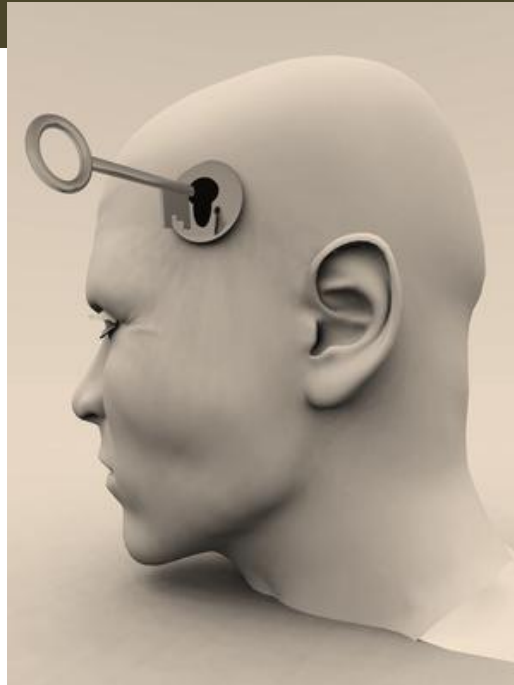


# What bias lies beneath



Ever wondered why smart people do silly things?

Our instinctive and primal ways of thinking is pulling against the tide of rational thinking.

The speed and complexity of modern living is uncertain and making us indecisive. To resolve this conflict between our emotional and rational mind we are defaulting to mental shortcuts in searching for quick and simple answers.

Often we are not even aware that our thoughts are being biased and influenced at an unconscious level.

How can we explain why some decisions seem sound but many others defy logic and appear completely irrational?

# Introduction

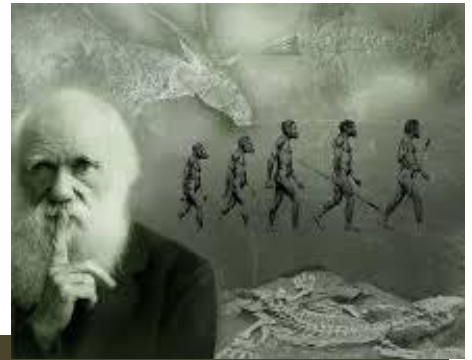
Have you ever wondered about some of the decisions you've made over the years only to be embarrassed by your friends asking you, what the hell were you thinking of at the time? Our decisions appeared sound, but with hindsight we can't believe the folly of our thinking. There must be reasons why our instincts can get it so wrong. What's happening inside our heads as we make such snap judgements?

Are we hardwired to make mistakes and if so, can we trace these instincts to our primal past?

As a human species, our instincts have served us well for millions of years. Our survival behaviours on the savannah often led us to make quick decisions emotionally and impulsively and this bias for survival kept us safe. These primal intuitions and gut feelings in response to threat and survival challenges made the difference between life and death.

I am now starting to understand how my ancestor's survival mechanism that was needed in the harsh conditions of the savannah, now be an inappropriate instinctive response to the way we handle not so 'life threatening' situations today.

Unfortunately, this reliance on gut feelings has created an air of invincibility and over-confidence in our ability to control events as we search for causes for seemingly random events. We resort to 'rules of thumb' to make sense of our decisions, particularly in handling the complexities of information overload in the 21<sup>st</sup> century.



*"An American monkey, after getting drunk on brandy, would never touch it again, and thus is much wiser than most men."*

*Charles Darwin*

Nobel Prize winner in the area of behavioural economics, Daniel Kahneman, argued that these unconscious, snap decisions morphed into convenient mental shortcuts in what psychologists have termed 'heuristics'. These heuristic biases are hardwired into our primal brains and often lead us to make poor decisions.

Recent developments in the areas of cognitive social psychology and neuroscience through Functional Magnetic Resonance Imaging (fMRI), are providing a better understanding of how our minds work. Neuroscientists are enlightening us about how the biology of our emotions can drive our brains' reactions.

Improving our ability to identify and understand our errors of judgement will be a leadership challenge for coming decades. In this white paper, I've explored the roadmap of biases through short research stories to explain the irrationality of our human instincts and ways in how we can be influenced.

# Juggling balls

Digital disruption and multi-tasking requirements demanded of us today are causing mental fatigue and inattention, exposing the limitations of our minds to logically think through problems. Fredric Jameson, a US cultural political theorist, uses the term 'culturally induced schizophrenia' to label our inability to juggle multiple 'mental balls' and retain an objective view on our experiences with digital disruption.



