Kahneman’s Lecture

- **Why study psychology?**
  - Policies affect behavior
  - Policies affect outcomes

- **Various views of the human agent**
  - Folk psychology
  - Rational choice model
  - Research-based psychology

Ross & Nisbett - *Judgment in Managerial Decision-making*

**People are boundedly rational.**

- Bounded rationality framework - views individuals as attempting to make rational choices, but acknowledges that they often lack important information on the definition of the problem, relevant criteria, etc.
- In addition to bounded rationality -
  - Bounded willpower - give greater weight to present (rather than future) concerns
  - Bounded self-interest - care about outcomes of others

**People employ cognitive heuristics (simplifying strategies or rules of thumb) to facilitate decision-making.**

- Availability heuristic (base probability of event on whether it’s readily avail in memory)
- Representativeness Heuristic (stereotyping)
- Anchoring and Adjustment (initial values influence expectations)

**Intuitions about risk deviate from rationality because people fail to appreciate the nature of uncertainty and framing effects.**

- Prospect theory (p. 47):
  1. People evaluate rewards and losses relative to a neutral reference point.
  2. People think about potential outcomes as gains or losses relative to this reference point.
  3. People form their choices on the resulting change in asset position as assessed by an S-shaped function.

- Framing matters!
  - importance of anchoring
  - loss aversion

Darley’s Lecture

- Naive realism - “I see exactly what is there.”
- Social consequences of naive realism - people who disagree with me must be biased
Don’t realize that perception is a process of construal.

Todorov’s Lecture
- Social inferences can lead to costly decisions.
- Social inferences are fast, often unintentional, highly efficient, effortless, etc.
- But... can give rise to a number of errors. Fail to realize that:
  - context affects our inferences
  - beliefs shape our inferences
  - other people might make different inferences
- Ex: eyewitness testimony

Week 2: Judgment and Cognitive Illusions/ Social Judgment

Kahneman Lecture – Intuitive and Statistical Prediction
- Subjective judgment is unreliable. Statistics are better at predicting behavior or illness. People intensely resist the idea that clinical judgment or intuition is not reliable. People are overconfident about their views. Confidence is imperfectly correlated to accuracy. Bootstrapping or neural nets are statistical ways to predict people’s behavior. Fundamental attribution error – falsely attribute people’s actions to their internal states rather than to external factors. So a key to vocational success cannot be in a set of individual characteristics.
- Modesty about policy. Most human welfare is beyond the influence of policy. Evaluate the effects of a policy relative to the best possible policy, not the best possible world.

Todorov Lecture – Social Judgments
- Prior knowledge can bias perception of evidence, evaluation of evidence, and reconstruction of evidence. Beliefs can survive even in the face of contradictory data.
- Self-fulfilling prophesy – a belief in a hypothesis changes the world so that it supports the hypothesis.
- Pygmalion effect – telling teachers that kids are smarter than average actually makes them smarter than average.
- Errors of lay personality theory – People make overly confident predictions based on a few traits they perceive (perhaps incorrectly), infer dispositions from behavior that is produced by the situation rather than by traits, and overestimate how consistently people act. So oversimplistic – trait-focused, ignoring the situational context. Can lead to costly errors of incorrect attributions or overconfident predictions.

Bazerman, Judgment in Managerial Decision Making
Uncovers biases that lead to poor decisions and judgments. When making a decision, we first determine our preferences, and then justify it by emphasizing attributes favorable to our preferences and de-emphasizing evidence contrary to them. We are often incapable of classically defined rational decision making since we have bounded rationality, bounded willpower, and bounded self-interest. To process the enormous information available=to make decisions, we rely on heuristics, rules of thumb to make decisions. Heuristics can become biases.

Meadow/Sunstein, “Statistics, not Experts”
Legal and medical systems should rely more on statistics. Experts systematically can make wrong estimates because of biases in judgment, in particular from over-optimism about their own abilities or patients’ chances for survival. Stats more accurate than human judgment and should be used more in legal cases.

Pronon, Puccio, Ross, “Understanding Misunderstanding: Social Psychological Perspectives”: Biases can create/ exacerbate conflict between individuals and groups. People often attribute others views to bias,
while not acknowledging their own bias. Different understandings of issues and of others’ views can be attributed to difference in construals. “False Polarization” Effect -- adversaries in an argument or negotiation believe their own view to be unbiased, objective, rational, and complex, while seeing their opponents’ views as based on ideology and self-interest. Both sides, for fear of giving the other side leverage, clench on to their particular position, refusing to acknowledge the other’s misgivings. Some of this effect can be mitigated if each side articulates the other’s views. This could have important uses in diplomatic, business, or personal negotiations.

