CHARACTERISTICS OF A GOOD ADVICE GIVER AND THE IMPACT OF FINANCIAL INCENTIVES AND COMPETITION ON ADVICE QUALITY AND ADVISORS’ CONFIDENCE

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The Judge-Advisor System (JAS) highlights the importance of advice within the decision making process. Past JAS literature has focused on ways in which to improve advice utilisation and clients’ decision outputs. The aim of this thesis was to focus on an under researched area within the JAS literature: the advice giver. It predominantly aimed to explore three main input areas in relation to what makes a good advice giver: characteristics of the advice giver, the quality of advice, and how the advice is given. It began by identifying individuals’ implicit understanding of what characteristics are important for a good advisor. A three-factor framework was developed, which relates to advisors’ affect, behaviour, and cognition. Further, it explored whether two external motivators (the type of advisors’ financial incentive and competition between advisors) impacted advice quality (the accuracy of recommendations, amount of advice provided, and amount of information acquired) and how the advice is given (how confident the advisor appeared to their client). The type of advisors’ financial incentive impacted advisors’ input within an estimation task, but was not consistent within a choice task. Competition alone was found to have no impact on the advisors’ input. When competition and the advisors’ incentive (financial or quality) were explored together, competition, not the advisors’ incentive, impacted advice quality. A combination of both competition and a financial incentive was found to increase advisors’ public confidence. Finally, as advice-giving is an interactive process, the impact on the client was also explored. Clients’ ratings of their advisors’ trustworthiness were found to predict advice utilisation which increased clients’ decision accuracy but did not predict clients’ decision confidence. The thesis has begun to explore optimal characteristics of good advice givers and how external factors influence advisors’ inputs. Implications of the findings are discussed.
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CHAPTER 1: ADVICE-GIVING AND TAKING

1.1 Decision making – an interactive process

A decision involves an act of choice between alternatives, which derives from different stages of a decision making process (McGrew & Wilson, 1982). As people are faced with making decisions every day it is an important process to study. An optimal decision refers to the choice of alternatives such that no other available alternative would lead to a better outcome (Verma, 2009). Past research into decision making aims to identify ways in which to improve decision outcomes.

Early research into decision making examined individual decisions in static environments that failed to capture the important social context in which decisions are made (e.g. Beach, Barnes, & Christensen-Szalanski, 1986). Consequently, there is a body of literature that shows when individuals are faced with decisions they rarely make them without being influenced by various social factors (Tetlock, 1985). For example, individuals may take into consideration the influence that their decision will have on other people when making a decision (e.g. friends, family, work colleagues, and superiors). Other aspects of the literature suggest the decision process may be affected if the individual is required to justify a decision to another person (Simonson, 1989). Most importantly, another identifiable theme emerged that when people have to make important decisions they rarely make them in isolation, as individual decision making often occurs after consulting others for advice. This is an important social influence that impacts the decision making processes, can have an impact on decision outcomes, and is the main focus of this thesis.

The impact of seeking advice when making decisions was not always considered within the literature. Research exploring small group interactions did establish that some, if not most, decisions are in fact not made by one person acting alone (Hackman, 1987; Kerr & Tindale, 2004). However, although the decision making process was seen as an interactive process, the small group literature assumed that all members within a group had the same responsibility for making the final decision, and focused on groups members coming to a consensus (Ilgen, Major, Hollenbeck, & Sego, 1995). It did not capture that contributions to the final decision can be unequal and the responsibility for making the final decision will generally lie with one individual (Katz
& Kahn, 1966). The Judge-Advisor System (JAS) was developed to recognize that individual decisions are often made after consulting others for advice, but that the final decision will usually reside with the decision maker (Bonaccio & Dalal, 2006; Savadori, Van Swol, & Sniezek, 2001; Sniezek & Buckley, 1989; 1995; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005). This thesis aims to explore individual decision making as an interactive decision making process, with the focus on the advice giver.

1.2 The Judge-Advisor System

The Judge-Advisor System (JAS) is an important framework which identifies that important decisions are often made after consulting others for advice (Sniezek & Buckley, 1995). The judge within the JAS refers to the individual making the decision. The advisor is the person who is making recommendations to the judge. A key component of the dynamics within a JAS is that roles can be differentiated between the judge and the advisor. Although there may be more than one person in the role of the judge or the advisor, the final decision is made solely by the individual(s) in the role of the judge and not the individual(s) in the role of the advisor. It is up to the judge whether or not to listen, or partially listen, to the recommendation given by the advisor. JAS’s are common in organizations (Vroom, Jago, Eden, Yetton, & Craig, 1998) and they are often studied systematically in laboratory experiments (Bonaccio & Dalal, 2006).

Bonaccio and Dalal (2006) provided an input-process-output model to identify core components within the JAS literature (see Figure 1.1). The main focus of JAS research has been to explore ways in which to improve the quality of the judges’ final decision (output). The output of any JAS will be influenced by elements of the process and the inputs of a JAS.

The model focuses on three ‘input’ levels: individual-level, JAS-level, and environment-level. The individual-level inputs that Bonaccio and Dalal (2006) identify include individual differences in the judge and the advisor’s characteristic levels of accuracy and confidence. Another individual-level input they identify is the judge’s pre-advice decision and their confidence. Within past experiments, judges may
Figure 1.1. The input-process-output model proposed by Bonaccio & Dalal (2006) to identify core components within the JAS literature.
or may not have been given the opportunity to establish pre-advice decisions and their confidence. Often, the judge’s pre-advice decision and confidence (an individual-level input measurement) is compared with the judge’s post-advice decision and confidence (an output measurement), to explore any changes caused by receiving the advice. One individual-input that has not been explored as extensively, is the quality of the advisor’s advice.

Quality is used to indicate the standard of the advice provided. Advice quality can be measured through the process of constructing the recommendation as well as the outcome (Keren & Bruine de Bruin, 2003). Within this thesis, three measures of advice quality will be explored: how much information is acquired during the process of constructing the recommendation; how much advice is given as an outcome measure; and the accuracy of the recommendation accuracy as another outcome measure (i.e. recommending a choice where no other choice would lead to a better outcome). The quality of the advice may be dependent on the decision task at hand which will be discussed further later on in this chapter. In addition, advisors may provide a private recommendation and confidence level (not seen by their judge) and a public recommendation and confidence level (given to their judge). Finally, the individual-level input also includes the confidence of the advisor and, if given the opportunity to establish, any changes in their confidence from how privately confident they feel compared to how confident they appear to their judge.

The JAS-level input focuses on the structure of the JAS. It establishes whether the judge is given the opportunity to establish a pre-advice decision and state their pre-advice confidence (an individual-level input measurement). In addition, a JAS-level structure that has not been given as much attention in past studies is whether or not the advisor is given the opportunity to provide a private recommendation and confidence (an individual-level input measurement).

The JAS-level input also explores the size of the JAS. Past research has examined the number of advisors available to give advice and how this impacts the clients’ post-advice decision and confidence (an output measurement). However, less research has been conducted to explore the impact that the number of advisors, as well as the number of judges, has on the advisors’ quality of advice and their public confidence (an individual-level input measurement).
The environment-level input focuses on the differences between the decision task types, choice or estimation tasks, which are explored further in the next section of this chapter. Both types of tasks will be used within this thesis. It also identifies how the advisors and clients are given a financial incentive and who has the responsibility for allocating financial incentives, if a financial incentive is available. One input that has not been explored within the literature, and is a prominent focus of this thesis, is the type of financial incentive available to the advisor and how it impacts advice quality and advisors’ confidence (an individual-level input measurement), advice utilisation (an output measurement), and judges’ post-advice decision quality and confidence (an output measurement). Finally, another environment-level input that has not been explored as extensively is whether competition exists between the advisors when there is more than one (a JAS-level input measurement), and how this impacts advice quality and confidence (an individual-level input measurement).

The process category of the input-process-output model examines the intra-JAS interactions between the judge and advisor. Different types of interaction between the judge and the advisor have been explored in the past from face-to-face communication to computer mediated communication. If there is more than one advisor, the process category may also explore the interaction between the advisors.

The ‘output’ category of the input-process-output model explores whether the advice is utilised or discounted. This may be impacted by all three input-levels (individual, JAS, and environment) and the process. Finally all three input-levels, together with the process and advice utilisation (output) may impact the judge’s final decision quality and confidence.

Therefore, the input-process-output model does not operate in a linear fashion. Aspects of the JAS-level input (the size of the JAS) and the environment-level input (type of task) may impact the individual-level input (the advisors’ recommendation and confidence). In addition, the process of the advisor interacting with the judge may also impact the individual-level input. Finally, whether or not the judge utilises the advice given (output) may impact the judges’ decision accuracy and confidence (output). Therefore, the input-process-output model is interrelated.

The JAS is an important framework that has typically been used to explore ways to improve the judge’s final decision quality and confidence (output) and has focused on factors within the input-process-output model to do so (Bonaccio & Dalal, 2006).
However, although the model recognises the importance of advice on the decision making process, little research has been conducted on ways in which to improve advice quality and advisors’ confidence (input). Using the input-process-output model, this thesis aims to focus predominantly on the input categories. More specifically, it will examine how the type of advisors’ financial incentive and competition between advisors (environment-level) will impact advice quality and advisors’ confidence (individual-level). As the Judge-Advisor System is an inherently interactive process it will also, in part, examine how the advisor impacts advice utilisation and judge’s post-advice decision quality and confidence (output measurements). However, the main focus of the thesis is that of the advice giver.

As the current research focuses on the advice giver, it was felt that the term ‘client’ was more appropriate than the term ‘judge’ for the individual making the final decision. This is because many real life advice-giving situations in which financial incentives and competition are present, would involve a client paying for the advice. Therefore, hereafter, the judge will be referred to as the client. In addition, as advice can mean different things, it is important to begin by exploring what advice is and how it is conceptualised within this thesis.

1.3 Advice: Individual-level input

When people are faced with making important decisions they will often seek out advice from other people. This is evident from everyday advice seeking situations such as seeking out financial, career, relationship, and consumer good advice. This section will explore why advice is important, what advice actually is, and what is meant by ‘advice’ within this thesis.

Advice is important as it improves the chance of an optimal or accurate decision (Yaniv, 2004a), enables people to share accountability for the outcome (Harvey & Fischer, 1997), encourages people to explore the problem in new ways (Schotter, 2003), reduces uncertainty (Loewenstein, 1994), and increases confidence in a final decision (Heath & Gonzalez, 1995). It is important to establish the parameters of what type of advice will be focused upon within this thesis, as advice can mean a number of different things. Typically, advice has been defined as a recommendation that favours a particular option (e.g. ‘I recommend that you choose option X’) which is then
communicated to the decision maker (e.g. Harvey & Fischer, 1997). However, Bonaccio and Dalal (2006) argued that this operational definition of advice is too narrow as it only reflects one type of advice and does not reflect advice seeking behaviour. Dalal and Bonaccio (2010) proposed that as well as providing a recommendation regarding the most favourable option, advice may also take the form of recommending which option is least favourable, providing guidance as to how to make the decision (Gibbons, 2003), or information regarding the different alternatives (Goldsmith & Fitch, 1997). However, Schrah, Dalal, and Sniezek (2006) argued that it is important to distinguish between advice _per se_ and mere task information. The authors depict ‘information’ as descriptive which, in its most elementary form, informs the client of one attribute about one alternative. ‘Advice’, on the other hand, is prescriptive and acts as a summary of the information and therefore provides the client with an evaluation of what the advisor believes to be the best judgement. For example, when advising about consumer products, providing information would give the client details about the different products, whereas providing advice would inform the client what product they think the client should choose. Although providing information may not be prescriptive, it may still have influence within the advice-giving process as it provides the client with the advisor’s reasoning, which may influence advice utilisation and confidence.

Advice may also differ in the way in which it is framed. Advice can be categorised into whether the advisor makes a recommendation as to what the client should do, which is referred to in the literature as a _telling_ form of advice (Sniezek, Schrah, & Dalal, 2004; Patt, Bowles, & Cash, 2006), or they may provide a recommendation in the form of _sharing_ what they themselves would do (Gino & Moore, 2007; Gino & Schweitzer, 2008; Yaniv, 2004b; Yaniv & Kleinberger, 2000). Gino, Croson, and Shang (2008) found that people are more receptive to advice that is expressed in a telling manner rather than advice that is expressed in a sharing way.

Finally, the type of decision task will change the type of advice that is provided by the advisor. Within the JAS literature, two types of decision tasks have been employed: _choice_ and _estimation_ tasks. During a choice task, advice is provided in the form of a recommendation between alternatives displayed to the client, which are qualitative in nature (Sniezek & Buckley, 1995). Choice tasks often take the form of multiple-choice questions (Gibbons, Sniezek, & Dalal, 2003; Sniezek & Van Swol,
or choosing between alternatives that they believe to be the most optimal (Lee & O’Connor, 2007). An estimation task involves the client providing quantitative estimations and advice is provided in the form of the advisor’s own estimate (Gino & Schweitzer, 2008). Examples of estimation tasks include estimates of sales of a product (Fischer & Harvey, 1999), estimation of the probability an event will occur (Budescu & Rantilla, 2000; Budescu, Rantilla, Yu, & Karelitz, 2003), and estimates of the price of consumer goods (Sniezek, et al., 2004).

The accuracy of the advisors’ recommendation will be measured differently depending on the task. A choice task will involve the advisor matching the ‘correct’ or ‘best’ option available for the client out of a fixed number of options, whereas an estimation task involves providing a recommendation that is as close as possible to the correct estimate. As advice accuracy is measured differently between the two tasks, it is important to establish what type of decision task is being used when considering the type of advice that will be provided.

This thesis will explore prescriptive advice that is given in a telling manner. Therefore, the advisors will be required to give a recommendation as to what the client should do. This is because although advisors will be required to acquire task information within the studies to help them construct their advice, it was felt that an important role of an advisor is to guide their client by telling them what decision they think they should make. In addition, both choice and estimation tasks will be used within this thesis. Therefore, advice will be in the form of which option they think their client should choose within the choice tasks, and in the form of an estimate within the estimation tasks. This is because previous research has found different outcomes depending on the decision task (Bonaccio & Dalal, 2006). Therefore, it is important to examine and compare results from both types of tasks.

A clear understanding of what makes a ‘good’ advice giver can be explored in terms of characteristics of the advice giver, the way in which the advice is given, and the quality of the advice. As clients are more likely to utilise advice that they believe is good, when considering what makes a ‘good’ advice giver we can begin by exploring research on advice utilisation. Advice utilisation will be discussed under three headings: Characteristics of the advice giver, how the advice is given, and advice quality.
1.4 Advice utilisation

Advice utilisation refers to the extent to which a decision maker follows the advice provided (Bonaccio & Dalal, 2006). People will revise their beliefs based on opinions of others with the goal of optimising their decision quality (Yaniv, 2004a; Yaniv, Choshen-Hillel, & Milyavsky, 2009). The final decision will often be influenced by the advice received from others, as well as the individuals’ own opinion (Gino, Shang, & Croson, 2009). However, decision makers tend to give less weight to the advice given to them, a phenomenon known as egocentric advice discounting (Yaniv, 2004b; Yaniv & Kleinberger, 2000). Various explanations have been proposed as to why people are overconfident in their own decisions and underweight the advice given to them. One explanation is that clients have access to their reasoning and justifications for their decisions, whereas they do not have access to the advisor’s reasoning (Yaniv, 2004a; Yaniv, 2004b). However, advice discounting has been found even in unique situations where people cannot rely on their own supporting evidence (Cadinu & Rothbart, 1996). Another explanation is that an individual’s initial opinion acts as an anchor and therefore if the advice is very different from their opinion they will only adjust according to their initial opinion, which may cause insufficient adjustment (Harvey & Fischer, 1997; Lim & O’Connor, 1995). However, advice discounting has been found even in situations where advice is received before the client hears the decision task and therefore the client is unable to produce an initial opinion as an anchor (Clement & Krueger, 2000). Finally, Krueger (2003) argues that an egocentric bias is responsible for advice discounting, which is the belief that one’s own opinions and decisions are superior to the advisors’. This was supported by research showing that clients gave greater weight to someone else’s forecast that was incorrectly labelled as their own compared to another forecast correctly labelled as someone else’s (Harvey & Harries, 2004).

Although egocentric advice discounting is a robust finding within the JAS literature, some inputs within the input-process-output model have been found to encourage advice utilisation. These inputs will now be discussed, firstly focusing on the characteristics of the advice giver.
1.4.1 Characteristics of the advice giver

Advice utilisation has been found to be affected by characteristics of the advice giver. When an individual is faced with uncertainty in a decision they often decide to trust others as a way of reducing the uncertainty (Kollock, 1994; Sniezek & Van Swol, 2001). Mayer, Davis, and Schoorman (1995, p. 712) define trust as ‘the willingness to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor’. People will often seek advice from sources that they can trust, such as friends and family (Van Swol & Sniezek, 2005). Previous research has found that advice is utilised more if there is trust between the advisor and the decision maker as they believe that their incentives are aligned (Jungermann, 1999; Jungermann & Fischer, 2005; Sniezek, Heath, Van Swol, & Nochimowski, 1998; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005). Jodlbauer and Jonas (2011) found that advice was discounted more if received from an advisor who ascribed higher levels of self-interested intentions, which was mediated by the perceived trustworthiness of the advisor. They found that when confronted with an advisor from an organisation with a profit-oriented background they believed their advisor had higher levels of self-interested intentions and were less trustworthy, so therefore utilised their advice less.

Individuals will also seek advice from individuals with expertise, as people also tend to trust advice received from an expert (Klucharev, Smidts, & Fernández, 2008). Expertise is defined as specialised knowledge, skill, or judgement. Messages are more persuasive when received from an expert source due to the belief that these individuals will have a lot of relevant knowledge (French & Raven, 1959; Petty, Cacioppo, & Goldman, 1981). Expert advisors have been found to be more influential than non-expert advisors when giving advice (Jungermann & Fischer, 2005). Task-related experience has been found to influence final decision accuracy by improving the accuracy of the advisor’s recommendations (Harries, Yaniv, Harvey, 2004). However, Harvey and Fischer (1997) found that individuals are reluctant to reject freely offered advice, and therefore often consider advice from those of lower-expertise than themselves. However, the reliance on expert advice can diminish if the expert does not share any of the same attributes in common with the decision maker (e.g. background, gender, religion etc.; Suls, Martin, & Wheeler, 2000).
As well as having task-related knowledge, a higher degree of advice utilisation has also been found when advice is received from those who are better educated, have greater life experience, are older, and wiser (Feng & MacGeorge, 2006). Advisors and clients with higher levels of intelligence relating to their general mental ability have been found to increase decision accuracy (LePine, Hollenbeck, Ilgen, & Hedlund, 1997). However, if only one or the other has high levels of intelligence then this cannot compensate for either of them having low levels of intelligence.

Finally, research within interpersonal relationships has indicated that similarity with another has been found to increase liking (Cialdini & Trost 1998) and individuals are more likely to comply with a request if they like the person (Cialdini, 2001). Liking has been found to be associated with similarity that has increased compliance across a wide range of dimensions that include personality traits, attitudes, physical characteristics and even incidental similarities such as having the same birthday or first name (Berscheid, Dion, Walster, & Walster, 1971; Burger, Messian, Patel, del Prado, & Anderson, 2004; Buss, 1984; Byrne, Clore, & Smeaton, 1986). Although complying with a request is related to incorporating advice when making a decision, there are important differences. In fact, Gino, et al. (2009) found that when exploring similarity within an advice-giving situation, only when clients were making a decision about their own actions did advice provided from a similar other increase advice utilisation. However, when making decisions for other people advice from a dissimilar other will increase advice utilisation.

The reviewed research demonstrates that the characteristics of an advice giver that increase the likelihood of a client utilising their advice include perceived trustworthiness, expertise in the area, being highly educated, having greater life experience, and being older and wiser. Also, a similar advisor is likely to increase advice utilisation when the client is making decisions about themselves, but not if they are making decisions about others’ actions. As well as exploring characteristics of the advice giver, how the advice is given gives us insight into what makes a good advice giver.

1.4.2 How the advice is given

When advice is being given to a client, the way in which the advice is given will have an impact on how well the advice is received. Confidence within the decision
making literature has been defined as the strength with which a person believes that their decision is accurate and correct (Peterson & Pitz, 1988; Zarnoth & Sniezek, 1997). Confident people have been found to be more effective when giving advice; even when interacting through writing (Sniezek & Van Swol, 2001; Zarnoth & Sniezek, 1997). Advice utilisation has been found to increase when advisors display high levels of confidence compared to less confident advisors (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Buckley, 1995; Van Swol & Sniezek, 2005; Yaniv, 1997). Price and Stone (2004) found that individuals actually prefer overconfident advisors to appropriately confident advisors. Radzevick and Moore (2009) even observed that individuals tend to favour advice from those who express more confidence than those who have the right answers. Therefore, when making a decision, confidence can be thought of as a mechanism of influence between the advisor and the decision maker (Buckley & Sniezek, 1990).

A tendency to infer that confidence is an indication of accuracy is referred to as the confidence heuristic (Price & Stone, 2004; Thomas & McFadyen, 1995). When making a decision, decision makers may use the confidence of the advisor as an indication of advice quality if no other objective measure of advice quality is available (Price & Stone, 2004; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005). Although confidence has been found to be a valid indicator of advice quality (Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005) other studies have not found this to be the case (Phillips, 1999). It has also been found that people do make inferences about the source’s calibration (the relationship between the level of expressed confidence and accuracy), which reduces the influence of the confidence heuristic (Tenney, MacCoun, Spellman, & Hastie, 2007; Tenney, Spellman, & MacCoun, 2008). Therefore, it is important to consider next what impact the advice accuracy, as well as other measures of advice quality, has on advice utilisation to explore what makes a good advice giver.

1.4.3 Advice quality

Jungermann’s (1999) model of advice-taking predicts that decision makers’ assessment of advice quality predicts use of advice. Not surprisingly, individuals will tend to utilise good quality advice more than poor quality advice (Yaniv & Kleinberger, 2000; Yaniv & Milyavsky, 2007). This can be explained by research consistently showing that people will act on information that is perceived as relevant and of quality
(e.g. O'Reilly & Pondy, 1979). It has been found that the more precise the recommendation provided is (e.g. from precise numerical recommendations to ambiguous statements) the more it increases post-advice decision accuracy (Rantilla, 2000). However, often there is no objective measure of advice quality, which makes it difficult for the decision maker to assess the quality of the advice at the time and therefore will often discount good advice (Gardner & Berry, 1995; Lim & O'Connor, 1995).

Radzevick and Moore (2011) found that the selection of an advisor was found to be predicted by the advisor’s confidence rather than the advisor’s recommendation accuracy, suggesting that being confident is more important than being correct to encourage advice utilisation. However, previous poor performance on a recommendation that had been selected by the client was found to have a detrimental effect on the advisor being selected in the future. In addition, advisors who are confident but inaccurate have been found to receive low credibility ratings (Sah, Moore, & MacCoun, 2013). Therefore, this highlights that the advisor’s confidence is more important, but that quality of the advice is important over time.

The research reviewed thus far has given us some insight into what makes a good advice giver with regards to advice utilisation; however we currently know little about what motivates the advisor to give good advice. At this point it is important to review the limited amount of literature that has taken the advisors’ perspective and explore what conditions impact advisors’ confidence and the quality of their advice.

1.5 Advisors’ perspective

Very few studies have taken the perspective of the advisor and how they behave under different circumstances. The research that has been conducted has looked at (1) how the advice is given (the confidence the advisor portrays to their client) and (2) the quality of advice (the information provided and recommendation accuracy)

1.5.1 How the advice is given

One way advisors may differ in the way in which they give advice is the amount of confidence they portray to their client. It has been discussed how confidence impacts
advice utilisation. Therefore, from the advisors’ perspective, advisors may use deceptive levels of confidence as a method of persuasion. The interpersonal deception theory (IDT) explores dynamic, goal-oriented deceptive interactions that defines the relationship between the sender and receivers and influences their cognitions and behaviours. Interpersonal communication can be defined as ‘the dynamic exchange of messages between two (or more) people’ (Buller & Burgoon, 1996, p.205). The theory proposes that one aspect that determines whether the deceptive communication is successful or not is based on how dynamic the deceiver is (i.e. talkative and confident).

The way in which the advice is given has been found to be influenced by the incentive given to the advisor. Van Swol (2009) either gave participants an incentive to help their client come to the best decision possible (quality advisor) or to get their client to utilise their advice regardless of the quality of advice (persuasive advisor). What was found was that persuasive advisors increased their confidence when interacting with their client to persuade them to utilise their advice. Therefore, the incentive given to the advisor has been found to change the way in which advice is given to clients. Research has not only explored how the way in which advice is given may differ, but also the quality of the advice.

### 1.5.2 Advice quality

The role of the advisor has been found to affect the information searched for by advisors as well as information they present to their client when giving advice. Jonas, Schulz-Hardt, and Frey (2005) found that advisors who were required to give a client a recommendation carried out a more balanced information search than decision makers choosing for themselves who were more likely to seek information that was consistent with their preferred decision option. If the advisor had to make a decision on behalf of their client, on the other hand, they conducted an even more biased information search than decision makers. However, this was only found when the advisor was required to justify their choice to their clients and could be held responsible if they had not met their client’s preferences. If the advisor believed they were not going to see their client again they in fact searched for more conflicting information. Jonas and Frey (2003) supported this finding and demonstrated that when required to give their client a recommendation advisors carried out a more balanced information search than their clients. Interestingly, when presenting information to their client participants in the role
of a travel agent passed on more supporting information, whereas participants in the role of a friend presented information in a balanced way.

The role of the advisor has also been found to affect the actual recommendations given by the advice giver. Kray and Gonzalez (1999) explored personal decision making and advice-giving to a friend or an acquaintance regarding two different job roles: one that was financially beneficial and one that was self-fulfilling for the client. The results indicated that when offering advice to an acquaintance or a friend, individuals would recommend the job role that was self-fulfilling; whereas they would chose the role that offered financial stability when choosing for themselves.

Beisswanger, Stone, Hupp, and Allgaier (2003) found that advisors were more likely to give risky advice than they themselves would take. They found that when advising about low life-impact decisions they would encourage risk-taking behaviour. It was found that the reason for this was that they neglected the potential negative outcomes when deciding for other people.

Research has also found that differences in the recommendation given can depend on whether the advisor had greater knowledge than their client. Lee and O’Connor (2007) found that when there was symmetry between the advisor and the client’s knowledge and information (i.e. advisors believed they had the same knowledge and information as their clients) the advisors provided more optimal advice than when the advisor believed they had greater knowledge and information than the person they were advising. Therefore, giving advice to someone else, in comparison to making the decision for oneself, has been found to be influenced by the seriousness of the decision, as well as whether the advice giver believes they have greater knowledge than those they are advising.

Past research has demonstrated that being in the role of the advisor, in comparison to a personal decision maker, has an impact on the information provided to clients as well as the recommendations given. There is, however, only a limited amount of research that has explored the impact that extrinsic motivations have on the way in which the advice is given and advice quality. Therefore, it is important to review the literature on extrinsic motivations to explore what possible impact they may have on advice quality and how the advice is given.
1.6 Motivation (Extrinsic & Intrinsic)

Motivation can be defined as the psychological process that gives behaviour purpose and direction (Kreitner, 1995). The Self-Determination Theory (SDT) is a theory of human motivation that distinguishes between intrinsic and extrinsic motivation (Deci & Ryan, 1985). Intrinsic motivation refers to the completion of an activity due to the pleasure received from the task itself and not from an external influence (Deci, 1975). Extrinsic motivation, on the other hand, does not come from the activity but from an extrinsic source, such as a financial reward which drives the activity (Gagne & Deci, 2005).

An explanation as to why individuals may be intrinsically motivated to give advice is being motivated to help others. Psychological altruism refers to pro-social helping behaviour that is said to be carried out even in the absence of obtaining an external or internal reward. A different explanation as to why individuals are motivated to give advice may be to maintain one’s self-image or concept (Combs, 1982; Purkey & Stanley, 1991). Psychological egoism is the view that individuals are motivated to help others because of self-interest even when an act appears to be altruistic. This self-interest may be to maintain one’s self-image or concept or it may be to gain some kind of reward. The social exchange theory (Homans, 1961) focuses on the cost-benefit aspect within any interaction and states that people help others to gain a reward from the person they are helping. Rewards can be concrete (e.g. financial reward), social (e.g. social recognition), or internal self-rewards (e.g. feeling good about yourself). Therefore, the motivation to give advice may be due to the presence of an external reward, which may impact their intrinsic motivation to give advice.

The Cognitive Evaluation Theory (CET; Deci & Ryan, 1985) explores social contexts that impact intrinsic motivation such as the impact of external rewards and other external events (e.g. competition). CET predicts that conditions that support individuals’ autonomy, competence and relatedness are said to encourage motivation and engagement in activities. Deci (1971) proposed that intrinsic motivation is undermined by extrinsic motivation. This may be because extrinsic incentives may be interpreted as controlling and therefore have a negative effect on individual’s need for autonomy. Few studies have explored the impact that external motivators have on
advice-giving. This thesis will focus on two external motivators: financial incentives and competition from another advisor.

1.6.1 Financial incentives

Financial incentives have been argued to make the decision maker work harder (Payne, Bettman & Johnson, 1993; Tversky & Kahneman, 1986) as they increase effort (Camerer & Horgarth, 1999). Cameron and Pierce (2002) found that if incentives are used effectively they can enhance interest and performance. However, financial incentives have not always been found to increase performance and might in fact lower performance (Camerer & Horgarth, 1999). Condry (1977) stated that rewarding people encourages them to work harder at the activity and produce more activity, but the activity is of lower quality and contains more errors in comparison to non-rewarded individuals.

Within an advice-giving scenario, financial incentives may cause conflicts between the advisor’s and the client’s interests. Lee and O’Connor (2007, p.1) provided a vignette of a real life investment industry incident that demonstrates this.

A property development company collapses, leaving thousands of investors in financial straits. Newspaper reports indicate that these investors, most of whom were retirees, had invested their savings in the company on the recommendations of their financial advisers, believing their investments were secured against property, when in fact their investments were unsecured loans with poor returns. Surveys conducted by the national securities and investment commission revealed an inherent and fundamental conflict of interest in the investment industry, with financial advisers receiving commissions for recommending financial products and services. The commission found in addition that poor advice was six times more likely to occur where conflict existed between advisors’ and clients’ interests.

However, extrinsic incentives may have conflicting effects and may be interpreted differently depending on the type of reward (Deci, 1980). Ryan, Mims, and Koestner (1983) outlined four different types of rewards: task non-contingent rewards are given independent of the task itself, engagement-contingent rewards are given for
taking part in the activity, completion-contingent rewards are given for completing a task irrelevant of the performance, whereas performance-contingent rewards are given when the individuals meet a certain standard. Richardson (1998) found that individuals were more motivated when they received performance-contingent rewards rather than completion-contingent rewards. Although both types of rewards are controlling and therefore lessen self-determination, a performance-contingent reward encourages an individual’s competence and therefore may not necessarily reduce intrinsic motivation.

Some research has explored the impact that financial incentives have on advice-giving, which demonstrated a negative effect. Dalal (2001) found that advisors’ performance changed depending on a group-based performance financial incentive. They found that when performance-contingent financial incentives were present, advisors’ recommended actions that departed from Tit-for-Tat strategy, were subsequently rejected by the clients and therefore caused greater disagreement between the client and the advisor. McLaughlin (1990) also found a negative consequence of financial incentives, as financial advisors whose fee was contingent on the decision outcome were motivated to satisfy some of their client’s objectives but also caused a conflict of interest between the advisor and client. The consequence of these contingent contracts was that advisors were motivated to complete an agreement and seek a higher price even if it meant their clients were overpaying. In addition, Mackinger and Jonas (2012) explored the impact that the possibility of earning a financial incentive has when pursuing self-interests, compared to advisors without any specific interest. They found that self-interested advisors recommended the self-serving alternative more and transferred more self-interested biased information to their clients. Radzevick and Moore (2011) also found that when advisors are required to sell their advice they were overconfident in their recommendations to enable this. However, Sniezek, et al. (2004) manipulated the opportunity for financial rewards and found that when the client allocated some of their reward to the advisor it led to more accurate recommendations from the advisor. The difference in results may therefore be due to the way in which the financial incentives are allocated. This thesis aims to look at different types of financial incentives to examine the impact they have on advice-giving motivations and performance.

The different types of financial incentives explored within this thesis were outlined by Abernathy (2003). Abernathy theoretically outlined different incentive
types (in particular for financial advisors) and proposed how they impact on the advice givers actions. Advisors’ financial incentives may reward them for serving their client’s interests; however other financial incentives may be unrelated to their client’s satisfaction and therefore they may choose actions that will benefit themselves. A flat-fee advisor is paid a set rate for each piece of advice they provide. For example, when providing investment advice they are paid a fee based on the total amount of assets their client invests with them. One possible concern is that a flat-fee advisor may provide generic advice that is not tailored to the individual client and they may try to get through as many clients as possible to earn more money. A commission-based advisor receives payment when their client takes their advice, for example whenever their client buys or sells a stock they charge a fee. As with Lee and O’Connor’s (2007) vignette, often their reward is based on selling a particular product. This type of advisor may encourage their client to take their advice more than is optimal and there may be a conflict between the motives of the advisor and their client. In fact, from the end of 2012, financial advisors in the UK were no longer paid based on a commission incentive due to the deceitful behaviour being observed (BBC News, 2012). Finally, a performance-based structure represents the performance-contingent financial incentives explored in the past (Sniezek, et al., 2004). A performance-based advisor gets paid if their client profits, for example fees paid to the advisor are linked to the performance of the investment they recommended. This type of financial structure is often utilised to eliminate conflicts between the advisor’s and client’s motives and focus on producing the best advice. Although the presence of performance-contingent incentives has been empirically found to increase the accuracy of the recommendation in comparison to no financial incentive (Sniezek, et al., 2004), research has not explored and compared the impact of different types of financial incentives on the advice quality and how the advice is given. Although a flat-fee and commission-based incentives involve meeting a certain standard and are based on how they perform, when referring to performance-based incentives within this research it refers to when the advisor is paid based on their client’s performance. This thesis will also explore the impact of a second external motivator: competition between advisors.
1.6.2 Competition

Competition can be a part of individual’s day-to-day activities such as competing in sporting events, is often built into educational programs, and can be part of the work environment. Within organisations, competitive environments are often encouraged to help boost sales staff effort and performance (Churchill, Ford, & Walker, 1997). The goal of competition is generally to win. The Cognitive Evaluation Theory (CET) would predict that focusing on an external goal such as winning would decrease intrinsic motivation (Deci, Betley, Kahle, Abrams, & Porac, 1981). However, winning requires competence and winning in a competitive situation has been found to increase intrinsic motivation and competitive performance (Reeve, Olson, & Cole, 1985).

Stanne, Johnson, and Johnson (1999) carried out a meta-analysis that found that cooperation led to higher performance than competition in behavioural studies, but competition led to higher performance than individuals completing on their own. They identified that the effect of competition is dependent on whether the competition is appropriate or not, based on Johnson and Johnson’s (1974, 1978, 1989) criteria. For competition to be appropriate, winning should be relatively unimportant so that the individual does not experience anxiety, which may interfere with their performance. All participants should have a reasonable chance to win as individuals should feel there is a good likelihood that they will achieve their desired goal to increase their motivation. There should be specific and clear procedures to follow to enable them to win so that individuals do not worry about what is fair and unfair, which may interfere with their achievement. Finally, participants should be able to monitor each other’s progress so they gain motivation through social comparison (Festinger, 1954). Stanne et al. found no significant difference between conditions which met Johnson and Johnson’s criteria for appropriate competition and conditions which involved cooperation on individuals’ performance.

Few studies have explored the impact that being in competition with another advisor has on advice-giving. Radzevick and Moore (2011) found that if the advisors are competing against each other they will appear overconfident to help sell their advice. However, more research into the impact that competition has on advice-giving motivation and performance is needed, which this thesis aims to explore.
1.7 Thesis aims and next chapter

This thesis predominantly aims to explore the advisors’ individual-level inputs within the JAS that have been under researched in the past, therefore focusing on the advice giver (see Figure 1.2).

![Diagram](image)

*Figure 1.2. Identifies areas of the JAS that will be explored within this thesis using the input-process-output model proposed by Bonaccio and Dalal (2006).

The main focus of the thesis is to explore what makes a good advice giver and three areas have been identified with regards to the advice givers’ individual-level inputs: (1) characteristics of the advisor, (2) the way in which the advice is given, and (3) the advice quality. Within this thesis, other aspects of the input-process-output model will also be examined. Firstly, whether the number of advisors impact the advisors’ inputs (JAS-level input), whether the task type, advisors’ incentives, and competition between advisors impact the advisors’ inputs (environment-level input) and whether the amount of interaction between the advisor and client impacts the advisors inputs (process). The thesis will also explore whether the advisors’ individual-level inputs impacts advice utilisation and client’s decision quality and confidence (output).

Chapter two begins by focusing on the characteristics of the advisor (individual-level input) by examining individuals’ implicit understanding of what characteristics make a good advice giver (see Figure 1.3). Sternberg, Conway, Ketron, and Bernstein,
(1981, p. 37) define implicit theories as ‘constructions of people (psychologists or laypersons) that reside in the minds of these individuals’. Chapter three and four examines the first environment-level input, which is the type of advisors’ financial incentive (commission-based, performance-based, and flat-fee). They explore the impact it has on the advisors’ individual-level inputs (chapter three) and on clients’ output (chapter four) when using an estimation task. Chapter five explores this further by examining the impact of the type of advisors’ financial incentive (commission-based, performance-based, flat-fee, and no financial incentive) on advisor’s individual-level inputs when using a choice task. Chapter six advances by exploring the second environment-level input, which is competition between advisors. It explores the impact it has on advisors’ individual-level inputs when using an estimation task. Chapter seven explores the joint impact of competition between advisors and the advisors’ incentive (a financial incentive or an incentive to help their client make good decisions) on advisors’ individual-level inputs when using a choice task. Finally, chapter eight compares and contrasts the findings observed and highlights the implications of the findings.

**Figure 1.3.** The aim of chapter two is to explore individuals’ implicit understanding of what characteristics make a good advice giver.
CHAPTER 2: IMPLICIT THEORIES OF ADVICE-GIVING

2.1 Abstract

The present study aimed to generate implicit theories regarding characteristics of someone who is good at giving advice. Study one ($N = 216$) examined participants’ perceptions of the typical behaviours and actions that are characteristic of someone who is good at giving advice. A three-factor framework was established relating to affect, cognition, and behaviour. Study two ($N = 16$) examined the validity of the constructs by demonstrating that individuals actively used them when considering what makes a good advice giver. The implicit framework has increased researchers understanding regarding what makes a good advice giver.

