depending on the relative importance of each capability for the decision task. We tested this compensating cognitive capabilities hypothesis in a broad sample of younger and older adults, collecting a battery of standard cognitive measures and measures of economically important decision-making traits—including temporal discounting, loss aversion, financial literacy, and debt literacy. We found that older participants performed as well as or better than younger participants on these four decision-making measures. Structural equation modeling revealed that fluid intelligence, crystallized intelligence, and inhibitory control were significant partial mediators of decision-making age differences. Specifically, we found that older participants’ greater crystallized intelligence offset their lower levels of fluid intelligence for financial and debt literacy as well as temporal discounting, but not for loss aversion. These results have important implications for public policy and for the design of effective decision environments for older adults.

Lerner, Jennifer, Ye Li, and Elke U. Weber. “The Financial Cost of Sadness.” Under review, *Psychological Science*.

Hundreds of studies have examined the “sadder-but-wiser” hypothesis—that sad people make wiser decisions—and most find support for it. However, virtually no tests of the hypothesis examined financial decisions, which are some of the most frequent and consequential decisions people make. To address this gap, the present experiments examined the effects of sadness on intertemporal financial choices of the form \$X now versus \$(X+Y) later—typical of the choices people make when considering whether to spend now or save to spend more later. Studies of intertemporal choices typically reveal extreme impatience. That is, people choose earlier rewards over significantly larger, later rewards, often leading to regret. Would sadness lessen the typical impatience in choices—by increasing deliberative thought—per the sadder-but-wiser hypothesis? Three experiments tested the hypothesis, inducing sadness in randomly-assigned participants and then offering them intertemporal choices unrelated to the source of sadness. Each experiment found that sadness instead dramatically increased impatience: Relative to the median neutral-mood participant, the median sad-mood participant was willing to accept 35% to 79% (across studies) less money today to avoid waiting for a payoff. Sadness increased impatience even though the emotion was normatively irrelevant to the choice. In sum, sadder is not wiser when it comes to making tradeoffs between time and money.

2. Overweighing Salient Information

a. Probability judgment

Li, Ye, Cade Massey, and George Wu. "Learning to detect change." Under review, *Organizational Behavior and Human Decision Processes*.

People, across a wide range of personal and professional domains, need to accurately detect change. Previous research has documented a systematic pattern of over- and underreaction to signals of change due to system neglect, or the tendency to overweigh signals and underweigh the system producing the signals. We investigate whether people can improve at change detection with experience. We find that the system-neglect pattern persists, but that learning varies across environments—participants showed reliable improvement in some conditions and virtually none in others. We explain this differential learning by formally characterizing environments in terms of how much they (1) provide consistent feedback, and (2) tolerate suboptimal behavior. Counter-intuitively, tolerating errors may help learning because strong incentives draw attention to performance and away from a deeper understanding of complex tasks. We discuss extensions to other stochastic environments and implications for organizations, and introduce a simple additive heuristic to assist in change detection.

Li, Ye, Daniel Bartels, and George Wu. "A pairwise-comparison model of intuitive probabilistic inference." Manuscript in preparation for *Journal of Experimental Psychology: Learning, Memory and Cognition*.

In three studies, we develop and test a formal model of likelihood judgment using pairwise comparisons between prospects (e.g., "Are the chances of this event greater than alternative 1, than alternative 2...?"), rather than Support Theory's comparison between a prospect and an aggregate representation of alternatives (e.g., "Are the chances of this event greater than the chances of the rest of the events?"). Our model allows for deviations from normative behavior in two ways: 1) too much attention to the strongest alternative (and thus too little attention to weaker alternatives), 2) comparison to the average strength of alternatives (rather than their total strength). We find that our pairwise contrast model better accounts for behavior than Support Theory. In addition, we found that our model's advantage over competitors increases under conditions where intuition receives more weight in inference (e.g. time pressure). Finally, we tested for and found support for novel predictions of our model.

Li, Ye and George Wu. "Can markets detect change? Over- and under-reaction in an experimental market." Manuscript in preparation for *Management Science*.

Asset-pricing research has documented both over- and underreaction of stock prices to news. The present study uses an experimental clearinghouse market to test how effectively markets incorporate information and detect change. Specifically, we extend the Massey and Wu (2005) system-neglect hypothesis (that individuals react primarily to signals and secondarily to the environment that produced the signals) to a market setting in order to investigate whether it can explain over- and underreaction in stock prices. We find the pattern of over- and underreaction for buyers in the market, but find the opposite pattern for sellers. However, because the *marginal* buyer and seller show no system neglect, market prices do not exhibit a pattern of over- and underreaction.

b. Everyday judgment

Li, Ye, Eric J. Johnson, and Lisa Zaval (2011) “Local Warming: Daily Temperature Deviation Affects Beliefs and Concern about Climate Change,” *Psychological Science*, 22(4), 454-459.