Week 3: Decision Making I/ Situational Determinants

I. The Power of the Situation

• Informational Conformity: We learn about an element of physical or social reality by observing other people’s reactions to it, often without even realizing it.
  - Darley example where a person is made to be aroused. Put them in a room with a person who is angry, and they tend to feel anger; put them in a room with a person feeling euphoria, and they will tend to feel euphoria.
  - Smoke-filled room example. If the confederate does not react, the subject tends not to react.

• The Diffusion of Individual Responsibility: When we’re alone, we realize that either we respond to an event, or no one does. If others are around, we are more likely to defer; there are costs to intervening, and we can avoid those costs if others choose to intervene.
  - Example where a person appears to have a seizure. The more confederates there are available to help, the smaller the chance that the subject of the experiment will intervene.

• Obedience to Authority: We defer to experts, and assume that they possess knowledge about a situation that we do not. The classic example of this is the Milgram experiment. When the expert was replaced by another ordinary person, the subject did not continue with the shocks.

II. The Psychology of Decision Making

• Expected Utility Theory: This is the model against which Kahneman argues. expected utility theory assumes rationality, and that the net benefit, or utility, we gain from an outcome is the weighted sum of the utilities of the outcomes, multiplied by their probability of occurrence.

• Prospect Theory: The best way to think about prospect theory is in terms of the S-Shaped curve. Unlike expected utility theory, prospect theory says that we value gains and losses differently.
We evaluate potential outcomes in terms of changes from a reference point—the status quo. The value function for positive changes is concave, which predicts risk averse behavior, while the value function for negative changes is convex, which predicts risk seeking behavior. We also overweight small probabilities and underweight large probabilities, which helps explain the following:

- Events With Low Probabilities: we are risk seeking for gains and risk averse for losses. Examples are lottery tickets and insurance.
- Events With High Probabilities: we are risk averse for gains and risk seeking for losses.

The way a choice is framed (as a gain or loss) can cause us to deviate from the behavior predicted by expected utility theory.

- **Status Quo Bias**: We have an exaggerated preference for the status quo, and if there is no status quo, we opt for the default choice.

- **Time Bracketing**: We narrowly time-bracket events rather than taking the long view, which often results in poor decisions.

- **Self Serving Bias**: Although we care about fairness, our judgments about what is and is not fair are often self-serving. For example, in the law, people often think they deserve more than they’re actually entitled to.

- **Decision vs. Experience Utility**: We expect to be happier when we make a decision to do something than we are when the actual event occurs. We mis-predict what our feelings will be.

- **Availability Heuristic**: We estimate the frequency of an event by judging the ease with which we can recall similar instances. Problematic because the rate at which something comes to mind may not have any relation to its frequency.

- **Affect Heuristic**: Shortcut people use when making a decision by consulting the pool of positive and negative images associated with an object or event.

- **Social Amplification of Risk & Stigma**: Occurs generally when the media reports extensively on an adverse event, and the event becomes salient to the general public. The public then begins to have negative associations with certain companies, products, or activities. People then make risk averse decisions regarding the subject of the social amplification.
  
  - Examples of this are Three Mile Island and nuclear energy, a plane crash and air travel, or asbestos and cancer.

- **Certainty Effect**: We’re willing to pay more to entirely eliminate a risk than we are to reduce it by the same amount. For example, we’re willing to pay more
for a vaccine that eliminates a 10% chance of catching the flu than for a vaccine that reduces our chances of catching it from 20% to 10%.