*"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."*

Donald Rumsfeld

## The unknown unknowns

Being constantly swayed by emotions and gut feelings trigger us to default to our heuristic framework for complex decision making. This distorts our thinking and produces a bias in our judgements, culminating in sub optimal decisions. Our inability to acknowledge the full extent of our ignorance is scary. Behavioural economist, Dan Ariely, suggests that we're 'predictably irrational' when we examine more closely the hidden forces that shape our decisions. These hidden forces were buried in the famous quote about 'unknown unknowns' made famous by Donald Rumsfeld during a news briefing in 2002 highlighting the uncertainties and unknowns of the Iraq war. The press gallery was bemused to say the least.

## The blink of an eye

Our instinctive behaviours cause us to quickly draw conclusions and make leaps of abstractions and generalisations without testing. This process is done very quickly without being conscious about how we made those decisions. We're blinded by assumptions that haven't been validated. Thought leader, Malcolm Gladwell, in his book *Blink*, provides an alternate and controversial insight to decision making by suggesting that decisions made very quickly in a 'blink of an eye' can in fact, be every bit as good as decisions made cautiously and deliberately. Gladwell calls this process 'thin slicing' allowing us to unconsciously make snap decisions based on what we are hearing, seeing and sensing.

For reasons of simplicity, Kahneman explains our brain's architecture as two basic systems. System one, being fast, automatic, reactive and instinctive while system two being slow, logical, rational and reflective. Importantly, system two operations seem effortful and lazy. This dates back to our evolutionary roots in a time when we needed to conserve our energy for the more important day to day tasks of survival.

*“I have yet to see a  
piece of writing,  
political or  
non-political, that  
does not have a slant.  
All writing slants the  
way a writer leans,  
and no man is born  
perpendicular.”*

*E.B. White*



## Gorillas in the mist

There is a famous 'gorilla experiment' where subjects watch a film of a basketball game and count the number of passes made by one of the teams. The majority of observers simply do not see the 'stunt person' dressed as a gorilla walk across the court and stand in front of the camera. The mental demands of keeping observers intensely busy counting passes appears to make the gorilla invisible. On viewing the film again, observers are amazed at what they failed to see.

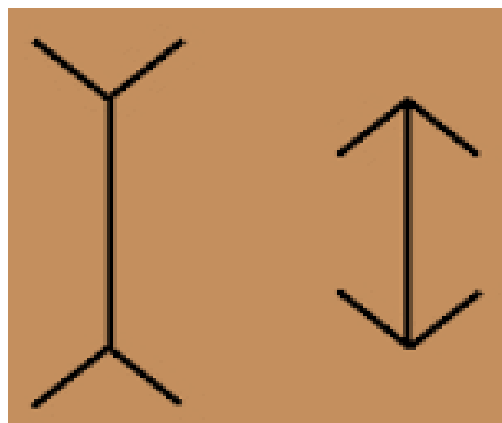
A similar experience occurred in 1995 where a Boston police officer, Kenneth Conley, was so focused in chasing an assailant he didn't notice a mugging taking place close to the path he was running on. Public outrage followed, accusing the officer of neglectful behaviour in not stopping to offer assistance and was subsequently charged with obstruction of justice. He was convicted of perjury and sentenced to gaol, but it was eventually overturned.

This event inspired psychologist, Chris Chabris, to research this 'inattention blindness' phenomenon to simulate the same set of events that happened with Conley. To recreate the scene, students were asked to follow a runner and count the number of times he would tap his head. During this experiment a number of other students re-enacted a mugging scene in clear line of sight of the student who was counting the runner's taps on the head.

The majority of students that followed the runners in these experiments had no conscious awareness of ever seeing the mugging occurring. In fact, they were void of having any peripheral vision. Both these stories illustrate how the power of intensely focusing on a task can make people effectively blind to things that would normally attract attention. Clearly, our attention is a limited resource. In a world full of Volatility, Uncertainty, Complexity and Ambiguity, otherwise known as 'VUCA', how many other things are we being blindsided by with missed business opportunities and neglectful threats?

## Can we trust what we see?

Our eyes can easily cause visual illusions as illustrated by the famous Muller-Lyer illusion diagram below. Two vertical lines with fins appended, pointing in different directions, give the illusion that the lines are of different lengths however they are in fact the same length. We cannot trust what we see. Dozens of examples of this type of visual illusion are shown to people but the surprising thing is that even after being told about the illusion, they still think the objects displayed are of different sizes.





