Chapter 13

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Contingency and Value in Social Decision Making

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A difference between social and nonsocial decision making is that the former is governed by a richer complexity of factors, which makes it more dynamic in many ways. A social decision typically involves a situation in which the decision outcome of an individual not only affects the individual, but also others (another person, a group of others, or society). Hence, this form of decision requires taking into account also the objectives of others in addition to your own. The perspective taken in this chapter is that social decision behavior is context dependent and that the preference is constructed in the decision situation (Payne, Bettman, & Johnson, 1993). The chapter therefore begins by unveiling that social decision behavior is contingent on several environmental factors. Moreover, it is emphasized that a central feature of social decision making is that it is also contingent on individual difference factors such as social value orientation (individualism vs. cooperation). In the following section it is suggested how this dynamic has been studied in one of the most important areas of social decision making; the distributive justice area. In the next section of the chapter the suggestion is made that contingent approaches based on extensive empirical research also must be regarded as relevant for other areas of social decision making, such as the procedural justice area. The chapter ends by discussing some theoretical and practical implications of the approach.

THE CONTEXT DEPENDENCE OF SOCIAL DECISION MAKING

The Environmental Contingencies

Human decision behavior seems to be contingent on many environmental factors, and therefore several efforts have been made to present models in which the major factors are unveiled. In a recent model suggested by Payne et al. (1993), two major environmental factors are crystallized: the problem factor and the general social factor.

First, the importance of the problem factor is underlined by Payne et al. (1993), who assume that the use of different heuristics is an adaptive response of an information processor to the demands of the decision problem. Such demands may include how complex the problem is and if uncertainty is involved. This information processor is characterized by a limited capacity. In this process two factors play a major part: accuracy and effort. Most human strategies are considered to be intelligent responses that may include several goals, for instance the desire to be accurate and the desire to conserve limited cognitive resources. Hence, it is argued that how people decide is predictable from the cost and benefit considerations they make and that they select the appropriate decision strategies based on these considerations. Many decisions are dependent on that people make explicit trade-offs and use elimination rules. From a broad range of empirical studies, it is concluded by Payne et al. (1993) that to a large extent these types of strategies are governed by the variations in the properties of the decision task. Among such properties, a more fine distinction can be made between task and context factors. The task factors are assumed to be the most influential for accuracy and effort estimations and include response mode, number of alternatives, number of outcomes or attributes, time pressure, information display mode, and agenda constraints. All these factors are characterized by a close association with the general structure of the decision problem. The context factors are less influential for accuracy and effort considerations and involve similarity of alternatives, attribute ranges, correlated attributes, quality of the option set, reference points, and framing. These factors are to a greater extent associated with the particular values of the objects in the decision situation. For instance, it has been revealed that context factors such as similarity may result in a higher degree of mental effort. Recent research reveals that both task and context variables may inform us about how the compatibility between input and output information operates in the construction of preference (Selart, 1997; Selart, Gärling, & Montgomery, 1998). Implicit in the account of Payne et al. (1993) is the suggestion that the problem factor is the most crucial for the decision process. This position to a large extent parallels

also must be regarded as a constituent of our prior knowledge from this taxonomy. Other important features of individual differences that have been examined are perceptual ability, risk-taking propensity, and aspiration level (MacCrimmon & Taylor, 1976). One of the most studied individual difference factors in social decision making is the social value orientation (McClintock & Liebrand, 1988). This type of orientation implies that some people mainly attend to their own payoff (individualists), while others try to maximize the joint payoff with another person (cooperators).

The Construction of Preference

However, people's preference cannot be explained by their social values alone. Therefore it has been suggested that a construction of preference takes part in the decision situation in which both the environmental and the individual difference factors play major parts. The idea has also been forwarded that consumer reasoning to a large extent also is constructed in very much the same way (Shafir, Simonson, & Tversky, 1993).

Central to the notion of constructed preferences is also the idea that preferences are not based on algorithms like expected value calculation (Tversky, Sattah, & Slovic, 1988). An interesting discussion with a bearing on this issue has been initiated by Fischhoff (1991). In this discussion, different arguments of two philosophies, both dealing with the application of human values, are contrasted to each other. In the philosophy of basic values it is assumed that people in general only possess well-differentiated values for the most familiar evaluation tasks. Quite contrarily, it is assumed by the philosophy of articulated values that people have values for almost all evaluation tasks, but are not always motivated to reveal them. To a large extent, this process appears to be dependent on which questions are asked and under what circumstances (see also Payne et al., 1993, for a review). For instance, it has been suggested by March (1995) that people make decisions in social situations by clustering them in terms of appropriateness. Hereby, experiences are defined in terms of scripts, routines, persons, contexts, or appropriate actions. It may therefore be assumed that these categorizations also influence peoples' motivation to reveal their value orientations in social decisions (see Messick, 1997 for a review).