**502: Week 4—Decision Making II/Group Decision Making**

<table>
<thead>
<tr>
<th>Common Misperceptions About The Power of Group Decision-Making:</th>
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| **Fiction: Law of Large Numbers** --predicts that increasing sample size reduces standard errors in surveys, makes tests more reliable, and cancels random judgment errors.  
**Fact:** this doesn’t hold for shared bias which leads to final judgments that will be more risky/extreme than the original. |
| **Fiction: Collective Knowledge** --predicts that groups will pool their resources and consider more information than they would at the individual level.  
**Fact:** groups discuss shared knowledge first and this emphasis on shared knowledge increases with group size. |
| **Fiction: Creative Brainstorming** --prediction that “creative synergy” occurs and that group members will say anything in a stream-of-consciousness fashion and others will ‘build on, react to, and modify each others’ ideas.’  
**Fact:** studies show that social loafing, social matching, evaluation apprehension, and memory problems often preclude this “creative synergy.” |
| **Fiction: Checks and Balances**—prediction that group members can critique each other’s ideas, challenge their reasoning, and correct misperceptions.  
**Fact:** “strivings for unanimity override their motivations to realistically appraise alternative courses of action” |

**Characteristics of Group Think:**

- **Overestimation of the Group** (Illusion of invulnerability, Belief in the Inherent Morality of the Group)
- **Closed-Mindedness** (Collective Rationalizations and Stereotypes of Outgroups)
- **Pressures toward Uniformity** (Self-censorship, Illusion of Unanimity, Direct Pressure on Dissenters, Self-Appointed “mindguards”)
Leads to the Consequences of Group Think:

DEFECTIVE DECISION MAKING

- Incomplete survey of alternatives and objectives
- Failure to examine risks of preferred choice
- Failure to reappraise initially rejected alternatives
- Poor information search
- Selective Bias in Processing Information
- Failure to work out contingency plans

Other concepts Related to Decision-Making:

1) **Optimistic Overconfidence**— this concept states that when a plan exists people become severely anchored to it (the planning fallacy) and don’t make realistic judgments about its viability; it leads to risk taking because of a “delusional optimism.”

2) **Two Concepts of Utility**—
   - Decision Utility (inferred from choices, explains choices)
   - Experienced Utility (based on the quality and intensity of hedonic experience)

3) **Valuating Extended Outcomes**— When individuals make evaluations about events—the ULITITY OF MOMENTS serves as a proxy for the utility of states or episodes. People pick a few moments and evaluate that, usually the feeling at the end of an experience. (REMEMBER THE COLONOSCOPY EXAMPLE!!)

4) **Future Tastes**— Individuals have poor notions about their future tastes and “systematically underpredict” their ability for “adaptation.”

I. Rival Rationalities—

What People Have:

**Mechanisms for Qualitative Evaluation**—Ordinary people have rich considerations when they evaluate risk—they think about whether it is “dreaded, potentially catastrophic, inequitably distributed, involuntary, uncontrollable, new, or faced by future generations.”

What They Don’t Have:

**Immunity from Cognitive Mistakes**—
- They are subject to availability and affect heuristics, emotion driven response, and “the failure to put all effects on-screen.” Klien says this is “quick, intuitive, imperfectly informed assessment of the magnitude of the relevant hazards and accompanying beliefs.”
- They are also subject to the social amplification of risk which magnifies certain beliefs through informational and reputational influences and group
polarization. Here, highly publicized events make people fearful of statistically small risks.

→ They engage in the “narrow framing” of decision problems; they disaggregates related problems and ignores antecedents. Evaluating outcomes in terms of wealth and aggregating outcomes are two suggestions to overcome these flaws.

→ They prescribe to a “zero-risk” mentality and engage in “intuitive toxicology” which causes people to believe that “all carcinogens are deadly” and that “natural processes are unlikely to create unacceptable risks.”

The final word on the matter:

**SCIENTIFIC and INDIVIDUAL ASSESSMENT OF RISK DO NOT USUALLY MESH/ MAY POINT TO THE NEED FOR PATERNALISTIC POLICIES**

II. Recognition Primed Decision Model- (proposed by Klien to counter the rational choice strategy)

**Def.** Situation Recognition leads to expedient decision-making by REMEMBERING ANALOGOUS SITUATIONS, IDENTIFYING RELEVANT CUES, and IMPLEMENTING THE STANDARD COURSE OF ACTION. Usually prevails in emergency and “danger situations” where a very rapid series of cognitive responses are generated and guide quick decision-making.

III. COPING (Janis and Mann)

Four categories of defective coping:
1. Unconflicted Inertia
2. Unconflicted Change (these first three are based on the perception of no other viable alternative
3. Defensive Avoidance and involves maintenance of status quo
4. Hypervigilance (panic-like demeanor leads to “snap judgments” and “simple-minded decision rules”)

One category of effective coping:
1. Vigilance (“careful search and appraisal”)

**main point: conflict, hope, and time pressure affect clarity of decision-making**

IV. Risk Aversion

- LOSS AVERSION--people are generally risk averse, but risk-seeking in the domain of losses
- NEAR PROPORTIONALITY--almost as much risk aversion when stakes are small as when they are large
- NARROW DECISION FRAMES—people consider problems one at a time, often isolating the current problem from other choices that may be pending, as well as from future opportunities to make similar decisions.
WEEK 5: PROBLEMS WITH INDIVIDUAL INCENTIVE SYSTEMS

How does one get self-interested people to act in the interests of the organization?

