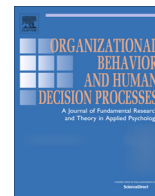




Contents lists available at ScienceDirect

## Organizational Behavior and Human Decision Processes

journal homepage: [www.elsevier.com/locate/obhdp](http://www.elsevier.com/locate/obhdp)

## Perceiving outcomes as determined by external forces: The role of event construal in attenuating the outcome bias

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## ARTICLE INFO

## Article history:

Received 1 February 2014

Revised 6 March 2015

Accepted 12 May 2015

Available online 26 May 2015

## Keywords:

Outcome bias

Event

Agency

Choice

Construal

## ABSTRACT

People view the same decision as better when it is followed by a positive outcome than by a negative outcome, a phenomenon called the *outcome bias*. Based on the idea that a key cause of the outcome bias is people's failure to appreciate that outcomes are in part determined by external forces, three studies tested a novel method to reduce the outcome bias. Experiment 1 showed that people who construed a person's interactions with the environment as events rather than as actions or choices were less susceptible to the outcome bias in a medical decision making task. Experiments 2 and 3 demonstrated that people who recalled past events rather than actions or choices exhibited lower outcome bias in a risky decision making task and in an ethical judgment task. These findings indicate that an event construal helps people appreciate the role of external factors in causing outcomes.

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### 1. Introduction

Imagine that before leaving your home this morning to walk to your office, you had checked the weather report and learned that the probability of rain today was only 10%. You decided that the probability was not high enough to warrant carrying your umbrella. However, when you were walking back home in the evening, there was a heavy downpour and you were thoroughly drenched. Would you be livid at yourself, concluding that you made a bad decision to not carry your umbrella to work that morning? Could it be that reading an article claiming that Barack Obama got reelected because of the American people's decision to elect him versus because of a variety of economic, demographic, and cultural factors influence the extent to which you would blame yourself for not carrying an umbrella?

According to normative theories of decision making, a decision should be based on the possible outcomes for each course of action, the probabilities associated with each of those outcomes, and the decision maker's utility function. The outcome following the decision, if caused by factors outside the individual's control, does not convey any information about the quality of the decision (Brown, Kahr, & Peterson, 1974; Edwards, 1984). However, people's evaluations of decisions are significantly influenced by outcomes caused by external factors—individuals view the same decision as worse if

it followed by a negative outcome than if it is followed by a positive outcome, a phenomenon called the *outcome bias* (Baron & Hershey, 1988). This bias is pervasive in diverse fields, including medicine (Gupta, Schriger, & Tabas, 2011), law (Hastie, Schkade, & Payne, 1999), and accounting (Kennedy, 1993). The outcome bias is related to the *hindsight bias*, which refers to the finding that people shift their *ex ante* estimated probabilities of outcomes once they learn about the realized outcome (Fischhoff & Beyth, 1975; see Hawkins & Hastie, 1990; Rozin & Royzman, 2001, for reviews). The outcome bias is distinct from the hindsight bias in that the outcome bias occurs even when the probabilities of the different outcomes are precisely specified and known in advance.

Researchers have attempted to design interventions to attenuate the outcome bias. Some of the prominent interventions that have been investigated are giving people information about the existence of the outcome bias (e.g., Clarkson, Emby, & Watt, 2002), and asking people to generate arguments for why an alternate outcome could have been realized (e.g., Anderson, Jennings, Lowe, & Reckers, 1997; Kennedy, 1995; Lowe & Reckers, 1994). This work has found that whereas merely informing people about the existence of the outcome bias is not effective at attenuating the bias, asking people to generate arguments for alternative outcomes is effective to some extent (Grenier, Peecher, & Piercy, 2009). However, these studies suffer from strong demand effects. For example, when asked to recall arguments for why alternate outcomes could have been realized, participants are likely to infer that the experimenter wants them to moderate their view of their

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decision. Notably, these interventions have been designed by applied researchers in the field of accounting; we are not aware of basic research in judgment and decision making designed to reduce the outcome bias (but see Agrawal & Maheswaran, 2005, on motives that influence this bias).

Baron and Hershey (1988) discussed a number of possible causes of the outcome bias, including overgeneralization of the heuristic that “good decisions lead to good outcomes, bad decisions to bad outcomes;” a shift in attention to arguments for or against the decision depending on whether the outcome was positive or negative, respectively (as tested by Grenier et al. (2009)); and the idea that certain individuals possess clairvoyance that helps them select decisions that are destined to lead to positive outcomes whereas others do not. We propose an additional cause of the outcome bias—people’s tendency to under-emphasize the role of external factors outside the individual’s control in causing outcomes. If this is indeed the case, then a potential intervention for reducing the outcome bias would be to help people appreciate that external factors beyond their control also influence the outcome. We tested a novel method to reduce the outcome bias by altering people’s construal or frame of mind.

