Abstract
How do people behave under uncertainty? Specifically, how do people respond to incentives associated with exogenous uncertainty (e.g., a discount of $10 or $20 with even chances)? Both lay intuition and decision theories expect uncertainty aversion. However, I found that under predictable circumstances, uncertainty can have its unique motivational power. People work harder under uncertain incentives than under certain incentives. In a single-shot activity (e.g., an auction), people invest more money, time, and effort when incentivized by a reward of an uncertain magnitude, as long as they focus on the process of reward pursuit, rather than the outcome. In a multiple-shot activity (e.g., repeated purchases), people repeat a task more if every time they receive an uncertain financial outcome, as long as they can resolve the uncertainty. Both uncertainty-loving effects can occur even when the uncertain incentive ($10 or $20) is strictly worse than the certain incentive ($20). I further propose a theoretical framework to reconcile the uncertainty-loving effects that I found in my research and the uncertainty-aversion effects that others found in behavioral decision-making research. This theoretical framework also shed light on why people behave differently under uncertainty under different circumstances.

Dr Luxi Shen received her PhD from Booth School of Business, the University of Chicago, and is an Assistant Professor of Marketing at CUHK Business School, the Chinese University of Hong Kong. She studies judgment and decision making, and consumer behavior. Her recent research focuses on the general topic of uncertainty; for example, she explores when and why consumers work harder to earn an uncertain reward than a certain reward. Professor Shen's work has been published in top academic journals, including Journal of Consumer Research, Journal of Marketing Research, Psychological Science, and Organizational Behavior and Human Decision Process.

All interested are welcome.