2.2 Introduction

People seek advice from many different sources. A survey of 2,000 UK adults found that 43% seek financial advice from friends and family, 40% go online for advice, 26% go to a bank or building society, and just 21% go to an independent financial advisor. The report found that 81% of people in the UK in 2011 regretted financial decisions they had made that could have been prevented or mitigated by professional financial advice (Aviva Report, 2011). An increase in the use of financial advice has been found with a 20% rise in consumers feeling less confident in making decisions on financial products without seeking expert advice (Welling, 2009). In addition, current high unemployment figures has put increasing pressure upon relationships (e.g. financial problems causing conflicts between partners) and a rise in people seeking relationship advice has also been found (Hewett, 2013). With increasing use and pressure on advice givers it is important to ensure that there is a clear understanding of what consumers are looking for in a ‘good’ advice giver.

Research has begun to explore features of the advice giver that increase advice utilisation. It is important to understand what makes a client respond more positively when receiving advice, so that the advice giver can provide an optimal service. Advice
utilisation has been found to increase if the advice is received from an expert (Goldsmith & Fitch, 1997) and advice is seen as more helpful when the advisor has greater experience (Harvey & Fischer, 1997). When seeking out expert advice, the advisor’s expertise in the area is often assumed. However, at times, assessing the advisor’s expertise and experience may be difficult and decision makers may look for other cues to determine whether to utilise the advice or not. Advice given from a confident advisor has been found to be followed more than a less confident advisor (Van Swol, 2009). Decision makers will use the confidence of the advisor as an indication of advice quality if no other objective measure is available (Sniezek & Van Swol, 2001). In fact, overconfident advisors have been found to be favoured over appropriately confident advisors (Price & Stone, 2004). In contrast, research has also found that a well calibrated advisor (i.e. expressed confidence is consistent with their accuracy) reduced the influence of a highly confident advisor (Tenney, MacCoun, Spellman, & Hastie, 2007). However, Sniezek and Van Swol (2001) found that clients actually have higher ratings of trust for advisors who are highly confident. In addition, they found that advice utilisation is linked to trust between the advisor and the clients, as clients were more likely to follow advice received from an advisor that they trusted. However, at times it may be difficult to establish trust within the interaction if it is, for example, happening over the phone or the internet.

Other areas of research may give us some insight into what makes an individual a good advice giver. The persuasion literature suggests that we are more likely to be persuaded by someone who we like (Cialdini, 1994) and similarity to that individual has been found to increase liking (i.e. similar backgrounds, religion, political view, and being of the same gender, Cialdini & Trost, 1998). However, it is important to highlight that persuasion is different from advice-giving, as the advice giver may not always have a motivation to encourage the decision maker to utilise their advice. In fact, the advice-giving literature has found that when making decisions about one’s own actions the advice provided from a similar other increases advice utilisation; however when making decisions about others’ actions advice from a dissimilar other increases advice utilisation (Gino, Shang, & Croson, 2009). Furthermore, assessing the similarity of the advisor may also be difficult to establish when the interaction is not face-to-face.

Therefore, although past research has begun to explore various factors that constitute a ‘good’ advice giver, at times these elements cannot be established within
the interaction. In addition, there is the opportunity for a more detailed and informed understanding of what it means to be a good advice giver. This can be achieved by investigating what characteristics clients look for in a good advice giver and implicit theories offers an important avenue to investigate.

Implicit theories are ‘constructions of people (psychologists or laypersons) that reside in the minds of these individuals’ (Sternberg, Conway, Ketron, & Bernstein, 1981, p. 37). Implicit theories have been used to explore people’s conceptions in a variety of domains, such as intelligence (e.g. Berg & Sternberg, 1992), physical attractiveness (Dion, Berscheid, & Walster, 1972), ability (Chen & Pajares, 2010), alcohol consumption (Jones & Rossiter, 2003), relationships (Conley & Collins, 2002), and desire for fame (Maltby, Day, Giles, Gillett, Quick, Langeaster-James, & Linley, 2008). They have also been empirically useful, for example, in demonstrating cultural differences (Sternberg, 2001). Implicit theories explore the way in which people evaluate their own and others’ beliefs. They are important in understanding everyday life, can give rise to more formal theories, may provide important avenues for research, and can inform theories around particular psychological constructs (Sternberg, 2001). Implicit theories have also been useful in the development of testable theoretical models (e.g. individual differences in social stereotyping, Levy, Stroessner, & Dweck, 1998).

With the expense of receiving advice (e.g. initial £500 fee and an additional hourly fee of £150 for financial advice, Simon, 2012) it is important that the advisors not only ensure the quality of advice, but think about what personal characteristics the clients are looking for to provide the best service for their clients. Although previous research has begun to explore certain characteristics that are indicative of a ‘good’ advice giver, a greater understanding could be achieved. The aim of the present study is to explore implicit theories of behaviours and actions that are characteristic of someone who is good at giving advice, which has thus far been neglected in the literature.

2.3 Study 1: Structure and content of implicit theories of good advice givers

2.3.1 Introduction

Study 1 explores participants’ ideas of the typical behaviours and actions that are characteristic of someone who is good at giving advice. This will be achieved by
firstly asking participants to list as many behaviours and actions that they felt were important for a good advice giver.

Further to this, it aims to establish the structure and content of implicit beliefs regarding what makes a good advice giver. Therefore, the most common behaviours and actions identified will then be presented to participants to give a rating regarding how well they represent someone who is good at giving advice. Exploratory factor analysis will then be conducted on the results to examine the structure of individuals’ implicit beliefs, which has been done in past research (Maltby, et al., 2008). As the research is exploratory in nature no hypotheses are presented.

2.3.2 Method

2.3.2.1 Participants

Fifty participants were recruited via a social media site (10 males and 40 females) aged 20 to 57 years, ($M = 26.26$ years, $SD = 5.41$, with four demographic data missing). Participants volunteered to list as many behaviours and actions that are characteristic of someone who is good at giving advice by responding to an online survey.

An additional 166 participants were recruited via a university experiment participant scheme (69 males and 97 females), aged 18 to 34 years ($M = 19.97$ years, $SD = 2.37$). Participants volunteered to enable them to fulfil a requirement of their psychology course and were required to rate how well the descriptors identified were characteristic of someone who is good at giving advice.

2.3.2.2 Procedure

Participants read the consent statement, and indicated agreement to participant in the study by clicking a button that said ‘confirm consent’ (see Appendix A). 50 participants were required to respond to the question: ‘What behaviours and actions are characteristic of someone who is good at giving advice?’ Subsequently, a list of potential character descriptors was compiled from the behaviours and action that were reported by more than one participant. As participants’ descriptions needed refining, two raters carried out the identification of potential descriptors and 100% agreement determined use. 26 descriptors were identified that were then checked for suitability of
language, wording, and clarity by six postgraduate university students within the same sample (3 males and 3 females). Any alterations indicated by the postgraduate students were only implemented if there was 100% agreement between the two raters.

166 participants were given the descriptors of good advice givers. The 26 descriptors included: friendly, caring, considerate, patient, sympathetic, empathetic, understanding, trustworthy, non-judgemental, has your best interest in mind, thoughtful, good listener, rational, knowledgeable, logical, clear, experienced, good reasoning skills, unbiased, objective, good eye contact, good body language, confident, good communication skills, generous, and intelligent. They were required to rate how each descriptor was characteristic of someone who is good at giving advice, 1 represented ‘not characteristic at all’ through to 9 ‘extremely characteristic’ (all the materials used within this study can be found on the materials CD, Appendix G). All participants were then debriefed and thanked (see Appendix A).

2.3.3 Results

Exploratory factor analysis was conducted to explore the relationships between the measured variables. In order to determine the number of factors present Kaiser’s criterion, Scree test, and parallel analysis was conducted. The Kaiser’s criterion, or eigenvalue rule, identified three separate factors with an eigenvalue of 1.0 or more for further consideration (see Table 2.1). A parallel analysis of Monte Carlo simulations (Horn, 1965) also identified three factors by comparing the eigenvalues to those that might be expected from purely random data (see Table 2.1). The Scree test (Cattell, 1966) identified three factors too with eigenvalues that were above the elbow in the line of eigenvalues (see Figure 2.1).

The Kaiser-Meyer-Olkin verified the sampling adequacy (Kaiser, 1970, 1974) for the analysis, KMO = .934 demonstrating that the patterns of correlations are not dispersed and therefore the factor analysis should yield distinct and reliable factors. Bartlett’s Test of Sphericity (Bartlett, 1954) reaches statistical significance, $\chi^2 (325) = 2813.26$, $p < .001$, which indicates that correlations between items were sufficiently large.
Table 2.1.

Comparison of initial eigenvalue and Monte Carlo parallel analysis value for good advice givers.

<table>
<thead>
<tr>
<th>Eigenvalue</th>
<th>Initial Eigenvalue</th>
<th>Monte Carlo PCA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Random</td>
</tr>
<tr>
<td></td>
<td>% of variance</td>
<td>Eigenvalue</td>
</tr>
<tr>
<td>1</td>
<td>12.226</td>
<td>1.809</td>
</tr>
<tr>
<td>2</td>
<td>1.970</td>
<td>1.678</td>
</tr>
<tr>
<td>3</td>
<td>1.583</td>
<td>1.581</td>
</tr>
<tr>
<td>4</td>
<td>0.982</td>
<td>1.495</td>
</tr>
<tr>
<td>5</td>
<td>0.887</td>
<td>1.421</td>
</tr>
</tbody>
</table>

Figure 2.1. Scree plot used to determine the number of factors for characteristics of good advice givers.

Maximum likelihood analysis was performed on 26 good advice-giving characteristics with three fixed factors (see Table 2.2). Promax rotation was chosen due to correlations above .32 between factors (Tabachnick & Fidell, 2007, p. 646). Factor loadings of above .44 on only one factor were considered as relevant to the factor (Comrey, 1973). The overall variance accounted for within the three-factor model was 60.69%.
Table 2.2.

*Pattern matrix for maximum likelihood analysis with 3 factors with promax rotation*

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly</td>
<td>.763</td>
<td>-.269</td>
<td>.235</td>
</tr>
<tr>
<td>Caring</td>
<td>.729</td>
<td>.028</td>
<td>.108</td>
</tr>
<tr>
<td>Considerate</td>
<td>.728</td>
<td>.125</td>
<td>.023</td>
</tr>
<tr>
<td>Patient</td>
<td>.711</td>
<td>-.061</td>
<td>.149</td>
</tr>
<tr>
<td>Sympathetic</td>
<td>.710</td>
<td>.010</td>
<td>.048</td>
</tr>
<tr>
<td>Empathetic</td>
<td>.707</td>
<td>.159</td>
<td>-.075</td>
</tr>
<tr>
<td>Understanding</td>
<td>.632</td>
<td>.251</td>
<td>.007</td>
</tr>
<tr>
<td>Trustworthy</td>
<td>.630</td>
<td>.202</td>
<td>.039</td>
</tr>
<tr>
<td>Non-judgemental</td>
<td>.597</td>
<td>.219</td>
<td>-.143</td>
</tr>
<tr>
<td>Has your best interest in mind</td>
<td>.553</td>
<td>.179</td>
<td>-.068</td>
</tr>
<tr>
<td>Thoughtful</td>
<td>.545</td>
<td>.225</td>
<td>.066</td>
</tr>
<tr>
<td>Good listener</td>
<td>.543</td>
<td>.295</td>
<td>-.059</td>
</tr>
<tr>
<td>Rational</td>
<td>.025</td>
<td>.833</td>
<td>-.008</td>
</tr>
<tr>
<td>Knowledgeable</td>
<td>-.064</td>
<td>.751</td>
<td>.090</td>
</tr>
<tr>
<td>Logical</td>
<td>.116</td>
<td>.717</td>
<td>-.085</td>
</tr>
<tr>
<td>Clear</td>
<td>-.012</td>
<td>.624</td>
<td>.158</td>
</tr>
<tr>
<td>Experienced</td>
<td>.045</td>
<td>.587</td>
<td>.110</td>
</tr>
<tr>
<td>Good reasoning skills</td>
<td>.228</td>
<td>.519</td>
<td>.103</td>
</tr>
<tr>
<td>Unbiased</td>
<td>.309</td>
<td>.505</td>
<td>-.180</td>
</tr>
<tr>
<td>Objective</td>
<td>.301</td>
<td>.421</td>
<td>-.132</td>
</tr>
<tr>
<td>Good eye contact</td>
<td>-.003</td>
<td>-.022</td>
<td>.847</td>
</tr>
<tr>
<td>Good body language</td>
<td>.246</td>
<td>-.174</td>
<td>.770</td>
</tr>
<tr>
<td>Confident</td>
<td>-.300</td>
<td>.368</td>
<td>.643</td>
</tr>
<tr>
<td>Good communication skills</td>
<td>.021</td>
<td>.357</td>
<td>.509</td>
</tr>
<tr>
<td>Generous</td>
<td>.313</td>
<td>-.142</td>
<td>.499</td>
</tr>
<tr>
<td>Intelligent</td>
<td>.072</td>
<td>.328</td>
<td>.308</td>
</tr>
</tbody>
</table>

The first factor was labelled ‘*affect*’ accounting for 47.02% of the variance and relevant loadings ranged from .543 to .763 with 12 characteristics that include: friendly,
caring, considerate, patient, sympathetic, empathetic, understanding, trustworthy, non-judgemental, has your best interest in mind, thoughtful, and good listener. These characteristics reflect the expression of, or aspects relating to, feelings and emotions as well as considering the feelings and emotions of others. The term ‘affect’ was utilised to represent that it is important for a good advisor to have positive and appropriate emotional skills.

The second factor was labelled ‘cognition’ accounting for 7.58% of the variance and relevant loadings ranged from .421 to .833 with 8 characteristics that include: rational, knowledgeable, logical, clear, experienced, good reasoning skills, unbiased, and objective. The majority of these characteristics relate to the mental process involved in gaining knowledge and understanding through thought and experience and therefore was termed ‘cognition’.

The third factor was labelled ‘behaviour’ accounting for 6.09% of the variance and relevant loadings ranged from .499 to .847 with 5 characteristics that include: good eye contact, good body language, confident, good communication skills, and generous. These characteristics reflect positive external actions of an individual, which are important for someone to be a good advice giver. The term ‘behaviour’ captures the verbal and physical aspects of an individual’s actions that have an impact on their advice-giving abilities.

The ‘intelligent’ characteristic did not clearly load on to any one factor. This may be because people hold different views of intelligence and implicit theories have been used to explore this (Dweck, 1999). Therefore, the intelligent characteristic was omitted from the three factor solution and it did not contribute further to the research.

Cronbach alpha coefficients were computed for each of the factors. All factors showed good internal reliability (α > .70; Kline, 1986): affect, α = .937; cognition, α = .886; behaviour, α = .839.

2.3.4 Discussion

The results from this study suggest that three separate factors emerge from individuals’ implicit understanding of what characterises a good advice giver. The three factors relate to affect, cognition, and behaviour. Only the intelligence characteristic did not load on to one of these three factors. This may be because it has been found that
people view intelligence differently (Sternberg, 1985). All factors demonstrated good internal reliability.

The three factors conceptually reflect aspects of the tripartite theory (affect, cognition, and behaviour). The tripartite theory has been well established within the psychology literature with regards to attitudes and attitude change (Katz & Stotland, 1959; McGuire, 1969; Rosenberg & Hovland, 1960). Although attitude change is different from advice-giving, as advice-giving does not always require a change of decision, the three factor model provides a well-established framework, which is supported by the findings of study one. Study two aims to examine the external validity of the three-factor model.

2.4 Study 2: Examining the external validity of the three-factor model

2.4.1 Introduction

Study two aimed to examine the external validity of the factors identified in study one regarding characteristics of someone who is good at giving advice (Sternberg, 1985). The results from study one has provided an understanding of individuals’ thoughts regarding what they consider to be the characteristics of a good advice giver. It is important to examine whether individuals would actively respond to these characteristics rather than them existing passively in their minds. If these characteristics only exist passively in the individuals mind, the practical implications for these findings may be limited. However, if individuals use these constructs when evaluating the advisor when receiving advice, it would highlight the types of characteristics individuals would expect from a good advisor. Therefore, this may have practical implications within the workplace for individuals in advisor roles and would establish external validity within the implicit theory.

Participants were given profiles of fictitious advisors which present the characteristics of the individual with differing amounts of characteristics identified within study one. If the participants rate the profiles that have a higher amount of good advisor characteristics as more likely to be a good advice giver and rate the profiles that have the least amount of good advisor characteristics as less likely to be a good advice
giver, it demonstrates that individuals are actively using these characteristics when evaluating what it means for someone to be a good advice giver.

2.4.2 Method

2.4.2.1 Participants

Eight participants were recruited via a social media site (2 males and 6 females) aged 21 to 30 years, ($M = 24.29$ years, $SD = 2.87$). Participants volunteered to rate behaviours and actions of individuals that were neutral characteristics (i.e. not extremely characteristic of a good advice giver/ not extremely uncharacteristic of an advice giver) by responding to an online survey.

Eight participants were recruited via a university experiment participant scheme (1 male and 7 females), aged 19 to 23 years ($M = 20.25$ years, $SD = 1.17$). Participants volunteered to enable them to fulfil a requirement of their psychology course and were required to read profiles of fictitious people and rate how good they would be at giving advice to others. Profiles were made up of a mixture of the top five characteristics within each factor identified within study one and the neutral characteristics identified in study two. One participant’s data was removed due to short completion time and repetitive responding.

2.4.2.2 Procedure

Participants read the consent statement, and indicated agreement to participate in the study by clicking a button that said ‘confirm consent’ (see Appendix A). 144 profiles of fictitious people were created that presented six characteristics of each person. The profiles differed in the amount of characteristics that were identified in study one as representative of a good advice giver. Neutral words were identified first within this study to act as filler characteristics. To identify neutral characteristics, eight participants were asked to rate 118 characteristics selected from the International Personality Item Pool (www.ipip.ori.org) regarding whether they are characteristic of a good advice giver (-3 represents ‘not characteristic’, 0 ‘represents neutral’, and +3 represents ‘extremely characteristic’). To determine neutral characteristics, the results were examined and those characteristics that at least four participants stated as neutral were selected. From these characteristics, the participants’ responses were totalled using
absolute values and responses that had a mean of less than 1 were selected. Sixteen characteristics were identified as neutral words: adventurous, attractive, conservative, extravagant, extraverted, gentle, loving, modest, perfectionist, playful, private, reserved, romantic, tender, tough, and traditional.

The ‘behaviour’ factor had only five loading items which was the fewest items out the three factors. Therefore, the top five loading items for each factor from study one were used within this study to ensure that the same number of items from each of the factor was used. The ‘affect’ factor comprised of friendly, caring, considerate, patient, and sympathetic. The ‘cognition’ factor comprised of rational, knowledgeable, logical, clear, and experienced. Finally, the ‘behaviour’ factor comprised of good eye contact, good body language, confident, good communication skills, and generous.

48 profiles of fictitious people, 24 males and 24 females, were created for each of the three factors. The names were chosen from the top 100 names of new-born babies in the United Kingdom in 2011. All the target characteristics and neutral characteristics were assigned a number and using a random number generator each profile was assigned six characteristics. Each profile had a total of six characteristics and they varied in the number of neutral characteristics (between 1 and 6) and the number of target characteristics present (between 0 and 5). Of the 48 profiles, 8 profiles did not include any target characteristics, 8 profiles only had 1 target characteristic and so on (up to 5 characteristics). An example of a ‘cognition’ profile with only one target characteristic (logical) and five neutral characteristics would be: ‘Ava is extroverted, playful, logical, tender, extravagant, and romantic’. All profiles were checked by four raters for any contradictory traits within the profiles (e.g. extroverted and conservative) and amendments were made where necessary.

Eight participants were asked to read 144 profiles and rate ‘To what extent would you say that this person would be good at giving advice to others?’ on a 9 point scale: 1 representing ‘not at all’, 5 representing ‘average’, 9 representing ‘very much so’ (all the materials used within this study can be found on the materials CD, Appendix G). All participants were then debriefed and thanked (see Appendix A).
2.4.3 Results

The average rating for each profile was calculated and Table 2.3 shows the means and standard deviations for each of the number of target characteristics across eight profiles. Pearson’s correlations were conducted to determine whether there was a relationship between the number of target characteristics and the mean ratings of the profiles. There was a significant correlation for the ‘affect’ factor profiles, $r(46) = .413$, $p = .004$, explaining 17\% of the variance. There was a significant correlation for the ‘cognition’ factor profiles, $r(46) = .519$, $p < .001$, explaining 26.9\% of the variance. There was a significant correlation for the ‘behaviour’ factor profiles, $r(46) = .563$, $p < .001$, explaining 31.6\% of the variance. Within the literature, studies that have used the same procedure as the one presented here have also used parametric correlation statistics (e.g. Maltby et al., 200). It is recognised that the number of target characteristics has ownership of one of six ranks (0-5) and so a non-parametric alternative may be appropriate. Spearman’s rank correlations were conducted alongside the Pearson’s correlation exploring the same association between the number of target characteristics and the mean ratings of the profiles: affect factor, $r_s(48) = .423$, $p = .003$, explaining 17.89\% of the variance; cognition factor, $r_s(48) = .524$, $p < .001$, explaining 27.45\% of the variance; behaviour factor, $r_s(48) = .596$, $p < .001$, explaining 35.52\% of the variance.

The results indicated that the number of target characteristics was significantly positively correlated with participants’ ratings for all three factors (see Figure 3). The higher the number of target characteristics within the profile was correlated with higher ratings of the fictitious characters advice-giving abilities. The affect factor had a medium strength of correlation and the cognition and behaviour factors both had strong correlations (Cohen, 1988). This demonstrates that people actively use the five characteristics within each of the factors when considering what makes a good advice giver.
Table 2.3

Mean and standard deviation of ratings for each of the number of target characteristics

<table>
<thead>
<tr>
<th>No. of target characteristics</th>
<th>Affect Factor</th>
<th>Cognition Factor</th>
<th>Behaviour Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>M SD</td>
<td>M SD</td>
<td>M SD</td>
<td></td>
</tr>
<tr>
<td>0 6.14 0.20</td>
<td>6.27 0.34</td>
<td>6.36 0.30</td>
<td></td>
</tr>
<tr>
<td>1 6.11 0.44</td>
<td>6.00 0.19</td>
<td>6.02 0.51</td>
<td></td>
</tr>
<tr>
<td>2 6.36 0.24</td>
<td>6.34 0.26</td>
<td>6.29 0.34</td>
<td></td>
</tr>
<tr>
<td>3 6.29 0.32</td>
<td>6.57 0.37</td>
<td>6.77 0.23</td>
<td></td>
</tr>
<tr>
<td>4 6.48 0.46</td>
<td>6.59 0.35</td>
<td>6.68 0.23</td>
<td></td>
</tr>
<tr>
<td>5 6.52 0.23</td>
<td>6.70 0.41</td>
<td>6.88 0.36</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.2. Scatterplot of mean ratings of the profiles and the number of target characteristics within the profiles for each of the three factors.

2.5 General Discussion

The findings from study one suggest that three distinct factors emerge from individuals’ implicit theories of what makes a good advice giver: ‘affect’, ‘cognition’, and ‘behaviour’. The term ‘affect’ captures that a good advisor will possess characteristics relating to feelings and emotional abilities, as well as being able to
consider the feelings and emotions of the person who is being advised. The following characteristics were identified: friendly, caring, considerate, patient, and sympathetic. The term ‘cognition’ captures that having good knowledge, reasoning skills, and other characteristics involved in the process of obtaining knowledge is associated with whether someone is considered to be good at giving advice. This was captured with the following characteristics: rational, knowledgeable, logical, clear, and experienced. The term ‘behaviour’ captures that the advisors outward actions will have an impact on whether someone is associated with being good at giving advice. These include verbal and physical aspects and the characteristics that were identified include: good eye contact, good body language, confident, generous, and good communication skills. All factors demonstrated good internal reliability. The terms ‘affect’, ‘cognition’, and ‘behaviour’ is a well-recognised framework within the psychological literature (Katz & Stotland, 1959; McGuire, 1969; Rosenberg & Hovland, 1960) and is useful in describing what characteristics are associated with being a good advice giver.

Study two examined the validity of these findings by demonstrating that individuals actively use the constructs identified when considering what makes a good advice giver. For all three constructs the number of target characteristics within each profile correlated with participants’ ratings of their advice-giving abilities. The more characteristics that the profile included, the higher rating the profile received for being good at giving someone advice. The ‘affect’ factor had a medium correlation and the ‘cognition’ and ‘behaviour’ factors had strong correlations. The results demonstrated good internal reliability and external validity as participants were found to actively use these constructs in their evaluations of the fictitious profiles.

The findings are consistent with some empirical findings. Previous research has shown that people find advice more helpful from an individual with greater experience and expertise (Harvey & Fischer, 1997; Goldsmith & Fitch, 1997). These two characteristics are present in the ‘cognition’ factor. In addition, advice is utilised more from a confident advisor (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Buckley, 1995; Van Swol & Sniezek, 2005; Yaniv, 1997), which is present within the ‘behaviour’ factor. Finally, advice is utilised more when the client trusts their advisor (Sniezek & Van Swol, 2001), which is present in the ‘affect’ factor. The current findings provide a more enriched understanding of the characteristics of a good advice giver and place it within a three-factor framework. This will allow more structured
investigations for future research and highlights the importance of examining all three aspects with regards to advice-giving. It offers an additional element of ‘affect’ that has been under investigated in past literature, as well as other aspects relating to ‘behaviour’ and ‘cognition’. Future research would benefit from using this framework to clearly identify which aspects of the advice-giving process they are exploring. Specifically, it would be important to explore whether people’s conceptions of what it means to be a good advice giver influence whether they utilise the advice that they receive or not.

The current research focuses on advice-giving over many different domains. It is reasonable to suggest that the way advice is received would be impacted by the type of advice that was being provided. For example, more emphasis may be placed on the ‘affect’ factor within a health and human service advisory encounter in comparison to a sales advisor. In addition, the ‘behaviour’ factor may have varying impact depending on the amount of interaction between the advisor and the decision maker. Therefore, it would be interesting for future research to empirically explore the three-factor model in more domain specific situations to establish the generalisation of the current results across the different domains. This would improve our understanding of what characteristics are important for different types of advice givers. The remainder of this thesis is going to focus on one type of advice-giving domain: advice on consumer goods.

### 2.6 Conclusion and next chapter

In conclusion, the initial findings of this research identified three factors that relate to individuals perceptions of what characterises a good advice giver (within a British sample): affect, cognition, and behaviour. These constructs were found to be valid as they were active in the participants’ minds when evaluating the fictitious profiles of advice givers. Therefore, when considering what makes a good advice giver, chapter two identifies three areas for consideration: the advisor’s affect, behaviour, and cognition. Chapter three will focus on whether an external motivator (the type of advisors’ financial incentive) impacts some of the characteristics identified within this chapter as important for a good advice giver (see Figure 2.3).

An important behaviour characteristic that has been identified within this
chapter and explored in past literature is the advisor’s confidence; as confident people have been found to be more effective when giving advice (Zarnoth & Sniezek, 1997). This is an important individual-level input to explore with regards to how the advice is given and will be explored within chapter three. The advisor’s cognition refers to being able to obtain knowledge and having good reasoning skills and these characteristics would contribute to the quality of the advice provided. The quality of advice is also an important individual-level input, which will be explored within chapter three. Finally, an important affect characteristic identified within this chapter and that has been explored within the literature is the idea of being able to trust your advisor (Sniezek & Van Swol, 2001). Trust is an important individual-level input of the advisor that is determined by the client within an interaction. As advisors’ trustworthiness is determined by the client, the affect characteristic will not be explored until chapter four which takes the clients’ perspective.

*Figure 2.3.* Chapter three explores the impact of the type of advisors’ financial incentive on advice quality and how the advice is given using an estimation task.
CHAPTER 3: THE EFFECT OF FINANCIAL INCENTIVES ON ADVICE QUALITY AND ADVISORS’ CONFIDENCE USING AN ESTIMATION TASK

3.1 Abstract

Advisors are often sought to help clients when making important decisions, however little research has been conducted regarding what motivates them to give quality advice. The present research examined whether different types of financial incentives have an impact on advice quality and advisors’ confidence. Participants \(N = 124\) completed an estimation task providing advice on a popular and tradable product – estimates of prices of second-hand mobile phones. The results indicated that when advisors were given an incentive to get their client to utilise their advice (commission-based) or were given an incentive if their client performed well (performance-based) they were more motivated to produce high quality advice and less motivated to get through more clients than if they were given an incentive per piece of advice (flat-fee). Commission-based incentives encouraged advisors to increase their confidence to their clients more than performance-based and flat-fee incentives. The implications of motivating individuals with different financial incentives within an advice-giving context are discussed.

3.2 Introduction

Individuals will often seek advice with the goal of improving their decision quality and utilising advice has been found to improve decision accuracy, especially when the recommendation is more accurate (Gardner & Berry, 1995; Yaniv, 2004a). The Judge-Advisor System (JAS) is an important framework that identifies that decisions are often made after consulting others, as well as being influenced by others (Sniezek & Buckley, 1989). The judge, referred to as the client, is the individual making the final decision after receiving recommendations from the advisor (Sniezek & Buckley, 1995, p. 159). The JAS framework captures many real world judge-advisor interactions, such as that between a consultant and their client. However, much of the
research has focused on advice taking by the client or the differences in roles between the advisor and the client (see Bonaccio & Dalal, 2006 for a review). Although the importance of advice is recognised, surprisingly few studies have explored how to motivate advisors to provide high quality advice to their client.

Motivation can be defined as the psychological process that gives behaviour purpose and direction (Kreitner, 1995). The main distinction of motivation within the psychological literature relates to intrinsic and extrinsic motivation. People are said to be intrinsically motivated to carry out an activity when they are moved to take part in an activity purely for its own sake (Deci, 1975). One reason why people may be intrinsically motivated to give high quality advice is to help individuals make good decisions. Individuals may want to help their client in the absence of obtaining a reward, known as psychological altruism. Extrinsic motivation, on the other hand, does not come from the activity itself but from the extrinsic consequences, such as tangible or verbal rewards, which the activity leads to (Gagne & Deci, 2005). A reason why people may be extrinsically motivated when giving advice comes from the social exchange theory, which focuses on the cost-benefit aspect within any interaction (Homans, 1961). It states that people help others to gain a reward from the person they are helping. Rewards can be concrete (e.g. financial reward), social (e.g. social recognition), or internal self-rewards (e.g. feeling good about yourself). The social exchange theory states that the driving force within interpersonal relationships is to satisfy all individuals’ self-interest, known as a psychological contract. A psychological contract will exist within any advisor-client interaction and the individuals involved will have their own implicit understanding regarding what defines acceptable behaviour within the interaction (Robinson, 1996).

Past research has manipulated factors of the psychological contract, such as the presence of performance-contingent financial incentives, to explore their impact on the JAS. Sniezek, Schrah, and Dalal (2004) varied the opportunity for the client to be able to allocate some of their financial reward for making accurate decisions to an advisor. They found that recommendation accuracy was improved when the advisors were allocated performance-contingent financial incentives. From the perspective of the psychological contract, the advisors’ recommendation accuracy increases to improve the chance of their client making an optimal decision, which gains the client a financial reward, some of which can be allocated back to the advisor. Therefore, each other’s
self-interests have been satisfied and it would be rational for the financial incentive to increase advisors’ recommendation accuracy. However, financial incentives have not always been found to increase performance and have been found to be dependent on the type of the incentive (Camerer & Hogarth, 1999; Deci, 1980).

Performance-contingent rewards are given when an individual meets a certain standard. This differs from task non-contingent rewards (given independent of the task), engagement-contingent rewards (given for taking part), or completion-contingent rewards (given for completing the task irrelevant of the performance; Ryan, Mims, & Koestner, 1983). Performance-contingent rewards have been found to be more motivating than the other types of rewards (Richardson, 1998). However, financial incentives may not be contingent on the performance of the client but may be based on another measure of performance. Abernathy (2003) outlined three different types of financial incentives: flat-fee, commission-based, and performance-based.

When exploring the different types of financial incentives, important considerations need to be made regarding how the type of the incentive impacts the self-interests of the individuals within the psychological contract. A flat-fee advisor is paid a set rate for each piece of advice they provide (e.g. being paid a set fee based on the total amount of assets their client invests with them). This type of incentive may encourage advisors to provide generic advice that is not tailored to the individual client to enable them to get through as many clients as possible. A commission-based advisor receives payment when their client takes their advice (e.g. being paid a fee when their client buys or sells a stock recommended to them). This may cause a conflict between advisor and clients’ motives as the advisor may try to encourage their client to utilise their advice more than is optimal. Finally, a performance-based advisor gets paid if their client profits (e.g. being paid a fee based on the performance of the investment they recommended). This type of financial structure is often used to encourage advisor and clients’ motivations to be aligned. The performance-based structure represents the performance-contingent financial incentives explored in the past (Sniezek, et al., 2004). Sniezek et al. explored the impact that the presence of performance-contingent incentives have on advice quality, however research has not explored whether different types of financial incentives impact advice quality.

An important consideration here is that theoretically a flat-fee and commission-based incentive would encourage more self-interested behaviours than performance-
based incentives. A flat-fee incentive does not involve an exchange between the advisor and client (i.e. the advisor is paid regardless of the actions of the client), therefore they may be less likely to try and satisfy their client’s needs but rather their own. A commission-based incentive does involve an exchange between the advisor and their client (i.e. they need their client to utilise their advice to receive the commission), therefore although they are motivated to satisfy their self-interest they may also be motivated to satisfy their clients’ interests too. However, with a performance-based incentive the advisor and clients’ interests will be more aligned and therefore both the client and the advisor may be more likely to increase their performance. Therefore, this would suggest that a performance-based incentive would increase recommendation accuracy, a flat-fee incentive would decrease recommendation accuracy, whereas a commission-based incentive would be somewhere between the two. This is speculative and to the best of my knowledge different types of financial incentives have not been explored with regards to how they impact advice quality. However, it is predicted that the type of advisors’ financial incentive (commission-based, performance-based, and flat-fee) will impact the advisors’ self-reported motivation to produce high quality advice and the accuracy of the recommendations provided.

Past research has found that incentives encourage people to work harder and produce more activity but the activity is of lower quality and contains more errors in comparison to non-rewarded individuals (Condry, 1977). Therefore, it is important to explore two measures of advice quality (that the estimation task used within this study allows for): the quantity of the activity and the accuracy of the recommendation provided. Providing more advice to a client will result in the advisor spending less time and effort constructing their advice. Therefore, providing more advice is taken as a measure of lower advice quality. As flat-fee financial incentives are theoretically said to increase advice quantity compared to the other financial incentive conditions, it is predicted that the type of advisors’ financial incentive (commission-based, performance-based, and flat-fee) will impact the advisors’ self-reported motivation to get through more pieces of advice and the quantity of the recommendations provided.

When considering what makes a good advice giver, it is important to not only consider the quality of the advice but also how the advice is given. Past research has found that when advisors are required to sell their advice they are more confident (Radzevick & Moore, 2011). Confident advisors have been found to be more effective
when giving advice than non-confident advisors (e.g. Zarnoth & Sniezek, 1997). This is
due to the confidence heuristic, which is the belief that confidence is an indication of
accuracy (Price & Stone, 2004). It has been found that clients will often use the
confidence of an advisor when deciding whether to take their advice, and in fact prefer
overconfident advisors than advisors with the correct answers (Radzevick & Moore,
2009). This is because often assessing the accuracy of advice is difficult (Gardner &
Berry, 1995; Lim & O’Connor, 1995). When the advisors’ incentive is to persuade their
client to utilise their advice they have been found to increase their public confidence;
however when their incentive was to help their client make good decisions, the advisors
did not increase their confidence (Van Swol, 2009). Therefore, a commission-based
advisor is likely to increase their confidence to their client, whereas a performance-
based advisor is less likely to increase their confidence. As flat-fee incentive is given
independent of the clients’ outcomes, there is no need to use self-serving strategies to
encourage their clients to utilise their advice. Therefore, flat-fee advisors may not be
motivated to increase their confidence as a method of persuading their clients. Again, to
the best of my knowledge past research has not explored the impact of different types of
financial incentives on advisors’ confidence. It is predicted that the type of advisors’
financial incentive (commission-based, performance-based, and flat-fee) will impact the
advisors’ self-reported motivation to increase their confidence to their client, the
amount the advisor changes their public confidence compared to their private
confidence, and will impact the advisors’ public confidence.

In summary, it is predicted that the three types of financial incentives
(commission-based, performance-based, and flat-fee incentives) will impact:

**Hypothesis 3.1** The advisors’ self-reported motivation to produce high quality
advice.

**Hypothesis 3.2** The advisors’ self-reported motivation to get through as many
pieces of advice as possible.

**Hypothesis 3.3** The quality of the advice provided as measured by
recommendation accuracy.

**Hypothesis 3.4** The quality of the advice provided as measured by
recommendation quantity.
Hypothesis 3.5 The advisors’ self-reported motivation to deceive their client regarding how confident they felt in their recommendation.

Hypothesis 3.6 The amount that the advisor changes their public confidence compared to their private confidence when giving advice.

Hypothesis 3.7 The advisors’ public confidence.

3.3 Method

3.3.1 Participants

Participants were 124 undergraduate and masters students: 62 acted as advisors and 62 as clients. Advisor data only will be explored within this chapter (see Chapter 4 for the client data). Advisor participants’ ages ranged from 18-51 (\(M = 20.31, SD = 4.73\)), with 16 males and 46 females. Participants volunteered for the study to enable them to fulfil a requirement of their psychology course.

3.3.2 Design

A between-subjects design was used with the independent variable being financial incentive with three levels: flat-fee (\(N = 20\) advisors), commission-based (\(N = 21\) advisors), and performance-based (\(N = 21\) advisors). Allocation to either an advisor or a client role was pre-determined depending on which study the participant signed up for on the university experiment participation system. Three advisors and three clients were paired together anonymously in each session. This was determined randomly depending on which computer the participants chose. The dependent variables measured included: advisors’ self-reported motivation to produce high quality advice; advisors’ self-reported motivation to get through as much advice as possible; advisors’ recommendation accuracy; quantity of advice provided; advisors’ self-reported motivation to deceive their client regarding their confidence; advisors’ private confidence (not seen by their clients); and advisors’ public confidence (how confident they appeared to their clients).
3.3.3 Estimation task

Advisor participants were required to give their client participants a recommendation regarding the best price at which to value second-hand mobile phones. Mobile phones were chosen because they are a popular and tradable product. Also, the participant population should be familiar with the product and find the task interesting. The use of the second-hand value of the mobile phones, as opposed to new prices, was to avoid any prior knowledge affecting the task. This task allowed for a ‘real’ second hand value to be determined for each mobile phone by taking the mean cash value across the different companies offering money for second hand mobile phones (companies that were compared on www.mobilevaluer.com, values as they were in September 2010). The advisor participants were given an invented scenario that their clients were working for a new company called ‘Mobiles Make Money’ who offer money for second hand mobile phones. Their clients needed advice on the best price at which to value these phones. Information for thirty mobile phones and training was provided to all advisor participants but not the client participants. This was to give advisor participants greater expertise than their clients so they would feel that their clients would rely on their advice to do well in the task.

