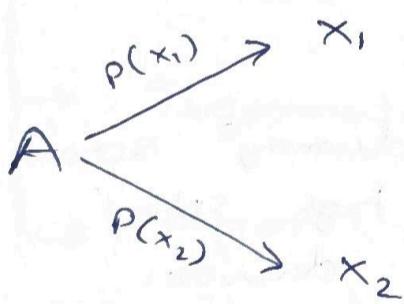


Special topics in Psychology

Outcome bias :

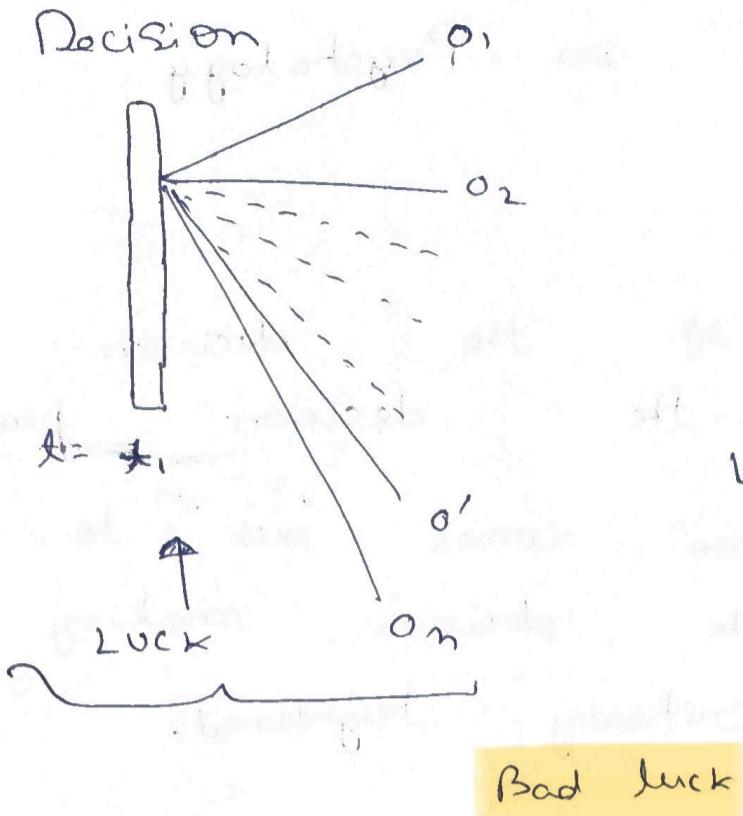
- The outcome of the decision hinders the quality of the decision process itself.
- If the outcome comes out to be negative then only the decision making of the people get critically heightened.
- +ve : the outcome matters more in the scenario of a +ve outcome.
-ve : This is where people start looking outside the outcome, of other stuff and also hope comes into play.



The probability that the stocks will go up or go down is hard to predict.

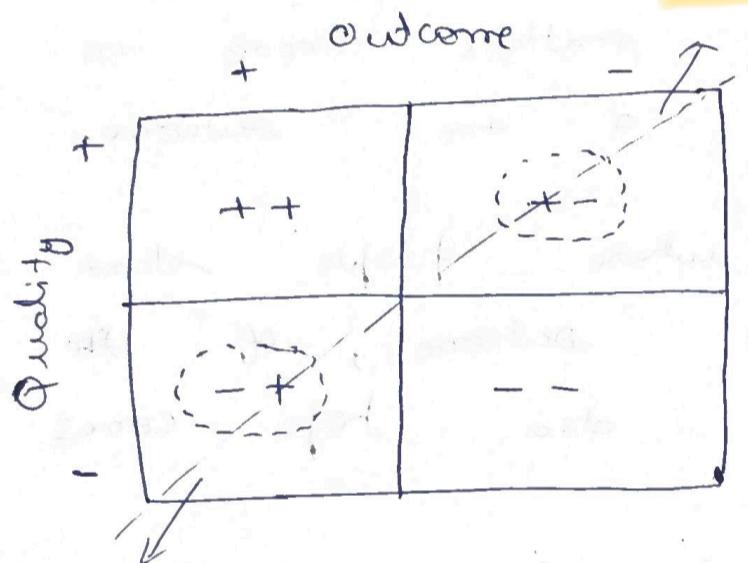
- between the when the outcome has been bad, the criticality and the reasons increase as compare to a +ve outcome.
The reasons in the +ve ones are not so critically thought so, but in a -ve outcome scenario, the reasons are more critically thought about.

