



## City Research Online

### City, University of London Institutional Repository

---

**Citation:** Juechems, K., Altun, T., Hira, R. & Jarvstad, A. (2021). Human value learning and representation reflects rational adaptation to task demands (10.31234/osf.io/4vdhw). .

This is the preprint version of the paper.

This version of the publication may differ from the final published version.

---

**Permanent repository link:** <https://openaccess.city.ac.uk/id/eprint/27774/>

**Link to published version:** <https://doi.org/10.31234/osf.io/4vdhw>

**Copyright:** City Research Online aims to make research outputs of City, University of London available to a wider audience. Copyright and Moral Rights remain with the author(s) and/or copyright holders. URLs from City Research Online may be freely distributed and linked to.

**Reuse:** Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge. Provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

**Human value learning and representation reflects rational adaptation to task demands**

Keno Juechems<sup>1,2</sup>, Tugba Altun<sup>3</sup>, Rita Hira<sup>3</sup>, Andreas Jarvstad<sup>3\*</sup>

<sup>1</sup> Department of Experimental Psychology, University of Oxford, UK

<sup>2</sup> St John's College, University of Oxford, UK

<sup>3</sup> Department of Psychology, City University of London, UK

Main text - 4957 words

Methods - 2374 words

7 figures.

Additional text and figures in Supplementary Methods and Supplementary Results

Andreas Jarvstad, andreas.jarvstad@city.ac.uk, College Building, City, University of London,  
Northampton Square, London EC1V 0HB, United Kingdom.

## Abstract

Humans and other animals routinely make choices between goods of different value. Choices are often made within identifiable contexts, such that an efficient learner may represent values relative to their local context. However, if goods occur across multiple contexts, a relative value code can lead to irrational choice. In this case, an absolute context-independent value is preferable to a relative code. Here, we test the hypothesis that value representation is not fixed, but rationally adapted to context expectations. In two experiments, we manipulated participants' expectations about whether item values learned within local contexts would need to be subsequently compared across contexts. Despite identical learning experiences, the group whose expectations included choices across local contexts, went on to learn more absolute-like representation than the group whose expectations only covered fixed local contexts. Thus, human value representation is neither relative nor absolute, but efficiently and rationally tuned to task demands.

## Introduction

Humans and other animals often behave “as if” they calculated the value of goods, arranged goods according to their preferences in a rational manner, and chose the good with highest value. One way to achieve rational decision-making is to represent all items on an absolute scale, where an item's value is expressed as the amount of fixed units of measurement it provides. Units of measurement might be the number of food items in a foraging patch, money, or the subjective utility of consumer products. Such an absolute value code is assumed in normative theories of decision-making<sup>1</sup>, optimal foraging theory<sup>2</sup>, computational models of learning<sup>3</sup>, and in key descriptive theories of choice<sup>4</sup>.

Whilst an absolute code would equip the agent to make decisions across all contexts in which this unit of measurement is relevant, there are many reasons why biologically constrained systems may utilise different coding regimes. For example, absolute codes maintaining a constant unit may reserve precious coding range for values that occur with low frequency. Moreover, absolute codes may be more prone to deleterious noise if values cluster within a small range in a given context (leading to easily confusable items).

From the olfactory system in the fruitfly<sup>5</sup>, to visual systems<sup>6</sup>, through to value coding in humans<sup>7</sup>, neural systems can overcome such problems by encoding input relative to the local context (and/or state<sup>8,9</sup>). The value of one foraging patch can, for example, be encoded relative to other nearby patches. Such context-dependent encoding has been formalised in computational models, for instance by ensuring that coding covers the entire range of values (‘range adaptation’<sup>10</sup>) or by ensuring that values are normalised by concurrent inputs (‘divisive normalisation’<sup>11</sup>).

The key advantage of relative value codes is that they enable even small populations of neurons to efficiently represent items within a local context<sup>11</sup>. For the perceptual system, for example, adapting to local brightness levels (e.g., dark adaptation<sup>12</sup>) is likely close to optimal given the temporal and spatial autocorrelation in brightness in natural scenes (e.g., day-night light cycle). For value-based decisions, agents can boost discriminability of items of similar value using relative codes, which may be of particular importance if the agent aims to choose “correctly” (i.e., choose the highest valued item). This means that a foraging animal employing a relative value code may discriminate



between patches of values  $A = 5$  and  $B = 6$  with equal precision to when choosing between patches of values  $C = 20$  and  $D = 21$ .

There is now ample evidence from psychology, behavioural ecology, primate neurophysiology and cognitive neuroscience that humans and other animals learn, and/or make choices consistent with such context-dependent value codes (<sup>9,13–19</sup> but see<sup>20</sup>). A relative context-dependent code also describes the firing pattern of neurons in value-related areas of the prefrontal cortex<sup>21</sup> and explains human errors of judgment across many domains<sup>17</sup>. Relative codes have also been shown to be efficient in the sense that they maximize mutual information between stimulus and neural code under certain conditions<sup>22</sup>. In this latter sense, context-dependent codes can be locally optimal and resource efficient – allowing animals to choose the best option with the use of minimal resources<sup>22,23</sup>.

However, as can easily be seen, relative value encoding can lead to inferior decision-making if the local contexts in which values were encoded are intermixed. In the above example, for instance, foraging patch  $B = 6$  is the locally superior option to  $A = 5$ , which means that a pure relative encoder may prefer it to the globally superior option from a different context - provided it is inferior in its local context (e.g., prefer  $B=6$  to  $C=20$ , where  $C$  is from  $[C=20, D=21]$ ). Such ‘irrational’ decision-making has been observed across species in many laboratory tasks<sup>10,15,17,24</sup>.

Thus, one is faced with an additional problem: How to arbitrate the costs and benefits of absolute and relative encoding to optimize decision-making. This problem can be recast as one of expectation about context: If contexts are stable and distinct, relative encoding will be sufficient and maximizes discriminability, but if contexts are either volatile or overlapping in time, a coding regime approximating absolute encoding will be better. Here, we take a first step towards this question by implicitly manipulating human participants’ expectations about contexts in two experiments. In spirit, our work is similar to efforts in reinforcement learning to delineate under what circumstances, and under what cost, humans switch from a habitual (model-free) representation to a more costly representation that allows planning (model-based)<sup>25,26</sup>.

In particular, we propose that humans do not use a single fixed representation of value, but flexibly tune value codes based on their expectations what the codes are for<sup>27</sup>. Further, we propose

that the selection of which code to learn, is rational and efficient<sup>28</sup>. Thus, we do not ask whether human value learning is absolute or relative overall<sup>13,15</sup>, but whether humans flexibly adapt<sup>29,30</sup> their value representation in a manner that can be explained by expectation.

We tested the hypothesis that value representation rationally adapts to task demands in two value-learning experiments, in which human participants learned values of pair-wise presented items. We implicitly manipulated task expectations, such that one group expected to make decisions within fixed local contexts ('Uncrossed'), and another group expected to make decisions across local contexts ('Crossed'). If value learning is fixed, the learnt value representations should be identical across groups. If value learning is rationally and flexibly adapted to task demands, people in the 'Crossed' group should go on to learn more absolute-like representations (because they expect these to be task-relevant).

Despite identical learning experiences, learnt value codes differed: participants learned more complex (absolute) representations only when they expected it to be necessary, thus highlighting the rational and dynamic nature of value representation.

## Results

### Tasks and design

We conducted two value learning experiments. The first experiment used real-valued items, akin to studies in economic decision-making<sup>31</sup>, whereas the second used binomial outcomes akin to many reinforcement learning paradigms in this domain<sup>15</sup>. In both experiments, participants went through two independent phases of learning and decision-making.

In the learning phases, participants learned the value of items through trial-by-trial feedback. As our key experimental manipulation, we implicitly altered participants' expectations about the local contexts in which items had to be compared. After the initial learning phase, one group ('Uncrossed') was presented with choices between fixed pairs of items (within contexts), whereas the other group ('Crossed') encountered items also in intermixed pairs (across contexts).

We expected the Crossed group to use the experience of intermixed contexts to alter their value encoding for the subsequent independent item set. Value representations in both groups were

measured with two surprise tasks at the end of each experiment (see below). In the following, we first report on Experiment 1, which used real-valued items.

Participants took on the role of consultants to manufacturers of reproduction items (replicas of historical items). There were two separate manufacturers (of cars & antiques) in two separate Phases (Fig 1A). Participants' goal was to learn market prices to advise on which items to manufacture. In the Learning Phases, participants learned item values through trial-by-trial feedback, after which they advised the manufacturer in separate Decision phases - without feedback. At the end, there were two surprise tasks (All-possible pairs, Value judgment) designed to measure value encoding in the last Learning phase.

Participants were randomly and blindly assigned to either the Uncrossed or Crossed group (colour-coded green and blue respectively, Fig 1A). In Experiment 1, each Phase began with a Learning stage, in which participants sampled market values (Fig 1B). A single mouse-click on an item returned a single sale price (superimposed on the clicked item, Fig 1B). Participants were free to sample in any order and as much as they wished. Sampling for each pair was terminated by a selling decision (Fig 1B), after which the next pair was shown. In each Phase, participants learned the values of 6 items arranged into 3 pairs with normally distributed market prices (Fig 1A).

In the Decision phases (Fig 1C), the Uncrossed group made decisions about the pairs they had previously experienced. The Crossed group additionally made decisions within novel pairings, thus breaking their learning contexts (Methods). Participants might, for example, decide between Item<sub>2</sub> and Item<sub>4</sub> which had previously formed part of the first and second pair respectively. Participants' choices in the Decision phases and surprise tasks were incentive-compatible (Methods).

We hypothesized that people do not use a fixed value-learning mechanism, but flexibly adapt their value-learning mechanisms to learn useful value representations. Given double-blind assignment to groups, both groups should start Learning 1 with the same expectations. However, the first Decision phase, Decision 1 (Fig 1C), provides very different implicit signals for the two groups.

The Uncrossed group should have no problem performing in this task given successful learning (Fig 1C). This would even be the case if participants used extreme context-dependent encoding: a binary Valence code. Using this mechanism, one learns, for each pair, that one item is 'good' and that

one item is ‘bad’. That is, one learns the following (separate) sets of orderings: [Item<sub>1</sub> < Item<sub>2</sub>], [Item<sub>3</sub> < Item<sub>4</sub>], and [Item<sub>5</sub> < Item<sub>6</sub>].

