

Can We Put Our Trust In Defaults?

An individual or group's reputation might impact people's willingness to stay with the default options they establish.

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In the context of choice, a default is the option that will be implemented for people if they take no action.

For example, if a Human Resources (HR) Department were to automatically enroll employees in a retirement plan, participation in the plan would be the default. In this situation, employees would participate in the plan unless they actively chose to opt-out, or not to participate. However, the HR Department could have required that employees opt-in to the plan, in which case the default would be *not* to participate. Automatic enrollment has been shown to significantly increase retirement plan participation rates. And defaults do not just matter in retirement planning — they influence behavior in a variety of domains including organ donation, consumer insurance, and internet privacy.

Researchers have suggested that default effects may arise from three causes: loss aversion, effort, and implicit recommendations. First, loss aversion assumes that people view the default as the status quo. People are averse to losses and giving up the default option may be seen as a loss, making people more likely to stay with the default. Second, opting-in or -out requires effort, making it more likely that people will adhere to the default course of action, which requires no effort. Loss aversion and effort are not mutually exclusive explanations for default effects, and both may play a

role. However, it is the third cause — implicit recommendations — that is the primary focus of this article.

Recent research indicates that people believe a default to be implicit advice. For example, in one of our past experiments that examined retirement plan defaults, some participants were told that an HR department had chosen automatic enrollment as the default, and other participants were told that HR had not chosen automatic enrollment. Results showed that, participants in the "automatic enrollment" group were more likely to infer that the HR staff thought that employees should be enrolled, and that the HR staff was enrolled themselves. In other words, the HR department's selected default was seen by participants as the recommended course of action.

Given that people believe default options to be implicit advice, it follows that trust in the default's source (e.g., HR) may affect people's likelihood of taking that advice. In particular, as trust in the source of the default decreases, so will default effects because people will be more likely to ignore, or even reject that advice (just as with explicit advice). We discuss two studies that were conducted to test this view.

Study 1

416 college students participated. They were asked to imagine that a new company — Imagination Co. — was attempt-

ing to reach new customers by partnering with an established company who owned a large consumer database (which included their information). Participants were told that the established company sent them a survey asking for decisions about their potential relationship with Imagination Co. Participants were randomly assigned to one of eight established companies in four product categories.

The questions involved choices about whether to receive information from Imagination Co. or whether to give Imagination Co. personal information. For all questions, response boxes were checked, but questions were either positively framed or negatively framed. For the positively framed questions, if participants did nothing, they agreed to receive or give information ("do" default). Conversely, for the negatively framed questions, if participants did nothing, they did not agree to receive or give information ("do not" default). In all cases, to choose a course of action other than the default option, participants needed to "uncheck" the boxes.

After completing the survey, participants answered a variety of demographic questions (e.g., gender, age). Embedded in these questions was a question about trust in the established company: "To what extent do you agree with the following statement? [ABC Company] has a lot of integrity and elicits a high degree of trust." Participants answered this question on a scale of 0

to 7, where “0” was “strongly disagree” and “7” was “strongly agree.”

As expected, the less trust participants had in the established company, the less willing they were to receive information from, or give information to, Imagination Co. Additionally — and most critical to the current study — as trust in the established company decreased, so did participants’ willingness to adhere to the default: At high levels of trust there was a relatively large default effect followed by a smaller effect at medium levels, and no default effect at low levels of trust.

Our findings support the notion that defaults act as implicit recommendations. To the extent that people do not trust the source of the default, people are less likely to take the recommended course of action, thereby reducing or eliminating default effects.

Study 2

A limitation of Study 1 is that the results were correlational. Participants

were not randomly assigned to different levels of trust, but instead reported their level of trust in the established company. Moreover, trusted companies may tend to be liked companies, making it difficult to know if liking, rather than trust, was responsible for the pattern of results. It would still be of interest if liking leads to larger default effects because such an effect, similar to an effect of trust, is consistent with only the implicit recommendation hypothesis. Nonetheless, an effect of liking would be less surprising.

To overcome these limitations, participants in Study 2 answered the privacy questions about Imagination Co. in a study nearly identical to Study 1. However, before they answered the privacy questions, they were assigned to one of two groups. In a “deception” group, 22 participants were first deceived in a separate, unrelated study, and then told that they were deceived before filling out the default survey similar to that in Study 1. These previously deceived participants are expected to

be less trusting and, therefore, exhibit reduced default effects relative to 22 additional participants in a “no deception” group.

We found that when making a choice to receive information from Imagination Co., participants who *had not been* deceived exhibited substantial default effects, while the default effect was *reversed* for those who *had been* deceived. In other words, people who were deceived did not just ignore defaults, they went *against* them. (For choices to give, rather than receive, information there was no significant default effect for those who had, or had not been deceived.)

Taken together, these findings indicate that trust impacts people’s willingness to stay with the default option: “deceived” participants were more likely to reject the default option than “non-deceived” participants. Furthermore, because deception was unrelated to the default’s source in our second study, results may understate the degree to which trust violations negatively impact default effects (relative to when the default’s source is the perpetrator of the deception).

Conclusion

In Study 1, lower levels of trust in the default’s source were associated with smaller default effects, supporting the notion that defaults can act as implicit recommendations: People are less likely to take the recommended course of action to the extent that they do not trust the default’s source. In fact, in some cases, participants in Study 2 — who were deceived in a prior unrelated task — exhibited a default effect *reversal*, suggesting



