

# REDUCING WORKPLACE BIAS: INTRODUCTION - COGNITIVE BIAS

Rationality is meant to be the defining characteristic of the human species. We have the ability to solve complex problems and create technologies that have profound effects on the ways we live. We refer to ourselves as homo sapiens, literally “Wise Man”. However, while the species has the capability for wisdom, it turns out that we are really more like “wise guys” and that in reality Homo needs to get more sapiens.

The best resource for understanding how we think is Daniel Kahneman’s Thinking, Fast and Slow. In it, the Israeli psychologist highlights decades of research on how we really think. He divides thinking into two types: Type 1 and Type 2.

Type 2 thinking is rational thinking. It is what is also known as critical thinking. It’s what makes us sapiens. Rational analysis and Science are examples of this rational process, which ideally, is a purely about logic.

Type 1 thinking, however, is much more common and prevalent, effectively the default setting of the mind. In Type 1 thinking there is no critical analysis or much rationality. It is driven more by emotional comfort and our need to be consistent.

Moreover, Type 1 is far less demanding than Type 2 thinking which requires a lot of energy. The brain uses about 25% of the total energy supply of the body and needs to conserve it as much as possible.

## EXAMPLE:

You’re walking along and are thinking about your bank account. You think about the recent deposits and withdrawal and want to calculate the present balance. What do you do? You stop walking because your brain needs the energy to make the calculation and it’s hard for humans to walk and do rational calculations at the same time.

So, Type 2 thinking is an effortful attempt to use logic to solve a specific problem.

Type 1 thinking isn’t a rational exercise but a rationalization exercise designed to save energy and allow us to be consistent with our beliefs, opinions and more specifically our feelings. In Type 1 thinking it is emotions and the need for consistency that drive our thinking.

*Cognitive biases are a reflection of these dynamics. They allow us to justify our thoughts and behavior, without doing the hard work of critical analysis.*

# Reducing Workplace Bias: Introduction

One of the most common forms of bias is confirmation bias in which we only seek out information that supports our Type 1 view and ignores information that contradicts or challenges it. This used to be called cognitive dissonance.

Other biases are a reflection of our need for shortcuts in a hectic, fast-paced world.

*The Halo Effect is a great example. It refers to the tendency of attributing many positive characteristics to someone whom you like, or admire.*

Based on one positive quality, e.g., physical attractiveness, we assume that the person is also smart, funny, compassionate, etc. etc. That's not just a generalization, it's an over-generalization.

Other biases reflect the complexity of scaling emotions and risks. Research suggests that most people err on the side of caution when faced with risk, overvaluing its potential harm.

There is the *pessimism bias*, that feeds off the natural tendency to be cautious and an exaggerated counter bias, the *optimism bias* that can have us being overly confident.

It is helpful to think of these biases as reflections of our status as fairly primitive animals who are focused more on threat and survival rather than anything else.

This can account for the bias of *temporal discounting* in which we minimize the future consequences because we are programmed to live in the present.

This is one reason why many retirees are so ill-prepared; they discount the future, especially in the younger years and live in the present. This focus on survival is also why most languages have more negative words than positive ones. Happiness is great but secondary to survival.

Cognitive bias has been around for eons, but might have become more prominent as society has become more complex. Technology and social media have certainly added to the prevalence of Type 1 thinking.

Moreover, in marketing society all manner of biases are used to get you to buy. Marketing is all about making spurious connections with people and events so that the product seems more appealing by association.

"This product is used by Joe Celebrity" states the ad, which is not a logical argument at all, but an appeal to your desire to be like Joe.

"So and-so lost 50 pounds on this program!" Well, she might have been the only one out of thousands people to do so!

# Reducing Workplace Bias: Introduction

Cognitive bias seems inbuilt into the human mind and exacerbated by modern trends. However real wisdom comes in recognizing these thought processes for what they are. And that means acknowledging what you don't know.

*Understanding how these biases work in you and others is not only the key to wisdom, it will also help you make better life decisions. The important areas of your life need critical thinking.*

Moreover, these biases are just as prevalent in organizations. They affect the movement of the markets, the investment in new technology and business, the evaluation of employees, hiring practices and every other endeavor. They also impact politics and major decisions that can impact millions of people.