Advisor participants were shown a five-minute training programme which informed them of how best to use the information given to them. The advisors were required to look up the price of the brand new phone and explore how well the phone had kept its value (a percentage of the new price) depending on different specifications of the phone. The more specifications the advisor looked up, the more precise percentage boundary they could work out and therefore a more accurate estimate of the second hand mobile phone price (e.g. at step one the participant would know a second hand BlackBerry Pearl 8100 is worth 13-24% of its price at new, whereas at step four the participant would know the second hand BlackBerry Pearl 8100 is worth 13-14% and therefore, the more steps completed the more accurate the estimate can be). A programme was provided on screen that worked out the percentages for the participants, to decrease the effect of individual mathematical ability.

3.3.4 Financial incentive

Two separate prizes of £25 were available for the advisor and the client who made the most pretend money. Clients received between £0-£30 pretend money
depending on how close their final estimate was to the real value of the mobile phone. The amount of pretend money made by the advisors differed depending on the type of financial incentive condition they were in. Advisors in the flat-fee incentive condition received £5 for each piece of advice that they provided. Advisors in the commission-based incentive condition were paid £0-£8 depending on whether the client used the advice (see Table 3.1). For example, if a client’s estimate of a phone’s value was between £0-£2 of the advisor’s estimate then the commission-based advisor would receive £8. Advisors in the performance-based incentive condition were paid £0-£8 according to how well their client performed (see Table 3.2). For example, if a client made between £28-£30 then the performance-based advisor would earn £8. Client participants received between £0-£30 pretend money (with £2 intervals) depending on how close their final estimate was to the real value of the mobile phone.

Table 3.1

Commission-based financial incentive based on discrepancy between client and advisor estimate

<table>
<thead>
<tr>
<th>Discrepancy in estimate</th>
<th>£0.00</th>
<th>£2.01</th>
<th>£4.01</th>
<th>£6.01</th>
<th>£8.01</th>
<th>£10.01</th>
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</tbody>
</table>

| Commission-based advisor earns | £8 | £7 | £6 | £5 | £4 | £3 | £2 | £1 |

Table 3.2

Performance-based financial incentive based on clients’ performance

|                | -      | -      | -      | -      | -      | -      | -      | -      |
|                | £28.00 | £24.00 | £20.00 | £16.00 | £12.00 | £8.00  | £4.00  | £2.00  |

| Performance-based advisor earns | £8 | £7 | £6 | £5 | £4 | £3 | £2 | £1 |

3.3.5 Procedure

The participants read and signed the consent form (see Appendix B). Advisor participants were randomly assigned to one of three types of financial incentive conditions: flat-fee, commission-based, and performance-based. The participants were
aware of the different incentives available. The three advisor participants picked out a card to determine the financial incentive condition they would be in. The advisors constructed their advice before the clients arrived. They watched a five-minute training programme that instructed participants about their task and talked them through how to use the information provided to them in the information booklet. They were then given five minutes practice time to ensure they understood the task. They were then given fifteen minutes to make their private estimates (up to 30 mobile phones) and report how privately confident they were in each estimate (from 0 representing ‘absolutely no confidence’ to 100 representing ‘absolute confidence’). They were told that their clients would not see their private answer sheet. The advisors then left the room and went to a waiting area. The clients then entered the room and had ten minutes to provide their pre-advice estimate and confidence ratings for the same second hand mobile phones. Client participants were given a phone directory that gave them the specifications of each of the mobile phones but were not provided with what this meant in terms of how well the phone kept its value. The client participants did not see the training programme that was shown to the advisor participants.

The advisors then re-entered the room and sat at a partitioned-off computer cubicle. The advisors and clients interacted via an on-line instant messenger but within the same testing location. This was to ensure that the participants knew the interaction was genuine but did not know who they were paired with and to control for factors that may be present in face-to-face interactions, such as age, gender, and ethnic stereotypes, which were not examined within this study. This type of interaction represents many online services that offer advice over the internet (e.g. www.advicemadesimple.com). The advisors and clients were given a script to standardise the conversation. Advisors provided their final estimate and their public confidence level for each of the second hand mobile phones to their clients. The clients filled in payment slips with their advisor’s estimate, advisor’s confidence level, their own final estimate, and their final confidence level. The payment slips were collected by the experimenter and the pretend money was allocated to each advisor and client. Advisors continued providing recommendations on the phones that they had estimated in phase one until they had no more recommendations to give or the 21 minutes were up.

Participants were given their pretend money at the end of the experiment to count up. This was to avoid any feedback on their performance having an impact during
the task. Advisors then completed a questionnaire asking them: a) ‘How motivated did you feel to produce the highest quality of advice?’; b) ‘How motivated were you to get through as many possible mobile phones without worrying about constructing the best possible advice?’; c) ‘Were you motivated to deceive your client regarding how confident you felt in your estimate?’. Advisors responded on a 7-point scale: from 1 representing ‘highly unmotivated’ to 7 representing ‘highly motivated’ (all the materials used within this study can be found on the materials CD, Appendix H). All participants were then debriefed and thanked (see Appendix B).

3.3.6 Data analysis

Two measures of recommendation accuracy were explored: the difference between participants’ estimate and the actual phone value (accuracy), and participants estimate minus the actual phone value divided by the actual phone value times by 100 (percentage error). The accuracy measure allows participants to be more accurate when the cost of the second hand mobile phone is low; whereas the percentage error allows participants to be more accurate when the cost of the second hand mobile phone is high. Therefore, it was important to examine both values. As the distribution of the mobile phone prices are positively skewed (Range = 1.52-125.79, \( M = 30.7421 \), \( SD = 34.14 \)) indicating that more of the phones had a low value, the accuracy measure was deemed most appropriate. In addition, as both the accuracy and percentage error measure produce the same outcome only the results for accuracy will be presented within this chapter.

Participants’ accuracy can be calculated with directional and absolute values. Directional represents under/over values, whereas absolute values remove minus signs in order to provide an overall difference. With directional values, if an advisor was £10 greater than the actual value on one phone and then -£10 under for the next phone, a directional value would yield a mean value of 0 suggesting the advisor was accurate in their estimates. However, absolute value would yield a mean value of £10, which is a better indication of inaccuracy for those two cases. Therefore, absolute values will be used and values closer to 0 for accuracy represent more accurate estimates.

Advisors’ private confidence was totalled and then divided by the total number of phones estimated. Advisors’ public confidence was totalled and divided by the total number of phones estimated. The difference between the advisors’ public and private
confidence was also calculated and divided by the total number of phones estimated. The criterion for all statistical significance is $p < .05$.

### 3.4 Results

#### 3.4.1 Advice quality

**3.4.1.1 Quality motivation**

A one-way ANOVA was conducted to explore whether there was a significant difference in advisors’ self-reported motivation to produce high quality advice for their clients between the three financial incentives conditions: flat-fee, performance-based, and commission-based. Advisors’ motivation was measured with a questionnaire at the end of the experiment and values ranged from 1 = ‘highly unmotivated’ through to 7 = ‘highly motivated’. The results indicated a significant difference between conditions, $F(2, 59) = 10.165, p < .001$, partial eta squared = .256. Pairwise comparisons using Tukey’s HSD test revealed that flat-fee advisors ($M = 4.40, SD = 1.79$) were less motivated to produce high quality advice than commission-based advisors ($M = 6.00, SD = 1.05, p = .001$) and performance-based advisors ($M = 5.95, SD = 0.87, p = .001$). The results indicated no significant difference between commission-based and performance-based advisors’ motivation ($p = .992$, see Figure 3.1).

![Motivation Ratings](image)

**Figure 3.1.** Advisors’ mean quality and quantity motivation ratings for each of the three financial incentive conditions.
3.4.1.2 Quantity Motivation

A one-way ANOVA was also conducted to explore whether there was a significant difference in advisors’ self-reported motivation to give as much advice as possible between the three financial incentives conditions. Advisors’ motivation was measured with a questionnaire at the end of the experiment and values ranged from 1 = ‘highly unmotivated’ through to 7 = ‘highly motivated’. The results indicated a significant difference between conditions, $F(2, 59) = 16.816, p < .001$, partial eta squared = .363. Pairwise comparisons using Tukey’s HSD test revealed that flat-fee advisors ($M = 5.35, SD = 1.66$) were more motivated to get through more advice than performance-based advisors ($M = 2.81, SD = 1.47, p < .001$) and commission-based advisors ($M = 3.33, SD = 1.27, p < .001$). The results indicated no significant difference between commission-based and performance-based advisors’ motivation ($p = .487$, see Figure 3.1).

3.4.1.3 Recommendation accuracy

A one-way ANOVA was conducted to assess the impact that the three different financial incentives conditions has on advisors’ recommendation accuracy. The results indicated no significant difference between the conditions, $F(2, 59) = 1.585, p = .214$.

3.4.1.4 Advice quantity

A one-way between-groups ANOVA was conducted to explore whether there was a significant difference in the amount of advice constructed between the three financial incentive conditions. The results indicated a significant difference between conditions, $F(2, 59) = 3.551, p = .035$, partial eta squared = .107. Pairwise comparisons using Tukey’s HSD test revealed that flat-fee advisors got through more pieces of advice ($M = 7.95, SD = 4.51$) compared to commission-based advisors ($M = 5.14, SD = 1.93, p = .028$). There was no significant difference between performance-based advisors ($M = 6.81, SD = 3.31$) and the flat-fee advisors ($p = .533$), as well as no significant difference between performance-based advisors and commission-based advisors ($p = .258$, see Figure 3.2).
3.4.2 How the advice is given

3.4.2.1 Confidence Motivation

A one-way ANOVA was conducted to explore whether there was a significant difference in advisors’ self-reported motivation to deceive their clients regarding how confident they felt in their estimates between the three financial incentive conditions: flat-fee, performance-based, and commission-based. Advisors’ motivation was measured with a questionnaire at the end of the experiment and values ranged from 1 = ‘highly unmotivated’ through to 7 = ‘highly motivated’. The results indicated a significant difference between conditions, $F(2, 59) = 6.212, p = .004$, partial eta squared = .174. Pairwise comparisons using Tukey’s HSD test revealed that commission-based advisors ($M = 5.67, SD = 1.74$) were more motivated than performance-based advisors ($M = 3.81, SD = 1.97, p = .003$). There was no significant difference between the flat-fee advisors ($M = 4.95, SD = 1.40$) and performance-based advisors ($p = .094$), as well as no significant difference between flat-fee advisors and commission-based advisors’ motivation ($p = .383$, see Figure 3.3).

Figure 3.2. The mean amount of advice provided by each of the three financial incentive conditions.
3.4.2.2 Advisors’ Confidence

A mixed-design ANOVA was conducted to assess the impact that the three different financial incentives had on advisors’ private and public confidence (see Figure 3.4). As expected, there was no significant difference between the three conditions regarding their private confidence, $F(2, 59) = 2.268, p = .113$. However, there was also no significant difference between the conditions regarding their public confidence, $F(2, 59) = 1.686, p = .194$.

There was a main effect for type of confidence (private and public confidence), $F(1, 59) = 76.358, p < .001$, partial eta squared = .564. This demonstrates that across all conditions advisors’ public confidence was higher ($M = 83.35\%, SD = 12.90$) than advisors’ private confidence ($M = 67.40\%, SD = 17.67$). Post-hoc testing using pairwise comparisons of the estimated marginal means with Bonferroni adjusted $\alpha$ levels revealed that advisors’ public confidence increased in all three conditions: flat-fee $F(1, 59) = 7.564, p = .008$, partial eta squared = .114; performance-based $F(1, 59) = 20.087, p < .001$, partial eta squared = .254; and commission-based $F(1, 59) = 63.371, p < .001$, partial eta squared = .518.

A one-way between-groups ANOVA examined whether there were any significant differences in how much the advisors’ changed their confidence between the three financial incentive conditions. The results indicated a significant difference in

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Figure 3.3. Advisors’ mean confidence motivation ratings for each of the three financial incentive conditions.
advisors’ change in confidence depending on their financial incentive, $F(2, 59) = 8.202$, $p = .001$, partial eta squared $= .218$. Pairwise comparisons using Tukey’s HSD test revealed that commission-based advisors inflated their confidence ($M = 25.96\%, \ SD = 16.69$) significantly more than flat-fee advisors ($M = 9.56\%, \ SD = 11.56$) and performance-based advisors ($M = 14.04\%, \ SD = 11.34$).

![Figure 3.4. Advisors’ mean private and public confidence levels for each of the three financial incentive conditions.](image)

### 3.5 Discussion

This study examined real-time advice-giving encounters (over an instant messenger) when providing advice about consumer goods. With regards to advice quality, it was predicted that the three types of financial incentives would impact the advisors’ motivation to produce high quality advice (hypothesis 3.1) and get through more pieces of advice (hypothesis 3.2). In support of this, commission-based and performance-based advisors rated themselves as more motivated than the flat-fee advisors to construct high quality advice. Interestingly, there was no significant difference between how motivated commission-based and performance-based advisors were in their self-reported quality motivation. In addition, the flat-fee advisors were
more motivated to get through as much advice as possible in comparison to commission-based and performance-based advisors. In terms of a psychological contract (Robinson, 1996), the findings emphasise the importance of using an advisor’s financial incentive that is influenced by the actions of their client. If the incentive is independent of the client’s actions (as it is within the flat-fee incentive condition), a contract is not established between the client and the advisor, which subsequently reduces the motivation of the advisor to produce high quality.

Abernathy (2003) emphasised that a performance-based incentive is often utilised to overcome self-interested behaviours that are often found in commission-based and flat-fee incentives and encourage the advisor and client goals to be more aligned. The findings suggest that a flat-fee incentive may encourage an advisor to have greater self-interest due to their lack of motivation to produce high quality advice and get through more pieces of advice (supporting Abernathy, 2003); but that this may not be the case for a commission-based advisor (in contrast to Abernathy, 2003).

The different financial incentives did not have an impact on advisors’ recommendation accuracy even though they did impact advisors’ self-reported motivation to produce high quality advice. This does not support hypothesis 3.3 that predicted that the different types of financial incentives would impact the advisors’ recommendation accuracy. One explanation for this may be because the different types of financial incentives may impact advisors’ motivations but may not be enough to impact advisors’ performance. However, the different financial incentives did impact the amount of advice that the advisors’ got through, as flat-fee advisors got through more pieces of advice than the commission-based advisors (in support of hypothesis 3.4). This suggests that the advisors’ financial incentive type not only impacted advisors’ quantity motivation, but also the amount of advice provided.

Another explanation as to why the financial incentives impacts advisors quality motivation but not their recommendation accuracy may be due to the development of the task within this chapter. Although estimate tasks are established within the JAS literature (e.g. Sniezek, et al., 2004), the estimation task within this chapter was a new development. Therefore, like any new development, shortcomings are bound to be identified once the data has been collected. Chapter six uses the same design, but the information booklet will be developed to encourage more variability in estimates. In
addition, it will be developed so that looking up more specifications of the mobile phone has an even greater recommendation accuracy benefit.

In addition, two main types of decision tasks that have been employed within the JAS literature are estimation tasks and choice tasks. The current research uses an estimation task that involves making a quantitative estimate and providing the client with what they believe to be the most precise estimate (e.g. Fischer & Harvey, 1999). A choice task involves providing a recommendation between alternatives which are provided to the client (e.g. Sniezek & Buckley, 1995). The different decision tasks often account for the differences in findings between studies (Bonaccio & Dalal, 2006). Therefore, a choice task will be utilised in chapter five to improve the external validity of results. In addition, as the findings only partially support Abernathy’s (2003) theory bringing it into question, to ensure the findings that counter this theory are robust, it is important to explore this further by using another decision task.

With regards to how the advice was given, it was predicted that the three types of financial incentives would impact advisors’ self-reported motivation to increase their confidence (hypothesis 3.5), the amount advisors changed their public confidence compared to their private confidence (hypothesis 3.6), and advisors’ public confidence (hypothesis 3.7). The results indicated that commission-based advisors were more motivated than performance-based advisors to deceive their client by increasing their public confidence. The results revealed no difference in advisors’ public confidence between the conditions. However, commission-based advisors motivation did translate into behaviour, as they inflated their public confidence to their client compared to their private confidence more than both performance-based and flat-fee incentives. This supports Van Swol’s (2009) finding that when giving an advisor a financial incentive to encourage their clients to utilise their advice they will increase their public confidence. Commission-based advisors are satisfying their own self-interests by appearing overconfident to their clients as a way of persuading them to take their advice.

As well as increasing their public confidence compared to their private confidence, commission-based advisors were also motivated to produce high quality advice. This may be an optimal strategy, as Jungermann’s (1999) model of advice-taking predicts that advice utilisation can be predicted by clients’ assessment of advice quality. However, often there is no objective measure of advice quality, which makes it difficult for a client to assess the quality of advice until after the decision has been made
and therefore individuals will often discount optimal advice (Gardner & Berry, 1995; Lim & O’Connor, 1995). The advisors may not recognise that it would be difficult for their clients to assess the quality of their advice and so this may be another self-serving strategy as the commission-based advisors would feel that they needed to produce high quality advice in order for their advice to be utilised. Alternatively, it may be that the advisors’ motivation to produce high quality advice is an attempt to satisfy the needs of their client, as well as their own needs within the psychological contract (Robinson, 1996). To explore whether producing high quality advice to enable the client to utilise their advice is an optimal strategy, chapter four will examine whether the advisors’ public confidence and the advisors’ recommendation accuracy predicts advice utilisation.

3.6 Conclusions and next chapter

This chapter demonstrates that the type of financial incentive available to an advisor impacts advice quality, as well as how they give the advice. The promise of three different types of financial incentives motivated advisors as predicted: flat-fee incentives motivated advisors to deliver more pieces of advice, performance-based incentives motivated advisors to produce higher quality advice, and commission-based incentives motivated them to increase their confidence to their clients.

The unexpected finding was that commission-based advisors were also motivated to produce high quality advice, which is contradictory to what has been reported in the news regarding what is believed about financial advisors (BBC News, 2012). However, this may be because in real world JAS’s, the advisors’ understanding of what the client does and does not know regarding the quality of their advice, may impact the advice that they give. The findings imply that there is no benefit of paying an advisor based on their performance, rather than on commission, in terms of motivating them to produce high quality advice.
However, as with any research exploring the dynamics of the Judge-Advisor System, it is interesting to explore both the advisor and the client within an interaction. Therefore, the next chapter will explore how different types of financial incentives impact the clients’ ratings of advisor trustworthy, and whether this impacts advice utilisation, clients’ decision accuracy, and clients’ confidence (see Figure 3.5).

*Figure 3.5. Chapter four explores the impact of the advisors’ financial incentive type on clients’ ratings of the advisors’ trustworthiness and advice utilisation. In addition, it explores the impact of advisors’ confidence, recommendation accuracy, and advice utilisation on clients’ outputs.*
CHAPTER 4: THE EFFECT OF FINANCIAL INCENTIVES ON CLIENTS’ RATINGS OF ADVISORS’ TRUSTWORTHINESS, ADVICE UTILISATION, AND CLIENTS’ PERFORMANCE

4.1 Abstract

Important decisions are often made after consulting others for advice. The present research examined the impact that the type of advisors’ financial incentive has on clients’ outcomes. Participants ($N = 124$) completed an estimation task receiving advice on the prices of second hand mobile phones. The results demonstrated that when the advisors were given a financial incentive to encourage their clients to utilise their advice (commission-based) the clients’ rated the advisors as less trustworthy and more deceptive than when the advisors’ were given an incentive if their client performed well (performance-based). There was no significant difference when the advisor was given an incentive per piece of advice (flat-fee) compared to the other types of financial incentives. Clients’ ratings of trustworthiness predicted advice utilisation, which predicted advisors’ accuracy but not their decision confidence. The implications of paying advisors different financial incentives within an advice-taking context are discussed.

4.2 Introduction

The Judge-Advisor System (JAS) is a framework that captures that individuals will often seek advice when making important decisions (Sniezek & Buckley, 1989, 1995). The client (judge) has the power to make the final decision after receiving advice from one or more advisors. Advice utilisation refers to the extent to which a decision maker follows the advice provided. The goal of utilising advice is to improve decision accuracy. However, people are often overconfident in their own decisions and will miss the benefit of the advisor’s recommendation (Yaniv & Kleinberger, 2000). Studies have explored ways in which to encourage advice utilisation with the goal of improving decision quality. Advice discounting has been found to be reduced by various factors
such as advice quality, advisors’ confidence in their recommendations, performance-contingent financial rewards, and trust in the advisors (see Bonaccio & Dalal, 2006). Advice utilisation has been found to increase clients’ decision accuracy (Gardner & Berry, 1995; Sniezek, Schrah, & Dalal, 2004; Yaniv, 2004a). However, research has found that advice exchange does not necessarily increase clients’ accuracy but increases clients’ confidence (Heath & Gonzalez, 1995).

This chapter will further explore the impact that the type of advisors’ financial incentive has within an advice-giving encounter. Having previously focused upon the advisor (chapter 3), this chapter focuses on the impact that the type of advisors’ financial incentive has on the clients’ outputs, namely advice utilisation, clients’ decision accuracy, and clients’ confidence. It will also explore other factors, already established within the literature, that have been found to influence advice utilisation and the clients’ outputs, including clients’ ratings of advisors’ trustworthiness and deceptiveness, advisors’ recommendation accuracy, and advisors’ confidence.

Gino (2008) found that if people pay for advice before receiving it they will tend to utilise the advice more, which can be explained by the ‘sunk cost’ effect. Once an individual has invested their time, money, or effort to a cause, a commitment to the ‘sunk cost’ effect involves continued investment so that they do not feel they have wasted their previous investment (Arkes & Blumer, 1985). The sunk cost effect would predict that an individual who has paid for advice is more likely to utilise it as justification for spending the money and avoid wasting it. Performance-contingent monetary incentives have been found to increase advice utilisation (Sniezek, et al., 2004). This may be because the client believes that their incentives are aligned with their advisors and so they trust the advisor.

Trust has been found to increase advice utilisation (Jungermann, 1999; Jungermann & Fischer, 2005; Sniezek, Heath, Van Swol, & Nochimowski, 1998; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005). Trust can be defined as ‘the willingness to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor’ (Mayer, Davis, & Schoorman, 1995, p. 712). Jodlbauer and Jonas (2011) found that advice was discounted more if received from an advisor who ascribed higher levels of self-interested intentions and this effect was mediated by the perceived trustworthiness of the advisor. In addition, if decision makers are suspicious of their advisors’ intentions
they are likely to have a negative view of them (Fein & Hilton, 1994) and are less likely to utilise their advice (Van Swol, 2009).

Although performance-contingent financial incentives have been found to increase advice utilisation (Sniezek, et al., 2004), this may be due to the client’s and the advisor’s goals being aligned, which may not be the case in other types of financial incentives. Advisors in the experiment reported in this chapter were given one of three types of financial incentives. The first financial incentive was a performance-based incentive, which is given depending on how well their client performs. This is the same type of financial incentive that has been used in past research (Sniezek et al., 2004) and has been found to increase advice utilisation.

The second financial incentive is a commission-based incentive, which was paid to the advisor when the client utilises their advice. From a clients’ perspective, they may believe that their advisor’s goal is not aligned with theirs as they would be more interested in deceptively trying to encourage the client to take their advice, rather than providing high quality advice. Therefore, as past research has found that clients who believe their advisors ascribe higher levels of self-interested intentions utilise less advice (Jodlbauer & Jonas, 2011), this could suggest that clients who receive advice from a commission-based advisor will utilise their advice less.

The final advisor financial incentive is a flat-fee incentive, which was paid to the advisor for each piece of advice they provided. This type of payment incentive is not linked to the behaviour of their clients. Therefore, this may suggest that clients would believe that flat-fee advisors do not have their interest in mind, which could reduce advice utilisation. As the commission-based and flat-fee advisor financial incentives have not been explored in the past, how the different types of financial incentives will impact advice utilisation is speculative in nature. Nevertheless, it seems reasonable to predict that the type of advisors’ financial incentive will impact the way in which they perceive their advisor’s trustworthiness, deceptiveness, and subsequently how much they utilise their advice.

Other factors have also been found to predict advice utilisation. Not surprisingly individuals will tend to utilise good advice more than bad advice (Yaniv & Kleinberger, 2000). However, research has found that high confidence is more important than having the correct answers (Radzevick & Moore, 2009) and trusting your advisors (Van Swol & Sniezek, 2005). Confident advisors have been found to be more effective when
giving advice even when interacting through writing, as their advice is utilised more (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Van Swol, 2001; Zarnoth & Sniezek, 1997). Within the decision making literature, confidence is defined as the strength with which a person believes that their decision is accurate and correct (Peterson & Pitz, 1988). When a decision is being made, confidence can be thought of as a mechanism of influence between the advisor and decision maker (Buckley & Sniezek, 1990). This is because clients will often use the confidence of the advisor as an indication of advice quality if no other objective measure of advice accuracy is available, which is referred to as the confidence heuristic (Price & Stone, 2004; Sniezek & Van Swol, 2001; Thomas & McFadyen, 1995; Van Swol & Sniezek, 2005). Clients have, in fact, been found to prefer overconfident advisors (Price & Stone, 2004). Van Swol and Sniezek (2005) explored whether clients’ trust in the advisor, advisors’ confidence, advisors’ accuracy, and clients’ power to set payment to the advisor increase advice utilisation. The results indicated that clients’ trust in the advisor and advisors’ confidence were related to advice utilisation but advisors’ confidence was the only variable to predict advice utilisation.

However, people are quite bad at detecting deception and believe that when interacting with others the individuals involved are behaving truthfully, known as the truth bias (Bond & DePaulo, 2006; McCornack & Parks, 1986; Zuckerman, DePaulo, & Rosenthal, 1981). Therefore, the clients may not view an overconfident advisor as deceptive but rather as more accurate and knowledgeable (Price & Stone, 2004). However, if individuals are suspicious of their advisor’s motives the truthfulness bias decreases and people are more accurate at detecting deception (Buller, Strzyzewski, & Hunsaker, 1991; Levine, Park, & McCornack, 1999; McCormack & Levine, 1990; Stiff, Kim, & Ramesh, 1992; Van Swol, 2009). Within the JAS literature, suspicion has been found to produce a negative view of the advisor (Fein & Hilton, 1994). Therefore, if clients are suspicious of their advisor’s intentions (due to the type of their financial incentive) they may be less likely to utilise their advice which may in turn reduce the impact of advisors’ high confidence.

There was no significant difference in advisors’ actual public confidence and recommendation accuracy between the three financial incentive conditions (within chapter three). Therefore, the current study allows for the examination of whether the advisors’ financial incentive type, advisors’ confidence, or advisors’ recommendation
accuracy is more important regarding advice utilisation. It is predicted that clients’ ratings of their advisor’s trustworthiness and deceptiveness, advisors’ recommendation accuracy, and the advisors’ confidence will predict advice utilisation.

Utilising advice has been found to increase the accuracy of the clients’ final decision (Gardner & Berry, 1995; Sniezek, et al., 2004; Yaniv, 2004a). However, some research has found that utilising advice is beneficial for increasing clients’ confidence rather than increasing decision accuracy (Heath & Gonzalez, 1995). In addition, it has been found that if the client is suspicious of their advisor’s intention it lowers the clients’ decision accuracy (Toris & DePaulo, 1984). Therefore, if the type of advisors’ financial incentive does impact advice utilisation (due to the clients’ ratings of their advisor’s trustworthiness and deceptiveness), it is predicted that advisors’ financial incentive type, as well as the clients’ perception of their advisor, will impact the clients’ final decision accuracy and the clients’ final decision confidence.

Finally, advisors’ recommendation accuracy has been found to be linked to clients’ final decision accuracy (Sniezek, et al., 2004). In addition, advisors’ confidence has been found to increase advice utilisation, which has been found to increase decision accuracy and confidence. Therefore, it is predicted that the advisors’ recommendation accuracy and advisors’ confidence will predict the clients’ decision accuracy and confidence.

In summary:

**Hypothesis 4.1.** The advisors’ financial incentive type will impact the clients’ ratings of their advisor’s trustworthiness, ratings of deceptiveness, and advice utilisation.

**Hypothesis 4.2.** Advice utilisation will be predicted by clients’ ratings of their advisor’s trustworthiness, ratings of deceptiveness, advisors’ accuracy, and advisors’ confidence.

**Hypothesis 4.3.** The advisors’ financial incentive type will impact the clients’ final decision accuracy and clients’ final decision confidence.

**Hypothesis 4.4.** The clients’ final decision accuracy and clients’ confidence will be predicted by clients’ ratings of their advisor’s trustworthiness, ratings of deceptiveness, advisors’ accuracy, advisors’ confidence, and advice utilisation.
4.3 Method

4.3.1 Participants
Participants were 124 undergraduate and masters students: 62 acted as advisors and 62 as clients. Client data only will be explored within this chapter (see Chapter 3 for the advisor data). Client participants’ ages ranged from 18-25 ($M = 19.53$, $SD = 1.40$), with 11 males and 51 females. Participants volunteered for the study to enable them to fulfil a requirement of their psychology course.

4.3.2 Design
A between-subjects design was used with the independent variable being advisors’ financial incentive type with three levels: flat-fee ($N = 20$ clients), commission-based ($N = 21$ clients), and performance-based ($N = 21$ clients). The dependent variables measured included: clients’ ratings of their advisors’ trustworthiness and deceptiveness, extent to which they utilise the advice, clients’ pre- and post-advice decision accuracy, and clients’ pre and post-advice decision confidence. Two dependent variables measured in chapter three were also examined: advisors’ public confidence and advisors’ public recommendation accuracy.

Clients’ ratings of their advisors’ trustworthiness and deceptiveness, advisors’ public confidence, and advisors’ accuracy were also predictor variables with advice utilisation, clients’ decision accuracy, and clients’ decision confidence the outcome variables. Advice utilisation was also used as a predictor variable with clients’ decision accuracy and clients’ decision confidence the outcome variables.

4.3.3 Estimation task
The same estimation task was utilised as in chapter three. Advisor and client participants were required to estimate the prices of used mobile phones. Client participants were not given the same training as the advisors, to give advisors greater expertise in the task. Client participants rated the same mobile phones as the advisor participants but were only given a phone directory that listed the mobile phone specifications but were not told what this meant in terms of how well the phone kept its value. The client participants were not given a programme on the screen that worked.
out the percentages for the participants as they were not required to work out percentages.

4.3.4 Financial incentive

Two separate prizes of £25 were available for the advisor and the client who made the most pretend money. The advisors’ financial incentive condition manipulation is the same as in chapter three. The flat-fee incentive paid participants £5 for each piece of advice that they provided. The commission-based incentive paid participants £0-£8 depending on how much the client took their advice. The performance-based incentive paid participants £0-£8 depending on how well their client performed.

Clients received between £0-£30 pretend money (with £2 intervals) depending on how close their final estimate was to the real value of the mobile phone. As the mobile phones varied a lot in price the percentage of the real value of the mobile phone was used to determine how accurate the clients were to the estimate. Therefore, if the price of the mobile phone was small, participants needed to get closer to this value to be accurate in comparison to when the mobile phone was more expensive.

4.3.5 Procedure

The participants read and signed the consent form (see Appendix C). The client participants entered the room after the advisors had constructed their advice. Client participants rated the same mobile phones (up to 30 mobile phones) as the advisor participants. They had ten minutes to provide pre-advice estimates and confidence ratings (from 0 representing ‘absolutely no confidence’ to 100 representing ‘absolute confidence’). The advisors then re-entered the room and sat at a partitioned-off computer cubicle. Client participants were assigned to one of the three advisors’ financial incentive conditions (flat-fee, commission-based, and performance-based) depending on which computer the advisor sat at. All participants were aware of the different incentives available and which condition they had been allocated to. The advisors and clients interacted via an on-line instant messenger but within the same testing location. The clients filled in payment slips with their advisor’s estimate, advisor’s confidence level, client’s final estimate, and client’s final confidence level. The task ended once their advisors had no more recommendations that they had
constructed estimates for in phase one or 21 minutes was up. Participants were given their pretend money at the end of the experiment. This was to avoid any feedback on their performance having an impact during the task. Clients completed a questionnaire regarding: a) ‘How trustworthy do you feel your advisor was?’, from 1 representing ‘extremely untrustworthy’ to 7 representing ‘extremely trustworthy’ and b) ‘How deceptive do you feel your advisor was?’, from 1 representing ‘not deceptive at all’ to 7 representing ‘extremely deceptive’ (all the materials used within this study can be found on the materials CD, Appendix I). All participants were then debriefed and thanked (see Appendix C).

4.3.6 Data Analysis

As with chapter three, two measures of recommendation accuracy were explored: the accuracy and percentage error. However, as both values produced similar findings only the results for accuracy will be presented within the chapter. In addition, absolute values of accuracy will be presented within the chapter and values closer to 0 represent more accurate recommendations.

Yaniv’s (2004b) measure of advice utilisation was used. Yaniv defined advice utilisation as the client’s final estimate, minus the client’s pre-advice estimate, divided by the advisor’s recommendation, minus client’s pre-advice estimate (using absolute values). Values of zero indicate no advice utilisation, values of 1 indicate complete advice utilisation, and values over 1 indicate the client has overshot their advisor’s recommendation. The criterion for statistical significance is $p < .05$.

4.4 Results

4.4.1 Clients’ perception of advisor

A one-way MANOVA was conducted to explore whether there is a significant difference in clients’ perception of their advisor’s trustworthiness and deceptiveness for each of the three financial incentive conditions. There was a significant difference between the three financial incentives on the combined dependent variables, $F(4,116) = 3.524, p = .009$, partial eta squared = .108. The dependent variables were considered separately with a Bonferroni adjusted alpha level of .025 (.05 divided by two dependent variables).
The results indicated a significant difference between conditions regarding how clients rated their advisor’s trustworthiness, $F(2, 59) = 6.265, p = .003$, partial eta squared = .175. The results revealed that clients rated performance-based advisor as more trustworthy ($M = 4.76, SD = 1.61$) than commission-based advisors ($M = 3.10, SD = 1.55, p = .004$). However, there was no significant difference between clients’ ratings of flat-fee advisors ($M = 3.75, SD = 1.45$) and commission-based advisors ($p = .534$), as well as no significant difference between clients’ ratings of flat-fee advisors and performance-based advisors ($p = .118$, see Figure 4.1).

The results indicated a significant difference between conditions regarding how clients rated their advisors deceptiveness, $F(2, 59) = 5.793, p = .005$, partial eta squared = .164. The results indicated that clients rated performance-based advisors as less deceptive ($M = 3.05, SD = 1.40$) than commission-based advisors ($M = 4.67, SD = 1.59, p = .004$). There was no significant difference between clients’ ratings of flat-fee advisors ($M = 3.85, SD = 1.63$) and commission-based advisors ($p = .286$), as well as no significant difference between clients’ ratings of flat-fee advisors and performance-based advisors ($p = .303$, see Figure 4.1).

![Figure 4.1](image-url) Clients’ mean ratings of advisors’ trustworthiness and deceptiveness for each of the three financial incentive conditions.
4.4.2 Advice utilisation

Clients’ advice utilisation scores are displayed in Figure 4.2, where a value of 1 represents complete advice utilisation and 0 represents no advice utilisation. The results of a one-way ANOVA indicated a significant difference in clients’ advice utilisation between the three financial incentive conditions, \( F(2, 59) = 5.483, p = .007 \), partial eta squared = .157. Pairwise comparisons using Tukey’s HSD test revealed that clients who received advice from performance-based advisors utilised significantly more advice (\( M = 0.90, SD = 0.34 \)) than clients who received advice from commission-based advisors (\( M = 0.57, SD = 0.35, p = .005 \)). There was no significant difference in advice utilisation between clients who received advice from flat-fee advisors (\( M = 0.76, SD = 0.26 \)) and commission-based advisors (\( p = .159 \)), as well as no difference between flat-fee advisors and performance-based advisors (\( p = .348 \)).

![Figure 4.2. Clients’ mean advice utilisation for each of the three financial incentive conditions.](image)

A standard multiple regression model explored whether clients’ ratings of their advisor’s trustworthiness, deceptiveness, public confidence, and recommendation accuracy predicted advice utilisation. The model explained 19.0% of the variance revealed, \( F(4, 57) = 3.341, p = .016 \). Clients’ ratings of their advisor’s trustworthiness predicted advice utilisation, however the other variables did not (see Table 4.1).
Table 4.1

Multiple regression table exploring whether clients’ ratings of their advisors’ trustworthiness, deceptiveness, advisors’ public confidence and recommendation accuracy predicts advice utilisation reporting un-standardised and standardised coefficients.

<table>
<thead>
<tr>
<th></th>
<th>b</th>
<th>SE b</th>
<th>$B$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.136</td>
<td>0.370</td>
<td></td>
</tr>
<tr>
<td>Ratings of trustworthiness</td>
<td>0.103</td>
<td>0.034</td>
<td>.500*</td>
</tr>
<tr>
<td>Ratings of deceptiveness</td>
<td>0.022</td>
<td>0.034</td>
<td>.106</td>
</tr>
<tr>
<td>Advisors’ public confidence</td>
<td>0.001</td>
<td>0.003</td>
<td>.052</td>
</tr>
<tr>
<td>Advisors’ accuracy</td>
<td>0.001</td>
<td>0.007</td>
<td>.018</td>
</tr>
</tbody>
</table>

Note. $R^2 = .190$, $\Delta R^2 = .190$, * $p < .05$

4.4.3 Clients’ accuracy

A mixed–design ANOVA was conducted to assess the impact that the three different financial incentives had on clients’ pre and post-advice recommendation accuracy. Values closer to 0 represent more accurate recommendations. There was a main effect for type of accuracy (pre-advice and post-advice), $F(1, 59) = 98.479$, $p < .001$, partial eta squared = .625. This demonstrates that the clients’ accuracy across all conditions was more accurate post-advice ($M = 22.70$, $SD = 29.30$) than pre-advice ($M = 65.89$, $SD = 35.14$). The results indicated no difference between the three conditions regarding pre-advice accuracy, $F(2, 59) = .904$, $p = .411$. There was a significant difference between the three conditions regarding their post-advice accuracy, $F(2, 59) = 3.307$, $p = .044$, partial eta squared = .101. Post-hoc testing using pairwise comparisons of the estimated marginal means with Bonferroni adjusted $\alpha$ levels revealed that clients who received advice from a performance-based advisor were more accurate post-advice ($M = 13.17$, $SD = 13.12$) compared to commission-based advisors ($M = 35.04$, $SD = 42.60$, $p = .045$). There was no significant difference between clients who received advice from flat-fee advisors ($M = 19.76$, $SD = 19.68$) and commission-based advisors ($p = .266$), as well as no difference between clients who received advice from flat-fee advisors and performance-based advisors ($p = 1.00$, see Figure 4.3).
Figure 4.3. Clients’ mean pre-advice and post-advice accuracy for each of the three financial incentive conditions.

A standard multiple regression was conducted to explore what variables predict clients’ decision accuracy: clients’ ratings of their advisor’s trustworthiness, clients’ ratings of their advisor’s deceptiveness, advisors’ confidence, advisors’ recommendation accuracy, and advice utilisation, $F(5, 56) = 16.441, p > .001$, explaining 59.5% of the variance (see Table 4.2).

