

Reframing



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The Framing of Decisions and the Psychology of Choice

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Explanations and predictions of people's choices, in everyday life as well as in the social sciences, are often founded on the assumption of human rationality. The definition of rationality has been much debated, but there is general agreement that rational choices should satisfy some elementary requirements of consistency and coherence. In this article

tional choice requires that the preference between options should not reverse with changes of frame. Because of imperfections of human perception and decision, however, changes of perspective often reverse the relative apparent size of objects and the relative desirability of options.

We have obtained systematic rever-

Summary. The psychological principles that govern the perception of decision problems and the evaluation of probabilities and outcomes produce predictable shifts of preference when the same problem is framed in different ways. Reversals of preference are demonstrated in choices regarding monetary outcomes, both hypothetical and real, and in questions pertaining to the loss of human lives. The effects of frames on preferences are compared to the effects of perspectives on perceptual appearance. The dependence of preferences on the formulation of decision problems is a significant concern for the theory of rational choice.

The majority choice in this problem is risk averse: the prospect of certainly saving 200 lives is more attractive than a risky prospect of equal expected value, that is, a one-in-three chance of saving 600 lives.

A second group of respondents was given the cover story of problem 1 with a different formulation of the alternative programs, as follows:

Problem 2 [$N = 155$]:

If Program C is adopted 400 people will die.
[22 percent]

If Program D is adopted there is 1/3 probability that nobody will die, and 2/3 probability that 600 people will die. [78 percent]

Which of the two programs would you favor?

The majority choice in problem 2 is risk taking: the certain death of 400 people is less acceptable than the two-in-three chance that 600 will die. The preferences in problems 1 and 2 illustrate a common pattern: choices involving gains are often risk averse and choices involving losses are often risk taking. However, it is easy to see that the two problems are effectively identical. The only difference between them is that the outcomes are described in problem 1 by the number of lives saved and in problem 2 by the number of lives lost. The change is accompanied by a pronounced shift from risk aversion to risk taking. We have observed this reversal in several groups of respondents, including university faculty and physicians. Inconsistent

we describe decision problems in which

sals of preference by variations in the

Imagine that you have decided to see a play where admission is \$10 per ticket. As you enter the theater you discover that you have lost a \$10 bill.

Would you still pay \$10 for a ticket for the Play?

Yes [88 percent]

No [12 percent]

Imagine that you have decided to see a play and paid the admission price of \$10 per ticket. As you enter the theater you discover that you have lost the ticket. The seat was not marked and the ticket cannot be recovered.

Would you pay \$10 for another ticket?

Imagine that you have decided to see a play and paid the admission price of \$10 per ticket. As you enter the theater you discover that you have lost the ticket. The seat was not marked and the ticket cannot be recovered.

Would you pay \$10 for another ticket?

Yes [46 percent]

No [54 percent]



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- Reframing
 - What does perfect look like? (page 10)
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 - Plus it (page 16)
 - Minus it (page 17)