In the Crossed group (Fig 1C), however, even participants who used less extreme relative encoding strategies may struggle to compare items across contexts, such as Item<sub>5</sub> (locally inferior, value of 320) and Item<sub>2</sub> (locally superior, value 280). These unexpected and potentially more difficult experiences led participants to be slower in responding (Mann-Whitney-U test,  $U = 116$ ,  $p < .001$ ; Supplementary Results III, V, Fig. S13).

### Decision-making performance

If people adapt to expected task demands, and the implicit manipulation is sufficient to induce different expectations, the two groups should go on to learn different representations for the subsequent set of items – Learning 2 and Decision 2. Immediately after these task phases, we tested participants’ learned representations using two surprise tasks.

First, we tested their performance in an All-Pairs task, where all possible pairs of items were presented to both groups (without choice feedback). We found that the Crossed group’s choice accuracy was significantly better than the Uncrossed group’s despite identical learning Phases ( $t(44) = 2.61$ ,  $p = .012$ ,  $CI = .026-.199$ ,  $d = .77$ , independent t-test) and above chance performance in both groups (Fig. 2A, CIs do not overlap .5, see also Supplementary Results II). The performance difference is consistent with the Crossed group having encoded a more absolute-like value representation (Supplementary Methods I, Fig. S1).

Next, we turned to a feature of our experimental design which allowed us to dissociate absolute-like encoding from any relative encoding using ‘diagnostic’ item pairs. The intuition is that any relative encoding will result in a fraction of choices that are globally inferior, but locally superior within the learning context, whereas an absolute code would not result in the same mistakes. Our task items were chosen to optimize for this (Supplementary Methods I).

Specifically, in Phase 2, Item<sub>2</sub> ~N(280,28) was paired with Item<sub>1</sub> ~N(250, 25). On the one hand, a relative learner would learn that Item<sub>2</sub> is ‘good’ within its local context. On the other hand,

they would learn that both  $\text{Item}_3 \sim N(300,30)$  and  $\text{Item}_5 \sim N(320,32)$  are ‘bad’ – because they were paired with higher-value items. Thus, a relative-value learner would prefer the locally ‘good’ (but globally inferior)  $\text{Item}_2$ , to the globally superior (but locally ‘bad’)  $\text{Item}_{3,5}$ : exhibiting irrational choice (see also e.g., 15).

In line with these predictions, we found that the Uncrossed group preferred the globally inferior option, choosing it instead of the globally superior options (preferring  $\text{Item}_2$  to  $\text{Item}_3$ , and to  $\text{Item}_5$ ), whereas the Crossed group expressed a weak preference for the globally superior items. The difference between groups was marginal for the first pair ( $U = 183, p = .055, r = .31$ ), and highly significant for the second pair ( $U = 145, p = .003, r = .45$ ), by Mann-Whitney U tests.

In summary, participants choice behaviour shows that the groups learned different value representations despite identical learning Phases, and that the Crossed group’s choices were more consistent with an absolute-like code than the Uncrossed group’s (with statistical contrasts specifically selected to discriminate absolute from relative encoding, Supplementary Methods I).

## Value representation

While the above analyses provide tentative evidence that the groups learned different value representations, we next set out to address value representation more directly. For this purpose, participants were asked to directly indicate their learned value for each item in a Value Judgment task. Items were presented sequentially (in random order), and participants indicated the value using a slider. To test value representation, we applied representational similarity analysis (RSA)<sup>32,33</sup> to this final judgement task (Fig 1A). Note that, although RSA was developed mainly as a multivariate analysis technique for neural data, it is increasingly deployed to characterize brain representations given behavioural data (e.g.,<sup>34–36</sup>) and can be used whenever the measure of interest is pair-wise differences on a univariate or multivariate space.

We computed Representational dissimilarity matrices (RDMs) separately for each participant and averaged them to form group-wise RDMs. These RDMs, shown in Fig 3A-D, depict each group’s value representation in the form of a dissimilarity structure (rank-transformed and scaled, see

Methods and Supplementary Results IV, Fig. S16, for the overall judgments). On this scale, a dissimilarity of 0 implies that item values are represented identically (item pairs along the diagonal), and a dissimilarity of 1 implies that item values are highly dissimilar.

Empirical RDMs are most readily interpreted when compared to model RDMs. As noted, the experiment was designed to allow absolute-like codes to be dissociated from relative-like context-dependent codes – irrespective of the precise context-dependent encoding. However, the RSA analysis allows contrasts between different kinds of relative value representation. Thus, to corroborate our results, we contrasted two of the most common relative value encoding models: range adaptation and divisive normalisation. For completeness, we also include a fully contrastive, binary valence model. The higher the correlation between participants' RDMs and the model RDMs – the better the model RDMs describe participants' representation of value.

The first relative model ('Valence', Fig 3E) formalizes the extreme 'good vs bad' encoding mentioned in the introduction. The better option in each local context is encoded as 'good' and the worse option as 'bad'. The second relative model ('Range adaptation', Fig 3F) formalizes range-adaptation encoding, a highly successful class of context-dependent encoding schemes<sup>10,16</sup>.

Accordingly, the value of the left item equals  $\frac{\text{item}^{\text{left}}}{\max(\text{item}^{\text{left}}, \text{item}^{\text{right}})}$  (and vice versa for the right item).

Note that this model scales values within local contexts to the interval  $[\frac{\min(V)}{\max(V)}, 1]$ , rather than the interval  $[0,1]$ . This is necessary here as with only two items, the full range adaptation model (e.g.<sup>16</sup>) would otherwise reduce to the valence model. The third relative model ('Divisive normalisation', Fig 3G) formalizes the divisive normalisation encoding highlighted in the Introduction. Here the value of the left item equals  $\frac{\text{item}^{\text{left}}}{1 + \text{item}^{\text{left}} + \text{item}^{\text{right}}}$  (and vice versa for the right item). We formalize absolute-like context-independent encoding, as the expected value for items. For example, Item<sub>2</sub> is encoded as 180 because Item<sub>2</sub> ~ N(180,18).

As can be seen in Figure 3, the three relative RDMs (E-G) have clusters of items that are objectively similar in value but are nonetheless encoded as highly dissimilar. For example, all the relative models capture the 'irrational' value encoding, by which 280 (Item<sub>2</sub>) is encoded as more

similar to 330 (Item<sub>4</sub>) than to 300 (Item<sub>3</sub>). The ‘irrational’ dissimilarity structure follows from the context-dependent encoding of value formalized in the relative value models.

In Figure 3, we first highlight qualitative similarities between the Uncrossed group’s RDM and the relative model RDMs (E-G), and between the Crossed group (D) and the Absolute model RDM (H). For example, the items with values 250 and 280 are encoded as highly dissimilar in the Uncrossed RDM (C) - as it is in the relative models (E-G). The Absolute RDM (H), on the other hand correctly encodes this pair as similar, as does the Crossed group RDM (D). This pattern contrasts with the gradient of increasing dissimilarity between 390 and the other items in the Crossed RDM (D). The Uncrossed RDM does not exhibit this gradient (C). Finally, it is clear that both groups encode value in a format that goes beyond mere valence encoding (c.f., Fig 3E, and A-B). Thus, participants in both groups encode and retain at least some value magnitude information.

Next, we turned to the key quantitative comparison. We contrasted the correlations between each model and the two groups which takes individual differences into account. As per standard practice<sup>33</sup>, model RDMs were compared to the RDMs derived from participants’ behaviour using rank-correlations (Methods). A large positive correlation between a participant’s RDM and a given model RDM, shows that their representation of value is well accounted for by the model in question. For presentation purposes, we focus on the two relative models that capture key aspects of participants value representation: range-adaptation and divisive normalisation.

The Crossed group learned a more absolute value representation than the Uncrossed group: both compared to the Range-adaptation model ( $t(44) = 2.97, p = .005, CI = .15 - .77, d = .88$ ) and the Divisive normalisation model ( $t(44) = 2.57, p = .014, CI = .10 - .85, d = .76$ ).

Fig 4A-B plots model-participant RDM similarities expressed as partial Spearman Correlation Coefficients (thus discounting shared variance between models, Methods). Because the Range-adaptation and the Divisive normalisation RDMs were highly correlated, we ran separate analyses contrasting each with the Absolute RDM. Symbols in Fig. 4 reflect group averages, and grey lines reflect individual participants.

For the Uncrossed group (A), no model consistently outperforms another, indicated by the mix of slopes. In the Crossed group, however, most participants are substantially better accounted for

by absolute encoding (upward sloping lines), indicating that most participants changed their encoding strategy towards an absolute code.

Fig 4C shows the within-group contrast between the Absolute model and the two relative models from Fig 4A-B. Positive  $\Delta r$  indicate evidence in favour of the absolute model, and negative indicate evidence in favour of the relative model. As can be seen, no model is consistently favoured in the Uncrossed group (CI's overlap 0). However, in the Crossed group, the absolute model is favoured (CIs do not overlap 0).

The previous analyses additionally used a partial correlation approach to rule out the contribution of any shared variance. Fig 4D plots identical analyses, except that they were carried out on independently run correlations. That is, model-by-participant correlations were evaluated independently for the relative encoding models. As can be seen, the results persist with independent correlations. The Crossed group learnt a more absolute value representation than the Uncrossed group: whether one considers the Range-adaptation RDM ( $t(44) = 3.23, p = .002, CI = .21 - .92, d = .95$ ), or the Divisive normalisation RDM ( $t(44) = 2.88, p = .006, CI = .13 - .74, d = .85$ ).

Jointly, the results so far show that people 1) adapt their learning to expected task demands (difference between groups despite identical learning Phases), and 2) only learn absolute-like value representations when a relative representation is expected to be insufficient for the task at hand (i.e., in the 'Crossed' group).

## **Choice and value representation in a binomial task**

Next, we turned our focus to a binomial decision task akin to many decision-making tasks in the field of reinforcement learning. Although economic values often come from continuous distributions as in Experiment 1 (e.g., market prices, food quantities, etc.), laboratory tasks often involve binomial outcome distributions<sup>15,37-39</sup>. Next, we therefore sought to establish whether people can also flexibly tune their value-learning mechanism for binomial outcome distributions.

