The reputational costs of ignoring decision frames

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Zoom: https://northwestern.zoom.us/j/2594122763

Research question: Should decision makers always ignore decision frames?

Background

- Classic work in JDM demonstrates that risk preferences are influenced by the frame in which choice options are presented (Kahneman & Tversky, 1979; Tversky & Kahneman, 1981).
- Traditionally, decision frames are treated as irrelevant features of a decision that should **always** be ignored when making choices.
- In three pre-registered experiments, we aim to qualify this strong prescription by testing the reputational costs of ignoring frames.

Theoretical Implications

- Our results challenge the long-standing prescription that rational decision makers should always ignore decision frames.
- Results hold implications not only for decision making under risk, but also for extending understanding of a whole host of other behavioral tendencies long considered irrational biases.

Experiment 1: Method

- Sample: Amazon mTurk (N=440)
- Scenario: New influenza problem (run before COVID)
- Dependent variable: Perceived competence, warmth, confidence, leadership, and morality of a target
- All five interactions: $p < .001$

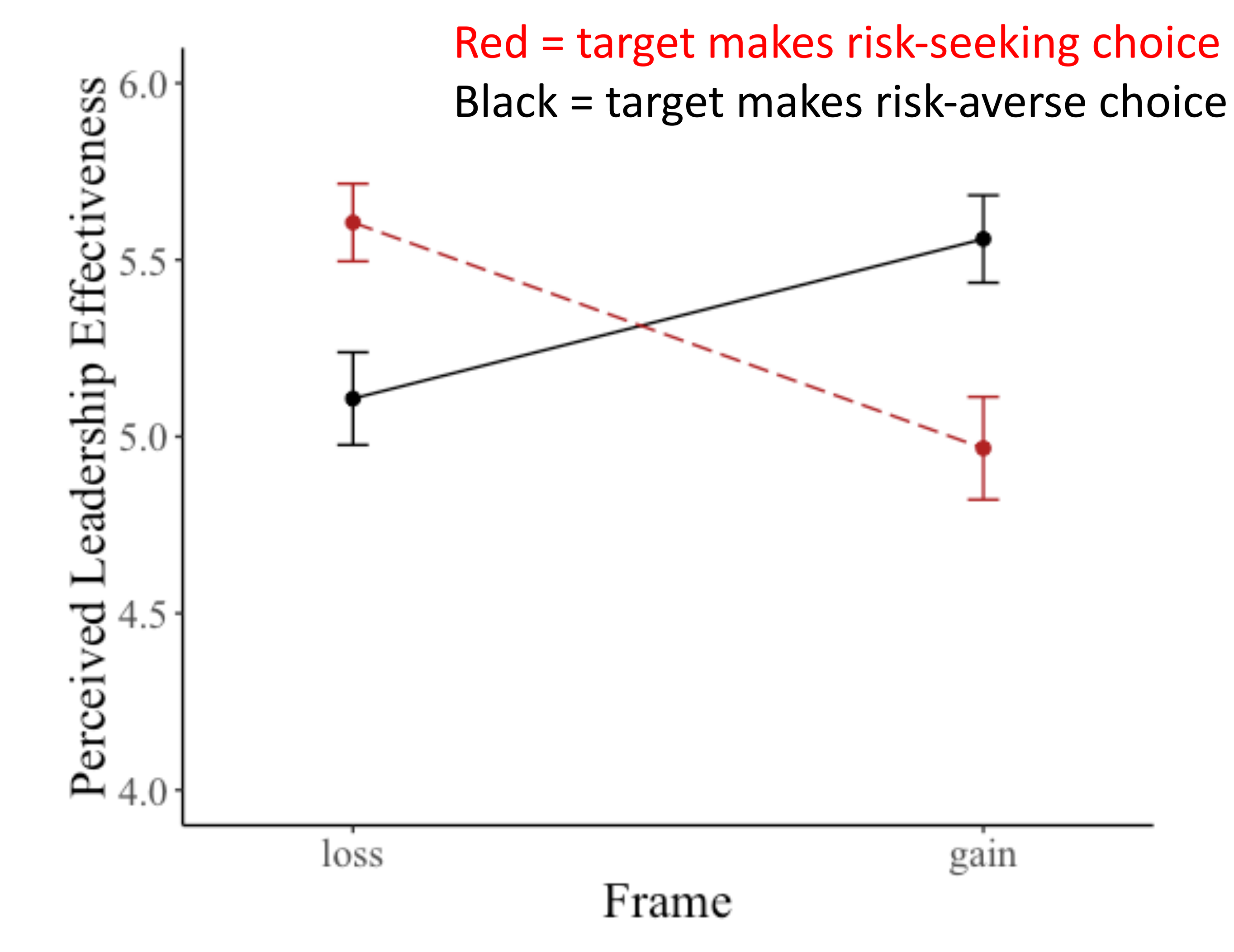
Experiment 2: Method

- Sample: Amazon mTurk (N=444)
- Scenario: Monetary gamble
- Dependent variable: Money given in a dictator game to a target
- Interaction: $p = .031$
- Replicate warmth/competence interactions: $p < .001$