Or, “a bunch of time spent on bad ideas.”

Bad idea #1: Traditional rational choice diagnosis (I think this is also called the Incentives Model):
- Driven by assumption of self-interest
- Assuming that coordination problems are solved, the problem is social loafing and free riding
- Tie incentives to measures of performance
- A system of financial incentives delivered to the individual for performance will produce motivation
- Consistent with assumptions of industrialized capitalist society
- Require criterial control systems.

Bad subidea a) What’s a criterial control system? It’s the canonical technique for controlling human behavior in organizations. Set organizational goals, then find measures to evaluate those goals. Then set up an incentive system that links an individual goals for the achievement of those measures. Problem: because measure is only a proxy, it produces unintended consequences (example: teaching to the test; treating “closed cases” as a proxy for solved crimes). Is adopted in private firms, education, and more and more, government.

Bad subidea b) Another reason incentives model is a bad idea: we know people do things for reasons other than individual financial reward—altruism, group identification, reciprocity, free food, etc. But it is a self-fulfilling prophecy: if we continually assume people will only perform when monitored and financially rewarded, that will come to be the case. Don’t assume, as economists do, that people are motivated only by self-interest.

Campbell’s Law (paraphrased): The more any quantitative performance measure is used to determine an individual’s rewards, the more subject it will be to corruption pressures, and the more it will distort the action and thought patterns of those it is designed to monitor. Or, as Steven Kerr says, “On the folly of rewarding A, while hoping for B.”

Pratt and Zechhauser “Principals and Agents: An Overview”
Principal-Agent Theory or Agency Theory tries to solve this problem, serves as an alternative to microeconomic theory: seeks to align the interests of the principal by rewarding agents for achieving measures of those interests. A principal is one who relies on someone else (agent) to carry out an action. The study of how to get an agent to do what the principal wants when there is imperfect control/monitoring (i.e. imperfect information—this can take the form of lack of expertise by principal). Economic theory has unreasonable assumptions about information and competition. Incentive structure between agent and principal often has an informal or reputational component and long-standing relationships are valuable under this model.

Possible Alternatives: (we’re now into the realm of good ideas)

A. Tyler’s Relational Models: People perform in organizations because they identify with the aims of the organization, are loyal to its goals. The organization should then deliver rewards at the level of the organization, shared among members, and at a level reflecting the success of organizational performance. If committed, they perform willingly. Focus on belongingness and creates an identity around the organization. (potential problem for this model: once trust is lost, very hard to motivate.)

B. Give workers information they need to do what company wants—sharing of financial and performance information.
C. Give workers power to make decisions—self-managed teams; decentralization of decision making, reduced status distinctions and barriers.

Pfeffer’s Seven Dimensions of Highly Functional Organizations (“High Performance Management Practices”) (incorporates many of above concepts. From Dale Pfeffer’s The Human Equation: Building Profits by Putting People First)

1) Employment security
2) Selective hiring, intensive screening
3) Self-managed teams, decentralization of decisionmaking
4) Comparatively high compensation contingent on organizational performance
5) Extensive training
6) Reduced status distinctions and barriers
7) Extensive sharing of financial and performance information

Empirical results that it leads to increased profits, reduced turnover, etc. more or less across the board. This applies to high-skilled and low-skilled environments. Pfeiffer presents a bunch of industrial examples where this worked. It is surprisingly underused, considering the empirical results that have been available for decades. Presented not as a “high road strategy,” but just a better way of doing things. Only problem: cannot be effectively adopted piecemeal.

Three Authority Treatment Variables: i.e. what gets people to change behavior voluntarily

1) Trustworthiness (granted voice, procedural fairness)
2) Benevolent neutrality (unbiased decisionmaking, good will)
3) Recognized standing of participant: respect, dignity, attention.

This results in: willingness to obey directions of authority, sacrifice for the common good, conserve common goods and scarce resources. [This sounds like week 6. Why is this here?]

