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Investing the self: The effect of nonconscious goals on investor psychological ownership and word-of-mouth intentions[†]

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ABSTRACT

This research examines the impact of nonconscious goal activation on investors' feelings of psychological ownership of their investment choices. An initial experiment finds that psychological ownership is greater when an investment choice is *incongruent* with a nonconsciously-activated financial goal. Consistent with the notion that psychological ownership engenders self-enhancement motivation, ownership is also positively associated with word-of-mouth intentions. However, two additional experiments show that these effects are attenuated when an investor's decision process focuses on deciding in the "right way" (versus focusing on making the "best choice"). Findings across all studies support an integrative perspective on theories of psychological ownership and regulatory engagement: When individuals overcome personal resistance by choosing an option that is incongruent with a nonconscious goal, they experience greater feelings of engagement, which in turn lead to enhanced feelings of psychological ownership of the chosen option and greater word-of-mouth intentions.

1. Introduction

Recent years have seen a convergence of literatures as researchers probe the nonconscious underpinnings of human behavior. Much of this work has focused on nonconscious goals and their impact on everyday behaviors (e.g., Chartrand et al., 2008). For example, in one study people who were exposed to brands that were perceived to be creative (Apple) or honest (the Disney Channel) subsequently behaved more creatively or honestly than people exposed to brands perceived to be less creative (IBM) or honest (the E! Channel). These motivational goal-related processes occurred outside of conscious awareness (Fitzsimons, Chartrand, and Fitzsimons, 2008).

However, it is not yet clear whether or how nonconscious goals may play a role in important contexts such as individual investment decision-making. This is a question of interest not only from a theoretical perspective but also from the perspective of policy makers, financial advisors, and educators who wish to improve consumer welfare through a better understanding of the situational factors that affect individuals' risk attitudes and asset valuation (Lynch, 2011).

In financial decision-making contexts, goals may be nonconsciously activated by any number of environmental cues, including, for example, a neighbor's extravagant spending or gambling habits, which might stimulate more aggressive investment risk-taking. However, we note that a largely overlooked aspect of investment decision-making is that individuals often override nonconsciously-activated goals in favor of conscious goals or pre-determined decision rules (Tanner et al., 2011). One potential reason for this oversight is that extant research operates within a methodological paradigm where goal-congruent decision-making is taken as evidence of successful nonconscious goal activation. In this paradigm, when participants do not behave in a manner congruent with a presumed nonconscious goal, researchers conclude that the priming manipulation failed to activate the goal.

Integrating theoretical work on *psychological ownership* (Pierce, Kostova, and Dirks, 2003) and *regulatory engagement* (Higgins, 2006; Higgins et al., 2008), we provide an alternative perspective that implicates post-decisional attitudes and behavioral intentions. Specifically, we propose that behaviors that are *incongruent* with an activated nonconscious goal can enhance an individual's feelings of

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engagement with an investment decision and, consequently, enhance their feelings of psychological ownership of the chosen option. Extending this logic, we also argue that investors who have greater psychological ownership of a choice option will experience the chosen option as part of the extended self (Belk, 1988) and thus have more motivation to self-enhance (e.g., telling others about their choice). However, we further propose that these effects are only prominent when individuals seek to maximize instrumental outcomes (i.e., selecting the "best choice") but not when individuals instead focus on using a proper process (i.e., making the decision in the "right way").

The present research contributes to the literature in several ways. First, in contrast to prior research, we demonstrate that nonconscious goals do not have to impact proximal decisions in order to affect ultimate downstream outcomes. We provide the first empirical evidence of the interacting effect of nonconscious goals and choice on psychological ownership and word-of-mouth. Further, our results offer the first evidence that this effect depends on the decision process used. Second, whereas prior research demonstrates the effect of nonconscious *trait*-based risk primes on behavioral outcomes (Erb, Bioy, and Hilton, 2002; Gilad and Kliger, 2008), we show that nonconscious *risk*-related primes can activate motivational goals beyond simple cognitive associational effects. Third, we provide the first empirical evidence that psychological ownership may play an important role in investing contexts. Finally, we show that a hypothesized driver of engagement, overcoming personal resistance (Higgins, 2006), enhances psychological ownership.

We begin by providing theoretical background and developing the research hypotheses. We next present the results of two experimental studies and a replication study. Finally, we discuss the contributions, implications, and limitations of the research.

