

The Gendered Economics of Loss: Reputational Bankruptcy, Elite Immunity, and Rationality in Collectivist Cultures

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April 2026

Author Note

This research was supported by Forman Christian College University. We have no known conflict of interest to disclose.

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Abstract

Traditional behavioral economics describes the non-rationality of decision-making by cognitive biases and justifies interventions, including nudging, based on frameworks like libertarian paternalism. These models are, however, highly embedded within Western individualistic settings and tend to ignore the influence of social constructs within collectivist cultures. This study explores the mediation of economic-decision making by gender, socio-economic status, and social norms in a collectivist setting. The study employs a constructivist grounded theory approach informed by abductive reasoning. This research is based on 32 semi-structured interviews conducted with students at the Forman Christian College University.

Results indicate that rationality is not singular or purely monetary but rather gendered and stratified by classes. For men focuses on accumulating tangible wealth with social exemption. In the case of women, the leading currency is *izzat* (social honor), which is preserved by aesthetic display and strong compliance with social norms. Women often sacrifice financial security to *izzat*. This is due to an asymmetry of risk where financial loss can be recovered whereas reputational loss is irreparable leading to reputational bankruptcy. Wealthy women acquire immunity and avoid numerous restrictions.

These results show that current models cannot be applied universally by demonstrating that rationality is context-based and influenced by dominant social currencies. The study redefines rationality as a multi-dimensional and culturally embedded process and proposes collectivist

nudges that align financial goals with the protection of social standing. This has significant implications in designing effective behavioral interventions in non-Western settings.

Keywords: Behavioral Economics, Gendered economics of loss, Rationality, Behavioral Nudges, Collectivist Cultures, Grounded Theory

The Gendered Economics of Loss: Reputational Bankruptcy, Elite Immunity, and Rationality in Collectivist Cultures

When making decisions in the real world, people face complex choices with limited information, social obligations, and moral expectations. Classical economics presents a highly rationalized model of human behavior, capable of optimizing utility under stable preferences. However, this assumption was challenged by Herbert A. Simon's concept of bounded rationality, and then later by Daniel Kahneman and Amos Tversky's Prospect Theory (Simon, 1955; Kahneman & Tversky, 1979). They demonstrated that human behavior is regulated by biases, heuristics, and bounded rationality. By means of frameworks like Nudge Theory, researchers have demonstrated that subtle changes to the choice architecture can affect behavior without taking away autonomy (Thaler and Sunstein, 2008).

However when these models are used outside the Western, Educated, Industrialized, Rich, and Democratic (WEIRD) context (Henrich et al., 2010), the major limitation becomes clear: they presuppose the existence of a sovereign individual. The concept of a sovereign individual has been critically challenged by identity-based economics particularly the work of George Akerlof and Rachel Kranton (2010). They argue that economic behavior is deeply embedded in social norms, roles, and identity. Rather than maximizing utility in their individuality, individuals derive value from identity based expectations. This conclusion better reflects the decision-making process in societies in which social structures and moral considerations are central.

In collectivistic and highly religious societies like Pakistan, decision-making is rarely an isolated act of utility. As Hazel Markus and Shinobu Kitayama (1991) differentiate between independent

and interdependent selves, individuals understand themselves through relationships and societal norms. Decisions are a bargain with external anchors like family obligations, religious expectations, and communal values like honor (izzat).

This relational understanding of self is further developed by Catriona Mackenzie and Natalie Stoljar, who note that individual freedom is constructed through social relationships (Mackenzie & Stoljar, 2000). People consider decisions not only based on personal outcomes, but also by the standards of social acceptance and ethical responsibility.

These decisions are also influenced by gendered roles, which determines how men and women negotiate social expectations and pursue various types of social currency. Deniz Kandiyoti further endorses this idea in her framework of Patriarchal Bargaining. Kandiyoti (1988) illustrates how women navigate and make decisions within highly constrained structures.

Economic behavior in this situation therefore exemplifies a cultural logic that is not dependent on the assumptions of the standard behavioral models.