IMPLICATIONS FOR DISTRIBUTIVE JUSTICE

The Contingencies and Their Influence on the Application of Rules

As was addressed in the introduction, this chapter centers on how our knowledge about peoples' adaptation to decision situations may enhance our understanding about their social decision making. In particular, we

focus our interest on a central problem in everyday life: justice. This area is important, as most of us assess the fairness of different acts on a continuous basis. Such acts may be individual, interpersonal, or institutional in character. We believe that the contingencies introduced in the former section and how they interplay in the construction of preference to quite a large degree may inform us about the social decision process. Our interest is mainly focused on the study of distributive justice; that is, on peoples' decisions about fair allocations of scarce resources. These decision situations often take the form of a social dilemma in which one alternative favors the individual gain (defection) whereas another favors the collective gain (cooperation). The dilemmas are characterized by the fact that the individual always receives the highest payoff if he or she chooses the option that promotes his or her own interest. However, if all people involved choose the option that promotes individual gain, everyone will be worse off than if all had chosen the option that promotes the collective interest (see Dawes, 1980, for a discussion). Hence, an important issue to discuss is to what extent decisions in social dilemmas are influenced by the ecological contingencies and the individual difference contingency.

Although there seems to be a consensus that allocations of resources should be fair, an algorithm for what signifies such a fair allocation is lacking. Nevertheless, there are at least three major distributive principles suggested by Deutsch (1975) that can be used to determine whether a social decision is fair or not. Each of them may be perceived as fair in different environments. The first principle is based on a need for equality (equal share), and assumes that people in many situations think that it is fair to distribute a resource equally between its sharetakers. This principle is widely used in situations where the cooperation and harmony of the group is the major goal. According to the second principle, the distribution should instead be guided by equity—that is, the resource should be distributed proportionally to the recipients contribution to the resource. This principle is dominating in competitive situations, and in situations for which the productivity of the group is the main goal. Finally, in many situations it seems fair to divide a resource according to need. Thus, the need principle states that the most needy should receive the most of a resource. This principle dominates in intimate relationships in which the subjective well-being is considered to be most important (Deutsch, 1975). It is believed that a fundamental aspect of social decision making is that these principles guide our judgments of appropriateness, in the sense that they inform us about what situation we are dealing with (March, 1995). The social value orientation, on the other hand, is more tied to peoples' identity—to the way we perceive ourselves. In the following section, it will be demonstrated that the perception of the situation (environmental factors) and of the identity (social value orientation) in social decision making

also must be complemented with an opinion of "what is a person like me going to do in a situation like this?" It is the answer to this question that to a large degree governs the application of heuristic rules (social decision heuristics) in this area. The cost and benefit considerations prescribed by Payne et al. will also be operating on considerations such as these. Among the heuristic rules, a heuristic based on equality is considered to be the most salient (see also Messick, 1997).

The Salience of Equality

An important feature of the equality principle is that it is quite simple to use. All one needs to know is the number of individual sharetakers and then it becomes quite easy to make a division and calculate the per capita share. For this reason, people use equality heuristically; that is, they do not always think seriously and inquisitive about their decision. On the contrary, they are fast and frugal in making their decision by the use of some notion of the idea of equality (Messick, 1993, 1995). However, this form of processing sometimes leads to incoherent preferences (Messick & Schell, 1992) and in other cases to efficient and proper allocations as prescribed by Deutsch (1975). Moreover, people often prefer equal outcomes to other outcomes that are unequal but larger (McClelland & Rorbaugh, 1978), a phenomenon that may limit the total asset of the group. A distinction must therefore be made between equality and efficiency (Messick, 1991). The concept of "efficiency" is central in economics, and has its roots in Pareto's notion of optimality. Here, the key issue is whether a distribution of outcomes is optimally good in the sense that there are no perceivable ways in which it is possible to make one party better off without hurting another party. Undoubtedly, equality does not necessarily imply this and only states that all parties should receive equal or equivalent outcomes. It may be argued that although a group as a unit probably will perform as well as possible if the distribution of outcomes is efficient, the outcome of this effort is likely to be reduced if the payoffs that the individuals receive differ too much.

