

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar

Situation Insensitivity Theory (SIT)

By

Prof. Christopher Hsee

Dean's Distinguished Chair Professor of Marketing, CKGSB



Date : 26 Feb 2026 (Thursday)

Time : 10:30 am – 12 noon

Venue : M714, PolyU

Abstract

One of the major contributions of behavioral sciences over the past half century has been the identification of judgment and decision biases, including anchoring, the sunk cost bias, base-rate neglect, and affective forecasting errors. These biases have profound implications for marketing and consumer behavior. Nevertheless, these biases are typically treated as disparate phenomena and explained by different, domain-specific theories.

In this research, I propose an overarching framework that can potentially integrate these seemingly unrelated biases and generate novel predictions. Dubbed Situational Insensitivity Theory (SIT), the theory posits that people are insufficiently sensitive to variation across situations and, as a result, tend to exhibit seemingly opposite biases in different contexts.

For example, when individuals who have already incurred a cost make decisions about the future, they tend to over-rely on past costs when those costs are irrecoverable and therefore normatively irrelevant—exhibiting the classic sunk cost bias. In contrast, they tend to under-rely on past costs when those costs are fully recoverable and highly relevant to future outcomes—thus exhibiting the opposite of the sunk cost bias. I use this theory to both explain existing biases and predict new biases in consumer behavior and beyond.

Prof. Christopher K. Hsee received his PhD in psychology from Yale University, and his tenured chair professorship from the University of Chicago Booth School of Business. He is now the Dean's Distinguished Chair Professor of Marketing at CKGSB. A leading expert in behavioral decision theory, Prof. Hsee does research in areas including social psychology, consumer behavior, organizational behavior, behavioral economics, and happiness. His work has been well-cited, with a Google Scholar citation count of over 28,000 (as of 2025). Prof. Hsee has received numerous teaching and research awards (including the Distinguished Scientific Contribution Award from the Society for Consumer Research), and has served as the President of the Society for Judgment and Decision-Making.

All interested are welcome.



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