Religiosity adds further complexity by introducing moral frameworks. The work of Luigi Guiso, in the field of economics of religion, demonstrates that religious beliefs influence attitude towards risk and ethics (Guiso et al., 2003). For many individuals, moral consideration often supersedes material gains. In the Pakistani context, where religion plays a key role, economic decisions are often evaluated in terms of moral and religious acceptability.

When Western frameworks are applied to such situations without being adjusted, they run the risk of making category errors by explaining contextually relevant actions as mere failures to act rationally. Nudges tend to presume that altering individual choice architecture is adequate but this depends on the degree of autonomy that a person possesses, which might not be the case in

the relational context. Therefore, these models are incomplete unless they consider the influence of social norms and religious reasoning in intent.

In an effort to fill this gap, this research applies the existing behavioral theories as flexible models that are to be critically analysed and adapted. Designed on the basis of constructivist grounded theory approach (Charmaz, 2006), collectivism and religiosity are analytical perspectives to inform the approach, that is open to lived experiences of participants. The aim of this research is to understand how economic decision-making is constructed in Pakistan and how gender mediates these processes. This research will base the analysis on local realities in order to determine the cultural competencies necessary to make behavioral theories effective in non-Western settings.

Literature Review

Behavioral economics integrates psychological insights in economics to understand how people actually make decisions, not how they should make decisions according to classical economic theory (Thaler, 2016). The classical economic theories rely on the premise that people are rational agents who make decisions to maximise utility. However, empirical studies indicate that people tend to deviate from rationality in systematic ways. Such deviations are caused by the fact that people employ short cuts, or heuristics, which simplify complex choices, but cause predictable mistakes called cognitive biases (Kahneman and Tversky, 1979).

One of the main theoretical premises on which one can explain such deviations is the concept of bounded rationality by Herbert Simon. According to Simon (1955), people are constrained by limited information, time and cognitive capacity. Consequently, they are not optimizers but satisficers and choose alternatives that are satisfactory instead of optimal. This questions the

factor of perfect rationality and emphasises that the choice of actions is influenced by practical limitations and not by a purely rational judgment.

Based on this view, behavioral economists have investigated the predictability of patterns of bias to improve decision making. Kahneman and Tversky (1979) show the systematic effect on judgments under uncertainty. Based on these observations, Thaler and Sunstein (2008) coined the term libertarian paternalism, which is the foundation of nudge theory. Nudging is the process of designing the choice architecture in a manner that helps to direct individuals into making better decisions without taking away their freedom of choice. The method has been used in areas including health behavior, financial decision-making, and consumer decisions (Kniess, 2021).

Nudging has received both ethical and practical criticism despite its influence. According to Selinger and Whyte (2011), nudges can have an effect on decisions without individuals being fully aware of the intervention, which raises the question of transparency and autonomy. Similarly, Gigerenzer (2015) argues that nudging is an oversimplification of human behavior because it presumes that minor changes in the choice architecture can transform complex decision-making. These criticisms point out the constraints of the assumptions in behavioral interventions.

Another issue is associated with the cultural background within which these theories have been created and experimented. A considerable portion of the empirical studies in behavioral economics is founded on the WEIRD population, that is, Western, educated, industrialized, rich, and democratic (Henrich et al., 2010). These settings focus on individual autonomy and personal choice as being central to the decision-making. The cultural context, however, is a major factor affecting the way people make decisions and judge the consequences. In collectivist cultures,

social norms, family expectations, and common moral values tend to impact the decision-making process. As a result, they might perceive both short-term and long-term outcomes differently as compared to individualistic environments. Because many behavioral interventions are designed within Western frameworks, their effectiveness may not generalize to collectivist contexts.

In behavioral economics, several cognitive biases have been determined to affect decision making. These include the decoy effect, overconfidence bias, the disposition effect, the hot-hand fallacy, and the ambiguity effect (Huber et al., 1982; Fischhoff et al., 1977; Shefrin & Statman, 1985; Gilovich et al., 1985; Ellsberg, 1961).

Although these biases are generally interpreted as cognitive distortions at the individual level, they can be expressed differently according to the social and cultural context, where decisions are to be taken. Such differences can also be influenced by gendered roles and expectations in collectivist contexts, and these elements can predetermine the perception of risk, loss, and social outcomes among individuals.