Table 4.2

Multiple regression table exploring which variables predict clients’ decision accuracy reporting un-standardised and standardised coefficients.

<table>
<thead>
<tr>
<th></th>
<th>$B$</th>
<th>$SE_b$</th>
<th>$B$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>48.086</td>
<td>22.513</td>
<td></td>
</tr>
<tr>
<td>Advice utilisation</td>
<td>-43.300</td>
<td>8.055</td>
<td>-.508**</td>
</tr>
<tr>
<td>Ratings of trustworthiness</td>
<td>-5.164</td>
<td>2.203</td>
<td>-.293*</td>
</tr>
<tr>
<td>Ratings of deceptiveness</td>
<td>0.680</td>
<td>2.058</td>
<td>.038</td>
</tr>
<tr>
<td>Advisors’ public confidence</td>
<td>0.150</td>
<td>0.199</td>
<td>.066</td>
</tr>
<tr>
<td>Advisors’ accuracy</td>
<td>1.788</td>
<td>0.412</td>
<td>.380**</td>
</tr>
</tbody>
</table>

Note. $R^2 = .595$, Adjusted $R^2 = .559$, * $p < .05$ * $p < .001$
Advice utilisation was found to be the best predictor of clients’ decision accuracy explaining uniquely for 20.88% of the variance. As advice utilisation got closer to 1 (complete advice utilisation) the clients’ decision accuracy was closer to zero (indicating higher accuracy). Advisors’ recommendation accuracy was also found to predict decision accuracy explaining uniquely for 13.62% of the variance. The more accurate the advisors’ recommendation was, the more accurate the clients’ recommendation was (values closer to zero). In addition, clients’ ratings of their advisor’s trustworthiness were previously found to predict advice utilisation and also predict clients’ decision accuracy explaining uniquely for 3.96% of the variance. The higher the clients rated their advisor’s trustworthiness, the more accurate the clients’ decision accuracy was.

4.4.4 Clients’ Confidence

A mixed-design ANOVA was conducted to assess the impact that the three different financial incentives have on clients’ pre and post-advice confidence (see Figure 4.4). There was no significant difference between the three conditions regarding clients’ pre-advice confidence, $F(2, 59) = 2.690, p = .076$. However, there was also no significant difference between the conditions regarding their post-advice confidence, $F(2, 59) = 0.288, p = .751$. There was a main effect for type of confidence (pre-advice and post-advice confidence), $F(1, 59) = 24.769, p < .001$, partial eta squared = .296. This demonstrates that across all conditions clients’ confidence was higher post-advice ($M = 69.23\%, SD = 16.05$) than pre-advice confidence ($M = 56.93\%, SD = 19.32$). Post-hoc testing using pairwise comparisons of the estimated marginal means with Bonferroni adjusted $\alpha$ levels revealed that clients’ confidence increased when they received advice from a performance-based advisor, $F(1, 59) = 23.77, p < .001$, partial eta squared = .287, but did not reach significance when they received advice from a commission-based advisor ($F(1, 59) = 3.857, p = .054$) and a flat-fee advisor ($F(1, 59) = 3.268, p = .076$).
Figure 4.4. Clients’ mean pre-advice and post-advice confidence for each financial incentive conditions.

A standard multiple regression model explored whether clients’ confidence was predicted by clients’ rating of their advisor’s trustworthiness, clients’ ratings of advisor’s deceptiveness, advisors’ confidence, advisors’ recommendation accuracy, and advice utilisation but was found to be non-significant, $F(5, 56) = 1.185, p = .328$.

4.5 Discussion

The aim of this chapter and past JAS studies was to explore conditions that encourage advice utilisation with the goal of enhancing decision accuracy and confidence. However, it focuses on a unique aspect relating to the impact that the way in which the client pays their advisor has on the advice taking process and client outcomes.

Hypothesis 4.1 predicted that the advisors’ financial incentive type will impact the clients’ ratings of the advisor’s trustworthiness. In support of this hypothesis, the results indicated that advisors who were given a performance-based financial incentive were rated as more trustworthy than advisors who were given a commission-based financial incentive. There was no significant difference between how flat-fee advisors were rated compared to the commission-based and performance-based advisors.

Hypothesis 4.1 also predicted that the advisors’ financial incentive type will impact the clients’ ratings of the advisor’s deceptiveness. Again in support of this
the results indicated that advisors who were given a commission-based financial incentive were rated as more deceptive than performance-based financial incentive advisors. There was no significant difference between how flat-fee advisors were rated and the other two financial incentives. As commission-based advisors were, in fact, found to be more motivated to deceive their clients than the performance-based advisors (measured within chapter three), it would suggest that informing clients of the way in which they are paying their advisor makes them suspicious of their motives. This finding supports previous research that demonstrates that being suspicious of their partners intentions made participants more accurate at detecting deception (McCormack & Levine, 1990).

Hypothesis 4.1 also predicted that the advisors’ financial incentive type will impact advice utilisation. The results supported this as advice was utilised more from performance-based advisors than commission-based advisors. There was no significant difference between the extent to which clients utilised advice received from a flat-fee advisor and the other advisors. The findings support past research that highlighted the benefit of performance-contingent incentives for advice utilisation (Sniezek, et al., 2004). Although past research has found that paying for advice enhances the chance of the client utilising the advice (Gino, 2008), the current results enhance our understanding further by highlighting that using financial incentives to encourage advice utilisation is dependent on the type of financial incentive given. This is therefore an important consideration to be made when using financial incentives to enhance advice utilisation.

Hypothesis 4.2 predicted that the clients’ ratings of the advisor’s trustworthiness and deceptiveness would predict advice utilisation. In support of this, the clients’ ratings of their advisor’s trustworthiness were found to predict advice utilisation so that the higher the clients’ ratings of their advisor’s trustworthiness the more advice they would take. This supports previous findings that trust predicts advice utilisation (Jungermann, 1999; Jungermann & Fischer, 2005; Sniezek, et al., 1998; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005). However, the hypothesis was not supported as clients’ perception of the advisor’s deceptiveness was not found to predict advice utilisation. Past research has found that being suspicious of advisors’ intentions makes clients less likely to utilise their advice (Jodlbauer & Jonas, 2011; Van Swol, 2009) as they have a negative view of them (Fein & Hilton, 1994). However, these results
suggest that having a positive view of an advisor is more important than not having a negative view for advice utilisation.

It was also predicted that the advisors’ recommendation accuracy and the advisors’ confidence would predict advice utilisation (hypothesis 4.2). The results indicated that the advisors’ recommendation accuracy did not predict advice utilisation, which does not support previous findings that advice utilisation is linked to advice quality (Jungermann, 1999; Yaniv & Kleinberger, 2000). Radzhevick and Moore (2009) found that high confidence was more important than having the correct answers for advice utilisation. However, the results indicated that advisors’ confidence did not predict advice utilisation either. This does not support previous findings that advice given by a confident advisor is utilised more than less confident counterparts (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Buckley, 1995; Van Swol & Sniezek, 2005; Yaniv, 1997). As the results indicated that the clients’ ratings of the advisor’s trustworthiness predicted advice utilisation, whereas the advisors’ confidence did not predict advice utilisation, the results do not support Van Swol and Sniezek’s (2005) finding that the advisors’ confidence was a better predictor of advice utilisation than clients’ ratings of their advisor’s trustworthiness. Therefore, the results suggest that when clients are suspicious of their advisor’s intentions due to their financial incentive, the impact of being a confident advisor and providing high quality advice will decrease. Rather, it is how trustworthy they see their advisor that is most important to influence advice utilisation.

Hypothesis 4.3 predicted that the advisors’ financial incentive type will impact the clients’ final decision accuracy. In support of this, clients whose advisor had a performance-based financial incentive were found to be significantly more accurate in their estimates than commission-based advisors. There was no significant difference in clients’ accuracy when clients received advice from flat-fee advisors and the other types of advisors.

Further to this, it was predicted that clients’ final decision accuracy will be predicted by the clients’ ratings of their advisor’s trustworthiness, deceptiveness, advisors’ recommendation accuracy, advisors’ confidence, and advice utilisation (hypothesis 4.4). Firstly, advice utilisation was found to be the best predictor of the clients’ accuracy. This supports past findings that utilising advice increases clients’ decision accuracy (Gardner & Berry, 1995; Sniezek, et al., 2004; Yaniv, 2004a). In
addition, although the advisors’ recommendation accuracy was not found to predict advice utilisation, it was found to predict the clients’ accuracy. This supports past findings that advisors’ accuracy is linked to the clients’ final decision accuracy (Sniezek, et al., 2004). Clients’ final decision accuracy was also found to be predicted by the clients’ ratings of their advisor’s trustworthiness but was not found to predict the clients’ ratings of their advisor’s deceptiveness or the advisors’ public confidence. This demonstrates that having a positive view of the advisor is more important with regards to clients’ decision accuracy than high confidence and deceptiveness.

In summary, Figure 4.5 gives a visual representation of the significant results. The dashed lines demonstrate that the advisors’ financial incentive type impacts the clients’ ratings of the advisor’s trustworthiness, advice utilisation, and clients’ decision accuracy. However, the advisors’ financial incentive type was not found to impact the advisors’ recommendation accuracy (within chapter three). The solid lines demonstrate that the clients’ ratings of their advisor’s trustworthiness predict advice utilisation, which predicts clients’ decision accuracy. Advisors’ recommendation accuracy did not predict advice utilisation but did predict clients’ decision accuracy.

Figure 4.5. The relationship between the financial incentive type, clients’ ratings of advisor’s trustworthiness, advice utilisation, advisors’ recommendation accuracy, and clients’ decision accuracy.
The results demonstrate that clients’ decision accuracy was higher for clients who received advice from a performance-based advisor compared to advice received from a commission-based advisor. This was because clients rated performance-based advisors as more trustworthy and therefore utilised more of their advice. However, the results from chapter three indicated that there was no significant difference between advisors’ accuracy and motivation to produce high quality advice between the performance-based and commission-based advisors. Therefore, clients who received advice from a commission-based advisor did not utilise the advice optimally due to their negative perception of their advisor’s trustworthiness. This highlights that although making clients suspicious of their advisor’s intentions (due to their financial incentive type) makes them better at detecting deceptive confidence levels, this was in fact detrimental to the clients’ performance as their decision accuracy was lower.

This has some serious practical implications for advice-giving and taking. From the clients’ perspective, it seems that not trusting their advisors due to their final incentive has a detrimental impact on the clients’ performance because they do not utilise the advice optimally. Therefore, from an advisor’s perspective, when their incentive is commission-based, it would be crucial to ensure that their clients were unaware of their type of financial incentive. Being naïve of their advisor’s financial incentive may be essential for an optimal advice-client relationship when the advisor’s financial incentive is commission-based. However, it would benefit advisors if their clients were aware of their financial incentive type if it was based on their client’s performance, as this encouraged advice utilisation.

Finally, predictions were made regarding the clients’ final confidence. It was predicted that the advisors’ financial incentive type would impact the clients’ public confidence (Hypothesis 4.3). This was not supported as there was no significant difference between the advisors’ financial incentive conditions and clients’ final confidence. Instead, clients’ final confidence in their estimate increased when advice was received from all advisors, which supports past research (Heath & Gonzalez, 1995; Savadori, Van Swol, & Sniezek, 2001).

It was also predicted that clients’ final confidence would be predicted by the clients’ ratings of their advisor’s trustworthiness, deceptiveness, advisors’ recommendation accuracy, public confidence, and advice utilisation (hypothesis 4.4). Advice utilisation was not found to predict clients’ final confidence. This does not
support previous findings that suggest that utilising advice increases clients’ confidence (Heath & Gonzalez, 1995). Clients’ final confidence was also not predicted by advisors’ accuracy, which does not support past findings that post-advice confidence increases with advisors’ accuracy (Budescu, Rantilla, Yu, & Karellitz, 2003). In addition, clients’ final confidence was not predicted by the clients’ ratings of their advisor’s trustworthiness, deceptiveness, or advisors’ public confidence. The results suggest that receiving advice in general increases the clients’ confidence, rather than being influenced by the clients’ perception of the advisor, the advisors’ recommendation accuracy, public confidence, and whether they utilised the advice or not.

4.6 Conclusions and next chapter

The current study demonstrates that the type of financial incentive given to an advisor impacts clients’ ratings of the advisor’s trustworthiness and advice utilisation. Clients who received advice from performance-based advisors rated their advisor as more trustworthy and utilised the advice more compared to those who received advice from commission-based advisors (there was no difference between the flat-fee advisors and the other conditions). The clients’ ratings of advisors’ trustworthiness and advice utilisation were found to predict the clients’ final decision accuracy but not the clients’ decision confidence. In addition, advisors’ recommendation accuracy was not found to predict advice utilisation but did predict the clients’ final decision accuracy.

The rest of the thesis will continue to explore an area that has been under researched in past literature: how external motivators impact the advice that is given. To do so, the following chapters will solely focus on the advice giver. Past research has found that the type of decision task has impacted on the outcomes of the JAS interaction (see Bonaccio & Dalal, 2006). Therefore, chapter five will explore whether the type of financial incentive available to the advisor will impact advice quality and how the advice is given when using a choice task (see Figure 4.6). In addition, past research has used choice tasks to explore how advisors deal with the information available to them (e.g. Mackinger & Jonas, 2012). The acquisition of information will be used as a measure of advice quality to assess how much effort the advisor puts in when constructing advice, which was not examine within the estimation task.
Figure 4.6. Chapter five will explore the impact of the advisors’ financial incentive type on advice quality and how the advice is given using a choice task.
CHAPTER 5: THE EFFECT OF FINANCIAL INCENTIVES ON ADVICE QUALITY, INFORMATION ACQUISITION, AND ADVISORS’ CONFIDENCE USING A CHOICE TASK

5.1 Abstract

The present research examined how different types of financial incentives impacted advice quality and advisors’ confidence during a choice task. Participants \((N = 86)\) completed an online study that required them to construct and give advice to different clients looking to buy mobile phone contracts. They were assigned to one of four different financial incentive conditions: flat-fee, commission-based, performance-based, and no financial incentive. The results indicated that flat-fee advisors’ self-reported motivation to advise more clients was significantly higher than performance-based advisors’. There was no significant difference between conditions regarding recommendation accuracy, recommendation quantity, and information acquisition. All advisors increased their confidence but there was no significant difference between the conditions. The results imply that the advisors’ financial incentive does not impact advice quality and advisors’ confidence. The results suggest that the amount of interaction between the advisor and client is important regarding the impact of financial incentives.

5.2 Introduction

The Judge-Advisor System (JAS) was introduced to explore situations that involved decisions being made after consulting others for advice (Sniezek & Buckley, 1995). The JAS has often consisted of one or more advisors who provide a recommendation to a single judge, referred to as the client, who makes the final decision. So far, this thesis has explored a client-advisor scenario, which involves one advisor and one client. This chapter explores a different structure that has not been explored to the same extent within the JAS literature (see Bonaccio & Dalal, 2006), involving a single advisor providing recommendations for many clients.
This thesis has begun to explore the impact that three different types of financial incentives have on advice quality and advisors’ confidence. To do so, it has used an estimation task, which involved estimating the prices of used mobile phones. However, Bonaccio and Dalal (2006) highlight that there are important differences between estimation and choice tasks and these differences will impact advisors’ outcomes. As there are many types of advice-giving tasks in real life settings, it is important to explore whether the impact of different types of financial incentives is consistent across tasks, which the current chapter aims to achieve.

One difference between estimation and choice tasks identified by Bonaccio and Dalal (2006) relates to the advisors’ recommendation measurement scale. Within an estimation task, advisors make quantitative estimates based on their knowledge, such as estimating the prices of consumer goods (e.g. Sniezek, Schrah, & Dalal, 2004). Choice tasks, on the other hand, provide qualitatively different answers from which the advisor must choose, for example multiple-choice questions (e.g. Sniezek & Van Swol, 2001). The two tasks differ in terms of the ease with which the ‘correct’ answer can be obtained. An estimation task measures how close the recommendation is to the ‘real’ value; whereas typically within a choice task, the selection of an alternative is either right or wrong. Choice tasks may also provide different options that can be ranked in terms of how optimal they are (e.g. Lee & O’Connor, 2007). The choice task used within this chapter provides five options to the advisor and is measured in terms of how well they meet the requirements of their clients. Therefore, the options range from the most optimal recommendation to the least optimal recommendation.

Thus far, this thesis has explored the impact of the advisors’ financial incentive type when the advisor and the client were interacting in real time via computer mediated communications. Bonaccio and Dalal (2006) highlighted that the amount of interaction between the advisor and client will impact their outcomes. Past JAS studies have differed in the amount of interaction between the advisor and the client. Some studies allowed the advisor and clients to interact verbally in person (Savadori, Van Swol, Sniezek, 2001; Van Swol & Ludutsky, 2007; Van Swol & Sniezek, 2005). Other studies had the advisors and clients seated close to each other in the same experimental room, communicating in writing (Dalal, 2001; Sniezek & Van Swol, 2001). Experimental designs also included advisors’ recommendations that have been collected separately and provided to the client without any personal interactions.
(Schrah, Dalal, & Sniezek, 2006; Yaniv & Kleinberger, 2000). Clients have also been given advice that they were told had come from true advisors, but there were in fact no advisors (Budescu & Rantilla, 2000; Budescu, Rantilla, Yu, & Karelitz, 2003; Harvey & Fischer, 1997). The latter is a similar method to that which will be used within the current chapter but from the advisors’ perspective. Therefore, the advisor will believe that their advice is being sent to a client; however there will actually be no client participants. In real-life advice-giving situations, advisors can be required to give recommendations without meeting their clients. It is therefore important to consider how the amount of interaction between the advisor and the client impacts advisors’ outcomes, which has been neglected within past literature. The current chapter aims to explore this by using a different interaction method to that which has been used previously within chapter three.

One aspect that has been explored using choice tasks within the JAS literature is the advisors’ information acquisition (e.g. Jonas & Frey, 2003). Past research has argued that providing task information is a form of advice because it aids the decision making process (Dalal & Bonaccio, 2010). Schrah, et al. (2006) make a clear distinction between the two. Task information would inform the decision maker of one attribute about one alternative. It is descriptive and there is no chance of error when receiving this information. Advice, on the other hand, acts as a summary of the information to the decision maker. It is prescriptive in nature and represents the advisor’s interpretation or opinion of the task information received.

However, acquiring more task information can aid the advisor in constructing high quality advice. Advice quality within a choice task can be examined by exploring the accuracy of the recommendation provided, the number of clients advised, and the amount of information acquired to construct their advice. The more information the advisor obtains the more equipped they are to make an optimal decision. Therefore, higher information acquisition is a measure of advice quality. To check this, it is predicted that advisors’ information acquisition will be positively related to advisors’ recommendation accuracy.

Advisors’ information acquisition and the accuracy of the advisors’ recommendation have been found to be impacted by the opportunity to obtain a financial incentive. Mackinger and Jonas (2012) found that advisors were more likely to pass on biased information for an option that gained them a financial incentive.
However, Sniezek, et al. (2004) found that when clients allocated some of their financial reward to their advisor, the advisor’s recommendation was more accurate. These studies only explored whether the financial incentive was present or absent. This chapter aims to explore the impact that different types of financial incentives have on advice quality.

Chapter three explored the impact of three difference types of financial incentives on advice quality. A commission-based financial incentive involved advisors being paid based on whether their clients utilise their advice. A performance-based financial incentive involved advisors being paid only when their client made good decisions. Finally, a flat-fee financial incentive involved advisors being paid for each client that they advised. Abernathy (2003) theoretically identifies that flat-fee incentives encourage advisors to provide generic advice, to enable them to get through more pieces of advice. Commission-based incentives encourage advisors to persuade their client to take their advice more than is optimal. Performance-based incentives, on the other hand, encourage the advisor’s and client’s goals to be aligned and so produce more optimal advice.

However, the findings of chapter three only partially support Abernathy’s (2003) theory. In support, the results indicated that flat-fee advisors were more motivated to get through more pieces of advice than performance-based and commission-based advisors. Also, commission-based advisors were more motivated to increase their public confidence, compared to their private confidence, than performance-based advisors. However, the results indicated that both performance-based and commission-based advisors were equally motivated to produce high quality advice, which was an unexpected finding. The results also suggest that in terms of the amount of advice actually provided, flat-fee advisors gave significantly more advice than commission-based advisors; however, there was no difference between the flat-fee advisors and performance-based advisors. Again, this is an unexpected finding in relation to Abernathy’s (2003) theory. The current chapter will explore whether this finding, which goes against Abernathy’s theory, is robust across decision tasks.

It will also include a fourth ‘no financial incentive’ condition. This will allow for clearer parallels to be made with studies that found that the advisors’ recommendation accuracy was higher when financial incentives were present compared to when they were absent (Sniezek, et al., 2004). Therefore, it is predicted that the four
financial incentive conditions will impact the advisors’ self-reported motivation to produce high quality advice and their motivation to get through as many clients as possible. It is also predicted that the four financial incentive conditions will impact the quality of the advice as measured by the accuracy of the recommendation provided, the amount of fictitious clients advised, and the amount of information acquired by the advisor.

The current chapter also aims to explore the impact of four different types of financial incentives on how the advice is given. Chapter three found that commission-based advisors were more motivated to increase their confidence in comparison to performance-based advisors, but not flat-fee advisors. In addition, commission-based advisors were found to increase their confidence more than both performance-based and flat-fee advisors. This is consistent with past research that has found that when there is a financial incentive available based on whether the client utilises their advice, advisors increase their confidence (Van Swol, 2009). This is because confidence can be a method of persuasion between an advisor and their client. This is due to the belief that high confidence indicates greater accuracy, known as the confidence heuristic (Price & Stone, 2004; Thomas & McFadyen, 1995). Therefore, an advisor may take advantage of this and appear highly confident to increase advice utilisation. Radzevick and Moore (2011) found that when advisors were required to sell their advice they intentionally appeared overconfident. To examine whether this is a robust finding across decision tasks, it is predicted that the advisors’ financial incentive type will impact the advisors’ self-reported motivation to deceive their client regarding how confident they felt in their recommendation. It will also impact the amount that the advisor changes their public confidence compared to their private confidence, as well as whether the advisors’ financial incentive type will impact the advisors’ public confidence.

In summary, it is predicted that the four financial incentive conditions (commission-based, performance-based, flat-fee, and no financial incentive) will impact:

-Hypothesis 5.1 The advisors’ self-reported motivation to produce high quality advice.
-Hypothesis 5.2 The advisors’ self-reported motivation to get through as many clients as possible.
Hypothesis 5.3 The quality of the advice provided as measured by recommendation accuracy.

Hypothesis 5.4 The quality of the advice provided as measured by recommendation quantity.

Hypothesis 5.5 The quality of the advice provided as measured by information acquisition.

Hypothesis 5.6 The advisors’ self-reported motivation to deceive their client regarding how confident they felt in their recommendation.

Hypothesis 5.7 The amount that the advisor changes their public confidence compared to their private confidence when giving advice.

Hypothesis 5.8. The advisors’ public confidence.

5.3 Method

5.3.1 Participants

Eighty six University of Leicester students completed the study, their ages ranged from 18-34 years (\(M = 19.52, SD = 2.26\)). There were 5 males and 81 females. Participants volunteered for the study to enable them to fulfil a requirement of their psychology course.

5.3.2 Design

A between-subjects design was used with the independent variable being financial incentive condition with four levels: flat-fee (\(N = 22\)), commission-based (\(N = 23\)), performance-based (\(N = 21\)), and no financial incentive (\(N = 20\)). Participants were assigned to each condition randomly, determined by the computer program. The dependent variables measured include: advisors’ self-reported motivation to produce high quality advice; advisors’ self-reported motivation to get through as much advice as possible; advisors’ recommendation accuracy; quantity of advice provided; amount of information acquired; advisors’ self-reported motivation to deceive their client regarding their confidence; advisors’ private confidence (not seen by their clients); and advisors’ public confidence (how confident they appeared to their clients).
5.3.3 Choice task

Participants were presented with the scenario that they worked for an online mobile phone comparison site. Their role was to advise each of the clients regarding which mobile contract they should purchase; a common advice-giving and receiving encounter. At the beginning of the task, all the information available to the participant was hidden (see Figure 5.1).

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<thead>
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<th>Ideally want</th>
<th>Will allow</th>
<th>Do not want</th>
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<td>Make of handset</td>
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<td>Handset cost (£)</td>
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<td>Network</td>
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<td>Line rental cost (£)</td>
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<td>Term</td>
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<td>No. of Minutes</td>
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<td></td>
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<tr>
<td>No. of Text</td>
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**Figure 5.1.** Choice task tables at the beginning of the task

The information available included what each of their clients ideally wanted from their contract, what they would allow, and what they did not want. This was in relation to seven aspects of the contract: handset make, handset cost, mobile network, line rental cost, the contract term, number of minutes included, and number of texts included. The participants were presented with five different contracts which varied in how well they matched the client’s requirements. It took two seconds to acquire each piece of information and the participants made the decision regarding how much information to acquire (see Figure 5.2).
5.3.4 Financial incentive

Participants were assigned to one of four financial incentive conditions. There were four prizes of £25 for the advisor in each of the conditions that made the most pretend money. A flat-fee financial incentive advisor was told that they would receive £5 pretend money for each client advised. A commission-based incentive advisor was told that they would receive £5 pretend money if their client took their advice. A performance-based incentive advisor was told that they would receive pretend money based on their clients’ performance: £5 if their client chose the contract that met most of their requirements through to £1 if their client chose the contract that met the fewest of their requirements. In fact, as there were no client participants, commission-based and performance-based advisors won pretend money based on how well their recommendation matched the requirements of their fictitious clients. They received £1 for matching the contract that satisfied the least amount of the client’s requirements, through to £5 for matching the most of the client’s requirements. The participants in the no financial incentive condition did not receive pretend money.

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<th>Make of handset</th>
<th>Ideally want</th>
<th>Will allow</th>
<th>Do not want</th>
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<tbody>
<tr>
<td>Handset cost (£)</td>
<td>10</td>
<td>25</td>
<td>30</td>
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<tr>
<td>Network</td>
<td>Tesco</td>
<td>Virgin</td>
<td>Talk mobile</td>
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<tr>
<td>Line rental cost (£)</td>
<td>10</td>
<td>15</td>
<td>20</td>
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<tr>
<td>Term</td>
<td>16 months</td>
<td>18 months</td>
<td>22 months</td>
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<tr>
<td>No. of Minutes</td>
<td>200</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>No. of Text</td>
<td>Unlimited</td>
<td>3000</td>
<td>2000</td>
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<td>Handset cost (£)</td>
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<td>Network</td>
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<td>Line rental cost (£)</td>
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<td>No. of Minutes</td>
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<tr>
<td>No. of Text</td>
<td>Unlimited</td>
<td>2000</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>3000</td>
</tr>
</tbody>
</table>

Figure 5.2. Choice task tables when all the information is revealed.

There were four prizes of £25. The flat-fee, commission-based, and performance-based advisors were told at the start that whoever made the most pretend money within their condition would win one of the prizes. The prize money was used to encourage the participants to adopt the financial incentive condition they were assigned.
The advisors in the no financial incentive condition were not told about the £25 until the end of the task, and the prize was allotted by a raffle.

5.3.5 Procedure

Participants signed up to the study through the university ‘Experiment Participation Requirement’ system. They were then required to click the experiment webpage link to take them to the experiment straight away. Participants read the consent statement, and indicated agreement to participant in the study by clicking a button that said ‘confirm consent’, which took participants to the first instructions screen (see Appendix D). The allocation of the condition the participants were assigned to was randomly determined by the computer program. Participants were given instructions regarding the choice task and were given a practice example to go through. Participants then had twenty minutes to complete the study, during which they chose how many clients to advise (up to 30). It was up to them to decide how much information to acquire as each piece of information took two seconds to reveal. They were required to say how privately confident they were in their recommendation. The participants were then asked to fill in what contract recommendation they wanted to give and how confident they wanted to appear to their fictitious client. After the twenty minutes, participants were asked to complete a questionnaire about their motivation: a) ‘How motivated were you to produce the best advice for your clients?’; b) ‘How motivated were you to get through as many clients without worrying about constructing the best possible advice?’; c) ‘Were you motivated to deceive your customer regarding how confident you felt in your recommendation?’ Advisors responded on a 7-point scale: from 1 representing ‘highly unmotivated’ to 7 representing ‘highly motivated’ (all the materials used within this study can be found on the materials CD, Appendix J).

Participants were given a full debrief via email once all the data had been collected and informed that their recommendations were collected for analysis purpose only and were not passed on to another participant. Four prizes of £25 were given to one participant in each condition. All participants were then debriefed and thanked (see Appendix D).
5.3.6 Data Analysis

Recommendation accuracy was measured by giving a value for each contract, 5 if the advisor chose the contract that matches the greatest amount of their client’s requirements, 4 for the 4th ranked contract, 3 for the 3rd ranked contract, 2 for the 2nd ranked contract, and 1 for the contract that least matches the client’s requirements. Accuracy for each contract was totalled and then divided by the total number of fictitious clients recommended. The amount of information acquired was totalled and then divided by the total number of fictitious clients recommended. Advisors’ private confidence was totalled and then divided by the total number of fictitious clients recommended; as well as the advisors’ public confidence being totalled and then divided by the total number of fictitious clients recommended. The difference between the advisors’ public and private confidence was also calculated. The criterion for all statistical significance is $p < .05$.

A Pearson’s product-moment correlation coefficient explored whether there was a relationship between the amount of information acquired by the advisor and their recommendation accuracy, to confirm the validity of information acquisition being used as a measure of advice quality. Information acquisition was positively correlated with total information acquisition, $r (86) = .512, p < .001$ (see Figure 5.1).

![Figure 5.1](image_url)
5.4 Results

5.4.1 Advice quality

5.4.1.1 Quality Motivation

A one-way between-subjects ANOVA was conducted to explore whether there was a significant difference between the four financial incentive conditions regarding the advisors’ motivation to produce high quality advice. Values ranged from 1 (highly unmotivated) to 7 (highly motivated). The results indicated no significant differences between the conditions, $F(3,82) = 0.252, p = .860$ (see Figure 5.4).

![Figure 5.4](image.png)

Figure 5.4. Advisors’ mean quality and quantity motivation for each of the different financial incentive conditions.

5.4.1.2 Quantity motivation

A one-way between-subjects ANOVA results indicated a significant difference between the four financial incentive conditions regarding the advisors’ motivation to get through as many pieces of advice as possible, $F(3, 82) = 3.353, p = .023$, partial eta squared $= .109$ Pairwise comparisons using Tukey’s HSD test revealed that flat-fee advisors were more motivated ($M = 4.45, SD = 0.33$) than performance-based advisors ($M = 2.76, SD = 1.70$) regarding their motivation to get through as many clients as possible ($p = .012$). There was no significant difference between the flat-fee and the commission-based advisors ($M = 3.57, SD = 1.81, p = .337$); the flat-fee and the no
financial incentive condition \((M = 3.80, SD = 1.99, p = .629)\); the commission-based and performance-based incentive conditions, \((p = .439)\); the commission-based and the no financial incentive condition, \((p = .972)\); and the performance-based and the no financial incentive condition \((p = .245\), see Figure 5.4)

### 5.4.1.3 Recommendation accuracy

A one-way between-subjects ANOVA was conducted to assess the impact that the four different financial incentives have on advisors’ recommendation accuracy. There was no significant difference between the four financial incentive conditions, \(F(3, 82) = 0.656, p = .581\).

### 5.4.1.4 Advice quantity

A one-way between-subjects ANOVA results indicated no significant difference in the amount of clients advised depending on the advisors’ financial incentive condition, \(F(3, 82) = 0.271, p = .846\).

### 5.4.1.5 Information acquisition

A one-way between-subjects ANOVA results indicated no significant difference in the amount of information acquired depending on the advisors’ financial incentive condition, \(F(3, 82) = 0.221, p = .882\).

### 5.4.2 How the advice is given

#### 5.4.2.1 Confidence motivation

A one-way between-subjects ANOVA was conducted to explore whether there was a significant difference between the four financial incentive conditions regarding the participants’ self-reported motivation to deceive their client regarding how confident they were in their advice. Values ranged from 1 (highly unmotivated) to 7 (highly motivated). The results indicated no significant differences between the conditions, \(F(3, 82) = 1.321, p = .273\).
5.4.2.2 Advisors’ Confidence

A mixed ANOVA was conducted to assess the impact that the four different financial incentives conditions have on advisors’ private confidence and final confidence (see Figure 5.5). As expected, there was no significant difference between the four conditions regarding their private confidence, \( F(3, 82) = 0.568, p = .637 \). However, there was also no significant difference between the conditions regarding their public confidence, \( F(3, 82) = 0.800, p = .497 \).

There was a main effect for confidence type of confidence (private and public confidence), \( F(1, 82) = 45.806, p < .001 \), partial eta squared = .358. Across all conditions, advisors’ public confidence was higher (\( M = 85.81\%, SD = 10.17 \)) than advisors’ private confidence (\( M = 81.01\%, SD = 10.43 \)). Post-hoc testing using pairwise comparisons of the estimated marginal means with Bonferroni adjusted \( \alpha \) levels revealed that all four financial incentive conditions increased their confidence: Flat-fee, \( F(1, 82) = 7.842, p = .006 \), partial eta squared = .087; commission-based, \( F(1, 82) = 17.056, p > .001 \), partial eta squared = .172; performance-based, \( F(1, 82) = 20.731, p > .001 \), partial eta squared = .202; no financial incentive, \( F(1, 82) = 4.446, p = .038 \), partial eta squared = .051.

![Figure 5.5. Advisors’ mean private and public confidence levels for each of the three financial incentive conditions.](image)

A one-way between-groups ANOVA examined whether there were any significant differences in how much the advisors changed their confidence between the
four financial incentive conditions. There was no significant difference in advisors’
change in confidence depending on their financial incentive, $F(3, 82) = 1.193, p = .318.$

5.5 Discussion

This chapter explored the impact that four types of financial incentives (flat-fee,
commission-based, performance-based, and no financial incentive) have on advice
quality and advisors’ confidence within a choice task. It was predicted that the four
types of financial incentives would impact the advisors’ self-reported motivation to
produce high quality advice (hypothesis 5.1) and the advisors’ self-reported motivation
to get through as many clients as possible (hypothesis 5.2). The results do not support
hypothesis 5.1 as there was no significant difference between conditions regarding
advisors’ motivation to produce high quality advice. The results did find that advisors
who were given a flat-fee financial incentive were more motivated to get through more
clients, compared to advisors who were given a performance-based financial incentive.
This supports hypothesis 5.2 and Abernathy’s (2003) suggestion that flat-fee financial
incentives encourage advisors to get through more advice. However, the results extend
Abernathy’s theory as they suggest that flat-fee advisors are only more motivated to get
through more pieces of advice compared to advisors who receive an incentive based on
their client’s performance. The results do not suggest that flat-fee advisors are more
motivated to get through more clients compared to advisors who receive a commission-
based incentive or no financial incentive.

Exploring the quality of the advice provided, it was predicted that the four
financial incentives would impact the recommendation accuracy (hypothesis 5.3),
quantity of recommendations (hypothesis 5.4), and amount of information acquired
(hypothesis 5.5). The hypotheses were not supported as there was no significant
difference between the advisors’ financial incentive conditions regarding
recommendation accuracy, the number of clients advised, and the amount of
information acquired. This is consistent with findings from chapter three, as there was
no significant difference between conditions regarding the advisors’ recommendation
accuracy. This does not support past research that the presence of a financial incentive
increases recommendation accuracy (Sniezek, et al., 2004). Although the results
indicated that flat-fee advisors self-reported that they were more motivated to get
through more pieces of advice, supporting Abernathy (2003), this did not translate into significantly greater numbers of clients being advised.

The results from chapter three indicated that performance-based and commission-based financial incentives increased advisors’ self-reported motivation to produce high quality advice compared to flat-fee financial incentive (hypothesis 3.1). The results from this study did not find this to be the case. One possible reason for this difference is due to the impact of the interaction between the client and the advisor. Hedlund, Ilgen, and Hollenbeck (1998) found that the greater interaction between the advisor and the client (e.g. face-to-face interactions compared to computer mediated interactions) encouraged advisors to give more accurate recommendations and acquire more task information. Therefore, it may be that the performance-based and commission-based financial incentives do not have the same impact on advice quality when there is no interaction between the advisor and the client. Future research would benefit from exploring the impact of different types of financial incentives when the interaction is increased to face-to-face interactions to explore whether it impacts advice quality.

With regards to how the advice is given, it was predicted that the four financial incentive conditions will impact advisors’ self-reported motivation to deceive their client regarding how confident they felt in their recommendation (hypothesis 5.6), the amount the advisor changed their public confidence compared to their private confidence (hypothesis 5.7), and will impact advisors’ public confidence (hypothesis 5.8). The results did not support hypothesis 5.6, as there was no difference between conditions regarding how motivated they were to increase their confidence to their clients. The results indicated that all advisors increased their public confidence to the clients compared to how privately confident they felt. However, the results did not support hypotheses 5.6 as there was no significant difference between the different financial incentive conditions regarding how much they changed their public confidence. Also, the results did not yield any significant differences between advisors’ public confidence, which does not support hypothesis 5.8. Radzevick and Moore (2011) found that advisors increased their confidence in order to sell their advice and receive a financial incentive. However, the results suggest that advisors will increase their public confidence compared to their private confidence regardless of whether there is a financial incentive or not.
These results are not consistent with chapter three that revealed that advisors who were given commission-based financial incentives inflated their confidence more than flat-fee and performance-based financial incentives. They are also not consistent with Van Swol (2009) finding that advisors increased their confidence more when their incentive was to get their client to utilise their advice, than when their incentive was to help their client make good decisions. This may also be explained due to the fact that the advisor and client were not interacting with each other. The results suggest that advisors may not consider increasing their confidence as a beneficial strategy when they are not interacting with their client as they may not feel it would have the same influence as when they are interacting with their client.

5.6 Conclusions and next chapter

The results from this study imply that the type of financial incentive given to an advisor does not impact on the quality of advice, in terms of recommendation accuracy and information acquisition. However, advisors who were paid a flat-fee financial incentive reported themselves as being more motivated to get through more pieces of advice than advisors who were paid a performance-based financial incentive. However, there was no difference in advisors’ behaviour as measured by the number of clients advised. The results also indicated that although all advisors increased their public confidence to their clients, compared to their private confidence, there was no significant difference between the different financial incentive conditions. The findings do not support past research or the findings within chapter three, which may be due to there being no interaction between the advisor and the client.

The research from chapter three and the current chapter has begun to explore the impact that different types of financial incentives have on advice quality and how the advice is given. In addition, the decision tasks developed offer an opportunity to explore the impact that other external factors have on advice quality and how the advice is given; including competition between advisors, which will be the focus of the next thesis chapter.

