

Bounded Irrationality

Decision Making Traps

- Anchoring
- Confirmation
- Memorability
- Status Quo
- Sunk Cost

Anchoring

When considering a decision, our minds are unduly influenced by the first information we find. Initial impressions and data anchor subsequent judgements

Confirmation

Through selective search and perception, we subconsciously seek data that supports our existing point of view, and avoid contradictory evidence.

Memorability

We are overly influenced by recent or dramatic events. Repetition from one or multiple sources can also influence belief, memory, and judgement.

Status Quo

Decision makers exhibit a strong bias toward conservatism, inertia, and alternatives that perpetuate the status quo. We look for reasons to do nothing.

Sunk Cost

Unwilling, consciously or not, to admit past mistakes, we make decisions in a way that justifies past choices.

Decisions

We ask the wrong questions and trust the wrong sources. We substitute optimism for data. And we are influenced by peer pressure and groupthink. Decisions shape our lives, and yet they're often made in the dark, beneath the comforting veneer of rationality.