## Do we place too much trust in our intuition?

The 'Cognitive Reflection Test' designed by Shane Frederick provides a classic example of our susceptibility to cognitive errors. Try this one for yourself. A bat and ball cost \$1.10. The bat costs one dollar more than the ball. How much does the ball cost? Before reading further, stop and solve the problem. The intuitive answer of one dollar is wrong. Most people don't take the effort to think through the problem, are overconfident and place too much trust in their intuition. The cognitive effort required to solve the problem appears mildly unpleasant and they resort to a more attractive and superficial answer which is wrong. The correct answer is five cents.

## Chemistry of the brain – a cocktail of bias

The hidden impact of glucose and sugar on the brain was examined (by observations) in a study involving eight judges in Israel reviewing parole applications. The default decision for the judges is to deny parole, with a parole approval rate of only 35%. The judges' food breaks during the day were recorded. These times were plotted against the proportion of approved requests and against the time since the last food break. Amazingly, 65% of parole requests were approved shortly after the food break, and dropped steadily to zero just before the next meal break. Fatigue and hunger obviously played a role but more importantly, hungry judges tended to fall back on easier default positions in denying parole. You may need to consider how you are feeling before making your next major decision.

## Intensity of fairness

A game designed by psychologists, called the 'Ultimatum Game' where two players have to agree how to split an allocated amount of money highlights the intensity of our emotional experiences. Player (A) is given \$20 to split and makes the recommendation about how much he/she and another player (B) should get. Say \$5 is allocated to player (B) whilst player (A) keeps \$15. Player (B) then decides whether to accept the offer. If player (B) accepts, then the allocated amounts are split as listed above, but if player (B) rejects the offer, both players get nothing.

Interestingly, what seems to fly in the face of rational self-interest and classical economics is that the perceived inequity aversion is so strong that players are willing to sacrifice personal gain in order to prevent another player from receiving an inequitably better outcome. Players constantly rejected unfair offers, preferring to get nothing at all than let this insult go unpunished.

As in many similar cases, when it comes to fairness, it's often the process of how the decision is made (procedural justice) rather than the eventual outcome that causes us to react irrationally.



A funnier conclusion to this fairness theme occurred in a French episode of 'Who Wants to Be a Millionaire' where a lifeline audience answer was purposely provided as incorrect. The studio audience deliberately chose the wrong answer because it didn't seem fair to them that the contestant needed help on a question that 'blind Freddy' could have answered. Apparently you could hear the muffled audience laughter after the contestant had answered incorrectly. Just like in the 'Ultimatum Game', the inequity aversion was so strong that audience members felt the need to punish the contestant for being stupid.

The hatred of being cheated is such that sometimes we can make the ultimate sacrifice for it. Think how old ladies are killed clinging to handbags with less than \$20 or people who are run over protecting cars on which they have paid theft insurance.



## Prisoner's dilemma

In another well documented game theory analysis, prisoners are given the opportunity to either betray the other by testifying that the other committed the crime, or to cooperate with the other prisoner by remaining silent. This 'prisoner's dilemma' is a great example that demonstrates why two completely 'rational' individuals might not cooperate, even if it appears that it is in their best interests to do so.

## The power of emotional neutrality

When visiting my mother in-law at her Aged Care facility, I immediately experience what is called the 'Florida Effect', where the mere thoughts of old people primes my behaviour. I slow down my walking stride and become more hunched in my posture and all of this happens without any awareness at the time. Perhaps I should visit a playschool after visiting my mother in-law to get my energy levels up.



Try holding a horizontal pencil between your teeth and it makes you smile. If you hold a vertical pencil pointed out from your teeth, it causes you to frown. In one experiment, students were asked to rate how humorous they found a selection of cartoons and it was revealed that the students with the horizontal pencil held between their teeth rated the series of cartoons funnier than those without the pencil.

If simple and common gestures of facial manipulation can unconsciously influence our thoughts and feelings, imagine the minefield of bias that we navigate every day. It's extremely important to recognise what emotional state you are in before making any major decision, as it is critical that you are feeling emotionally neutral. Research has revealed that we can prime people to be polite or rude without them knowing as to why they have changed their mental and emotional disposition. Just imagine the shift in thinking that a 'smiley' emoticon could have with our communication effectiveness.

I am often amused at watching politicians waxing lyrical at news conferences with party stooges by their side constantly nodding their heads expressing positive affirmations about the supposed truths being uttered. Numerous experiments have revealed the positive power of the nod.

