

**NOTE:** The items **in red below** were added by readers after the article was published. My purpose in including these additions is to cause self-reflection among future readers. As you consider these concepts, perhaps there are some descriptors that apply more clearly to you than others!

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## **Revealing Our Creative Capacity to Rationalize**

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Think quickly. Choose between two gift certificates to your favorite restaurant. The first one is a free \$10 certificate. The second is a \$20 certificate that'll cost you \$7. Which do you select?

If you jumped for the free certificate, you'd be among the majority of people tempted by Dan Ariely, author of *Predictably Irrational*, an engaging book about behavioral economics. Standard economics presumes that we are rational, that we know all the necessary information about options available to us, that we can calculate the value of the different alternatives we have, and that we are totally in control of the decisions we make.

Standard economics assumes we all make logical and sensible decisions. Even if we make a wrong decision, the presumption is that we will learn from our mistakes and behave more rationally next time.

Behavioral economics, on the other hand, is based on how people actually respond in real-life situations. Behaviors are not random or senseless, but are systematic and predictable. They're just not rational. "We all make the same types of mistakes over and over because of the basic wiring of our brains."

Ariely's book contains dozens of concrete examples, research that he conducted to see how people will respond to a given situation. Take the illustration above. Repeated over and over, more people take the free \$10 gift certificate than the one where they obtain \$13 worth of purchasing power.

Here's another illustration from Ariely. Two piles of candy were displayed on a table with a large sign overhead that read, "One chocolate per customer." Hershey's kisses were piled up beside creamy, irresistible Lindt truffles, a Swiss cocoa delicacy. The cost to purchase the Lindt truffle was 15 cents; the cost for the Hershey's kiss was one penny. Which would you choose?

About 3/4 of the people purchased the Lindt truffle. Ariely changed the experiment slightly, reducing the price of both candies by a penny. So, now which would you choose--the free Hershey's kiss or the 14-cent Lindt truffle? In repeated experiments, over 2/3 of the people selected the free Hershey's kiss.

According to standard economic analysis, considering the cost of the candies and the flavor benefits of each, the one-cent price reduction should stimulate no change in preferred choice. Yet many individuals were significantly influenced by "free."

So, here's the discrepancy. We typically think of ourselves as rational and logical, making choices based on what's in our (and perhaps others') best long-term interests. However, we are actually subject to shortsightedness, temptations, and environmental influences. Further, we have a constant, overwhelming desire to feel good and an insatiable craving to be in control, to "win," to be right, and to look good in front of others. **Other potential explanations for non-rational behavior may include self-centeredness, pride, ambition, arrogance, one-ups-manship, fear of being wrong (or even challenged), fear of looking bad or incompetent or not committed, etc.**

Ariely explains the inconsistency this way: "By the time we comprehend and digest information, it is not necessarily a true representation of reality." We see the world not as it is, but as our biases, values, opinions, and hopes distort it. We make meaning of every situation we face, often jumping to conclusions. If we think we are right, we go ahead without giving the situation any more thought.

We can't seem to avoid making choices that seem favorable to us in the short-term. We are rarely concerned on the front end about whether the decision will stand up to logical scrutiny. After all, we make lots of decisions every day, right? We can't analyze dozens of options for every choice we make!

Still, our self-deception--our contention that we are rational and logical--is so strong that if someone challenges our behavior, we easily generate an explanation. We creatively justify our actions based on some made-up description that we hope others consider plausible.

We humans are strange. We have an amazingly creative capacity to rationalize (to make "rational lies"). **Our human nature leads us to duplicity. It is inherent in us, yet we work hard to cover it up.**

(Interesting videos of Dan Ariely describing his insights are available at [www.predictablyirrational.com](http://www.predictablyirrational.com).)

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