In this research, we target people’s construal of interactions between individuals and the environment, which we use as a blanket term encompassing other individuals, objects, and natural forces outside the individual. Between the person and the environment, the person usually appears more psychologically salient and somatosensorially dynamic; when people interact with other people or objects, they typically perceive themselves as moving and everything else as reacting to their movements (Gibson, 1975). Because of this individual-focus bias, which is particularly prevalent in English-speaking North American cultures (Fausey, Long, Inamori, & Boroditsky, 2010; Markus & Kitayama, 2003; Morris & Peng, 1994; Nisbett, Peng, Choi, & Norenzayan, 2001), people often view interactions between a person and the environment as being driven by the individual’s agency, leading to a sense that the person is responsible for any resulting outcomes. For example, people automatically interpret potentially accidental occurrences (e.g., “He set the house on fire”) as being intentional, spontaneously describe prototypically accidental occurrences as having been done intentionally, and tend to remember intentional occurrences more than unintentional ones (Rosset, 2008).

Based on the above idea, recent research has identified two construals through which people perceive their interactions with the environment. One construal is *action construal*, the idea that person–environment interactions consist of a series of actions, whereas another construal is *choice construal*, the idea that person–environment interactions consist of a series of active choices and decisions. These construals have been shown to influence how people judge actors. For example, participants induced to think of person–environment interactions as choices rather than as mere actions were more likely to blame victims of negative outcomes (Savani, Stephens, & Markus, 2011). Although these two construals differentially influence certain types of judgments, both action construal and choice construal focus on the individual as driving person–environment interactions.

Of course, people do not always view the individual as driving person–environment interactions, and under certain circumstances, might view resulting outcomes as largely determined by factors outside the individual’s control, which we refer to as *event construal*. In situations in which the environment is more visually and somatosensorially dynamic, such as when a hurricane moves and swirls, factors in the environment might be seen as causes responsible for the outcome. People might view external factors as causal agents even in more mundane circumstances. For example, imagine that a person’s cell phone rings and the person picks up the phone. The individual can construe this interaction with

the environment as “I picked up the phone” (action construal), “I decided to pick up the phone” (choice construal), or “The phone rang, so I picked it up” (event construal). Whereas action construal and choice construal focus on the individual as driving person–environment interactions, event construal focuses relatively more on external factors outside the individual’s control as also driving person–environment interactions.

Our key argument is that if the outcome bias occurs in part because people do not fully appreciate that the outcome is influenced by external factors outside the individual’s control, one solution for reducing the outcome bias would be to induce a general event construal mindset in which people are more likely to view person–environment interactions as being driven by external factors outside the individual’s control.

Although the idea of event construal is related to *locus of control* (Lefcourt, 1982; Rotter, 1966), it departs from locus of control in two important respects. First, past research manipulating locus of control has typically targeted people’s actual control over their outcomes (Pittman & Pittman, 1979, 1980; Weiner, Nierenberg, & Goldstein, 1976; Whitson & Galinsky, 2008; Zhou, He, Yang, Lao, & Baumeister, 2012). In contrast, in the current research, our manipulations of event construal target how people construe interactions between a person and the environment; these manipulations do not involve any changes in actual control. For example, construing picking up the phone as “the phone rang, so I picked it up” does not change the person’s actual degree of control over the phone in any respect. Second, research on locus of control has largely focused on negative consequences of an external locus for psychological well-being (Abramson, Seligman, & Teasdale, 1978; Maier & Seligman, 1976), whereas we investigate the positive effects of event construal on decision making.

We conducted three studies to test our hypothesis. Experiment 1 tested whether people who construe a person’s interactions with the environment as events rather than as actions or choices are less likely to exhibit the outcome bias when evaluating hypothetical medical decisions that yielded positive or negative outcomes due to external factors. Experiment 2 tested whether participants who recalled past events rather than past actions or choices are less likely to show the outcome bias when evaluating risky decisions that yielded positive or negative outcomes due to external factors. Experiment 3 tested whether, in comparison to those assigned to either choice construal, action construal, or neutral conditions, participants in the event construal condition will be less likely to exhibit the outcome bias when deciding whether to punish individuals whose ethically-laden decisions yielded positive or negative outcomes due to external factors. We used two different experimental manipulations, and three different comparison conditions—action construal, choice construal, and neutral—to assess the robustness of the effect.

## 2. Experiment 1

Experiment 1 manipulated action construal, choice construal, and event construal by asking participants to differentially construe a stream of person–environment interactions displayed in a video. We then measured the extent to which participants exhibit the outcome bias by asking them to evaluate a series of decisions made by physicians or patients, designed such that the same decision was first followed by a positive outcome and then by a negative outcome. We hypothesized that there would be a similar extent of outcome bias in the action construal and choice construal conditions, but less outcome bias in the event construal condition.

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