



A must lie situation – avoiding giving negative feedback[☆]



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ABSTRACT

We examine under what conditions people provide accurate feedback to others. We use feedback regarding attractiveness, a trait people care about, and for which objective information is hard to obtain. Our results show that people avoid giving accurate face-to-face feedback to less attractive individuals, even if lying in this context comes at a monetary cost to both the person who gives the feedback and the receiver. A substantial increase of these costs does not increase the accuracy of feedback. However, when feedback is provided anonymously, the aversion to giving negative feedback is reduced.

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“I don’t want any yes-men around me. I want everyone to tell me the truth – even if it costs him his job.”

[Samuel Goldwyn]

1. Introduction

Feedback is crucial to learning. The transmission of information from an informed agent to a receiver who might benefit from it is studied theoretically in the standard principal-agent model in economics (Crawford and Sobel, 1982; Prendergast, 1993; Levitt and Snyder, 1997; Morris, 2001; Olszewski, 2004; Ottaviani and Sørensen, 2005a, 2005b). The question in this literature is how to design incentives contracts such that the agent with the private information will send an honest signal to the principal. We expand the discussion by studying cases in which the agent might suffer psychological costs from sending a negative signal, and hence avoids it.

Whereas a growing literature suggests that people have costs associated with lying (see for example Gneezy, 2005; Charness and Dufwenberg, 2006; Mazar et al., 2008; Dreber and Johannesson, 2008; Sutter, 2009; Erat and Gneezy, 2012; Fischbacher and Föllmi-Heusi, 2013; Gneezy et al., 2016), in some settings individuals may have costs associated with telling

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the truth, even if being honest is payoff maximizing for both the principal and the agent. These costs could be the time and effort required to give accurate feedback, or, as we suggest in this paper, the psychological costs that arise from delivering negative messages. This last effect is what we call a “must lie situation.”¹ The aversion to telling the truth that is perceived as negative for the receiver could thus offset the costs associated with lying that have been documented in other studies.

In many cases, feedback can help people achieve better outcomes. Consider the thousands of individuals who show up for singing or comedy castings, or who dedicate their life to research or business ideas. They mostly need to rely on their own, likely biased perception of themselves and possibly on too flattering feedback from family and friends. Receiving honest feedback from other individuals could prevent them from wasting time and resources and save them from frustration. Similarly, consider a person on the job market who keeps applying to jobs that he might be qualified for on paper, but is considered unsuitable based on less tangible character traits displayed during the interview process. He might talk, act or dress in a way that displays a low work ethic or just does not fit with the company image. Honest feedback about his personal characteristics could help such a person to revise his application strategy and thus to be more successful in the process – either by applying to companies that are a better fit to his personality or by adapting his behavior to the companies he is applying for. Consequently, a lack of feedback could lead to frustration, extended unemployment spells and superfluous investment into further education.

In order to study the provision of feedback, we designed a novel experiment in which participants are asked to give feedback to others on their level of attractiveness. We decided to use attractiveness as a proxy for similar less-tangible traits that could be subject to feedback for four main reasons. First, whereas for some attributes people have a good knowledge of their relative rank (e.g., height), the feedback regarding own attractiveness is noisy and relies on indirect measures such as success in dating. Hence, receiving accurate feedback could be very informative. Second, attractiveness is an attribute most people care about a lot, and thus receiving an informative negative signal could hurt. Third, attractiveness is correlated with economic success (Solnick and Schweitzer, 1999; Möbius and Rosenblat, 2006). Fourth, attractiveness can be judged within seconds in an experimental setting, while other traits might only be revealed after an extensive interaction.

In our experiment we asked groups of men and women to rank the members of the opposite sex by attractiveness. We then incentivized participants to correctly judge the rank of another participant of their own sex in private, and compared these assessments to those provided in a treatment in which the attractiveness judgments were provided to the assessed individual as face-to-face feedback. We find that participants are reluctant to provide honest negative face-to-face feedback to other people even if lying in this context comes at a cost to both the feedback provider and the receiver. Further, we find that a considerable increase in these costs does not change the accuracy of individuals' feedback provision.

One reason for the avoidance to provide negative face-to-face feedback could be a personal cost. The receiver of the information might decide to “shoot the messenger” – blame the (innocent) carrier of bad news – which could result in monetary or image costs for the sender (Akerlof and Kranton, 2000; Ariely et al., 2009). Psychologists, starting with Freud (1991), studied this phenomenon, arguing that people may blame the messenger for the message as a mechanism to fight feelings of powerlessness and a lack of control. Alternatively, the avoidance of giving negative feedback could rise from trying to shield the receiver from negative information that could hurt. That is, individuals may experience negative utility from providing signals that they anticipate to be painful to the receiver.

To better understand what drives the reluctance to provide honest negative feedback that we find in our experiment, we ran a treatment in which feedback provision is anonymous, i.e., the identity of the feedback provider is not revealed to the receiver. We find that participants provide more honest feedback when their anonymity is guaranteed as compared to when their identity is revealed. This suggests that the reluctance to give face-to-face feedback to less attractive individuals is driven by unwillingness to be identified as the messenger of bad news.

Taken together, our results suggest that the costs of being identified as the messenger of negative feedback offset the potential costs of lying that have been identified in previous research. In order to protect their social image individuals are willing to tell a payoff minimizing lie, even at high cost.

2. Experimental design

2.1. The setting

The experiment consists of four treatments: Judgment, Face-to-Face (F2F) Feedback, F2F High Stakes Feedback, and Anonymous Feedback. Participants took part in four stages. The first two stages are procedurally the same in all treatments, while the experimental design differs in stages three and four. A treatment overview is depicted in Table 1.

In order to balance between having enough power and being able to recruit enough participants for all our treatments, we decided to recruit 100 participants (50 men and 50 women) per treatment. Each session consisted of 20 participants, 10 men and 10 women. Upon arrival to the laboratory, men were instructed to line up on one side of the room while women formed a line on the opposite side, such that the two groups faced each other. Then participants received the instructions as

¹ A funny anecdote from “Seinfeld” inspired the name of our paper: Jerry and Elaine are invited to see their friends' baby. One look and they both agree the baby is “the ugliest baby you have ever seen.” They of course do not tell this to the proud parents. Jerry's insight later is “And, you know, the thing is, they're never gonna know, no one's ever gonna tell them. . . it's a must lie situation.”

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