Within the current chapter, participants were in competition for a £25 prize for the best advisor in each condition (as measured by making the most pretend money). However, competition has been found to have a different impact on performance
depending on the interdependence within the task, which relates to whether the two advisors are required to coordinate their efforts or whether the advisors’ performance is measured independently (Stanne, Johnson, & Johnson, 1999). Within the current chapter, the advisors were required to advise different clients and each advisor’s performance was measured independently. The next chapter is going to explore the impact of having more than one advisor whose role is to advise the same clients and therefore there is interdependence within the task. Hence, exploring the impact of interdependent competition that is prevalent in many advice-giving encounters, on advice quality and how the advice is given within an estimation task (see Figure 5.6).

Figure 5.6. Chapter six will explore the impact of the competition between advisors on advice quality and how the advice is given using an estimation task.
CHAPTER 6: THE EFFECT OF COMPETITION FROM OTHER ADVISORS ON ADVICE QUALITY AND ADVISORS’ CONFIDENCE USING AN ESTIMATION TASK

6.1 Abstract

People will often seek advice when making important decisions. Although advisors will generally be motivated to give high quality advice they may have external influences impacting the advice that they give. Competition has been found to motivate advisors in different ways. The present research explored whether advice-giving motivations, processes, and outcomes are influenced by competition from another advisor. Participants \((N = 40)\) adopted the role of an advisor in an invented scenario experiment in which participants either believed that they were in competition with another participant advisor or they were the sole advisor. The results indicated that there was no significant difference between conditions regarding the accuracy of the advice, the quantity of advice, and advisors’ confidence. The results suggest that competition from another advisor does not influence advice quality and advisors’ confidence. The results are discussed in relation to research regarding motivation through competition, persuasion through confidence, and methodology limitations.

6.2 Introduction

The Judge-Advisor system (JAS, Sniezek & Buckley, 1995) captures that many decisions are often made after consulting others for advice but has focused primarily on the judge, referred to as the client (Bonaccio & Dalal, 2006). This thesis has thus far focused on the advisor and explored the impact that different types of financial incentives have on advice quality and how the advice is given. The main contribution of this chapter is to examine the impact of another external motivator: competition from another advisor.

Competition involves one individual trying to outperform the other individuals within the group (Kelley & Thibaut, 1969). Competitive environments are often
encouraged to help boost staff performance (Churchill, Ford, & Walker, 1997).
However, past research has debated whether competition promotes or diminishes
intrinsic motivation (e.g. Deutsch, 1949; Johnson & Johnson, 1989). Advisors may be
intrinsically motivated to give advice (i.e. the drive behind giving advice comes from
the activity itself) to maintain one’s self-image or concept (Combs, 1982; Purkey &
Stanley, 1991). However, extrinsic motivation has been found to undermine intrinsic
motivation (Deci, 1971), and early research found detrimental effects of competition as
it promoted negative behaviours and outcomes (Deci & Ryan, 1985).

Stanne, Johnson, and Johnson (1999) carried out a meta-analysis that found the
effect of competition, in comparison to cooperation, was dependent on the
interdependence within the task. Putting this in an advice-giving context, if the
competition between advisors was independent within the task (e.g. to advise as many
different clients within a certain period with no overlap of clients between the advisors),
then the research would suggest that an advisors’ intrinsic motivation and performance
would increase (Stanne, et al., 1999). If the competition involved interdependence
within the task (e.g. working with the same clients, with the possibility that one’s
actions can damage the others performance) then the research would suggest that an
advisor’s performance would decrease. However, the results from the meta-analysis
found that any type of competition leads to higher levels of performance in comparison
to when individuals are completing the task on their own (individual condition).

Within the current chapter, the advisors will be trying to get the same clients to
utilise their advice and therefore the competition is interdependent. It explores whether
competition from another advisor (two advisors recommending to the same clients),
compared to an individual condition (one advisor recommending to the same clients),
impacts advice quality. Past JAS literature has yet to explore the impact of competition
from another advisor on advice quality; however, the reviewed literature suggests that
competition does impact motivation and performance. It is predicted that competition
between advisors will impact advice quality within an estimation task that is measured
by: advisors’ motivation to produce high quality advice, advisors’ motivation to get
through as much advice as possible, accuracy of the recommendation provided, and the
amount of advice provided.

Previous research has found that advisors increase their confidence to encourage
their clients to utilise their advice (Chapter Three; Van Swol, 2009; but see Chapter
Five for an exception). This is due to the tendency of clients to believe that confidence is an indication of accuracy, known as the confidence heuristic (Price & Stone, 2004). Therefore, advice utilisation is more likely when given by a confident advisor. Competition has been found to increase the advisors’ public confidence when required to sell their advice (Radzevick & Moore, 2011). However, the unique aspect of this research is that past research has not explored the impact of competition on advisors’ confidence in the absence of financial incentives. It is predicted that competition between advisors will impact advisors’ self-reported motivation to deceive their clients regarding how confident they are, how much the advisor increases their public confidence compared to their private confidence, and impact the advisors’ public confidence.

In summary, it is predicted that the two competition conditions (competition and no competition) will impact:

*Hypothesis 6.1* The advisors’ self-reported motivation to produce high quality advice.

*Hypothesis 6.2* The advisors’ self-reported motivation to get through as many pieces of advice as possible.

*Hypothesis 6.3* The quality of the advice provided as measured by recommendation accuracy.

*Hypothesis 6.4* The quality of the advice provided as measured by recommendation quantity.

*Hypothesis 6.5* The advisors’ self-reported motivation to deceive their client regarding how confident they felt in their recommendation.

*Hypothesis 6.6* The amount that the advisor changes their public confidence compared to their private confidence when giving advice.

*Hypothesis 6.7* The advisors’ public confidence.

### 6.3 Method

#### 6.3.1 Participants

Forty University of Leicester undergraduate and masters students completed the study, their ages ranged from 18-23 years ($M = 19.63, SD = 1.08$). There were 8 males
and 32 females. Participants volunteered for the study to enable them to fulfil a requirement of their psychology course.

6.3.2 Design

A within-subjects design was used with the independent variable being competition with two levels: competition and no competition. The participants completed both conditions, which were counterbalanced across testing sessions. Therefore, some participants completed the competition conditions first and then the no competition condition, whereas other participants completed the conditions in the reverse order. The dependent variables measured include: advisors’ self-reported motivation to produce high quality advice; self-reported motivation to construct as much advice as possible; recommendation accuracy; quantity of advice; advisors’ self-reported motivation to deceive their clients regarding their confidence; advisors’ private confidence (not seen by their fictitious clients) and public confidence (how confident they appeared to their fictitious clients).

6.3.3 Estimation Task

The same estimation task was utilised as in chapter three (see Section 3.3.3). Participants were given an invented scenario that they had been assigned the role of an advisor working for a company called ‘Mobiles Make Money’, who buy and sell used mobile phones. The participants were told that their role was to advise the company on the best price at which to value the phones so the company could make the most money. Advisor participants were shown a five minute training programme that informed them of how best to use the information given to them within an information booklet. The training programme and information booklet were new developments for this study. The advisors were required to look up the brand new price of the phone and explore how well the phone had kept its value (a percentage of the new price) depending on different specifications of the phone. The more specifications the advisor looked up, the more precise percentage boundary they could work out and therefore they could provide a more accurate estimate of the second hand mobile phone price.

The information booklet was updated from chapter three so that as the participant progressed through the booklet the more accurate estimate they could obtain.
The ‘real’ price for each of the used mobile phones was determined by averaging the cash value across real companies offering money for used mobile phones that are compared on www.mobilevaluer.com. A programme was provided on screen that worked out the percentages for the participants to decrease the effect of individual mathematical ability.

6.3.4 Competition

There were two phases to the experiment and all participants completed two conditions: competition and no competition. Within each testing session the participants completed the conditions in the same order; the order of the conditions was counterbalanced across testing sessions. At the beginning of a phase, the participants were either told that their advice would be presented alongside another advisor’s advice for the client to choose between (competition), or that only their advice would be presented to their client (no competition). As there were no client participants, these were fictitious clients but the clients were not aware of this until the end of the experiment.

6.3.5 Procedure

The participants read and signed the consent form (see Appendix E). Between four and nine participants completed the task within the same testing session. Participants were shown a short training video showing them how to use the information booklet. After watching the training video, participants were given five minutes to look through the information booklet and complete a practice example. The experimenter collected the practice sheet and asked if there were any further questions.

Participants were informed that there were two phases to the experiment. They then heard one version of instructions explaining that they were either in competition with another advisor or were advising on their own. Participants were then given ten minutes advice constructing time. During the advice constructing time, participants were required to fill in a private sheet with how much they estimated the mobile phones were worth and how privately confident they were in this estimate (from 0 representing ‘absolutely no confidence’ to 100 representing ‘absolute confidence’). They were told that their client would not see these values. It was entirely up to the participant how
many mobile phones they chose to provide an estimate for (maximum of 15) and how much information they chose to look up within the information booklet. There was a countdown clock on the screen so participants knew how much time they had. Once the ten minutes was up an ‘official valuation sheet’ was given to each of the participants to complete with their estimate and their public confidence which would be given to their fictitious client. Participants then completed a short questionnaire asking about their motivations during the first phase of the experiment: a) ‘How motivated did you feel to produce the highest quality of advice’, b) ‘Were you motivated to deceive your client regarding how confident you felt in your estimate?’, c) ‘How motivated were you to get through as many possible mobile phones without worrying about constructing the best possible advice?’ Advisors responded on a 7-point scale: from 1 representing ‘highly unmotivated’ to 7 representing ‘highly motivated’.

Participants then heard the second version of instructions (either competition or no competition condition) and had a further ten minutes advice constructing time. Participants were required to complete a second private sheet, stating what they estimated the different mobile phones to be worth and how privately confident they were in their estimate. Once the ten minutes was up, participants completed a second ‘official valuation sheet’ that they were told would be given to their fictitious client. Participants then completed the same questionnaire as in phase one but asking them to report about their motivations during the second phase (all the materials used within this study can be found on the materials CD, Appendix K).

Participants were given a full debrief via email once all the data had been collected and informed that their recommendations were collected for analysis purpose only and were not passed on to another participant (see Appendix E).

6.3.6 Data analysis

As with chapter three, two measures of recommendation accuracy were explored: accuracy and percentage error. Again as with chapter three, the absolute accuracy variable only will be presented: the difference between participants’ estimate and the actual phone value. This is because the distribution of the mobile phone prices are positively skewed indicating that more of the phones had a low value, as well as both the accuracy and percentage error measure produce the same outcome, therefore the accuracy measure will be explored. In addition, absolute values will be used as they
provide an overall difference that is of more interest than directional values which indicate an under/over estimation. Advisors’ private confidence was totalled and then divided by the total number of phones estimated. Advisors’ public confidence was totalled and divided by the total number of phones estimated. The difference between the advisors’ public and private confidence was also calculated. The criterion for all statistical significance is \( p < .05 \).

### 6.4 Results

#### 6.4.1 Advice quality

A series of t-tests were carried out to explore whether there was a significant difference between the competition and no competition conditions regarding advice quality (see Table 6.1). Motivation is scored on a 1-7 scale with scores closer to 7 indicating higher motivation. There was no significant difference between the two conditions regarding their motivation to produce high quality advice. There was also no significant difference between conditions regarding advisors’ motivation to get through more pieces of advice. In relation to advisors’ estimates, values closer to 0 indicated more accurate estimates, as 0 indicated no difference between the advisors’ estimate and the ‘real’ value. There was no significant difference between conditions regarding the advisors’ recommendation accuracy. Higher values of advice quantity indicate more advice provided. There was no significant difference between conditions regarding the quantity of advice.

<table>
<thead>
<tr>
<th></th>
<th>Competition</th>
<th>No Competition</th>
<th>( t(39) )</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advice Quality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality Motivation</td>
<td>5.65</td>
<td>1.31</td>
<td>5.58</td>
<td>1.26</td>
</tr>
<tr>
<td>Quantity Motivation</td>
<td>3.45</td>
<td>1.95</td>
<td>3.60</td>
<td>1.53</td>
</tr>
<tr>
<td>Recommendation accuracy</td>
<td>13.85</td>
<td>16.39</td>
<td>8.83</td>
<td>15.16</td>
</tr>
<tr>
<td>Advice Quantity</td>
<td>6.08</td>
<td>2.04</td>
<td>6.45</td>
<td>2.51</td>
</tr>
</tbody>
</table>

Table 6.1.

*The means and the standard deviations of advice quality for the competition and the no competition conditions*
6.4.2 How the advice is given

A series of t-tests were carried out to explore whether there was a significant difference between the competition and no competition conditions regarding how the advice was given (see Table 6.2). Motivation is scored on a 1-7 scale, with scores closer to 7 indicating higher motivation. There was no significant difference between the two conditions regarding their motivation to deceive their clients by appearing more confident.

The results from the t-test identified that advisors increased their public confidence, compared to their private confidence, when they were in the competition condition, $t(39) = 4.413, p < .001, \text{partial eta squared} = .102$; as well as when they were in the no competition condition, , $t(39) = 3.640, p = .001, \text{partial eta squared} = .085$ (see Figure 6.1).

![Figure 6.1. Advisors’ mean private and public confidence levels when in the competition and no competition conditions.](image)

However, there was no significant difference between the two conditions regarding how much they changed their confidence. There was also no significant difference between conditions regarding advisors’ private confidence and between advisors’ public confidence (see Table 6.2.).
Table 6.2.

The means and the standard deviations of how the advice was given for the competition and the no competition conditions

<table>
<thead>
<tr>
<th></th>
<th>Competition</th>
<th>No Competition</th>
<th>t(39)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>SD</td>
<td>M</td>
<td>SD</td>
</tr>
<tr>
<td>Confidence Motivation</td>
<td>3.65</td>
<td>1.88</td>
<td>3.33</td>
<td>1.79</td>
</tr>
<tr>
<td>Confidence Change</td>
<td>6.11%</td>
<td>8.92</td>
<td>4.64%</td>
<td>8.04</td>
</tr>
<tr>
<td>Private Confidence</td>
<td>64.61%</td>
<td>18.37</td>
<td>63.92%</td>
<td>17.41</td>
</tr>
<tr>
<td>Public Confidence</td>
<td>70.80%</td>
<td>18.37</td>
<td>68.61%</td>
<td>18.36</td>
</tr>
</tbody>
</table>

6.5 Discussion

This chapter explored whether competition from another advisor impacts advice quality. It was predicted that competition would impact advisors’ motivation to produce high quality advice (hypothesis 6.1) and to get through more pieces of advice (hypothesis 6.2). The results did not support the hypotheses as there was no significant difference in self-reported motivation to produce high quality advice and the advisors’ motivation to get through more advice when participants were in the competition compared to when they were in the no competition condition. In addition, when exploring whether competition between advisors would impact the accuracy of the recommendations provided (hypothesis 6.3), the results revealed no difference between conditions. In addition, the results do not support hypothesis 6.4, that competition between advisors would impact the amount of advice provided, as there was no significant difference between the competition and no competition condition. Overall, the results do not support the hypotheses that competition between advisors would impact advice quality.

The findings do not support past research that competition encourages better performance than individual environments (Stanne, et al., 1999). This may be because competition in behavioural studies does not relate to advice-giving performance. It also does not support the use of competitive environments within the workplace, to encourage performance, especially relating to competitive advice-giving environments (Churchill, et al., 1997). However, it also does not support past research that competition leads to negative behaviours (Deci & Ryan, 1985). Competition between
advisors does not seem to have an impact on advice quality within an estimation advice-giving task.

As past research suggests that being in competition does impact performance, it is important to consider that aspects of the design may have impacted the results. It may be that the repeated measures design meant that participants did not adjust their self-reported motivations and behaviours as much as if they were only completing one condition. Therefore, more research is needed to explore whether the results of this research is a robust finding, which chapter eight aims to achieve.

The study also aimed to explore whether being in competition with another advisor impacts how the advice was given. Past JAS studies have explored how advisors increase their confidence to encourage their clients to utilise their advice (Van Swol, 2009). If advisors are in competition with another advisor and want them to utilise their advice, it was predicted that it would impact advisors’ self-reported motivation to increase their confidence to their client (hypothesis 6.5), impact the amount the advisor changes their public confidence compared to their private confidence (hypothesis 6.6), and would impact advisors’ public confidence (hypothesis 6.7). The results indicated that participants increased their public confidence from their private confidence in both the competition and no competition conditions. However, there was no significant difference in the amount that they changed their confidence, nor any significant difference in public confidence between the conditions. In addition, there was no significant difference between the two conditions regarding their self-reported motivation to increase their confidence. This demonstrates that all advisors increase their public confidence when giving advice but this was not increased by competition.

These findings do not support past research that advisors increased their confidence when in competition with another advisor in order to sell their advice (Radzevick & Moore, 2011). However, in this chapters’ research there is no financial incentive for persuading their clients to utilise their advice, which may account for the difference in findings.
6.6 Conclusions and next chapter

The results indicated that there was no significant difference in advice quality when advisors were in competition with another advisor or not. This may be because competition does not impact advice-giving. However, it may be that using a repeated-measures design meant that advisors did not adjust their motivations and performance as much as if they were completing one condition. The next chapter will use a between-subjects design to further explore the impact of competition on advice quality and advisors’ confidence. In addition, it will also explore the impact of competition using a choice task, which was used within chapter five.

The results indicated that being in competition with another advisor did not encourage the advisor to increase their confidence more than if they were not in competition. One reason for this may be because there was no benefit to the participant for their clients taking their advice. The current research demonstrates that when there is no incentive for the advisor, financial or otherwise, competition does not have an impact on advisors’ confidence in an estimation task. However, the final chapter aims to explore whether an advisors’ incentive and competition with another advisor has an impact on advisors’ outcomes (see Figure 6.2).

Figure 6.2. Chapter seven will explore the impact of competition between advisors and the advisors’ incentive on advice quality and how the advice is given using a choice task.
CHAPTER 7: THE IMPACT OF COMPETITION AND INCENTIVES ON ADVICE QUALITY, INFORMATION ACQUISITION, AND ADVISORS’ CONFIDENCE

7.1 Abstract

Many real-world decisions are often made after receiving advice and being influenced by others, however little research has been conducted to explore what motivates advisors to give optimal advice. The present research explored two conditions that may impact advice quality and how the advice is given: competition between advisors and the advisors’ incentive (quality or financial incentives). Participants \((N = 80)\) completed a choice task using an everyday and popular advice-giving scenario, purchasing mobile phone contracts. The findings suggest that competition decreased recommendation accuracy, decreased the amount of information they acquired, and increased the amount of clients advised. However, the advisors’ incentive was found to have no impact on advice quality. Furthermore, competition and a financial incentive encouraged advisors to appear overly confident to their clients. The results are discussed in relation to research regarding motivation through incentives, competition, and persuasion through confidence.

7.2 Introduction

People seek advice on a daily basis; whether it is medical advice, financial advice, or advice on a certain product that is best suited to the individuals’ needs. Individuals will often rely on this advice as the advisor will have greater expertise in the area than them (Harvey & Fischer, 1997; Sniezek, Schrah, & Dalal, 2004; Yaniv, 2004b). It is often in their interest to take the advice that they receive as it has been found to increase the chance of an optimal decision (Yaniv, 2004a). As advisors’ recommendation accuracy has been found to be linked positively to final decision accuracy (Sniezek, et al., 2004), it is important to examine what encourages advisors to enhance their recommendation accuracy to improve the decision making process.
The Judge-Advisor System (JAS) is an important framework that reflects that decisions are often made after consulting others (Sniezek & Buckley, 1995). The judge, referred to as the client, within the JAS refers to the individual making the final decision after receiving recommendations from one or more advisor. The JAS allows for the examination of the unique roles of the judge and the advisor. However, fewer studies have focused on whether external motivators impact the behaviour of the advisor. This chapter aims to extend the work on advice-giving by examining two external motivators that might influence the quality of advice and how the advice is given: the type of incentive available to the advisor and competition from another advisor.

When considering what makes quality advice there are a number of variables to examine: the accuracy of the recommendation provided, the amount of advice provided, and the amount of information acquired in order to help them construct their advice. Of the few studies that have focused on the advice giver, the research tends to examine how the recommendation given by the advisor differs depending on their role. For example, the difference between advice from a friend or a travel agent (Jonas & Frey, 2003), or differs from what they themselves would do (Kray & Gonzalez, 1999; Beisswanger, Stone, Hupp, & Allgaier, 2003). Some studies have focused on whether the information searched by the advisors to help them construct their recommendation, is biased towards their pre-conceptions or is balanced (Jonas, Schulz-Hardt, & Frey, 2005). Within these studies, there is not necessarily a right or wrong decision; however they explore the different decisions made between personal decision makers and advice givers.

However, fewer studies have explored factors that influence the quality of the advice provided where there is an optimal recommendation (i.e. recommending a choice where no other choice would lead to a better outcome). One exception was a study carried out by Lee and O’Connor (2007) who found that advisors provided non-optimal advice when there was asymmetry of knowledge between them and their clients, in comparison to when there was symmetry of knowledge between them. Lee and O’Connor explored two variables in terms of advice quality: the depth of information searched by the advisors and the quality of choices made by the advisors that was optimal on the majority of aspects within the advice-giving scenario.
Advice quality within this thesis has been measured by recommendation accuracy, information acquisition, and a third measure of advice quantity. Recommendation accuracy refers to the selection of the option that meets the most requirements of their client. Higher information acquisition is indicative of higher advice quality as Kray and Gonzalez (1999) proposed that looking up fewer pieces of information is due to a lack of motivation. Past research has found that external motivators can encourage individuals to produce more activity at the expense of the quality of performance (Condry, 1977). Therefore, the final measure of advice quality will be the quantity of recommendations provided; the higher number of recommendations is indicative of lower advice quality.

There are instances where advice may be given without additional financial incentives (e.g. mental health and care services) as well as instances where advisors are incentivised with money (e.g. selling a particular consumer product). Jenkins, Mitra, Gupta, and Shaw (1998) found that financial incentives did not increase performance quality, but was related to performance quantity. Condry (1977) stated that when individuals receive a reward people work harder at the activity and are more productive. However, the activity is of lower quality and contains more errors, in comparison to non-rewarded individuals. However, if concrete rewards are used effectively they have been found to enhance individuals’ motivation and performance (Cameron & Pierce, 2002). If the reward is contingent on completing the task, it has been found to lower performance quality. If the reward is contingent on the performance of the individual within the activity performance quality has been found to increase.

Financial incentives have been found to provide a motivational effect resulting in increased advisors’ recommendation accuracy (Sniezek, et al., 2004), which was found when the financial reward was allocated dependent on their client’s decision accuracy. This may be explained by exploring the motivation literature. The cognitive evaluation theory (CET; Deci, 1975) predicts that conditions that support individuals’ autonomy, competence, and relatedness are said to encourage motivation and engagement in activities (Deci & Ryan, 1985). Financial incentives may be interpreted as controlling and therefore have a negative effect on individual’s need for autonomy and their performance. However, if the financial incentive is allocated based on a measure of performance, it would increase the advisors’ feelings of competence and has been found to encourage motivation (Cameron & Pierce, 2002).
However, different types of financial incentives are often used to motivate employees. One type of incentive is based on a company offering a commission incentive if the advisor persuades the client to buy that particular product. So the financial reward is dependent on the client utilising the advisor’s recommendation, rather than if the client makes a good decision. Commission incentives have been said to encourage self-interested behaviours and encourage their client to utilise their advice more than is optimal (Abernathy, 2003). However, results from chapters three and chapter five indicated that there was no significant difference in advisors’ self-reported motivation to produce high quality advice when given a commission incentive compared to performance incentive. In addition, chapter five found no difference in advisors’ self-reported motivation to produce high quality advice when given a commission incentive compared to no financial incentive.

Past research has also found that when advisors are given a financial incentive they tend to acquire more biased information than balanced information (Mackinger & Jonas, 2012). However, the results from chapter five suggest that giving advisors financial incentives did not impact their information acquisition. Therefore, past research and the results presented within this thesis are mixed regarding the impact that financial incentives have on advice quality, which this chapter aims to explore further. This chapter explores two advisor incentives: either a financial incentive which is dependent on the client utilising the advisors’ recommendation (financial incentive), or an incentive to help clients make the best possible decision (quality incentive). It is predicted that the advisors’ incentive (financial or quality incentive) will impact advice quality as measured by: advisors’ self-reported motivation to produce high quality advice, advisors’ self-reported motivation to get through more pieces of advice, the accuracy of the recommendation provided, the quantity of the recommendations provided, and the amount of information acquired.

At times providing a commission incentive brings in an element of competition between advisors as the actual incentive may be allocated to the advisor who makes the most money. Competition is a part of individual’s day-to-day activities, such as competing in sports and can be part of the individual’s work environment. Much research has been conducted to explore the impact of competition on motivation and performance. A meta-analysis indicated that competition leads to higher levels of performance than individual conditions (Stanne, Johnson, & Johnson, 1999). Intergroup
competition has been found to facilitate high levels of performance on behavioural tasks (Tauer & Harackiewicz, 2004). Certainly, within organisations, competitive environments are often encouraged to help boost staff effort and performance (Churchill, Ford, & Walker, 1997). Dispositional competitiveness of staff, an individual personality trait that describes the human desire to outperform others, has also been found to increase salespeople’s willingness to perform voluntary activities, above and beyond what is expected of them (Lam, 2012). However, research also suggests that competition can promote negative behaviours and may lead to a decrease in motivation and performance (Cooke, 2010). Therefore, the direction of influence that competition has on advice-giving motivations and performance is unclear.

Stanne, et al. (1999) found that the impact of competition was dependent on how much interdependence there was in the task. Applying their research to an advice-giving scenario, if the advisors were giving recommendations to different clients, so that the advisors’ performance is independent of each other, their research would suggest that performance would increase. However, if the advisors were giving recommendations to the same clients and only one advisor’s recommendation can be utilised, so that the advisors performance is interdependent of each other, their research would suggest that performance would decrease. In chapter six, however, it was found that competition between advisors did not have an impact on the quality of advice provided, compared to no competition. This may have been due to the repeated-measures design and so advisors did not change their behaviour between conditions as much as if they were only completing one condition. In addition, all advisors took part in the study at the same time but did not believe they were interacting with their clients.

This chapter aims to encourage advisors to feel as if they are not only in competition with another advisor participant within the room but also that they are interacting with clients in the same room. In fact, there are no client participants and therefore they will be interacting with fictitious clients, but the participants will not be aware of this until the end of the experiment. Therefore, it is predicted that the competition conditions (competition and no competition) will impact advice quality.

Within chapter six there was also no financial incentive available to participants to encourage competition between advisors. The current chapter aims to explore the unique impact of competition and advisors’ incentive, as well as the interaction between competition and advisors’ incentive, on advice quality. It is predicted that the
interaction between the advisors’ incentive (financial and quality incentive) and competition between advisors (competition and no competition) will impact advice quality.

It is also important to consider how external factors impact the way in which the advice is given. Confident advisors’ recommendations have been found to be utilised more than less confident advisors (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Buckley, 1995; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005; Yaniv, 1997). This may be due to the confidence heuristic, which refers to the tendency to use confidence as an indication of accuracy (Price & Stone, 2004; Thomas & McFadyen, 1995). People who display confidence are often viewed as more knowledgeable and are believed more often (Penrod & Cutler, 1995). Confidence can be thought of as a mechanism of influence between the advisor and the decision maker (Buckley & Sniezek, 1990) and can be used to persuade clients to utilise their advice (Van Swol, 2009).

Financial incentives are often used to encourage employees to achieve a desired goal within the company. Employees may encourage their clients to make a certain decision or choose a particular product if there is an incentive dependent on it. Past research has explored how giving advisors a financial incentive to encourage their clients to utilise their advice has increased self-interested deception (Mackinger & Jonas, 2012; Van Swol, 2009). Mackinger and Jonas (2012) found that when there is a financial incentive to be gained, advisors use deceptive strategic behaviour, as they provide biased information. They found that they provided more information to their client about the job role that would earn them their commission. In addition, Van Swol (2009) found that when the advisors’ financial incentive was contingent on persuading their clients to utilise their advice they were more publicly confident compared to when their financial incentive was contingent on helping their client come to the best decision. The research suggests that the advisors’ incentive will impact their deceptive strategic behaviour through appearing more confident to their clients. It is predicted that the advisors’ incentive (financial or quality incentive) will impact how the advice is given measured by advisors’ self-reported motivation to deceive their clients regarding how confident they felt in their recommendation, the amount the advisor increases their public confidence compared to their private confidence when giving advice, and will impact their public confidence.
Competition alone has not been found to impact how the advice is given in chapter six. However, as previously discussed, the repeated-measures design and the lack of belief that the advisors were interacting with their client may have influenced the results. Radzevick and Moore (2011) found that advisors are confident in their decisions in order to help sell their advice and this was exacerbated by competition between advisors. Therefore, it is predicted that competition between advisors (competition and no competition), as well as the interaction between advisors’ incentive and competition, will impact advisors self-reported motivation to increase their confidence, the amount they change their public confidence compared to their private confidence, and will impact the advisors’ public confidence.

In summary, it is predicted that a) the advisors’ incentive (financial or quality incentive), b) competition between advisors (competition and no competition), and c) the interaction between the advisors’ incentive and competition will impact:

**Hypothesis 7.1** The advisors’ self-reported motivation to produce high quality advice.

**Hypothesis 7.2** The advisors’ self-reported motivation to get through as many clients as possible.

**Hypothesis 7.3** The quality of the advice provided as measured by recommendation accuracy.

**Hypothesis 7.4** The quality of the advice provided as measured by recommendation quantity.

**Hypothesis 7.5** The quality of the advice provided as measured by information acquisition.

**Hypothesis 7.6** The advisors’ self-reported motivation to deceive their client regarding how confident they felt in their recommendation.

**Hypothesis 7.7** The amount that the advisor changes their public confidence compared to their private confidence when giving advice.

**Hypothesis 7.8.** The advisors’ public confidence.
7.3 **Method**

7.3.1 **Participants**

Eighty University of Leicester undergraduate and masters students completed the study, and their ages ranged from 18-34 years ($M = 20.13, SD = 2.26$). There were 12 males and 68 females. Participants volunteered for the study to enable them to fulfil a requirement of their psychology course.

7.3.2 **Design**

A 2x2 between-subjects design was used with the factors of competition (competition or no competition) and incentive (financial incentive or quality incentive). Assignment to one of the four conditions was randomly determined by the computer program. The measures included advisors’ self-reported motivation to produce high quality advice for their clients, self-reported motivation to get through as much advice as possible, advisors’ recommendation accuracy, the amount of clients advised, the amount of information acquired, advisors’ self-reported motivation to deceive their clients regarding how confident they felt in their estimates, advisors’ private confidence (not seen by their fictitious clients), and advisors’ public confidence (how confident they appeared to their fictitious clients).

7.3.3 **Choice task**

The choice task was the same that was used in chapter five: an online mobile phone comparison site task. The participants role was to advise each of the clients regarding the mobile contract they should purchase and choose how much information to acquire to do so (see chapter five, section 5.3.3 for full details). The main difference was their instructions as these varied depending upon the participants’ allocated condition (explained in following sections).

7.3.4 **Competition condition**

Participants assigned to the competition condition were informed that they were advising the same clients as another participant in the room and that their client would
choose whose advice to take. On the other hand, participants assigned to the no competition condition were not told anything.

7.3.5 Incentive condition

Participants assigned to the quality incentive condition were informed that their task was to help their clients come to the best decision possible; whereas participants assigned the financial incentive condition were informed that their task was to get their client to take their advice, that they would earn points for every piece of advice taken and the advisor with the most points would win £25.

7.3.6 Procedure

Participants arrived at the computer testing room, read the consent statement and indicated agreement to participate in the study by clicking a button that said ‘confirm consent’, which took participants to the first instructions screen (see Appendix F). Participants completed 4 lots of 5 minute advice-giving sessions. Within each session, participants could advise up to seven clients. At the end of each session, it gave the participant the impression that their advice was being sent to another client within the room. Participants completed the same condition in each session. They were required to say how privately confident they were in their recommendation. The participants were then asked to fill in what contract recommendation they wanted to give and how confident they wanted to appear to their fictitious client. At the end of each session participants believed that their recommendations were being sent to their clients within the room. Participants in the competition condition believed that their recommendation was being sent alongside another participant’s recommendation to their clients.

After all four advice-giving sessions, participants were asked to complete a questionnaire asking: a) ‘How motivated were you to produce the best advice for your clients?’; b) ‘How motivated were you to get through as many clients as possible without worrying about constructing the best possible advice?’; c) ‘Were you motivated to deceive your client regarding how confident you felt in your recommendations?’.

Advisors responded on a 7-point scale: from 1 representing ‘highly unmotivated’ to 7 representing ‘highly motivated’ (all the materials used within this study can be found on the materials CD, Appendix L).
Participants were given a full debrief via email once all the data had been collected. They were informed that their recommendations were collected for analysis purpose only and were not passed on to another participant (see Appendix F). Four prizes of £25 were given to one participant in each condition, according to the participants’ recommendation accuracy.

7.3.7 Data analysis

As with chapter 5 (see Section 5.3.6) recommendation accuracy was measured by giving a value of 5 (matches most amount of their client’s requirements) through to 1 (matches least amount of client’s requirements), which was totalled and then divided by the total number of fictitious clients recommended; information acquisition was totalled and then divided by the total number of fictitious clients recommended; advisors’ private confidence was totalled and then divided by total number of fictitious clients recommended; and advisors’ public confidence was totalled and then divided by total number of fictitious clients recommended. The criterion for all statistical significance is $p < .05$.

A Pearson product-moment correlation coefficient checked the relationship between the amount of information acquired by the advisor ($Range = 6.08-37.50, M = 15.74, SD = 7.30$) and their recommendation accuracy ($Range = 2.96-4.83, M = 4.27, SD = 0.36$). A strong positive correlation was revealed, $r = .511, n = 80, p < .001$ (see Figure 7.1).
7.4 Results

7.4.1 Advice quality

7.4.1.1 Quality motivation

A two-way between-groups ANOVA explored advisors’ self-reported motivation to produce high quality advice. Values ranged from 1 (highly unmotivated) to 7 (highly motivated). There was no direct effect of competition, $F(1, 74) = 0.602, p = .440$, nor of advisors’ incentive, $F(1, 74) = 0.602, p = .440$. There was no significant interaction between advisors’ incentive and competition, $F(1, 74) = 1.195, p = .278$.

7.4.1.2 Quantity Motivation

A two-way between-groups ANOVA explored advisors’ self-reported motivation to get through as many clients as possible. Values ranged from 1 (highly unmotivated) to 7 (highly motivated). There was no main effect of competition, $F(1, 76) = 0.004, p = .953$. There was also no main effect of advisors’ incentive, $F(1, 76) = 0.597, p = .442$. There was no significant interaction between advisors’ incentive and competition, $F(1, 76) = 1.559, p = .216$.

Figure 7.1. Scatterplot of the relationship between advisors’ information acquisition and advisors’ recommendation accuracy.
7.4.1.3 Recommendation accuracy

A two-way between-groups ANOVA was conducted to assess the impact that competition and the advisors’ incentive have on advisors’ recommendation accuracy. Values closer to 5 indicate higher accuracy. The results indicated that advisors in the no competition condition were more accurate ($M = 4.36, SD = 0.33$) than advisors who were in the competition condition ($M = 4.20, SD = 0.37$), $F(1, 76) = 4.099, p = .046$, partial eta squared = .051 (see Figure 7.2). There was no significant difference between advisors’ accuracy depending on the advisors’ incentive, $F(1, 76) = 0.305, p = .582$. There was no significant interaction between advisors’ incentive and competition, $F(1, 76) = 0.019, p = .890$.

![Figure 7.2. Advisors’ mean recommendation accuracy for the competition conditions.](image)

7.4.1.4 Advice quantity

A two-way between-groups ANOVA indicated that more clients were advised when the advisors were in competition ($M = 19.10, SD = 5.46$) compared to advisors who were not in competition ($M = 16.50, SD = 6.15$), $F(1, 76) = 4.093, p = .047$, partial eta squared = .051 (see Figure 7.3). There was no significant difference in the amount of clients advised depending on whether the advisor was given the financial incentive and quality incentive, $F(1, 76) = 3.343, p = .071$. There was no significant interaction between advisors’ incentive and competition regarding the amount of clients advised, $F(1, 76) = 0.437, p = .510$. 
7.4.1.5 Information acquisition

A two-way between-groups ANOVA revealed that advisors who were told they were in competition with another advisor acquired significantly less pieces of information ($M = 14.04, SD = 6.09$) compared to advisors who were not in competition ($M = 17.45, SD = 8.06$), $F(1, 76) = 4.642$, $p = .034$, partial eta squared = .058 (see Figure 7.4). No significant difference was found in the total amount of information acquired depending on whether the advisor was given the financial incentive and quality incentive, $F(1, 76) = 2.494$, $p = .118$. No significant interaction was found between the advisor incentive and competition conditions, $F(1, 76) = 0.747$, $p = .390$.

Figure 7.3. The mean amount of clients advised for the competition conditions (* $p < .05$).

Figure 7.4. The mean amount of information acquired per client for the competition conditions (* $p < .05$).
7.4.2 How the advice is given

7.4.2.1 Confidence motivation

A two-way between-groups ANOVA explored advisors’ self-reported motivation to deceive their clients regarding their advice confidence. Values ranged from 1 (highly unmotivated) to 7 (highly motivated). There was no significant difference between the competition ($M = 4.18, SD = 1.98$) and no competition conditions ($M = 3.38, SD = 2.047$), $F(1, 74) = 3.281, p = .074$. There was also no significant difference between the financial incentive ($M = 4.16, SD = 2.236$) and quality incentive conditions ($M = 3.40, SD = 1.795$), $F(1, 74) = 2.892, p = .093$. There was no significant interaction between the advisor incentive and competition conditions regarding their motivation to deceive their clients, $F(1, 74) = 1.149, p = .287$.

7.4.2.2 Advisors’ confidence

A 2x2x2 mixed ANOVA for incentive (quality/incentive), competition (no competition/competition), and confidence (private/public) was conducted. All participants had higher public confidence ($M = 85.48\%, SD = 11.42$) compared to their private confidence ($M = 76.08\%, SD = 14.24$), $F(1, 76) = 41.97, p < .001$, partial eta squared = .356. Post-hoc testing using pairwise comparisons of the estimated marginal means with Bonferroni adjusted $\alpha$ levels revealed that only advisors in the no competition and quality incentive condition did not have a significant increase in their confidence ($p = .060$, see Figure 7.5).

![Figure 7.5. Advisors’ mean private and public confidence levels for the interaction between the competition and incentive conditions.](image-url)
As expected, no significant difference was found between the competition conditions for advisors’ private confidence, $F(1, 76) = 0.079, p = .780$. There was also no significant difference in advisors’ private confidence level between the quality incentive and the financial incentive, $F(1, 76) = 0.531, p = .469$.