31 July



Because of the outcome bias we are not able to see there two outcomes.

(Decision)



Rumb luck

i) Bad luck:

Decided to go for a dummy school for my JEE prep. I ended up in an extremely bad decision.

dummy school for high school, ended decision.

ii) Rumb luck:

Decided not to go outside my city (specifically Rota) for my JEE prep and prepared online, quality was not that great but somehow ended up getting into IIT.

Best

- i) Changed my room to a single room (better productivity)
- ii) Took good open elective courses both w.r.t grades and knowledge.
- iii) Buying an iPad, makes stuff really manageable.

Worst

- i) Not withdrawing from a course when I had time.
- ii) Taking a few crucial decisions very hastily which ended really bad.
- iii) Putting up weight (consciously), over eating (stress eating)
- iv) Picking up flights over trains for travel (short distance)

Majority of these decisions includes the outcome bias

Bad luck :

- uncertainty → Khaab Kismat
- Information incomplete / wrong
- dynamic information (at the time of taking the decision, info seemed correct but eventually came out to be wrong)

Bonus luck : (why the outcome?)

- despite taking a seemingly incorrect decision, I worked quite well and maybe even got lucky in the end.
- External Factors Favoured us heavily & things turned up in my favour.

- Try to use the exercise more often because outcome bias will tamper the decision making.

The decision making must be kept separate from outcomes.

- Great Job Offer + Cold weather

vs

Avg. Job Offer + good weather

→ I am not much accustomed to cold.

→ No cues from people working there or seniors.

- Outcome clouds the quality of the decision making.

Not only that, it also clouds the knowledge as well.

⇒ Outcome Bias ⇒ Hindnight Bias



People give cues that confirm you that hindnight bias is at play.

Subtle diff. b/w "I should have known"

vs "I kinda knew it all along"

↳ Hindnight Bias

Stuff you knew before the decision → Decision → Outcome

X

Stuff you know after the outcome

⇒ Hind sight bias messes up with the things you knew ~~before~~ before the decision

⇒ For both +ve and -ve outcomes, you think that you knew things before them happening but actually it's the hind sight bias.

But for both +ve and -ve outcomes, your hind sight bias changes.

Memory Creep: The memory created after the outcome tries to interfere with the memory before the outcome and creates hind sight bias.

Knowledge Tracker

Stuff you knew before the decision → Decision → Outcome → Stuff you know after the outcome

1. Taking ME at IIT D as a decision or EE ~~IIT R~~ as a decision

Taking ME turned out at IIT D not so good

1. Taking a circuit design in an easier IIT (top 7) is a better option

Memory Creep

When trying to say something about the predictability of an outcome (decision) if we are using the stuff that we know after the event then hindsight bias is at play.

- To reduce hindsight bias, a knowledge tracker can be used & try not to the additional information you have after the outcome has occurred.

