

Power and overconfident decision-making

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Reaction Paper Introduction: This reaction paper is based on the article d " Power and Overconfident Decision-making" by Nathanael Fast, Niro Sivanathan, Nicole D. This paper discusses both the Author's point of view as well as arguments contradicting school of thoughts. This paper highlights the main pros and corns of both with support arguments of both included. Power is discussed in terms of social, political, financial and influential positional aspects and the published paper's key points are discussed briefly with a conclusion based on all the arguments and counter arguments in the end. Highlights from the paper:

This is paper presents the view that availability of privileged rights puts a person into a position of power which eventually leads to wrong and even brutal decision making in some cases. In this paper five experiments demonstrate that experiencing power leads to overconfident decision-making. Using multiple instantiations of power, including an episodic recall task (Experiments 1-3), a measure of work-related power (Experiment 4), and assignment to high- and low-power roles (Experiment 5), power produced overconfident decisions that generated monetary losses for the powerful. The authors have attempted to explain the precise nature of the relationship between power and overconfident decisions, exploring not only what causes this wrong decision making but also when it is most likely to occur.

Supporting Arguments:

1) Klayman, J., Soll, J seems to be agreeing with the point of view. In his book " Overconfidence. It depends on how, what, and whom you ask.

Organizational Behavior and Human" he states social and political power as on of the factors that play key role in leading to over confidencei.

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2) May 2010 - Research from the University of Texas at Austin published in the online edition of “ Judgment and Decision Making” that when individuals with strong social background and hold over a certain group of people are faced with making a choice that could result in short-term reward or longer-term benefit, those provided with complete information about the options tend to opt for the quick resultii.

3) October 2007 - Research from Indiana University published in the Journal of “ Consumer Research” found that while we tend to believe that we are capable of forming independent opinions, what other people think can influence our conclusions, with negative attitudes resulting in the biggest changesiii. This over confidence can lead to major disasters some times.

4) Lammers, J., Galinsky, A. D., Gordijn, E. H., & Otten, S. (2008). Illegitimacy moderates the effects of power on approach. This power is of emotional influence mainlyiv.

5) Langer, E. (1975). “ The illusion of control”. Journal of Personality and Social Psychologyv. In this they have clearly stated how disastrous your decisions can be when you think you can do anything and no one will be able to question you.

Counter Arguments:

1) March 2009 - Research from Northwestern Universityvi published online in “ Nature Neuroscience” offers electrophysiological evidence that decisions thought to be based on guesswork or gut feelings may actually draw on valid memories that cannot be consciously accessed. Researchers conclude that people should be more receptive to different types of knowledge. A person in position of political power or high finances usually relies on gut feeling.

2) Ken Paller, professor of psychology believes: " We may actually know
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more than we think we know in everyday situations, too. Being confident about what we know makes us able to decide better about what we want”

3) Norman Vincent Peale says: “ Believe in yourself! Have faith in your abilities! Without a humble but reasonable confidence in your own powers you cannot be successful or happy.”

Final Word:

From observing the list of arguments and counter arguments we conclude that overconfidence and power, when combined together, do lead to wrong decision making but that is not valid for 100% cases. We do have examples of CEOs and Political Leaders who made disastrous decisions but no scientific proof has been found about whether it had something to do with power or not. We believe that Psychological effect of power is confidence, not overconfidence.

References: