





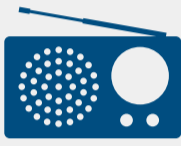















20 COGNITIVE BIASES THAT SCREW UP YOUR DECISION MAKING

<p>1. First Information</p> <p>People over-rely on the first piece of information they receive. For example the ‘prime time news’ establishes a reasonable range of possibilities in a person’s mind.</p> 	<p>2. Convenience</p> <p>People over estimate the importance of information available to them. For example, “I know someone who smokes a pack a day and lived a 100 years”</p> 	<p>3. Belief Bias</p> <p>The probability of a person accepting a belief increases based on the number of people who hold that belief. This explains unproductive meetings.</p> 	<p>4. Blinded to Self</p> <p>Failing to recognise one’s own biases is a bias too. People find it a lot easier to find biases in others rather than in themselves.</p> 
<p>5. Positive Choice</p> <p>When you choose something you feel positive about even when the choice has flaws. Like how awesome your dog is even if he bites other people every once in a while.</p> 	<p>6. Illusion Patterns</p> <p>The tendency to see patterns in random events. For example in gambling the idea that a particular number is more likely to turn up on a roulette table.</p> 	<p>7. Confirmation Bias</p> <p>We tend to listen only to conversations that confirm our preconceptions - one of the reasons its so hard to have a neutral conversation about Shri. Narendra Modi.</p> 	<p>8. Old Evidence</p> <p>Where people still prefer old evidence over new information that may have surfaced. People took a long time to accept that ‘Earth is round’.</p> 
<p>9. More Information</p> <p>The tendency to keep seeking information where it has no impact on action. More information isn’t always better. People often make accurate predictions with minimal information.</p> 	<p>10. Believe Because Others Do</p> <p>The decision to ignore dangerous or negative information by burying ones head in the sand. For example investors check the value of their holdings significantly lesser times during bad markets.</p> 	<p>11. Outcome Bias</p> <p>Judging a decision based on the outcome rather than the merits of the decision itself - just because you broke the law and got away doesn’t mean it was the right thing to do.</p> 	<p>12. I Am Right</p> <p>Some of us are over confident about our abilities and end up taking greater risks than needed. Experts are more prone to this bias since they are even more convinced that they are right.</p> 
<p>13. Placebo Effect</p> <p>Simply believing that something will an effect causes it to have that effect. In medicine, people are often given fake pills and they experience curing affects.</p> 	<p>14. Inventor Bias</p> <p>A proponent of innovation overvalues his ideas’ usefulness and undervalues its limitations. Sounds familiar? Dot Com Bubble.</p> 	<p>15. Latest Trend</p> <p>The tendency to take the latest trend more favourably than historic trend. People do this all the time in stock markets and make inaccurate investment decisions.</p> 	<p>16. Salient Features</p> <p>Our inclinations to focus on most recognisable features of a person or a concept. When you think of dying you might fear falling off a skyscraper, as opposed to what statistically more likely, like a car accident.</p> 
<p>17. Selectivity</p> <p>Allowing our expectations to influence how we perceive the world. This is one of the root causes of all conflicts based on religious differences.</p> 	<p>18. Stereotypes</p> <p>Expecting a group or a person to have certain qualities without having real information. This may allow us to make friends or enemies but are overhyped tools at the hands of a politician.</p> 	<p>19. Success Example</p> <p>An error that comes from studying only examples of success, causing us to misjudge situations. A lot of start-up businesses fail in this trap.</p> 	<p>20. Zero Risk</p> <p>Sociologists have found that we love certainty and security. We seek it even if it is counterproductive. People make countless sacrifices in bad relationships to stick to predictability.</p> 

Sources: Ethics Unwrapped. Explorable; Harvard Magazine; Business Insider; How Stuff Works; Outcome bias in decision evaluation; Journal of Personality and Social Psychology; The Bias Blind Spot; The Cognitive Effects of Mass Communication; The less-is-more-effect; Predictions and tests; Judgement and decision making; The New York Times; The Wall Street Journal; You are not so smart;