What’s Fair?
Exploring the Behavioral Science of Justice and Fairness

BY BRIAN HARWARD, ALISON TAYLOR, AND SHAYNE KAVANAGH

Issues of fairness and justice are central to the work of all government officials, as their roles and power are granted by the will of their constituents and their work can either empower or limit the livelihood of those same people. Although many of the concepts addressed here apply to all public officials, this article focuses on the role of the finance officer because of their role as coordinator of the budget process and steward to financial resources.

GFOA’s Code of Ethics identifies fairness as one of its five core values. Treating people fairly is one of the “Five Pillars” of GFOA’s Financial Foundations Framework. However, concerns about fairness are multifaceted and complex as well as social and political. Our goal is to define what fairness is and find ways to achieve it, and we will investigate three primary forms that fairness can take. This is important because fairness, or “justice, (“justice” and “fairness” are used as synonyms in this article) can be applied to “individual actions, laws, and public policies. If something is deemed unjust, this is a strong, maybe even conclusive, reason to reject them.” Public officials and public servants need to always be thinking about perceptions of fairness, especially in the current climate.

By better understanding the three forms of fairness, public servants can better design local government institutions and conduct themselves in ways that are seen as fair.

Before we get to the forms of fairness, we also need to acknowledge the impact of political polarization. Finance officers, like everyone in government, feel the increasing polarization of politics. When we see that even views on the pandemic are driven mostly by partisanship, it is only to be expected that local public issues have become more politicized. Questions of fairness have become more political, but not just because everything else has too. Questions of fairness tend to highlight differences in core values and preferred outcomes between people, and these issues will be addressed in future articles.

Fairness takes on many forms, and the concept of fairness can be applied to the ways in which people and organizations are judged. We even have different ideas about what it means for fairness to be achieved. Kees van den Bos, a researcher on fairness, observed how it affects our interactions: “If other persons’ behavior seems to be fair, then people react favorably and acquiesce to demands or requests of those persons with little consideration of material outcomes. However, if a person is judged to be unfair, then people react largely in terms of the immediate material costs and benefits associated with various courses of action.”
Perceived fairness is not, therefore, determined only by how resources are distributed. We can better understand how fairness is perceived by subdividing into three categories: procedural, interactional, and distributive justice.

- **Procedural justice** refers to fair processes. This could refer to the public engagement or negotiation processes that happen as part of annual budgeting.

- **Interactional justice** is about human interactions and defined by fair treatment of the people involved. In particular, it concerns whether everyone was treated with respect and empathy.

- **Distributive justice** refers to the fair distribution of resources.

Let’s examine each category in detail.

### PROCEDURAL JUSTICE

Procedural justice is at the heart of the democratic system of government. Modern democratic government provides the unique right and ability for citizens to influence government policy. In fact, establishing justice is one of the specific goals of the Constitution of the United States, as stated in the preamble. In many cases, though, the people who are affected by government decisions don’t know how those decisions are made—and a lack of proper knowledge leads people to engage in conjecture and assumptions that might not be helpful as far as establishing perceptions of justice. For instance, the public might assume that partisanship or corruption plays a role in government decisions.

Participation increases satisfaction with decisions, in part because participation increases the perception of procedural justice. Being a participant and seeing how things are done improves our opinion of the process. Procedural justice is a determinant of legitimacy and, ultimately, compliance.

In budgeting, procedural fairness seems to be determined by perceptions of ethicality (decisions that are compatible with the ethical/moral values held by the people affected), accuracy (decisions that are based on good information and informed opinion), and bias suppression (decisions that aren’t influenced by personal self-interest or narrow preconceptions) in decision-making processes. (Find more examples of how procedural justice can be applied to financial decision-making in chapter 14 of the GFOA book *Financial Foundations for Thriving Communities*.)

### ACTION TO TAKE

Consider if decision-making processes display the characteristics of procedural justice. Do people have the chance for input? Is the information used to make decisions seen as accurate? Are clear decision-making criteria applied equally to everyone? If the processes produce a bad decision, is there a way to recognize and correct it?
**INTERACTIONAL JUSTICE**

Key components of interactional justice are truth and dignity in interpersonal interactions.8 Whatever our ideology and values, nobody likes being lied to. Everyone expects human dignity. Interactional justice is relevant in local governance any time the public is engaged. It represents citizen satisfaction with how they are treated during those interactions. Whether in person, online, or via telephone, a judgment of interactional justice will be formed. Returning an email quickly, respectfully answering questions in public forums, or showing concern during a phone conversation can all influence perceptions of interactional justice. Following up with the public after consultation is also important because it shows that previous conversations were heard, and that decision-makers care enough to update and explain what was done.

Interactional justice, over which local government officials can exert a lot of control, has many benefits. Interactional justice can help people to be less self-serving.9 It also overlaps with procedural justice. After all, we aren’t likely to view a process as just if we are not respected and treated well personally. Interactional justice has unique value in persuading people who have negative views of the process, make complaints, or don’t know if they want to engage. Interactional justice in government comes down to citizens feeling that those in power respectfully engage with ordinary citizens rather than dismissing their concerns.

Irate and judgmental members of the public can usually be calmed by responding to them with care and respect, building rapport quickly. You may even get an apology!

Finally, interactional justice does not in any way require persuading citizens of the merits of the public official’s position. It only requires recognizing differences and exercising empathy.

