M2L8. Representative Heuristic
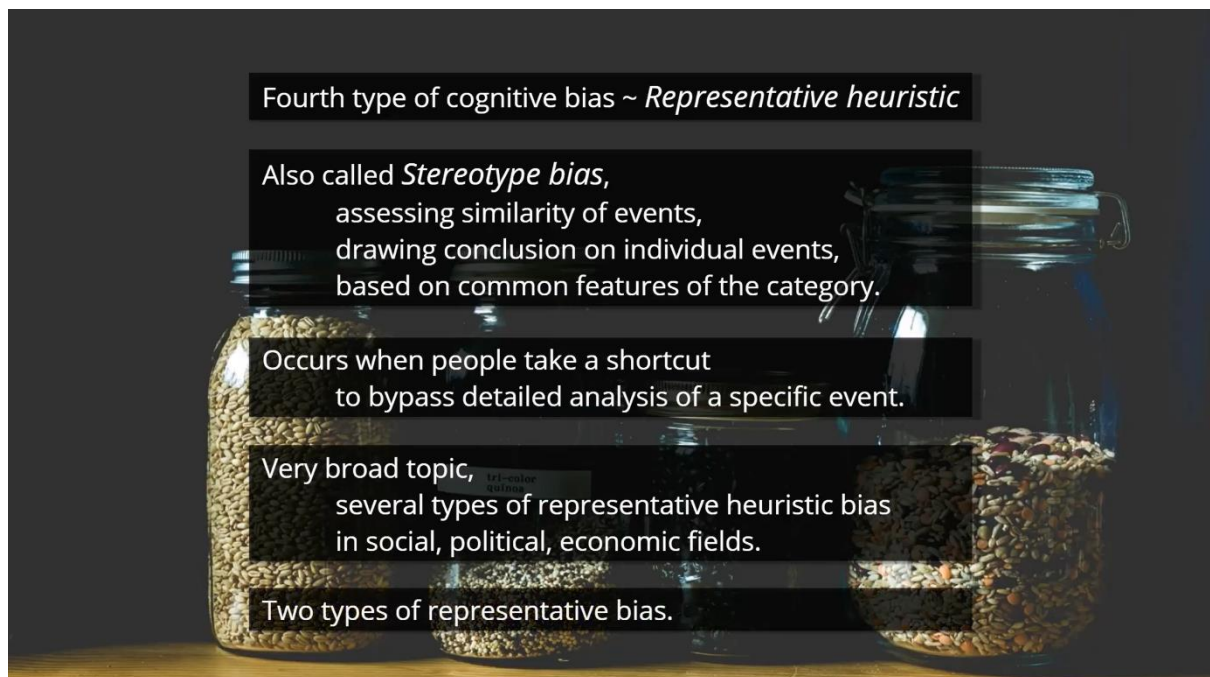
Slide #1

In this topic, we will discuss the representative heuristic bias, also called stereotype bias.

The fourth type of significant cognitive bias is called representative heuristic.

This is also called a stereotype bias, which is described as assessing the similarity of events and drawing a conclusion about individual events based on the common features of the category.

Representative bias occurs when people take a shortcut to bypass detailed analysis of a specific event.

The representative heuristic bias is a very broad topic and there are several types of representative heuristic biases in social, political, and economic fields.

For the purpose of this course, I want to emphasize two types of representative bias.

Slide #3
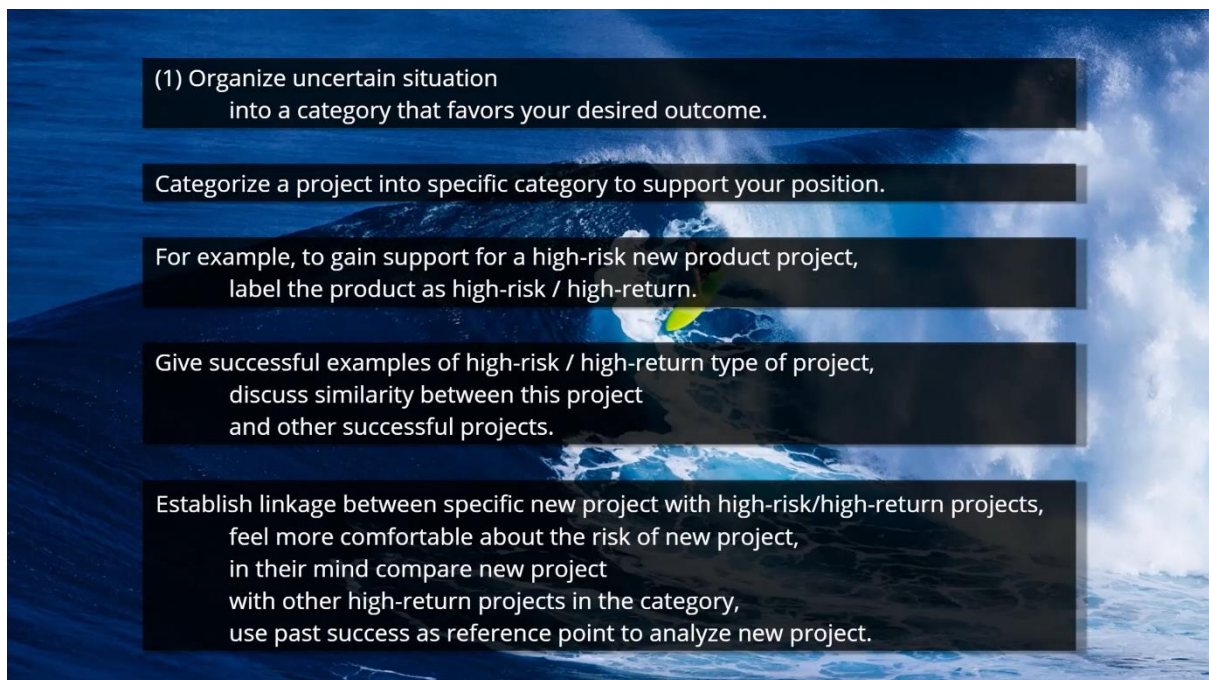
The first is to organize the uncertain situation into a category that favors your desired outcome.

