



# Justification and conformity

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## ARTICLE INFO

### Article history:

Received 9 January 2017

Received in revised form 24 January 2017

Accepted 24 January 2017

Available online 16 February 2017

### JEL classification:

C91

C72

D63

D03

D83

D84

### Keywords:

Justification

Communication

Social norms

Expectations

Experimental economics

## ABSTRACT

The need to justify is both a widely observed social phenomenon and an important part of communication. This paper examines experimentally how pure pressure to justify affects conformity behavior in economic environments. The evidence suggests that pressure to justify increases sensitivity to norm deviations. In a one-shot anonymous interaction, compared with the case when the behavior is simply observed by the audience, individuals' behaviors are more likely to reflect what they believe the audience thinks they should do when they must explain their decisions to the audience. Whether justification pressure can discourage selfish behavior is positively correlated with the proportion of individuals who believe the audience disapproves of such behavior. The implications of these findings can help shape institutions to promote conformity and prosocial behavior.

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## 1. Introduction

When people take actions or make judgments, they are often expected (or feel obliged) to justify them. This is true for routine decisions in daily life, as well as for national policy-making. Indeed, when an action affects others, justification is often mandatory. For example, a manager who decides to fire an employee is often required to provide an explanation. Insurance providers are another example: the Department of Health and Human Services (HHS) currently requires health insurance providers to justify rate increases of 10% or more.<sup>1</sup>

During the past several decades, psychology research has argued that accountability is an important and universal feature of decision-making environments. This research suggests that the social need for accountability plays a significant role in shaping people's thoughts (see [Lerner and Tetlock \(1999\)](#) for a comprehensive review). Thus, it follows that the pressure to justify could potentially be important for predicting economic outcomes. Nonetheless, while the psychology literature on accountability has discussed the pressure to justify, it has paid little attention to how the pressure to justify affects behavior in economic environments.<sup>2</sup> For instance, if the need to justify influences a manager's hiring and firing decisions, these

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<sup>1</sup> See <http://www.hhs.gov/news/press/2011pres/05/20110519a.html> (Accessed on January 7, 2012).

<sup>2</sup> The only related economic research papers we are aware of include, [Pahlke et al. \(2012\)](#), [Vieider \(2011\)](#), and [Brandts and Garofalo \(2012\)](#). We discuss these papers in Section II.

conditions can have a significant impact on labor market outcomes. In the same vein, in addition to promoting transparency, we may also expect the pure pressure to justify imposed by HSS's new policy to have an effect on health insurance providers' pricing decisions.

In this paper, we examine experimentally the impact of the justification requirement on conformity behavior in a one-shot interaction. Building on previous psychology research on accountability and norm obedience, we propose and test a mechanism which predicts that requiring a justification may foster conformity even absent negative consequences for violations. In particular, we exclude factors, such as identifiability and evaluation, that are often involved in the accountability manipulations. The basic idea is that subjects' behaviors are more likely to be consistent with their beliefs regarding what others think they should do when social norms are more salient (Cialdini et al., 1990; Bicchieri, 2006; Bicchieri and Xiao, 2009; et al., 2011; Xiao and Houser, 2011). The pressure to justify can enhance the norm salience by encouraging one to think about what the audience thinks (Tetlock, 1985), and thus become more sensitive to any deviation from that expectation. We further hypothesize that the pressure to justify is more effective in promoting prosocial behavior and discouraging selfishness when it is *clearer* to the subjects that the audience disapproves of profit-maximizing behavior that imposes costs on others.

To test this hypothesis, we design an experiment based on a dictator game and a trust game, both of which have been widely used to study social norms and prosocial behavior, as well as recent dice games used to study lying behavior (Shalvi et al., 2011; Fischbacher and Föllmi-Heusi, 2013).<sup>3</sup> We design our games so that the subject must lie to maximize his/her own profit at the cost of others. Selfish behavior is thus presumably less acceptable and more difficult to justify in comparison to standard dictator games or trust games. We compare subjects' behaviors between two treatments: Justification and No Justification. The only difference between the two treatments is that the first requires subjects to explain their behavior to a third party. To examine conformity behavior, we conduct an incentivized survey to elicit subjects' beliefs regarding what the audience thinks they should do.

We find that when justification is required, subjects are more likely to conform to audience expectations than when they are not required to justify their behavior. Such an increased conformity leads to less selfish behavior when selfishness is clearly disapproved by the audience.

This study contributes to the understanding of how the pressure to justify behavior can influence conformity behavior in an economic exchange environment, even within the context of anonymous one-shot interactions. Previous research has argued for the importance of expectations in understanding behavior. Most of this research has focused on the changes in expectations under different conditions, often assuming an individual's sensitivity toward expectations is fixed (e.g., Charness and Dufwenberg, 2006). We offer a new perspective: institutions can be designed to influence people's sensitivity toward norm deviations and thereby affect behavior.

Our findings provide important insights into how to design institutions to promote pro-social behavior. We point out that justification simply prompts people to conform to what they believe others think they should do. To ensure justification promotes socially desirable behavior, it is important to make clear to decisions-makers that the audience disapproves of selfish behavior. Incentive mechanisms, such as penalties or rewards, have been widely used to enhance cooperation. In relation to incentive mechanisms, building institutions to require justification for decisions, such as HSS's policy, can be a less costly way to improve social welfare. In addition, justification mechanisms may avoid the potentially negative effects of incentives. Previous research shows that external incentives can crowd out intrinsic motivations and lead to less prosocial behavior (e.g., Gneezy and Rustichini, 2000; Houser et al., 2008; and Li et al., 2009). In contrast, this paper suggests that justification pressure may enhance intrinsic motives for norm conformity by prompting one to consider others' perceptions of the appropriate action in a particular decision context.

## 2. Justification, accountability, and sensitivity to social norms

### 2.1. Justification and accountability

The underlying psychological mechanism that predicts the effect of justification on norm conformity is accountability. In the literature, accountability refers to the implicit or explicit expectations that one may have to provide reasons for his or her beliefs, feelings, or actions to others (Scott and Lyman, 1968; Tetlock, 1992).

Tetlock (1985) proposed a social contingency model of judgment and choice to understand how accountability influences behavior, mostly in the domain of judgment. In this model he assumes that people tend to be "cognitive misers," in that they rely on simple heuristics to make judgments quickly. When people believe they will need to justify their views, if they are unconstrained by past commitments, they will try to anticipate the possible objections from the audience and adopt the salient, socially acceptable position.

<sup>3</sup> As in the dice game, we also use a random device to determine the true outcome of payoffs, but the subjects can lie about the outcome and thereby receive different payoffs. However, there are a few key differences between our game and the previous dice games. In our game, the experimenter knows the truth, and lying behavior can harm another subject who does not know the truth. In the dice game, the experimenter does not know the truth, and lying behavior can increase the experimenter's expenses but it does not harm any other participants.

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