**ACTION TO TAKE**

GFOA’s Code of Ethics is based on values that have been proven to increase trust. Think about what you can do to live the values of the Code. GFOA has gathered many examples10 to illustrate how this can be done.

---

**DISTRIBUTIVE JUSTICE**

Distributive justice is determined by comparing the “actual reward” of some resource to our internal belief of an ideal “just reward.”11 The more the actual and just versions of the process match, the higher our ratings of distributive justice. Evaluations of injustice lead to becoming disheartened, disengaging from the process, or acting to change the process. Judgments depend on many factors, including the allocator, observer, rewardee, nature of the reward, and context.

The “just reward” a person imagines is influenced by their ideology (equity, equality) and the topic at hand.12 For example, one study found that distributive justice preferences for equity, equality, or needs regarding welfare depend on the particulars of the welfare policy under consideration.13 Study participants didn’t apply the consistent principles to unemployment, pensions, and healthcare; instead, they often expressed different preferences for each. Some people favor an equality-based reward for all of these. Others believe that a demonstration of true “need” for the benefit is more important than equality or equity. Ideology and the particulars of the policy under consideration determine individual preferences.

Some local governments have attempted to achieve distributive justice by giving each council ward or district an equal amount of money for road repairs each year, for example. This might be seen as fair by some people, but it might also be inefficient and ineffective, as the transportation needs may differ greatly from one district to the next. Another approach might be to define desired outcomes (such as a goal for quality of the roadway) and distribute resources to make sure that quality goals are met in all parts of the city.

**ACTION TO TAKE**

Consider how to ensure that different constituencies get a fair allocation of resources. As in our roadway example, a promising approach is to define outcomes that the community wants to achieve and distribute resources in a way that allows members of the community to realize those outcomes. Read more about this approach to budgeting on the GFOA website.14

---

**EXPLORE THE FULL WHAT’S FAIR? SERIES:**

Read GFOA’s entire series of research reports on the behavioral science of justice and fairness at gfoa.org/fairness. Topics include the three forms of fairness, understanding political polarization with moral psychology, equity and equality, group dynamics and negotiation and persuasion.
A FLY IN THE FAIRNESS OINTMENT
MENTAL SHORTCUTS IN JUDGING FAIRNESS

People do not judge fairness rationally or comprehensively, according to the three types of fairness outlined previously. People seek certainty, but they also want to arrive at decisions with minimal cognitive effort. People take mental shortcuts that allow them to make decisions when there is uncertainty or incomplete information, deciding faster but with less accuracy. Sometimes these shortcuts produce good results, or at least good-enough results. Other times they do not.

For example, when determining what is fair, people often rely on trusted public figures, political parties, and news sources instead of examining the issue at hand. Word choice can also impart a sense of fairness/justice by association. For instance, citizens may support a ballot initiative that is worded in a way that signals their values. Terms like “racial justice” or “patriotism” could garner support for policy proposal from a liberal or conservative, respectively, even when the content of the policy may not match their values.

We also participate in motivated reasoning. This means that we want to continue believing what we currently believe. We are likely to believe that which confirms our existing attitude and discard that which disagrees with it. This is in part due to our desire to view ourselves as consistent and our dislike for admitting we were wrong. It can be hard for someone to change their mind to the point of seeing something as fair that they previously thought was unfair, or vice versa.

People take mental shortcuts that allow them to make decisions when there is uncertainty or incomplete information, deciding faster but with less accuracy.
None of this means that finance officers shouldn’t take the steps to increase fairness that we described earlier. It means that the three forms of fairness aren’t guaranteed to influence people’s perceptions of fairness. They do, however, stack the odds of being seen as fair in the finance officer’s favor.

**SUMMARY AND ACTIONS TO TAKE**

Fairness is a multifaceted concept. To help ensure that citizens feel that they’re being treated fairly, consider procedural, interactive, and distributive justice.

Improve procedural justice in decision-making processes. Provide transparency about the way in which decisions are made. Give people the opportunity to provide input. Develop criteria for making decisions, which will help promote open discussion of the personal values and differences of opinion. Framing the conversation by acknowledging these considerations can help reveal and resolve hidden tensions. Take steps to make sure everyone agrees that the information used to make the decision is accurate. Make provisions to review decisions and correct mistakes.

Interactional justice can help increase perceptions of fairness, even when there is lack of agreement among participants. Ensuring that interactions with key stakeholders are timely, respectful, and clear can help ease tensions over perceived fairness of decisions. The GFOA Code of Ethics is based on values proven to increase trust; think about what you can do to live the values of the code. GFOA has gathered examples to illustrate how this can be done at gfoa.org.15

Consider strategies to address distributive justice. For example, can your government define a standard for service and use the budget to decide how to live up to that standard for all citizens? Where concerns remain over distributive justice, clearly explain the procedure taken to make the decision and the reasons for it. This will help people to accept the decision, even if they do not agree with it.

Remember, people do not judge fairness rationally or comprehensively. The steps explained in this article do not guarantee that people will perceive fairness—but they do increase the odds. 16

**Brian Harward** is an organizational psychologist and research scientist at Ethical Systems. **Alison Taylor** is the executive director at Ethical Systems and an adjunct professor at the New York University Stern School of Business. **Shayne Kavanagh** is the senior manager of research for GFOA’s Research and Consulting Center.