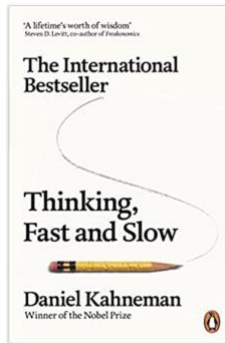


CBODN: In The Know Recap

DO YOU LOVE BOOKS ON LEADERSHIP, NEUROSCIENCE, AND BUSINESS, BUT NOT HAVE TIME TO READ? Join the **"Cliff's Notes" club**—where there's no pressure to pre-read the book, no membership required, no cost, and lots of discussion in just 90 minutes. Each month, you will hear a **summary of highlights** from a recently-published business book. We'll keep you "in the know" on the latest and greatest concepts and models. **Register here** for upcoming events.



September, 2020 In The Know Summary

Thinking, Fast and Slow

Daniel Kahneman

The notes below were prepared for the Chesapeake Bay Organizational Development Network (CBODN) Book Club. The notes are not intended to be a full book summary or review—rather they are highlights that guided the group discussion.

Book Notes Courtesy of [Sandra Jamshidi](#)

In memory of Amos Tversky,

"Our collaboration on judgment and decision making was the reason for the Nobel Prize that I received in 2002, which Amos would have shared had he not died, aged fifty-nine, in 1996."

An academic tome; 34 pages of font 2 bibliographic notes

FIVE PARTS

- I. System 1 (automatic responses) and System 2 (controlled operations)
- II. Judgement heuristics. *"Why is so difficult for us to thinking statistically?"*
- III. Overconfidence. Why do we think we can know the unknowable or predict the unpredictable?
- IV. Choices. "Econs" and Humans
- V. Two Selves. The "experiencing self" and the "remembering self"

TWO SYSTEMS

Characters of the Book / Nicknames = System 1 & System 2

"System 1 operates automatically and quickly, with little or no effort and no sense of voluntary control."

"System 2 allocates attention to the effortful mental activities that demand it, including complex computations. The operations of System 2 are often associated with the subjective experience of agency, choice, and concentration."

Vignette: Simple puzzle to do without thinking about it – try to solve with intuition! (p44)

A bat and ball cost \$1.10

The bat costs one dollar more than the ball.

How much does the ball cost?

The number that usually comes to mind is 10: 10 cents. Appealing, easy answer, but wrong. The correct answer is 5 cents.

A feature of each Chapter, provides quotes of someone speaking about the material covered in that chapter:
Speaking of

For example, Chapter 3, THE LAZY CONTROLLER, end in:

Speaking of Control (p 49)

"She did not have to struggle to stay on task for hours. She was in a State of flow."

"His ego was depleted after a long day of meetings. So he just turned to standard operating procedures instead of thinking through the problem."

"He didn't bother to check whether what he said made sense. Does he usually have a lazy System 2 or was he unusually tired?"

"Unfortunately, she tends to say the first thing that comes into her mind. She probably also has trouble delaying gratification. Weak System 2."

Several ways System 1 tries to create a coherent story, and System often lets it. Some are:

- Generates impressions, feelings, and inclinations – when endorsed by System 2 becomes beliefs, attitudes, and intentions.
- Automatic, quick, little effort
- Substitutes a heuristic question for the target question
- Takes cognitive shortcuts, the easy path
- Accepts illusions of memory
- Is vulnerable to priming

HEURISTICS AND BIASES

Vignette: Well-known, controversial study: (p 156)

Linda is thirty-one years old, single, outspoken, and very bright. She majored in philosophy. As a student, she was deeply concerned with issues of discrimination and social justice, and also participated in antinuclear demonstrations.

What is the probability that:

- Linda is a teacher in elementary school
- Linda works in a bookstore and takes yoga classes
- Linda is active in the feminist movement
- Linda is a psychiatric social worker
- Linda is a member of the League of Women Voters

- Linda is a bank teller
- Linda is an insurance sales person
- Linda is a bank teller and is active in the feminist movement

Which alternative is more probable?

Linda is a bank teller.

Linda is a bank teller and is active in the feminist movement.

Bottom line: *conjunction fallacy* – a conjunction of two events cannot be more probable than one of the events in direct comparison.

"System 1 can deal with stories in which the elements are causally linked, but it is weak in statistical reasoning."
Facts are neglected – causal info weighs more with System 1.

III OVERCONFIDENCE

Is it knowable?

Is it predictable?

Intuition, experience, and algorithms compared in several cases: e.g., interviewing candidates, picking stocks, school guidance counselor predictions, etc.

Intuition: Gladwell's *Blink* – opened with chapter on art experts examining a fake sculpture. They knew it was fake but didn't know why they knew it was fake – was that intuition or skill?

Later in book, Gladwell described Harding's election – Kahneman's heuristic substitution. P236.

IV CHOICES

One Example: RARE EVENTS: Terrorism example *"terrorism is so effective because it induces an availability cascade. An extremely vivid image of death and damage, constantly reinforced by media attention and frequent conversations, becomes highly accessible" ... "System 2 may 'know' that the probability is low, but this knowledge does not eliminate the self-generated discomfort and the wish to avoid it. System 1 cannot be turned off."*

V TWO SELVES

Experiencing Self and Remembering Self

One minor thing "ruined" the whole event.

The last 5 minutes meant more than the four-hour event.

Would you still want to go on the vacation if your memory was to be wiped afterwards?

About the CBODN In the Know Book Club In this monthly book club, a presenter shares highlights from a book related to leadership, business, neuroscience, or coaching. Membership is not required, and there's no obligation to pre-read the book. [Register here](#) for upcoming events. For the full set of discussion summaries, [click here](#).