Stuff you know
before

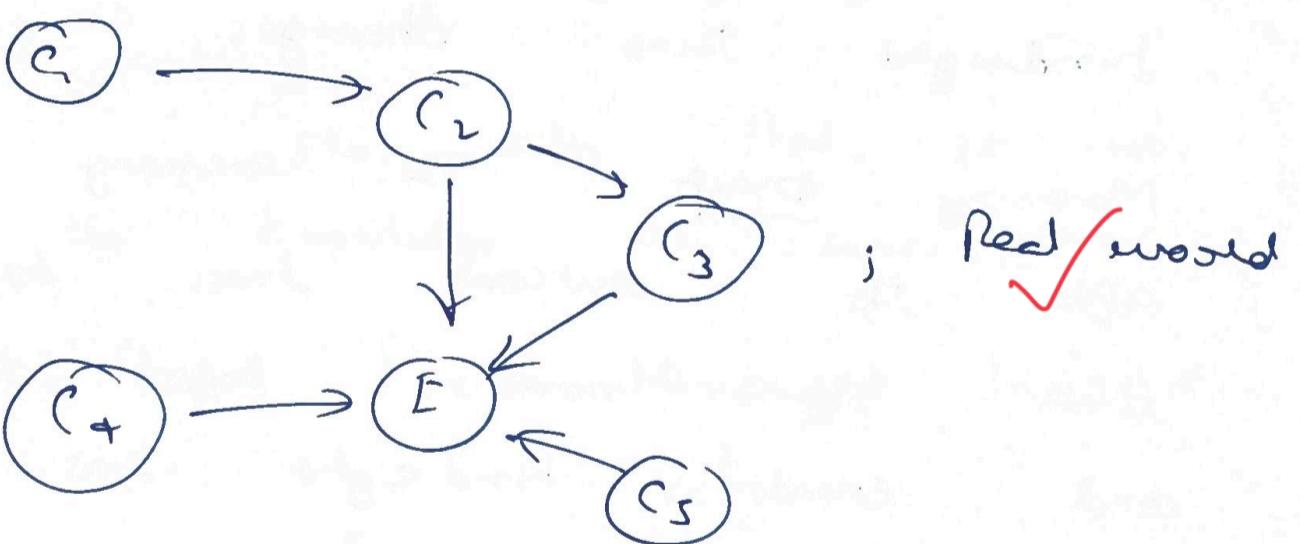
— — — —
— — — —

Stuff you know
after

— — — —
— — — —

- If you try to list out all the outcomes & then try to see whether the actual outcome was predictable or not, the chances of hindsight bias reduces.

- Work out all potential outcomes, the chances of hindsight bias reduces, the metacognitive stress eases out
- All our world models are predictable (as we want them to be as much predictable)
- Our mind is hardwired to find a cause-effect relationship.



- ① Past decisions { Experience }
- ② Current decision
- ③ Very poor future decision

Current decisions

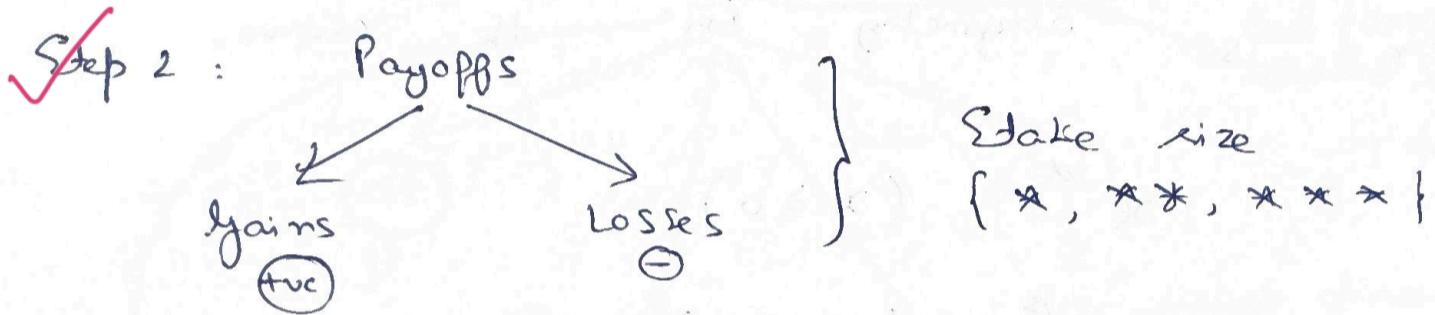
→ First thing is we're looking at the possible outcomes.