2. Theory and hypotheses

2.1. Nonconscious goals

A goal is a mental representation of a desired state that an individual strives to achieve or maintain (Custers and Aarts, 2005). For example, a person's goal might be to own a new car, and the activation of this goal might trigger consideration of the steps required to achieve the goal (e.g., save money, search for information, etc.). Goal theory is richly developed, with much of the work focusing on understanding the effects of consciously-activated goals on related task behaviors (Duckworth et al., 2007; Locke and Latham, 2002). However, a parallel stream of research suggests that goals can also be activated and pursued outside of conscious awareness, and that environmental cues can serve as nonconscious signals to activate nonconscious goal-directed behavior (Bargh, 2002; Fitzsimons, Chartrand, and Fitzsimons, 2008; Sela and Shiv, 2009). For example, Chartrand et al. (2008) show that when consumers are nonconsciously primed, or exposed to stimuli, with luxury (versus frugal) cues, they are more likely to purchase luxury (versus frugal) brands.

Recently, researchers have begun to ask "second-generation" questions about nonconscious goal effects (Johnson and Min, 2011; Tanner et al., 2011), such as how multiple goals interact with each other (Jhang, 2010; Shah and Kruglanski, 2002). Of particular interest for the present investigation is work that explores the consequences of primes that conflict with other aspects of the consumption situation, including characteristics of the self (Sela and Shiv, 2009), attributes of the focal product (Craig et al., 2011), or the nature of the consumption decision (Tanner et al., 2011). However, a potential limitation that this work shares with earlier research on nonconscious goals is that it focuses only on whether and when a primed goal impacts goal-related behaviors. Extending the theoretical purview of the literature we propose that it is also important to consider whether (in)congruencies between a prime and subsequent behaviors can impact individuals' post-decision interpretations of their behaviors. Specifically, we examine whether resisting a nonconscious risk-related goal impacts investors' psychological ownership of their choices as well as their post-decision word-of-mouth intentions.

2.2. Psychological ownership

Psychological ownership is a cognitive-affective state in which a consumer has a sense of ownership over a target (Pierce, Kostova, and Dirks, 2001; Pierce, Kostova, and Dirks, 2003). A feeling of "It is *mine*!," psychological ownership reflects a sense of possession toward a target (e.g., an object, idea, process, or even another person) that is "experienced as having a close connection with the self" (Pierce, Kostova, and Dirks, 2003, p. 86). Whereas legal ownership is recognized by society, psychological ownership is experienced by the individual (Pierce, O'Driscoll, and Coghlan, 2004) and can emerge independent of legal ownership (Heyman, Orhun, and Ariely, 2004).

Whereas psychological ownership has received much attention in organizational contexts (Pierce and Jussila, 2011; Pierce, Kostova, and Dirks, 2001), it is relatively unstudied in the context of consumer behavior (Peck and Shu, 2009) and, to the best of our knowledge, has not been examined previously in the context of investor behavior. Yet, anecdotal evidence suggests that psychological ownership can influence investment decisions, as financial advisors regularly warn investors not to "fall in love" with their stocks. More substantially, there is reason to believe that psychological ownership is an important construct for understanding investor behavior given the nature of its outcomes in other contexts. For example, psychological ownership has been shown to underpin the endowment effect (Shu and Peck, 2011), which refers to the tendency for individuals to value something they own more highly than an identical product they do not own (Thaler, 1980; Walasek, Matthews, and Rakow, 2015).

Prior research has identified three key determinants of psychological ownership: controlling an ownership target, coming to intimately know the target, and investing the self in the target (Pierce, Kostova, and Dirks, 2003, p. 92). The last of these is particularly relevant in the context of financial investment decision making because investing is a high-involvement context in which individuals are cognitively engaged. Pierce, Kostova, and Dirks (2003) note that as we labor, whether by investing time, physical effort, or simply psychic energy (Belk, 1988), the product of our labor can become a representation of the self. Further, the more complex the decision or labor involved, the more likely individuals will invest their "own ideas, unique knowledge, and personal style" (Pierce, Kostova, and Dirks, 2001, p. 302), enhancing a sense of psychological ownership and making an object or idea that was once external to oneself now internal (Brown, Pierce, and Crossley, 2013).

Unlike nonconscious cognitive associational cues, whose effects on outcomes weaken over time, nonconscious motivational goal-related processes are persistent and strengthen over time until satiated (Chartrand et al., 2008), suggesting they may impact downstream consequences even if not immediately acted upon. We contend that when individuals permit environmental cues to guide a decision, especially nonconsciously, there is little cognitive effort or investment of self and therefore limited fodder for the emergence of psychological ownership. For example, if an individual investor purchases a risky stock simply due to a nonconscious environmental cue, there is little cognitive engagement or investment of self. The decision is based on an automatic response (Bargh, 2002). In contrast, when individuals work *against* the nonconscious inclination to acquiesce to environmental cues, they are more fully investing themselves in the decision process. For example, when an investor fights against a whim there is an investment of self in the form of psychic energy. In sum, resisting nonconscious cues in order to make a more active, contrary investment decision requires investing the self, leading to greater feelings of psychological ownership of the investment choice.