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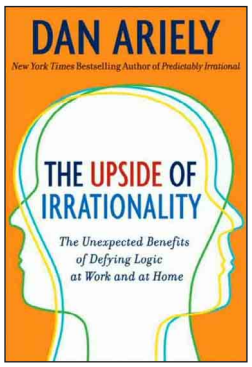

The Upside of Irrationality

The Unexpected Benefits of Defying Logic at Work and at Home

by Dan Ariely

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352 pages

Focus

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Take-Aways

- Everyone is subject to irrational thoughts and impulses.
- You can greatly improve your life by recognizing and harnessing your irrational ideas.
- Everyone procrastinates in many aspects of daily life. A well-designed reward system can help you tackle unpleasant chores with better success.
- Large incentives don't lead to better performance; group pressure also causes slowdowns.
- People seek or create meaning in their work, and pride can lead to higher motivation. However, even minor reductions to that meaning can lessen your desire to work.
- If a task belongs to you, you will place a higher value on it.
- If you want to get more happiness and less misery, do not interrupt unpleasant jobs, but do interrupt enjoyable experiences.
- Due to "hedonic adaptation," positive and negative emotions level out over time.
- The ability to adapt, which some people learn from difficult circumstances, can enhance anyone's quality of life.
- Insight into your irrational behaviors can help you understand your own nature and make better decisions.

Rating (10 is best)

Overall	Importance	Innovation	Style
8	**7**	**8**	**9**

Relevance

What You Will Learn

In this Abstract, you will learn: 1) How experiments in behavioral economics reveal the mind's irrational processes; 2) How workers attach value to what they do, and why that matters; 3) How humans adapt and 4) How to understand your own adaptive processes.

Recommendation

In this sequel to his bestseller, *Predictably Irrational*, Dan Ariely, a professor of psychology and behavioral economics, returns to the how and why of human beings' inexplicable thought processes. Through a series of telling, small-scale social experiments, he attempts to quantify such unquantifiables as how satisfaction in work becomes nourished or destroyed, how people value their attractiveness and the attractiveness of others, how humans adapt to adverse or positive circumstances, and how to make pleasure more enduring and annoyances less upsetting. Those who read Ariely's first book might have the context to better appreciate this one, but he doesn't seem to hold anything back as he explains his traumatic physical injuries and the lessons, both painful and joyous, those experiences wrought. The author's warm, direct, compassionate tone, and his willingness to share his frustrations and discoveries, lead *getAbstract* to recommend this insightful, easy-going tour of the irrational side of the human psyche.

Abstract

How the Mind Works

"It is important to understand both our beneficial and our disadvantageous quirks, because only by doing so can we begin to eliminate the bad and build on the good."

When author Dan Ariely was young, he suffered third-degree burns on much of his body. An infection during his hospitalization led him to develop hepatitis C. As part of an experimental program, he had to inject himself daily with interferon, a drug then under trial. Though the injections left him feverish, nauseated and disoriented, Ariely proved to be the only person in the experiment who kept up with his daily medications; everyone else procrastinated. Ariely found a "reward" that enabled him to deal with the reaction: After each shot, he would lie in a hammock and watch movies until he could function again. The injections brought an end to his hepatitis C.

From this, Ariely learned that a well-designed reward system could help people face unpleasant tasks and avoid procrastination. He realized the importance of enduring necessary hardships today "for the sake of a better future." Other hepatitis C patients in the same trial did not take the difficult injections regularly, though the treatment could have cured them, too. The trauma of Ariely's injuries, and how he adapted to them, led him to study behavioral economics and to run experiments seeking insight about how the mind works, and how people think and decide. Over time, he learned that everyone is subject to irrational thoughts and impulses, and that people can greatly improve their lives by recognizing and harnessing their irrational ideas.

"This is where behavioral economics enters the picture. In this field, we don't assume people are perfectly sensible calculating machines."

Bonuses, Stress and the Ability to Perform

In one experiment, researchers gave volunteer participants either simple physical tasks (clicking fast on a keyboard) or more complex mental-acuity games (like memory games). Participants who did well earned a bonus, which could be small (one day of a participant's salary), large (two weeks pay), or very large (five months wages). The researchers found that with simple physical chores, participants produced more work for more money, but when it came to "higher cognitive skills," the larger rewards impaired

functioning. Such tests indicate that large incentives don't necessarily lead to better work – they can actually increase stress and reduce performance.

"Sucking the meaning out of work is surprisingly easy. If you're a manager who really wants to demotivate your employees, destroy their work in front of their eyes. Or…just ignore them and their efforts."

