

# Daniel Kahneman on Intuition, Judgement, and Decision-Making

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## Key Takeaways

- ✓ Identify potential cognitive biases at play in important decisions and apply relevant mitigation strategies.
- ✓ Collect information in a structured way (e.g., an interview protocol) and delay intuition until after information has been collected.
- ✓ Invite new participants or critical friends to contribute differing perspectives that lead to new insights or solutions.
- ✓ Before discussing issues or decisions in a group setting, encourage individuals to first develop their own perspectives to avoid hasty convergence in a group setting.
- ✓ Use meeting time sparingly to discuss differences and alternative viewpoints. If everyone already agrees, you probably do not need to meet.

## Core Concepts

**Cognitive biases: unconscious errors of reasoning**

**Heuristics: mental shortcuts used to quickly make decisions and are prone to bias**

There are [many cognitive biases](#) that have been identified by behavioral scientists. A few that are particularly common (and relevant to grantmaking) include:

- **Confirmation bias:** the tendency to seek out information that confirms existing beliefs, and to ignore or discount disconfirming information. For example, when exploring a new program strategy, one might unconsciously prioritize engaging interviewees known to share similar views.
- **Escalation of commitment** (or sunk cost fallacy): the tendency to follow through with an endeavor if we have already invested time, effort, or money into it, even when evidence demonstrates that the cost of continued support outweighs expected benefits. For example, when a team has made a considerable investment in an organization or program and the results lead us to question the efficacy of the work, we may still be reluctant to pull back our support.

**Strategies for combating biases:** Awareness of biases is the first step to combating them (see the additional resources section below for more information). Beyond awareness, a few specific strategies that can be helpful for addressing confirmation bias and escalation of commitment include: **inviting outsiders' perspectives, playing devil's advocate, and broadening the team** making decisions.



**System 1: our fast, automatic, intuitive, and largely unconscious mode of reasoning**

**System 2: our slow, deliberate, analytical, and consciously effortful model of reasoning**

System 1 is especially susceptible to bias, though System 2 is not completely free of bias either. The more deliberative thought processes of System 2 can be used to counter the negative effects that may arise from intuitive judgments coming from System 1. Awareness of possible biases and bias mitigation strategies can help tame biases in System 2 thinking.

**Example:** When determining an appropriate amount for a grant renewal, our minds might anchor on the previous amount received. This is System 1 at play (in addition to anchoring bias). When we deliberately investigate the available data (including conversations with the grantee) in order to determine the appropriate renewal amount we're engaging in System 2 thinking.

**Noise: variability across individual decisions where judgements should be similar**

**Example:** When reviewing the same grant application, team members may make substantively different judgements about key aspects of the request. The amount of variability in the judgements is the amount of noise in the organizational or team "system."

**Strategies for addressing noise:**

- Identify specific decision rules or steps that can be taken to reduce variability, e.g., a scoresheet for assessing specific desired attributes of a grantee, keeping your assessment of each variable as fact-based and as independent as possible.
- Delay intuition. Process the information about specific aspects of the problem before exercising judgement.
- Design meetings to maximize for diverse perspectives as input to a decision.
- Conduct a noise audit to examine the variability of judgements across a group of individuals.

**Related resources:**

[Cognitive biases inventory](#), The Decision Lab.

[How Short Cuts Cut Us Short: Cognitive Traps in Philanthropic Decision Making](#) by Tanya Beer and Julia Coffman, 2014. *Pay special attention to the helpful chart of techniques to combat cognitive traps on page 10.*

*Noise: A Flaw in Human Judgement*, by Daniel Kahneman, Oliver Sibony, and Cass Sunstein, 2021. (This interview by Evan Nesterak captures highlights from the book: [A Conversation with Daniel Kahneman about "Noise"](#).)

*Thinking Fast and Slow* by Daniel Kahneman, 2013. *For starters, there are number of summaries online, like this [2 Minute Book Summary](#).*

**What is strategic learning?**

**Strategic learning is the use of data and insights to inform decision-making about strategy so that our strategies are nimble and evolve to reflect what we know to maximize the impact and accelerate the pace of WFF and our partners.**

Paying attention to how we exercise our intuition and judgement, while managing cognitive biases and heuristics, improves how we use information in decision-making, and ultimately the quality of the decisions we make.