# Things go better with Coca Cola

The Coke and Pepsi taste wars highlight the importance of context, particularly the value we place on brand imagery. Pepsi had constantly won blind taste test wars, however when the taste tests were repeated without the testers blindfolded, Coke was clearly ahead of Pepsi. Why did Pepsi's dominance in blind sip tests never really translated to much in the real world?

A concept referred to as 'sensation transference' explained this phenomenon. From the moment we put something in our mouth we react to not only our taste buds but also the memories and imaginations of what we see. An unexpected discovery for Coke was the power of all the unconscious associations we have with the Coke brand when we remove the blindfold. Once the image of the red logo was revealed, it impacted consumer choice, buying behaviour and bias.



## A watchful eye on honesty

One of the most famous experiments in priming involved the placement of an honesty box in an office canteen to collect contributions for the milk used. Over a ten week period, a poster depicting flowers and a poster depicting a pair of prying eyes were strategically placed and rotated above the honesty box during alternate weeks. On average, the employees contributed 300% more money in the 'eye weeks' as they did in 'flower weeks'.

*"The eye sees only what the  
mind is prepared to  
comprehend."*

*Robertson Davies, Tempest-Tost*

Amazingly, the symbolic reminder of being watched nudged patrons into more honest behaviours. Research in other social domains revealed that the placement of mirrors nudges people to act in more socially conscious ways.

Another study found that individuals are twice as likely to cheat on a test in a room that had the lights dimmed, making observation of their immoral behaviour more difficult.

How is it possible that such trivial manipulations of context can have such a large impact on how we behave and bias our actions and thoughts? Kahneman draws conclusions about how images of political leaders in dictatorial regimes are not only conveying the notion that 'big brother is watching you' but would also probably account for the reduction in independent action and spontaneous thought by their followers in a state where compliance reigns supreme.

## Throw away the keys of rationality

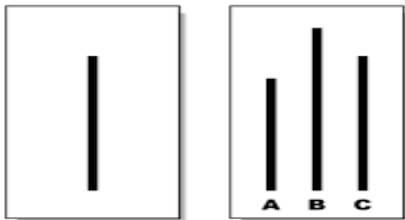
In the 1970's, a prison experiment conducted by social scientist, Phillip Zimbardo, from Stanford University was designed to find out why prisons were unpleasant places. He engaged students to play the roles of guards and prisoners but as the experiment progressed, the guards became systematically crueler and more sadistic to the point where the experiment was abandoned after only six days due to emotional depression of the prisoners. Zimbardo was unprepared for the intensity and transformation in guard behaviours. Zimbardo concluded that there are specific situations so powerful that they can overwhelm our inherent predispositions.



# How long is a piece of string?

The 1951 'Solomon Asch Conformity Experiments' highlight the persuasiveness of group opinion to the point where individuals clearly ignore the evidence of their own senses to incorrectly answer a simple question relating to people's visual judgements.

In this experiment, two pictures were shown: one picture depicted a vertical line while the other picture displayed three lines of varying length. Each person in the room was asked to state aloud which comparison line was most alike between two pictures that were shown. During the experiment, a participant was sent out of the room unaware that others remaining in the room had been scripted by the experimenter to act in a certain way and provide an incorrect answer.



Surprisingly, thirty five percent of the individuals who returned to the room, unaware that other participants had been primed, conformed along with the clearly 'incorrect majority'. Why did they conform so easily? Post experiment interviews revealed that they thought most of their own answers seemed odd, but had gone along with the group for fear of being ridiculed whilst others believed in the collective wisdom of the group.

Similar experiments filmed during the 1960's TV show 'Candid Camera', highlight the power of conformity. Unaware of hidden cameras, workers entering building lifts were observed mimicking the stooges who were standing with their backs to the lift door.

# Primed to think differently

Our actions and emotions can be primed by events that we are not even aware of. The use of specific words can take our thinking into targeted directions. On hearing the word 'eat' we are primed to complete the word fragment of **SO\_P** as **SOUP** and hearing the word 'wash' we are primed to complete the word fragment of **SO\_P** as **SOAP**. I often laugh when watching 'My Kitchen Rules' on television as the judging chefs critique the meals. The standard practice of the judging chefs opening the critiquing process, gives too much weight to their strong and assertive opinions, causing other contestants commenting on the meals to line up behind them with little regard to independent and objective thought.