Other factors, such as public opinion, also undermine performance. After faltering during a speech when he tried to describe the impact of his injuries, Ariely sought to understand the unpredictability of his response to social pressure. In one test, volunteers solved anagrams more effectively alone than when they were solving them in the plain view of others. Studies of "over motivation" show that "humans and nonhumans alike seem to perform worse when it is in their best interest to truly outdo themselves." Given this, Ariely investigated certain athletes who are famous for excelling under pressure. Subjecting the final minutes of pro basketball games to rigorous statistical analysis, he found that "clutch" players did not necessarily shoot better when the game was on the line; they simply shot more. Their percentage of made baskets in the final minutes was close to their game percentage; they were just willing to try much more frequently.

Many factors affect workers' performance, including the nature of the person and the job, how much effort is required and how practiced the person is. Work's inherent uncertainty and changeability makes creating "the optimal incentive structure" difficult – but clearly the assumption that higher bonuses always create higher performance is not correct.

"Labor in Love"

"It's often effort that ultimately creates long-term satisfaction."

Multiple experiments confirm the theory of "contrafreeloading," which suggests that animals – including humans – prefer to "earn food" rather than having their sustenance given to them for free. All the classic lab animals, from gerbils to chimps, would rather do a bit of work, as long as it is not too much, rather than eat the same food if it is given to them for free. One animal is the exception: The cat preferred freeloading.

"Sadly, most of us often prefer immediately gratifying short-term experiences over our long-term objectives."

Because of this tendency to prefer earned food, even "small changes" in the meaning of jobs can have a substantial influence on an individual's "desire to work." Ariely had volunteers assemble Lego Bionicles, small robot toys made of plastic pieces. He paid less for each one they built, so their incentive to do more work fell with every robot they built. Most volunteers liked building the figures and worked on them for a while. However, Ariely gave another group of volunteers a slightly different situation: Every time they finished building a Bionicle, the experimenter took it apart and reboxed it in front of their eyes. This had a substantial effect on the participants' motivation, and they finished significantly fewer pieces. The lesson is that pleasure can motivate people to carry out a task regardless of pay, but workers lose interest if it becomes clear that their job is meaningless. Managers need not be cheerleaders, but they should be aware of how easy it is to suck the joy out of labor and, in the process, have a negative impact on the workers and their efforts.

"It is difficult to get a man to understand something when his salary depends upon his not understanding it." (Upton Sinclair)

When Ariely assembled a toy chest from Ikea, he became aware of his own inordinate pride – he didn't make the chest, but afterward he felt as though he had. The manufacturers of early, prepackaged food, such as cake mixes, failed to account for such feelings as pride in creation, and they did not give users any role in the process. Mixes that required no effort from the home cook bombed. Pillsbury revolutionized the industry when it took the eggs and milk powder out of its mix and created cake mixes requiring homemakers to add an egg and milk. This gave the cook a sense of ownership and pride. In general, the greater the effort you make, the more you feel ownership over your work, as Ariely found in other experiments with origami pieces – the more difficult and confusing the origami instructions were, the more people valued their creations.

During Ariely's lengthy hospitalization, he learned to make clothes as a part of his occupational therapy, and he made a few "misshapen" shirts. He later learned that he

thought far more highly of the clothes he made – which he admits were pretty crude – than the people who received them as gifts. At first, Ariely felt hurt, but he came to realize that the difficulty of his labor made him value his completed creations (but not the ones he didn't manage to complete) regardless of their amateur quality. These tests and others confirm "four principles of human endeavor":

1. The level of work you expend alters you and changes how you value what you made.
2. The more you work, the more you like what you've done.
3. You do not recognize that you value your own labor more than others value it.
4. If you can't finish something that took a lot of work, you value it far less.

"We don't end up being as happy as we thought we'd be when good things happen to us and we are not as sad as we expect when bad things occur."

"Not Invented Here"

According to the Not-Invented-Here (NIH) principle, people have an "ownership bias" toward things they create and ideas they come up with, and they devalue things they did not make and ideas they did not generate. Ariely once asked readers of *The New York Times* to suggest solutions to six basic problems and, then, to evaluate the quality of their solutions. The trick was that they had to use a list of 50 words to come up with the solutions, which meant that they all came up with the same basic solutions. So, how did they evaluate solutions that they received compared to the ones they invented? The participants liked their own ideas more, they judged them as more creative, and they were willing to spend more of their money and time to promote them.

"Our irrational abilities…allow us to adapt to new environments."

Inventor Thomas Edison's obsession with championing his direct current (DC) method of transmitting and harnessing electricity is a fine example of the NIH phenomenon. Edison went to extreme ends to undermine supporters of the competing alternating current (AC) method. He even underwrote the building of the first electric chair, which he had powered by AC, to link it with danger and death in the public mind. Edison failed, and AC became the standard. Even this genius fell prey to the NIH fixation.

