

THINK-TANK

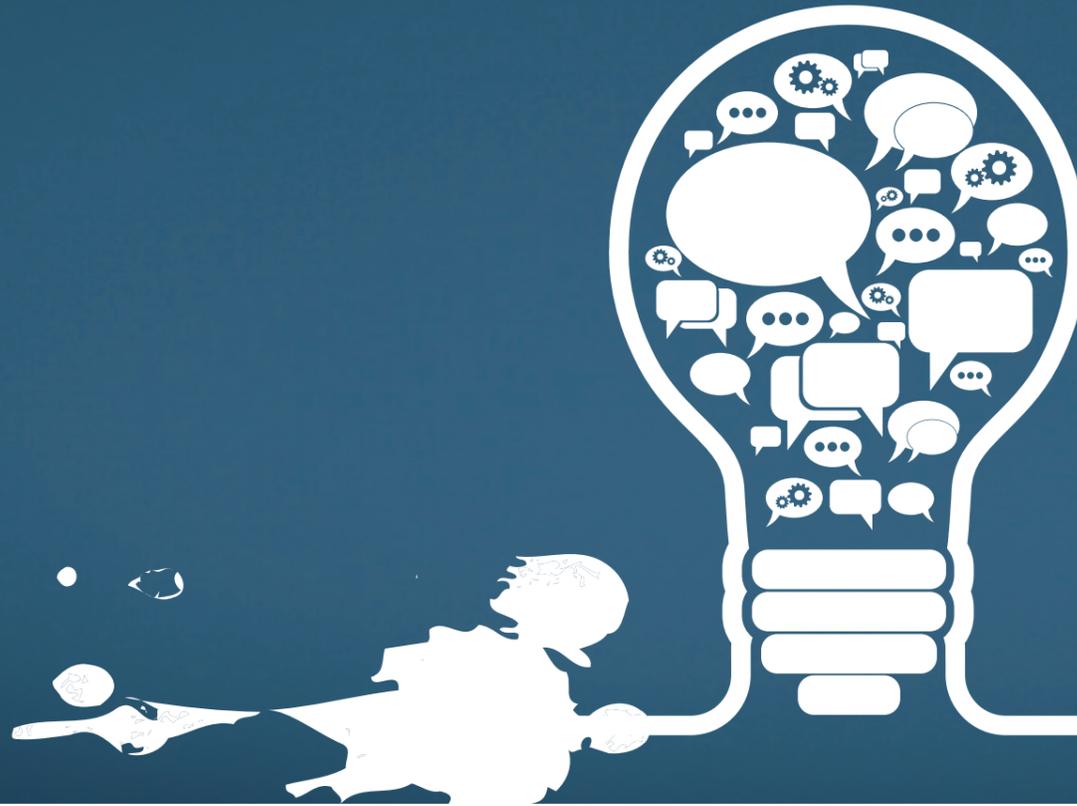
Education, population, poverty, tax...getting views on topics like those in Jersey isn't the difficult part – but have you ever noticed how many people sound eminently credible when talking about them, even though they may actually be basing their views on conjecture, false facts and blind guesswork?

There is a real danger in making the 'facts' fit the opinion, rather than the other way around – which is exactly the point at which someone with an eye on the latest buzzwords will smugly insert the phrase 'post-truth' into the conversation, imagining its actually helpful.

So, we've asked the Jersey Policy Forum to add some robust material to those crucial local debates – the point is not to provoke agreement or acquiescence; it is to provide reliable material on which others can build their views.



Gailina Liew, Director, Jersey Policy Forum



Is satisficing actually the best option? - a salute to civic engagement?

What does satisficing mean? Turns out that it's a term coined more than 50 years ago by economist and social scientist Herbert Simon. Up until then, economists theorized that people are rational so would be expected to engage in decision-making to maximize utility. As this rational choice theory went, all information should be gathered for all possible options and then each option should be carefully analyzed and assessed against pre-set criteria to make the best possible decision. Simon believed that this approach was too theoretical and that ordinary people in real life actually made decisions when they came across an option that was both 'satisfying' and would 'suffice', basically good enough to meet their needs. In economist speak, this is known as a bounded rationality approach.