Despite the fact that equal division appears elusively simple, there are lots of facts that indicate that implementing the rule in decision making is far from easy. Generally, there are three types of problems tied to the use of equality as a principle of justice (Messick, 1995): First, there is the problem of determining when the equality rule is appropriate as opposed to some other principle. For instance, in some social situations there are other competing heuristics which may be used equally well, such as "first come, first served." Second, there is the problem of deciding how equality is to be made operational. For instance, in many areas of society, there seems to be an effort toward an equality of opportunity rather than toward

order to maintain justifiability in situations where reciprocity is at stake (Cialdini, 1993; Morris, Sim, & Girotto, 1994).

The Importance of Social Value Orientation in Social Decision Making: Empirical Examples

As was mentioned earlier, individual differences constitute a major factor in decision behavior. When we are involved in making social decisions, our cognitive ability, prior knowledge, and values all influence our choice, just like in other forms of decision making. However, because social justice is at stake, the value factor has been assumed to be more influential than in other decisions. In the following the importance of social value orientation in the construction of preference will be described through the presentation of some empirical studies.

In a recent study, the assessment of social value orientation was combined with a manipulation of scenarios that would appeal to the equality and equity principles (Eek, Biel, & Gärling, 1997). The attempt was to explain why inequalities sometimes are perceived as fair in real-life social dilemmas. In two experiments, social dilemma scenarios were created in the sense that characteristics of different child care centers (private/public) and type of framing (qualitative/quantitative differences) were manipulated in a way that triggered different justice principles. The results revealed that social value orientation was connected to differences in perceived fairness and willingness to pay. Individualists as compared to cooperators to a larger extent favored the equity principle, whereas the cooperators were more keen to support equality. It was also found that equity was perceived as fairer in privately owned child care centers, whereas equality was preferred in public child care. This effect was most pronounced when differences in quality was at hand.

Using a multifactorial approach, Samuelson (1986) investigated how dimensional importance vary both with the decision environment and with individual differences. As a starting point, the criteria used in the evaluation of allocation had to be established. Thus, four criteria were assumed to be important: (1) the efficiency of the system—that is, the capacity of the system to allocate the resource effectively and cheaply; (2) the fairness of the system; (3) the degree of freedom given to the people by the system, promoting their own choices; and (4) the degree of promotion of one's own self-interest by the system. In line with Thibaut and Kelley (1959), it was assumed by Samuelson (1986) that people would collapse the evaluations of all these four attributes into a general evaluation of the system.

Subsequently, participants also rated the attractiveness of four different allocation systems, which were described by the attributes presented above. They included (1) a free access system; (2) the election of a leader to

prominent attribute. The attributes that were used are "own gain" and "others' gain." In several experiments it was found that factors like value range, framing, discounting, and uncertainty interact with social value orientation in the construction of social preference. It was also shown that these effects are dependent of the application of justice principle. Hence a connection is made to the "philosophy of articulated values," which states that people have values for almost all evaluation tasks, but are not always motivated to reveal them (Fischhoff, 1991). It was therefore assumed that this process appears to be dependent on which questions are asked and under what circumstances (see also Payne et al., 1993, for a review).

IMPLICATIONS FOR PROCEDURAL JUSTICE

As may be concluded from the previous section, a number of scholars have examined the factors that influence decision making concerning distributive justice, revealing that the principles of equality, equity, and need often govern perceptions that the outcomes are fair. However, questions of fairness may also be attributed to the procedures by which a decision is reached. From this perspective, it becomes interesting to explore the basis of people's judgments about the fairness of procedures designed to settle disputes. It has been demonstrated that even if people are faced with objectively unfair or poor outcomes, their judgments of fairness and satisfaction are to a large extent influenced by concerns about the process (Thibaut & Walker, 1975). This seems particularly to be the case among individuals who, measured by some form of objective standard, have lost a dispute. Hence, also peoples' preferences for dispute resolution mechanisms can be traced to the concern for process. This concern is rooted in the fact that substantive justice requires that we administer justice with a set of procedures that are in themselves fair, and that fair procedures should lead to fair outcomes.

A good deal of research made in this area has been conducted in the laboratory. This has resulted in that many studies have been criticized for narrowness, legal naiveté, and overreliance on experimental method. However, in a recent review article, Lind and Tyler (1988) demonstrate that many field studies in real-world disputing corroborate some of the most important laboratory findings. Moreover, these authors conclude that nearly two decades of research in the area support the influence of process control on judgments of procedural judgment. An increased satisfaction with objective outcomes and authorities is also reported when process is judged to have been fair. While some theorists have argued that the aim of process control is to increase the chances of a correct or an approving outcome, a central contribution of Lind and Tyler's work is to show that

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