Methodology

Research Design

The research used a qualitative research design to understand the ways in which economic decision-making is influenced in a collectivist and gendered setting. The qualitative approach was adopted due to the ability to have a detailed comprehension of the experience, meanings and interpretations of the participants that form the core of the research objectives. This research employs a constructivist grounded theory approach, as articulated by Kathy Charmaz, wherein traditional behavioral theories and existing frameworks serve as flexible

sensitizing concepts rather than rigid templates. Such a methodology ensures that the analysis remains open to the nuanced lived experiences of participants, allowing contextually relevant patterns to emerge inductively from their personal narratives.

Researcher Positionality

We recognize that the researchers entered the study not as neutral participants, in alignment with the approach outlined by Charmaz in 2006. Our background and assumptions inevitably shaped the research questions, interviews, and the interpretation. The research team had specific interest in psychology, behavioral economics, choice architecture, and nudge theory.

We believe that human behavior is deeply rooted in context, meaning-driven and ethically situated, explicitly rejecting the Western model of isolated individual autonomy. Instead we believe that in collectivist cultures, people practice freedom through their devotion to religion and family. This shared cultural understanding allowed the research team to better understand and sympathize with the participants involved in the study.

However, we were also aware about the power dynamics present in the social structures. The primary investigator's background in grassroots political work and student organization brought an explicit understanding of complex constructs like power and persuasion. This lens was critical in analyzing how socio-economic background functions as a buffer against societal norms and an exception to the expectations, as we will discuss in the later sections. Moreover, we recognize that being situated in a private university, we ourselves are the product of many different social nudges.

To prevent our shared background from confounding the results or projecting our expectations on the participants we employed many reflexive strategies. We relied on grounded theory, crafting detailed memos and indulging in constant comparative methods, paying close attention

to the patterns and themes in the data. Additionally, we used peer review of our instruments and interpretations to make sure that the results are grounded in participants' lived realities rather than our own predispositions.

Participant Selection and Demographics

Initially, a total of 100 participants were approached for the study through a voluntary sign-up process. However, the process of participant recruitment and data collection ended at 32 participants because theoretical saturation was achieved, and no new themes or insights emerged from additional data. The final sample was narrowed down to 32 university students from Forman Christian College including 21 females and 11 males. All participants were recruited using voluntary sampling and informed consent was signed by all participants before the study.

Data Collection Procedures

Semi-structured interviews were used to collect the data, which provided both consistency and flexibility. All participants were asked a set of guiding questions to ensure comparability, and follow-up questions were applied to investigate individual responses. Interviews were conducted in both Urdu and English to maintain cultural relevance and allow participants to express themselves comfortably. The interviews were conducted in a teacher office and took an average of 30 to 45 minutes, at the convenience of the participants.

Informed Consent

All participants were informed about the purpose and objectives of the study before the interviews began. They were also informed of the kind of involvement they would have, as well as the potential risks involved. The participation was fully voluntary and the participant was

allowed to withdraw from the study at any time without any repercussions. Written informed consent also included permission for audio recording of the interviews and clarification on how the data would be used.

Data Analysis

The collected data were analysed using a thematic coding process. Analysis was initiated with open coding in which preliminary concepts and patterns were determined directly out of the data. This was followed by axial coding where relationships among categories were examined and arranged. Lastly, selective coding was done to combine and narrow down the categories into a central theme. Throughout the analysis, the constant comparative method was used, which enabled continuous comparison of data segments to find similarities and differences. This process led to the development of the core category, identified as the gendered economics of loss.

Ethical Considerations and Data Security

Ethical standards were strictly maintained throughout the study. Confidentiality was ensured by removing all identifying information from interview transcripts and replacing them with coded identifiers. Audio recordings and transcripts were securely stored in a password-protected external hard drive, accessible only to the research team.

All procedures were performed in compliance with relevant laws and institutional guidelines and have been approved by the Institutional Review Board of Forman Christian College University (IRB-858/10-2025).

