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Forecasting clients' reactions: How does the perception of strategic behavior influence the acceptance of advice?

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Abstract

Because they want high quality information, people often follow advice from advisors with high levels of expertise and confidence, and a reputation for accuracy. However, clients cannot always be sure that an advisor is actually using a knowledge advantage to act in the client's best interests. In two studies we investigated the influence of an advisor's perceived degree of self-interested intention on the client's intention to accept and use their advice. We report two experiments in which clients received the same advice from a supposed representative of either a profit or a non-profit organization. The results of our first study suggest that clients who were confronted with an advisor from an organization with a profit-oriented background ascribed higher levels of self-interested intentions to the advisor and perceived the advisor to be less trustworthy. Furthermore, clients were less willing to rely on the advisor's recommendation, and this effect was mediated by the perceived trustworthiness of the advisor. In our second study we conceptually replicated the findings of Study 1 using behavioral measures, and also differentiated three different facets of trustworthiness (competence, benevolence and integrity) in the interaction between advisor and client.

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1. Introduction

Today's society is characterized by an increasing volume and complexity of knowledge. Specialized knowledge and expertise are extremely important, especially when making decisions about significant issues such as healthcare and finance. People often rely

on experts for advice in order to improve the quality of their decisions. For this purpose, experts function as advisors, giving recommendations to clients who are seeking advice.

When somebody asks for advice, it is important that this person be able to rely on an advisor's recommendation. In support of this notion, research shows that clients try to assess both the quality of the advice and the competence of the advisor when deciding whether to rely on advice or not (de Vries & Wilke, 1995; French & Raven, 1959; Goldsmith

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& Fitch, 1997; Harvey & Fischer, 1997; Harvey, Harries, & Fischer, 2000; Sniezek, Schrah, & Dalal, 2004). Although there is an entire body of research that focuses on how clients evaluate advice, there is little research on whether clients can and do trust advisors, despite some research suggesting that clients do wonder whether or not they can trust their advisor (Sniezek & Van Swol, 2001; Van Swol & Sniezek, 2005).

Building on research by Mayer, Davis, and Schoorman (1995), the perceived trustworthiness of an advisor should depend on three factors: the advisor's *competence* (can the advisor provide an accurate recommendation?); the advisor's *benevolence* (will the advisor act in the best interest of the client?); and the advisor's *integrity* (is the advisor honest and reliable?). Past research on advisor-client interactions (see the judge-advisor literature; see Bonaccio & Dalal, 2006, for a review) has already highlighted the importance of competence as an antecedent of trust. In contrast, there is comparatively little extant research on the role of benevolence and integrity in the context of advisor-client interactions.

Some prior work has identified variables that might have important influences on perceived benevolence and integrity. For example, the social psychological research on attitude change suggests that an individual may not be seen as trustworthy if they are seen as having self-interested intentions (for an overview see Eagly & Chaiken, 1993). Still, such variables have been largely neglected in research on the taking and giving of advice (e.g. Bonaccio & Dalal, 2006). In fact, it would seem that previous research has started from the assumption that advisors automatically keep the client's best interests in mind when preparing their advice. In the current article we want to take the strategic attitudes of the advisor (such as their self-interested intentions) into account in forecasting clients' reactions when receiving advice.

1.1. Research on taking and giving advice

People contact experts because they want to improve the quality of their decisions. Various studies have identified the cues that help to forecast the client's assessment of the quality of advice.

The best studied characteristics of the advisor that influence client perceptions of advice quality are

expertise, confidence in the advice, and reputation (e.g. Harvey & Fischer, 1997; Jungermann & Fischer, 2005; Price & Stone, 2004; Sniezek et al., 2004; Sniezek & Van Swol, 2001). For example, Harvey and Fischer (1997) manipulated the expertise of the advisor through training and found that the clients relied more on recommendations from advisors with high expertise than from those with low expertise. With regard to confidence, an important finding is that people are generally influenced more strongly by advisors who portray higher levels of confidence in their advice (e.g. Sniezek & Buckley, 1995; Sniezek & Van Swol, 2001). One reason for this effect might be that clients rely on a "confidence heuristic", meaning that clients use the advisor's confidence as an indicator of ability, expertise or accuracy (Sniezek & Buckley, 1995; Sniezek & Van Swol, 2001). Finally, with respect to reputation, Yaniv and Kleinberger (2000) found that a positive reputation increased the utilization of advice. However, this effect can easily be eliminated if the client feels that the quality of the advice does not measure up to the advisor's reputation (Yaniv & Kleinberger, 2000).

However, despite the fact that it has consistently been found that the utilization of advice improves decision quality (Gardner & Berry, 1995; Sniezek et al., 2004; Yaniv, 2004a), advice is often discounted in an egocentric manner — even if the advice is of a high quality. People overrate their own opinion relative to that of their advisor, and tend to shift their opinion only about 20%–30% toward their advisor's initial estimate (Gardner & Berry, 1995; Harvey & Fischer, 1997; Yaniv & Kleinberger, 2000). Questions therefore remain about what factors influence the use or rejection of expert advice.

1.2. Advisors' self-interest

Advisors sometimes pursue their own self-interest, and do not always apply their knowledge in the best interests of the client. For example, Kieser (1999) pointed out that management consulting firms do not pursue "truth", but focus on maximizing profits instead. Despite these realities, previous research appears to have been based on the assumption that advisors automatically use their specialized knowledge to pursue the interests of their clients. However, clients cannot always be certain that the

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