

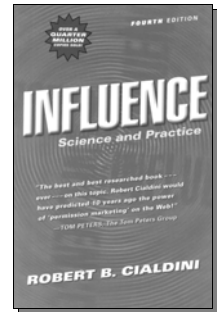
## Managerial Decision Making: Session 8

### Social Heuristics: Influence

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### Objectives—Why Read This?

- 1. Other people will often try to persuade or "manipulate" you to agree with them or say "Yes!"  
**Awareness** of our tendencies is our first best defense.
- 2. Managers will only be effective if they can persuade others to follow them and their recommended courses of action.



### Cognitive vs. Social Heuristics

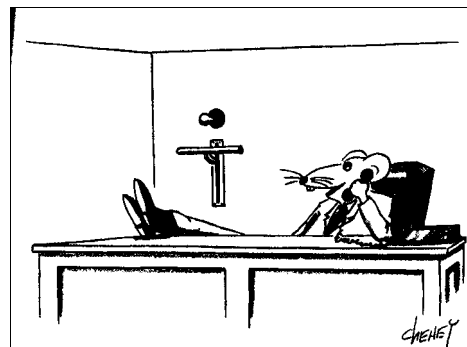
- The "classic" heuristics are "cognitive" heuristics
  - Usually shortening the information search process in some way
- The Cialdini heuristics are "social" heuristics. Societal norms have taught us that acting "this way" is usually optimal
  - They are unwritten rules for dealing with other people . . .
  - Two-edged swords . . .

### "Persuasion" is everywhere

- *"I once tried to count the number of direct attempts to control my thoughts and behavior I encountered in a single day."*
  - » *This included people requesting me to do things, forcing me to do things, asking me to buy things, telling me to pay for things, showing me where to stop and when to go, suggesting how I should think about things, offering me slogans to repeat, songs to remember, attitudes to change, and ideologies to believe."*
- *"By the time I reached my office at mid-morning, I lost count somewhere around 500."*

### Systematic Processing vs. Heuristics

- Systematic Processing is . . .
  - Thinking deeply about a message
  - Persuaded by the strength of the arguments
  - → Unbounded Rationality
- *"Civilization advances by extending the number of operations we can perform without thinking about them."*
  - » Alfred North Whitehead
- **Heuristics:** Through evolutionary learning, we use patterns of behavior that have worked for us and our species in the past
  - Fixed action patterns and trigger features
  - » Click-whirr!!!



"Oh, not bad. The light comes on, I press the bar, they write me a check.  
How about you?"

### **Langer, Blank, & Chanowitz (1978)**

- "Excuse me, I have five pages.  
May I use the Xerox machine  
because I'm in a rush?" 94%
- "Excuse me, I have five pages.  
May I use the Xerox machine?" 60%

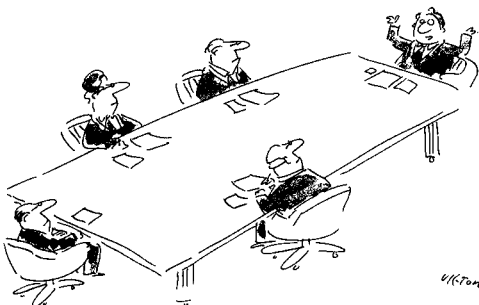
*Sometimes we do not perceive  
that we are being duped because  
the mechanism is so engrained.*

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- "Excuse me, I have five pages.  
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- "Excuse me, I have five pages.  
May I use the Xerox machine  
because I have to make some  
copies?" 93%

### **Exploitation happens**

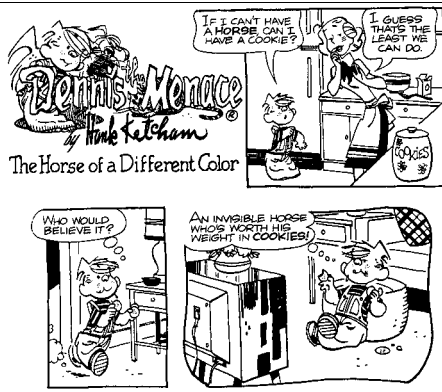
- "to manipulate without the  
appearance of manipulation"
- **Our Plan:** to discuss the six tactics  
identified by Cialdini.
  - Where do they get us in trouble?
  - When are they ethical and when not?
- **There must be more . . .**
  - Open paper topic: announce a new heuristic,  
give examples, and analyze.



### **1. Reciprocation**

- **The Rule:** Repay, in kind, what another  
person has provided us.
  - "There is no human society that does not  
subscribe to the rule."
  - "We are human because our ancestors earned to  
share their food and their skills in an honored  
network of obligation."
- Effective . . .
- Rational . . .