As can be seen in Fig 5A, key design features were kept identical to Experiment 1: learning experiences were identical across conditions, Phase 1 was designed to set participants' expectations for Phase 2 in a condition-dependent manner (Crossed vs Uncrossed), and learnt values were assessed



in separate surprise tasks (All possible pairs, Value judgement) as before, with the notable exceptions that value distributions were binomial, the number of ‘samples’ from each distribution was fixed across participants, and the experiment was run online (Methods).

Based on Experiment 1, we predicted that the Crossed group would show 1) better All-pairs task performance, 2) improved choice for the single diagnostic item pair in this experiment and 3) more absolute-like value representations – compared to the Uncrossed group. We ran an initial Experiment, which broadly confirmed these predictions, but which was underpowered to find a between-group effect of moderate size. We therefore ran a better powered pre-registered replication on which we report next (see Supplementary Results I for the results of the initial experiment).

As can be seen in Fig 5B, choice performance was significantly above chance (CIs do not overlap .5, see also Supplementary Results II) in both groups. As in Experiment 1, the Crossed group made significantly better decisions when choosing between All-pairs following learning (Fig. 5B,  $t(222) = 2.30$ ,  $p = .011$ ,  $CI = .011 - \text{inf}$ ,  $d = .31$ , one-tailed unpaired t-test). Next, we further constrained our comparison to those item pairs for which a divisive normalisation model would make opposing predictions to an absolute value code (see Supplementary Methods II, Fig. S3). Figure 4C shows choice accuracy only for those stimulus-pairs. Even for this restricted analysis, for which choosing is more difficult (differences between values are smaller, Fig. S3A) choice performance was significantly above chance in both groups (non-overlapping CIs, Fig 5C). However, for this sub-selection, the Crossed group again made better decisions than the Uncrossed group ( $t(222) = 3.56$ ,  $p < .001$ ,  $CI = .073 - \text{inf}$ ,  $d = .48$ ). Restricting the analysis further to the single diagnostic stimulus pair (Supplementary Methods II) replicates Experiment 1 (Fig 5D): Crossed group participants chose the higher-value option more frequently than Uncrossed (Fig. 5C;  $U = 4722$ ,  $p < .001$ ,  $r = .25$ , one-tailed Mann-U Whitney test).

Next, we turned our attention again to the RSA analyses. Fig 6A,B show the group-wise average RDMs for Experiment 2. As in Experiment 1, Fig 6C-D highlight similarities between the empirical average RDMs and the model RDMs. As can be seen, and as in Experiment 1, participants’ value representation was not consistent with a Valence code (Fig 6E, see Supplementary Results IV, Fig. S17, for the overall judgments).

However, as in Experiment 1, the Crossed group learned a more absolute value representation than the Uncrossed group: whether one considers the Range-adaptation RDM ( $t(222) = 3.25, p < .001$ , lower  $CI = .17$ , upper  $CI = \text{inf}$ ,  $d = .43$ ), or the Divisive normalisation RDM ( $t(222) = 3.09, p = .001$ , lower  $CI = .15$ , upper  $CI = \text{inf}$ ,  $d = .41$ ).

Comparing the empirical RDMs to the finer-grained model RDMs, the ‘cross-type’ pattern in the two-remaining relative RDMs (Fig 6F-H) is evident in Uncrossed group (Fig. 6C), but largely absent in the Crossed group (Fig. 6D). The latter instead seems to reflect a gradient of dissimilarity approximating the underlying outcome probabilities as in the Absolute Model (.1 vs the remaining item values, Fig. 6C).

Next, we turned to our partial correlation analyses, plotted in Fig 7A-B. For the Uncrossed group (A), there was a trend towards the relative models performing better than the absolute model. However, as in Experiment 1, no model consistently outperformed another (mix of sloped lines). In the Crossed group, however, participants were substantially better accounted for by absolute encoding (upward sloping lines); regardless of whether the comparison is a Range adaptation or a Divisive normalisation RDM.

Fig. 7C shows the within-group contrast between the Absolute model and the two relative models from the data in Fig. 7A-B. Positive  $\Delta r$  indicate evidence in favour of the absolute model, and negative indicate evidence in favour of the relative model. As can be seen, no model is consistently favoured in the Uncrossed group (though the Range adaptation RDM is close to significant, Fig. 7C,  $p = .071$ ). However, in the Crossed group, the absolute model is clearly favoured (CIs do not overlap 0).

Fig. 7D shows an analysis identical to that in Fig. 7C except that it has been carried out on independently run correlations. As can be seen, the results persist with independent correlations. The Crossed group learned a more absolute value representation than the Uncrossed group: whether one considers the Range-adaptation RDM ( $t(222) = 3.01, p = .002$ , lower  $CI = .05$ , upper  $CI = \text{inf}$ ,  $d = .40$ ), or the Divisive normalisation RDM ( $t(222) = 3.15, p < .001$ , lower  $CI = .02$ , upper  $CI = \text{inf}$ ,  $d = .42$ ).

In summary Experiment 2 replicated and generalised the results of Experiment 1, using an online study with binomial outcome distributions. Choice task data showed that the Crossed group

learned a different value representation than the Uncrossed group – despite identical learning experiences. The choices in the Crossed group were on average better than those in the Uncrossed group and were better specifically for item pairs for which an absolute-like representation will result in improved choice. The RSA analyses further show that the Crossed group learned an absolute-like representation, and that they learned a more absolute-like representation than the Uncrossed group.

## Discussion

We sought to reconcile the theoretical and empirical tension between two diametrically opposing accounts of value learning and encoding: a context-independent but potentially computationally costly absolute value representation<sup>1,2,4</sup>, and an efficient local, but potentially irrational, relative value representation<sup>7,11,13,15</sup>. We proposed that humans (and possibly other animals) do not use a single fixed mechanism – learning either absolute or relative value codes – but adapt their learning to expected task demands in an efficient and rational manner: learning sufficient and necessary value representations.

We tested this hypothesis in two human value-learning experiments: one involving normally distributed values and the other involving binomial outcomes. In each study, the first Phase was equivalent to the full experience of participants in many experimental paradigms<sup>(e.g., 15,37)</sup>. The second Phase gave participants the chance to use their prior experience with the task to tune their learning mechanism to optimise task performance. Phase 2 thus mimicked the opportunity to adapt and tune learning mechanisms that arise in many real-life tasks (and which are performed more than once).

Despite identical learning experiences, the two groups learned different value codes. Specifically, across the two studies, the Crossed group made decisions that are consistent with a higher-fidelity representation (Figs. 3,6), made fewer irrational choices (Fig. 2,5), and learned value representations that were more absolute-like than the Uncrossed group (Fig. 4,7). Importantly, participants consistently learned more absolute representations only when it was expected to be useful. Thus, people do not learn either absolute or relative value codes but adapt their learning to what they expect to use the code for.

Nevertheless, the reliable group differences were not always reflected at the individual level. In the Uncrossed condition, many participants appeared to have learnt absolute-like codes. This may be driven by the fact that both absolute and relative codes yield good results for the Uncrossed group. Thus, whichever code participants favour as their “default” would be expected to persist. In the Crossed condition some participants appeared to have learnt relative codes. This may be driven by different factors beyond the scope of our current study: by cognitive capacity limitations<sup>40</sup>, intrinsic computational noise<sup>41,42</sup>, or by mechanisms relating to working memory or attention<sup>43,44</sup>. Future work might manipulate task demands and difficulty<sup>38,45, (c.f. 46</sup> to address individual differences in value encoding.

A second outstanding question is the learning mechanisms that give rise to the flexible and adaptive value representations we observe. Our studies were designed for well-controlled measurement of value representation following learning. The trade-off is that the design is not effective in characterizing learning mechanisms themselves - as opposed to the codes they give rise to. Nevertheless, our design allowed us to successfully recover the relative and absolute models in simulations, thus supporting our key RDM contrasts (Supplementary Results VII).

It is possible that a single mechanism underlies the observed flexibility in value encoding. Such a mechanism could be implemented with a free parameter governing the extent to which learning is relative in the Divisive normalisation model, such that  $\text{item}^{\text{left}} = \frac{\text{item}^{\text{left}}}{1+w*(\text{item}^{\text{left}}+\text{item}^{\text{right}})}$ , where  $w$  is a free parameter between 0 (for wholly absolute encoding) and 1 (for wholly relative encoding). However, it is also possible that mechanisms rely at least in part on different cognitive substrates as in, for example, model-based and model-free learning<sup>47-49</sup>. Future work is needed to address the question of mechanism, and perhaps more importantly mechanism selection, which likely requires higher-level cognition and monitoring of expectations. Our experiments were designed to tests for coarse between-group differences in encoding, allowing us to ask: Is value encoding adaptive, and if so – is it rationally adaptive? Thus, further work is needed to allow more precise classification of learning and encoding mechanisms.

Finally, extrapolating beyond the behavioural data at hand, one might reasonably expect that relative values behave in a way similar to “cached” values in Reinforcement Learning, in the sense that they incorporate context into their code (without later being able to retrieve context values), whereas absolute-like encoding may rely on memory systems that separate item and context representations, allowing the system to flexibly combine them at decision time. In this sense, one might expect the absolute-like representation to preferentially recruit hippocampal-medial prefrontal circuits, whereas relative encoding may rely more heavily on striatal-prefrontal circuits, as approximately in the model-free / model-based distinction in RL<sup>49</sup>. However, further research is needed to identify the neural mechanisms arbitrating between the two encodings.

In summary, our results highlight the highly dynamic and rational nature of value representation: humans do not simply have a single, fixed form of representation, but rather adjust their code in a rational<sup>50-52</sup> manner according to expected task demands. Further, our findings highlight that both absolute and relative codes previously found can potentially be explained by the fact that participants infer which code would be sufficient for the current task.

## Methods

### Experiment 1 - Participants

The study complied with all relevant ethical regulations and was approved by the local ethics committee at City, University of London. Sixty participants (37 female) were recruited via the local participation panel. Participants provided written informed consent and were debriefed. Participants had normal, or corrected-to-normal, vision, were fluent in English, healthy (no known physical or psychological conditions), and between 18-45 years old. No statistical methods were used to pre-determine sample sizes, but our sample sizes are similar to those in previous work<sup>10,15</sup>.