- i) Outcome
- ii) Payoff

- iii) Preference
- iv) Probability

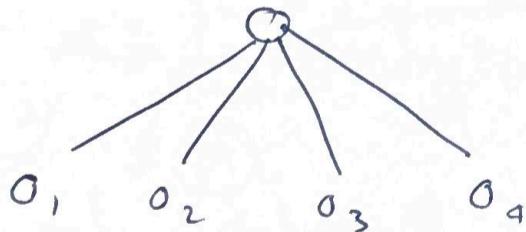
} 3 P's

~~Step 1~~ : Outcomes (Long list)



~~Step 3~~ : Preference order outcomes
↳ which values motivated this preference order?

~~Step 4~~ : Probability of outcomes.



Gains : { }

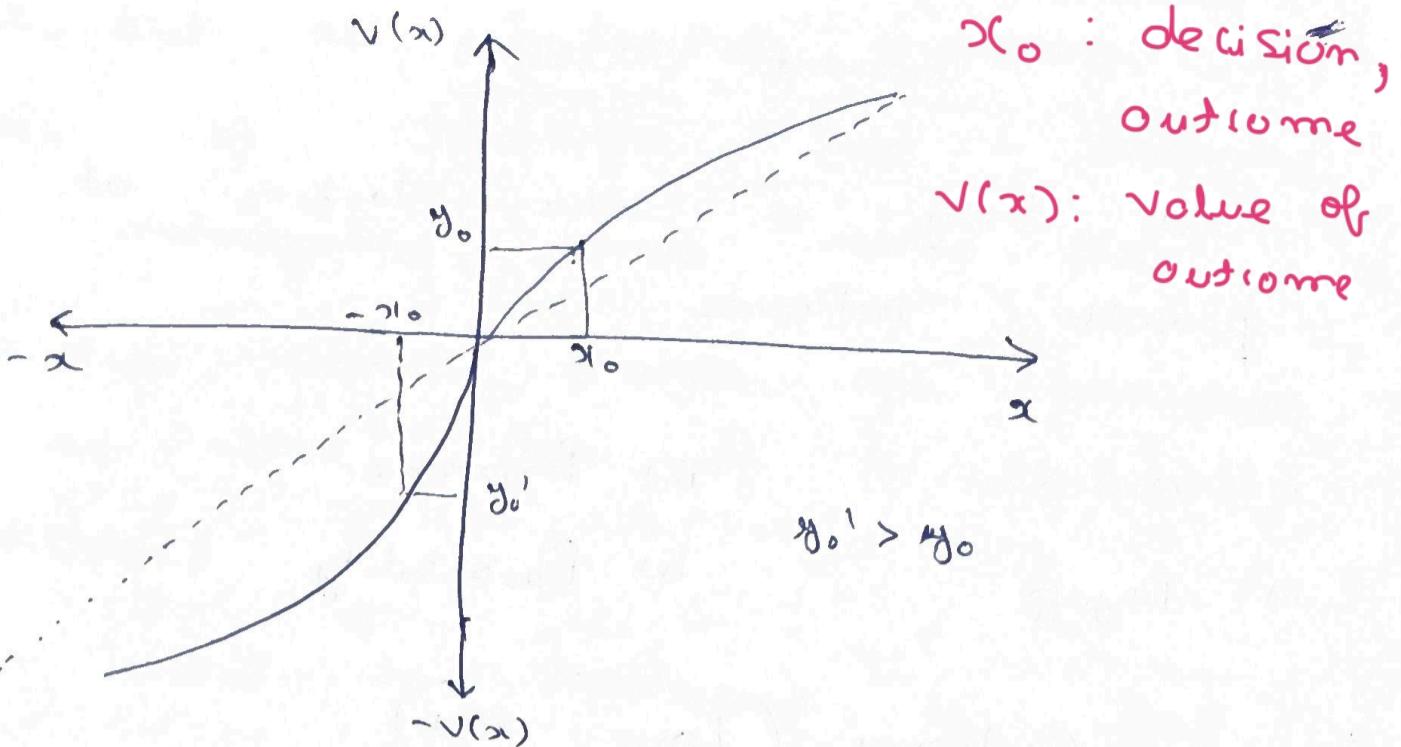
Losses : { }

Prospect theory

(x, p)
real

$$\frac{v(x)}{p(p)}$$

Psychological



There is asymmetry in the curve.

$$= x^\alpha \quad (x \geq 0)$$

$$= -\gamma (-x)^\beta \quad (\gamma \leq 0)$$

You psychologically weighs losses more than the gains.