## Reciprocal Concessions

- **Rule:** An obligation to make a concession to someone who has made a concession to us.
- **Mismatch:** even when a concession is illegitimate, we still feel obligated to oblige
  - The Contrast Principle, again?
  - Rejection then Retreat . . .
- **Conflict avoidance . . .**
  - Watergate and G. Gordon Liddy
    - » \$1 million plan reduced to \$250,000

## Reciprocation

- Cultural differences?
- Legitimate uses?
- Illegitimate uses?
  - What is the distinction/difference?

## 2. Commitment, then Consistency

- Rationally, we usually think that actions follow from our beliefs.
  - But, research shows beliefs follow from our actions!
- There is "our nearly obsessive desire to be (and to appear) consistent with what we have already done."
  - The Magic Act
  - Cognitive Dissonance

## Concept: Cognitive Dissonance

- What exactly is Cognitive Dissonance?
  - Belief  $\Rightarrow$  Behavior vs. Behavior  $\Rightarrow$  Belief
- Example: Festinger and Carlsmith (1959)
- Situations that give rise to Cognitive Dissonance?
  1. Logical inconsistency
  2. Inappropriate cultural mores
  3. Past experience
  4. Preservation of self-competency, consistency



## 2. Commitment, then Consistency

- When is C&C problematic?
  - When small leads to large . . .

## Foot in the Door

- Tactic: Start with small request, then move on to larger request
- Small commitments manipulate a person's self image
- Avoiding cognitive dissonance will help people comply with the larger request that is consistent with the new self-image
- Commitments should be: Active, Public, Effortful, Freely-chosen

## 2. Commitment: How to say No

- "be very careful about agreeing to trivial requests . . ."
- Don't "write it down" or "fill it out" . . . unless it is for your benefit
  - Initialing the sales agreement before he takes it to his manager . . .

## 2. Commitment: How to say No

- Walking away from "get you to commit, then switch"
  - The Hong Kong camcorder salesman . . .
- Admit inconsistency: "I've changed my mind"
  - different context, different answer => no problem . . . Ebay . . .
- But, a tricky balance between stubbornness and regret

## Strategically Creating Commitment

- "Free" gifts
- Boot-camp initiations
  - Hazing
  - Hell Week
- Public commitments

## Creating Commitment: How?

- "Inner choices" are needed → not bribes
  - Short Term compliance vs. Long Term attitude change
  - Children: bribes don't work . . .
  - Think HARD about what will create "inner choices"
- "We accept inner responsibility for a behavior when we think we have chosen to perform it in the absence of strong outside pressures."
- Strategies?

- What is the idea of “social proof”?
- When do we rely on it?
- *When we are uncertain, we look to see what (a lot of) others are doing*
  - “Especially in times of uncertainty, the natural tendency is to look around at the actions of others for clues.”

- **Pluralistic ignorance**
  - “*All those guys up ahead must know something.*”
- **Why would people in groups offer no assistance when individuals would regularly do so?**
  - More likely in cities? Why?

- ***When are we most easily persuaded?***
- **Especially when the persuader is or looks or acts like us.**
  - "Well, I'm three years old, and Tommy is three years old. Tommy can swim without a ring, so that means I can too."

[illegible]

- **Were you ever tricked into compliance by someone counterfeiting the principle of social proof?**

### Using Social Proof

- How would we use social proof effectively in a business context?

### 4. Liking

- "I like you."  
– Flattery will get you everywhere . . .
- "The main work of a trial attorney is to make a jury like his client."

### 4. Liking

- What makes people likable?
  - **Better looking** is easier to like . . .
    - » They're smarter, more talented, more honest, etc.
  - **More similar** to us is easier to like . . .
    - » Dressing for success
  - What else?

### 4. Liking

- What is the problem with "liking"?
  - People prefer or feel compelled to say "yes" to people they like
- Is this really a problem? Where are the costs? When are the effects of liking not rational?

### TIPS FOR KISSING UP

#### You Look Marvelous!

Everyone from Plutarch to Mark Twain offers advice on how to flatter successfully—and to get caught.

one rule:

▪ **BE SPECIFIC** Forget one-size-fits-all compliments like "You're the best!" You could be flattering anyone. Don't tell Tom Hanks you think he's a great actor. Say, "I loved your opening tracking shot in *That Thing You Do!*"

▪ **FLATTER THEIR BEAUTY, AND THEIR INTELLIGENCE, AND THEIR BEAUTY** This was Casanova's credo, and it is the silver bullet of seduction.

▪ **FIND SOMETHING YOU REALLY DO LIKE** If you're a bit squeamish about making up things, figure out something you actually do admire and praise it to the skies.

▪ **FLATTER PEOPLE BEHIND THEIR BACK** First, you'll never be suspected of being a slimy little weasel. Plus, it's actually more effective. When the flatterer hears you've said she is "brilliant," she will think much more kindly of you.

▪ **DON'T BE AFRAID TO FLATTER PEOPLE WHOM YOU THINK ALREADY GET ENOUGH FLATTERY** If they get a lot of flattery, they need not

flattery. And they can always use more. It's a renewable resource, and heck, it's free.