Dawes, van de Kragt, and Orbell “Cooperation for the Benefit of us—Not Me, or my Conscience” Focus on group identity as a powerful force in prompting cooperation even in scenarios where defection may be the dominant, “rational” choice. Focuses on a lot of game theory type scenarios. When identifying with a group, people leave behind their self-interested instincts to cooperate. (It does assume, then, that people are generally self-interested.) Important to use discussions to accomplish cooperation.

Week 6: Justice - Tom Tyler Guest Lecturer (Leslie M.)

What motivates behavior?

- Not deterrence: Deterrence and monitoring are expensive, hard to implement, and the effects are small. Deterrent or monitoring and not voluntary based strategies suffer from the fact there is a low probability of getting caught, people’s risk judgments are usually incorrect or unrelated to the criminal behavior, structural barriers. Deterrent-based strategies rely on the assumption that increasing the severity of punishment influences people’s behavior, but it usually doesn’t in the long run. The costs are high and the effects small.
- Not incentives: Incentivizing with money or title is hard to implement and the effects are small.
- But procedural fairness: Need to appeal to people’s internal motivations and values or feelings of responsibility and about what is fair. The advantage is that people are self-regulating and it’s cheap.
Procedural justice:
- Gaining compliance with the law relies on voluntary cooperation, which comes primarily through internalized values and morals, but also from legitimacy of authorities. Legitimacy is even stronger than morality though because it can gain compliance even when a behavior is outside of a moral realm. Legitimacy of authorities is tied to four issues of process and procedural fairness: (Foundations of the Procedural Justice Model)
  1. Trust motives of authority,
  2. Do authority figures care about you as a person and treat you with dignity,
  3. Are authorities neutral or even handed in application of rules, and
  4. Are victims and the accused allowed to participate in the resolution of their problems? Do this is usually fairly costless. In a different setting you may want add a compliment to the notion of fair procedures of rules or outcomes - do they favor me.

- People are strongly influenced by their evaluations of the fairness of organizational procedures. Suggests a way to manage using process-based management. IT bridges demographics, ideologies, the vulnerable population,

Limits to the effectiveness of procedural justice mechanisms:
- Social consensus: different cultures and group experiences change degree, feelings toward, and criteria used to judge fairness.
- Social categorization: Lack of concern for justice outside of social or ethnic group. Must build across subgroups and diminish the visibility of separate groups.
- Identification: Build identification within society and social institutions. If identify more strongly with group that makes up authorities will be more concerned with fair treatment.

Social Justice:
- An idea of fairness that is socially created (by groups). It begins with the theory of relative deprivation: satisfaction or dissatisfaction in social situations is determined through comparisons between one’s outcome and the outcome of others and to some type of standard. The standards are socially determined and shaped by experiences. Social justice should focus on issues of process and procedural fairness as well.

Criminal law relies on social consensus and notions of morality:
- People are inclined toward a “Just-deserts” punishment stance: Giving the exact punishment that people deserve. The notion of just-deserts is driven by deterrence considerations, but deterrence, rehabilitation and incapacitation don’t work as well as other mechanisms. So he introduced three sources of behavioral control that act like deterrent forces are:
  1. Commitment costs – affects past accomplishments
  2. Attachment costs – loss of friendship
Internalizing social consensus and notions of morality and bringing them into criminal notions of deterrence is the key.

**Week 7: Attitudes and Attitude Change/ Leadership**

**Todorov: Attitudes and Persuasion**

**Important—Caroline referred to attitude strength in QE1 review. The stronger attitudes are, the harder it is to change people’s behavior. We can change behavior by changing attitudes through question framing, word choice, making policy points salient via priming. We can also change behavior through social proof, or by changing reference points.**

**Attitudes:**

*Immediate, Unintentional, Linked to specific memory of an event, linked to approach and avoidance tendencies*

Automatic (efficient, not controllable)

Implicit (no reference to specific event) vs. explicit memory.

Stereotypes: automatically activities, Suppressing automatic stereotype: controlled process

**Attitudes are context dependent:**

- Self reports influence by question wording, format, order, retrospective biases
- Speed of Memory retrieval (strong attitudes stem from chronically accessible memories)
- Temporal accessibility (priming, by making an attitude salient)

**Attitude ambivalence:** mix of positive and negative evaluations

**Attitude Strength**

*Strong attitudes:* Extensive and coherent sets of beliefs, embedded in other attitudes (ie. we hate helmet laws because we’re hard-core libertarians), chronic accessibility (fast memory)

**Consequences of attitude strength:** Information processing is selective, attitudes are resistant to change, persistent over time, predictive of behavior.