Steps to be Followed :

- ① Step 1 : Outcomes
- ② Step 2 : Preference
- ③ Step 3 : Payoffs
 - Gain
 - Loss
- ④ Step 4 : Probabilities (outcomes)

J1

NCR (Gurgaon)

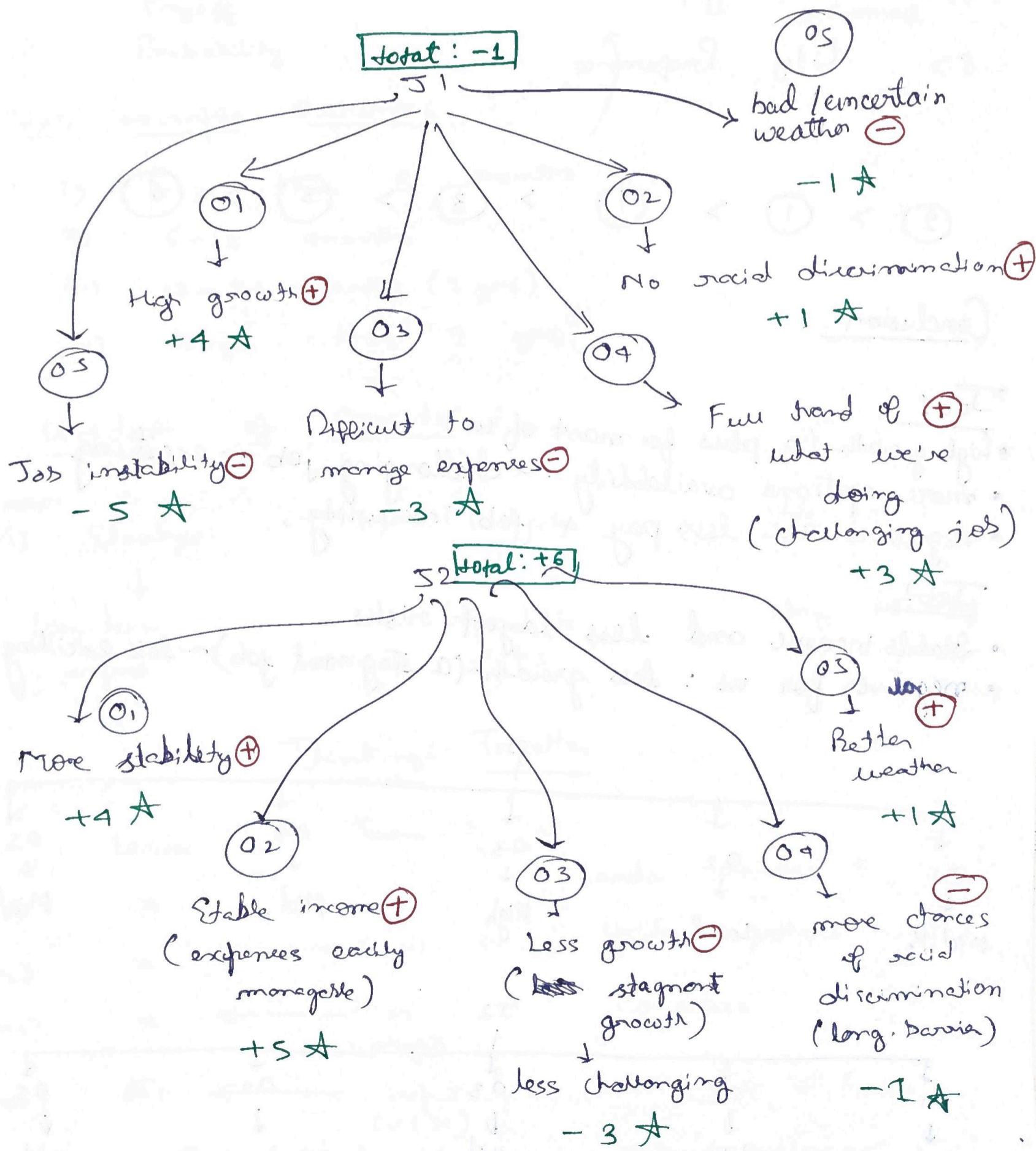
High risk
more options

less pay

J2

Bangalore

Less risk
less options
more pay



Preference (Jobs) :