Findings

The core category that emerged from the data is the "Gendered Economics of Loss," a framework demonstrating that economic rationality is not universally defined by financial utility, but rather by the preservation of context-specific social capital. The data revealed a recurring pattern demonstrating that decision making differs across genders and socio-economic classes. Many participants did not exhibit a single metric of financial utility; instead, the analysis indicated that economic rationality is gendered and differs across various socio-economic classes.

Participant accounts demonstrate an active process where participants calculate their economic choices not just against financial gain or loss, but also against societal gain and loss. The following sections deconstruct this core category by exploring how participants navigate the competing demands of tangible wealth versus *izzat* (honor), the asymmetrical risks of reputational bankruptcy, and how extreme financial wealth grants certain individuals "elite immunity" from these social taxes.

Tangible Wealth Versus Izzat

The participants' narrative pointed towards two metrics which are used by the society for evaluating whether someone is successful or a failure. The first metric is the gender of that individual. For men, rationality appears to be largely governed by the financial outcomes. The evaluation process "scans" an individual for financial stability and wealth accumulation. A man's primary economic objective is securing a healthy financial outcome. However, participants noted that if a man is investing heavily in social signaling, for example, spending a large amount of

money on a suit while neglecting his financial health, society will often label him a failure. As one participant noted, men are exempted from the social scrutiny, as long as they are providing financial capital:

"Ghar walon ko aap paise do aap jo marzi karo literally anything... Agar aap koi bura kaam bhi kar rahe ho they're like ha ha ha koi baat nahi hai. Boys hain... Justify karte hain." (Give money to your family and you can do whatever you want... Even if you do something bad, they say it doesn't matter, they are boys. They justify it.)

Conversely, the strategy for women was often described by the participants as reliant upon the acquisition of social honor, or the concept of *izzat*. For women, the criteria for success depend on presentation and strict adherence to social norms. The idea of financial stability takes a back seat. In several accounts, if a woman has accumulated financial wealth by sacrificing social and aesthetic expectations at highly visible community events, such as a wedding or a party, they would be considered a failure. When asked what was more important between *izzat* and money, the consensus was clear:

"If it is a woman or a man... For a woman it would be Izzat, for a man his money. A woman is not expected to have a huge amount of money... what's considered more important for her is her Izzat."

Consequently, what the standard economic model might label as impulsive or irrational spending by women can be interpreted as a calculated investment in her primary societal currency. When faced with the choice of either saving 50,000 in a communal savings committee (*kameti*) or buying gifts and clothes for a wedding, most of the female participants chose the latter to protect their social standing: *"I will spend that 50,000 on the wedding... I will feel bad that my friend is*

getting married and I am wearing old clothes... log baatein karenge [people will talk]. Main embarrassed feel karungi out of place. [I will feel embarrassed being out of place]"

The Asymmetry of Risk: Reputational Bankruptcy

This divergence in preferences stems from the asymmetrical perception of risk associated with being labeled a failure. The data highlights a stark contrast in how these social outcomes are perceived. While financial loss is generally viewed as a temporary and recoverable setback for both genders, most respondents framed social failure as an irrecoverable loss for women that remains permanent. One participant highlighted the stark contest:

"For a woman it's a lot more detrimental if she loses her izzat. Aur mard ke liye to paanch minute ki baat hai, abhi khatam hui aur saath hi sahi ho jayegi... [For a woman] Once it's gone it's gone."

(For a woman it's a lot more detrimental if she loses her *izzat*. And for a man it's a matter of a few moments to recover the respect he might have lost ... (for a woman) ... once it is gone it is gone)

Since participants frequently described reputational loss as difficult to recover from, many women appeared to adopt a form of hyper-vigilance in their decision-making. Participant accounts indicate that within the local economics of *izzat*, there is no safety net when a woman reaches reputational bankruptcy, as compared to a state of financial bankruptcy which is recoverable and temporary. One female participant described their experience as:

"Maa ne beti paida kar li hai... woh ek entity hai hi nahi woh tou khandan ki izzat ka ek badge hai na ke uske oopar khandan ki izzat hai." (A mother gives birth to a daughter... she isn't an entity herself, she is just a badge of the family's honor, the family's honor rests on her.)