**Persuasion: Manipulating attitudes**

*Repeated Exposure:* to attitude object increases its liking (“war on terror—repeated phrase”)

- Works better when stimulus is brief, and participants unaware of manipulation

*Conditioning:* (present attitude object w/ well-liked setting⇒positive feeling).

- Later: present attitude object⇒positive feeling

*Framing:* Loss-framed messages more effective in detecting illness, Gain-framed messages more effective in preventing illness (ie. frame self breast exam in loss frame⇒behavior change)

**Hints in Persuasion:** Usually: credible, attractive, faster-speaking communicators more persuasive. Stronger messages, Intention to persuade not obvious, Distracted audience more susceptible to persuasion.

**Dual process models of persuasion: Persuasion effects how we process info. depends on audience motivation and cognitive ability to interpret message.**

Elaboration likelihood model:

- *Highly relevant message⇒high elaboration, audience motivate to deeply process message, evaluation argument quality*
- *Low relevant message⇒shallow processing, surface cues (attractiveness of message communicator)*
High motivation and processing ability: Message relevance, Ability to carefully evaluation message, generate +/- cognitive responses, which induce attitude change.

Low motivation and ability: Preconditions: message not highly relevant, insufficient cognitive resources. Information Processing: heuristic, peripheral. Attitude change based on surface cues—source of message (expertise, credibility, attractiveness, similarity, in-group status of communicator), message length, number of arguments, other’s reactions. Generates minimal cognitive responses, there is little careful processing of persuasive messages).

Resisting persuasion: Attitudes⇒selective exposure or selective avoidance, generation of counterarguments

Validity effect: Presenting statements repeatedly increases believability

Familiarity Effect: Automatic: misattributed to truthfulness. Source recollection can override this effect but only if cognitive control present

Remember: Explicit memory fades with age, while Implicit memory states intact

False memories: Easy to create through a) question’s word choice, b) vividness of mental imagery

Cialdini Chapter 5: Influence of likeability created by: physical attraction, similarity, familiarity, contact with person in positive settings, association. 
Safeguard: be sensitive to likeability.

Chapter 6: Authority: Linked to knowledge, wisdom, power. Systematic socialization practices make people perceive obedience to authority as correct behavior. (blind deference to authority is decision short-cut). Trick: authorities can confess negative trait to increase credibility/trustworthiness. 
Safeguard: avoid being fooled by authority symbols. Evaluate trustworthiness, integrity

Chapter 7: Scarcity: Values of scarce items increase. Due to psychological reactance (emotionally-arousing) theory: people respond to loss of freedoms (ie. scarce info. or resources) by wanting them more! Especially true when item is newly scarce, or competed for.

502: Week 8 (Predicting and Changing Behavior and Cognitive Dissonance)

Todorov: Competing Determinants of Behavior/ Inducing Behavioral Change
Public policy is based on assumptions about the changeability of behavior
Multiple determinants of behavior
Three strategies for changing behavior
  1) changing beliefs
  2) changing norms
  3) directly changing behavior

1) Cognitive influence strategy
  - Aim directly at beliefs (efficacy beliefs, expectancies, evaluations of alternate paths)
  - Change through
    o Persuasion
    o Influence salient behavioral beliefs
    o Introduce novel beliefs
o Construct your message specifically targeted to the relevant beliefs that are antecedent to the behavioral intention

2) **Normative influence strategy**
   - Aim at perceived norms
     o Injunctive norms (what people approve/disapprove of)
     o Descriptive norms (how people behave)
   - Can change the content or salience (or both) of normative beliefs, but avoid mixed messages

3) **Directly changing behavior**

   Importance of implementation (*goals vs. implementation*)
   If you make implementation intentions…
   - Delegating control
   - Higher rate of completion of difficult projects
   - Faster action initiation
   - Longer persistence
   - Resistance to distraction

   Strategies for “mindless” and/or difficult behaviors
   - Try to make actor ‘mindful’ to permit new cognitive change
   - Change the environment to ‘channel’ mindless behavior in desired direction (ex. use peripheral cues, increase opportunities, remove impediments)

