Introduction

Hindsight bias (HSB) and Outcome bias (OCB) are often conflated, referred to simply as “outcome effects.” Few studies have examined their relationship, particularly whether judgments of likelihood/foreseeability (HSB) might mediate judgments of decision quality (OCB).

Blank et al (2015) found that foreseeability judgments concerning a decision to host the London Olympics did not mediate decision quality judgments, but Oeberst & Goeckenjan (2016) found that foreseeability did mediate judgments of negligence in a murder case.

We analyzed three (previously collected) datasets to determine if outcome likelihood, decision criterion, or outcome foreseeability mediates decision quality judgments in hindsight.

Study 1

Financial Investment (N = 87)

Scenario
Couple invests their life savings in a mutual fund that results in good (bad) outcome.

Measures
- Quality: of decision to invest
- Likelihood: that investment value will increase
- Criterion: How sure should be before investing?

Results
- Direct effect of outcome on decision quality
  - Not mediated by likelihood judgments
  - Not mediated by decision criterion

Study 2

Possible Child Abuse (N = 121)

Scenario
Social worker doesn’t report child with broken arm, but parents actually are (aren’t) abusive.

Measures
- Quality: of decision to not report
- Likelihood: that parents physically abusing child
- Criterion: How sure should be before reporting parents?

Results
- Direct effect of outcome on decision quality
  - Not mediated by likelihood judgments
  - Not mediated by decision criterion

Study 3

Gun Control Law (N = 79)

Scenario
Canada ostensibly passes strong gun control law. Gun-related deaths decrease, increase, or remain unchanged.

Measures
- Quality: of decision to pass the law
- Likelihood: that law will decrease gun violence
- Foreseeability/Obviousness: of the outcome

Results
- Direct effect of outcome on decision quality
  - Mediated by likelihood judgments, but small effect
  - Not mediated by foreseeability

Discussion

- Outcome bias can occur in the absence of any hindsight bias, and when likelihood judgments do mediate, the effect is much smaller than the direct effect of outcome.
- Foreseeability judgments did not mediate outcome bias. Judgments concerning the group decision to host the Olympics (Blank et al, 2015), or to pass anti-gun legislation (Study 3) may not capture the sense of culpability inherent in negligence judgments following a murder (Oeberst et al, 2016).
- When attempting to de-bias decision quality judgments, care should be taken to address the correct root cause. None of the three potential mediators was solely or mostly responsible for outcome bias.

Summary

All studies found very large direct effects of outcome.

Study 1
Likelihood judgments did not mediate outcome bias
Criterion judgments did not mediate outcome bias

Study 2
Likelihood judgments partially mediated but direct effect larger
Criterion judgments did not mediate outcome bias

Study 3
Likelihood judgments partially mediated but direct effect larger
Surprise/Foreseeability did not mediate outcome bias.