

Young Children Do Not Anticipate That Sunk Costs Lead to Irrational Choices

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Abstract

When people invest a lot in completing a project or in obtaining a resource, they often overvalue it. This sunk cost bias leads people to persist in pursuing failing projects, and to favor resources they have invested in over alternatives. We investigated whether children (N=135) and adults (N=150) consider this bias when predicting peoples choices. In Experiments 1 and 2, 4-6-year-olds and adults saw stories where an agent collected two identical objects, one easy to obtain and one difficult.They then predicted which object the agent would keep. Experiment 3 used similar stories to examine 6-year-olds predictions about how they would act in this situation. Adults were sensitive to sunk costs, but children were not. These findings suggest that young children may not show the sunk cost bias, and also may struggle to anticipate how cognitive biases can lead people to depart from making rational choices.