Cognitive bias also polarizes people and can lead to judgmental attitudes and extremism. It's the right time to uncover this mechanism and pay it proper respect.

In this module I will explore 24 common cognitive biases, identify their roots and help you not only see them but help you to a wiser perspective.

## HOW WILL IDENTIFYING COGNITIVE BIAS HELP YOU?

Let's look at a couple of real life examples of how cognitive bias play out in real life..

You are very enamored with a someone you have known for a few months. In fact, you are 'in love.' Is this a person you should marry?

Romance is a great setting for cognitive bias. Overwhelmed with oxytocin and dopamine, you feel amazing. In fact, you have never felt like this before. Unfortunately, this will bias your perception and thinking. It will certainly induce a halo effect in which you see your partner as perfect. *Confirmation bias* means that you will certainly ignore any indications that your partner is less than perfect. The anchoring bias will have you believing that this feeling is the way it will always be, the new normal.

Typically, this infatuation phase typically lasts a few months. Then the oxytocin and dopamine flow subsides and suddenly, your perception is different. You start seeing some annoying things about your potential spouse. Again, bias can creep in. You've committed time, energy and yourself into the relationship and it likely that *confirmation bias* will intrude, as you justify your behavior and the time you have invested.

# Reducing Workplace Bias: Introduction

Knowing about cognitive bias and doing something about it are two different things. What's the answer?

In a relationship, Type 2 thinking needs to address such questions as:

Do we have the same goals in life?

Do we have the same values?

In what ways do we support each other and in what ways do we need to do some work?

Are there any data that might inform you about relationships of this kind (for example, when there is a significant age gap, or racial difference, or religious difference or socioeconomic background).

Such critical Type 2 thinking can benefit from the input of others, like relationship counselors and therapists, who are coming from a different position than you and therefore won't have the same biases, although they might well have some biases.

And it almost certainly is wise to wait a couple of years so that not only has the infatuation phase passed, you have had more experience with your partner and have more 'data' on which to base your decision.

## LET'S LOOK AT ANOTHER EXAMPLE:

You go to the doctor for some tests and the diagnosis comes back. You have a complicated condition and the doctor reveals the prognosis – you have about five years to live. You are devastated. But you are also misled.

The data for this particular condition suggests that 70% of people diagnosed with it do die within five years. This statistic will likely *anchor* your expectations.

Moreover, the diagnosis can become a self-fulfilling prophecy as it creates depression and a lot of other negative thoughts and even behaviors.

However, what about the 30% of people who live longer than five years? And the fact that there are people who live a full life despite the condition? What are they doing that you could emulate? What characteristics do they have that you share?

I know of several people who have been given grave prognoses and have refused to accept the cognitive bias that goes along with them. They have focused on the reality: a lot of people actually survive. They then pursued and researched what they needed to do to increase their odds and they succeeded.

It's not that they rejected the diagnosis, they simply saw the simplicity of the prognosis as a form of bias. That's what they rejected.

You can see that even where there has been critical thinking and data collection, results can still be distorted or misrepresented.

# Reducing Workplace Bias: Introduction

*Cognitive biases manifest in every aspect of corporate behavior from hiring to development, from investment to mergers.*

It's not that understanding these biases means they magically go away – they don't. But having clarity about how the mind over and undervalues choices helps minimize the fallout of being misled by the attempt to simplify.

For example, a company needs to hire a new CEO. One candidate has just been in the news for their success at another company.

His track record is very similar to several of the other candidates, but his current appearance in the media makes him seem more viable because he is seen more often (the availability bias) and is currently on a hot streak (*the hot hand fallacy*). There is a serious risk that his candidacy will be overvalued because of these factors.

Hopefully, you can see how understanding the cognitive bias dynamic can lead you to ask questions that challenge over-simplified ideas and misrepresented facts which can literally save your life.

*Cognitive bias plays in every area of your life: relationships, finances, health, work, aging, parenting – you name it.*

It is everywhere because it is the default setting of the human mind. Evolution involves recognizing that fact and thinking more wisely. That's the way humans, and you, will get more sapiens.