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PERSPECTIVES**

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# The Consumers' Rational Choices - Philosophic and Economic Perspectives

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## Abstract

*Nowadays, there is a wide range of products and services on different markets and also a complex business environment, full of challenges and in permanent movement; the consumer must make choices depending on his current and perspective general and specific needs and these are based on the ratio cost/ benefit and the allotted budget. There are a number of factors influencing the consumer's decision, amongst which we can mention: axiological, psychological, social and economic factors. We will perform an incursion in the philosophical sphere and we'll focus on the way in which the goals of the consumers' actions can be considered rational. In the second part of the paper we deal with the effective decisions over the selection of the desired product and service, a choice to be made in a short time in terms of risks and challenges, an action leading to the consumer satisfaction and to continuing activities.*

## Keywords:

*rational decision, purpose of choosing, predicted ways, consumer behavior, mutual benefits.*

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## 1. Rationality - from modernism to postmodernism

Reason is a characteristic specific to humans and it is considered especially in the field of philosophy. As a philosophical doctrine, rationalism was outlined during the Enlightenment by Descartes, Spinoza, Leibniz and Kant. This doctrine claims that the truth must be determined through reason as the religious dogma and the faith in the supernatural can not be considered a source of human knowledge. Knowledge starts from theoretical and practical issues that the individual faces, but the human knowledge - as Popper states is subject to error and is therefore uncertain (Popper, K., 1998, pp. 11-12). Rationalists have conceived the human being as a rational being.

The modern period was under the aegis of the Kantian categorical imperative. The categorical imperative refers to the moral aspects of individual behavior in society and is formulated in three ways:

- It acts only according to a saying through which one can wish it to become an universal law
- Treat others as an end and never as a means
- The idea that, every sensitive's will, it is a universal legislature will

The Kantian categorical imperative in all its forms builds a moral philosophy from the philosopher's point of view; this is a deontological ethics that influenced the construction of business ethics and implicitly the corporate social responsibility.

The transition from modernity to post modernity was due to two world wars and the economic crisis that occurred due to the collapse of the New York Stock Exchange; this triggered a distrust of the founding myths of modernity and the myth of progress. With postmodernism, the deconstruction of meta-narratives we get the twilight of the debt (Lipovetsky, G., 1996). The actions of the individual are no longer into under the sign of debt as the post moralist era makes its presence felt in all spheres of the social and private life of the individual. The post moralist society - as described by Lipovetsky - has given in to write in letters of gold the supreme debts of man and citizen, proclaiming the greatness of self-denial. The principle of responsibility appears to be the very soul of the post moralist culture as they have as a characteristic the failing to preach anywhere the self-sacrifice on the altar of higher ideals: the ethics of responsibility is inspired by an effort to reconcile the values and interests, the principle of individual rights and the constraints of the social scientific and economic life (Lipovetsky, pp. 233-234).

The Kantian categorical imperative gave way to the communicative action; the latter building new forms of narrations and meta-narrations as epistemic landmarks within valid within the interpretive universe (Sandu, A., 2016). The philosopher Antonio Sandu believes that deconstruction of the world performed by the postmodernists is reconstructed under the shape of a communicative network and the unit is not managed by the transcendent networks but by the semiotic pacts; thus the communicative actions perform only new forms of meta-narrations, as valid epistemic landmarks within the interpretative universe (Sandu, A., 2016). Since the postmodern communicative paradigm involves a methodology, the philosopher proposes a semiotic strategy called fractal "constructivism", i.e. the analysis of the interpretative drift of key concepts that are valuable social constructs. This method involves the analysis of a construct and also the transformations that it undergoes passes in several interpretative contexts so that any sense can generate a certain social reality (Sandu, A., 2016).

The transformations that occurred from modernity to post modernity could be noticed at all the levels of the society, namely the philosophical, economic and sociological level (Apostu, I. 2012 Apostu, I., 2013, Apostu, I., 2016). At the social level the individuals interact due to the fact they reach consensus. The rationality and communication are closely related, on the one hand as content - the appropriateness of content-knowledge and actions, and on the other hand as their objectification of their experience of the world as the adequacy is performed through an argumentative process, as the rationality implies communication (Marga, A., 1991, pp. 226-227).