People are quite aware of global warming, but if beliefs about global warming are constructed in response to questions, they may be malleable. Specifically, beliefs may reflect irrelevant but salient information such as today’s temperature. This attribute substitution occurs when a simple, accessible judgment replaces a more complex, less easily accessed one. In three studies, we asked residents of the United States and Australia to report their opinions about global warming and if today’s temperature was warmer or cooler than usual. The results show that respondents who thought today was warmer than usual believed more in, and had greater concern about global warming than those who thought today was colder than usual. They also donated more money to a global warming charity if today seemed warmer than usual. We use instrumental variable regression to rule out some alternative explanations.

Li, Ye and Nicholas Epley (2009), “When the best appears to be saved for last: Serial position effects on choice,” *Journal of Behavioral Decision Making*, 22(4), 378-389.

Decision-makers often evaluate options sequentially due to constraints on attention, timing, or physical location of the options. Choosing the best option will therefore often depend on people’s memories of the options. Because imperfect recall introduces uncertainty in earlier options, judgments of those options should regress towards the category mean as memory decays over time. Relatively desirable options will therefore tend to seem less desirable with time, and relatively undesirable options will tend to seem less undesirable with time. We therefore predicted that people will tend to select the first option in a set when choosing between generally undesirable options, and will tend to select the last when choosing between generally desirable options. We demonstrate these serial position effects in choices among paintings, American Idol audition clips, jellybeans, and female faces, provide evidence of its underlying mechanism, and explain how these findings build on existing accounts.

Zhang, Yan, Ye Li, and Ting Zhu. “How multiple anchors affect judgment: Evidence from the lab and eBay.” Manuscript in preparation for *Journal of Consumer Psychology*.

We examine the impact of multiple anchors on subsequent estimates. Although past research has generally found that judgments assimilate toward single anchors, we hypothesize that the presence of additional anchors can reverse this effect. When presented with both an extreme anchor A and a moderate anchor B, people rely more on anchor B than when the anchor A is instead moderate. Extreme anchors in the two-anchor case can therefore generate more moderate estimates than less extreme anchors do, which implies a contrast effect. Three controlled experiments verified that although estimates assimilated to single anchors, the reverse occurred when people were simultaneously given a second anchor: extremely low (high) anchors generated higher (lower) estimates than moderately low (high) anchors. We found corroborating evidence in archival data from eBay auctions in the U.S. and China. This research has implications for pricing strategies when there is more than one price cue available.

3. Social Information

Li, Ye and Margaret S. Lee. “Comparing the strengths of self-interest and social motivations.” Manuscript in preparation for *Management Science*.

As organizations move towards more group-based work environments, individuals must make more decisions on how much effort they are willing to exert for the benefit of other people. Working for the benefit others inevitably takes away from the resources a person could invest towards his or her own benefit. Past research on prosocial behavior has not compared people’s willingness to exert effort for others versus for themselves. The goal of this research was to fill this gap by directly comparing the motivating strength of self-interest to that of prosocial motivations. In a series of studies, participants either worked for no payment, for their own payment, or for the payment of another participant (and no benefit to themselves). These “prosocial incentives” only seem to be effective when the worker both believes 1) that their own payment was based on another participants’ effort, and 2) that their beneficiary will know about his or her source of payment. Additional moderators of the effectiveness of prosocial incentives include the worker’s feeling of responsibility toward the beneficiary and the social cost of not working. Finally, we found that because pay-for-performance incentives can crowd out intrinsic motivation, prosocial incentives can actually be more motivating than traditional incentives under certain conditions. This work has implications for workplace incentives and suggests potential ways to improve employee cooperation.

Li, Ye and Reid Hastie. “Perspective-taking in games.” Manuscript in preparation for *Management Science*.

In strategic interactions, taking other players’ perspectives is often the only way to gain insight into their strategies, and thus necessary for forming one’s own strategy. We study the effects of experimentally inducing perspective taking by eliciting first- (what do you think others players will do) and second-order (what do you think other players think you will do) beliefs about other players in the p-Beauty Contest game. Whereas eliciting first-order beliefs was no different from baseline, eliciting second-order beliefs led to picking smaller, more optimal numbers, implying that people do not usually consider that other players are also taking their perspective. That is, people naturally reason about what other players will do in a game because that inference is easy to make, but in many cases, this information is insufficient for optimal play. Instead, it is the more difficult task of reasoning about what others think you will do, and perhaps even higher orders of perspective taking, that generates strategic dividends.