Judgment heuristic and biases

Judgment heuristic and biases Decision making is a complex process (Morsanyi and Handley, 18) Judgmental heuristics are sometimes used to make this process simpler. Judgmental heuristics are principles or methods by which one makes assessment or judgment of probability simpler. These are " rules of thumb", educated guesses, intuitive judgments or simply common sense. Generally beliefs concerning the uncertain events are expressed by statements like " I think thator chances are etc. These are sometimes expressed in numerical form as odd or subjective probabilities. Heuristics are simple, efficient rules, fine-tuned by evolutionary processes or learned, which have been proposed to explain how people make decisions, judgments and solve problems, typically when facing serious problems or in case of inadequate information(Tversky, Kahneman, 1124). These heuristics are very useful but at times can leads to severe and systematic errors.

(Harding, 707 and Tversky, Kahneman, 1124)

The most common types of heuristics used to assess probabilities and to predict values are the representative heuristic, the availability heuristic and the adjustment and anchoring heuristic.

In case of representative heuristics (Tversky and Kahneman, 1126), the likelihood of an event is judged based upon the extent to which it represents the essential features of the parent population or the generating process. Representative heuristic is generally used by people to make judgment or impression about someone or something. (Koning, 1)

The relative frequency of an event often depends on the availability or accessability of the object or the event under perception memory or construction of imagination. This is availability heuristics. (Garns, 1)

Adjustment and anchoring is generally used in numerical predictions when a

relevant value is available. (Tversky and Kahneman, 1128)

A bias is any of a wide range of observer effects identified in cognitive science and social psychology including very basic statistical, social attribution, and memory errors that are common to all human beings. Biases drastically skew the reliability of anecdotal and legal evidence. (Doughert and Franco-Watkins, 23)

For example, the apparent distance of an object is determined in part by its clarity. The more sharply the object is seen, the closer it appears to be. However, the reliance on this rule leads to systematic errors in the estimation of distance. Specifically distance is overestimated when the visibility is poor. On the other hand, distance is underestimated when the visibility is good and the objects are seen sharply. (Tversky and Kahneman, 1124)

People often follow a limited number of heuristic principles in day-to-day life, which reduces the process of assessing values and probabilities to much more simple judgmental operations. With too much data to process and too little available time, decision making has become very complex (Koning, 1). Heuristics helps people make decision faster, and cope with multiple affordances at the same time. (Bennett, 32)

There are many decisions that are based on heuristics. How do people cope with the complexities of the world business and economy (Goodwin and Wright 553), the uncertain behavior of friends and adversaries, or their own changing tastes and personalities When are people's judgments prone to bias, and what is responsible for their biases (Tversky and Kahneman, 1124)

The selected topic deals with the way we make decisions, specifically when no dependable criteria for statistical evidence are available. This is

something which is relevant in our day to day life, something that is applicable to each one of us. We as humans often think our judgment is the most correct and most accurate which at times can lead to errors. Thus we need to realize that overconfidence is not what is needed, as human cognition has its own limits. Also, this topic deals with human behavior and psychology which makes its study all the more apt and interesting.

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