

### **Theories about the world**

#### **Creating uncertainty**

It is unrealistic to govern risk on behalf of other people regardless of your own views. People underestimate the importance of chance. One implication of a deterministic world is the idea that outcomes should and can be perfect. The illusion of control shows up when people are willing to bet on an unflipped coin more than one already flipped. The illusion of control plays a large role in many business decisions. The fallacy exaggerates the role of chance.

#### **Risk trade-offs**

Uncertainty and risk are facts of existence life. The level of risk is acceptable and how much is taking worth are the real-world questions we must ask ourselves. Dealing with risk requires trading off benefits and costs. The illusion that a perfect world can be created is a myth consistent with the theory of the world that minimizes the role of chance. Perceptions of risk are often faulty.

#### **Risk framing**

Things seem more desirable when described in terms of their positive rate as opposed to the rate of failure. Changing descriptions of things shifts choices from risk aversion to risk seeking behavior. People tend to be risk averse with gains and risk seeking with losses.

#### **Perception of causes**

Everyone holds beliefs about business successes and failures. This supports the theory that the world is deterministic.

#### **Focus on people**

Tendency for most people to blame a person. It is easy to imagine that someone could have done something when facing a situation that to imagine that the equipment needed malfunctioned.

#### **Different events**

Theories about causes often lead people to disagree.

#### **Sire of accident**

People assume the immediate cause of harm is incompetence.

### **Theories about other people**

#### **Homogeneity**

There is a perception that "our" way is normal as opposed to other groups. People feel the world revolves around their group, and that their values and beliefs become the standard against which to judge the rest of the world by. We may not see their harm but would not go out of our way to help them. This feeling exaggerates the differences between us and them. "In-group" favoritism happens.

#### **Stimulus**