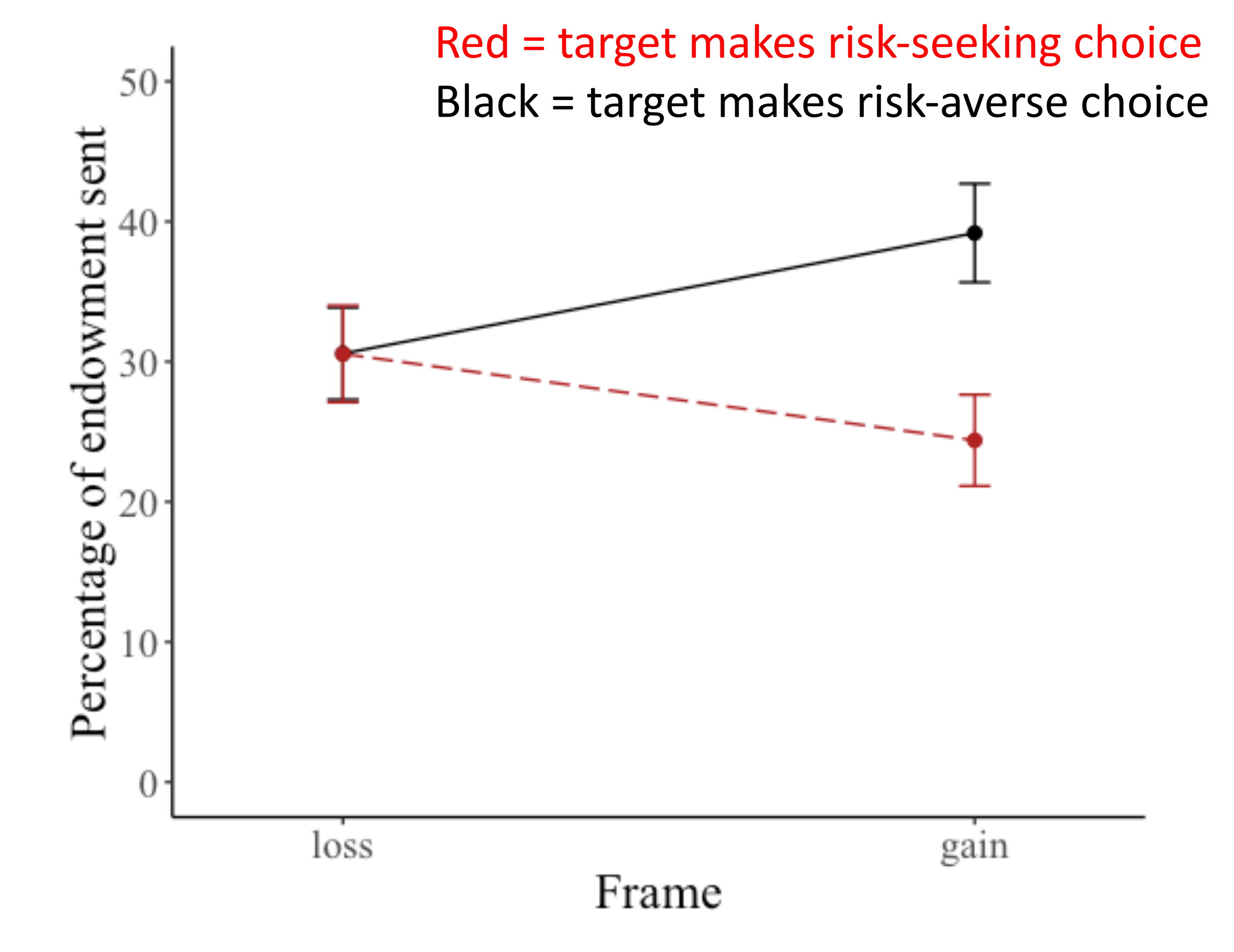
Experiment 3: Method

- Sample: Harvard Digital Lab (N=1062)
- Scenario: New influenza problem (adapted to COVID, run in July-August)
- Dependent variable: perceived leadership effectiveness of a governor
- Main effect: $p < .001$, Cohen's $d = 0.76$
- Not moderated by CRT or education

