Errors and Biases in Judgment

Why Is It hard to see things clearly?

Judgment refers to our ability to make a good decision about what should be done after giving it careful thought. We are inclined to think that good decisions happen when you have good information and plenty of it; that after researching the facts and comparing the data, the best course of action will be illuminated. However, we should not forget that, at some point, human tendencies are part of the equation. Even when we use machines to assist us, it is humans who decide which information to enter or consider; and our human fallibility impacts our choices.

Research has shown that many of our decisions are clouded by biases and irrational behaviors, some of which are so ingrained in our psychological makeup that we are not even aware that they interfere with how we frame, evaluate, or consider a decision or problem and its possible solutions. This “fog” can affect how we perceive a situation and the alternatives we seek to address it.

Why it Matters:

Leaders are often remembered for–and judged by–their ability to make decisions. Yet, the confluence of conflicting demands, potential consequences, uncertainty, ambiguity, limited time, and the quality and quantity of information (too little or too much) challenges our ability to make good decisions. Being aware of the prevalence of hidden traps, knowing yourself and others and following a process are essential to developing your judgment skills.

So, is there any "decision insurance"?

There is no way to guarantee that making a decision will be a risk-free adventure but there are ways to minimize your exposure. Here are some suggestions to keeping yourself in check.

Be aware of the pitfalls

We make so many decisions in any given day that our use of unconscious shortcuts (heuristics) should come as no surprise. With so many occasions in which to choose and decide, we try to follow our intuition to act quickly and efficiently. Sometimes these shortcuts are useful but other times they allow us to ignore part of the information which can "lead to severe and systematic errors." (Tversky and Kahneman)

These shortcuts and their related biases and errors can be categorized into five major groups:

- **Comfort Biases** - *we avoid situations and information that may bring anxiety, worry, difficulty or uncertainty.*
  Consider that: we value things more when they belong to us; we like to encounter (or sometimes make an effort to seek) information that confirms what we already think; by the same token, we ignore information that goes against what we believe; we are more likely to choose an alternative that is not at the outer ranges of the options we've considered; we make choices or hope for outcomes that are pleasant to imagine rather than relying on the facts; we like to continue our routines even when we suspect, or even know, that they are no longer working; and, in general, we alter how we see reality in order to make ourselves feel more comfortable.
- **Perception Biases** - *our beliefs are distorted by our flawed perceptions.*
  Consider that: we see things from our own personal, cultural, and/or professional angle and find it very difficult to see them from a different perspective than the one with which we are most familiar; we see patterns in data or completely ignore unexpected data; we anchor on information that is recent, vivid or handy; we have difficulty detaching from a data or information anchor once it has been established; we overestimate what we know (and underestimate what we don't know); we give different answers to the same question if it is posed in different ways.
- **Motivation Biases** - *our judgment is altered by our incentives and motivations.*
  Consider that: we behave differently when we are being observed; we remember our decisions as better than they actually were; we consider short-term consequences more than long-term consequences when taking action; we tend to attribute our success to internal factors (our ability or skill) and attribute failure to external factors (bad luck, too difficult a task or someone else's fault); we may act

in a way that is opposite to what is suggested in order to protect ourselves from perceived constraints in freedom of choice.

- **Errors in Reasoning** - *we don't follow good reasoning and end up reaching incorrect conclusions.*
  Consider that: we believe that we can control outcomes (although we might know we cannot); we base the credibility of an argument on how it is presented; we steer away from risk but are willing to assume a possible bigger risk in order to avoid a sure loss; we prefer eliminating a small risk than reducing a large risk.
- **Groupthink** - *adding group dynamics to our judgment process invites another layer of distortions.*
  Consider that: group members treat each other better than they treat outsiders; group members reinforce each other's beliefs; group members assume they agree even if they don't; group members discount solutions that have not been born within the group; groups create illusions of invulnerability and ignore the external views of the morality of their actions.

Being aware that there are common traps is the first step toward averting a decision failure. Remind yourself that we are all vulnerable to common biases and errors in reasoning and let this awareness steer your approach to decision-making.

Know Yourself

> **"Every judgment we make is part of a dynamic process that is guided by our life's experiences, personal values and the actions of others."**
>
> - Tichy and Bennis

We all see the world from our own individual perspectives and our perceptions are colored by the many experiences that have shaped us. When we see a situation, we recognize information and react to it with emotion; that combination of the input we receive and how it makes us feel will affect how we see and choose possible solutions (or altogether miss out on them!)

