



Analysis

Keeping up appearances: Motivations for socially desirable responding in contingent valuation interviews

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ABSTRACT

The tendency to give socially desirable rather than true statements of willingness to pay (WTP) is an often reported form of bias in contingent valuation surveys. While previous research on this bias has exclusively focused on the detection of mode effects, the present study directly assesses a respondent's motivation to state WTP in a socially desirable manner. This study tests the effect of three theoretical motivations for socially desirable responding on WTP responses: A general need for social approval, a perceived social norm calling for a high contribution and perceived lack of anonymity of the interview situation. Questions for the empirical assessment of these factors are developed.

Results of a valuation study in Southwest China show differing and independent impacts of these factors. While there is no effect of perceived anonymity, need for social approval biases WTP responses upwards but does not influence the general decision to state a positive WTP. It also turns out that rather the fear of losing social status than the striving for higher social approval is the main driver of this bias. Respondents perceiving a social norm for high WTP are more likely to state a positive WTP, but the specific amount is not affected.

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1. Introduction

The contingent valuation method (CVM) has become one of the major tools for the assessment of the social value of public projects in the environmental sector. This information is needed by policy makers in order to contrast the costs of environmental policy measures with their overall social benefits. Such a cost–benefit analysis is the precondition for making rational decisions on the use of public funds, i.e. government should only implement those public projects the social benefits of which exceed their costs. Yet, since environmental goods (or at least many benefits they provide such as climate regulation or esthetic values) are typically not traded in markets, standard market prices cannot be used for their valuation. Instead, other techniques have been devised, such as the CVM.

This approach is basically a survey technique that employs interviews to elicit individual evaluations of (public) environmental goods (Carson and Hanemann, 2005; Mitchell and Carson, 1989). These valuations are typically expressed as the maximum amount of money that an interviewed household is willing to pay for the possibility to enjoy the benefits of an environmental good or for the realization of the public project which brings forth this good. This project as well as the relevant

features and expected benefits of this policy measure are introduced in the scenario. The willingness to pay (WTP) statements for the support of the public project made by the households are interpreted as indicators of the individual utility changes accruing from these benefits. These WTP statements can be used to calculate the overall change in social welfare induced by the project. Therefore, the mean WTP of a sample of households, which is representative of the overall population affected by that public project, is multiplied by the total number of households in that population.

However, the validity of the welfare estimates resulting from this approach is still fervently debated because such surveys suffer from certain methodological problems (cf. Venkatachalam, 2004). One major procedural shortcoming of the CVM in particular is the possible existence of a response bias. This bias can be described as the “systematic tendency to respond to a range of questionnaire items on some basis other than the specific question content” (Paulhus, 1991, p. 17). What is referred to as ‘some other basis’ in this definition can be any kind of personal, situational or procedural factor inherent to the respondent or the interview process. In a contingent valuation survey, which typically features a direct question about the individual's WTP for the environmental good, this means that these other factors together with the actual content of the question “How much are you willing to pay to get that specific good?” jointly determine the response. However, common CVM practice does not interpret the WTP response in this manner but rather takes it as exhaustive reaction to the verbatim content of the elicitation question.

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A prominent form of response bias, which is often reported in the CVM as well as in the general survey literature, is socially desirable responding (SDR). It can be described as the “overall tendency of a person to respond in a socially desirable manner” (DeMaio, 1984). Paulhus (1991) further defines it as “the tendency to give answers that make the respondent look good”, i.e. the respondent wants to gain social status by answering what he deems desirable. This motive is referred to as *need for social approval* (Crowne and Marlowe, 1964). The respondent strives for social approval by deviating from his true answer and instead stating something which is in accordance with prevalent social norms (Stricker, 1963). Thus, the basis for SDR to occur is the perception of social norms by the respondent and his acting according to them. Above it was described that whenever factors other than the semantic question content jointly trigger an individual's response, response bias is at work. If these factors are social or cultural norms that are perceived by the individual and make certain self-reports or patterns of behavior appear more desirable than others, such a response bias is referred to as SDR. The major behavioral motive underlying SDR is a general need for social approval by the respondent.

