

Russell Ackoff Doctoral Student Fellowship for Research on Human Decision Processes and Risk Management: 2011 Application

Reducing Choice Conflict from Trade-offs Between Self-benefitting and Prosocial Options

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Descriptive Summary of Project

The purpose of the current research is to investigate how choice freedom affects consumer well-being when choosing between selfish and prosocial options. Recent research has identified situations in which externally imposed options, as opposed to free choice, increases individual well-being (Botti and Iyengar, 2004; Botti, Orfali and Iyengar, 2009). While much of this research has focused on choices where the outcomes affect the self exclusively, I, along with my collaborator Deborah Small, examine choices where there is a direct trade-off between a self-benefitting option and an option that improves the welfare of others. Although classic economic theory assumes agents are strictly self-interested, there is much evidence, both from the real world as well as from tightly-controlled laboratory experiments, suggesting that people sometimes make significant self-sacrifices to help others less fortunate than themselves (Camerer and Thaler, 1995).

When faced with such trade-offs, regardless of the ultimate decision, we expect that many individuals face intrapersonal conflict. We expect that imposing a selfish option removes the experience of intrapersonal conflict. As a result, individuals can enjoy the pleasure of self-benefitting outcomes without experiencing self reproach for forgoing helping others. The studies presented here provide initial evidence that people are less happy and satisfied with outcomes when faced with a choice between a selfish and prosocial option than those who have a selfish outcome externally imposed.

In our first study participants were placed into one of three conditions. Participants in the *choice* condition were given the option to either receive a windfall sum of \$3.00 or donate this money to UNICEF. Participants in the *imposed selfishness* condition received a windfall sum of \$3.00, while those in the *imposed prosocial* condition donated \$3.00 to UNICEF. We find an overall effect of condition on happiness ($F(2, 104) = 5.4, p = .006$) and satisfaction with the outcome ($F(2, 104) = 7.8, p < .001$). Specifically, participants who were forced to receive \$3.00 were significantly happier ($M = 4.5$) than those who were given a choice ($M = 3.9; t(74) = 2.5, p = .01$) and those who were forced to donate ($M = 3.5; t(59) = 3.1, p = .003$). Analysis on our choice satisfaction measure revealed the same pattern of results (all p 's $< .002$).

One possible explanation stems from the finding that comparisons between options reduce the value of each option (Brenner, Rottenstreich and Sood, 1999). In our first study, participants in the choice condition, by design, considered both selfish and prosocial options, while those in the imposed conditions were unaware of the alternative option. It is possible that participants in the choice condition felt worse about their decision because their attention was drawn to the relative disadvantage of each option, thereby reducing the perceived value of each option.

To control for option information, we conducted a second study in which each participant was made aware of all the possible outcomes. In particular, they were told that some participants will receive \$3.00 in cash while others will donate \$3.00 to UNICEF. If our previous findings were solely a result of informational differences between conditions, then we should find no effects in this study where all participants have identical information. However, if the presence of choice between a selfish and prosocial option induces intrapersonal conflict, then we should find similar results as our first study. The results of our second study support the intrapersonal conflict hypothesis. An ANOVA revealed an overall effect of condition on happiness ($F(2, 213) = 4.0, p = .02$) and satisfaction with the outcome ($F(2, 213) = 9.1, p < .001$). The specific pattern of results was identical to our first study (all p 's $< .02$).

I hope to utilize the support of the Ackoff Fellowship to build on this research. In addition to providing support for the current hypothesis, and conducting follow up studies necessary for publication, I also hope to investigate further the consequences of intrapersonal conflict. Understanding how intrapersonal conflict affects individual wellbeing is an important aspect of decision making which merits insights from psychology. We hope this research contribute to an understanding of how decisions are made and experienced when individuals make direct trade-offs between self-benefiting and prosocial options.

The financial support of \$3,200 that I am seeking will be used for two purposes within this research project: to fund data collection and to share the results of my research at two conferences. Data will continue to be collected in a series of experiments primarily in the Wharton Behavioral Lab. To understand how intrapersonal conflict affects wellbeing, I will need to supply participants with a windfall sum that can be used for either a selfish option (e.g. cash or a gift card) or a prosocial option (e.g. a charity donation). Typically these studies provide participants with \$5 per participant. An additional cost of about \$2 per participant is expected as per the Wharton Behavioral Lab policy, however, my advisor has offered to cover this costs for me.

In addition, I anticipate that this research will be of great interest to marketing, psychology, and economic audiences as well as to the general public. I hope to present my results at two relevant conferences: the Association for Consumer Research (ACR) North American conference in St. Louis, MO, and the Society for Judgment and Decision Making conference in Seattle, WA. The budget outlined below reflects estimated costs of lodging (at conference room rates) and travel to and from the conferences. I have already submitted this material to present at ACR in a symposium on the consequences of choice. While the Marketing Department allocates some funding for research and travel, it is sufficient to cover only a small portion of the research I intend to conduct over the course of my studies. Any incurred expenses that the Russell Ackoff Doctoral Student Fellowship does not cover will thus be paid out-of-pocket or by any funds remaining in my departmental research budget.

If you have any questions, or if there is any further information I can provide, please do not hesitate to call or email me. I greatly appreciate any support the Ackoff Fellowship can provide. Thank you for your consideration.

References

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