

Table of Contents

Foreword.....	V
Acknowledgement	VII
List of Figures and Tables	XIII
List of Abbreviations	XV
1 Introduction.....	1
1.1 Motivation.....	3
1.2 Structure of the dissertation	5
Part 1: Literature review and research gaps.....	9
2 Theoretical basis	11
2.1 Expected utility theory	12
2.2 Violations of expected utility theory and the need for an alternative theory	14
2.3 Prospect theory.....	20
2.3.1 Cognitive decision process	21
2.3.2 Value function	23
2.3.3 Weighting function	25
2.4 Main limitation of prospect theory.....	27
3 Reference-dependent preferences.....	31
3.1 State of the art	32
3.1.1 Constitution of reference points.....	33
3.1.2 Formation of reference points.....	48
3.1.3 Determinants of reference points	56
3.2 Research gaps and research questions.....	61

Part 2: Empirical investigations	65
4 Research approach	67
4.1 Experimental design	67
4.2 Methodology of analysis	69
5 First experimental study: A second look at expectations as reference points – the domain of losses	75
5.1 Introduction	75
5.2 Potential impact of expectations given prospect theory preferences ...	78
5.3 Measuring reference point adaptation due to expectations	80
5.4 Formulation of predictions	81
5.5 Study	85
5.5.1 Sample and setting	85
5.5.2 Analysis and results	85
5.6 Discussion	89
5.7 General conclusion	92
6 Second experimental study: Personality traits and their influence on reference point formation in the domains of gains and losses	95
6.1 Introduction	95
6.2 Measuring reference point adaptation	98
6.3 Formulation of hypotheses	101
6.3.1 Need for achievement	101
6.3.2 Optimism	102
6.3.3 Self-esteem	103
6.3.4 The constructs of the Big-Five	104
6.4 Study	107
6.4.1 Sample and setting	107
6.4.2 Operationalization of variables	107
6.4.3 Analysis and results	111
6.5 Discussion	114
6.6 General discussion and conclusion	116

7	Third experimental study: Managerial reference point formation: risk, affects, and ownership	119
7.1	Introduction	119
7.2	Theory and hypotheses	121
7.2.1	The information: purchase price, current price, and average price	123
7.2.2	The information: risk	123
7.2.3	Managerial reference point formation based on affects	124
7.3	Study	127
7.3.1	Framework	127
7.3.2	Sample and setting	131
7.3.3	Operationalization of variables	132
7.3.4	Analysis and results	134
7.3.5	Post-hoc tests	139
7.4	Discussion and conclusion	145
7.4.1	General discussion	145
7.4.2	Limitations and future research	148
7.4.3	Practical implications	149
	Part 3: Summary and discussion	151
8	Summary, implications, and outlook	153
8.1	Summary	153
8.2	Limitations	156
8.3	Implications	157
8.3.1	Theoretical implications	157
8.3.2	Practical implications	158
8.4	Directions for further research	160
9	Bibliography	163
10	Questionnaires applied in this study	199