Participants were reimbursed for their time and were paid a performance-related bonus: a base pay of £5 and an additional bonus between £0 and £6. The average bonus was for a total of £2.78 (range £0-6). The performance bonus was determined by choice performance across all Decision Phases as well as during the final two tasks. The greater the number of high-value choices, the greater the bonus, and the closer the judgement to the true item value the higher the bonus.

We excluded participants who did not fulfil minimal task requirements. Criteria apply to the Learning phases only (Fig 1A,B), and are therefore orthogonal to the target behaviour in the final tasks (Fig 1A). Exclusion criteria were based on 1) sampling behaviour and 2) below-chance performance for the preliminary decisions in the first sampling phase. Participants who only sampled once (or fewer times), per item per item-pair sampling opportunity, were excluded (Learning 1-2, Fig 1). This cut-off represents  $\leq 18$  samples per Context and is far lower than the median of 123 ( $IQR=118$ ) and 143 ( $IQR=91$ ) for Phase 1 and 2 respectively. There were 9 preliminary decisions in the first Phase (3 pairs presented three times each, Fig 1A,B). Someone who responded randomly when making these decisions, would be expected to achieve a choice accuracy between .22 and .78 (with a mean choice accuracy of .5). This range reflects the lower and upper 95% confidence interval on a hypothetical agent who responds randomly (i.e., selects each option with  $p = .5$ ). Participants who performed worse than the upper confidence interval (i.e., did not achieve at a greater choice accuracy than expected by chance) were excluded.

In summary, we excluded participants who showed no or little evidence of learning – a precondition for encoding value (whether in an absolute or relative form). In total, fourteen participants met one or both exclusion criteria for a final sample size of  $n=46$ : 24 of which had been assigned to the Uncrossed condition, and 22 of which had been assigned to the Crossed condition.

## **Experiment 1 - Materials**

Participants took on the role of a consultant to a manufacturer of reproduction items in two different contexts (antiques/cars, Fig 1). The item-values and item-pairs were Phase-specific (Fig 1A). However, the mapping of item type (antiques/cars) to Phase, the mapping of specific items (e.g., typewriter) to item-values (e.g.,  $N(180,18)$ ), and the side on which items were presented during sampling, were all randomized across participants.

Item-values (Fig 1A) were selected primarily so that absolute-value and relative-value representations dissociate (Supplementary Methods I-II, Fig. S1-3), and secondarily to achieve a balance between task-difficulties in the Learning and Decision phases (Supplementary Methods III, Fig. S4-7). A single sample from one item resulted in a draw from the corresponding normal value distribution (truncated at  $\pm 2$  SD). The Learning phases (Fig 1A,B,D) were self-paced, and participants

had a wide range of different strategies as evidenced by the wide range of the number of samples drawn (range Phase 1: min=48, max=478; range Phase 2; min=32, max=509).

The Decision phases (Fig 1A,C,D) involved 18 decisions per Phase. The Uncrossed group decided between the pairs they had experienced during sampling (repeated 6 times = 18 decisions). The Crossed group made decisions between novel pairs (6 novel pairs x 2 = 12 decisions, see Fig 1 for examples), in addition to learnt pairs (3 pairs x 2 = 6 decisions).

The two final tasks (Fig 1A,E) were identical across groups. The All-possible pairs task involved 15 pairs, representing a full factorial combination of all possible pairs from Phase 2 (excluding identical pairs), repeated three times for a total of 45 pairs. The Value judgment task involved the 6 items in Phase 2, presented one at a time along with a slider-interface (min=100, max=450). For all tasks, the presentation order and presentation side (where applicable) were randomized across participants.

## **Experiment 1 Procedure**

Participants read the information sheet, provided written informed consent, and completed the tasks. After completing the behavioural tasks, participants completed three questionnaires. These formed parts of one author's MSc dissertation project and are not reported on here.

## **Experiment 1 Apparatus**

Stimuli were displayed on a touchscreen (Iiyama T2245MSC) and code was written in MATLAB (Mathworks) using PsychToolbox<sup>53</sup> on Linux (Xubuntu 18.04) with a soft real-time kernel.

## **Experiment 2 Participants**

The study was approved by the local ethics committee at City, University of London. Participants were recruited via Prolific Academic, fully informed, provided written informed consent and were debriefed. Participants were between the age of 18 and 40, were UK residents, were healthy (no ongoing mental health conditions, dementia/mild cognitive impairment, no daily impact of mental illness), had not participated in similar studies of ours, had a minimum approval rate on Prolific of 99 and minimum of 10 submissions. We sought to include a minimum of 280 participants, conditional on having at least 100 participants in each condition passing post-completion exclusion criteria. The sample size was determined based on power calculations, which in turn were based on the pilot study

(*Supplementary Results I*). Power calculation, exclusion criteria, and sampling strategy were all pre-registered (<https://osf.io/xjsmh>).

Online panels provide little experimental control and the potential for poor participant engagement (see also discussion in *Supplementary Results VI*). To minimise this issue, we employed an initial check that participants had read and understood task instructions. To be eligible, potential participants had to answer 8 multiple-choice questions correctly. In addition, participants were allowed to make only one error in the first Decision block for the stimuli they had just learnt about. Specifically, if after experiencing 10 learning trials per item-pair, participants were unable to choose the higher value items 2 out of the first 3 presentations the study ended prematurely, and participants pay was pro-rated. We chose to allow 1 error as even engaged participants might be expected to make mistakes especially for the more difficult stimulus pair (.8 vs .9). In total 888 participants expressed interest and 352 completed the full study. Most non-completers (92%) failed the initial knowledge test.

Participants were reimbursed for their time and were paid a performance-related bonus. Participants were paid a base pay of £2.92 for participation (the experiment took ~35 mins) and an additional bonus between £0 and £2.92. The average bonus was £1.46 (range £0.50–£2). The performance bonus was determined by choice performance across all Learning, Decision Phases and the final two tasks. Correct choices in the Decision phases and the All-pairs task were weighted x10 compared to Learning. This was done to encourage participant engagement for the tasks which did not involve feedback. In general, the reward structure was as in Experiment 1 in that the greater the number of high-value choices, the higher the bonus, and the closer the judged value to the true item value, the higher the bonus.

In addition to the pre-registered *a priori* exclusions, we also employed pre-registered exclusion criteria based on participants' not fulfilling minimal task performance criteria after completing the full study. Because each participant experienced the same number of trials, sampling behaviour cannot be used for excluding disengaged participants (unlike in Experiment 1). Instead, we excluded participants who did not learn to choose among the pairs experienced during Learning. All participants were trained on the following binomial probability pairs: [.1 vs .6], [4 vs .7] and [.8 vs



.9.] - irrespective of condition. We excluded participants who made more than two errors in two repeats of these three pairs (i.e., more than 2/6 errors) at the end of the experiment (in the All-pairs task). In other words, we include only participants who showed evidence of encoding these learning phases for later recall. Note that these exclusion criteria are orthogonal to the question of absolute and relative value codes. Both absolute and relative models of learning will allow participants to learn to choose between the items in the Learning phase. In other words, choices between items of pairs that participants directly learned about - unlike novel combinations of the component items - are not diagnostic with regards to value representation.

Applying these exclusion criteria, which are orthogonal to which model participants may use to encode value, leaves N=224 participants of which n=119 participants were from the Uncrossed group and n=105 were from the Crossed group. That is, it resulted in the exclusion of ~36% of participants. We report analyses also including these excluded participants in Supplementary Results VI and note that these analyses replicate those reported in the main text.

## **Experiment 2 Materials and Procedure**

Experiment 2 was a pre-registered version of a previous study (<https://osf.io/xjsmh>). As in Experiment 1, participants took on the role of a consultant to a manufacturer of reproduction items in two different contexts (antiques/cars, Fig 4). Key design features were identical to Experiment 1. However, outcomes were binomial (successful sale/unsuccessful sale), the task was not self-paced, and the learning experience was not ‘blocked’ by item-pairs (item-pairs were randomly intermixed during learning) and involved a relatively rapid stimulus display sequence.

In the Learning Phases, participants saw each item pair presented side-by-side (~1 sec), followed by a response phase in which participants had ~1.5 second to make a choice, followed by sequential feedback, in which the chosen item was presented first followed by the unchosen item. Outcome feedback was in the form of a green double-rectangle image outline (successful sale) or a single-rectangle red image outline (unsuccessful sale).

Experienced outcomes matched the expected outcome of the binomial distributions (Fig 4A). This was achieved by pre-allocating and shuffling an outcome vector (of 1’s and 0’s) for each item. This design minimizes the impact of sampling error<sup>54</sup> on differences between participants and/or

conditions. There were two learning blocks per Learning Phase. In each block each pair was presented 10 times, for a total of 30 trials per block and 60 trials per Phase. The presentation order was randomized.

Each of the two blocks of Decision trials (two for each Learning Phase), involved 12 decisions without feedback. The Uncrossed group made decisions between pairs experienced during learning (3 pairs x 4). In addition to experienced pairs (3 pairs presented once), the Crossed group made decisions also between novel pairs composed of items from different learning pairs (9 novel pairs, randomized across participants). Thus, each group experienced 24 Decision trials per Learning Phase.

The two final tasks (Fig 1A,E) were identical across groups. The All-possible pairs task involved 15 pairs, representing a full factorial combination of all possible pairs from Phase 2 (excluding identical pairs), repeated twice (controlling for presentation side) for a total of 30 pairs. The Value judgment task involved the 6 items in Phase 2, presented one at a time along with a slider-interface (min=0%, max=100%) representing the probability of an item selling. The presentation order and presentation side (where applicable) were randomized across participants for all tasks.

## **Design and Statistical Analyses – Experiment 1 & 2**

Both experiments used a between-subject design with participants assigned randomly and blindly to one of two conditions: Uncrossed and Crossed. Our analyses focus on differences between the two groups for the two final tasks and within-task contrasts against reference magnitudes.

The primary inferential statistic was the t-test. T-tests are relatively robust and were used whenever feasible. For data with clear deviations from parametric assumptions (e.g., Fig 2B), less powerful non-parametric tests were used. To rule out potential limits to t-test robustness affecting inferences we also ran all our t-tests reported here using non-parametric tests (all resulting in the same conclusion as the t-test). We also report 95% CIs (parametric or bootstrapped) for all descriptive statistics here. CIs can be used for inference by comparing them to reference magnitudes. For example, if the mean choice accuracy is above .5, and the 95% CI of that mean does not overlap .5, choice performance was significantly greater than chance.