If a woman fails to maintain aesthetic expectations, breaches cultural boundaries, or fails to maintain her societal currency, the resulting deficit is, described by the participants as, permanent not temporary. Participants described no social architecture for reputational bankruptcy; because this state is absolute, women reported being hyper-vigilant to avoid it. The aesthetic double standard was a recurring theme, with one participant acknowledging how easy it is for men to avoid it ("*ek hi shalwar qameez pe teen shaadiyan chala lo*" - wear one outfit to three weddings). For women economic decisions are designed to guard their social credibility and personal boundaries regardless of the financial implications. Securing a positive social outcome appeared to be so vital that some participants were even willing to enter negative financial equity.

Elite Immunity

While social outcomes are the main driving force, a third theme emerged that can alter a decision. While middle-class and working-class women are scrutinized under the unforgiving rules of society, upper-class women are generally viewed as exempt. Participants frequently suggested that their extreme wealth buys them an exemption from these constraints.

In these accounts, traditional social policing seems to be overridden by sheer financial capital. As one participant mentioned:

"...yeh concept [izzat ka darr] unke liye exist nahi karta kyunke mere hisaab se woh auratein apni izzat khud hi bohat kar leti hain... they just don't give a shit about it." (This concept of the fear of honor doesn't exist for them... they just don't give a shit about it.)

Elite women utilize this financial immunity to bypass severe social judgments and daily navigational hurdles. Participants described that wealth acts as a shield that commodifies their honor and reduces their exposure to the risks associated with the framework at large: "*Paisa ha tu izzat ha*" (If there is money there is respect)

Some participants even showed deep skepticism toward mainstream, elite feminism. They consider movements like the Aurat March as "performative luxury," an opinion stemming from class disparity. A recurring theme was that these movements serve only privileged women while remaining disconnected from the subsistence-level realities of the ninety percent of women who are struggling. One respondent sharply criticized this divide:

"Jo 90% khawateen struggle kar rahi hain everyday basis pe they are out of schools... feminism tou unke liye hai na... In khawateen ka naam le kar jo 10% privileged khawateen hain woh faida utha rahi hain jin ke paas already saari access hai." (The 90% of women who are struggling on an everyday basis, who are out of schools... feminism is actually for them... By using the names of these women, the 10% privileged women who already have all the access are taking advantage.)

The participants further expressed that financial privilege directly controls an individual's desire for agency. Elite women have enough wealth to pay the "social tax" and still have enough capital to pursue self-actualization. In this system, agency operates as a commodity that must be purchased with "elite immunity."

Self-actualization and the public defiance of societal norms are thus considered privileges reserved only for those who can afford them.

These patterns and trends noticed in the data, highlight that there are multiple competing frameworks guiding decision making. The avoidance of social loss was often observed as being overriding financial loss. The theoretical implications of these divergent currencies and how they challenge the existing models is described in the next section.

Discussion

The foundational philosophy of behavioral interventions relies on the concept of libertarian paternalism. It dictates that an individual should possess the autonomy and liberty to accept or reject an economic intervention without facing coercive penalties for an intervention to be called *libertarian paternalism* (Thaler & Sunstein, 2003). However, the patterns observed in the study suggest that this framework suffers from a Western bias that fails to translate to collectivist contexts. The data indicates that in this specific ecology, decision-making is a far more nuanced and multi-layered concept. It appears to be intrinsically connected to societal evaluations; because the competency of a decision is actively scanned and classed by society, individuals adjust their behavior accordingly.

Rethinking Libertarian Paternalism in Collectivist Contexts

The study's observations challenge the Standard Rational Choice theory which presumes that utility maximization is universal, and the primary metric is financial (von Neumann & Morgenstern, 1944; Becker, 1976). Rather than completely rejecting Standard Rational Choice theory, these results explain that utility maximization is not exclusively financial; rather, it is driven by social and reputational capital. The assumption of individualistic economic agency may be fundamentally misaligned when it is dictated by the collective. A social nudge involving the Gendered Economics of Loss might be framed as: "Save so you don't have to face the shame of asking a neighbor for a loan." This nudge might work effectively because it exchanges financial security for a preferable social outcome.

