

The role of status-relevant knowledge in relationships

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People are more honest when talking about topics involving high-status knowledge. A new study in behavioral economics shows that this is true even if they have a financial incentive to lie. As expertise about

increasingly complex technologies becomes more difficult to verify, questions of trust are getting more and more important.

Trust is essential to every business relationship. Customers want to be able to trust the vendor of a complex high-tech product. But can they rely on what they are told? After all, the salesperson looking to earn a commission could be downplaying the disadvantages of the product.

In which situations can we trust other people even though they might have [financial incentives](#) to lie? A study at the Max Planck Institute for Research on Collective Goods sought answers to this question. In an experiment, Michael Kurschilgen (now Technical University of Munich) and Isabel Marcin (now University of Heidelberg) tested around 190 people.

General knowledge versus tabloid gossip

The participants were given multiple choice questions, for example: "In which country's embassy did Julian Assange take refuge?" The test persons were divided into two groups: senders and receivers. The senders saw both the question and four possible answers, and recommended one answer to the receivers. The receivers saw only the question and the sender's recommendation. While the receivers got three euros for every correct answer, the senders got three euros for every wrong answer of the receiver. The sender therefore had a financial incentive to lie.

Half of the participants were given general knowledge questions on topics from history, geography, art and politics—like the question about the WikiLeaks activist Assange. The other half saw questions on TV series, commercials and [celebrity gossip](#), such as: "In what country was Irina Shayk, the ex-girlfriend of soccer star Cristiano Ronaldo, born?" In a pre-study, Kurschilgen and Marcin identified a set of questions for which the average knowledge was identical in both categories at 63

percent.

More honesty with culture and politics

If senders were always honest, they would therefore give correct recommendations with the same frequency for the general knowledge questions as for the tabloid gossip. However, the experiment revealed: Only 32 percent correct recommendations were sent for the gossip questions. But 46 percent for the general knowledge questions.

"When the participants had the opportunity to signal that they were knowledgeable in high-status areas, many of them attached more importance to their image than to the financial reward," says Michael Kurschilgen. "The experiment shows that the desire for [social status](#) can overcome financial incentives to lie." A post-study confirmed that knowledge of history, culture and politics is actually associated with higher social status than the tabloid topics.

Increasing importance of trust in business

Identifying intrinsic factors influencing [human behavior](#)—in other words, non-material motives—is a current focus of research in behavioral economics. "Technological progress is making products and processes more and more complex. They require extensive expert knowledge that is difficult to check. Consequently, trust is going to become even more important in business," explains Isabel Marcin. "Financial incentives not to lie only work when the truth of a statement can actually be checked. "People's intrinsic motivation to be honest is therefore more important than ever."

The study shows when this might be the case: "When expertise in complex technologies enjoys the same or even higher status than general

knowledge, we have some reason to trust the people selling us high-tech products," says Kurschilgen. "The desire for social status will then motivate them to be more honest."

More information: Michael Kurschilgen et al. Communication is more than information sharing: The role of status-relevant knowledge, *Games and Economic Behavior* (2018). [DOI: 10.1016/j.geb.2018.11.007](https://doi.org/10.1016/j.geb.2018.11.007)

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