



# The Manipulation: Socio-economic decision making



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## ABSTRACT

We analyze one-shot Prisoner's Dilemma decisions made by participants of the high-stakes TV game show *The Manipulation*, and document the influence of social life factors on economic decisions, alongside the participants' rational considerations. In particular, we employ a social psychology approach to provide a new perspective on the determinants of financial assistance. Our insights from the TV game are corroborated by a controlled laboratory experiment. We find that helping and sharing behavior in strategic situations is explained by Attribution Theory (AT) and beliefs about expected cooperativeness. Specifically, participants' decisions are influenced by perceived controllability of opponents' conditions (an attributional characteristic influencing perception of responsibility and related emotions) and social-relations-based beliefs regarding the opponents' expected cooperativeness.

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## 1. Introduction

Our study extends the standard decision making research by incorporating additional factors of influence besides those considered normative. To this end, we employ Attribution Theory of Motivation and Emotion (AT, Weiner, 1985, 1986), an approach emanating from social psychology. In a nutshell, AT maps a set of dimensions characterizing a spectrum of possible situational factors into agents' decisions. We extend this framework to the analysis of helping and sharing behavior in strategic situations, i.e., in cases where the final outcomes are jointly determined by independently acting agents. In the empirical part of the work we analyze one-shot Prisoner's Dilemma (PD) decisions in natural, as well as laboratory, settings. We build on the analysis of strategic interactions by Gurevich, Kliger, and Weiner (2012) that established a significant link between causal attribution and economic decisions. Gurevich et al. (2012) concentrated on decisions involving hypothetical choices, in contrast to the current report, which employs interactions involving real (and quite substantial) money amounts. Furthermore, while the aforementioned study concentrated on sharing decisions not involving any elements of help giving, we use the AT framework to explain helping behavior in strategic interactions where the context of help may be prominent, such as situations which are represented by the PD game. In general, PD game

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represents a situation where cooperation between two players is required to achieve a desirable result but, as assuming cooperation of the opponent each player is better off defecting, defection becomes dominant strategy leading to inferior outcome for both participants. For more on PD see, e.g., [Axelrod \(1984\)](#), where it is also shown that in multiple-round, as opposed to one-shot, PD games, evolution of cooperation is possible. Our study addresses one-shot PD games whose empirical results cannot be explained by evolutionary rationale.

Numerous behavioral models which are aimed at exploring apparent deviations from normative framework refer to *heuristics and biases* (cf. [Tversky & Kahneman, 1981](#)). These phenomena, which had been excluded from the standard, parsimoniously defined, decision-making scheme are gradually being incorporated into descriptive models of decision making (cf. [Rabin, 1998](#)). Recently, a lot of attention is being paid to what Rabin calls “economically relevant psychology”. A broad range of phenomena is considered, including framing, base rate neglect, priming, anchoring, and overconfidence. [Thaler \(1980\)](#), a classic paper which exclusively concentrates on the distinction between normative and descriptive models of choice, discusses a range of related topics, paving the way to modern behavioral economics.

The account suggested here is based on the assertion that the *context* of a situation, jointly with its formal *structure*, may exert systematic and considerable influence on decision making. Moreover, the context is probably bound to be of intrinsic importance once it is social by nature. The meaning of the term *social* as suggested here is borrowed from the domain of social cognition, the discipline concerned with principles governing interpersonal perceptions and relations; the discipline asserts that the principles of general human cognition differ from the principles governing perceptions of other people. For instance, [Fiske and Taylor \(1991\)](#) point out that processing information regarding inanimate objects and abstract concepts may differ significantly from “how people think about people” (p. 18). Our work defines as *social* those features of decision making situations which pertain to the interpersonal relations between the people involved. It is clear that not all situations of choice possess such features, while decision making situations that do include a social element may be significantly influenced by it. Notably, accounts related to dual-process theories ([Evans, 2003](#)) essentially point in the same direction; however, while concentrating on the possibility of two different modes of reasoning and thereby granting the context of the task with potential importance, these approaches do not specifically focus upon the *social* context as deserving special attention, and here is one point where our work is substantially different from related accounts. On a general level, the question is how social context is actually accessed and evaluated by the decision maker. There are reasons to believe that constantly changing, complex and multifaceted world of social interactions is mediated, at least to considerable extent, by means of emotional system and, based on this premise, we employ AT as a tool of analysis encompassing emotions as mediators of social interactions. According to [Simon \(1967\)](#), “... Since in actual human behavior motive and emotion are major influences on the course of cognitive behavior, a general theory of thinking and problem solving must incorporate such influences” (p. 29). Conceivably, emotions supply a mechanism communicating critical information regarding environment to the agent, and incorporating this mechanism into decision making theory would permit the latter “to be extended to the explanation of wider ranges of human behavior” ([Simon, 1967, p. 39](#)).

In discussing laboratory experiments and their relation to the real-world human behavior, [Levitt and List \(2007\)](#) note that “The actions people take are affected by a dazzlingly complex set of relational situations, social norms, frames, past experiences, and the lessons gleaned from those experiences” (p. 162). Psychological factors, as well as affect, are often found to exert substantial influence on decision making, in many cases leading to what is considered as deviations from normative models (e.g., [Kliger & Levy, 2003](#); [Loewenstein, 2000](#)). Decision making in social context refers to cases where the presence of psychological factors and affect is probably the less disputable: affect, and more specifically, emotions, play essential role in mediating social relationships (e.g., [Davidson, Scherer, & Goldsmith, 2003](#)).

AT focuses on one potentially important psychological factor – *causal attribution*, which describes the process by which people come to understand the causes of different events and situations and the consequences of this understanding. Inter alia, AT suggests that perceived causes of a person’s need for help determine the prospects of actually getting it. In effect, it indicates a set of *social* factors which may coexist with purely *material* considerations (judgments of responsibility and emotions such as pity and anger are considered social; cf., e.g., [Hareli & Parkinson, 2008](#)). The perspective is commensurate with dual-process accounts of decision making, proposing two cognitive systems underlying reasoning ([Evans, 2003](#)); in this respect, our results put forward empirical evidence of “... how the conflict and competition between the two systems might be resolved in the control of behavior” ([Evans, 2003, p. 458](#)).

Our research employs the insights of AT to shed light on the determinants of help giving by means of financial assistance. It aims at providing a more comprehensive understanding of the phenomenon vis-à-vis previous studies of help giving which typically involved only small-scale costs and overlooked the possible role of attributional aspects. Interestingly, while the importance of substantial costs of helping was theoretically acknowledged by AT ([Weiner, 1986](#)) it was mainly considered only in early research of helping behavior, such as [Piliavin, Rodin, and Piliavin \(1969\)](#). It is worthwhile mentioning that employing AT to analyze PD situations may prove generally useful in the social dilemma domain ([Dawes, 1980](#)). The interplay of strategic and social considerations comprises a complex issue addressed by a range of studies analyzing social dilemma situations, such as [Suleiman \(1996\)](#) and [Zultan \(2012\)](#), both dealing with different aspects of the ultimatum game. PD is among the most extensively studied social dilemmas comprising, according to [Nowak, Page, and Sigmund \(2000\)](#), “... a prime showpiece of apparently irrational behavior” (p. 1773). Along the past decades, a range of explanations was proposed to account for the behavior observed in such situations; those include, inter alia, justice and fairness ([Kahneman, Knetsch, & Thaler, 1986](#)) and altruism ([Eckel & Wilson, 2001](#)); others yield important evolutionary insights while analyzing repeated games ([Axelrod, 1984](#); [Nowak et al., 2000](#)). It should be noted that different approaches to causal attribution have been employed in

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