What's worth noting is that the participants might accept the nudge not because of interest rates, but because the alternative has been accurately framed as a threat to their social survival.

However, the problem with this nudge is that it is not necessarily libertarian paternalism. This finding challenges the core assumption of libertarian paternalism, as articulated by Richard Thaler, that choice architecture maintains the preservation of freedom by keeping the options easy to avoid. Libertarian paternalism requires that avoiding a nudge remains easy and inexpensive (Arney, 2015). Yet, within this collectivist ecology participants' narratives suggest that the cost of opting out of a socialized nudge leads to reputational bankruptcy. When the perceived cost of non-compliance shifts from a behavioral change to severe social penalty, the intervention starts functioning as a socially embedded coercion. Because the alternative is an absolute social deficit, the choice is no longer free, and the architecture becomes a coercive survival mechanism of the collective.

This critical reclassification suggests that behavioral intervention could not be considered libertarian without accounting cultural contexts. In collectivistic cultures, where reputational capital is a more relevant metric, the lines between a nudge and coercion blur, if not collapsed entirely.

The study extends the behavioral theory by demonstrating that the effectiveness and ethical classification of a nudge is contingent upon the ecology it is set in. What might be considered as an ethical nudge in individualistic cultures may function as an enforced nudge in collectivistic cultures.

Taken together, this study extends the framework by introducing social and reputational cost as necessary actors in the perceived ethicality of a nudge.

Misaligned Incentives: Optimizing the Wrong Currency

As established in the findings, the primary currency defining utility maximization for women in

this context emerged not as financial tangibility, but societal standing or *izzat*. This finding directly challenges the standard economic assumption which is rooted in Rational Choice Theory (Becker, 1976). Rational Choice Theory dictates that individuals universally optimize for financial utility. Instead what the findings suggest is that utility functions are socially constructed and hierarchically ordered, with reputational capital often taking the lead over monetary rewards. When a standard financial nudge pushes a woman away from meeting aesthetic and stringent societal expectations, they face the threat of reputational bankruptcy. Therefore, the widespread rejection of financial nudges perhaps requires reclassification; the policymaker may have simply optimized the intervention for the wrong currency.

This study also extends the behavioral theory given by Richard Thaler and Cass Sunstein (2007) by demonstrating that choice architecture is also about correctly identifying the preferred currency within an ecology. In line with Gerd Gigerenzer's ecological rationality, rejection of financial nudges can be understood and classified as an adaptive response because the social loss carries longer term implications than economic loss (Gigerenzer, 2015).

For behavioral interventions to be successful while honoring socio-economic realities, policymakers might need to reconsider financial expectations as a universal motivator. Instead, choice architecture should consider "Collectivist Nudges" that actively protect and leverage social standing. A collectivist mandate is likely to prevail if the choice is between societal and financial outcomes. By aligning the two, we may reach a conclusion where these currencies no longer conflict. Policymakers can harness the structural hyper-vigilance of this paradigm to promote economic utility without demanding a permanent social deficit.

Taken together these findings enhance rational choice theory by redefining utility. They supports

ecological rationality by framing behavior as based on context. The study also extends Nudge Theory by demonstrating that nudges may fail if optimized for the wrong currency.

Contextualizing Loss Aversion: The Cognitive Toll of Social Risk

The study deeply contextualizes the “Reference point of loss” and thus expands upon Kahneman and Tversky’s (1979) Prospect Theory. Standard behavioral theories, such as Prospect Theory, evaluate the utility of an outcome relative to a reference point of potential loss (Kahneman & Tversky, 1979). However, within the Gendered Economics of Loss, the data suggests the primary risk is not a financial dip but the looming threat of reputational bankruptcy. Because the penalty is perceived as absolute, participants' accounts indicate that the individual remains in a state of hyper-vigilance.

This finding extends Prospect Theory by redefining the concept of reference point of loss from a predominantly financial one to a more socially constructed one. This also entails classifying reputation as a dominant factor of evaluation.

This framework explains why an otherwise negative outcome (negative financial equity) might be considered a positive outcome; the currency of concern is social standing, not wealth accumulation.