All reported tests for Experiment 1 are two-tailed. Predictions for Experiment 2 were pre-registered (<https://osf.io/xjsmh>) and derived from results from Experiment 1, and the initial pilot

version of Experiment 2 (Supplementary Results I), and all between-group contrasts were one-tailed. Reported effect sizes are Cohen's  $d$  for t-tests ( $\geq .2$  small,  $\geq .5$  medium,  $\geq .8$  large) and rank-biserial correlation  $r$  for non-parametric tests ( $\geq .1$  small,  $\geq .3$  medium,  $\geq .5$  large).

Standard RSA protocols<sup>33</sup> were followed. Empirical value RDMs were computed as the Euclidean distance between each participant's value judgements. Average RDMs were computed by averaging (arithmetic mean) over participants' RDMs separately for each group. Model RDMs were computed as the Euclidean distance between item values defined by the relevant model equations (Main Text). For display purposes RDMs were rank-transformed (equal stays equal) and scaled to 0-1, where 0 implies identical item-values and 1 means maximally dissimilar item-values.

We computed the similarity between model RDMs and participant RDMs by partial correlation (Spearman). Partial correlation accounts only for unique variance. This means that a correlation between one model RDM and a participant's RDM cannot be explained by the second model RDM. Because our interest lay in dissociating absolute from relative encoding (not distinguishing between various relative models), and because relative models were highly correlated, we performed these analyses separately for each contrasting relative model (Fig 4 & 7). We also performed analyses with independent correlations (i.e., any shared variance between models is not taken into account). Like the partial correlation analyses, these used the Spearman correlation coefficient. For all correlational analyses, large positive  $r$ 's imply a high degree of similarity between participants value representation and model RDMs (and  $r = 0$  implies no relationship).

For the key statistical analysis, to establish whether the evidence in favour of the absolute model over the relative model was greater in the Crossed group than the Uncrossed group, we computed the difference between the absolute and the relative models independently for each group and contrasted those differences with t-tests. A positive difference in  $r$  indicates evidence in favour of absolute encoding and a negative difference in  $r$  indicates evidence in favour of relative encoding. These differences can also be used to infer whether there was a tendency to favour relative or absolute encoding within each group by contrasting the 95% CIs of those averages differences to 0.

All statistical analyses were performed in MATLAB 2021b (MathWorks).

605

606

#### Data availability

607

Data is available online on OSF (<https://osf.io/h32u6/>).

608

609

#### Code availability

610

Analysis code is available on OSF (<https://osf.io/h32u6/>).

611

612

#### References

613

1. Morgenstern, O. & Von Neumann, J. *Theory of games and economic behavior*. (Princeton

614

university press, 1953).

615

2. Stephens, D. W. & Krebs, J. R. *Foraging theory*. vol. 1 (Princeton University Press, 1986).

616

3. Sutton, R. S., Barto, A. G., & others. *Introduction to reinforcement learning*. vol. 135 (MIT press

617

Cambridge, 1998).

618

4. Tversky, A. & Kahneman, D. Advances in prospect theory: Cumulative representation of

619

uncertainty. *Journal of Risk and uncertainty* **5**, 297–323 (1992).

620

5. Olsen, S. R., Bhandawat, V. & Wilson, R. I. Divisive Normalization in Olfactory Population

621

Codes. *Neuron* **66**, 287–299 (2010).

622

6. Heeger, D. J. Normalization of cell responses in cat striate cortex. *Vis Neurosci* **9**, 181–197 (1992).

623

7. Khaw, M. W., Glimcher, P. W. & Louie, K. Normalized value coding explains dynamic adaptation

624

in the human valuation process. *Proc Natl Acad Sci USA* **114**, 12696–12701 (2017).

625

8. Karni, E., Schmeidler, D. & Vind, K. On State Dependent Preferences and Subjective

626

Probabilities. *Econometrica* **51**, 1021 (1983).

627

9. Pompilio, L., Kacelnik, A. & Behmer, S. T. State-Dependent Learned Valuation Drives Choice in

628

an Invertebrate. *Science* **311**, 1613–1615 (2006).

629

10. Bavard, S., Rustichini, A. & Palminteri, S. Two sides of the same coin: Beneficial and

630

detrimental consequences of range adaptation in human reinforcement learning. *Sci. Adv.* **7**,

631

eabe0340 (2021).

- 632 11. Carandini, M. & Heeger, D. J. Normalization as a canonical neural computation. *Nat Rev*  
633 *Neurosci* **13**, 51–62 (2012).
- 634 12. Normann, R. A. & Werblin, F. S. Control of retinal sensitivity: I. Light and dark adaptation of  
635 vertebrate rods and cones. *The Journal of general physiology* **63**, 37–61 (1974).
- 636 13. Stewart, N., Chater, N. & Brown, G. D. A. Decision by sampling. *Cognitive Psychology* **53**, 1–26  
637 (2006).
- 638 14. Yamada, H., Louie, K., Tymula, A. & Glimcher, P. W. Free choice shapes normalized value  
639 signals in medial orbitofrontal cortex. *Nat Commun* **9**, 162 (2018).
- 640 15. Klein, T. A., Ullsperger, M. & Jocham, G. Learning relative values in the striatum induces  
641 violations of normative decision making. *Nat Commun* **8**, 16033 (2017).
- 642 16. Palminteri, S. & Lebreton, M. *Context-dependent outcome encoding in human reinforcement*  
643 *learning*. <https://osf.io/4qh2d> (2021) doi:10.31234/osf.io/4qh2d.
- 644 17. Rigoli, F. Reference effects on decision-making elicited by previous rewards. *Cognition* **192**,  
645 104034 (2019).
- 646 18. Rigoli, F., Mathys, C., Friston, K. J. & Dolan, R. J. A unifying Bayesian account of contextual  
647 effects in value-based choice. *PLoS Comput Biol* **13**, e1005769 (2017).
- 648 19. Ciranka, S. *et al. Asymmetric learning facilitates human inference of transitive relations*.  
649 <http://biorxiv.org/lookup/doi/10.1101/2021.04.03.437766> (2021)  
650 doi:10.1101/2021.04.03.437766.
- 651 20. Gluth, S., Kern, N., Kortmann, M. & Vitali, C. L. Value-based attention but not divisive  
652 normalization influences decisions with multiple alternatives. *Nature Human Behaviour* **4**, 634–  
653 645 (2020).
- 654 21. Rustichini, A., Conen, K. E., Cai, X. & Padoa-Schioppa, C. Optimal coding and neuronal  
655 adaptation in economic decisions. *Nat Commun* **8**, 1208 (2017).
- 656 22. Bhui, R. & Gershman, S. J. Decision by sampling implements efficient coding of  
657 psychoeconomic functions. *Psychological Review* **125**, 985 (2018).
- 658 23. Polanía, R., Woodford, M. & Ruff, C. Efficient coding of subjective value. *Nature Neuroscience*  
659 **22**, 134–142 (2019).

- 660 24. Pompilio, L. State-Dependent Learned Valuation Drives Choice in an Invertebrate. *Science* **311**,  
661 1613–1615 (2006).
- 662 25. Kool, W., Gershman, S. J. & Cushman, F. A. Cost-Benefit Arbitration Between Multiple  
663 Reinforcement-Learning Systems. *Psychol Sci* **28**, 1321–1333 (2017).
- 664 26. Griffiths, T. L. *et al.* Doing more with less: meta-reasoning and meta-learning in humans and  
665 machines. *Current Opinion in Behavioral Sciences* **29**, 24–30 (2019).
- 666 27. James, W. *The principles of psychology*. vol. 1 (Henry Holt & Co, 1890).
- 667 28. Anderson, J. R. *The adaptive character of thought*. (Psychology Press, 2013).
- 668 29. Payne, J. W., Bettman, J. R. & Johnson, E. J. *The adaptive decision maker*. (Cambridge  
669 university press, 1993).
- 670 30. Anderson, J. (1990). The adaptive character of thought. *Hillsdale, NJ: Erl-baum*.
- 671 31. Kahneman, D. & Tversky, A. Prospect Theory: An Analysis of Decision under Risk.  
672 *Econometrica* **47**, 263–292 (1979).
- 673 32. Kriegeskorte, N., Goebel, R. & Bandettini, P. Information-based functional brain mapping.  
674 *Proceedings of the National Academy of Sciences* **103**, 3863–3868 (2006).
- 675 33. Nili, H. *et al.* A Toolbox for Representational Similarity Analysis. *PLoS Comput Biol* **10**,  
676 e1003553 (2014).
- 677 34. Luyckx, F., Nili, H., Spitzer, B. & Summerfield, C. Neural structure mapping in human  
678 probabilistic reward learning. 1–16 (2018) doi:10.1101/366757.
- 679 35. Sheahan, H., Luyckx, F., Nelli, S., Teupe, C. & Summerfield, C. *Neural state space alignment for*  
680 *magnitude generalisation in humans and recurrent networks*.  
681 <http://biorxiv.org/lookup/doi/10.1101/2020.07.22.215541> (2020)  
682 doi:10.1101/2020.07.22.215541.
- 683 36. Hunt, L. T. *et al.* Triple dissociation of attention and decision computations across prefrontal  
684 cortex. *Nature neuroscience* **21**, 1471–1481 (2018).
- 685 37. Hertwig, R., Barron, G., Weber, E. U. & Erev, I. Decisions From Experience and the Effect of  
686 Rare Events in Risky Choice. *Psychological Science* **15**, 6 (2004).