Rationality passes from the philosophical plan in all the other fields where there is interaction and hence in the economy field. The choice of the individual (Eși, M. C., 2015, 201-207) to react in a certain way to certain products or services is determined by needs and necessities and how the individual perceives these services or products as necessary for the daily existence. We must emphasize in this context that most often the need to purchase a product / service is created through marketing, as the goal of companies is to sell as many products as possible thus generating the need for that product.

## **2. The rational decision - under the sign of philosophy**

The concept of rationality went from modernism to postmodernism, from modern society to a postmodern society where

hierarchies have changed both in terms of values and the way in which the individual acts and makes decisions. If during the modern era reason has been described by Kant as practical reason or pure reason, nowadays reason stands for communicative action. The way in which the person acts, leads us to analyze the decision theory and the rationality theory of John Searle, (i.e. the classical perspectives) (Searle, J., 2002). Searle emphasizes a theoretical framework that supports the rational adequacy conditions in which the relationship between opinions and decisions or decisions and actions is highlighted; in this context, we believe that rationality requires argument and thus decision-making according a formal set of relevant criteria, thus the rationality being treated in this context in terms of its formal and instrumental aspect (Popa, F., 2010). We believe that there is some separation in the area of rationality regarding how the individual makes decisions and acts, whereas this delimitation presupposes the existence of a series of questions on the rules used, the relationship between the intentional antecedents of the decision and its consequences, and the relationship between the epistemic rationality and practical epistemic (Popa, F., 2010).

In terms of the increased development of the technique and technology, of consumerism and globalization, we are brought face to face with new situations; a new model of analysis and interpretation of the individual's actions is required. In this context, we can give the example of ethics, which cannot be viewed from the perspective of the Kantian categorical imperative anymore but as the responsibility towards the non-human presence. The non-presence involves the future generations which are not born yet, and the term of “human” or “non-human” comes in the context of the development of new technologies and the possibility of singularity. We believe that the singularity is the moment when the artificial consciousness becomes self-conscious. Once the artificial intelligence becomes self-conscious all the spheres of action of the individual, including the economic one will undergo major change. Certainly, in the context of postmodernism, globalization and so on, this will impact not only the ethics, but the way in which the individual makes decisions bears responsibility for the impact upon various fields such as economics, sociology, etc.

The making of rational and irrational choices within the decision-making process involves many aspects. Of course, there is also a zone of indeterminacy, not just as a result of limiting our capabilities or disturbing factors, but because its existence is natural and reflects the diversity of rationality practices whose intuitive reasonableness does not match a

predetermined set of rationality criteria (Popa, F., 2010). As Florin Popa states the space of indeterminacy is the expression of the inadequacy of the classic perspective which operates with net distinction where there are rather gradual progressions; the indeterminacy aims more at the fact that the boundaries of rationality are revealed in some determined contexts (Popa, F., 2010). If from the classical perspective of rationality one can speak of criteria that can be applied independently of context, as much as reasonableness is involved things are different: the reasonableness appeals to rules which can be applied depending on the context, but not the addition to the context, but the impossibility thereof to be characterized outside that context (Popa, F., 2010).

In the economic context the practical rationality refers to the foundation on which our actions are built. Following models of the science of economics which are based upon practical rationality, we can speak of two aspects: on the one hand there is the limited rationality, and on the other there is the comprehensive rationality. Concerning the irrational behavior it is understood that when a consumer makes a decision, this is not always rational, since some contexts can influence the consumer's thinking and action. Keynes himself states that the economy is not always governed by rational factors; an example might be given by the access to the essential information and as the economic literature states: the „speculative unrest” where the decision to invest in a particular market is influenced by the latest information.

### **3. A point of view of rationality of decision-making**

The consumer's behavior may be rational or irrational. The rational behavior determines the decision-making process related to an investment or the purchase of products.

These biases are of particular interest that is the deviations from the selected line chosen in the right decision-making process. The human mind still uses the rule of the fingers. Considering that the main intellectual process is based on assumptions of the classical economics, the authority of rationality, the interest optimization, the management of resources and assets within a company (entity) is based precisely on these common assumptions as well as on different models and methods to support the making of a correct decision. If the entire mechanism is well used, the process is effective. If not inevitable negative aspects and even misdeeds may occur, as they are developed by a mental accounting (Lurie & Swaminathan, 2009, pp. 315-329).

