

M2L8. Representative Heuristic

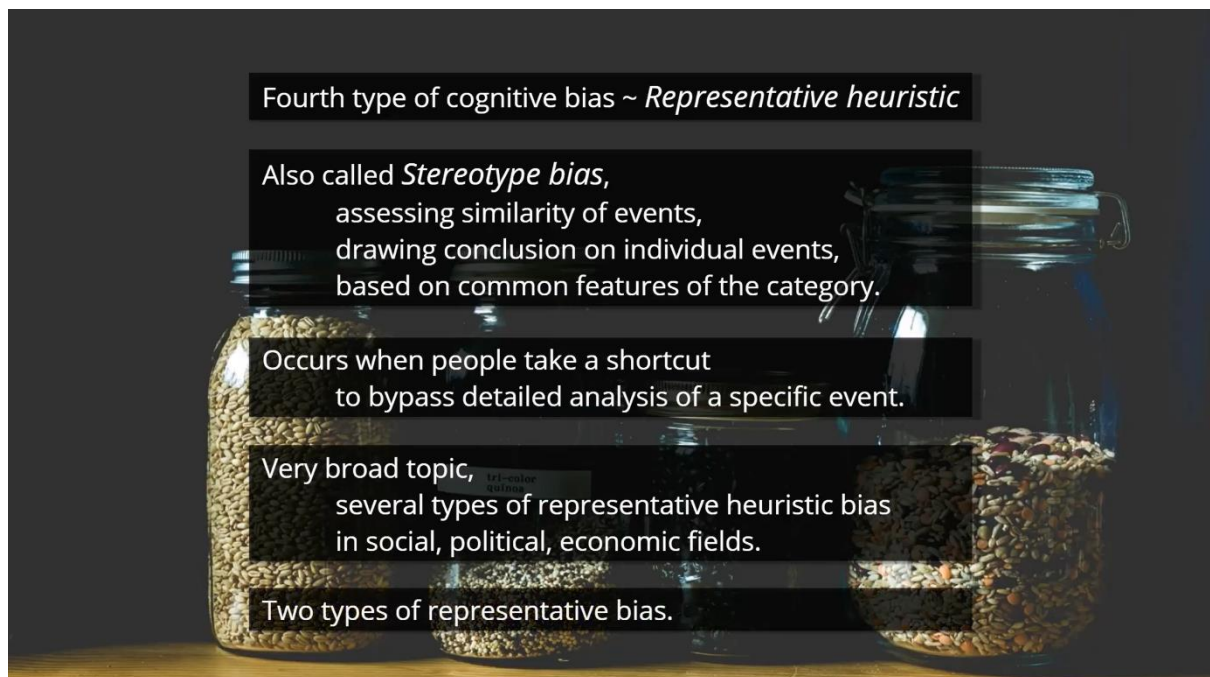
Slide #1



The slide cover is divided into two main sections. The left section is a dark grey rectangle containing the Texas A&M University Engineering logo at the top, followed by the title 'Representative Heuristic' in white, the author's name 'Dr. Xiaomin Yang', and the course information 'TCMT 612 | Technical Management Decision Making' in yellow and white. A red banner at the bottom of this section reads 'MASTERS OF ENGINEERING TECHNICAL MANAGEMENT'. The right section is a light grey image showing a person from behind, looking at a large digital display. The display features a complex network diagram on the left and several hexagonal icons on the right, each containing a different data visualization like a bar chart, a line graph, or a network diagram.