When exploring the difference in public confidence between the conditions, advisors who believed they were in competition with another advisor had significantly higher public confidence ($M = 87.87\%, SD = 9.52$) compared to advisors who were not in competition ($M = 83.08\%, SD = 12.73$), $F(1, 76) = 4.013, p = .049$, partial eta squared = .050 (see Figure 7.6). In addition, advisors who were given a financial incentive had significantly higher public confidence ($M = 89.16\%, SD = 8.95$) compared to advisors who were given a quality incentive ($M = 81.79\%, SD = 12.50$), $F(1, 76) = 9.515, p = .003$, partial eta squared = .111 (see Figure 7.7).

**Figure 7.6.** Advisors’ mean public confidence for the competition conditions (*$p < .05$).

**Figure 7.7.** Advisors’ mean public confidence for the incentive conditions (*$p < .05$).
When exploring the interaction between the competition and advisors’ incentive, the only difference in public confidence was found between the financial and quality incentive conditions within the no competition condition, $F(1, 76) = 7.572, p = .007$, partial eta squared = .091 (see Figure 7.8). Advisors’ who received a financial incentive within the no competition condition has significantly higher public confidence ($M = 87.73$, $SD = 8.33$), compared to advisors who received a quality incentive within the no competition condition ($M = 78.43$, $SD = 14.75$).

![Figure 7.8. Advisors’ mean public confidence for the interaction between the competition and incentive conditions (* $p < .05$).](image)

7.5 Discussion

The current research examined the advisors’ incentive and whether the advisors believed to be in competition with another advisor or not, in relation to advice-giving motivations and performance. Incentives and competition are often prevalent in many advice-giving encounters and so are important to explore. As individuals often rely on advice to make good decisions, it is important to explore conditions that encourage advisors to give high quality advice.

Firstly, the impact of incentives on advice quality was explored. It was predicted that the advisors’ financial incentive would impact advisors’ motivation to produce high quality advice (hypothesis 7.1a) and to get through as many clients as possible (hypothesis 7.2a). The results did not support these hypotheses as the advisors’ incentive did not impact advisors’ self-reported quality and quantity motivation. In
addition, the advisors’ incentive did not have an impact on advisors’ recommendation accuracy (hypothesis 7.3a). This supports the findings within chapter five that found there was no difference in advisors’ recommendation accuracy when advisors were given a financial incentive compared to no financial incentive. However, this does not support past findings that financial incentives increase recommendation accuracy (Snizez, et al., 2004). The number of clients advised was not significantly different between the incentive conditions (hypothesis 7.4a), which is consistent with the results of chapter five. In addition, the advisors’ incentive did not impact the amount of information they acquired to enable them to construct their advice (hypothesis 7.5a). This is not consistent with past findings that suggest that financial incentives impact the way advisors deal with the task information available to them (Mackinger & Jonas, 2012).

The results suggest that in terms of constructing optimal advice, advisors seem to be unaffected by their incentive and strive to produce optimal advice, regardless of whether they are being paid to do so or not. The results imply that to motivate advisors to produce high quality advice with a financial incentive, it is important to consider that it may be more effective if the financial incentive is dependent on the client’s performance (as within Snizek, et al., 2004 study), rather than dependent on the client utilising the advice (as within the current research). This may be because financial incentives that are dependent on the client’s performance encourage the advisors’ feeling of competence more than if the financial incentive is contingent on their clients utilising their advice. The cognitive evaluation theory (CET; Deci, 1975) predicts that if an external incentive increases individuals’ feelings of competence it will enhance their motivation. This may explain the difference between the current findings and the findings of Snizek et al. (2004).

The results also found that there was no difference between the competition conditions regarding the advisors’ motivation to produce high quality advice (hypothesis 7.1b) and to get through more clients regardless of the quality advice (hypothesis 7.2b). In addition, there was no interaction between the advisors’ incentive and competition condition regarding their self-reported quality motivation (hypothesis 7.1c) and self-reported quantity motivation (hypothesis 7.2c). This demonstrates that neither the advisors’ incentive nor competition between advisors impacted advisors’ self-reported motivation.
However, competition between advisors did impact the accuracy of the advisors’ recommendation (hypothesis 7.3b), the amount of clients advised (7.4b), and the amount of information acquired (hypothesis 7.5b). Advisors who believed they were in competition with another advisor gave less accurate recommendations and advised more clients than advisors providing a recommendation on their own. In addition, when advisors were in competition with another advisor they acquired less pieces of information. Considering Kray and Gonzalez (1999) speculation that looking up fewer details is due to a lack of motivation, this would suggest that advisors in the competition condition were less motivated to produce high quality advice than advisors who were not in competition with another advisor. The results support previous findings that suggest that competition decreases performance (Cooke, 2010). Stanne et al. (1999) found that when there is interdependence in the competitive environment it leads to lower performance, which is supported within this study. However, they also found that competition encourages higher performance than individual performance, which is not supported. There was, however, no significant interaction between the advisors’ incentive and competition between advisors. Therefore, this provides a unique and interesting insight into the behaviour of advice givers as the results suggest that competition is the greater motivator, compared to financial incentives, to improve the quality of the actual advice provided by the advisor. However, the results suggest that although competition does impact the actual advice quality, the advisors do not believe that they behave differently, as indicated by their motivation ratings.

With regards to advisors’ motivation to deceive their client regarding how confident they felt in their recommendation, it was predicted that the advisors’ financial incentive (7.6a), competition (7.6b), and the interaction between incentive and competition (7.6c) would impact advisors’ motivation. The results found no difference between the advisors’ incentive conditions regarding their self-reported motivation to deceive their client regarding how confident they felt. This is consistent with findings of chapter five that found no significant difference in advisors’ motivation when given a financial incentive, based on their client’s utilising their advice, compared to no financial incentive condition. In addition, there was no difference between competition conditions regarding their motivation to deceive their client regarding how confident they felt, which is consistent with the results from chapter six.
However, differences between advisors’ actual public confidence between conditions were observed. Advisors who received a financial incentive had higher public confidence than those who received a quality incentive. This supports past research that found that when advisors were given an incentive to encourage their clients to take their advice they increased their confidence more than when their incentive was to help their clients make the best possible decisions (Van Swol, 2009). It also supports past findings that financial incentives encourage deceptive strategies (Mackinger & Jonas, 2012).

In addition, advisors who were in competition were found to have higher public confidence compared to advisors who were not in competition. Interestingly, when the advisor had a quality incentive, but was also in competition, this resulted in increased public confidence. This therefore suggests that competition and a financial incentive encourages advisors to increase their public confidence, which supports past research that found that advisors increased their confidence in order to receive a financial incentive and this was exacerbated by competition (Radzevick & Moore, 2011). The implications of the findings is that if an advisor who displays honest indication of confidence is required, then it would be optimal to ensure that they do not feel like they are in competition with another advisor and are not given a financial incentive based on whether their clients utilise their advice, but rather are given a quality incentive.

An explanation why the results do not show any differences in their self-reported motivations, but do demonstrate differences in the behavioural measures, could be that the advisors are not self-aware of their own motivations. However, as chapter three observed differences in motivations, whereas chapters five, six, and the current chapter do not, it may suggest that the reason could lie with there being no communication between the advisor and the client. Therefore, it may highlight that advisors may be unaware of their motivations when they are not communicating with their clients. This is an important consideration to be made for future JAS research designs.

7.6 Conclusions

The current research has explored the unique and combined impact of competition from another advisor and the incentive given to an advisor on advice
quality and how the advice is given. The results have found that advisors are less deceptive when they are not in competition with another advisor but only when they have an incentive to help their clients to make good decisions. On the other hand, being in competition with another advisor was found to decrease the advisors’ accuracy, increase the amount of clients advised and reduce the amount of details acquired regarding their client’s needs. Interestingly, an advisors’ incentive was not found to impact the quality of the advice provided.

From an employer’s perspective, motivating advisors through competition seems to have a negative outcome, as they will give less accurate recommendation, acquire less pieces of information to help construct their advice and focus on getting through more clients. Motivating advisors by giving them a financial incentive does not improve the quality of the advice provided and they appear overly confident in their advice. This may have a positive impact from an employee’s perspective as high confidence would encourage advice utilisation.

From a client’s perspective, on the other hand, it is not in their interest if their advisor is paid a financial incentive dependent on advice utilisation, as they would be receiving advice from a deceptively confident advisor. It would also not benefit a client if their advisors felt that they were in competition with another advisor as their advice would be of a lower quality.

This chapter provides an insight into the motivations and performance of advisors under different conditions. It finds that competition decreases advisors’ recommendation accuracy. In addition, a combination of competition and financial incentives encourages high levels of public confidence. The final chapter of this thesis, chapter 8, will compare and contrast the main conclusions from each of the chapters.
CHAPTER 8: MAIN CONCLUSIONS

8.1 Abstract

This thesis has predominantly focused on the advice giver within the Judge-Advisor System. Characteristics of a good advice giver were identified by exploring individuals’ implicit theories which were found to relate to the affect, behaviour, and cognition of the individual. The type of financial incentive was found to impact advisors’ motivation within an estimation task as commission-based advisors were motivated to be highly publicly confident, flat-fee advisors were motivated to get through more advice, whereas both performance-based and commission-based advisors were motivated to produce high quality advice. Competition was found to reduce advice quality, and a combination of competition and a financial incentive was found to increase advisors’ confidence within a choice task. However, these results were not found to be consistent across tasks and so highlight the importance of the decision type and the advisor/client interaction with regards to advisors’ motivation and performance. Application of the findings, limitations of the findings and future research will be examined.

8.2 Thesis aims

This thesis concentrated upon the relatively neglected area of the advice giver within the Judge-Advisor System (JAS, Sniezek & Buckley, 1995). The JAS identified that important decisions are often made after consulting others for advice which prior research had failed to capture (Beach, Barnes, & Christensen-Szalnski, 1986). Much of the JAS research focused on the decision maker and investigated ways in which to improve decision accuracy and clients’ confidence (see Bonaccio & Dalal, 2006). In comparison, very few JAS studies had focused on the advice giver (Jonas & Frey, 2003; Jonas, Schulz-Hardt, & Frey, 2005; Kray & Gonzalez, 1999; Lee & O’Connor, 2007; Mackinger & Jonas; Radzevick & Moore, 2011; Van Swol, 2009). To enable a full investigation into an advice-giving and taking situation, more research was needed into
what it actually means to be a good advice giver and how external motivators impact the quality of the advice given and how the advice is given. To do so, this thesis explored individuals’ implicit understanding of what behaviours and actions are characteristic of someone who is a good advice giver. It also explored the unique and combined impact that the advisors’ financial incentive and competition from another advisor has on advisors’ motivations and performance. To begin, individuals identified three main areas that are important for someone to be a good advice giver: Affect, behaviour, and cognition.

### 8.3 Implicit theories of advice giving: Affect, behaviour, and cognition

Characteristics are important to be a good advice giver

The way this thesis initially approached this gap in the research was to explore what makes a good advice giver, by identifying what the general population perceived as important characteristics to make an individual good at giving advice (Chapter 2). Three key factors were identified as reflecting what makes a good advice giver, affect, behaviour, and cognition of the individual. The affect factor relates to an advisor having positive emotional abilities, as well as being able to consider the feelings and emotions of others. The affect factor includes characteristics such as being trustworthy, friendly, caring, and considerate. The behaviour factor captures the impact of verbal and physical actions of a good advice giver. It includes characteristics such as confidence, good body language, and good communication skills. Finally, the cognition factor captures that the mental process involved in gaining knowledge and understanding through thought and experience are important for someone to be a good advice giver. It includes characteristics such as being knowledgeable, experienced, logical, and having good reasoning skills. The three-factor model of affect, behaviour, and cognition is a well-recognised framework within the psychological literature (Katz & Stotland, 1959; McGuire, 1969; Rosenberg & Hovland, 1960). The characteristics identified within each of the factors were found to be actively used by participants in their evaluations of fictitious profiles.

In addition, the framework identifies established variables within the literature that influence advice utilisation and clients’ decision accuracy. For example, advice utilisation has been found to be greater if the client trusts their advisor (Sniezek, Heath,
Van Swol, & Nochimowski, 1998; Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005), their advisor is confident (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Buckley, 1995; Sniezek & Val Swol, 2001; Van Swol & Sniezek, 2005; Yaniv, 1997), and their advisor has greater life experience (Feng & MacGeorge, 2006). In addition, task-related experience of the advisor has been found to increase the clients’ final decision accuracy (Harries, Yaniv, & Harvey, 2004). However, the research also provides fruitful avenues for future research which can explore some of the characteristics which have thus far been under researched. This will provide us with a greater understanding of what it means to be a good advice giver which is also grounded in empirical research.

Focusing upon the advisor, this thesis continued by exploring a relatively unexplored external motivator within the advice-giving literature, namely the type of financial incentive given to the advisor, and how this impacts advisors’ affect (i.e. advisors’ trustworthiness), behaviour (i.e. advisors’ confidence), and cognition (i.e. the quality of the advice).

8.4 Financial incentives influence advisors’ motivations and behaviour, mediated by task type and client/advisor interaction.

Past JAS research has explored the impact of financial incentives on the decision maker and advice utilisation (Dalal, 2001; Gino, 2008; Sniezek & Van Swol, 2001). However, the impact that financial incentives have on advice quality has received limited attention (Sniezek, Schrah, & Dalal, 2004). Abernathy (2003) outlined three different financial incentive contingencies: a flat-fee incentive is a set rate given for each piece of advice provided; a commission-based incentive is given if the client utilises the advisor’s recommendation; and a performance-based incentive is given if the client performs well. Chapter three found that advisors were more motivated to produce high quality advice when they were given both commission-based and performance-based incentives, in comparison to the flat-fee incentives. This was a surprising finding as Abernathy (2003) highlighted that performance-based incentives were often used to reduce the self-interested motives of commission-based advisors. Hence, Abernathy’s expected finding would be that the performance-based incentives
had higher motivation to produce high quality advice, compared to commission-based advisors. Contrastingly, in chapter five there was no significant difference in advisors’ motivation to produce high quality advice between the different financial incentives. In addition, chapter seven found no difference in quality motivation between a commission-based incentive and no financial quality incentive condition. The differences observed between the chapter findings may be due to the amount of interaction between the advisor and the client. Within chapter three, the advisor and client interacted in real time via an instant messenger; whereas within chapters five and seven the advisor believed their recommendations were going to a client participant but they did not communicate with them. The findings suggest that communicating with a client impacts advisors’ self-reported quality motivation. Another explanation for the differences in the findings may be due to the differences in tasks, as chapter three used an estimation task whereas chapter five and seven used choice tasks. Bonaccio and Dalal (2006) found that different decision tasks can influence JAS situations; therefore the findings highlight that this is an important area for future research. The findings suggest that the influence that the type of financial incentive has on advisors’ quality motivation may be specific to the advice-giving situation, namely estimation tasks.

Further support for the importance of the task on advice quality, is illustrated by advisors’ recommendation accuracy not differing between the type of financial incentive conditions within chapters three, five, and seven. This conflicts with the findings of Sniezek, Schrah and Dalal (2004), who found that the presence of a financial incentive increases recommendation accuracy. Within chapter three, although there were differences observed in advisors’ self-reported quality motivation, this did not reflect on the advisors’ behaviour. One explanation for the results is that both tasks (estimation and choice) did not allow for enough variability in recommendation accuracy and it was easy for participants to be accurate, regardless of how motivated they were. The discrepancy between self-reported motivation and recommendation accuracy within chapter three, compared to the consistency between self-reported motivation and recommendation within chapters five and seven, highlights an important area for future research. Specifically, the impact of real life advice-giving encounters should be explored, examining whether the financial incentive available to the advisor really does not have an impact on the advisors’ recommendation accuracy.
In contrast, financial incentives did have an impact upon advice quantity. Specifically, flat-fee incentives increased advisors’ self-reported motivation to produce more advice and the number of clients’ advised (chapter three and five). Condry (1977) stated that rewarding people for an activity encourages them to work harder and produce more activity, but the activity is of lower quality and contains more errors, in comparison to non-rewarded individuals. To examine Condry’s idea, a non-rewarded condition was included in chapter five. Interestingly, there was no significant difference in advice quantity between those who were not given the promise of a financial incentive, in comparison to the other three financial incentives. However, in both chapters three and five, when advisors were given a fee based on the quantity of their advice, they reported that they were more motivated to get through more pieces of advice, than performance-based advisors. In addition, flat-fee advisors got through a greater quantity of recommendations compared to commission-based advisors, in chapter three. Overall, flat-fee advisors’ greater motivation to produce more advice and greater number of recommendation is not surprising, because they receive a financial incentive based on the quantity of advice provided.

However, there was no influence of the advisors’ financial incentive upon advice quality as measured by information acquisition (chapters five and seven). In chapter five, the findings showed that the more information acquired, the more accurate the advisors’ recommendation. Confirming the assumption that the more information acquired indicated that the advisor was more motivated to produce high quality advice (Kray & Gonzalez, 1999). However, the results identified no significant difference for information acquired between the four incentive conditions. This finding was explored further in chapter seven, where advisors were either given a financial incentive based on a commission contingency or a non-financial quality incentive to help their clients make good decisions. The results supported the findings within chapter five as there was no significant difference in the amount of information acquired between the two incentive conditions. The findings do not support past research which found that receiving a financial incentive impacts the way advisors’ deal with the information available to them (Mackinger & Jonas, 2012). The results suggest that incentives (including financial) do not impact the amount of information acquired by advisors.

As well as exploring the impact that the advisors’ incentives have on advice quality, this thesis also explored the impact on how the advice was given. Financial
incentives were only found to influence advisors’ confidence when there was an interaction between the client and advisor. Advisors have been found to increase their confidence, in order to receive a financial incentive, by persuading their clients to utilise their advice (Van Swol, 2009, Radzevick & Moore, 2011). Chapter three’s findings supported this research, as commission based advisors (whose incentive was contingent on their clients utilising their advice) were more motivated to deceive their clients and also to a greater degree increased their public confidence compared to performance-based advisors. Within chapters five and seven, there was no significant difference between the types of advisors’ incentives regarding their self-reported confidence motivation. However, within chapter five although all advisors increased their public confidence to their clients, in comparison to how they privately felt, there was no difference between the financial incentive conditions. This may be an instance of self-enhancement motivation (Krueger, 1998), as the advisors may not want to show their uncertainty in their recommendations by displaying their true confidence levels. In contrast, chapter seven found that when advisors were given a commission-based financial incentive they were more publicly confident to their clients compared to when they were given a non-financial incentive to help their clients make good decisions.

The differences in the findings relating to advisors’ self-reported confidence ratings and actual confidence between chapters three, five, and seven, may also be explained by the amount of advisor/client interaction. Although the advisors in both chapters five and seven conditions did not directly interact with their clients, advisors within chapter five completed the study online and so were not in a presence of other participants. In chapter seven, on the other hand, advisors believed that their recommendations were being sent to the client within the same room. This may explain why differences between conditions are observed within chapters three and seven, but not chapter five. This highlights an important area for future research to address and will be discussed further in sections 8.10.

Chapters three, five, and seven have explored the impact of different advisors’ incentives on their performance and behaviour, providing some unique insights. Specifically, within an estimation advice-giving task when the advisor and client are communicating with one another: commission based advisors are more motivated to give high quality advice, deceive their client regarding how confident they are, and increase their confidence to their client compared to their private confidence;
performance based advisors were as motivated as commission-based advisors and more motivated than flat-fee advisors to give high quality advice; and flat fee advisors provided more recommendations to their clients and were more motivated to increase the quantity of their advice. All but one of advisors’ motivation findings (quantity motivation) occurred when using an estimate task, but not for a choice task. The differences in advisors’ confidence occurred when advisor participants did not believe their recommendations were being sent to a client participant in the same room. Therefore, the findings highlight the importance of task and level of advisor/client interaction relating to advisors’ outcomes, which is an important consideration for future JAS research, especially in an applied setting.

8.5 Advisors’ financial incentives impact clients’ trustworthy ratings, advice utilisation, and clients’ decision accuracy

The previous section provided an insight into the impact of financial incentives on the advisors’ motivation and performance; this section considers the same factor but focuses upon the clients’ outcomes. Advice utilisation has been found to increase decision accuracy (Harvey & Fischer, 1997; Yaniv, 2004a, 2004b); therefore it is important to explore ways in which to encourage the likelihood of the client taking the advice to improve client outcomes. Existing research has explored ways in which to encourage advice utilisation and found it to be determined by who is giving the advice (e.g. Feng & MacGeorge, 2006), how it is said (e.g. Goldsmith & MacGeorge, 2000), what is said (e.g. MacGeorge, Feng, Butler, & Budarz, 2004), when it is said (e.g. Feng, 2009) and the amount of interaction between the advisor and decision maker (e.g. Goldsmith & Fitch, 1997). The current research offers a new aspect which has not been explored thus far: the type of advisors’ financial incentive and the impact it has on clients’ ratings of their advisor, advice utilisation, and clients’ performance (chapter four).

Starting with the impact that the type of advisors’ financial incentive has on clients’ ratings of the advisor, clients rated advisors as more trustworthy and less deceptive when they received advice from performance-based incentive advisors compared to commission-based incentive advisors. This reflects the proposal that if individuals are suspicious of their advisor’s motives, they are more likely to believe
they are being untruthful and have a negative view of them (Buller, Strzyzewski, & Hunsaker, 1991; Fein & Hilton, 1994; Levine, Park, & McCornack, 1999; Stiff, Kim, & Ramesh, 1992; Van Swol, 2009). Within the current scenario, clients would be more suspicious of the commission-based advisors’ motives due to their incentive and therefore rate them as less trustworthy and more deceptive, as was found. Commission-based advisors were in fact found to be motivated to deceive their clients by appearing more confident than performance-based advisors (chapter three). Therefore, the results suggest that the induction of suspicion does indeed make advisors better able to detect deception, which supports the findings of McCornack & Levine (1990). Performance-based advisors were rated as more trustworthy and less deceptive, hence it would be expected that their clients would utilise their advice to a greater extent.

Advice utilisation was found to be impacted by the advisors’ financial incentive contingency. Clients utilised more advice when it was received from performance-based advisors in comparison to the commission-based advisors. Further, clients’ ratings of advisors’ trustworthiness was found to predict advice utilisation. This supports findings that people are more likely to accept information from someone that they trust (Priester & Petty, 2003). Unexpectedly, advisors’ recommendation accuracy was not found to predict advice utilisation which does not support that people are more likely to utilise optimal advice (Yaniv & Kleinberger, 2000). In addition, advisors’ confidence did not predict advice utilisation. This does not support past findings which suggest that people utilise advice more from a confident advisor (Lawrence & Warren, 2003; Phillips, 1999; Sniezek & Buckley, 1995; Van Swol & Sniezek, 2005; Yaniv, 1997). The findings provide a unique insight into advice utilisation, as they suggest that when the client is suspicious of their advisor’s motives and rate them as less trustworthy, this has a greater impact than recommendation accuracy and advisors’ confidence on advice utilisation.

The advisors’ financial incentive was also found to impact clients’ decision accuracy. Clients who received advice from a performance-based incentive advisor made more accurate decisions than advisors who received advice from a commission-based advisor. This was explained by the fact that advice utilisation and clients’ ratings of their advisors trustworthiness predicted clients’ decision accuracy. This supports past research which found that advice utilisation (Harvey & Fischer, 1997; Yaniv, 2004a,
2004b), as well as how much the client trusted their advisor (Sniezek & Van Swol, 2001), increases final decision accuracy.

The results highlight an important and unique aspect relating to clients obtaining the largest benefit from receiving advice, relating to the detrimental effect of being suspicious of their advisors’ motives. The results from chapter three found no difference in recommendation accuracy between commission-based and performance-based advisors, as well as no difference in their motivation to produce high quality advice. However, clients who received advice from a commission-based advisor, rated them as less trustworthy, therefore utilised their advice less, and subsequently had lower decision accuracy. This suggests that clients who received advice from a commission-based advisor did not get the full benefit of the advice they received due to being suspicious of their advisors’ motives.

The results demonstrate that being aware of the way in which an advisor is being paid to give advice impacts clients’ ratings of their advisors’ trustworthiness, advice utilisation, and decision accuracy. The thesis went on to explore the impact that the advisors financial incentive has on clients’ final confidence.

8.6 *Receiving advice increased clients’ confidence, but was not influenced by the advisors’ financial incentive, clients’ ratings of the advisor, or advice utilisation*

Clients’ confidence was found to be higher after receiving advice compared to their pre-advice confidence within chapter four. Therefore, the process of receiving advice was found to increase clients’ confidence which supports previous findings (Heath & Gonzalez, 1995; Savadori, Van Swol, & Sniezek, 2001). However, there was no difference in clients’ public confidence depending on the way in which their advisor was paid. In addition, clients’ post-advice confidence was not predicted by clients’ ratings of their advisors trustworthiness, which does not support past findings (Sniezek & Van Swol, 2001). The results were also inconsistent with past findings as advice utilisation (Heath & Gonzalez, 1995) and advisors’ recommendation accuracy (Budescu, Rantilla, Yu, & Karelitz, 2003) did not predict clients’ post-advice confidence.
Heath and Gonzalez (1995) suggest that the process of receiving advice leads clients to construct a rationale for their decision that leads to greater confidence. This is consistent with the current findings as they highlight that simply receiving advice is important for an increase in clients’ confidence, rather than the advisors’ trustworthiness, accuracy, and confidence having a role to play. This thesis advanced by exploring the impact of a second external motivator, namely competition between advisors. It focused solely on the advice giver to explore the impact that competition had on advice quality and how the advice was given.

8.7 Competition does not influence advisors’ motivations and behaviour when there is no incentive to win

Previous sections have explored the impact of advisors’ incentive on advice-giving motivations and behaviours, as well as the impact on the clients’ outcomes. Subsequently, this thesis explored whether another external motivator, competition between advisors, had an impact on advice-giving processes and outcomes when the advisor is not given an incentive (chapter six), as well as when the advisor is either given a financial or quality incentive (chapter seven).

Past JAS studies have explored the impact that the number of advisors has on client outcomes (Budescu & Rantilla, 2000; Yaniv & Milyavsky, 2007). Radzevick and Moore (2011) explored the impact that competition between advisors has on the advisors’ confidence. However, past research has not explored the impact that competition has on advisors’ quality of advice, as well as advisors’ confidence, which this thesis aimed to shed light on. The results found that there was no significant difference in advice quality when there was more than one advisor advising the same clients compared to the advisors providing only their recommendation to a client within chapter six. In comparison, results from chapter seven found that advisors who were in competition, produce lower quality advice as their recommendations were less accurate, they acquired less information to enable them to construct their advice, and they got through more clients. Stanne, Johnson, and Johnson (1999) found that competition lead to higher performance in behavioural tasks than individual environments. The findings of chapter six do not support this finding as competition between advisors was not found to increase or diminish performance. The findings of chapter seven also do not
support this finding as competition was found to lower performance compared to an individual condition.

Advisors have been found to increase their confidence in order to encourage their clients to utilise their advice (Van Swol, 2009). As the advisors are required to get their client to take their advice, rather than the other advisors’ advice, one way to achieve this is by appearing confident to their client. This was not found to be the case in chapter six as no difference was found in advisors’ confidence depending on whether or not they were in competition. This does not support Radzevick and Moore’s (2011) findings that competition between advisors increases overconfidence in advisors. However, this may be because advisors were required to sell their advice in Radzevick and Moore’s study and so a financial incentive was available. The absence of a financial incentive may explain why there was no significant difference between the conditions. Chapter seven went on to explore the impact of competition when the advisor had either a financial incentive or quality incentive; in agreement with Radzevick and Moore’s findings the results found that competition led to higher public confidence of the advisor compared to the no competition condition (which will be explored further in section 8.9). Therefore, if there is no measure of winning or no incentive for the advisor, the results demonstrate that merely having another advisor present does not impact the advisors’ confidence.

There is a limited amount of research on the impact that competition between advisors has on advice quality and advisors’ confidence. The results of chapter six were a starting point for exploring the impact of additional advisors on advisors’ outcomes when the advisor does not have incentive. However, chapter seven explores the impact of both the advisors’ incentive and competition between advisors on their performance and behaviour, which will now be examined further.

8.8 Competition, but not the advisors’ incentive, lowers advice quality

Chapter seven of this thesis provides an understanding of how competition between advisors and the advisors’ incentive impact advice quality which has not been explored in the past. Advisors were either given a commission-based financial incentive or a non-financial incentive to help their client make the best possible decision. The results were found to be consistent to that of chapter five as the advisors’ incentive did
not impact advisors’ quality of advice as measured by self-reported motivation to produce high quality advice, motivation to get through more clients, advisors’ recommendation accuracy, the amount of advice provided, and the amount of information acquired. The results do not support past research that found that financial incentives increased recommendation accuracy (Sniezek, et al., 2004).

What chapter seven does suggest is that competition has a negative impact on advice quality. Advisors who were not in competition with another advisor produced more accurate recommendations than those who were in the competition condition (which is not consistent with chapter six). The results from chapter seven do not support the findings from Stanne, et al.’s (1999) meta-analysis which found that competition leads to higher performance than individual conditions. However, the meta-analysis does hint that when competition involves interdependence (i.e. the people who are in competition are advising the same clients and the client can only chose one advisors’ recommendation) it causes lower performance. These findings highlight that competition within an advice-giving setting that involves interdependence between the advisors causes lower advice quality compared to individual conditions.

8.9 **Competition, as well as a financial incentive, increases advisors’ confidence**

Chapter seven aimed to explore whether the finding that advisors will increase their confidence when they are given a financial incentive, and this is increased by competition, is a robust finding across advice-giving tasks (Radzevick & Moore, 2011; Van Swol, 2009). The results found that advisors who were in competition with another advisor and also had a financial incentive, did increase their public confidence compared to their private confidence. In comparison, advisors who were not in competition and had a quality incentive were the only condition not to increase their confidence. When advisors were in competition, regardless of whether they had a financial incentive or a quality incentive, the advisors’ increased their confidence. This is not consistent with the findings within chapter five that found no significant difference in advisors’ confidence depending on whether they had a financial incentive or no financial incentive. In addition, it was not consistent with findings from chapter six that found no significant difference in advisors’ confidence depending on whether they are in competition with another advisor or not.
The results demonstrate that a combination of being in competition with another advisor and having a financial incentive was found to increase advisors’ deceptive confidence levels. One of the key themes that have emerged with regards to differences in findings between chapters is due to the way in which the advisor believes they are interacting with their client within the advice-giving encounter.

8.10 The amount of interaction impacts advisors’ self-report motivation ratings

One aspect that was varied within this thesis was the amount of interaction the advisor believed they were having with their client. A few studies have suggested that the advisors’ behaviour will differ depending on the interaction between them and their client (Hedlund, Ilgen, & Hollenbeck, 1998; Jonas, Schultz-Hardt, & Frey, 2005). Within chapters three and four, the advisors were communicating in the same room via an instant messenger. The advisors knew that they were communicating in real time and with a real client participant but they did not know who they were communicating with. Within chapter five, the advisor believed their recommendations were going to a client participant but completed an online study on their own. In chapter six, the participants believed that their recommendations were going to a client participant who they did not meet but completed the task within the same room as other advisors. In chapter seven, on the other hand, participants believed that their recommendations were going to a client within the same testing room and completed the task in the same room as other advisors. Within chapters five, six, and seven the advisors were providing recommendations for fictitious clients and so were not passed on to another advisor.

The results from this thesis highlight that advisors were less likely to report having different motivations between conditions when they did not communicate with their clients (chapters five, six, and seven) compared to when they communicated with their clients over an instant messenger (chapter three). Within chapter three, when the advisors communicated with their clients, advisors’ motivations differed between the conditions. Flat-fee advisors were more motivated to get through more pieces of advice to make more money; performance-based advisors were motivated to produce high quality advice; and commission-based advisors were motivated to produce high quality advice and to deceive their clients by appearing more confidence to persuade their clients to take their advice. However, when advisors were asked to report their
motivations within the tasks where they did not interact with their clients there was only one instance where a significant difference was found between conditions (quality motivation within chapter five).

The results suggest that advisors’ motivations may differ depending on the amount of interaction between advisors; or that participants are not as good as recognising their motivations when they are not interacting with their client. This highlights an interesting avenue for future research to explore, especially as in real life advice-giving scenarios there can be instances where the advisors do not interact with their clients. Further to this, past research has found differences in the accuracy of advisors’ recommendation depending on whether they were face-to-face interacting or computer mediated interacting with their client (Hedlund et al., 1998). As chapter two highlights the importance of verbal and non-verbal behaviour for an individual to be good at giving advice it is important to explore the impact of the type of interaction regarding outcomes. Therefore, not only would future research benefit from exploring differences in advisors’ outcomes depending on whether or not the advisor and client interact but also the type of interaction. Another theme that emerged with regards to the differences observed between chapter findings was the use of two different tasks: estimation and choice tasks.

8.11 *Estimation and choice tasks can produce different outcomes*

Another aspect that was varied between the chapters was the type of task used: estimation and choice tasks. Estimation tasks were used to explore advisors’ outcomes within chapters three and six and have been used within the JAS literature (Budescu & Rantilla, 2000; Budescu, Rantilla, Yu, & Karelitz, 2003; Fischer & Harvey, 1999; Gino & Schweitzer, 2008; Sniezek, et al., 2004; Yaniv, 2004b); choice tasks were used to explore advisors’ outcomes in chapters five and seven and have also been used within the JAS literature (Sniezek & Buckley, 1995; Gibbons, Sniezek, & Dalal, 2003; Sniezek & Van Swol, 2001; Lee & O’Connor, 2007). Bonaccio and Dalal (2006) highlight that different decision tasks can influence JAS situations and the results from this thesis support this, as inconsistencies between findings were observed depending on the task.

The type of task was found to have the biggest impact between the two chapters exploring the impact of competition. When a choice task was used (chapter seven) competition was found to impact advice quality as advisors who were in competition...
gave less accurate recommendations, got through more clients, and acquired less pieces of information. In contrast, within chapter six which used an estimation task, there was no difference between the two conditions regarding their recommendation accuracy, the quantity of advice and did not allow for a measure of information acquisition. In addition, competition was found to increase advisors’ public confidence compared with no competition within a choice task (chapter seven) but this was not found to be the case within the estimation task (chapter six). Another aspect of the task type which may have contributed to the difference in results is the use of a repeated measures design (chapter six) compared to an independent measures design (chapter seven). The results highlight the importance of exploring advisor outcomes within different types of tasks, which this thesis has endeavoured to achieve. This is a particularly important aspect to consider when taking this research further, as the findings highlight that the impact of external motivators may differ depending on the setting of the advice-giving encounter, as well as the type of advice-giving domain.

8.12 Limitations of findings and future research – exploring applied settings, different advice-giving domains, personality, gender, and design limitations

Research exploring the Judge-Advisor System will often involve experimental designs carried out within a laboratory setting to enable important controls to be made which are not possible in real-life advice-giving settings. One possible downside to this is that the tasks used may not represent real-life advice-giving as well as if the study was carried out in a more applied setting. Within the current research, the two tasks used (estimation and choice tasks) are well established within the literature but were new developments for the purpose of this thesis. As there were some inconsistencies between the tasks, exploring advisor outcomes when they are actually carrying out the act of giving-advice would provide further insight into the impact that advisors’ incentive and competition has on advice-giving. Therefore, the next step for this research is to examine how different incentives and competition between advisors impact real-life advice-giving situations.

In addition, this thesis has focused on characteristics of advice-givers without specifying the type of advice that they are provided. As a relatively under-researched topic, and due to the use of implicit theories within advice-giving having not been used
before, the type of advice-giver was kept general as a starting point for the investigation. The type of advice-giving domain may impact what the client is looking for with regards to what makes a good advice giver. For example, more emphasis may be placed upon the affect factor within health and human service advisors in comparison to a sales advisor. The next step for this research is to tease apart the differences in what individuals look for in a good advice giver depending on the type of advice that they are providing.

Further to this, the impact that financial incentives and competition between advisors have on advisors’ outcomes may also be influenced by the type of advice-giving domain. The research conducted within this thesis has explored advice-giving relating to consumer products and services. There are many different types of advice-giving situations in which financial incentives and competition may be present (e.g. financial advisors or even medical staff). Therefore, this research can advance by exploring the impact of external motivators within different advice-giving domains.

Research has typically studied how situational factors impact advice-giving and taking. Few studies have considered the role of personality within the exchange of advice. Conscientiousness has been found to influence decision accuracy (LePine, Hollenbeck, Ilgen, & Hedlund, 1997). An individual high in conscientiousness will be goal-oriented which may not only impact clients’ decision accuracy but also advisors’ recommendation accuracy. They will also show higher levels of thoughtfulness which may influence whether they use confidence as a method of persuasion. In addition, individuals high in agreeableness demonstrate attributes such as trust and altruism which would be important for helping others with the provision of advice. Talkative extraverts may influence advice giving during a face-to-face interaction more than computer-mediated interactions, whereas neuroticism may have a negative impact on face-to-face interaction if the advisor is appearing anxious. Finally, advisors who are high in openness may be very good at getting their client to see the decision problem in new ways which may aid the decision making process. Therefore, there is a wealth of ideas relating to how the personality of the advice giver, as well as the decision maker, might impact the JAS interaction which future research should explore.

A limitation of the studies presented within this thesis is that they suffer from a sampling bias of more female participants compared to more male participants. As the sample was taken from the available population of psychology students at the
University of Leicester, individuals who take this course tend to be biased towards females. It is important to consider that this may impact the results of this thesis as gender biases have been observed within the literature regarding how males and females deal with the information available to them when making decisions. Traut-Mattausch, Jonas, Frey, and Zanna (2011) found that women searched for less confirming information for their chosen option when they were choosing for themselves as well as their friend (interdependent decision) compared to a decision concerning only themselves (independent decision); whereas, men searched for less confirming information for their chosen option when they were choosing for themselves. This highlights that males and females may construct advice differently depending on the type of decision at hand. Therefore, it is important to recognise that the findings within this thesis may relate more to female advice givers and caution should be exercised when discussing the findings in relation to male advice givers.

Chapters’ three to seven present experimental research which aimed to examine the effects of external motivators on a number of advice giving motivations and outcomes. As the work was exploratory in nature and had not been explored in the past, separate ANOVAs were conducted to allow for any effects on variables to be identified. However, it is important to note that multiple comparisons of this nature can yield significant results and cause type I error. Within the thesis, where variables were directly related (i.e. within chapter four) then MANOVAs were performed. For future research, where more time and resources are available to enable an examination of larger samples and with a greater understanding of the impact between variables that has been gained within this thesis, multiple comparisons should be explored.