# Imprinting - goslings and their eggs

Decades ago, naturalist, Konrad Lorenz, discovered that goslings, upon breaking out from their eggs, became attached to the first moving object they encountered, which is generally their mother.

However, in an experiment, he substituted himself as the first object they saw and subsequently they followed him loyally through adolescence.

Lorenz called this natural phenomenon 'imprinting' that effectively anchors us to a predetermined behaviour.

Similarly, the classic story of the 'Black Pearls' is astounding. Black pearls were considered a lower grade gem, but once they were anchored to exclusive price points with other fine gems, they became a highly sought after jewellery item for the rich and famous. Similarly, lobster was once used as fertiliser. Mahogany was used for packing crates until it was positioned differently as a rare and highly desirable item.

## The weight of our anchor

*Anchoring* is a cognitive *bias* that involves us to rely too heavily on the first piece of information offered (the ‘anchor’) when making decisions. During decision making, *anchoring* occurs when we use an initial piece of information to make subsequent judgments. For example, in negotiations, we should always be vigilant to any number thrown on a table in that may have anchored our thinking.

We observe this behaviour every Saturday when real estate agents establish anchors by kick starting the auctioneering process with an anchored figure, often pre-determined with the vendor.

## The spin doctor

Presenting the same information in different ways can evoke different emotions.

Kahneman presents an interesting reflection in the reporting of survival rates: “The odds of survival one month after surgery are 90%” is more reassuring than the equivalent statement that “Mortality within one month of surgery is 10%”. Similar examples that sway our thinking occur in grocery store packaging labels describing items as ‘90% fat free’ versus ‘10% fat’. We see this almost every day when we shop for groceries.

Gerd Gigerenzer, a German psychology professor, provides an interesting insight to the biases in statistics. He suggests that patients and doctors are more likely to weigh up the disease risks more accurately when statistics are presented as natural frequencies, e.g. state ‘100 out of 10,000’, rather than a percentage.

*“It’s not what you look at that matters.*

*It’s what you see.”*

*Henry David Thoreau*

## Can a leopard change its spots?

Clever marketing gurus understand the power of positioning. Manipulation of our senses of sound, taste and smell, can influence our thoughts and behaviours. International chef, Heston Blumenthal, goes to great lengths to appeal to our multi-sensory experiences to enhance our perceptions of taste and smell.

A whole new field of neuro-marketing is exploiting the uses of colour, fragrances and music to nudge a desired behavioural outcome. The colour red is commonly associated with a sense of danger. Red traffic lights and teachers’ red pens spring to mind. Research also reveals that the colour green ignites creativity. You are more likely to be believed if you print your text in bright blue or red, rather in shades of green or yellow.

The Victorian Police Force in Australia has deployed these subtle nudges by opting for a more authoritarian darker blue uniform in a push for a tougher look. Likewise, the National Rugby League has opted to change referee uniforms from pink to a shirt in either all red or all blue, as the League felt that the referee’s authority was not being taken seriously in pink attire. It was deemed that wearing stronger colours would represent a more disciplined and respectful culture.



*“The power of sound to put an audience in a certain psychological state is vastly undervalued.*

*And the more you know about music and harmony, the more you can do with that.”*

Mike Figgis

## Influenced by innocuous social clues?

The 1984 US Presidential election debate provides a tale about the impact of audience laughter on our judgement. Ronald Reagan’s age was becoming an election issue and in responding to rumours, he famously said during the debate, “I will not make age an issue of this campaign. I am not going to exploit, for political purposes, my opponent’s youth and inexperience”. At that precise moment, his opponent, Vice President, Walter Mondale, knew that he had lost the debate and campaign, as did the viewing audience of 70 million.

Steve Fein, a social psychologist, asked people to listen to the debate with and without hearing the audiences live reaction to Reagan’s comment. Those who heard the audience laughter rated Reagan as the clear winner. Those who did not hear the laughing responded quite differently and awarded a decisive win for Mondale.

Interestingly, we thought Reagan was funny not because he appeared amusing, but because of the prompting of a small group of strangers in a live TV audience who thought he was funny. The use of canned laughter during sitcom shows can have the same manipulative affect to nudge our reaction in more humorous ways.

This demonstrates the power of social proof to influence and bias other peoples’ actions.



## A little nudge is all we need

Ground breaking research, undertaken by Richard Thaler and Cass Sunstein, looks at a concept called ‘choice architecture’ that explores methods on how we can be ‘nudged’ in a certain direction without taking away our freedom of choice.