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

Slide #2



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

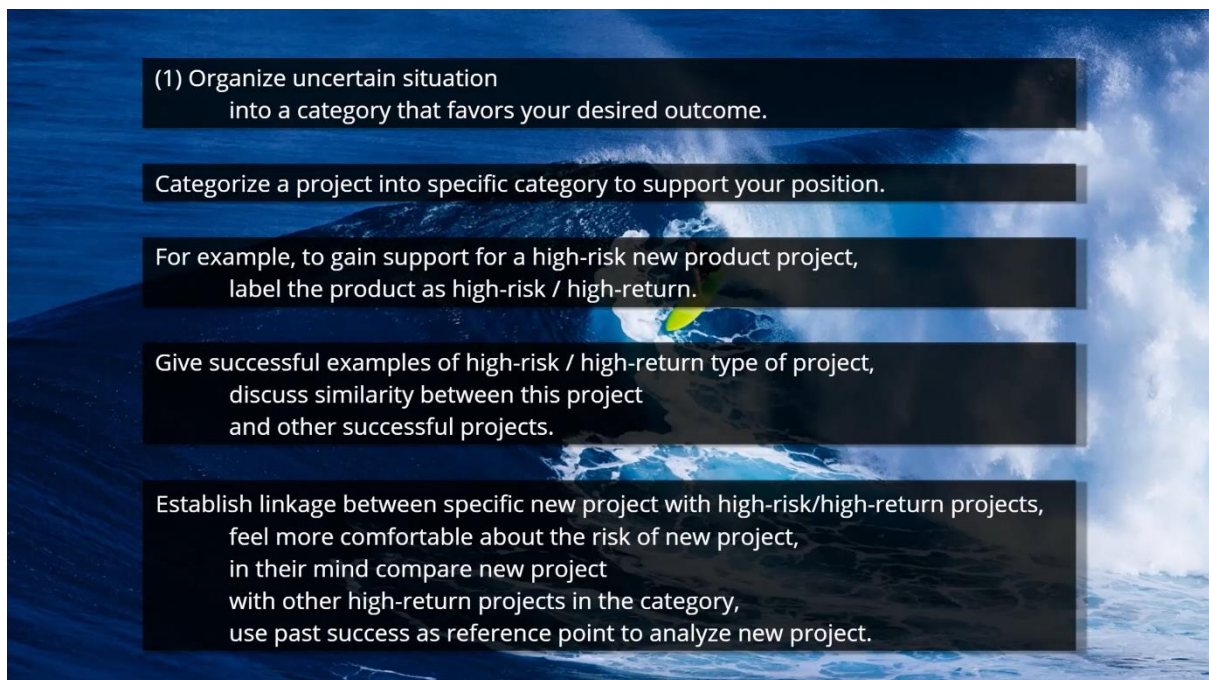
This is also called a stereotype bias, which is described as assessing the similarity of events and drawing a conclusion about individual events based on the common features of the category.

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,

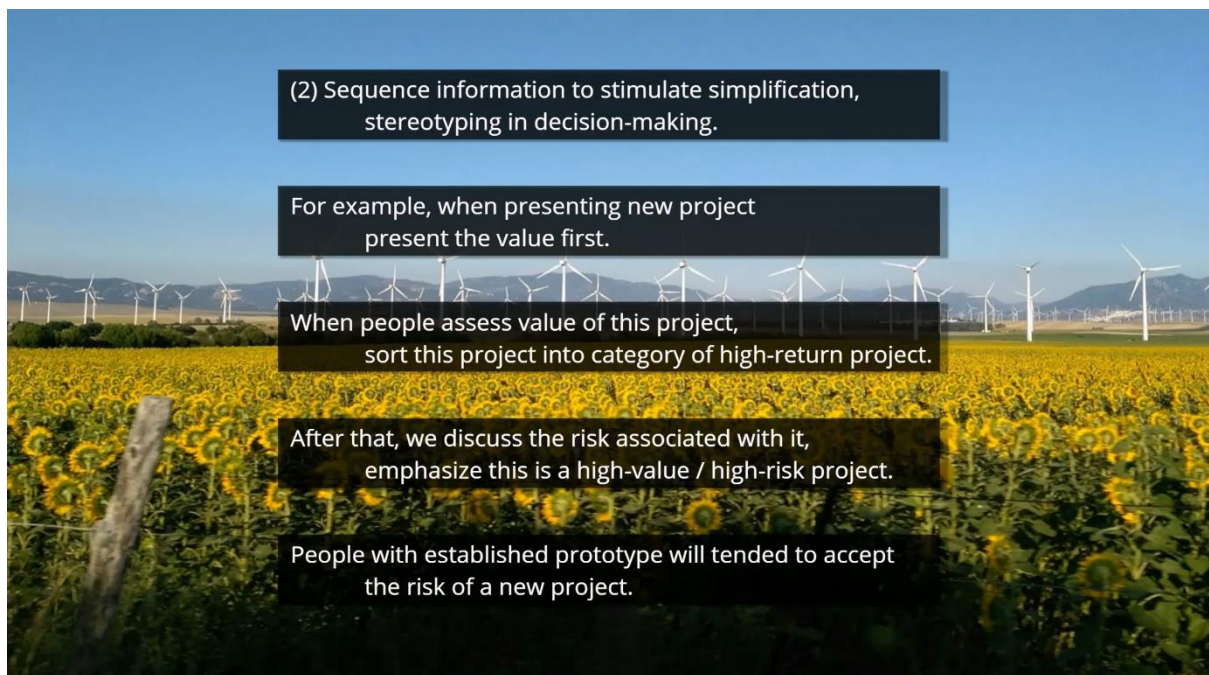
I would label the product as high risk and high return.

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.

Slide #4



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.