38. Bavard, S., Rustichini, A. & Palminteri, S. The construction and deconstruction of sub-optimal preferences through range-adapting reinforcement learning.
39. Hotaling, J. M., Jarvstad, A., Donkin, C. & Newell, B. R. How to Change the Weight of Rare Events in Decisions From Experience. *Psychol Sci* **30**, 1767–1779 (2019).
40. Shenhav, A. *et al.* Toward a rational and mechanistic account of mental effort. *Annual review of neuroscience* **40**, 99–124 (2017).
41. Prat-Carrabin, A. & Woodford, M. *Efficient coding of numbers explains decision bias and noise*. <http://biorxiv.org/lookup/doi/10.1101/2020.02.18.942938> (2020)  
doi:10.1101/2020.02.18.942938.
42. Juechems, K., Balaguer, J., Spitzer, B. & Summerfield, C. Optimal utility and probability functions for agents with finite computational precision. *Proceedings of the National Academy of Sciences* **118**, (2021).
43. Spektor, M. S., Gluth, S., Fontanesi, L. & Rieskamp, J. How similarity between choice options affects decisions from experience: The accentuation-of-differences model. *Psychological Review* **126**, 52–88 (2019).
44. Collins, A. G. E. & Frank, M. J. How much of reinforcement learning is working memory, not reinforcement learning? A behavioral, computational, and neurogenetic analysis: Working memory in reinforcement learning. *European Journal of Neuroscience* **35**, 1024–1035 (2012).
45. Hayes, W. M. & Wedell, D. H. Regret in experience-based decisions: The effects of expected value differences and mixed gains and losses. *Decision* **8**, 277–294 (2021).
46. Edwards, D. J., Pothos, E. M. & Perlman, A. Relational versus absolute representation in categorization. *Am J Psychol* **125**, 481–497 (2012).
47. Collins, A. G. E. & Cockburn, J. Beyond dichotomies in reinforcement learning. *Nat Rev Neurosci* **21**, 576–586 (2020).
48. Russek, E. M., Momennejad, I., Botvinick, M. M., Gershman, S. J. & Daw, N. D. Predictive representations can link model-based reinforcement learning to model-free mechanisms. *PLoS Comput Biol* **13**, e1005768 (2017).

49. Koechlin, E. Prefrontal executive function and adaptive behavior in complex environments. *Current Opinion in Neurobiology* **37**, 1–6 (2016).
50. Gershman, S. J., Horvitz, E. J. & Tenenbaum, J. B. Computational rationality: A converging paradigm for intelligence in brains, minds, and machines. *Science* **349**, 273–278 (2015).
51. Hunter, L. E. & Gershman, S. J. *Reference-dependent preferences arise from structure learning*. <http://biorxiv.org/lookup/doi/10.1101/252692> (2018) doi:10.1101/252692.
52. Lieder, F., Shenhav, A., Musslick, S. & Griffiths, T. L. Rational metareasoning and the plasticity of cognitive control. *PLoS Comput Biol* **14**, e1006043 (2018).
53. Kleiner, M., Brainard, D. & Pelli, D. What's new in Psychtoolbox-3? (2007).
54. Fox, C. R. & Hadar, L. “Decisions from experience” = sampling error + prospect theory: Reconsidering Hertwig, Barron, Weber & Erev (2004). *Judgment and Decision Making* **1**, 3 (2006).

### Acknowledgements

Andreas Jarvstad was supported by a British Academy Postdoctoral Fellowship in developing this research (D-MAD, PF150005). The funders had no role in study design, data collection and analysis, decision to publish or the preparation of the manuscript. We thank Peter Barr for programming Experiment 2. We thank the Palminteri lab for helpful suggestions on these data. We thank Sebastian Gluth and the two other anonymous reviewers for helpful comments.

### Author Contributions

KJ, AJ designed the research; TA, RH conducted the research; AJ analysed the data; KJ, AJ contributed materials/analysis tools and wrote the paper.

### Competing Interests

The authors declare no competing interests.

### Figure legends



**Figure 1.** Experiment 1 Design and Tasks. (A) Each participant was double-blindly assigned to either the Uncrossed (green) or the Crossed (blue) group. There were two Phases, which were structurally identical, but with different market values and item types. The mapping between item types and context was randomized across participants, as was the item-value mapping, and item type was counterbalanced. In each Phase, participants first learnt market values of 6 items (antiques or vintage cars) arranged into 3 pairs. The notation in the panel indicates the normal value distributions from which experienced samples were drawn:  $N(M,SD)$  where  $M$  is the mean and  $SD$  the standard deviation. Samples were truncated at  $\pm 2SD$  to avoid potential extreme outlying values (A, see also Supplementary Methods III). Participants learnt by sampling (B). A click on an item returned a single sample. Participants were free to sample as much as they wished. Sampling for a given pair ended once a preliminary selling decision was made. There were three sampling phases for each item-pair (three preliminary decision/item). Learning was followed by Decision (C), in which participants made decisions without feedback. The Uncrossed groups made decisions about previously sampled item-pairs. The Crossed group also made decisions between novel item-pairings, composed of items from different item-pairs. We predicted that the expectations induced by Decision in Phase 1 would cause value learning mechanisms to diverge across groups in Phase 2 (D). Phase 2 learnt values were assessed in two ‘surprise’ final tasks: In All-possible pairs (E) participants made decisions between all possible pairs from Phase 2 ( $N=15$ , repeated thrice for  $N=45$ ). In Value judgment (F), participants judged the value of the six stimuli in Phase 2 presented in a random order by adjusting a slider (min=100, max=450, in integer steps) until it matched the perceived item value.

**Figure 2.** Experiment 1 All-pairs choice accuracy. (A) Choice accuracy as a function of group. Coloured symbols represent group means (green square = Uncrossed; blue triangle = Crossed). Grey discs represent individual participants (Uncrossed  $N=24$ ; Crossed  $N=22$ ). Error bars are 95% CIs. Statistics reflect the group-wise contrast  $t(44) = 2.61$ ,  $p = .012$ ,  $CI = .026-.199$ ,  $d = .77$ , independent t-test. (B) Choice accuracy for a sub-selection of highly diagnostic pairs, in which a local high-value item (Item<sub>2</sub>) was globally inferior to other local low-value items (Item<sub>3</sub>, Item<sub>5</sub>). Error bars are bootstrapped 95% CIs. P-values reflect Mann-Whitney U tests:  $U = 183$ ,  $p = .055$ ,  $r = .31$  and  $U = 145$ ,  $p = .003$ ,  $r = .45$  respectively. X-axis coordinates of participants’ data have been jittered for presentation purposes.

**Figure 3.** Experiment 1 Value RDMs. Average RDMs for the Uncrossed group (A) and the Crossed group (B). Note that items are ordered by the underlying value (not item number). Average RDMs (C,D) but with pair-wise similarities matching those of different models (E-H) highlighted. Model RDMs (E-H). The colour scale indicates rank-transformed and rescaled dissimilarity (see Methods, 0=minimal dissimilarity, 1=maximal dissimilarity).

**Figure 4.** Experiment 1 RDM correlations. Partial Spearman participant x model correlations for the Uncrossed (A, green squares,  $N=24$ ) and Crossed group (B, blue triangles,  $N=22$ ) respectively. Each panel (A,B) shows two analyses: one in which range-adaptation is pitted against absolute encoding, and another in which divisive normalisation is pitted against absolute encoding. The larger the  $r$  the better the model accounts for participants’ value representation. Symbols indicate group means and error bars reflect 95% CIs. Grey lines represent

individual participants. Downwards sloping lines (from left to right) indicate that participants' representation of value is better modelled as relative. Upward sloping lines (from left to right) indicate that the participants' value code is better accounted for by an absolute code. (C) Mean participant x Model correlation differences (participant x Absolute  $r$  – participant x Relative  $r$ ). Positive  $r$ 's indicate that the absolute model fits better and negative  $r$ 's that the relative model fits better. Symbols reflect means and error bars reflect 95% CIs. The reported p-values reflect group-wise contrasts, which assess whether the evidence in favour of the absolute model over the relative model was stronger in the Crossed group:  $t(44) = 2.97, p = .005, CI = .15 - .77, d = .88$  and  $t(44) = 2.57, p = .014, CI = .10 - .85, d = .76$  respectively. (D) As (C) but for independent correlations. The p-values reflect key across-group contrasts  $t(44) = 3.23, p = .002, CI = .21 - .92, d = .95$  and  $t(44) = 2.88, p = .006, CI = .13 - .74, d = .85$ .