Finally, a series of post hoc power analyses were conducted using the program G*Power to explore the statistical power of the sample sizes used within this thesis (Faul, Erdfelder, Lang, & Buchner, 2007). The post hoc power analysis for chapter three and four using between-subjects ANOVAs (Chapter three: N = 62; Chapter four: N = 62; Total: N = 124) revealed that the power to detect a medium-sized effect ($f = 0.25$) was determined to be 0.39. A sample size of $N = 158$ would be needed to obtain statistical power at the recommended .80 level for each study. The post hoc power analysis for chapter five using between-subjects ANOVAs ($N = 86$) revealed that the power to detect a medium-sized effect ($f = 0.25$) was determined to be 0.45. A sample size of $N = 179$ would be needed to obtain statistical power at the recommended .80
level. The post hoc power analysis for chapter six using repeated measures t-tests ($N = 40$) revealed that the power to detect a medium-sized effect ($d = .5$) was determined to be 0.865. The post hoc power analysis for chapter seven using between-subjects ANOVAs ($N = 80$) revealed that based on a medium-sized effect ($f = 0.25$) revealed that the power to detect a medium-sized effect ($f = 0.25$) was determined to be 0.595. A sample size of $N = 128$ would be needed to obtain statistical power at the recommended .80 level. Therefore, the use of modest sample sizes used within this thesis may have played a role in limiting the significance of some of the statistical comparisons conducted. However, due to logistical reasons it was not possible to attain larger sample sizes within this research but highlights that future research where more resources are available would benefit from an examination of larger sample sizes. In addition, future research can develop the findings of this thesis further to encourage practical applications of the findings.

8.13 Application of findings: Training programmes and using the best external motivators

The research on implicit theories of good advice givers provides a three-factor framework that future research should use to explore the advice giver. It also provides five succinct descriptors for each factor that have been found to be actively used by individuals when evaluating fictitious profiles of advice givers. These descriptors may be used to develop a psychometric measure of advice-giving abilities that may have practical applications when hiring individuals into an advisory role. In addition, to the best of my knowledge, an implicit understanding of what individuals believe as important behaviours and actions of good advice givers has not been explored in the past. Implicit theories provide an understanding that can lead to more formal theories to be developed. The findings here provide a wealth of variables which can be explored further to improve our understanding of what makes a good advice giver within an experimental setting. Furthermore, they also provide a clear framework for organisations to follow and develop training programmes to encourage good practices and efficient advice-giving based on the individuals affect, behaviour, and cognition.

The research on how external factors (namely types of financial incentives and competition between advisors) impacts advice quality and how the advice is given are
applicable to real-life advice giving situations. Companies who establish internal competition between advisors should be wary of this type of motivational technique which can produce lower quality advice (when they believe their recommendation is being directly sent to a client). In addition, the results suggest that although the type of advisors’ incentive may not impact recommendation accuracy, it can impact advisors’ motivation to produce high quality advice and given the right task this may not be a positive thing. However, as a financial incentive has been found to increase advisors’ confidence, but thus far has not been found to have a negative effect on recommendation accuracy, this may be an ideal motivating tool for advisors who want their clients to take their advice. It is important though that the client trusts the advisor and is not suspicious of their incentive, otherwise the effect of being a confident advisor diminishes. It is also important to find the right environment for external motivators as the type of advice-giving task can have an impact on their effectiveness.

8.14 Final conclusions

The research in this thesis explored three main areas identified within the JAS literature in relation to what makes a good advice giver: characteristics of the advice giver, advice quality and how the advice is given. When exploring individuals’ implicit understanding of what makes a good advice giver a number of behaviours and characteristics were identified that were found to belong to three factors: affect, behaviour, and cognition. From these results the advisors’ trustworthiness, the advisors’ confidence, and advice quality were explored further.

When the advisors and clients were interacting with each other, flat-fee advisors were found to be less motivated to produce high quality advice and to get through more pieces of advice compared to performance-based and commission-based advisors. The performance-based advisors were more motivated than flat-fee advisors to produce high quality advice. The commission-based advisors were more motivated to deceive their clients by appearing more publicly confident than performance-based advisors, however they were also as motivated as performance-based advisors to produce high quality advice. When the advisors were not in the same room as their client and were not interacting with them, the advisors’ financial incentive was mostly not found to have the same significant effect on advisors’ motivations.
The advisors’ incentive was consistently found to not impact advice accuracy within this thesis. Whereas, when advisors were given clear incentives, competition was found to lower advice quality (advisors’ advice accuracy decreased, the amount of information they acquired decreased and the amount of clients they advised increased) and increased advisors’ confidence. When the advisors received a commission-based financial incentive, as well as were in competition, they were found to increase their public confidence. Therefore, if an overconfident advisor may have detrimental effects within the advisor-client interaction, it is important to ensure that the advisor is not given a financial incentive and is not in competition with another advisor.

The research also found that the type of advisors’ financial incentive impacted clients’ ratings of advisors’ trustworthiness, this predicted advice utilisation, which increased clients’ decision accuracy but did not predict clients’ decision confidence. The accuracy of the advisors’ recommendation and the advisors’ confidence did not impact advice utilisation. This suggests that when clients’ are suspicious of their advisors’ motives, clients’ ratings of their advisor’s trustworthiness is more important for advice utilisation than advisors’ confidence and advice accuracy.

In conclusion, this thesis gives original insight into individual’s implicit perceptions of what makes a good advice giver, as well as how the type of financial incentives and competition impact advisors’ motivations and performance when interacting with clients and when the client is absent. This is an important area to explore and one that has thus far been neglected within the decision making literature. Future research will benefit from using the three-factor model identified within the thesis to develop training programmes for advisors. In addition, this research will advance by exploring different advice-giving domains and within an applied advice-giving setting.
APPENDIX A: CHAPTER TWO FORMS

Study 1: Ethics

RESEARCH ETHICS REVIEW

Section I: Project Details

| 1. Project title: | Implicit theories of advice giving and measuring self-forgiveness |
| Statement of Research Purpose | To generate implicit theories of someone who is good at giving advice and develop a questionnaire measuring self-forgiveness. |
| Project Aims/ Research questions: | To examine the characteristics of good advice givers and develop a questionnaire measuring self-forgiveness. |
| Proposed methods: | Participants will complete a short 31 item questionnaire. They will be given 31 characteristics and they need to state to which degree their feel they are characteristics of someone who is good at giving advice on a 7-point likert scale. They will also be given 12 statements relating to self-forgiveness for a previous transgression (that won't be reported to the researcher). |
| Method of recruiting research participants | I will be using an opportunity sampling method. Participants will either complete a paper version or an online version. |
| Criteria for selecting research participants | n/a |
| Estimated number of Participants | 300 |
| Estimated start date | 01/06/2013 |
| Estimated end date | 31/12/2013 |
| Will the study involve recruitment of participants from outside the UK? | If yes, please indicate from which country(s). No |

Section II: Applicant Details

| 2. Name of researchers (applicant): | Rebecca HOGAN |
| 2b. Department: | Psychology |
| 3. Status: | Postgraduate Research |
| 4. Email addresses: | rh153@le.ac.uk |
| 5a. Contact addresses: | Room 354, Maurice Shock Building, School of Psychology, University of Leicester, Lancaster Road, Lei |
| 5b. Telephone numbers | 0116 229 7155 |
Section III: For Students Only

| 6. Module name and number or MA/MPhil/PhD course and department: | Psychology Research PhD |
| 7. Module leader’s/Supervisor’s name: | John Maltby |
| 8. Email address: | gm98@le.ac.uk |
| 9. Contact address: | Room NW 208, School of Psychology, University of Leicester, 106 New Walk, Leicester, LE1 7EA |

Section IV: All Research Applicants

Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.

The current research does not raise any ethical issues. All the research for this study will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants. Participants completing the paper copy will sign the consent form and will be remove from the rest of their data. Participants completing the online version will confirm consent by selecting a confirmation button. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. Participants will provide a four-digit pin number which will enable their data to be withdrawn at a later date. All data provided by participants will be kept confidential. Finally, all participants will be fully debriefed and thanked for their time.

Are you using a Participant Information and Informed Consent Form?

If YES, please paste copy form at the end of this application. YES

Have you considered the risks associate with this project? YES

Now proceed to the Research Ethics Checklist…………….. Section V

Section V: Research Ethics Checklist

Please answer each question by ticking the appropriate box:

YES  NO

<p>| Does the study involve participants who are particularly vulnerable or unable to give informed consent? (e.g. children, people with learning disabilities, your own students). | NO |
| Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of nursing home). | NO |
| Will it be necessary for participants to take part in the study without their | NO |</p>
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge and consent at the time? (e.g. covert observation of people in non-public places).</td>
<td></td>
</tr>
<tr>
<td>Will the study involve discussion of sensitive topics (e.g. sexual activity, drug use)?</td>
<td>NO</td>
</tr>
<tr>
<td>Are drugs, placebos or other substances (e.g. food substances, vitamins) to be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?</td>
<td>NO</td>
</tr>
<tr>
<td>Will blood or tissue samples be obtained from participants?</td>
<td>NO</td>
</tr>
<tr>
<td>Is pain or more than mild discomfort likely to result from the study?</td>
<td>NO</td>
</tr>
<tr>
<td>Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life?</td>
<td>NO</td>
</tr>
<tr>
<td>Will the study involve prolonged or repetitive testing?</td>
<td>NO</td>
</tr>
<tr>
<td>Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants?</td>
<td>NO</td>
</tr>
<tr>
<td>Will the study involve recruitment of patients or staff through the NHS?</td>
<td>NO</td>
</tr>
<tr>
<td>Does this research entail beyond minimal risk of disturbance to the environment? If yes, please explain how you will minimize this risk under section IV above.</td>
<td>NO</td>
</tr>
<tr>
<td>Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)?</td>
<td>YES</td>
</tr>
<tr>
<td>Measures have been taken to ensure confidentiality, privacy and data protection where appropriate.</td>
<td>YES</td>
</tr>
</tbody>
</table>

If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

Declaration

Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES
I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. - YES

**Study 2: Ethics**

**RESEARCH ETHICS REVIEW**

**Section I: Project Details**

<table>
<thead>
<tr>
<th>1. Project title:</th>
<th>Implicit theories of advice giving.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Research Purpose</td>
<td>To generate implicit theories of someone who is good and bad at giving advice.</td>
</tr>
<tr>
<td>Project Aims/Research questions:</td>
<td>To examine the external validity of the constructs identified in a previous study regarding characteristics of good and bad advice givers by exploring whether participants actively use them rather than being passive in participants’ minds.</td>
</tr>
<tr>
<td>Proposed methods:</td>
<td>20 University of Leicester students will complete the study as part of course credit. In part one, 117 characteristics selected from the International Personality Item Pool (<a href="http://www.ipip.org">www.ipip.org</a>) will be rated by a maximum of 10 raters regarding whether they are characteristic of a good and bad advisor to identify neutral characteristics. In part two, six different versions of 48 profiles of fictitious people will be presented to participants so that they see one of the six versions. The profiles will describe the fictitious people based on a combination of good and bad advisors (identified in a previous study) and the neutral characteristics (identified in part one of this study). The names for the profiles were chosen from the top 100 names of new-born babies in the United Kingdom in 2011. Participants will be asked to rate each profile regarding how good or bad they would be at giving advice on a 9 point scales (1 not at all to 9 excellent).</td>
</tr>
<tr>
<td>Method of recruiting research participants</td>
<td>I will be recruiting University of Leicester Psychology students in exchange for course credit (EPR).</td>
</tr>
<tr>
<td>Criteria for selecting research participants</td>
<td>n/a</td>
</tr>
<tr>
<td>Estimated number of Participants</td>
<td>20</td>
</tr>
<tr>
<td>Estimated start date</td>
<td>01/01/2013</td>
</tr>
<tr>
<td>Estimated end date</td>
<td>31/12/2013</td>
</tr>
<tr>
<td>Will the study involve recruitment of participants from outside the UK?</td>
<td>If yes, please indicate from which country(s). no</td>
</tr>
</tbody>
</table>

**Section II: Applicant Details**

<table>
<thead>
<tr>
<th>2. Name of researchers (applicant):</th>
<th>Rebecca HOGAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>2b. Department:</td>
<td>Psychology</td>
</tr>
<tr>
<td>3. Status:</td>
<td>Postgraduate Research</td>
</tr>
<tr>
<td>4. Email addresses:</td>
<td><a href="mailto:rh153@le.ac.uk">rh153@le.ac.uk</a></td>
</tr>
</tbody>
</table>
Section III: For Students Only

6. Module name and number or MA/MPhil/PhD course and department: Psychology Research

7. Module leader’s/Supervisor’s name: Dr John Maltby

8. Email address: hf49@le.ac.uk

9. Contact address: Room NW 208, School of Psychology, University of Leicester, 106 New Walk, Leicester, LE1 7EA

Section IV: All Research Applicants

Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.

The current research does not raise any ethical issues. All the research for this study will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants and indicated by proceeding with the study. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. All data provided by participants will be kept confidential. Finally, all participants will be fully debriefed and thanked for their time.

Are you using a Participant Information and Informed Consent Form? If YES, please paste copy form at the end of this application. YES

Have you considered the risks associated with this project? YES

Now proceed to the Research Ethics Checklist…………….. Section V

Section V: Research Ethics Checklist

Please answer each question by ticking the appropriate box:

YES  NO

<table>
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<th>Question</th>
<th>Answer</th>
</tr>
</thead>
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<td>Does the study involve participants who are particularly vulnerable or</td>
<td></td>
</tr>
<tr>
<td>unable to give informed consent? (e.g. children, people with learning</td>
<td>NO</td>
</tr>
<tr>
<td>disabilities, your own students).</td>
<td></td>
</tr>
<tr>
<td>Will the study require the co-operation of a gatekeeper for initial</td>
<td>NO</td>
</tr>
<tr>
<td>access to the groups or individuals to be recruited? (e.g. students at</td>
<td></td>
</tr>
<tr>
<td>school, members of self-help group, residents of nursing home).</td>
<td></td>
</tr>
<tr>
<td>Will it be necessary for participants to take part in the study without</td>
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<tr>
<td>their knowledge and consent at the time? (e.g. covert observation of</td>
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<td>people in non-public places).</td>
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be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?

Will blood or tissue samples be obtained from participants? NO

Is pain or more than mild discomfort likely to result from the study? NO

Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life? NO

Will the study involve prolonged or repetitive testing? NO

Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants? NO

Will the study involve recruitment of patients or staff through the NHS? NO

Does this research entail beyond minimal risk of disturbance to the environment? If yes, please explain how you will minimize this risk under section IV above. NO

Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)? YES

Measures have been taken to ensure confidentiality, privacy and data protection where appropriate. YES

If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

Declaration

Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES

I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. – YES
Study 1: Consent form

Participant Consent Form

BACKGROUND INFORMATION
Title: Implicit theories of advice giving
Researchers: Becky Hogan and Dr John Maltby from the University Of Leicester School Of Psychology.
Purpose of data collection: Doctoral Research

Proposed Aim:
With an increase in use of professional advice services (e.g. financial, relationship, medical) it is important to explore what advice seekers are looking for in a good advice giver. The current research aims to explore what characterises someone who is good at giving advice. It is examining advice giving generally and not specifically to one domain

Details of participation:
This study involves rating 26 items regarding how characteristic they are of someone who is good at giving advice. The questionnaire should take no longer than 10 minutes to complete.

I understand that my participation is voluntary and that I may withdraw from the research at any time up until one from participating in the study, without giving any reason. I understand that to do this during the survey I can exit the survey browser window when completing the survey online or cease completion when completing a paper version. I understand that to withdraw after I have completed the survey, I can contact Becky Hogan on rh153@le.ac.uk stating my Personal Identification Number.

1. My data are to be held confidentially by the named researchers.
2. This consent form will be kept separately from my data in a locked cabinet for up to a period of five years. After this the consent forms will be deleted using the University of Leicester's Waste Management Team's procedures for destroying confidential material.
3. Online completion: My data, which will be in electronic form, will be downloaded from the electronic survey system when the data collecting part of the study has been completed. This will become coded data. At this point I understand that the only identifier to the data that exists is the Personal Identification Number that I created in the survey so I am able to withdraw at a later stage.
4. Paper completion: My data, which will be in paper form, will be kept in a locked filing cabinet for a period of at least five years after the appearance of any associated publications. This will become coded data. At this point I understand that the only identifier to the data that exists is the Personal Identification Number that I created in the survey so I am able to withdraw at a later stage.
5. In accordance with the requirements of some scientific journals and organisations, I understand that the coded data will be kept in electronic form for up to five years. After this time they will be deleted using the University of Leicester's Waste Management Team's procedures for destroying confidential material on digital storage media.
6. In accordance with the requirements of some scientific journals and organisations, I understand that my coded data may be shared with other competent researchers. I understand that my coded data may also be used in other related studies. My name, PIN number and any other identifying details of taking part in the study will not be shared with anyone.

I agree to participate.
Participant’s signature: ____________________________
Date: ____________________________

If you would like to receive a summary of the results by e-mail, when this is available, please provide your email address: ____________________________

Please note that this form will be kept separately from your data.
BACKGROUND INFORMATION
Title: Implicit theories of advice giving.
Researchers: Becky Hogan and Dr John Maltby from the University Of Leicester School Of Psychology.
Purpose of data collection: Doctoral Research

Details of Participation:
This study involves reading profiles of fictitious people and rating them on their advice giving abilities. The study should take no longer than 20 minutes.

CONSENT STATEMENT

1. I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.

2. I am aware of what my participation will involve.

3. My data are to be held confidentially and only Becky Hogan and Dr. John Maltby will have access to them.

4. My data will be kept in a locked filing cabinet for a period of at least five years after the appearance of any associated publications.

5. Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.

6. In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.

7. The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.

8. This study will take approximately three months to complete.

9. I will be able to obtain general information about the results of this research by providing the researchers with my email address now.

I am giving my consent for data to be used for the outlined purposes of the present study by proceeding with the study.

If you would like to receive a summary of the results by e-mail please contact the researcher Becky Hogan on rh153@le.ac.uk.
**Study 1: Debrief**

Debrief
Thank you for taking part in the study, your data is very useful. This study is looking at implicit theories of advice giving. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.

**Study 2: Debrief**

Debrief
Thank you for taking part in the study, your data is very useful. This study is looking at implicit theories of advice giving. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.
### Section 1: Project Details

<table>
<thead>
<tr>
<th>1. Project title:</th>
<th>Differing advisor motives as a result of advisors payment structure: the effect on the advice given and how it is received when communicated via instant messaging.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Research Purpose</td>
<td>The aim of this study is to extend the findings of existing advice giving, seeking and taking literature when faced with making a decision. Although some advisors may intend to give the receiver their best quality advice to help them come to the optimal decision, some may have other motives. They may want to win over the decision maker and encourage them to take the advice regardless of the quality, if the advisor has a monetary incentive for example. The research will explore whether the way in which advisors are paid for giving advice will have an effect on the advice that is given and their deceptive levels of displayed confidence as a method of persuading their client to take the advice. It will also be examined how clients respond to the advice received depending on how their advisor was paid and the detection of advisors’ motives when made suspicious.</td>
</tr>
<tr>
<td>Project Aims/Research questions:</td>
<td>This study will examine whether advisors have differing motives depending on the way in which they are paid to provide advice and whether this in turn will affect the quality of their advice, their use of deceptive confidence levels and their calibration (the relationship between their confidence and accuracy). It will also examine how the client responds to the advice and their ability to detect differing motives. The independent variable is payment structures on four levels: flat-fee, commission-based, performance-based, and mixed. The dependent variables are: advisors advice accuracy; advisors inflated confidence levels; advisors calibration; client’s advice utilisation; client’s perception of advice and advisor.</td>
</tr>
<tr>
<td>Proposed methods:</td>
<td>University of Leicester students will be recruited as part of their experimental participation requirement. 120 participants will be tested (60 advisors and 60 clients). Participants who are assigned the role of the advisor will be told that their clients are working for a new company offering money for used mobile phones called “MobilesMakeMoney” and their role is to advise them on the best price to offer for the used mobile phones to make the company the biggest profit. The advisors will be asked to pick out a card which indicates the way in which they will charge their clients: a flat-fee, performance based, commission based or all three. The advisors role is to give their client a recommendation regarding the value of the...</td>
</tr>
</tbody>
</table>
each mobile phone and is asked to provide an indication of confidence in their estimate (0-100% confident). The advisors arrive prior to the clients and will be shown a five minute video on ‘How to be an effective advisor’ which will explain how to use the information booklet that they are given instructing them how best to estimate the price of used mobile phones. The advisors will have fifteen minutes (five minutes per condition for mixed design) to rate as many mobile phones as they wish (maximum 30) and will be asked to state their estimate and confidence. The advisors will then be asked to leave the room for ten minutes and then the clients will enter the room and asked to state how much they think they should offer for each of the mobile phones and how confident they are without any training and before receiving advice. They will then be told that they will receive a recommendation from an advisor who is in the room (an anonymous participant) via instant messaging and that their advisors were given training. They will also be told that they have to pay their advisor for the advice using monopoly money (they will be given £60 starting monopoly money); some participants will only be told how they themselves will be paying for the advice, whereas some will be told about the different payment structures. The advisors will then re-enter the room. The clients and advisors will not know who they are being paired with throughout the study. They will be informed that identifying themselves over the instant message or discussing anything other than the mobile phones will result in no credits to be granted and they will not be put forward to win the prize money. The clients and the advisors will be instructed how to construct the conversation and then are given 15 minutes to get through as many mobiles as they wish. After the advice has been given on each of the mobile phones the clients will be required to fill in a pay and collect payment form which states the advisor’s recommendation and their final decision and put it on the table behind them and then continue with the next mobile phone. The experimenter will then take the monopoly money from them to pay their advisor and will give them monopoly money depending on the accuracy of their final decision. At the end of the 15 minutes all participants will be asked to count up how much money they have made and write in down to hand into the experimenter. The advisors will finally be asked to fill in a short questionnaire asking about their motivation when giving advice and the clients will also be given a questionnaire asking about how they rate the advisors performance and advice received. Participants will then be thanked and debriefed.

| Method of recruiting research participants | I will be recruiting University of Leicester Psychology students in exchange for course credit (EPR). |
| Criteria for selecting research participants | The participants must not have completed previous studies (project reference: rh153-cc2a5; rh153-cc2a5) |
| Estimated number of | 120 |
### Participants

<p>| | |</p>
<table>
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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated start date</td>
<td>01/03/2011</td>
</tr>
<tr>
<td>Estimated end date</td>
<td>31/03/2012</td>
</tr>
<tr>
<td>Will the study involve recruitment of participants from outside the UK?</td>
<td>No</td>
</tr>
</tbody>
</table>

**Section II: Applicant Details**

| 2. Name of researchers (applicant): | a) Rebecca HOGAN |
| 2b. Department: | Psychology |
| 3. Status: | Postgraduate Research |
| 4. Email addresses: | a) rh153@le.ac.uk |
| 5a. Contact addresses: | a) Room 354, Maurice Shock Building, School of Psychology, University of Leicester, Lancaster Road, Lei |
| 5b. Telephone numbers | a) 0116 229 7155 |

**Section III: For Students Only**

| 6. Module name and number or MA/MPhil/PhD course and department: | PhD Psychology Research |
| 7. Module leader’s/Supervisor’s name: | Dr Briony Pulford, |
| 8. Email address: | rjr15@le.ac.uk |
| 9. Contact address: | Room 0/52, Henry Wellcome Building, School of Psychology, University of Leicester, Lancaster Road, Lei |

**Section IV: All Research Applicants**

Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.

The current research does not raise any ethical issues. All the research for this study will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants who choose to participate in the study. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. All data provided by participants will be kept confidential. The £25 raffle prize is needed for motivating participants to gain monopoly money by making sensible decisions, but they will not be paid individually and the prospect of getting money will not be a means of recruiting the participants. Finally all participants will be fully debriefed and thanked for their time.

Are you using a Participant Information and Informed Consent Form?

If YES, please paste copy form at the end of this application.  

Have you considered the risks associate with this project?  

YES

YES
Now proceed to the Research Ethics Checklist…………….. Section V

Section V: Research Ethics Checklist

Please answer each question by ticking the appropriate box:

<table>
<thead>
<tr>
<th>Question</th>
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<td>Does the study involve participants who are particularly vulnerable or unable to give informed consent? (e.g. children, people with learning disabilities, your own students).</td>
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<td>Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of nursing home).</td>
<td>NO</td>
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<tr>
<td>Will it be necessary for participants to take part in the study without their knowledge and consent at the time? (e.g. covert observation of people in non-public places).</td>
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<tr>
<td>Will the study involve prolonged or repetitive testing?</td>
<td>NO</td>
</tr>
<tr>
<td>Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants?</td>
<td>YES</td>
</tr>
<tr>
<td>Will the study involve recruitment of patients or staff through the NHS?</td>
<td>NO</td>
</tr>
<tr>
<td>Does this research entail beyond minimal risk of disturbance to the environment) If yes, please explain how you will minimize this risk under section IV above).</td>
<td>NO</td>
</tr>
<tr>
<td>Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)?</td>
<td>YES</td>
</tr>
<tr>
<td>Measures have been taken to ensure confidentiality, privacy and data protection where appropriate.</td>
<td>YES</td>
</tr>
</tbody>
</table>

If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the
appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

Declaration

Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

    I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES

I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. - YES
Chapter three Consent form

Participant Consent Form

BACKGROUND INFORMATION
Title: Giving and receiving advice: Estimating used mobile phone values
Researchers: Becky Hogan and Dr. Briony Pulford from the University Of Leicester School Of Psychology.
Purpose of data collection: Doctoral Research

Details of Participation: This task should take no longer than an hour and twenty minutes to complete. You have been assigned the role of a financial advisor who has been hired by a new company “MobilesMakeMoney” who offer money for used mobile phones. Your task is to advise your client who works for this company (another anonymous participant) on the best price to value used mobile phones for. The task will involve receiving information on mobile phones and estimating the value of as many used mobile phones as you wish within a timeframe of fifteen minutes and including an indication of how confident you feel in that estimate. After this time there will be a 10 minute break and then you will re-enter the room and communicate to your client via instant messaging for another 21 minutes. You will be paid monopoly money for the advice that you give and the person with the most money at the end of the task will win £25 (a draw will be carried out in the case of a tie). Please be aware that identifying yourself over the instant message or discussing anything other than the mobile phones will result in no credits to be granted and you will not be put forward to win the prize money.

CONSENT STATEMENT

1. I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.

2. I am aware of what my participation will involve.

3. My data are to be held confidentially and only Becky Hogan and Dr. Briony Pulford will have access to them.

4. My data will be kept in a locked filing cabinet for a period of at least five years after the appearance of any associated publications.

5. Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.

6. In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.

7. The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.

8. This study will take approximately three months to complete.

9. I will be able to obtain general information about the results of this research by providing the researchers with my email address now.

I am giving my consent for data to be used for the outlined purposes of the present study
All questions that I have about the research have been satisfactorily answered.
I agree to participate.
Participant’s signature: ____________________________________________
Participant’s name (please print): ________________________________
Date: ____________________________
If you would like to receive a summary of the results by e-mail, when this is available, please provide your email address: ________________________________

Please note that this form will be kept separately from your data
Chapter three Debrief

Debrief Statement

Title: Differing advisor motives as a result of advisors payment structure: the effect on the advice given and how it is received when communicated via instant messaging.

Description: The aim of this study is to extend the findings of existing advice giving, seeking and taking literature when faced with making a decision. Although some advisors may intend to give the receiver their best quality advice to help them come to the optimal decision, some may have other motives. They may want to win over the decision maker and encourage them to take the advice regardless of its quality, if the advisor has a monetary incentive for example. This research is exploring whether the way in which advisors are paid for giving advice has an effect on the advice that is given and their deceptive levels of displayed confidence as a method of persuading their client to take the advice. It is also examining how clients respond to the advice received depending on how their advisor was paid and the detection of advisors’ motives when made suspicious. This study is exploring the interaction between the advisor and client when communicating via instant messaging within the same room.

All data will be held confidentially and you have the right to withdraw your data without explanation by contacting the researcher on rh153@le.ac.uk up to 1 month after the study.

If you have any question, please do not hesitate to contact the researcher.
# APPENDIX C: CHAPTER FOUR FORMS

Chapter four Ethics

## RESEARCH ETHICS REVIEW

### Section I: Project Details

<table>
<thead>
<tr>
<th>1. Project title:</th>
<th>Differing advisor motives as a result of advisors payment structure: the effect on the advice given and how it is received when communicated via instant messaging.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Research Purpose</td>
<td>The aim of this study is to extend the findings of existing advice giving, seeking and taking literature when faced with making a decision. Although some advisors may intend to give the receiver their best quality advice to help them come to the optimal decision, some may have other motives. They may want to win over the decision maker and encourage them to take the advice regardless of the quality, if the advisor has a monetary incentive for example. The research will explore whether the way in which advisors are paid for giving advice will have an effect on the advice that is given and their deceptive levels of displayed confidence as a method of persuading their client to take the advice. It will also be examined how clients respond to the advice received depending on how their advisor was paid and the detection of advisors’ motives when made suspicious.</td>
</tr>
<tr>
<td>Project Aims/ Research questions:</td>
<td>This study will examine whether advisors have differing motives depending on the way in which they are paid to provide advice and whether this in turn will affect the quality of their advice, their use of deceptive confidence levels and their calibration (the relationship between their confidence and accuracy). It will also examine how the client responds to the advice and their ability to detect differing motives. The independent variable is payment structures on four levels: flat-fee, commission-based, performance-based, and mixed. The dependent variables are: advisors advice accuracy; advisors inflated confidence levels; advisors calibration; client’s advice utilisation; client’s perception of advice and advisor.</td>
</tr>
<tr>
<td>Proposed methods:</td>
<td>University of Leicester students will be recruited as part of their experimental participation requirement. 120 participants will be tested (60 advisors and 60 clients). Participants who are assigned the role of the advisor will be told that their clients are working for a new company offering money for used mobile phones called “MobilesMakeMoney” and their role is to advise them on the best price to offer for the used mobile phones to make the company the biggest profit. The advisors will be asked to pick out a card which indicates the way in which they will charge their clients: a flat-fee, performance</td>
</tr>
</tbody>
</table>
based, commission based or all three. The advisors role is to give their client a recommendation regarding the value of the each mobile phone and is asked to provide an indication of confidence in their estimate (0-100% confident). The advisors arrive prior to the clients and will be shown a five minute video on ‘How to be an effective advisor’ which will explain how to use the information booklet that they are given instructing them how best to estimate the price of used mobile phones. The advisors will have fifteen minutes (five minutes per condition for mixed design) to rate as many mobile phones as they wish (maximum 30) and will be asked to state their estimate and confidence. The advisors will then be asked to leave the room for ten minutes and then the clients will enter the room and asked to state how much they think they should offer for each of the mobile phones and how confident they are without any training and before receiving advice. They will then be told that they will receive a recommendation from an advisor who is in the room (an anonymous participant) via instant messaging and that their advisors were given training. They will also be told that they have to pay their advisor for the advice using monopoly money (they will be given £60 starting monopoly money); some participants will only be told how they themselves will be paying for the advice, whereas some will be told about the different payment structures. The advisors will then re-enter the room. The clients and advisors will not know who they are being paired with throughout the study. They will be informed that identifying themselves over the instant message or discussing anything other than the mobile phones will result in no credits to be granted and they will not be put forward to win the prize money. The clients and the advisors will be instructed how to construct the conversation and then are given 15 minutes to get through as many mobiles as they wish. After the advice has been given on each of the mobile phones the clients will be required to fill in a pay and collect payment form which states the advisor’s recommendation and their final decision and put it on the table behind them and then continue with the next mobile phone. The experimenter will then take the monopoly money from them to pay their advisor and will give them monopoly money depending on the accuracy of their final decision. At the end of the 15 minutes all participants will be asked to count up how much money they have made and write in down to hand into the experimenter. The advisors will finally be asked to fill in a short questionnaire asking about their motivation when giving advice and the clients will also be given a questionnaire asking about how they rate the advisors performance and advice received. Participants will then be thanked and debriefed.

| Method of recruiting research participants | I will be recruiting University of Leicester Psychology students in exchange for course credit (EPR). |
| Criteria for selecting | The participants must not have completed previous studies |
research participants (project reference: rh153-cc2a5; rh153-cc2a5)

<table>
<thead>
<tr>
<th>Estimated number of Participants</th>
<th>120</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated start date</td>
<td>01/03/2011</td>
</tr>
<tr>
<td>Estimated end date</td>
<td>31/03/2012</td>
</tr>
<tr>
<td>Will the study involve recruitment of participants from outside the UK?</td>
<td>No</td>
</tr>
</tbody>
</table>

**Section II: Applicant Details**

2. Name of researchers (applicant): a) Rebecca HOGAN

2b. Department: Psychology

3. Status: Postgraduate Research

4. Email addresses: a) rh153@le.ac.uk

5a. Contact addresses: a) Room 354, Maurice Shock Building, School of Psychology, University of Leicester, Lancaster Road, Lei

5b. Telephone numbers a) 0116 229 7155

**Section III: For Students Only**

6. Module name and number or MA/MPhil/PhD course and department: PhD Psychology Research

7. Module leader’s/Supervisor’s name: Dr Briony Pulford,

8. Email address: rjr15@le.ac.uk

9. Contact address: Room 0/52, Henry Wellcome Building, School of Psychology, University of Leicester, Lancaster Road, Lei

Section IV: All Research Applicants

Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.

The current research does not raise any ethical issues. All the research for this study will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants who choose to participate in the study. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. All data provided by participants will be kept confidential. The £25 raffle prize is needed for motivating participants to gain monopoly money by making sensible decisions, but they will not be paid individually and the prospect of getting money will not be a means of recruiting the participants. Finally all participants will be fully debriefed and thanked for their time.

Are you using a Participant Information and Informed Consent Form?
If YES, please paste copy form at the end of this application.  YES

Have you considered the risks associate with this project?  YES

Now proceed to the Research Ethics Checklist…………….. Section V

Section V: Research Ethics Checklist

Please answer each question by ticking the appropriate box:

YES   NO

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the study involve participants who are particularly vulnerable or unable to give informed consent? (e.g. children, people with learning disabilities, your own students).</td>
<td>NO</td>
</tr>
<tr>
<td>Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of nursing home).</td>
<td>NO</td>
</tr>
<tr>
<td>Will it be necessary for participants to take part in the study without their knowledge and consent at the time? (e.g. covert observation of people in non-public places).</td>
<td>NO</td>
</tr>
<tr>
<td>Will the study involve discussion of sensitive topics (e.g. sexual activity, drug use)?</td>
<td>NO</td>
</tr>
<tr>
<td>Are drugs, placebos or other substances (e.g. food substances, vitamins) to be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?</td>
<td>NO</td>
</tr>
<tr>
<td>Will blood or tissue samples be obtained from participants?</td>
<td>NO</td>
</tr>
<tr>
<td>Is pain or more than mild discomfort likely to result from the study?</td>
<td>NO</td>
</tr>
<tr>
<td>Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life?</td>
<td>NO</td>
</tr>
<tr>
<td>Will the study involve prolonged or repetitive testing?</td>
<td>NO</td>
</tr>
<tr>
<td>Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants?</td>
<td>YES</td>
</tr>
<tr>
<td>Will the study involve recruitment of patients or staff through the NHS?</td>
<td>NO</td>
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<td>NO</td>
</tr>
<tr>
<td>Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)?</td>
<td>YES</td>
</tr>
<tr>
<td>Measures have been taken to ensure confidentiality, privacy and data protection where appropriate.</td>
<td>YES</td>
</tr>
</tbody>
</table>

If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described
in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

Declaration

Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

    I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES

I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. - YES
Chapter four Consent form

Participant Consent Form

BACKGROUND INFORMATION

Title: Giving and receiving advice: Estimating used mobile phone values

Researchers: Dr. Briony Pulford and Becky Hogan from the University Of Leicester School Of Psychology.

Purpose of data collection: Doctoral Research

Details of Participation: This task should take no longer than 60 minutes to complete. You have been assigned the role of a client working for a new company called “MobilesMakeMoney” who offer money for used mobile phones. Your task is to provide an estimate of the value of used mobile phones including an indication of certainty. After which an advisor (another anonymous participant) will enter the room who has been trained at valuing used mobile phones and will provide you with a recommendation which will be communicated to you via instant messaging. You will be required to pay the advisor (using monopoly money) for their advice. You will then be required to make a final decision estimate and will be paid (also with monopoly money) based on your accuracy. The client with the most money at the end of the task will win £25 (a draw will be carried out in the case of a tie). Please be aware that identifying yourself over the instant message or discussing anything other than the mobile phones will result in no credits to be granted and you will not be put forward to win the prize money.

CONSENT STATEMENT

1. I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.

2. I am aware of what my participation will involve.

3. My data are to be held confidentially and only Becky Hogan and Dr. Briony Pulford will have access to them.

4. My data will be kept in a locked filing cabinet for a period of at least five years after the appearance of any associated publications. Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.

5. In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.

6. The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.

7. This study will take approximately three months to complete.

8. I will be able to obtain general information about the results of this research by providing the researchers with my email address now.

I am giving my consent for data to be used for the outlined purposes of the present study.
All questions that I have about the research have been satisfactorily answered.
I agree to participate.

Participant’s signature: ________________________________
Participant’s name (please print): ________________________________
Date: ________________________________

If you would like to receive a summary of the results by e-mail, when this is available, please provide your email address: ________________________________

Please note that this form will be kept separately from your data.
Debrief Statement

**Title:** Differing advisor motives as a result of advisors payment structure: the effect on the advice given and how it is received when communicated via instant messaging.

**Description:** The aim of this study is to extend the findings of existing advice giving, seeking and taking literature when faced with making a decision. Although some advisors may intend to give the receiver their best quality advice to help them come to the optimal decision, some may have other motives. They may want to win over the decision maker and encourage them to take the advice regardless of its quality, if the advisor has a monetary incentive for example. This research is exploring whether the way in which advisors are paid for giving advice has an effect on the advice that is given and their deceptive levels of displayed confidence as a method of persuading their client to take the advice. It is also examining how clients respond to the advice received depending on how their advisor was paid and the detection of advisors’ motives when made suspicious. This study is exploring the interaction between the advisor and client when communicating via instant messaging within the same room.

All data will be held confidentially and you have the right to withdraw your data without explanation by contacting the researcher on rh153@le.ac.uk up to 1 month after the study.

