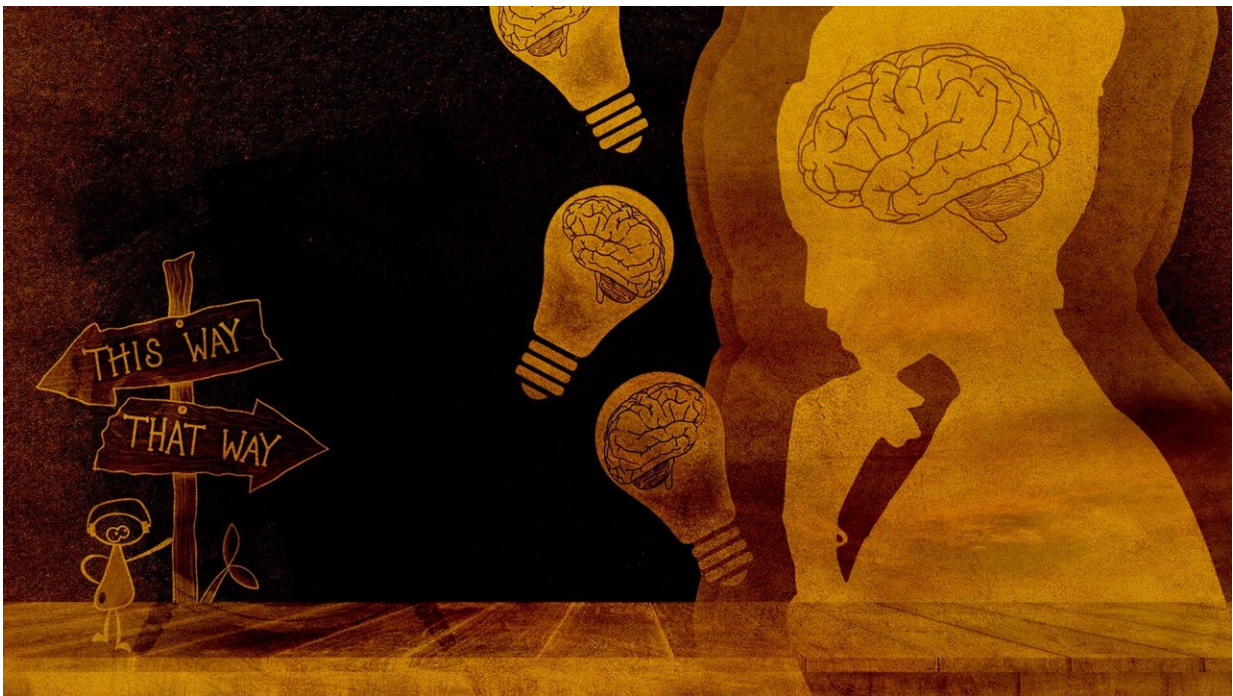


Study offers insights into the information people seek when making important decisions

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In her recently published research, Yesim Orhun, associate professor of marketing and Michael R. and Mary Kay Hallman Fellow, explores unique insights into what information individuals seek when making important decisions and how policymakers, medical professionals, and business leaders should communicate anxiety-provoking news.

Recently [published](#) in the *American Economic Review*, "Intrinsic Information Preferences and Skewness" was co-authored by Orhun and two collaborators—Yusufcan Masatiloglu from the University of Maryland and Collin Raymond from Cornell University.

Orhun's research extends precursory research that documents information avoidance. Previous studies have shown that individuals avoid obtaining information in some contexts, even when information can be useful for making better decisions. Information avoidance generally arises in anxiety-provoking situations where the information can be good or bad. For example, in deciding to take a test that will determine whether one will develop a debilitating disease later in life. To protect themselves against the emotional blow of getting bad news, people may choose to remain in the dark instead. Orhun and her collaborators tested the implications of these theories with a focus on the kinds of information people prefer.

The team conducted experiments on informational preferences in medical testing, intelligence testing, and lotteries. First, they tested a new kind of preference—a preference for skewness. Positively skewed [information sources](#) present bad news frequently but with low precision. When they deliver good news, which happens infrequently, you can count on it being generally accurate. Negatively skewed information sources present good news frequently but with low precision, and when they deliver bad news, it's with higher certainty. Their findings showed that when given the choice, people overwhelmingly prefer positively skewed information sources and often avoid negatively skewed information sources.

"When we started this project, I expected the majority of people to prefer the negatively skewed information sources over the positively skewed ones because I do. I do not like to get my hopes up high only to get disappointed by reality later. In fact, much of the early discussions

about this project related to [medical tests](#) I was willing to endure as an expectant mom and my inability to fathom why my husband would not share the same informational preferences. The data settled the debate, which showed that I am in the minority," said Orhun.

The team then focused on individuals who rejected obtaining precise information that perfectly predicted the outcome. They found that some information-avoidant individuals will agree to receive positively skewed information. "The most important insight from our paper is that more precise information does not always mean more informed decision-making. People manage their emotions about anxiety-provoking events in the future by choosing the beliefs they want to carry, which is partially managed by which information sources they want to expose themselves to," said Orhun.

On avenues for future research, Orhun said, "Our findings raise two fundamental questions for me. First, would people pick different information sources if they had better coping mechanisms for dealing with the emotional impact of reality, such as more social support? Secondly, how should we think about the welfare implications of information?"

"We care about one's emotional well-being and physical and economic well-being. Information generally leads to better decision-making. Should we force information onto people when they want to avoid it? I think this is where knowing that positively skewed information may increase information uptake really comes in handy."

More information: Yusufcan Masatlioglu et al, Intrinsic Information Preferences and Skewness, *American Economic Review* (2023). [DOI: 10.1257/aer.20171474](https://doi.org/10.1257/aer.20171474)

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