“Motivated Belief Revision”

We investigate how people revise their beliefs when they have both the opportunity to learn and a preferred conclusion. We are especially interested in understanding how people persist in their optimistic beliefs about future performance. We focus on the stability of the underlying process (e.g., a person’s ability to succeed at a task), a key factor in a general model of belief revision. We suggest that people are motivated in their reasoning about stability, leading to a distinct and well-established pattern of optimistic biases. We generate implications of this kind of reasoning and test them in a variety of settings – e.g., NFL football, MBA classes, carnival games. Consistent with this model, we find that when people prefer successful performance, such as getting good grades in class, their performance predictions underweight historical outcomes relative to normative models and neutral observers. We also test for self-serving attributions, wherein people accept positive feedback and reject negative, but find little evidence for them. We connect this model to related research in clinical psychology, decision science, behavioral finance and operations management. Our results suggest that better understanding the psychology of non-stationarity is critical to understanding how and why people revise their beliefs.