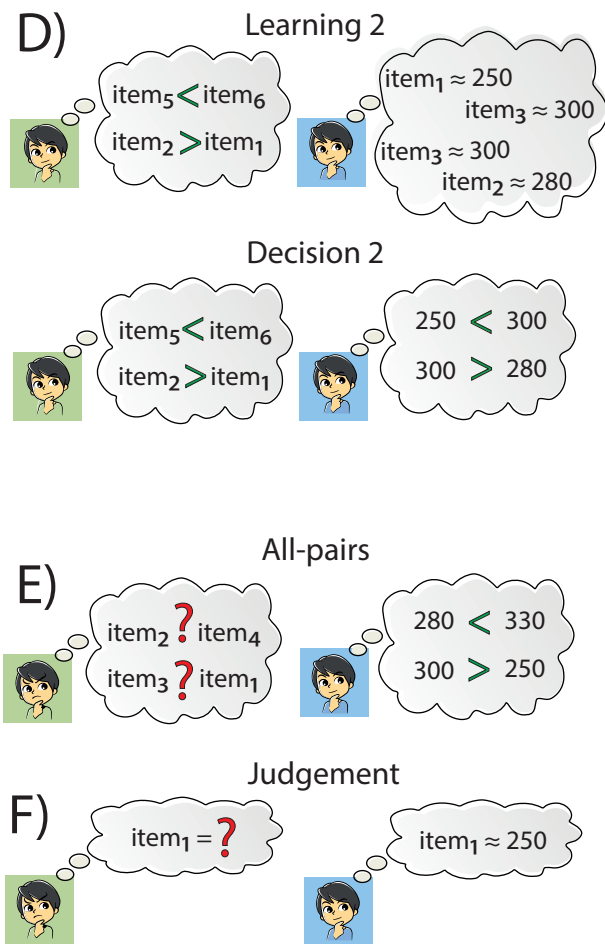
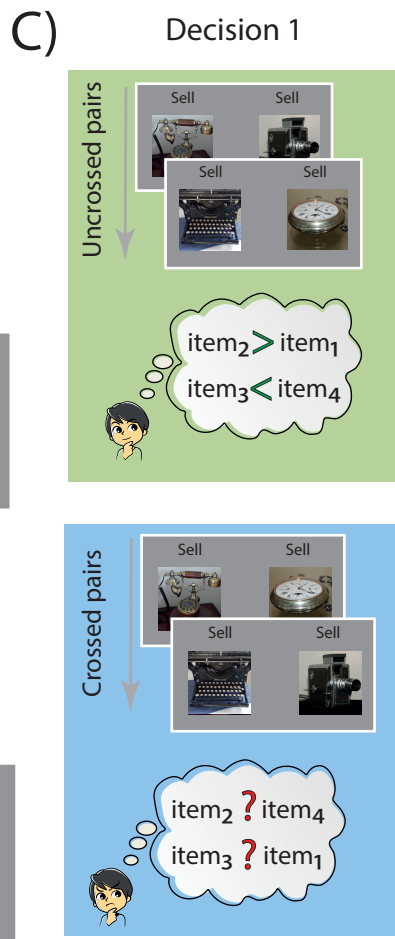
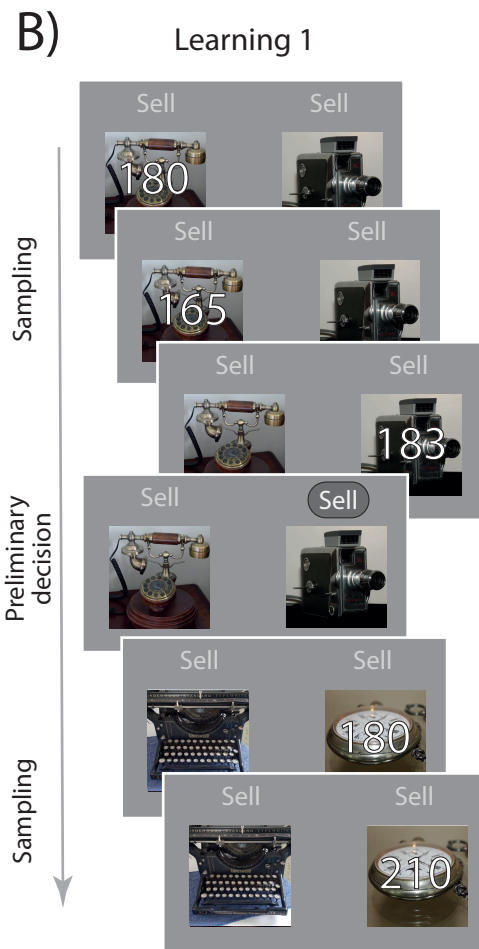
**Figure 5.** Experiment 2 Design and All-pairs choice accuracy. Key design features of Experiment 2 were identical to Experiment 1. Each participant was assigned (double-blind) to either the Uncrossed (green colour) or the Crossed (blue colour) groups. There were two Phases, which were structurally identical, but with different market values and item types. In each phase, participants first learnt the likelihood that an item would sell of 6 items (antiques or vintage cars, order counterbalanced across participants) arranged into 3 pairs. Values were matched to the expected outcomes of binomial distributions ( $B(N, p)$ , where  $p$  is the probability of observing a sale on a single trial ( $N=1$ ). Values were matched such that with  $p=.1$ , for example, participants would observe a successful sale on 2 out of 20 trials (Methods, see also Supplementary Methods III). Learning was followed by Decision, in which participants made consequential decisions without feedback. The Uncrossed groups made decisions about previously sampled item-pairs. The Crossed group made decisions between novel item-pairings, composed of items from different previously sampled item-pairs. (B) All-pairs choice accuracy as a function of group. Coloured symbols represent group means (Uncrossed=green square,  $N=119$ ; Crossed=blue triangle,  $N=105$ ). Error bars are 95% CIs. Gray dots represent individual participants. The p-value reflects a one-tailed independent t-test  $t(222) = 2.30, p = .011, CI = .011 - inf, d = .31$ . (C) Sub-set of All-pairs trials for which Divisive normalisation and Absolute encoding make different predictions (see Supplementary Methods III). Coloured symbols represent group means (Uncrossed=green square, Crossed=blue triangle). Error bars are 95% CIs. Gray dots represent individual participants. The p-value reflects a one-tailed independent t-test  $t(222) = 3.56, p < .001, CI = .073 - inf, d = .48$  (D) The single All-pairs stimulus-pair for which strong context-dependent encoding would result in different choices compared to absolute value encoding. Error bars are bootstrapped 95% CIs. Gray dots represent individual participants. For (D) participants could either make 0, 1 or 2 errors. The p-value reflects a one-tailed Mann-Whitney U,  $U = 4722, p < .001, r = .25$ . X-axis coordinates of participants' data have been jittered for presentation purposes.

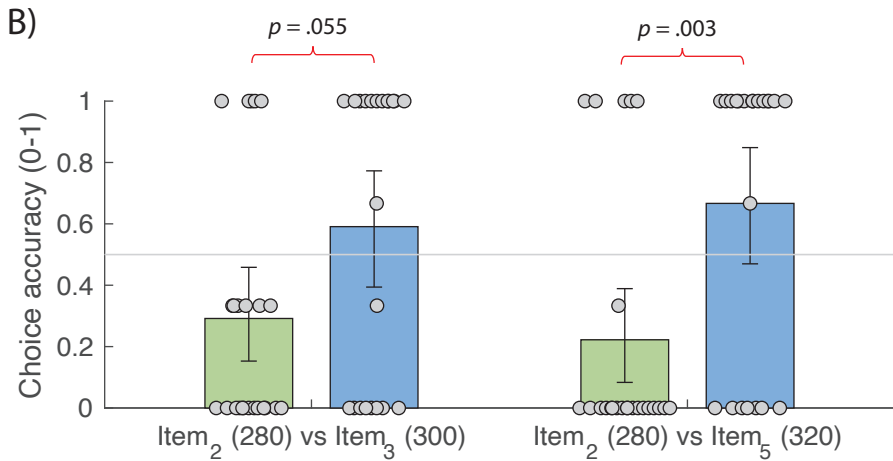
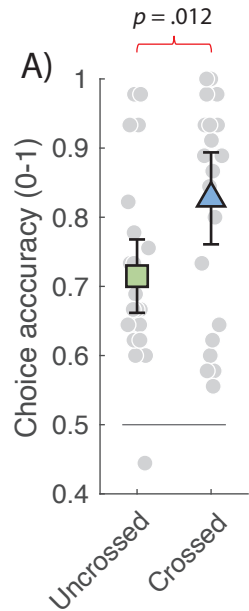
**Figure 6.** Experiment 2 Value RDMs. Average RDMs for the Uncrossed group (A) and the Crossed group (B). Note that items are ordered by the underlying value (not item number). Average RDMs (C,D) but with pair-wise similarities matching those of different models (E-H) highlighted. Model RDMs (E-H). The colour scale indicates rank-transformed and rescaled dissimilarity (see Methods, 0=minimal dissimilarity, 1=maximal dissimilarity).

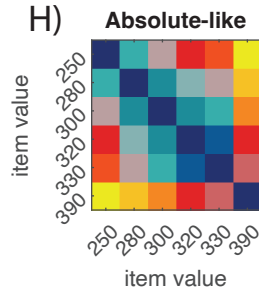
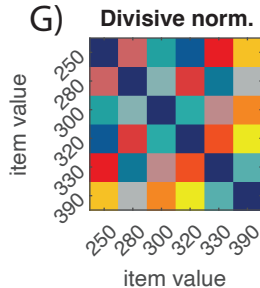
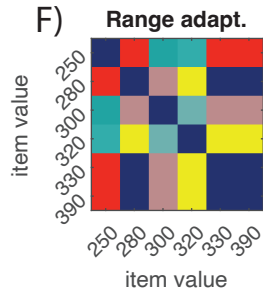
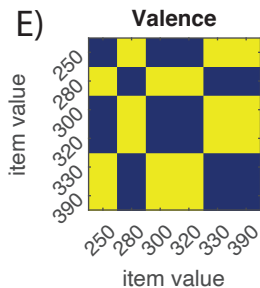
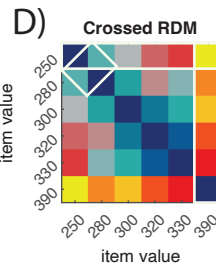
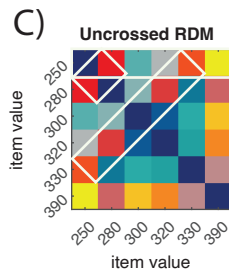
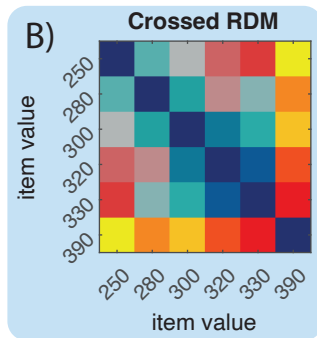
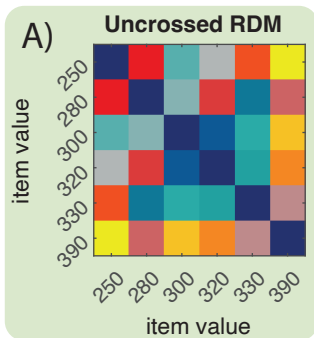
**Figure 7.** Experiment 2 Model RDM correlations. Partial Spearman participant x model correlations for the Uncrossed group (A, green squares, N=119) and Crossed group (B, blue triangles, N=105). Each plot shows two analyses: one in which range-adaptation is pitted against absolute encoding, and another in which divisive normalisation is pitted against absolute encoding. The larger the  $r$  the better the model accounts for participants' value representation. Symbols indicate group means and error bars reflect 95% CIs. Grey lines represent individual participants. Downwards sloping lines (from left to right) indicate that participants' representation of value is better modelled as relative. Upward sloping lines (from left to right) indicate that the participants' value code is better accounted for by an absolute code. (C) Mean participant x Model correlation differences (participant x Absolute  $r$  – participant x Relative  $r$ ). Positive  $r$ 's indicate that the absolute model fits better and negative  $r$ 's that the relative model fits better. Symbols reflect means and error bars reflect 95% CIs. The reported p-values reflect key Crossed-Uncrossed group-wise contrasts assessing whether the evidence in favour of the absolute model over the relative model was stronger in the Crossed group:  $t(222) = 3.25, p < .001$ , lower CI = .17, upper CI = *inf*,  $d = .43$ ;  $t(222) = 3.09, p = .001$ , lower CI = .15, upper CI = *inf*,  $d = .41$ ). (D) As (C) but for independent correlations. The p-values reflect key across-group contrasts:  $t(222) = 3.01, p = .002$ , lower CI = .05, upper CI = *inf*,  $d = .40$ ;  $t(222) = 3.15, p < .001$ , lower CI = .02, upper CI = *inf*,  $d = .42$ .