That means, you can categorize a project into a specific category to support your position.

For example, in order to gain support for a high risk new product project,

I would label the product as high risk and high return.

Now, I will give some successful examples of high risk, high return types of projects. Then, I will discuss the similarity between this project and other successful projects.

So when people establish a linkage between the specific new project with a category of high risk, high return projects, people will feel more comfortable about the risk associated with this new project. In their mind, they compare a new project with other high return projects in the category. They can use the past success as a reference point to analyze the new project with uncertainty.
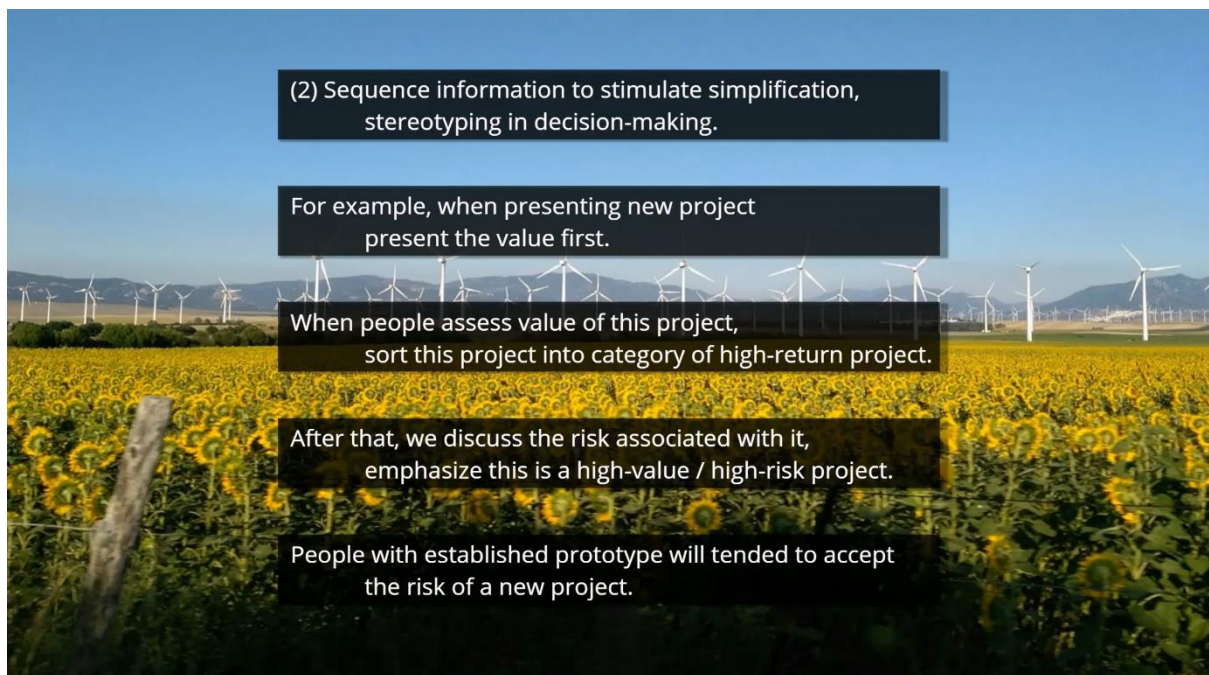
The second type of stereotype bias is to sequence information to stimulate simplification and stereotyping in decision making.

For example, when presenting a new project, you can present the value first.

When people assess the value of the project, they sort this project into a category of high return projects.

After that, we discuss the associated risks and emphasize that this is a high value, high risk project.

People with an established prototype will tend to accept the risk of a new project.