A simple example of this nudge approach is to strategically place healthy foods in a school canteen at eye level, while putting less healthy junk food in places that are harder to reach. Students are not prevented from consuming whatever they want, however, by repositioning the food choices available, it has the effect of decreasing the consumption of junk food and promoting healthier foods. This innovative thinking, based on the same choice principles, has inspired the US government to implement policy changes in healthcare and employee retirement plans.

One of the most successful nudges in choice architecture has been in the area of organ donations. Driver licences in some countries have now incorporated the default option of automatic organ donation, whilst still giving the individual the right to opt out if they desire. This ‘choice architecture’ has significantly increased the availability of potential donors by a simple nudge.



## I can see a face in the crowd

The refugee crisis currently taking place in Syria at the time of writing this paper is unfolding before our eyes with hundreds of thousands being displaced every day. The unfortunate photograph of the three year old Syrian boy 'Aylan' washed up on shore has now personalised the tragedy. This personalised image quickly became a viral symbol of the tragedy of refugees and has now prompted a sense of urgency on the part of the Australian Government to offer a greater level of assistance.

The size and dimension of the problem is beyond belief and unfortunately represents incomprehensible numbers to think about, but once we focus on a single face and an individual name, the personalised nature of the tragedy increases the chances of garnishing our support.

Mother Teresa famously once said, "If I look at the mass, I will never act, if I look at one, I will." Organisational behaviour academics, Chip and Dan Heath, in their book *Made to Stick* studied how our minds absorb information and that thinking about statistics and numbers shifts people into a more analytical frame of mind and less likely to think emotionally.

Similarly, studies undertaken also revealed that putting a photograph of a smiling toddler in a wallet increases by 30% the chances of it being returned if lost. It's amazing how a simple picture can nudge our behaviour.

## Loss aversion

Loss aversion is a complex construct, but a simple example will illustrate its impact on the way it biases our behaviour. In one research project undertaken, homeowners were up to 300% more likely to carry out recommended energy efficiency improvements in their home when they were told that they would continue to lose an average of 50 cents a day than homeowners who were told they could save 50 cents a day. Interestingly, the 50 cents remain the same economically, but psychologically the 'loss framed message' generated a 300% increase in persuasion.

How many times have we driven a short distance to save \$7 on a \$25 item but not driven a similar distance to save \$7 on a \$400 item? It all becomes an issue of relativity.

This is why negotiations over the notional 'shrinking pie' are difficult, because it requires an allocation of losses. Negotiators tend to be more flexible when bargaining over an expanding pie where no perception of loss is involved. The desire to avoid loss and maintain the 'status quo' is so strong that we resist change even when the change is much in our best interests.



*"I hate to lose more than I like to win."*

*Jimmy Connors*

# Halo or horn?

Sometimes we label favourable attributes to a particular individual which affects our perceptions. A great sales pitch may be spoiled by the wrong person presenting it or we blindly follow the unsound advice of someone who presents just because they are highly regarded. Often we can be dazzled by their brilliance. Those with the most knowledge are often less reliable and can develop an enhanced illusion of their skills. Kahneman notes that “we reach the point of diminishing marginal returns for knowledge disconcertingly quickly”.

There is also a great body of research exploring the ‘Fundamental Attribution Error’ that highlights our tendency to overestimate the importance of personal or dispositional factors whilst underestimating the importance of external or situational factors in explaining other people’s behaviour. The way we tend to stereotype people falls into this category. ‘Moneyball’, the movie, starring Brad Pitt provides an insight as to how similar attributions about players’ abilities can lead to prediction errors about their capabilities.

Manager of the Oakland’s baseball team, Billy Beane, made unpopular recruitment decisions to overrule his talent scouts to select players by analysing raw statistics of past performances. He demonstrated that his statistical gurus analysing how many times a player gets on base could assemble a better team than one picked on human instinct. This turned mainstream baseball recruitment theory on its head as these players were inexpensive and regarded as cast offs that no other team wanted. His team’s performances exceeded all expectations. Beane’s methods inspired competitor teams to realign their recruitment strategies to avoid the biases inherent in their previous selection methods.