CVM researchers have long been acknowledging the possibility that WTP statements are confounded with SDR (e.g. Ethier et al., 2000; Laughland et al., 1994; Leggett et al., 2003; Mitchell and Carson, 1989). In contingent valuation interviews, SDR might occur for two main reasons. Firstly, no real market transactions are carried out, and secondly the WTP for an environmental good has to be stated in some kind of social interaction. That means, unlike in a real market transaction, the focus of this activity is not on the exchange of money for a good but rather on the statement of an intention, which is – at least for the duration of the interview – without immediate material consequence. When respondents have to state verbally what they would do under certain circumstances, the costs of deviating from a truthful response are very low. While in the private market setting such a misreporting of individual preferences would lead to an undesired material outcome for the individual, this is not the case when the WTP question is hypothetical and public goods are concerned. So it becomes clear that despite efforts to increase the consequentiality of WTP responses and thus guarantee incentive compatibility of elicitation questions (cf. Carson and Groves, 2007; Poe and Vossler, 2011), the hypothetical nature of the CVM still allows for both deliberate and accidental misreporting of preferences.

The second difference to the ordinary market situation – the fact that the price has to be stated in a social interaction – opens the door to the costless pursuit of other objectives by the respondent. As for private market goods, the primary motivation to pay for a good is for its purchase, although social reasons such as gaining social approval by buying certain goods might play a (minor) role, too. In the CVM interview, however, the influence of the social interaction is significantly greater. This, in turn, increases also the potential for pursuing other objectives like gaining social approval as compared to simply purchasing or not purchasing the good in the market. If this is true, the biasing influence of situational factors like SDR on WTP responses might be substantial and should be investigated. This stresses the importance of concepts of social psychology for the refinement of stated-preference approaches (Jacquement et al., 2011). Consequently, the empirical part of this study attempts a direct assessment of the level of need for social approval of a respondent and two other factors as potential motivation to respond in a socially desirable manner.

The remainder of this paper is organized as follows. Section 2 provides an introduction to the psychological categorization of different components of SDR and their relationship to stated WTP. Section 3 deals with the methodology of assessing SDR empirically and computing its influence on WTP responses. Section 4 provides the

empirical results and Section 5 discusses them. Section 6 concludes the paper.

2. Socially Desirable Responding and Contingent Valuation

2.1. Components of Socially Desirable Responding

SDR is not a monolithic concept, but research in this field has found distinctive components within it. When it is accepted that SDR is mainly motivated by a general need for social approval by the respondent, different components of that construct can be separated along two lines. On the one hand, the addressee to whom the socially desirable behavior is directed matters, and on the other hand the strategy that is used to gain social approval might differ. On the level of the addressee, biased statements in front of others (*impression management*) can be separated from biased statements that even the respondent himself believes to be true (*self-deception*) (Paulhus, 1984). What the CVM researcher should be concerned about is merely the impression management component of SDR because it constitutes a deliberate misstatement. When on the other hand, however, a respondent gives an objectively false answer but is not aware of this, i.e. believes to report truthfully, it does not pose a threat to the validity of CVM. Individual valuations, i.e. changes in utility, stem from individual preferences, which are subjective. If the self-deceptive exaggerations are part of this subjective worldview, they form the basis for that individual's preferences and are thus part of his utility. Laughland et al. (1994) hold that while self-deception, since it is believed by the respondent, also influences market decisions, impression management arises out of the interview situation and is thus without economic significance. Consequently, the present study deals with the assessment of the latter component of SDR only.

When it comes to the strategy of gaining social approval one can distinguish between *enhancement* and *denial* (Paulhus, 1984). Enhancement refers to the overly claiming of socially desirable characteristics or patterns of behavior which the respondent does not have in reality, whereas denial describes the overly denying of socially undesirable characteristics, which the respondent actually has. Put in a different way, enhancement equals the active exaggeration of a positive self-image, while denial is rather a defensive behavior to avoid being seen in too negative a light. So, these two tendencies can be regarded as subcomponents of the overall concept of SDR as triggered by need for social approval. Theoretically, these components exist in both the impression management and the self-deception conceptualization of SDR.

In addition to the basic influence of need for social approval, certain characteristics of the interview situation and topic might influence the occurrence of SDR. In Börger (2012), a behavioral model that links two more theoretical determinants of SDR is devised. Within a rational choice framework a respondent has incentive to answer in a socially desirable manner, only if three conditions are fulfilled. Firstly, the respondent has to have a basic need for social approval. Secondly, he must perceive one of the possible response options to be more desirable than the rest. This pattern is called *trait desirability* because it assesses how desirable a certain response option appears to the respondent and thus indicates into which direction he will bias his response. Thirdly, for a respondent to exhibit SDR, the interview situation must *not be completely anonymous* because in this setting there is no chance of receiving social approval from biasing one's statements. In the empirical application, the study cannot find any interaction effects between the three factors, which refutes the hypothesized non-compensatory relationship of the three factors. Instead, the author suspects that the effects of these factors are independent. Therefore, the present study employs these factors in an additive, non-interacting manner.

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