- 1 > good work culture
- 2 > good pay
- 3 > free time (Family time)
- 4 > Learning & growth opportunities
- 5 > Company / Brand Value
- 6 > City Preference

$$② > ① > ④ > ③ > ⑤ > ⑥$$

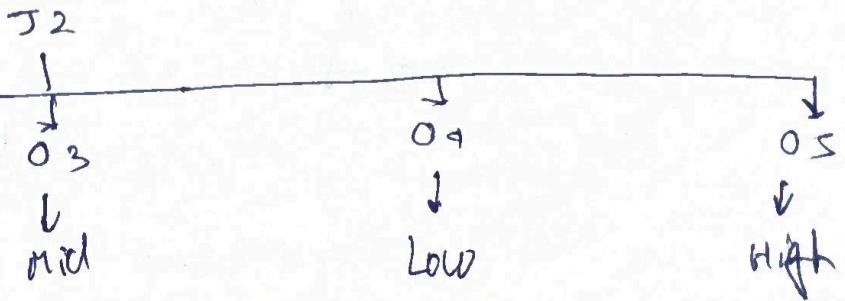
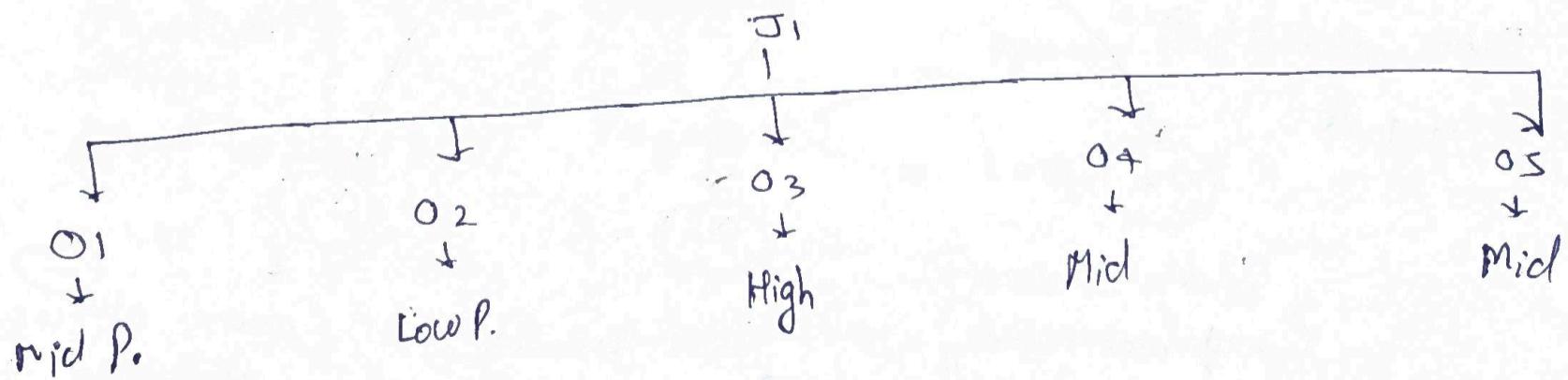
Conclusion