*“We find comfort among those who agree with us; growth among those who don’t.”*

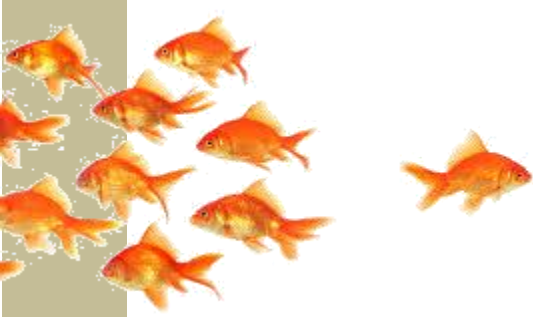
Frank Clark

## Lost in quicksand

We continually sink time and money into projects and continue to back our actions well past the point of logic. A bias called the ‘endowment effect’ plays a significant role as we ascribe more value to things merely because we have a sense of ownership over them. A combination of loss aversion, endowment bias and sheer wishful thinking, keep good money flowing after bad. Being aware of our endowment bias will make us less susceptible to defending a declining business line whilst being more open to investing in emerging opportunities.

The ‘confirmation bias’ also leads us to ignore evidence that contradicts our preconceived notions and proceed to ‘cherry pick’ evidence to support the beliefs we currently hold and continue sinking time and money into a dysfunctional endeavour.

Often it is the ‘loss of face’ that prevents us to not give up. Dozens of failures in public infrastructure programs and IT projects crippled by escalating costs are well documented. A significant contributor to this sunk cost abyss is our planning fallacy. The inability to forecast correctly, coupled with our delusional optimism in underestimating expected and unexpected costs, becomes a major blind spot. Limited funding for proposed projects, results in those building a business case to grossly exaggerate the realistic outcomes to be achieved which skews the financial assumptions and proposal evaluation.



## Group think – a chorus of support

In 1986 the Challenger Space Shuttle disaster and President Kennedy's 1961 'bay of pigs' fiasco are classic examples of group think bias. Placing a 'devil's advocate' and an authentic dissenter within the group would have helped to defuse their thinking. Sometimes, by simply removing a highly assertive member from a group, can give the appearance of changing everyone's personalities and subsequently change the dynamics of group discussion.

The same systemic failure of group think is found in the 'Abilene Paradox'. The Paradox is explained using a parable of a family, similar to National Lampoon's Griswold's, who make an uncomfortable trip to Abilene in Texas to go to a restaurant that none of them individually really want to visit. It's a classic example of where members make collective decisions that lead them to take actions contrary to what they all want.

An interesting spin on this construct of collective thought was made by James Surowiecki, author of *The Wisdom of the Crowds*. In certain situations and tasks, such as estimating the number of jelly beans in a jar, individual predictions are poor, but collectively, pools of individual information being funnelled together do remarkably well.

We see this strategy used in prediction markets. The key point is that to reap the greatest benefit from multiple sources of evidence, they should be independent of each other.

## Bystander effect – nothing to see here

In 1964, 38 faceless people were witness to the tragic murder of Kitty Genovese in America, but no one stepped in to help. She was chased by her assailant and attacked three times on the street. Over the course of half an hour, 38 neighbours watched from their windows. Not one person called the police. This 'diffusion of responsibility' occurs when bystanders assume another to make the call. Ironically, had only one witness seen the attack and called the police, Genovese may have survived. The power of context suggests that we are a great deal more sensitive and biased to our environment.

## No such thing as a free meal – dining on a menu of bias

How many times have we walked past a restaurant and noticed milling crowds queuing up and we've said, let's eat here, the food must be good and we blindly follow the herding crowd? After placing my dinner order, I am always amused at hearing a friend saying, "Oh I wanted to order that!". Why would a similar menu selection I make in a group compromise their eating experience? Does the kitchen only have one meal available? This typical response just isn't rational and causes some people to modify their real preferences.

Without knowing it, we've probably all been manipulated during our menu selection. Expensive wines appear at the top of the wine list with moderately priced wines often being targeted as the most preferred customer choice. We don't want to be perceived as being a scrooge by balking at expensive wines nor being labelled misers in selecting cheaper wines. Listing expensive 'decoy' wines serves as a point of comparison by encouraging consumer selection choice to mid range wines where the restaurant 'mark ups' are more profitable. Research also reveals that waiters who repeat back your order in your own words, and touch you slightly on your upper arm, increase the likelihood of receiving a bigger tip.



# Let him have it

The context of how we communicate can greatly bias the way a message is unpacked and it's no wonder that sometimes people cannot tell the difference between sincerity and sarcasm in certain forms of communication such as e-mails.

The language of leadership can sway public opinion by the persuasiveness and tone of the message. Anything that puts us in a state of cognitive ease lowers our vigilance to what we are reading, feeling or hearing.