The cognitive bias of loss aversion appears to be amplified when the alternative is permanent social exile. Consequently, Prospect theory remains valid and highly relevant. In collectivist environments, the definition of loss must be expanded to include both financial and social capital.

Again in line with Gerd Gigerenzer’s framework of ecological rationality, liquidating one’s financial assets is no longer viewed as an irrational failure, but rather as an ecologically rational defense mechanism which is triggered by the societal bounds that penalizes deficit in an

individual societal standing (Gigerenzer, 2015).

Cumulatively, this study extends Prospect theory by introducing reputational loss as a primary reference point. It demonstrates that loss aversion intensifies under social risk. It also reframes irrational behavior as rational when evaluated against social norms.

Stratifying Rationality: Cognitive Bias as a Class-Dependent Luxury

The stratification created by "Elite Immunity" challenges the universal application of cognitive bias, and builds heavily upon Akerlof and Kranton's (2000) Identity Economics. It has established that economic decision making depends on social categories and norms. This study extends the framework of Akerlof and Kranton that the cost of adhering to identity is not universal but economically stratified. For women possessing extreme financial wealth, strict societal expectations are frequently bypassed. Their wealth commodifies their honor, allowing them to bypass the identity taxes that were supposed to shape their economic behavior.

Elite immunity acts as a class-based buffer against social penalties. This challenges the assumption that cognitive biases and social constraints act uniformly.

Moreover, these observations support Gigerenzer's (2000) framework of Ecological Rationality.

This suggests that for most of the women operating in survival mode, these choices are not cognitive errors but rational defense mechanisms against societal ruin adapted to the environment they must survive in.

Rather than making cognitive errors, these women are employing adaptive heuristics. In an environment where failure to adhere to social norms leads to social exile, prioritizing *izzat* is a quick and rational rule for them to maintain their survival.

Redefining Rationality

The data invites a re-definition of rationality itself. The revelation that individuals operate within distinct systems, shaped by specific expectations and currencies, challenges the standard universal assumption of rationality. When measured against multiple expectations or performance metrics and in the context of collectivist cultures, the standard definition of rationality fractures. Rather than optimizing against a single metric of utility, participants were observed navigating multiple, often competing currencies. Each is weighted differently according to gender and class contexts.

Rationality, as suggested by this study, is a construct bounded by context. A singular financial framework may render a decision economically inefficient, but a structural framework evaluates decisions in a collectivist context against the dominant currency of *izzat* and the asymmetrical risks of loss. In this view, behavior traditionally considered irrational or impulsive emerges as locally rational, as the objective is social survival rather than wealth maximization.

This reframing carries significant consequences for behavioral economics. Findings indicate that the primary reference point, contrary to Prospect Theory, may be reputational standing.

Furthermore, the idea that individuals can easily opt out of interventions without cost does not hold when social consequences are severe. When avoiding a nudge results in reputational bankruptcy, the choice architecture is arguably no longer libertarian but embedded with coercion. What is typically presented as a nudge may actually be enforced conformity.

The concept of elite immunity further presents rationality as a stratified concept. Access to financial capital appears to allow individuals to bypass societal expectations, meaning self-actualization and the ability to resist norms function as privileges reserved for those at the

top of the socio-economic hierarchy.

Together, these findings suggest that the gap between predicted and observed behaviors in collectivist cultures may not be irrationality, but a failure of existing models to identify which currency the individual is optimizing. These findings challenge the universal application of cognitive bias. It extends Identity economics through class-based stratification. It also refined existing models of rationality by demonstrating that irrationality may be a misidentification of the currency being optimized.

Implications for Behavioral Economics and Policy

To define effective nudges, we must be aware of non-Western, collectivist contexts. Interventions must be designed not only to improve financial prospects but also to protect the social currencies individuals are compelled to guard. In this regard, "Collectivist Nudges" appear more accurate than traditional ones.

Ultimately, this study illustrates that rationality cannot be understood in isolation from social structures. It appears less as fixed property, and more as a dynamic one shaped by the currencies, constraints, and risks of an individual's reality.

Limitations

Despite the theoretical contributions there were some limitations which must be acknowledged.