Simon also believed that ordinary people would intrinsically weigh the cost of acquiring and assessing information about options against the benefit of the actual decision itself. We each have our own unique internal threshold and it may be

different depending on what type of decision you're making. How many restaurants do you consider for a special dinner before choosing one? How many sites do you search before you decide on your next phone? How many flats or houses do you view before you decide to rent or buy?

Simon was awarded the 1978 Nobel Prize in Economics. In his Nobel Prize speech, he said:

"Decision makers can satisfice either by finding optimum solutions for a simplified world, or by finding satisfactory solutions for a more realistic world. Neither approach, in general, dominates the other, and both have continued to co-exist in the world of management science."

What do you need to know to make a decision? How much information is enough? How much time to you take to evaluate options? Do you regret your decision if a better option comes along after you've made the decision?

More recently, a person's tendency to maximize or satisfice has been defined as an individual psychological trait by Barry Schwartz who has developed a 13-point scale to assess individuals. Particularly in today's world where we are constantly overwhelmed by choices, Schwartz has found that satisficers are generally happier and feel less regret about their decisions (see his book, The Paradox of Choice: Why More is Less).

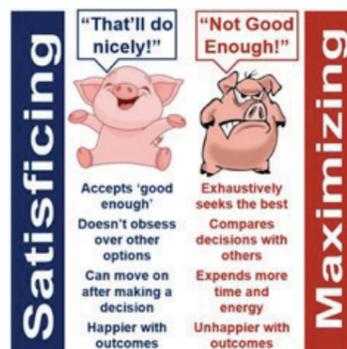
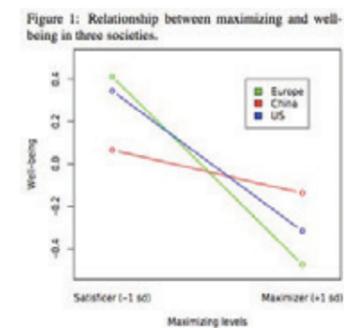


Image by Christian Nordqvist

Roets, Schwartz and Guan (2012) have also done some very interesting work looking at well-being and regret for individuals in societies where there is a lot of individual choice (US and Europe) as compared against a society where individual choice is more limited (China). In the US and Europe (western societies), individuals value having more choices available to them and this freedom is viewed as the ultimate path to personal happiness. As the availability of options for daily life decisions has become almost limitless in western societies, the odds of picking the single 'right' option become almost impossible from a rational choice perspective as it would be impossible to evaluate every single option (think about cereal or computers, for example). Maximizers are more likely to experience regret when they believe they have not made the 'right' or perfect choice despite having the freedom to do so, leading to feelings of increasing uneasiness about life decisions (Bellah et al., 1985). According to Schwartz (2000, 2009), this 'excess of freedom' of choice in western societies has led to a dramatic increase in people's dissatisfaction with life and even clinical depression. In China, where the range of choices and personal freedoms has generally been more limited, the path to personal happiness has not been as tightly linked to these

factors. The Roets et al. study (The tyranny of choice: a cross-cultural investigation of maximizing-satisficing effects on well-being", Judgment and Decision Making, vol.7, no. 6, November 2012, pp.689-704) showed that an individual's maximizing tendencies and his or her well-being is moderated by the individual's society as shown in the graph below.



So back to Simon's words, are we living in a simplified or realistic world? It seems obvious that we are actually living in the real world where time, energy and resources are always constrained so a maximizing approach (finding the most optimal solution in economist speak) might not be actually achievable. Assuming that we are clear in our own

minds about what we want or need, think about how much time, energy and resources we might be able to harness (and redirect to other areas) if we all showed more satisficer tendencies? Would we be happier as individuals? Would our well-being improve and lead to more resilient societies?

In the public policy context, at what point do we as a society, or our elected representatives and public servants, have enough information to make a decision? Are maximizer tendencies leading to avoidance or delays in decision-making? As voters, are we demanding maximising behavior by our elected leaders and thereby holding them to a standard we do not apply to ourselves? No decision is perfect in hindsight, yet it may have been more than 'good enough' at the time. Is it fair to hold politicians and public servants to a maximizing standard in hindsight when we find ourselves needing to cope with today's world and choice overload in a more satisficing way generally?

What if we spent more time on understanding and clearly articulating what we actually aspire to and need first? Could we then approach public policy challenges and decisions more collaboratively with a satisficing mindset? Maybe being satisfied is the best option after all!