Adaptation and the "Hedonic Treadmill"

"Some of the ways in which we are irrational are also what makes us wonderfully human."

"Hedonic adaptation" is a process in which people get used to their life circumstances, whether good or bad. Ariely learned a lot about adaptation while dealing with his burns and surgeries. He had to cope with pain, different physical limitations and a limited potential for romantic relationships. Everyone is subject to hedonic adaptation, wherein your emotional reactions to good events and bad, to pleasure and pain, tend to level out over time. A surprise event, whether of great joy or horror, will have a strong effect on your basic level of happiness in the short term. But, in the long term, these same events will alter your happiness far less than their initial impact, and much less than you initially suspect. For example, say you buy a new car, and it makes you very happy. Over time you come to take it for granted and the happiness you once expected to last a long time lasts only a few short months. This is the first part of the bad news; the second is that given your diminishing happiness with the car, you next look for something else new to make you happy again. This is the hedonic treadmill.

"Real progress, as well as real pleasure, comes from taking risks and trying very different things."

Attempting to discover if people can mitigate their hedonic adaptation, researchers conducted an experiment that sought to determine whether interrupting a negative experience – like doing work you don't like – would ease the unpleasantness of the job. The answer was a resounding no; taking a break during a negative experience makes it worse when you get back to the annoying task. This means that unwanted tasks are best taken head-on and completed without a break. Conversely, you can extend the pleasures

of a positive experience by taking breaks in the middle, and slowing down the process of hedonic adaptation. For maximum enjoyment, take your pleasures at a relaxed pace. If your choice is between buying, say, a new sofa or going on an exotic vacation, take the trip. In time, hedonic adaptation will ensure that the new sofa loses its novelty. But the short vacation experience will linger in your memory, providing enjoyment without ever becoming commonplace. Everybody adapts differently. Note the pace of your hedonic treadmill, and adjust your actions to maximize your gratification.

"'Time heals all wounds' precisely because, over time, you will partially adapt to the state of your world."

The Truthful Mirror

You basically know what you look like. Really. You generally know your level of attractiveness and where you stand on the continuum of unattractive to beautiful. So you seek romantic partners who are on the same general level of your own attractiveness. This is a general rule of romantic pairing; the beautiful are drawn to the beautiful, and the less so to their counterparts down the scale. This self-evaluating, same-level mutual attraction process is called "assortative mating."

Ariely recognized that his burn injury and scars greatly altered his place on the assortative mating scale, making him far less physically attractive than he previously had been. He became worried that he would have to settle for a lesser romantic partner and that he would always wake up feeling that he could have done better than the person next to him. Worrying about this problem led Ariely to study the romantic adaptation process. He found that peoples' sense of aesthetics doesn't change depending on how attractive they are; what changes is how much attention they pay to others' "inner qualities." This adaptation process, conscious or unconscious, is healthy because the outcome is the same: You pursue potential romantic partners with whom you have a fair shot of connecting. If you don't adapt, you will ensure your own "continuous disappointment." The mating marketplace's harsh rules ensure that, eventually, "less attractive people learn to view nonphysical attributes as more important." Individuals must accept who they are and what they offer. Adapting to that reality provides a basis for happiness.

"Getting the mind to triumph over the body is easier said than done."

Emotional decisions can affect your life for decades. Yet each person, no matter how mature, makes decisions that remain "hostage to emotions." Because people tend to follow their own past decisions, they tend to repeat emotion-based choices far more often than they should, even if these decisions are no longer relevant, and even if they proved harmful. You may even use your previous choices as an unconscious guide to future choices. This is, in an irrational way, emotionally comforting, even if the practical outcome is disastrous. But if you avoid acting emotionally, perhaps you also can avoid harm. Seeing how emotions drive your decisions matters not only to you as an individual but also to your relationships. To understand your responses – and your partner's – share experiences and activities that might bring emotions to the forefront, and examine how both of you respond. In this, as in all irrational matters, what counts is not that you behave irrationally – everyone does, inescapably. What matters is the effect your irrational behavior has on your life. If you work to gain insight into your processes, your irrational behaviors can become powerful guides to understanding your own nature and to improving your decisions. If you do not, there is a good chance that you will keep making the same emotional and irrational mistakes for a long, long time.

"Overall, when I look at my injury – powerful, painful and prolonged as it was – it surprises me how well my life has turned out."

About the Author

Dan Ariely wrote *Predictably Irrational: The Hidden Forces That Shape Our Decisions.*