First, the sample was largely restricted to a single institute. Although participants came from diverse backgrounds, they still represent a largely educated class of society. As a result the study might not be generalizable to rural populations, older age groups, or people with lower levels of

formal education.

Secondly, while the study initially wanted to engage with a larger pool of participants, theoretical saturation was reached at 32 interviews (21 female, 11 male). Although this aligns with the methodological techniques of the grounded theory, a more balanced gender division would have been far more generalizable.

Thirdly, the use of voluntary sign ups introduced the possibility of self-selection bias.

Participants who interacted and volunteered for the study may have been more articulate and reflective than the general population.

Fourth, while semi-structured interviews and the flexibility of being multilingual ensured the approach was comfortable enough for the participants, it might have introduced challenges related to translation and transliteration. Although direct audio coding was employed to preserve the meaning, some nuanced concepts like *izzat* may be difficult to categorize under analytical categories.

Additionally, the researchers being from the same cultural background helped the participants be more open, but it also introduced interpretive bias. Some concepts might have been taken for granted rather than being more critically interrogated.

Finally, the study is grounded within the urban collectivist Pakistani setting. While the framework of Gendered Economics of Loss offers enough explanatory power backed by the data, its applicability to other cultures and more individualistic ones remains to be empirically tested.

Future Research Directions

Several avenues of further research could emerge, building on the findings of this study, to further develop and test the framework of Gendered economics of loss.

First, there is a need to expand the demographic scope of this study. The current study was

limited to the students at Forman Christian College University. Further research should examine whether similar patterns exist in rural populations, older age groups and people with varying levels of formal education. An investigation using these dynamics could reveal further layers of societal expectations, varying currencies, and reputational risks present in the society.

Further research, additionally, can use more stratified sampling which could evaluate the concept of “Elite Immunity” across different socio-economic classes. This would also help refine, and find the reference point for the exact point elite immunity starts to operate and impact behavior.

Third, the framework would largely benefit from quantitative validation. For instance, controlled experiments could manipulate scenarios involving reputational risk versus financial gains and observe how decision-making shifts.

Additionally, longitudinal research could provide some critical insights on how decision making evolves over time. Tracking people across different life stages may reveal how the weight of societal expectations shift, and whether reputational risks intensify or diminish.

Finally, future research should explore the possibility of introducing and designing “Collectivistic Nudges” in real world settings. Field experiments could be conducted to test whether societal expectations shape behavior. This would help bridge the gap between the theoretical insights and applied behavioral policy.

Conclusion

The study challenged the universality of classical and behavioral economics. It evaluated whether models rooted in WEIRD contexts capture the realities of collectivistic cultures.

Through a constructivist grounded approach the study introduced the concept of Gendered Economics of Loss. It demonstrated that rationality depends on the preferred currency, rather

than solely on financial capital. For women, in this ecology, the primary currency is izzat, and economic decisions are calculated to avoid the permanent state of reputational bankruptcy. Furthermore, this study established that rationality is economically stratified. Through the concept of Elite Immunity, it demonstrated that women with extreme financial capital are able to bypass societal expectations.

Ultimately, this study calls for a reevaluation of economic policies. To design nudges which do not evolve into socially embedded coercions, the policy makers need to develop Collectivist Nudges; interventions which align both financial security and social security rather than choosing between one.

Acknowledgements

The authors would like to express their gratitude to Miss Madiha Noor for her invaluable assistance and supervision throughout this project. Her academic insights were crucial in the completion of this project. We are also deeply thankful to Dr. Ayesha Aziz for her guidance and insights.

We would also like to acknowledge Moez Nawaz and Ahmed Hassan for their valuable contributions in the ideation stage of this project. The authors would also like to recognize the efforts of our broader research team, specifically our former Research Assistant, Fatima Tanvir, for her logistical assistance, and Mamoon Sikander who volunteered his time and took additional responsibilities which helped us complete this project on time.

Finally, we would like to recognize and appreciate the students at Forman Christian College University. This research would not have been possible without the 32 students who candidly shared their experiences and insights with the research team.

This research received no specific grant from any funding agency, commercial or not-for-profit sectors.

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