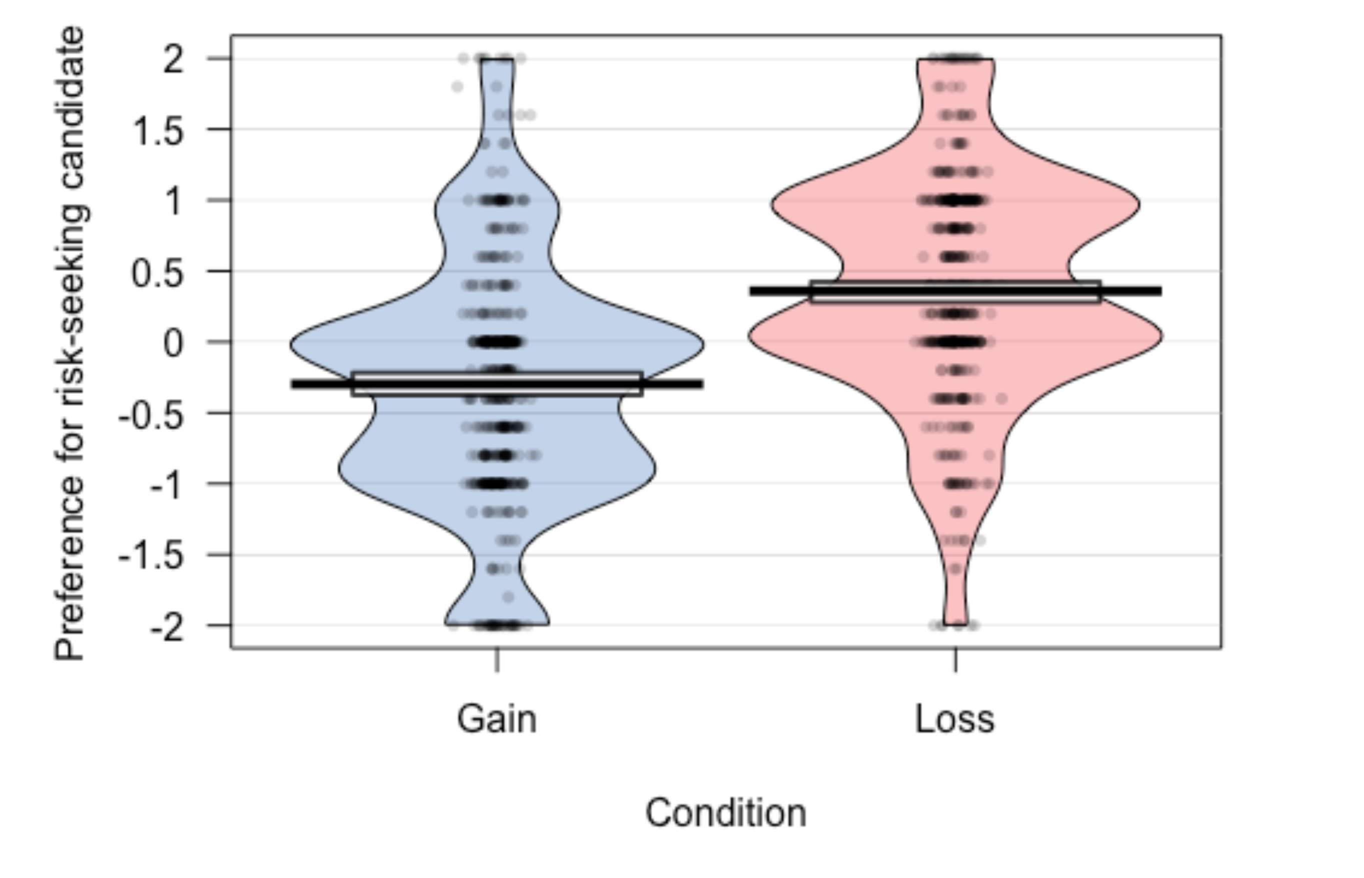
Experiment 1: Sample Result



Experiment 2: Key Result



Experiment 3: Key Result



Conclusion: Not necessarily. While decision makers who made risk-averse choices were rewarded when outcomes were framed as gains, this pattern reversed when outcomes were framed as losses.