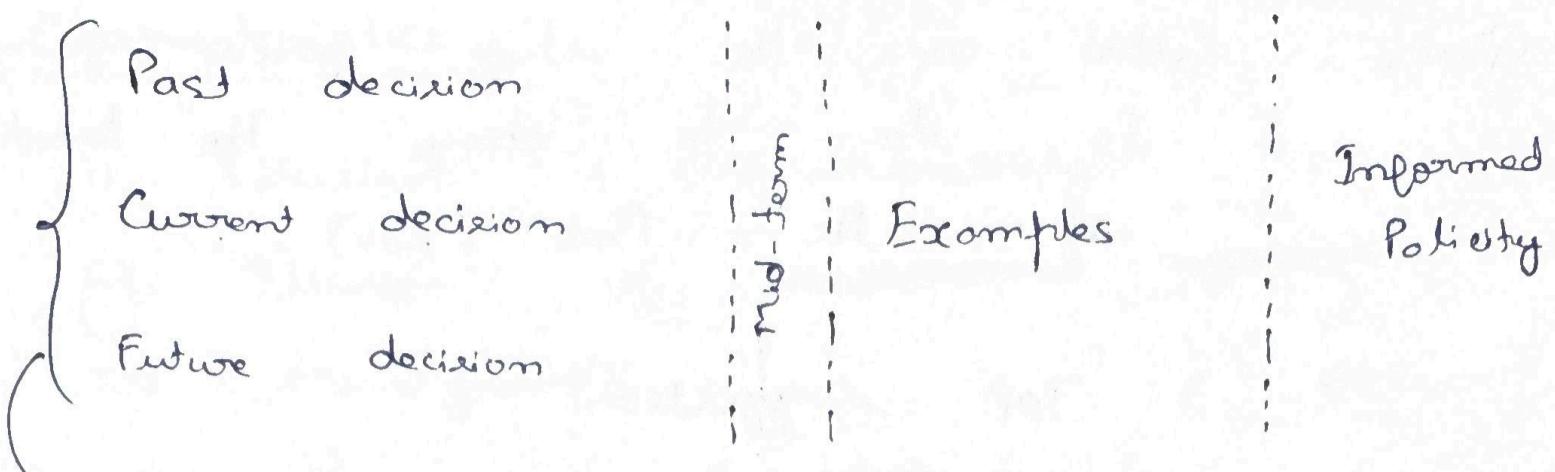
Job 1

- high growth (a plus for most of us)
- more options availability ~ challenging job ~ exciting
- negatives are less pay & job insecurity.

Job 2

- Stable income and less layoff risks
- negatives for us : less growth (a stagnant job) ~ less exciting





Outcome
Preference
Payoff
Probability

Job example Outcomes :

- i) less than 6 months
- ii) 6-12 months
- iii) 12-24 months (2 yrs)
- iv) longer than 2 yrs.

we are only focusing on one dimension of the outcomes

Only considering one prospect & basing our outcomes on the basis of this one prospect

Types of decision

Wisdom of crowds :

✓) Strategic
↓
long-term impact

✓) Tactical
↓
Immediate steps

✓) Operational
↓
day to day

diff types of decision mktg Process

Thinking Together

Leader

Team

: Leader decides

m1)

*

(iii)

ii)

: Leader gathers input

m2)

*

ii)

: consensus

m3)

*

ii)

(accept)

: consensus + fallback

m4)

①

ii)

input
(✓/✗)

: with constraints

m5)

②

ii)