   **Darley: Cognitive dissonance**
   - When dissonant cognitions arise, there must be dissonance reduction
   - Generally, the cognitions most strongly held will triumph
   - Dissonant cognitions will be denied or changed to achieve consonance
   - Dissonance is automatic

   **Pressure and Dissonance (see graph below)**
   - Just adequate reward for changing behavior best (maximum attitude change)
   - Just inadequate reward the worst because will reinforce attitude to maximum degree – dissonance is maximal (“I was offered a lot of money and I didn’t take it…”)

   ![Pressure and dissonance graph]

   **Influence: Science and Practice (chapters 1-4)**

   Chapter 1: The author explains fixed-action patterns and how such patterns may affect buying trends and decision processes. By understanding such patterns, one can use them as means for influencing the outcomes.
**Chapter 2:** The author explains reciprocation, a topic we covered earlier in the semester, which highlights how the social norm to pay someone back can be exploited since even uninvited favors can pressure people into repayment. He claims the best defense is reasoned redefinition of a situation to show the tricks involved.

**Chapter 3:** The author explains the persuasion of commitment and consistency that aims to maintain momentum in decision making. He suggests listening to the heart when trying to break from the misdirection of consistency pressures in decision-making.

**Chapter 4:** The author expounds on social proof, the tendency of people to look to others’s to find out what is correct or accepted behavior. He highlights two conditions where this is most common. First, people do follow the lead of others. Second, they usually follow the lead of others who are like them. His defense against simply following others is to not use the actions of others as a sole motivator in decision-making.

**The Theory of Planned Behavior**
The author demonstrates how the theory of planned behavior assists in understanding human behavior. It explores how planned behavior, subjective norms and perceived behavioral control affect behavior. It concludes that while there is a relationship among them, the exact form of the relationships is unclear.

**Energy Conservation Behavior**
The authors analyze decision-making through the lens of energy conservation and conclude that traditional appeals such as media campaigns and rational economic reasoning work less effectively than alternatives models such as social diffusion. Social diffusion relies more on interpersonal relationship for the dissemination of information.

**Week 9: Public Opinion**

**When you’re working on policy you can:**

1. Look at public opinion data to find out what people think
2. Exploit public opinion data to make it look as though you have support

**Public opinion is often ascertained through surveys. When people try to answer a survey question they must:**

1. Interpret the question
2. Retrieve information from memory
3. Compose an answer
4. Map their answer onto the survey’s response option

**Surveys must be based on random samples. However, even a random survey can be misleading because survey design can affect responses:**

- Question wording
- Question ordering
- Question framing
- Response options (e.g. frequency scales act as a reporting frame of reference)
- If people are asked to report about others but do not have sufficient info, they rely on inferences (that may be grounded in inaccurate lay theories)

*The way a question is worded, framed, etc. can make different memories, attitudes, etc. salient.*

**Are attitudes real?**

Zaller (who some of us read in our domestic gateway) says that the opinion statements that are revealed in surveys reflect no prior thought or “true” public opinion. He says that when you ask people for their opinion they make it up right then and there, and that this is why small changes in question wording and ordering can affect responses so greatly. Todorov, in contrast, does not want us to think of public opinion
as something that is totally constructed by surveys and survey responses. He says that even if people may not have an opinion on a specific issue, they are not responding randomly and thus you can derive a systematic opinion based on their general attitudes. However, surveyors can obviously also manipulate what is expressed by controlling how issues are framed and which mental accounts are triggered.

**Is public opinion in line with the policy that exists?**

Often people (even those with general political knowledge) will be ignorant on specific issues (e.g. the amount of the US budget devoted to foreign aid). If people are enlightened as to their misperceptions they may change their attitudes. However, it is difficult to get people to internalize and recall such specific policy info (e.g. Princeton students and foreign aid).

People are influenced by what they think the majority believes (rather than what the majority actually believes).