According to research, only 7% of our objective message communicated is composed of spoken words with the remaining 93% made up of tone and body language. Our ability to communicate effectively will be dramatically affected by our ability to understand the biases of our own filters and those of others.

The last man to be executed in London, James Hanratty, was hanged on the ambiguity of his shout to his accomplice: "Let him have it". What was Hanratty trying to clearly communicate here? Was it, "Let the policemen have your gun" or was it a call to "Shoot the policeman"? This can happen consciously and unconsciously and can cause enormous misunderstandings as in the case of James Hanratty. Meaning isn't in the words, but is found in how you interpret the words.

## The power of a single word

A single word can also change an attitude. The term, 'you' can set up potential judgement for blaming and defensive reactions, whereas 'I' denotes personal ownership and is easier to listen to. The term, 'should' can be controlling and over directive and set up feelings of guilt, whilst 'could' can be more open and establishes additional possibilities in our thinking. Using the word 'but' tends to cancel out what was previously said and establishes an argumentative tone, whilst 'and' feels inclusive and makes room for other points of view.

To encourage a more collaborative approach to teamwork, we could use more inclusive language such as 'we' and 'our' rather than 'my' and 'mine' and saying 'our idea' instead of 'my idea'. These simple changes make a significant impact.



## Rhythm of a prose – the power of storytelling

Simple, unpretentious language provides a more convincing story. Experiments conducted with 'aphorisms/proverbs' were judged as more insightful when they rhymed than when they didn't because they're mentally processed more easily. Story telling resonates more effectively, engaging the hearts and minds of the audience, rather than a set of facts. This links back to our primal roots where tribal story telling around a camp fire was a major form of communication and was probably the birthplace of what we know as our ancestral equivalent to social media.

## Expectation shapes reality

Nassim Taleb's book, *The Black Swan*, discusses our instinctive bias to automatically search for causes in everything we do. This cause and effect thinking exposes us to mistakes in evaluating random events, resulting in blindness to risk and uncertainty. This primal search for cause and effect, based on limited evidence, is shaping our thinking.

This primal bias for cause and effect thinking had evolutionary advantages, as the shadow lurking in the dark may have been a dangerous predator to quickly avoid. Taleb suggests that we should stop trying to predict everything and try and embrace randomness and uncertainty.

Look at the diagram below and read what you see. What did you say? Ice cream is good?

# ICE CREAM IS GOOD

However, when you reveal the entire phrase you see : JGF GPFAM JS CQQD.  
If you don't believe me, cover up the lower portion of the letters with a piece of paper.

This example illustrates that we can jump to conclusions and see patterns where none exist. Expectation really does shape our reality. Our associative system aligns itself to a current pattern of activation and subsequently suppresses doubt and ambiguity to leap to quick conclusions.

## Overcoming our biases...So what, now what?

It might also be argued that not all biases are bad. With the thousands of decisions we make every day, we don't have the time to make a considered deliberation all the time.

Quickly reaching for a stereotype may be our best course of action. However, after reviewing research undertaken by psychologists and behavioural economists, the overwhelming solution to overcoming our biases is by having a greater level of awareness of how intrusive it can be. The ability to detect what lies beneath peoples' words, reactions, or their silence is critical.

Our instinctive behaviours and biases have been hard wired throughout our long evolutionary journey and unfortunately make it very difficult for us to identify our own biases. Our first steps are to accept and acknowledge the full extent of our ignorance before looking at possible solutions.

However, the pleasing news is that others are more capable in recognising and identifying our personal minefields of bias than by self examination. Slowing down and pausing our thinking prior to making critical decisions and adopting a 'mindfulness' approach can help. Mindfulness can be seen as an antidote to the instant urge to react.

Organisations can encourage a culture of scanning the environment and looking out for symptoms of bias by embedding processes to detect our blind spots to biases lying beneath.

*"The real voyage of discovery consists not in seeking new landscapes, but having new eyes."*

*Marcel Proust*



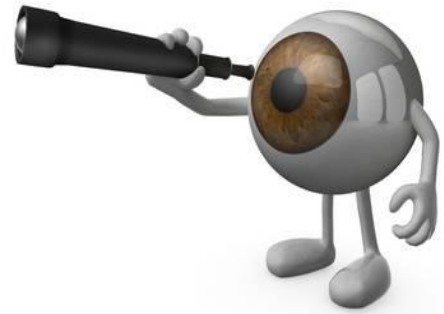


*“The first rule in decision making is that one does not make a decision unless there is disagreement.”*

*Peter Drucker*

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