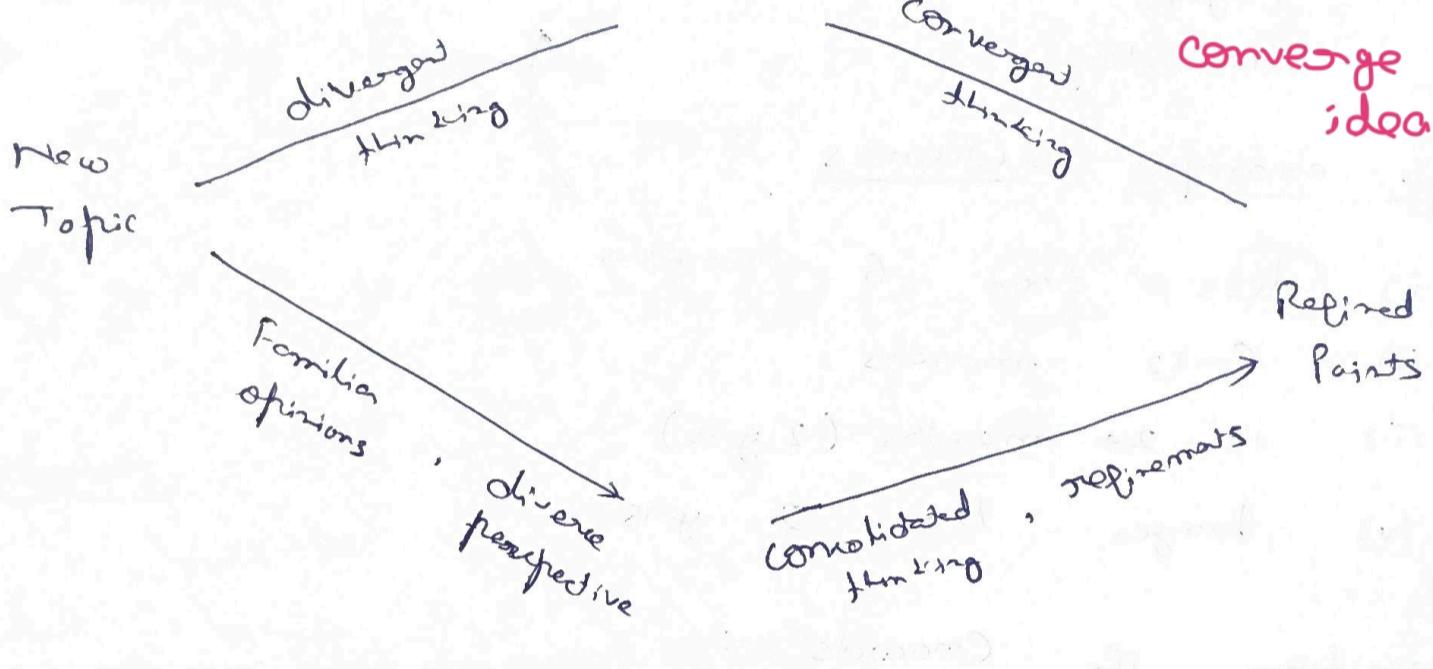
→ constraints

Ques : What are the stuff you're going to do to change the branding of the Fleet (Rdv).

→ 3 Top suggestion

→ Evaluate others

→ First you diversify the ideas then club the similar ones, delete some & converge the ideas



→ The major focus is going to be on group think.

↳ TG is a mode where all decisions & facts are affirmed without making any question.

Cohesive groups can make poor decisions by-

✓ Conforming to consensus

✓ Ignoring individual judgement

– Promoting unanimity every decision

– Opposing every decision

– not trying to contradict or raise ques.

Characteristics :

- i) Illusion of invulnerability
- ii) Illusion of unanimity ~~consensus~~ unanimity
- iii) Mind guards
- iv) Presure of dissenters
- v) Rationalization
- vi) Self censorship
- vii) Stereotyping outsiders
- viii) Unquestioned morality

Warning signs of groupthink on teams :

- i) Suppressed dissent
- ii) Illusions of unanimous agreement
- iii) Minimal discussion of alternatives
- iv) Decisions under pressure
- v) Mindguards emerge

How to prevent groupthink :

- i) Promote Psychological Safety
- ii) Appoint a devils advocate
- iii) Encourage independent research
- iv) Seek external perspectives
- v) Use structured decision-making

Strategy : Consensus

- All india level esports events
(BLMI, Vato, CS CO etc)
 - Movie nights
 - Cosplay events + Championship
 - Live dubs battle (voice over competition for animes)
 - Express trailer of small scale video games
(indie video games)
 - Escape room ('horror theme')
 - Indie game Alley competition, VR Boss fight
 - Greater meet & ~~eat~~ & greet
-
- Karaoke area (gaming OSTs, anime OSTs), movie themes
 - Photo zones around the campus
 - India branding
 - Festival currency (Mythical currency)
 - ~~Movie & game~~ & ~~music~~