**Week 10: Risk & Insurance/ Contingent Valuation**

**Key Ideas:** managing risk in industry; understanding public policy preferences and valuation; determining public perceptions of risk in cost-benefit analyses of policy

**Kenreuther: Market-based incentives v. performance-based regulations**

Market-based incentive mechanisms should supplement performance-based regulations to promote industry safety. He proposes **Risk-Management Plans (RMP).**

**Why should firms develop RMPs (Why do we need to regulate firms somehow)?**

- Public perception of risk often diverges from that of experts (but public perception is an important factor in allocating funding – Sunstein)
- We have a hard time distinguishing low probabilities (we perceive 1/10,000 same as 1 in a million)
- Externalities of production
- People don’t do a good job assessing risk, as either probabilities or insurance premiums change (we can’t assume firm managers will do any better)
- Firms won’t invest in RMP if expected loss of accident is less than cost of RMP
- People are myopic – short time horizons can truncate cost-benefit analysis

Current RMP system isn’t effective: regulatory agencies aren’t capable of auditing enough firms; because probability of audit is low, firms gamble they won’t be caught → no RMP

**Why would third-party inspections and insurance be more effective?**

- Low risk firms get inspected b/c if not, they’re assumed to be high risk and charged higher premium
- As more firms inspected, higher chance of being audited so compliance increases
- Third-party inspections have worked before: hygiene inspections in restaurants

**Conclusion:** Introducing market-mechanisms into regulatory systems may improve performance

**Kahneman: contingent valuation method (CVM)**

- Use CVM to get dollar value for public goods (= non-excludability, no property rights)
- Survey people’s willingness to pay to protect public good (e.g. prevent crane extinction)

**Problems with CVM**

- People have an attitude towards the particular good or activity and it’s this attitude that they express through CVM (similar to affect heuristic), rather than economic preferences
• Choices made by CVM participants violate the logic of the economic model
• Attitudes and valuations subject to framing and anchoring effects
• Attitudes violate extensionality: they are insensitive to quantity ("scope problem")
• Different valuations when use joint v. separate evaluation b/c change category of comparison

**Conclusions:** Rather than preferences, people have attitudes dominated by emotion, category-relative and focused on vivid examples (which helps explain insensitivity to quantity). Public attitudes are an important input into policy, but false precision is dangerous.

**Pollak: Public v. expert perception of risk**
• Public rankings of hazards and those of experts often diverge → people don’t assess probability well, respond to framing, use heuristic to assess risk and distrust experts
• How should government respond to this discrepancy between public/expert risk assessment?
• Public education and “risk communication” not widely successful in changing risk perception
• Unclear how much of a role public fears about risks play in regulatory policies – whose perception should be used?

**Week 11: Intergroup Relations & Processes/ Minimal Group**

- What is a nation? -- Possible objective qualifications: common ancestry, language, culture, territory. McCauley maintains that much of what defines a nation, or an ethnicity, is psychological in that a group exists if a group of people think it does.
- Identification – and possible policy implications
  o People care about group-level concerns
  o people care about people and groups with which they have no “rational” or self-interested relationship (e.g. what’s in it for the individual does not turn out to be a good way of predicting her vote) (Kinder)
  o people also care about groups of which they are not a part

- Ethnic/national movements mobilize a sense of group identity based on personal sacrifice for group/for a cause; common history; perceived threat.
- Psychology of group identification
  o favoring the ingroup; group differences tend to be reduced when there is outgroup threat.
  o small group dynamics – cohesion a result of perceived similarity, proximity, common faith; use consensus to answer questions we can't answer empirically (e.g. what is worth working for/dying for); cohesion → pressure to reduce differences in group (bad things happen to nonconformists)

**hate, anger, fear derived from love** - did anyone get this?

**power of ethnic/national identification may be terror management and/or ease of essentializing**
- terror management theory – extension of social reality of group – if you consider dying you are more favorably disposed toward those who uphold your cultural values – e.g. you would be more willing to die for your nation than for your tennis club because the tennis club does not have a far-reaching spectrum of values as culture and ethnicity do.
- Essence – primitive idea beneath “is this still a cat?” gene-type and spirit-type talk; “perceptual unity” makes ethnic identification powerful (easier to perceive than essence of the working man, e.g., McCauley says).
small-group dynamics theory may be scaled up as a theory of the origins and effects of group identification – mass psychology – “base” of the pyramid much larger in numbers by less committed than smaller “apex” that does the killing. Base supports goals but may disagree with the means.

response to terrorism can be more dangerous than the terrorists!

McCauley suggests that terrorists counted on “messy” response to 9/11 to mobilize the group identification and group support they were not able to mobilize themselves.

Darley – Classificatory decisionmaking revisited – separating the sheep from the goats (?!)

Given that * **some predictive error inevitable, goal is to:

- Get classification right as often as possible
- Minimizing false positives – especially when they are costly; or reduce the cost of false +
  Minimizing false negatives – especially when they are costly; or reduce cost of false –