BIAS

#13 Framing

What type of yoghurt would you prefer to purchase? One that is 90% Fat-Free or one that has 10% Fat? Yes, you all know they are the same; but I imagine the former resonated more with you. Why? I framed the decision! Being influenced by how an opportunity is described is the crux of the *framing* bias.

***WHAT DO WE MEAN BY FRAMING?***

The way facts, information, options, or recommendations are presented influences people to make different judgments or decisions. That sequencing or packaging of information (often in a manipulative way) is referred to as framing. This is most relevant when something is presented in a manner to convey a positive state or a gain, or alternatively to accentuate a negative, a loss, or a threat. Framing is an example that shows how context can influence an outcome (much like how the *anchoring* bias creates a framework with the initial 'anchor' – see earlier blog article #10).

The 'frame' primes the recipient to view the presentation in a more favourable manner. It is not easy for us to take in all the perspectives, factors, and information related to a decision. Our tendency is to be passive and not engage in reflective thinking (see earlier blog article #2) and rather, be led along by the presenter. This helps the host convince someone or get them to agree with their position. Here is a classic example:

> *You really want to go to this new Italian restaurant. Your partner is not so convinced and is leaning more to the standard pub fare. So, you are talking with your partner about where to go for dinner. You could easily say, "Where would you like to go for dinner?" Or perhaps, "What strikes your fancy? Italian or pub?" Or, "Why not this time go for the pub, and we can check out the Italian later?". But no; rather you say, "I just read some fantastic reviews on this new Italian restaurant. The reviews rave on about how good the food and service are. Shall we go there Friday?" You have just framed the decision!*

Retailers realised this when they were trying to decide the best way to separate credit card versus cash users. Given credit card companies charge a service fee to the retailer for using the card, companies tried to see if they could recoup these costs from the consumer. Was it better to have a sign saying "2% Discount for paying cash or "2% Service charge for paying by credit card"? Both are the same yet are framed very differently. The first is framed as a savings if one pays cash; the second as a loss if one uses credit card. Retailers decided the former was the better choice as people much prefer a gain over a loss.

***IT'S NOT JUST ABOUT MINOR DECISIONS!***

Politicians and medical professionals use framing a lot. For example, a politician will usually frame a proposal in a positive light, ignoring any negative consequences related to their proposal. A medical professional will usually frame the proposed treatment in a positive manner, talking about the benefits

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in a statistically positive way (e.g., one has a 90% chance of survival with this approach vs. a 10% chance of death). Their 'frame' will influence your views and decisions that can often have significant consequences.

We all frame, sometimes consciously, sometimes unconsciously. We may not consciously think about how we frame questions and statements, but we intuitively grasp the importance of framing. Think of a presentation you are giving to management of your work and recommendations. You will be framing the context, the message, and the conclusions simply in how you order your slides, even if you are unaware, you are doing that. Usually it is with the opportunity being presented positively. About everything you hear or read has been framed in some manner.

In the oil & gas industry the *framing* bias is widespread, and often can lead to poor decisions by the decision-makers. For example, the presenter may emphasise the project upsides and understate the downsides. Or they may only compare their opportunity to a favourable analogue. Perhaps if your company performs spectacularly poorly, that can be framed as an opportunity and a learning experience. When presenting data, it can be manipulated to show positive results (e.g., by selecting a specific time period, one can show a successful exploration portfolio).

One of my favourite examples was once when I was assuring a project the team included the classic 'show' seismic line in the PowerPoint presentation! Yet when asked to see some more seismic, even ones that are nearby, the presenter would look at me sheepishly; invariably the lines did not look nearly as enticing!

***LOSS AVERSION AND FRAMING***

In an earlier blog article #11 we talked about Loss Aversion. The *framing* bias can feed off this by framing something that is identical as a gain rather than a loss (e.g., which would you prefer, a diagnosis that says you have a 90% chance of surviving or one that says you have a 10% chance of dying? The former, as noted above, is framed positively, the latter negatively). The credit card example described above is also a good example of how framing can affect decisions. This can be used to manipulate decision-makers by focusing on the elements that suggest attainable success or value. For example, in exploration geologists will consider several geologic elements when assessing a prospect's chance of success. Rather than presenting in a neutral manner and discussing both the positive and negative considerations, one may just talk about the positives.

***WHY IS THIS IMPORTANT?***

If we are trying to help decision makers decide (e.g., whether or not to drill an exploration prospect), we should present our assessment in a neutral manner, expressing both the positives and negatives. For example, when discussing the chance of success and individual chance elements, focus on both the positives (e.g., if assigning 70% probability for source) and the negatives (e.g., why you considered a 30% probability for failure for source).

We should be upfront with not only the potential, but also the risks and concerns. Frame the presentation in such a manner that it is an honest assessment, showing both the pros and cons. This will then give the decision-makers a full understanding of the opportunity and help them make a more informed decision.

When presented with a recommendation, always be on your guard if it is being framed in a particular manner. Think about how it is framed, and if there appears to be a bias, re-frame the recommendation. For example, if it is framed in a positive manner or a gain, then frame it in a negative manner or a loss. Also, seek out different perspectives that might help you re-frame the problem.

Finally, an independent party not involved in the decision can provide a wider perspective of the opportunity and decision. In the hydrocarbon industry that role can be filled by assurance teams.

The *framing* bias is one of the several cognitive biases addressed in the Mitigating Bias course.

***UNTIL NEXT TIME***

The next article in the series will explore the *ambiguity* bias and how we often struggle with characterising uncertainty.

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