Making a good decision requires that you understand your own experiences, your values, and your perspective. This self-awareness is helpful in many of our daily tasks but especially when we make important decisions.
Developing your emotional intelligence and recognizing when emotions may interfere with your thinking is also critical. In their book, *Decisive*, Chip and Dan Heath make *attaining distance before deciding* (which includes overcoming short-term emotion and honoring your core priorities) a distinct step in their decision-making process.
Don't minimize the importance of how your unique personal history has shaped you and how it colors your individual reality.

Finally, a savvy decision-maker also knows that keeping his/her ego in check will lead to better decisions. Knowing when you feel like your opinions, image or ideas are being threatened will help you keep your balance during the decision-making process as well as when you evaluate the outcome after a decision has been made (which may call for taking a new course of action). Do not underestimate the power of humility in making and leading others through good decisions!

Know Others

> **"None of us is as smart as all of us."**
>
> - Kenneth Blanchard

Easier said than done…. You can never truly and fully "know" another person, especially in the workplace where our relationships are of a professional nature. However, the more adept you are at considering other perspectives and practicing empathy the more you will recognize that there are different outlooks, interests, and even alternative solutions. Understanding not only the contributions that others can make to the range

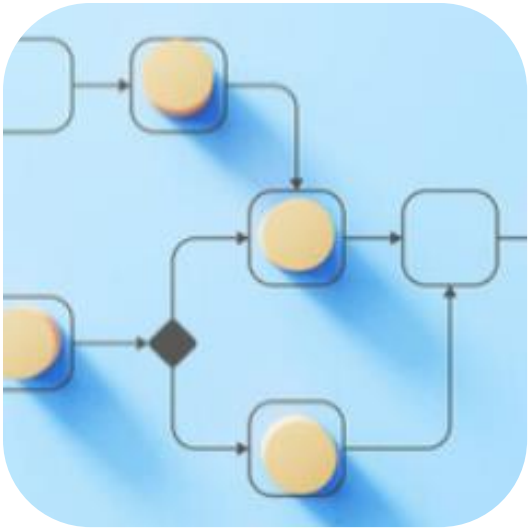
of options but also the stakes that can propel or derail your decision (during its making or implementation) can be vital to your success.

Seeking input is not a sign of weakness or incompetence but, rather, evidence that you recognize the power of new perspectives and information of which you might not be aware. We think of someone who makes good decisions as someone who's independently knowledgeable, but the truly successful decision-maker understands the repercussions of a situation from multiple perspectives and seeks to consider solutions from varied sources.

Follow a Process

> **"Leadership decision-making is not a natural capacity, and since those in leadership positions tend to make predictable decision errors, they are also preventable."**
>
> - Michael Useem

Researchers Lovallo and Sibony set out to discover which was more important in producing good decisions: process or analysis. They found that "process mattered more than analysis – by a factor of six." Not only was a good process usually conducive to better analysis (for example, by bringing about observations of faulty logic) but, more importantly, they also found that "superb analysis is useless unless the decision process gives it a fair hearing."



In fact, many who study decision-making agree that faulty decisions are often the result of failure to follow a disciplined process. Potential decision-making landmines are predictable, and we gain advantage by using a process to anticipate and neutralize them in time.

There are many decision-making processes you can follow (including Chip and Dan Heath's WRAP process; Tichy and Bennis' Leadership Judgment Process; and Bain & Company's Five-step Process), some of which may be better suited to your organization, the type of problem you are addressing or the outcomes you are hoping to achieve.

Regardless of which one you choose, what you will bring to the table is an opportunity for participation and fairness. Sometimes the decisions we make are tough to live with.

However, if those who are affected by a particular decision feel that their voices and concerns were heard and that they participated in and understood the actions that led to that result, they are more likely to accept it and, perhaps, support it, even if it was not their chosen alternative.

Lessons Learned

Even those who follow all the steps to carefully approach a decision are vulnerable to mistakes. We cannot anticipate events, nor can we possibly consider all the elements that may impact our decisions. However, if we have acted responsibly, taken into consideration the possible pitfalls, errors, and biases; kept ourselves in check; considered others' input and perspectives; looked at many alternatives; and followed a process, we can rest assured that we've done our best. If the outcome was not as you expected, look back and consider what you might want to do differently next time. And, if it was, look back too – and take note of the elements you want to reinforce as you keep refining your decision-making skills.

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