If you have any question, please do not hesitate to contact the researcher.
### Chapter five ethics

#### RESEARCH ETHICS REVIEW

**Section 1: Project Details**

<table>
<thead>
<tr>
<th>1. Project title:</th>
<th>The influence of extrinsic rewards, advice assessment, competition and performance evaluation on advice givers information acquisition.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Research Purpose</strong></td>
<td>To explore what conditions affect the motivations and behaviours of advisors during an information acquisition task for postgraduate research purposes.</td>
</tr>
<tr>
<td><strong>Project Aims/Research questions:</strong></td>
<td>Study one will examine whether the extrinsic rewards available to an advisor influences the advice giving process and outcomes. The independent variable: bonus schemes with four levels (flat-fee, commission-based, performance-based, and no bonus scheme). Study two will explore the motivation and behaviour of advisors who receive a commission bonus (if their customer utilises their advice) and whether believing that their customer will have the opportunity to assess the quality of their advice or not before making a decision has an impact. The independent variable: advice assessment with three levels (advisors told nothing, advice assessment opportunity, no advice assessment opportunity). Study three will explore whether competition, as well as incentives, influence advisors motivation and behaviour. Two independent variables: competition with two levels (competition, no competition) and incentives with three levels (no incentive, intrinsic incentive, extrinsic incentive). Study four will explore whether advisors are given the opportunity to evaluate their performance encourages competition. Two independent variables: competition (competition, no competition) and performance evaluation with two levels (no opportunity, performance evaluation opportunity). The dependent variables for all studies are: advice accuracy, amount of information acquired, amount of customers advised, inflated confidence levels, motivations when constructing advice (to produce high quality advice, to deceive their client by inflating their confidence, to get through as many customers as possible). Study five will explore whether individual differences in autonomy, empathy, and personality can predict the participant’s performance in studies 1-4.</td>
</tr>
<tr>
<td><strong>Proposed methods:</strong></td>
<td>In total, 280 University of Leicester students will complete the study as part of course credit. Participants will indicate their agreement to participate in the study by proceeding with the online study. Task: Participants will be presented with a scenario that they work for an online mobile phone</td>
</tr>
</tbody>
</table>
comparison site and their role is to advise each of the customers regarding which mobile contract they should purchase. They will be presented with boxes which display what each of their customers ideally want from their contract, what they will allow, and what they do not want regarding seven aspects of the contract (make of the handset, handset cost, mobile network, line rental cost, the contract term, number of minutes included, number of texts included). They will then be presented with five different contracts which vary in how well they match the customer’s needs. At the beginning of the task, all the information will be hidden and the participants have to make the decision regarding how much information to acquire. Participants will be required to state the contract they believe is best for each customer and how privately confident they feel in their decision. Finally then will fill in the contract and confidence which they believe their customer (another participant) will receive. Study one: Participants will randomly be assigned to one of four bonus schemes which they are told they earn on top of their salary (imaginary money). A flat-fee bonus scheme means that advisors get an additional £5 for each customer that they advise. A commission based bonus scheme means that advisors get an additional £5 if their customer takes their advice. A performance based bonus scheme means that advisors get paid based on their clients’ performance: an additional £5 if their customer chooses the rank 5 contract through to £1 for rank 1 contract. Finally, the no bonus scheme means that there will be no additional bonus for the advisor. The participants will be given information about each of the different payment structures but will be told that the advisor who makes the most money within each bonus scheme separately will win £10. The no bonus scheme group will be informed of the prize money after the task and told that there will be a raffle (four prizes of £10 available). The prize money will be utilised to encourage the participants to make good decisions during the task and adopt their bonus scheme. Study two: participants will all be given a commission incentive from study one and either told that their clients will be given an opportunity to evaluate their advice before making decision or are told that their clients will not be given the opportunity (two prizes of £10). Study three: participants will be assigned to one of three incentive groups. The no incentive group will not be told anything, the intrinsic incentive group will be told that their incentive it to help their customers come to the best decisions, and the extrinsic incentive group will be told that they will be rewarded for each customer who utilises their advice. Participants will either believe that only their advice will be given to each customer or will believe they are in competition with another participant (six prizes of £10). Study four: participants will either believe that they are in
competition with another participant or not. They will also either get the chance to evaluate their performance at the end of the task or will not (two prizes of £10). Study five: All participants within studies 1-4 will fill in short questionnaires to examine individual differences in autonomy, empathy and personality. Although participants will believe that their advice will be going to another participant, this will not be the case and within all study conditions the prize money will be determined by a raffle. Some participants within study three and four will be told that they are in competition with other advisors, but this is not the case. Participants will be thanked, debriefed and told that they will be informed by email if they have won the prize money. Participants within study one and two will be told that the way in which they have the chance to win the monetary prize is due to the way in which they give their customer advice. Deception exists here due to the participants believing that their advice is actually going to another participant. This is essential for the task to explore actual advice giving situations and I am only interested in the behaviour of the advice giver not the decision maker. A second element of deception exists within this study due to how the payments within each condition are allocated. As the manipulation within this task is based on how the advisor gets paid, it is essential that they believe during the task that their performance within the task will determine whether they win the monetary prize. However, because the different bonus schemes depend on the behaviour of their customers and no customers are participating within this task all groups will be allocated the prize money by a raffle to keep it fair between participants. This manipulation is for the purpose of exploring advice giving motivations, and I do not feel it will cause any psychological stress for participants. Study two has another slight element of deception in that the participants are told that their customer can either assess the quality of their advice or not before making a decision. The deception within this task will be address by giving participants an additional consent form indicating the deception and giving them the opportunity to withdraw their data now knowing the true purpose of the study. Participants within study three and four will believe that they are completing the task alongside another participant or will believe that they are completing the task on their own. A minimal amount of deception here lies in the fact that in reality participants will be completing the task in their own time, will not be in competition with other participants, and they will not be in contact with any other participants. Therefore, I believe the procedure being used to vary competition within this task will cause minimal psychological distress due to the indirect nature of the competition. Participants within this study are assigned to one of three incentive conditions (no incentive, intrinsic incentive and
extrinsic incentive). Participants within the intrinsic/extrinsic incentive groups will believe that their performance will determine whether they win the prize money. To ensure fairness between conditions, all money allocation will be determined by a raffle. The deception within this task will be addressed by giving participants an additional consent form indicating the deception and giving them the opportunity to withdraw their data now knowing the true purpose of the study.

| Method of recruiting research participants | I will be recruiting University of Leicester Psychology students in exchange for course credit (EPR). |
| Criteria for selecting research participants | n/a |
| Estimated number of Participants | 280 |
| Estimated start date | 01/09/2012 |
| Estimated end date | 31/12/2013 |
| Will the study involve recruitment of participants from outside the UK? | If yes, please indicate from which country(s). No |

**Section II: Applicant Details**

| 2. Name of researchers (applicant): | a) Rebecca HOGAN |
| 2b. Department: | Psychology |
| 3. Status: | Postgraduate Research |
| 4. Email addresses: | a) rh153@le.ac.uk |
| 5a. Contact addresses: | a) Room 354, Maurice Shock Building, School of Psychology, University of Leicester, Lancaster Road, Lei |
| 5b. Telephone numbers | a) 0116 229 7155 |

**Section III: For Students Only**

| 6. Module name and number or MA/MPhil/PhD course and department: | Psychology Research |
| 7. Module leader’s/Supervisor’s name: | Dr John Maltby |
| 8. Email address: | hf49@le.ac.uk |
| 9. Contact address: | Room NW 208, School of Psychology, University of Leicester, 106 New Walk, Leicester, LE1 7EA |

Section IV: All Research Applicants
Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.
All the research for these studies will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants who choose to participate in the study and indicated by proceeding with the online study. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. All data provided by participants will be kept confidential. The 14 x £10 prize money is needed to motivate participants to receive imaginary bonuses/incentives by making sensible decisions, but they will not be paid individually and the prospect of getting money will not be a means of recruiting the participants. Slight deception regarding how the money will be allocated, the existence of customer participants, and advisor competitors is necessary for the manipulations within the study. All participants will be fully debriefed once the data has been collected. Participants may be averse to the raffle system of allocating the prize money after working hard to increase their chances of winning the money. A full explanation will be given to participants within the second consent form explaining that there is a strict requirement for all students to be treated equally and fairly within experiments, and due to the differences between conditions regarding how their performance is recorded the raffle system is used to keep the allocation of money fair across all conditions not just the individual conditions. Participants may feel deceived within these experiments as they are led to believe that their advice is actually going to a different participant and (within study 3 and 4) that they are in competition with another participant. However, this is a minimal deception, no other alternative is available to develop this, and the deception relates to an experimental scenario. This will be addressed by giving the participants a full debriefing within consent form 2 and I do not feel will present participants with a negative evaluation of themselves after the debriefing.

Are you using a Participant Information and Informed Consent Form?

If YES, please paste copy form at the end of this application. YES

Have you considered the risks associate with this project? YES

Now proceed to the Research Ethics Checklist…………….. Section V

Section V: Research Ethics Checklist
Please answer each question by ticking the appropriate box:

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the study involve participants who are particularly vulnerable or unable to give informed consent? (e.g. children, people with learning disabilities, your own students).</td>
<td></td>
<td>NO</td>
</tr>
<tr>
<td>Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of nursing home).</td>
<td></td>
<td>NO</td>
</tr>
<tr>
<td>Will it be necessary for participants to take part in the study without their knowledge and consent at the time? (e.g. covert observation of people in non-public places).</td>
<td></td>
<td>NO</td>
</tr>
<tr>
<td>Will the study involve discussion of sensitive topics (e.g. sexual activity, drug use)?</td>
<td></td>
<td>NO</td>
</tr>
<tr>
<td>Are drugs, placebos or other substances (e.g. food substances, vitamins) to be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?</td>
<td></td>
<td>NO</td>
</tr>
<tr>
<td>Will blood or tissue samples be obtained from participants?</td>
<td></td>
<td>NO</td>
</tr>
</tbody>
</table>
Is pain or more than mild discomfort likely to result from the study? | NO
---|---
Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life? | YES
Will the study involve prolonged or repetitive testing? | NO
Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants? | YES
Will the study involve recruitment of patients or staff through the NHS? | NO
Does this research entail beyond minimal risk of disturbance to the environment? If yes, please explain how you will minimize this risk under section IV above. | NO
Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)? | YES
Measures have been taken to ensure confidentiality, privacy and data protection where appropriate. | YES

If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

Declaration

Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES

I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. - YES
Chapter five consent form
Flat-fee; Commission-based; Performance-based

Participant Consent

BACKGROUND INFORMATION
Title:
Giving Advice to customers

Researchers:
Becky Hogan and John Maltby from the University of Leicester, School of Psychology.

Purpose of Data Collection:
Doctoral Research

Details of Participation:
This study involves retrieving information to construct advice for different customers on the best mobile phone contract for them. You will then be asked to fill in a series of questionnaires. There is the opportunity to win £25 within this task. The study should take no longer than 40 minutes.

CONSENT STATEMENT

- I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.
- I am aware of what my participation will involve.
- My data are to be held confidentially and only Becky Hogan and John Maltby will have access to them.
- Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.
- In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.
- The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.
- This study will take approximately six months to complete.
- I will be able to obtain general information about the results of this research by contacting the researcher after six months.

I am giving my consent for data to be used for the outlined purposes of the present study.

If you agree to participate in this study please indicate this by proceeding with the study by clicking the next button.

Confirm Consent >>
No bonus
Chapter five debrief

Debrief sent out via email for no bonus

Thank you for taking part in the study “Advice Giving to Customers” between the date of 21/11/12 and 10/12/12. This study is looking at what motivates advisors when giving customers advice. Each participant was assigned to one of four bonus schemes (commission-based, performance-based, flat-fee, no bonus). The purpose of this experiment was to explore advice constructing and giving processes, and therefore you were informed that your responses would be passed to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.

No bonus: You completed the no bonus condition. A raffle took place to determine which no bonus advisor won the £25 prize.

Unfortunately, you did not win the prize money! Congratulations! You won the £25 prize money.

You can collect the prize money from Joy Kocik in the General Office. Please respond to this email to inform me that you have collected the prize money.

You have one month period to withdraw your data from the study if you wish by contacting the researcher before the data is analysed. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.

Thank you again for taking part in my study, your data is very useful.

Many thanks,
Becky

Debrief sent out via email for performance-based

Thank you for taking part in the study “Advice Giving to Customers” between the date of 21/11/12 and 10/12/12. This study is looking at what motivates advisors when giving customers advice. Each participant was assigned to one of four bonus schemes (commission-based, performance-based, flat-fee, no bonus). The purpose of this experiment was to explore advice constructing and giving processes, and therefore you were informed that your responses would be passed to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.

Performance-based advisor: You completed the performance-based condition. The performance based advisor who constructed the best advice won the £25 prize. In the event of a tie a raffle took place between these participants.
Unfortunately, you did not win the prize money/ Congratulations! You won the £25 prize money. You can collect the prize money from Joy Kocik in the General Office. Please respond to this email to inform me that you have collected the prize money.

You have one month period to withdraw your data from the study if you wish by contacting the researcher before the data is analysed. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.

Thank you again for taking part in my study, your data is very useful.

Many thanks,

Becky

Debrief sent out via email for commission-based

Thank you for taking part in the study “Advice Giving to Customers” between the date of 21/11/12 and 10/12/12. This study is looking at what motivates advisors when giving customers advice. Each participant was assigned to one of four bonus schemes (commission-based, performance-based, flat-fee, no bonus). The purpose of this experiment was to explore advice constructing and giving processes, and therefore you were informed that your responses would be passed to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.

Commission-based advisors: You completed the commission-based condition. As the advice you provided was not actually received by any customers within this task, the allocation of the £25 prize money was determined by the advisor who constructed the best advice. In the event of a tie then a raffle took place between these participants.

Unfortunately, you did not win the prize money/ Congratulations! You won the £25 prize money. You can collect the prize money from Joy Kocik in the General Office. Please respond to this email to inform me that you have collected the prize money.

You have one month period to withdraw your data from the study if you wish by contacting the researcher before the data is analysed. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.

Thank you again for taking part in my study, your data is very useful.

Many thanks,

Becky

Debrief sent out via email for flat-fee

Thank you for taking part in the study “Advice Giving to Customers” between the date of 21/11/12 and 10/12/12. This study is looking at what motivates advisors when giving customers advice. Each participant was assigned to one of four bonus schemes (commission-based, performance-based, flat-fee, no bonus). The purpose of this experiment was to explore advice constructing and giving processes, and therefore you were informed that your responses would be passed to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.

Flat-fee: You completed the flat-fee condition. The flat-fee advisor who got through the most amount of advice won the £25 prize.

Unfortunately, you did not win the prize money/ Congratulations! You won the £25 prize money. You can collect the prize money from Joy Kocik in the General Office. Please respond to this email to inform me that you have collected the prize money.

You have one month period to withdraw your data from the study if you wish by contacting the researcher before the data is analysed. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.

Thank you again for taking part in my study, your data is very useful.

Many thanks,

Becky
**APPENDIX E: CHAPTER SIX FORMS**

*Chapter six ethics*

**RESEARCH ETHICS REVIEW**

**Section I: Project Details**

<table>
<thead>
<tr>
<th>1. Project title:</th>
<th>Studying competition among advisors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Research Purpose</strong></td>
<td>When constructing and giving advice, some advisors may intend to give the receiver their best quality advice to help them come to an optimal decision. However, do certain motivational factors encourage them to construct and give advice differently? The current research will explore whether advisors’ motivations are influenced by them being in competition with another advisor as opposed to having no competition. It will examine whether this motivation will have an effect on the advice that they provide and how confident they appear to their client.</td>
</tr>
<tr>
<td><strong>Project Aims/Research questions:</strong></td>
<td>This study will examine whether the quality and accuracy of an advisors recommendation, their confidence levels, and their calibration will be affected depending on whether they have competition from another advisor (in the same room) or whether they have no competition. The advisors will be providing recommendations on the optimal price at which to value used mobile phones. The independent variable is competition and no competition. The dependent variables are: advice accuracy (how close their estimate is to the real value of the used mobile phone); advice quality (measured by the number of phones completed); inflated confidence levels (public confidence minus private confidence); calibration (the relationship between confidence and calibration); self-reported motivations (motivation to deceive, to produce high quality advice, to get through as many phones as possible).</td>
</tr>
<tr>
<td><strong>Proposed methods:</strong></td>
<td>University of Leicester students will be recruited as part of their experimental participation requirement. Sixty participants will be tested and will be required to take on the role of an advisor. They will be told that their client is working for a new company offering money for used mobile phones called ‘MobilesMakeMoney’ and their role is to advise them on the best price at which to value the used mobile phones to make the company the biggest profit. The advisors will be told that they are trying to help their client perform optimally as the client who makes the company the biggest profit will win a monetary prize. They will be told that their client will not be given training and so will be relying solely on the advice that they receive to do well in this task. The advisors will be shown a five minute video on ‘How to be an effective advisor’ which will explain how to use the information booklet that they will</td>
</tr>
</tbody>
</table>
be given. The information booklet is designed so that the more
details of the mobile phone they look up the more precise the
estimate they construct will be. A between-subjects design will
be used as participants will either be told that they will be the
only advisor giving advice to their client or they will be told
that their advice will be paired with someone else’s in the
room and that the client will have to decide whose advice to
take. The advisors will be given five minutes to practice and
then fifteen minutes to estimate as many mobile phones as
they wish and fill in their private form with a recommendation
regarding the value of each mobile phone and with an
indication of how confident they feel in that estimate (0-100%
confident). Once the fifteen minutes is up, they will then be
asked to fill in a form which will go to their client (either on its
own or paired with someone else). The advisors will finally be
asked to fill in a short questionnaire asking about their
motivation when giving their advice which will consist of
likert style questions as well as open-ended questions. The
advice will not be given to another participant playing the role
of the client but it is essential that the participants believe this
is the case to see how they will behave. Participants will be
informed that debriefing will occur once all the data has been
collected which is to avoid the knowledge that there is no real
client receiving their advice being publicised to other potential
participants. Any questions the participants may have will then
be answered and thanked for participating.

### Method of recruiting

| Criteria for selecting research participants | I will be recruiting University of Leicester Psychology students in exchange for course credit (EPR). |
| Estimated number of Participants | 60 |
| Estimated start date | 01/12/2011 |
| Estimated end date | 31/12/2012 |
| Will the study involve recruitment of participants from outside the UK? | If yes, please indicate from which country(s). No |

### Section II: Applicant Details

| 2. Name of researchers (applicant): | a) Rebecca HOGAN |
| 2b. Department: | Psychology |
| 3. Status: | Postgraduate Research |
| 4. Email addresses: | a) rh153@le.ac.uk |
| 5a. Contact addresses: | a)Room 354, Maurice Shock Building, School of Psychology, University of Leicester, Lancaster Road, Lei |
| 5b. Telephone numbers | a)0116 229 7155 |
Section III: For Students Only

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Module name and number or MA/MPhil/PhD course and department:</td>
<td>Psychology Research</td>
</tr>
<tr>
<td>7. Module leader’s/Supervisor’s name:</td>
<td>Dr Briony Pulford</td>
</tr>
<tr>
<td>8. Email address:</td>
<td><a href="mailto:jpg19@le.ac.uk">jpg19@le.ac.uk</a></td>
</tr>
<tr>
<td>9. Contact address:</td>
<td>Room 0/52, Henry Wellcome Building, School of Psychology, University of Leicester, Lancaster Road, L</td>
</tr>
</tbody>
</table>

Section IV: All Research Applicants

Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.

The current research uses a minimal amount of deception due to the participants being told that the advice they provide will be going to another participant to help them win a prize however this is not the case. The research is not exploring the behavior of the client and therefore it is not necessary to pass the advice on but it is necessary for the participant to believe that their advice will be used. All participants will be debriefed once all the data has been collected to avoid the knowledge that there is no real client being publicised. It is felt that this deception will not cause any objection or unease from the participants once they have been debriefed. All the research for this study will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants who choose to participate in the study. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. All data provided by participants will be kept confidential.

Are you using a Participant Information and Informed Consent Form?

If YES, please paste copy form at the end of this application. YES

Have you considered the risks associate with this project? YES

Now proceed to the Research Ethics Checklist

Section V: Research Ethics Checklist

Please answer each question by ticking the appropriate box:

YES  NO

<table>
<thead>
<tr>
<th>Does the study involve participants who are particularly vulnerable or unable to give informed consent? (e.g. children, people with learning disabilities, your own students).</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of nursing home).</td>
<td>NO</td>
</tr>
<tr>
<td>Will it be necessary for participants to take part in the study without their knowledge and consent at the time? (e.g. covert observation of people in non-public places).</td>
<td>NO</td>
</tr>
<tr>
<td>Will the study involve discussion of sensitive topics (e.g. sexual activity, drug use)?</td>
<td>NO</td>
</tr>
</tbody>
</table>
Are drugs, placebos or other substances (e.g. food substances, vitamins) to be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind? NO

Will blood or tissue samples be obtained from participants? NO

Is pain or more than mild discomfort likely to result from the study? NO

Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life? NO

Will the study involve prolonged or repetitive testing? NO

Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants? NO

Will the study involve recruitment of patients or staff through the NHS? NO

Does this research entail beyond minimal risk of disturbance to the environment) If yes, please explain how you will minimize this risk under section IV above). NO

Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)? YES

Measures have been taken to ensure confidentiality, privacy and data protection where appropriate. YES

If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

Declaration
Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES

I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. - YES
Chapter six consent form

Participant Consent Form

BACKGROUND INFORMATION
Title: Giving advice on the value of used mobile phones.
Researchers: Becky Hogan and Dr. Briony Pulford from the University Of Leicester School Of Psychology.
Purpose of data collection: Doctoral Research

Details of Participation: This task should take 40 minutes to complete. You have been assigned the role of an advisor who has been hired by a new company “MobilesMakeMoney” who offer money for used mobile phones. Your task is to advise your client who works for this company (another participant taking part in a separate session) on the best price at which to value used mobile phones for. The task will involve receiving information about mobile phones and constructing advice, including an indication of certainty, within a timeframe of ten minutes. You will then be asked to complete an “official valuation form” for your client and complete a short questionnaire. There are two phases to this experiment, the second phase will be completed immediately after the first phase and the procedure is the same for both phases.

CONSENT STATEMENT
1. I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.
2. I am aware of what my participation will involve.
3. My data are to be held confidentially and only Becky Hogan and Dr. Briony Pulford will have access to them.
4. My data will be kept in a locked filing cabinet for a period of at least five years after the appearance of any associated publications.
5. Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.
6. In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.
7. The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.
8. This study will take approximately three months to complete.
9. I will be able to obtain general information about the results of this research by providing the researchers with my email address now.

I am giving my consent for data to be used for the outlined purposes of the present study
All questions that I have about the research have been satisfactorily answered.
I agree to participate.
Participant’s signature: __________________________________________________________________________
Participant’s name (please print): __________________________________________________________________
Date: _______________________

If you would like to receive a summary of the results by e-mail, when this is available, please provide your email address: _______________________

Please note that this form will be kept separately from your data
Chapter six debrief

Debrief

Thank you for taking part in the study “Giving advice on the value of used mobile phones”. This study is looking at whether competition from another advisor impacts the advice that is given. The purpose of this experiment was to explore advice constructing and giving processes, and therefore you were informed that your responses would be passed to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.

You have one month period to withdraw your data from the study if you wish by contacting the researcher before the data is analysed. If you would like further information and/or a summary of the results please contact the researcher Becky Hogan on rh153@le.ac.uk.

Thank you again for taking part in my study, your data is very useful.

Many thanks,
Becky
## Chapter seven ethics

### RESEARCH ETHICS REVIEW

### Section I: Project Details

<table>
<thead>
<tr>
<th>1. Project title:</th>
<th>The influence of extrinsic rewards, advice assessment, competition and performance evaluation on advice givers information acquisition.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Research Purpose</td>
<td>To explore what conditions affect the motivations and behaviours of advisors during an information acquisition task for postgraduate research purposes.</td>
</tr>
<tr>
<td>Project Aims/Research questions:</td>
<td>Study one will examine whether the extrinsic rewards available to an advisor influences the advice giving process and outcomes. The independent variable: bonus schemes with four levels (flat-fee, commission-based, performance-based, and no bonus scheme). Study two will explore the motivation and behaviour of advisors who receive a commission bonus (if their customer utilises their advice) and whether believing that their customer will have the opportunity to assess the quality of their advice or not before making a decisions has an impact. The independent variable: advice assessment with three levels (advisors told nothing, advice assessment opportunity, no advice assessment opportunity). Study three will explore whether competition, as well as incentives, influence advisors motivation and behaviour. Two independent variables: competition with two levels (competition, no competition) and incentives with three levels (no incentive, intrinsic incentive, extrinsic incentive). Study four will explore whether advisors are given the opportunity to evaluate their performance encourages competition. Two independent variables: competition (competition, no competition) and performance evaluation with two levels (no opportunity, performance evaluation opportunity). The dependent variables for all studies are: advice accuracy, amount of information acquired, amount of customers advised, inflated confidence levels, motivations when constructing advice (to produce high quality advice, to deceive their client by inflating their confidence, to get through as many customers as possible). Study five will explore whether individual differences in autonomy, empathy, and personality can predict the participantâ€™s performance in studies 1-4.</td>
</tr>
<tr>
<td>Proposed methods:</td>
<td>In total, 280 University of Leicester students will complete the study as part of course credit. Participants will indicate their agreement to participate in the study by proceeding with the online study. Task: Participants will be presented with a scenario that they work for an online mobile phone.</td>
</tr>
</tbody>
</table>
comparison site and their role is to advise each of the customers regarding which mobile contract they should purchase. They will be presented with boxes which display what each of their customers ideally want from their contract, what they will allow, and what they do not want regarding seven aspects of the contract (make of the handset, handset cost, mobile network, line rental cost, the contract term, number of minutes included, number of texts included). They will then be presented with five different contracts which vary in how well they match the customer’s needs. At the beginning of the task, all the information will be hidden and the participants have to make the decision regarding how much information to acquire. Participants will be required to state the contract they believe is best for each customer and how privately confident they feel in their decision. Finally then will fill in the contract and confidence which they believe their customer (another participant) will receive. Study one: Participants will randomly be assigned to one of four bonus schemes which they are told they earn on top of their salary (imaginary money). A flat-fee bonus scheme means that advisors get an additional £5 for each customer that they advise. A commission based bonus scheme means that advisors get an additional £5 if their customer takes their advice. A performance based bonus scheme means that advisors get paid based on their clients’ performance: an additional £5 if their customer chooses the rank 5 contract through to £1 for rank 1 contract. Finally, the no bonus scheme means that there will be no additional bonus for the advisor. The participants will be given information about each of the different payment structures but will be told that the advisor who makes the most money within each bonus scheme separately will win £10. The no bonus scheme group will be informed of the prize money after the task and told that there will be a raffle (four prizes of £10 available). The prize money will be utilised to encourage the participants to make good decisions during the task and adopt their bonus scheme. Study two: participants will all be given a commission incentive from study one and either told that their clients will be given an opportunity to evaluate their advice before making decision or are told that their clients will not be given the opportunity (two prizes of £10). Study three: participants will be assigned to one of three incentive groups. The no incentive group will not be told anything, the intrinsic incentive group will be told that their incentive it to help their customers come to the best decisions, and the extrinsic incentive group will be told that they will be rewarded for each customer who utilises their advice. Participants will either believe that only their advice will be given to each customer or will believe they are in competition with another participant (six prizes of £10). Study four: participants will either believe that they are in
competition with another participant or not. They will also
either get the chance to evaluate their performance at the end
of the task or will not (two prizes of £10). Study five: All
participants within studies 1-4 will fill in short questionnaires
to examine individual differences in autonomy, empathy and
personality. Although participants will believe that their
advice will be going to another participant, this will not be the
case and within all study conditions the prize money will be
determined by a raffle. Some participants within study three
and four will be told that they are in competition with other
advisors, but this is not the case. Participants will be thanked,
debriefed and told that they will be informed by email if they
have won the prize money. Participants within study one
and two will be told that the way in which they have the
chance to win the monetary prize is due to the way in which
they give their customer advice. Deception exists here due to
the participants believing that their advice is actually going to
another participant. This is essential for the task to explore
actual advice giving situations and I am only interested in the
behaviour of the advice giver not the decision maker. A
second element of deception exists within this study due to
how the payments within each condition are allocated. As the
manipulation within this task is based on how the advisor gets
paid, it is essential that they believe during the task that their
performance within the task will determine whether they win
the monetary prize. However, because the different bonus
schemes depend on the behaviour of their customers and no
customers are participating within this task all groups will be
allocated the prize money by a raffle to keep it fair between
participants. This manipulation is for the purpose of exploring
advice giving motivations, and I do not feel it will cause any
psychological stress for participants. Study two has another
slight element of deception in that the participants are told that
their customer can either assess the quality of their advice or
not before making a decision. The deception within this task
will be address by giving participants an additional consent
form indicating the deception and giving them the opportunity
to withdraw their data now knowing the true purpose of the
study. Participants within study three and four will believe that
they are completing the task alongside another participant or
will believe that they are completing the task on their own. A
minimal amount of deception here lies in the fact that in
reality participants will be completing the task in their own
time, will not be in competition with other participants, and
they will not be in contact with any other participants.
Therefore, I believe the procedure being used to vary
competition within this task will cause minimal psychological
distress due to the indirect nature of the competition.
Participants within this study are assigned to one of three
incentive conditions (no incentive, intrinsic incentive and
extrinsic incentive). Participants within the intrinsic/extrinsic incentive groups will believe that their performance will determine whether they win the prize money. To ensure fairness between conditions, all money allocation will be determined by a raffle. The deception within this task will be address by giving participants an additional consent form indicating the deception and giving them the opportunity to withdraw their data now knowing the true purpose of the study.

Method of recruiting research participants
I will be recruiting University of Leicester Psychology students in exchange for course credit (EPR).

Criteria for selecting research participants
n/a

Estimated number of Participants
280

Estimated start date
01/09/2012

Estimated end date
31/12/2013

Will the study involve recruitment of participants from outside the UK?
If yes, please indicate from which country(s).
No

Section II: Applicant Details
2. Name of researchers (applicant): a) Rebecca HOGAN
2b. Department:
Psychology
3. Status:
Postgraduate Research
4. Email addresses: a) rh153@le.ac.uk
5a. Contact addresses:
a)Room 354, Maurice Shock Building, School of Psychology, University of Leicester, Lancaster Road, Lei
5b. Telephone numbers a)0116 229 7155

Section III: For Students Only
6. Module name and number or MA/MPhil/PhD course and department:
Psychology Research
7. Module leader’s/Supervisor’s name:
Dr John Maltby
8. Email address:
hf49@le.ac.uk
9. Contact address:
Room NW 208, School of Psychology, University of Leicester, 106 New Walk, Leicester, LE1 7EA

Section IV: All Research Applicants
Please outline below whether or not your research raises any particular ethical issues and how you plan to address these issues.
All the research for these studies will follow the ethical guidelines set by the British Psychological Society. Informed consent will be obtained from all participants who choose to participate in the study and indicated by proceeding with the online study. All participants will be informed that they have the right to withdraw themselves and their data during and up to 1 month after the study. All data provided by participants will be kept confidential. The 14 x £10 prize money is needed to motivate participants to receive imaginary bonuses/incentives by making sensible decisions, but they will not be paid individually and the prospect of getting money will not be a means of recruiting the participants. Slight deception regarding how the money will be allocated, the existence of customer participants, and advisor competitors is necessary for the manipulations within the study. All participants will be fully debriefed once the data has been collected. Participants may be averse to the raffle system of allocating of the prize money after working hard to increase their chances of winning the money. A full explanation will be given to participants within the second consent form explaining that there is a strict requirement for all students to be treated equally and fairly within experiments, and due to the differences between conditions regarding how their performance is recorded the raffle system is used to keep the allocation of money fair across all conditions not just the individual conditions. Participants may feel deceived within these experiments as they are led to believe that their advice is actually going to a different participant and (within study 3 and 4) that they are in competition with another participant. However, this is a minimal deception, no other alternative is available to develop this, and the deception relates to an experimental scenario. This will be addressed by giving the participants a full debriefing within consent form 2 and I do not feel will present participants with a negative evaluation of themselves after the debriefing.

Are you using a Participant Information and Informed Consent Form?

If YES, please paste copy form at the end of this application. YES
Have you considered the risks associate with this project? YES

Now proceed to the Research Ethics Checklist…………….. Section V

Section V: Research Ethics Checklist

Please answer each question by ticking the appropriate box:
YES NO

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the study involve participants who are particularly vulnerable or</td>
<td>NO</td>
</tr>
<tr>
<td>unable to give informed consent? (e.g. children, people with learning</td>
<td></td>
</tr>
<tr>
<td>disabilities, your own students).</td>
<td></td>
</tr>
<tr>
<td>Will the study require the co-operation of a gatekeeper for initial</td>
<td>NO</td>
</tr>
<tr>
<td>access to the groups or individuals to be recruited? (e.g. students at</td>
<td></td>
</tr>
<tr>
<td>school, members of self-help group, residents of nursing home).</td>
<td></td>
</tr>
<tr>
<td>Will it be necessary for participants to take part in the study without</td>
<td>NO</td>
</tr>
<tr>
<td>their knowledge and consent at the time? (e.g. covert observation of</td>
<td></td>
</tr>
<tr>
<td>people in non-public places).</td>
<td></td>
</tr>
<tr>
<td>Will the study involve discussion of sensitive topics (e.g. sexual</td>
<td>NO</td>
</tr>
<tr>
<td>activity, drug use)?</td>
<td></td>
</tr>
<tr>
<td>Are drugs, placebos or other substances (e.g. food substances, vitamins)</td>
<td>NO</td>
</tr>
<tr>
<td>to be administered?</td>
<td></td>
</tr>
</tbody>
</table>
be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will blood or tissue samples be obtained from participants?</td>
<td>NO</td>
</tr>
<tr>
<td>Is pain or more than mild discomfort likely to result from the study?</td>
<td>NO</td>
</tr>
<tr>
<td>Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life?</td>
<td>YES</td>
</tr>
<tr>
<td>Will the study involve prolonged or repetitive testing?</td>
<td>NO</td>
</tr>
<tr>
<td>Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants?</td>
<td>YES</td>
</tr>
<tr>
<td>Will the study involve recruitment of patients or staff through the NHS?</td>
<td>NO</td>
</tr>
<tr>
<td>Does this research entail beyond minimal risk of disturbance to the environment? If yes, please explain how you will minimize this risk under section IV above).</td>
<td>NO</td>
</tr>
<tr>
<td>Have you gained the appropriate permissions to carry out this research (to obtain data, access to sites etc)?</td>
<td>YES</td>
</tr>
<tr>
<td>Measures have been taken to ensure confidentiality, privacy and data protection where appropriate.</td>
<td>YES</td>
</tr>
</tbody>
</table>

**If you have answered 'yes' to any of the questions 1-12 or 'no' to questions 13-14, please return to section IV. All Research Applicants' and ensure that you have described in detail how you plan to deal with the ethical issues raised by your research. This does not mean that you cannot do the research only that your proposal raises significant ethical issues which will need careful consideration and formal approval by the Department's Research Ethics Officer prior to you commencing your research. If you answered 'yes' to question 11, you will also have to submit an application to the appropriate external health authority ethics committee. Any significant change in the question, design or conduct over the course of the research should be notified to the Module Tutor and may require a new application for ethics approval.

**Declaration**

Please note any significant change in the question, design or conduct over the course of the research should be notified to the Departmental Ethics Officer and may require a new application for ethics approval.

I have read the University of Leicester Code of Research Ethics. - YES

The information in the form is accurate to the best of my knowledge and belief and I take full responsibility for it. - YES

I understand that all conditions apply to any co-applicants and researchers involved in the study, and it is my responsibility to ensure they abide by them. - YES
Chapter seven Consent form

MOBILE COMPARISON
Advising customers on the best mobile phone contract for them!

Participant Consent

BACKGROUND INFORMATION
Title:
Giving Advice to customers
Researchers:
Becky Hogan and John Maltby from the University of Leicester, School of Psychology.

Purpose of Data Collection:
Doctoral Research

Details of Participation:
This study involves retrieving information to construct advice for different customers on the best mobile phone contract for them. You will then be asked to fill in a series of questionnaires. The study should take no longer than 40 minutes.

CONSENT STATEMENT

- I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.
- I am aware of what my participation will involve.
- My data are to be held confidentially and only Becky Hogan and John Maltby will have access to them.
- Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.
- In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.
- The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.
- This study will take approximately six months to complete.
- I will be able to obtain general information about the results of this research by contacting the researcher after six months.

I am giving my consent for data to be used for the outlined purposes of the present study.

If you agree to participate in this study, please indicate this by proceeding with the study by clicking the next button.

Confirm Consent >>
Participant Consent

BACKGROUND INFORMATION

Title:
Giving Advice to customers

Researchers:
Becky Hogan and John Maltby from the University of Leicester, School of Psychology.

Purpose of Data Collection:
Doctoral Research

Details of Participation:
This study involves retrieving information to construct advice for different customers on the best mobile phone contract for them. You will then be asked to fill in a series of questionnaires. There is the opportunity to win £25 within this task. The study should take no longer than 40 minutes.

CONSENT STATEMENT

- I understand that my participation is voluntary and that I may withdraw from the research at any time up until one month from participating in the study, without giving any reason.
- I am aware of what my participation will involve.
- My data are to be held confidentially and only Becky Hogan and John Maltby will have access to them.
- Any aggregate data (e.g. spreadsheets) will be kept in electronic form indefinitely, but will be anonymous and will not have any identifying information (e.g. names/emails) included on them.
- In accordance with the requirements of some scientific journals and organisations, my coded data may be shared with other competent researchers. My coded data may also be used in other related studies. My name and other identifying details will not be shared with anyone.
- The overall findings may be submitted for publication in a scientific journal, or presented at scientific conferences.
- This study will take approximately six months to complete.
- I will be able to obtain general information about the results of this research by contacting the researcher after six months.

I am giving my consent for data to be used for the outlined purposes of the present study.

If you agree to participate in this study, please indicate this by proceeding with the study by clicking the next button.

[Confirm Consent]
Chapter seven debrief

Debrief for participants who completed the Advice Giving study.
Thank you for taking part in the study “Advice Giving study” between the date of 31/01/13 and 19/02/13. This study is looking at whether competition from another advisor and different incentives has an impact on advice giving processes and outcomes. Each participants were assigned to either the competition or no competition condition and either the intrinsic (incentive to help their client) or extrinsic (monetary incentive) condition. The purpose of this experiment was to explore advice constructing and giving processes and therefore you were informed that your responses would be passed on to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.
Although participants within the extrinsic condition were aware of the monetary incentive whereas the participants within the intrinsic incentive were not, all participants had the opportunity to receive a £25 prize.

You completed the intrinsic incentive condition
As participants within the intrinsic incentive condition were unaware of the monetary incentive a raffle took place to determine who won the £25 prize. There are two prizes available: one for the participants in the competition condition and one for the no competition condition. Unfortunately, you did not win the prize money. Thank you very much for taking part in my study. Your data was very useful.
Kind regards,
Becky

Congratulations! You won the prize money
Debrief for participants who completed the Advice Giving study.
Thank you for taking part in the study “Advice Giving study” between the date of 31/01/13 and 19/02/13. This study is looking at whether competition from another advisor and different incentives has an impact on advice giving processes and outcomes. Each participants were assigned to either the competition or no competition condition and either the intrinsic (incentive to help their client) or extrinsic (monetary incentive) condition. The purpose of this experiment was to explore advice constructing and giving processes and therefore you were informed that your responses would be passed on to another participant; however your responses have been recorded for analysis purposes only and were not passed to another participant.
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Congratulations! You won the prize money.
You can collect the prize money from Joy Kocik in the General Office. Please respond to this email to inform me that you have collected the prize money.
Thank you for taking part in the study. You data were very useful.
Kind regards,
Becky

Debrief for participants who completed the Advice Giving study.
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You completed the extrinsic incentive condition
Participants within the extrinsic incentive condition were informed that if their clients utilise their advice they earn points. However, as participants responses were not passed on to another participant, the advisor who gave the most accurate advice determined the winner of the prize money. There are two prizes available: one for the participants in the competition condition and one for the no competition condition. Unfortunately, you did not win the prize money. Thank you very much for taking part in my study; Your data was very useful.
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