

Beliefs and Bias in Decision-Making

Our values, beliefs and attitudes shape us as people. Not only are they an essential part of what makes each person an individual, but they also guide us when creating relationships and in our interactions and discussions with others. In this article we look at how they help and hinder us in our day to day lives.

In *The Psychology and Judgement of Decision-Making*, Scott Plous stated:

‘All judgements and decisions rest on the way we see and interpret the world.’[1]

However, it’s not just in decision-making that these factors influence us; the effects of our underlying beliefs frequently guide us, either consciously or subconsciously, in a particular direction.

Bias



The distortions in the way we perceive reality are known as **cognitive biases**. There are numerous biases, affecting a wide range of behaviours including decision-making, judgement, beliefs and social interactions. Some of the most familiar include: [2]

- **Bandwagon effect.** The tendency to do (or believe) things because many other people do, i.e. ‘jumping on the bandwagon’.
- **Planning fallacy.** The tendency to underestimate task completion times.
- **Reactance.** The urge to do the opposite of what you’ve been requested to do out of a need to resist a perceived attempt to restrain your freedom of choice.
- **Anchoring.** The tendency to rely too heavily or ‘anchor’ on one trait or piece of information when making decisions.
- **Hindsight bias.** Sometimes called the ‘I knew it all along’ effect.

- **Egocentric bias.** Occurs when people claim more responsibility for the outcome of something than an impartial observer perhaps would.
- **Halo effect.** The tendency for a person's negative or positive traits to 'spill over' from one area of their personality to another in others' perception of them.
- **Just world phenomenon.** The desire to believe that the world is just, and that people get what they deserve.
- **Cultural cognition.** The tendency to make decisions based on values rather than facts.

All of these traits will be familiar to the majority of people. They will either be something they recognise in themselves, or in colleagues, friends or family.

The impact of biases



The presence of biases can affect the way a person approaches a problem or a difficult discussion. As an example, someone who is susceptible to the **bandwagon effect** may find themselves agreeing with a group consensus because that's what everyone else is doing rather than thinking through all the implications for themselves, and possibly coming to a different conclusion.

Another example, this time using the **halo effect**, would be that of a manager being unwilling to allocate a team member an important piece of work because of the employee's light-hearted attitude to life. This light-hearted attitude does not in itself diminish the team member's ability to perform a serious task.

There are many ways in which your own biases can affect belief formation and impact business decisions. Every person is different and has a different make up of biases, there are, therefore, many possible scenarios. The single most important thing anyone can do is be aware. Being aware of the existence of biases, both in yourself and in others, minimises the risk that your thought process or decision-making will be adversely affected by them. Whenever a decision or judgement has to be made, or in any kind of social interaction, taking a moment to evaluate whether an inner belief might have weighted the result can help to ensure an impartial outcome..

Socialisation



Socialisation is the process of learning about and living within a particular culture. For individuals, it results in the acquisition of the tools and resources necessary for successful integration into a society, and adoption of its particular values, beliefs, attitudes and language.

Primary socialisation begins during childhood as children imitate their parents, and adapt their behaviour in the light of reactions that either punish or reward.

Secondary socialisation begins as individuals learn to adapt as a member of a smaller group within the larger society, e.g. at school or at work. **Developmental socialisation** is then the ongoing development of social skills within numerous small societies such as new circles of friends, work environs and family groups.

Socialisation can be of particular importance in the workplace, where interactions are made with a diverse spectrum of people of different religions, sex, race and cultures.

In all social interactions, it is important to approach others with respect and understanding, and, as with biases, to be certain that any communications are not tainted by an underlying misperception.

Values



Values are our deeply held beliefs about what is good, right and appropriate. Values are learnt during childhood, based on observations of our parents, teachers and other influential people. Values are personal, and reflect your convictions, beliefs and ethics rolled into one, and although others may share similar values, your own are intrinsically built in to your personality. Some values, such as 'do unto others as you would have done to yourself', meaning treat people as you would like to be treated, are often shared, whereas others can be very individual, personal or religious.

Values are often mentioned when describing someone. For example, 'he's got a very strong work ethic', meaning he works hard and diligently; or 'she's as honest as the day is long', demonstrating that not only do our values shape and guide us as people, but they also determine how we are seen by others.

However, new research has shown that our values can lead us to poor decision-making. In a 2013 study conducted by the [Cultural Cognition Project](#) at Yale Law School, participants were presented with figures on the impact of two types of skin-rash treatment. The participants with high levels of numeracy were able to work out which was more successful. But when the same data was presented as the results of a gun-control ban, many of those people drew different conclusions, suggesting that their decisions were based more on values than evidence. [3] Similar studies with global warming and the death penalty have shown this to be true for many politically charged issues.

Problem-solving, decision-making and discussions

When looking to solve a problem or make a decision, an inherent part of the process has to be discussion with others. It is especially important not to let your judgement be clouded by any personal biases or beliefs during these discussions. This is not to say that you should agree to something that is against your morals or principles, it is more to be certain that you have allowed others a fair hearing. It is all too easy to allow a decision to be swayed by a prior knowledge or experience, or by a personal belief. However this does not necessarily mean that every outcome will benefit from

the same treatment.

Discussion amongst a variety of people will tend to result in all avenues being explored as no one person will be guided by the same set of values. Putting yourself in other people's shoes and considering their opinions as well as your own is more likely to result in a favourable outcome for all concerned.

Conclusion

Personal values and beliefs have a considerable effect on our social interactions. They stand us in good stead in our day to day lives and personal interactions. However, it is still important to be aware of how our values and beliefs can limit us to within our own field of vision, knowledge or experience. Being aware of, and embracing, alternative cultures can enhance our values, maximise opportunities and enrich both our personal and business lives.

[1] Scott Plous, *The Psychology of Judgement and Decision-Making* (McGraw-Hill 1993).

[2] 'Cognitive bias', Wikipedia at http://en.wikipedia.org/wiki/Cognitive_bias (accessed 21 November 2013).

[3] Dan M Kahan, Ellen Peters, Erica Cantrell Dawson and Paul Slovic, 'Motivated Numeracy and Enlightened Self-Government', *Social Science Research Network* at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2319992 (8 September 2013).

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