

Moral Wiggle Room and Information Avoidance (Bachelor/Master Seminar)

I. TOPIC DESCRIPTION

"The only way to avoid error is ignorance."
(Jean-Jacques Rousseau)

The avoidance of private information in single person decision-situations is a puzzle within economics (Hertwig and Engel, 2020). From a neoclassical viewpoint, more information should at least make someone not worse-off. The underlying argument is that valid information will never be valued negatively since, at worst, it still could be ignored for the decision making process. However, there exist many examples where people do not want to receive (morally) challenging information. They may even pay money to avoid morally problematic content (Serra-Garcia & Szech, 2021). A possible explanation for this observation is that people may feel pressured to change their behaviors/decisions in light of the new information. In some cases, people might expect this change to lead to higher costs for their own and therefore may avoid being confronted with such a morally challenging situation. (see e.g. Dana et al., 2007). The motive of willful avoidance of evidence about the negative social impacts of one's decisions is often denoted as *strategic ignorance* (Grossman, 2014).

There exist further cases when people might dislike having more information, e.g. when they expect that additional knowledge may cause them negative emotions or feelings. For example, people frequently choose not to receive medical tests, even when the test are costless and could provide potentially valuable information for the decision making process, e.g. whether to obtain a specific treatment, (Golman et al., 2017). In such cases, there is a trade-off between the value of new information (allowing for a more precise medical assessment) and the utility loss of knowing about a bad physical condition.

One could add many more examples where decision-makers consciously refrain from seeking or using knowledge. This seminar aims to explore potential motivations for this behavior and to provide a better understanding of the phenomenon.

Some topic suggestions:

- Impact of the degree of visibility of one's actions (e.g. consumption behavior) on the decision to avoid/seek information
- Analysis of different motives for information avoidance
- Domains in which information avoidance happens particularly often (e.g. medical tests)

- How do expected costs/benefits for self- and other parties affect information avoidance?
- Willingness to get (or not) tested for infectious diseases like Covid-19
- How should morally challenging information be optimally presented? (e.g. how should labels for socially responsible/environmental-friendly production be designed?)
- (...)

II. ORGANIZATIONAL AND PROCEDURAL DETAILS

In the seminar no topics will be handed out. Instead, students will use their own creative abilities to think of an interesting research question in the broad thematic field of information avoidance. Based on this, you will design an experimental design for a lab or a field study, which is suited to test your hypothesis/answer your research question. (*Note: Carrying out the experiment itself is not part of the seminar.*)

Students will work in groups of up to four, depending on the total number of participants. If the process of group formation is unsuccessful, participants will be assigned.

The seminar starts with an introductory meeting on Tue, 18th Oct. 2022. The meeting is supposed to last for approx. 1-1,5h.

Ideas for experiments or field studies will be presented in blocked events in January 2023. Each presentation should last for max. 20 minutes. Full attendance in all meetings is required for successful participation in the seminar. Seminar papers of 8 – 10 pages, as well as one individual abstract with 75 to 100 words are to be handed in by the end of the semester.

Please note that we will ask you for a brief motivation and - if possible - a short description of the topic you are interested in, in order to ensure a well-balanced variety in the seminar. Prior attendance of the courses “Behavioral Economics” and/or “Auction and Mechanism Design” is recommended, but not required. For further questions, please contact Dr. Hannes Rau (hannes.rau@kit.edu).

III. SOURCES OF INSPIRATION

- Dana, J., Weber, R. A., & Kuang, J. X. (2007). Exploiting moral wiggle room: experiments demonstrating an illusory preference for fairness. *Economic Theory*, 33(1), 67-80.
- Falk, A., & Szech, N. (2013). Morals and markets. *Science*, 340(6133), 707-711.
- Golman, R., Hagmann, D., & Loewenstein, G. (2017). Information avoidance. *Journal of Economic Literature*, 55(1), 96-135.
- Grossman, Z. (2014). Strategic ignorance and the robustness of social preferences. *Management Science*, 60(11), 2659-2665.
- Grossman, Z., & Van Der Weele, J. J. (2017). Self-image and willful ignorance in social decisions. *Journal of the European Economic Association*, 15(1), 173-217.

- Hertwig, R., & Engel, C. (Eds.). (2020). Deliberate ignorance: Choosing not to know. Strungmann Forum Reports.
- Kagel, J. H. (2020). *The Handbook of Experimental Economics, Volume 2*. Princeton University Press.
- Larson, T., & Capra, C. M. (2009). Exploiting moral wiggle room: Illusory preference for fairness? A comment. *Judgment and Decision Making*, 4(6), 467.
- Mariotti, T., Schweizer, N., Szech, N., & von Wangenheim, J. (2022). Information nudges and self-control. (*Management Science, forthcoming*) Available at SSRN 3283003.
- Schweizer, N., & Szech, N. (2018). Optimal revelation of life-changing information. *Management Science*, 64(11), 5250-5262.
- Serra-Garcia, M., & Szech, N. (2021). Choice architecture and incentives increase COVID-19 vaccine intentions and test demand. Available at SSRN 3818182.
- Sharot, T., & Sunstein, C. R. (2020). How people decide what they want to know. *Nature Human Behaviour*, 4(1), 14-19.