**A)**

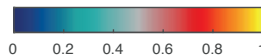
Condition	Phase 1 (antiques/cars)			Phase 2 (cars/antiques)		
	Learning 1	Decision 1	Learning 2	Decision 2	All-pairs	Judgement
Uncrossed	item <sub>1</sub> ~ $N(150,15)$ vs. item <sub>2</sub> ~ $N(180,18)$	item <sub>1</sub> vs. item <sub>2</sub> item <sub>3</sub> vs. item <sub>4</sub> item <sub>5</sub> vs. item <sub>6</sub>	item <sub>1</sub> ~ $N(250,25)$ vs. item <sub>2</sub> ~ $N(280,28)$	item <sub>1</sub> vs. item <sub>2</sub> item <sub>3</sub> vs. item <sub>4</sub> item <sub>5</sub> vs. item <sub>6</sub>	item <sub>1</sub> vs. item <sub>3</sub> item <sub>6</sub> vs. item <sub>1</sub> item <sub>2</sub> vs. ...	item <sub>3</sub> item <sub>6</sub> ...
	item <sub>3</sub> ~ $N(200,20)$ vs. item <sub>4</sub> ~ $N(230,23)$		item <sub>3</sub> ~ $N(300,30)$ vs. item <sub>4</sub> ~ $N(330,33)$			
Crossed	item <sub>5</sub> ~ $N(220,22)$ vs. item <sub>6</sub> ~ $N(290,29)$	item <sub>1</sub> vs. item <sub>4</sub> item <sub>2</sub> vs. item <sub>6</sub> item <sub>3</sub> vs. ...	item <sub>5</sub> ~ $N(320,32)$ vs. item <sub>6</sub> ~ $N(390,39)$	item <sub>1</sub> vs. item <sub>4</sub> item <sub>2</sub> vs. item <sub>6</sub> item <sub>3</sub> vs. ...		

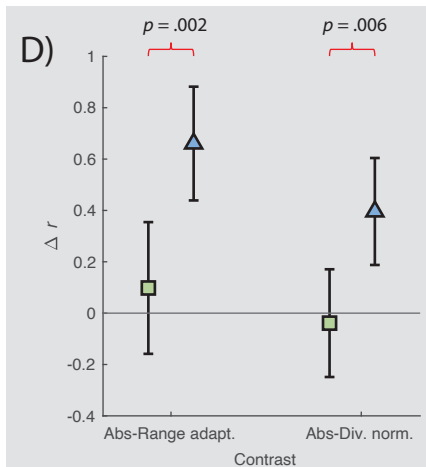
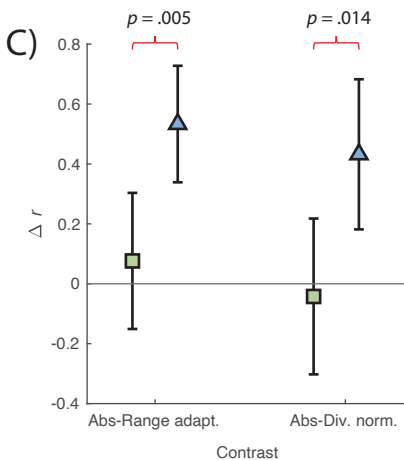
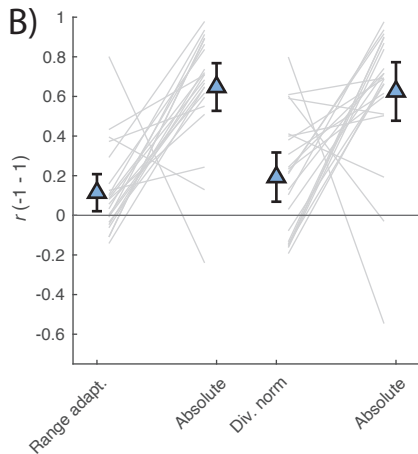
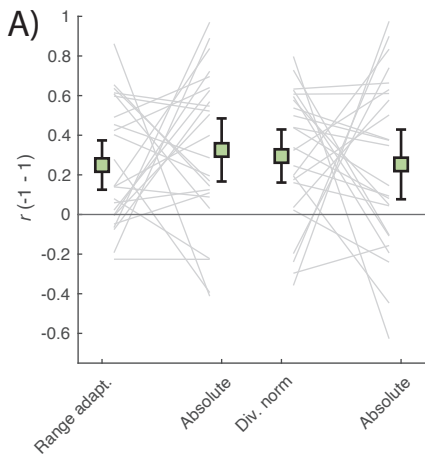




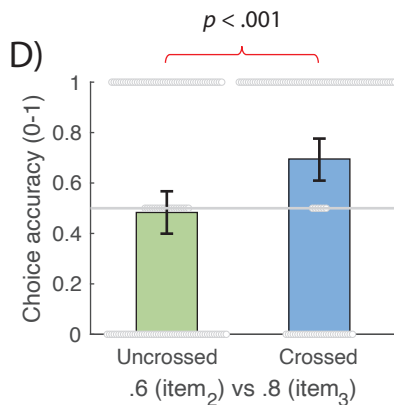
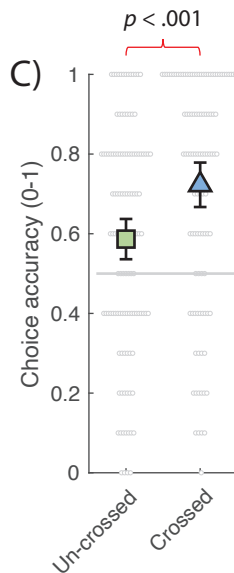
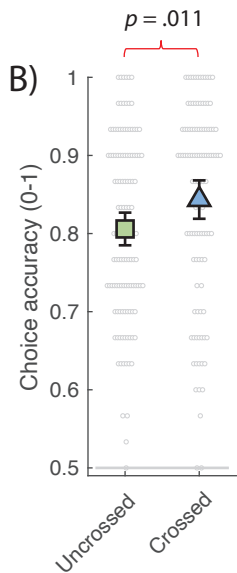


Rank-transformed scaled similarity:

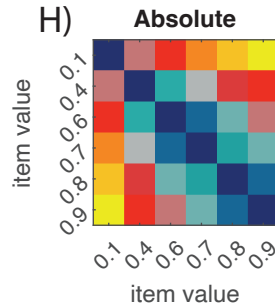
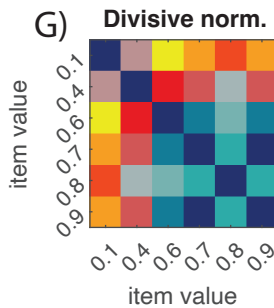
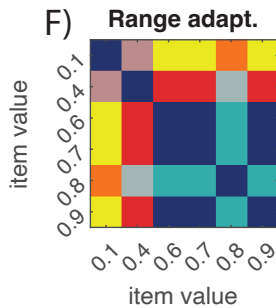
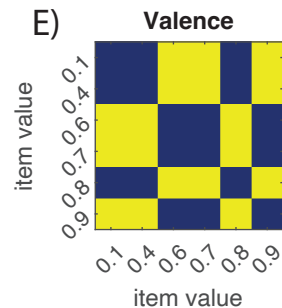
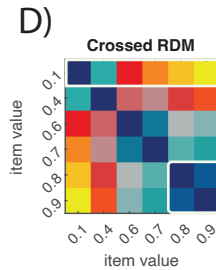
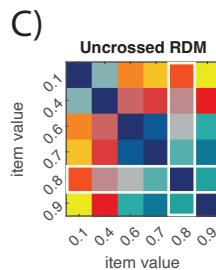
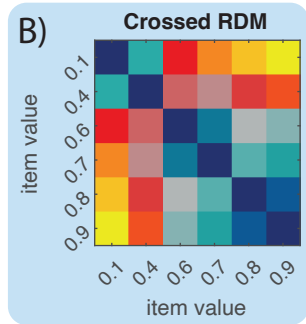
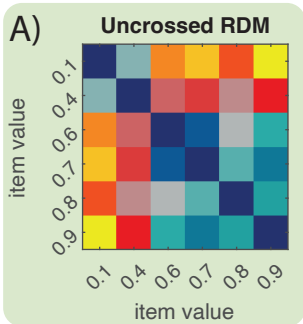




A)	Phase 1 (antiques/cars)			Phase 2 (cars/antiques)			
Condition	Learning 1	Decision 1	Learning 2	Decision 2	All-pairs	Judgement	
Uncrossed	item <sub>1</sub> ~ $B(.1, 1)$ vs. item <sub>2</sub> ~ $B(.6, 1)$  item <sub>3</sub> ~ $B(.4, 1)$ vs. item <sub>4</sub> ~ $B(.7, 1)$	item <sub>1</sub> vs. item <sub>2</sub>	item <sub>1</sub> ~ $B(.1, 1)$ vs. item <sub>2</sub> ~ $B(.6, 1)$  item <sub>3</sub> ~ $B(.4, 1)$ vs. item <sub>4</sub> ~ $B(.7, 1)$	item <sub>1</sub> vs. item <sub>2</sub>	item <sub>1</sub> vs. item <sub>3</sub>  item <sub>6</sub> vs. item <sub>1</sub>  item <sub>2</sub> vs. ...	item <sub>3</sub>  item <sub>6</sub>  ...	
		item <sub>3</sub> vs. item <sub>4</sub>		item <sub>3</sub> vs. item <sub>4</sub>			
		item <sub>5</sub> vs. item <sub>6</sub>		item <sub>5</sub> vs. item <sub>6</sub>			
Crossed	item <sub>5</sub> ~ $B(.8, 1)$ vs. item <sub>6</sub> ~ $B(.9, 1)$	item <sub>1</sub> vs. item <sub>4</sub>	item <sub>5</sub> ~ $B(.8, 1)$ vs. item <sub>6</sub> ~ $B(.9, 1)$	item <sub>1</sub> vs. item <sub>4</sub>			
		item <sub>2</sub> vs. item <sub>6</sub>		item <sub>2</sub> vs. item <sub>6</sub>			
		item <sub>3</sub> vs. ...		item <sub>3</sub> vs. ...			







Rank-transformed scaled similarity:

