

# Mood-driven or Goal-driven Memory?

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## Abstract

Why are people overconfident in spite of the negative feedback they receive? Psychology and economic studies have put forward the role of biased memory. Individuals tend to better recall positive feedback than negative feedback. The typical explanation for this asymmetry is the self-enhancement effect: people prioritize positive information to enhance their self-image. An alternative explanation is the mood-congruency effect: positive information is easier to recall for individuals in non-negative mood. In a laboratory experiment where we exogenously manipulate mood, we test the existence and the relative dominance of these two effects. Our results support the self-enhancement hypothesis: individuals better recall positive than negative feedback, even when they are in a negative mood. When they do not recall, they exhibit overly optimistic recall of past feedback, regardless of their mood. Conversely, we find no clear evidence of mood congruency. These results suggest that mood does not impact recall accuracy of self-relevant information, and overconfident behaviors can be alleviated by intervening on individuals' beliefs.

**Keywords:** Selective recall, self-enhancement, mood-congruence, feedback, mood induction, experiment.

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