The mental attitudes and the people's mental misdeed are very important and they influence misdeed the very inter-human relationships as well as the results of calculations made in relation to choosing the right path to follow or the right asset to be acquired. We can see in practice some reported to organizational culture and entrepreneurial performance in business administration (Posteucă, N. L., 2013, 69-77).

To get to the effective achievement of choices, the literature highlights a concern for the finding of not entirely new decision models, but the improvement of the possibility of consumers, decision makers to maximize their satisfaction or profits. The Newsvendor theory, the Prospect theory and other models become the raw material for attempts of finding practical ways, available to consumers to make the correct rational choices (Chen L., Kok, G., Tong J.D., 2013, pp.436-451); (Ho, T-H, Lim, N., Cui, T.T., 2010, pp. 1891-1910).

The choice of the rational consumer is, or should be, governed by the principle of efficiency. He will compare each time the satisfaction he/she felt after the purchase and the consumption of those goods in different quantities with the effort (sacrifice) that one must do that results in his/her expenditure.

As we know, the rational man in the Economics view is that one who aims to maximize the best chosen solution (way to pursuit), in order to ensure a proper allocation of the scarce resources (see Becker, G.S., 1994).

The essence of rational consumer's choice is to find that purchase and consumption program that assures the highest satisfaction (overall economic or aggregate utility) possible made by spending (sacrificing) his limited income.

Whereas the consumer has a limited budget, the essential criterion by which he or she will direct his or her choice is provided by the maximizing of the satisfaction obtained for a monetary unit spent to procure the needed goods.

“Taking-the-best-action” is considered the definition agreed in the applications of the Marketing Science (Shugan, 2006, pp. 1-7). The rational consumer takes the best action within the world of the considered model. Therefore, for the researchers in the field, rationality is necessarily a function of the model (or theory), because the best action to be followed depends on the world of the respective model (parameters, decision-making variables, relationships and so on).

If we intend to strengthen the consumer's rationality, furthermore, in risk conditions (where objects of choice are lotteries with known

probabilities) or uncertainty conditions (where we don't know the probabilities or all choices of outcomes) requires further principles of rationality to be used.

In formal-mathematical terms it is expressed as a ratio between the marginal utility of a good and its price.

The rational consumer always opts for the good whose report, thus calculated, has the highest value or the highest efficiency.

Some authors (see Schwartz, 2015) present the problem of the consumer in today's conditions, claiming that existing regulations (such as protection of the consumer law) assume the fact that consumers can rationally act (therefore, it's about the practice) on the information that it is disclosure's goal to produce. The problem regards the various forms of disclosures to *market imperfections* (our emphasis), based on the imperfect information challenging people involved in, or unsophisticated behavior of the consumers.

In view of the above mentioned aspects, we can partially conclude that a rational consumer achieves a maximum of satisfaction by consuming the purchased goods with the available income when the ratio of the marginal utility / unit price for the purchased goods is identical or when the ratio of marginal utilities equals that of the unit prices, provided the framing with the available income for purchases.

### Conclusions

In this paper we tried a sensitive approach to some aspects of the multiplicity and vastness of the issue of rationality and the decision-making in reason related conditions.

In making decisions, both deciding factors and ordinary consumers work with certain traits; these are psychological variables that alongside a set of methods and management tools are utilized in conditions of certainty, risk and uncertainty. The entire complex decisional process is designed to maximize the desires, needs, customer satisfaction, on the one hand, or to maximize the profits of the company or the organization, on the other hand.

The entire process of inter-human relationships, human-products / services interactions represents manifestations of the communication act in a specific form; this act necessarily presupposes the existence of rationality. Moreover, the decision-makers and consumers want to be able to make the best choice based on models or tools easily understood and

used to go through the process of rational thinking and that does not take long (especially when choosing products in stores).

We assist in our days to a sensitive increase of the decisions taken in a way, due to decision makers psychological particularities. Therefore, we insist that in any decision-making process, the rational thinking and logic, to prevail, in detriment of manifestations of personality which can lead to subjective and hesitant approaches regarding different actions or processes.

So, it is about a philosophical approach of economics, supporting a rational way that we seek to discover new opportunities to improve our life and work. This interdependence between the two sciences, we consider that will be the strength point of the future analysis regarding this problem of outmost importance.

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