▪ **TELL A SECRET** When we reveal something intimate, we flatter the other person that he or she is worthy of trust. Just don't confess you're a shameless flatterer.

▪ **NEVER SAY, "YOU WERE SO MUCH BETTER THAN I THOUGHT YOU WOULD BE"** Don't give a compliment that suggests you held a low opinion of the person before.

▪ **MIX A LITTLE BITTER WITH THE SWEET** Including a tiny bit of criticism with the praise makes the flattery seem more authentic. "I thought there was one slow movement in the first

act but other than that, it was better than *Hanibal*."

▪ **KNOW HOW FAR TO GO TOO FAR** Don't overdo it. If you say, "Your paintings put Rembrandt to shame" (the artist may be a tad skeptical).

▪ **COMPARISONS ARE NEVER ODIOUS** Just as we envy people who are nearest to us in status, we feel more gratified when we hear we're just below our neighbor.

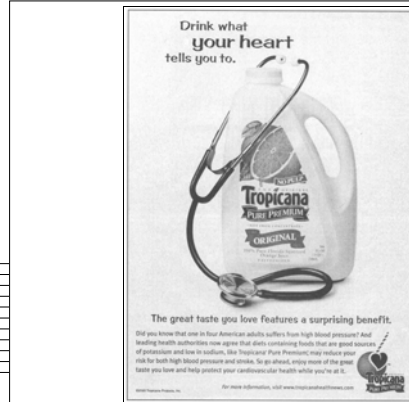
▪ **ASK FOR A SMALL FAVOR** As Plutarch first noted, we like people for whom we do favors more than people who do favors for us. ▪ **BE NEVER OFFER A COMPLIMENT AND ASK A FAVOR AT THE SAME TIME** When you charge for praise, you make the receiver wary.

### Association/Assimilation

- "There is a natural human tendency to dislike a person who brings us unpleasant information, even when that person did not cause the bad news."
  - CAN YOU BREAK THIS TENDENCY?
    - » Leaders of organizations can change the culture, . . .
    - » Warren Buffett's letter to his CEOs
- **Association** with good or bad news
  - Don't shoot the weatherman !!!!!
- How can you get disparate groups to get along?
  - Remember the Titans . . .

## 5. Authority

- We are conditioned to accept authority from a very young age
  - Basically, a good, rational heuristic
    - » Keeps us out of trouble when we are naïve or uninformed
  - My son, Jackson, at 2 in the parking lot
- Advertisers have known this a long time . . .
  - picture



## Problems with the Authority Heuristic—1

- When the authority figure makes a mistake or is misinterpreted
  - Doctor writes to nurse: "place in R ear" . . .
- When the authority figure has a conflict of interest . . .
  - Half-truths on the stand
    - » Judges may understand it, juries don't

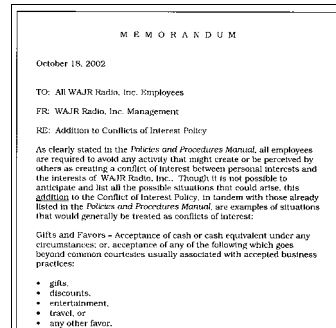
## Think for yourself

- Odds are there will be several important choices in your life where you *know* (ethically or factually) that the boss is wrong . . .
  - Enron & Andersen
- How do you *prepare* for such choices?

## Problems with the Authority Heuristic—2

- The *appearance* of authority is enough
  - Crooks/Swindlers in Cop clothing
  - Titles . . . .
  - Clothing
- When the authority figure is malicious/perverted
  - Jonestown . . .

## Conflicts of Interest





## 6. Scarcity

- **Limited or decreasing availability = more valuable: why?**
  - Wanting what I don't have and can't get
  - Censoring makes things even more valuable
    - » Salman Rushdie . . .
      - Why is this *HORRIBLE* writer famous?
    - » Juries: "Don't use that information!"
- **Example:**
  - NYT Magazine article on wine . . .



## 6. Scarcity

- **Tactics to "increase" scarcity**
  - "Closing Business" sale
  - Deadlines
  - Seller of used car: invite buyers at same time

## Persuasion Tactics

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Reciprocation</li> <li>2. Commitment and Consistency</li> <li>3. Social Proof</li> <li>4. Liking</li> <li>5. Authority</li> <li>6. Scarcity</li> </ol> | <ul style="list-style-type: none"> <li>▪ <b>Which of these tactics . . . ?</b> <ul style="list-style-type: none"> <li>– Is easiest to spot?</li> <li>– Is most annoying?</li> <li>– Creates most serious problems?</li> <li>– Has the most long-term reputational risks?</li> </ul> </li> </ul> |
|--|---|

## Free to choose?

- "It's necessary to define ethical parameters whenever a person's ability to choose freely is curtailed."
- Ethical issues become increasingly complicated when it becomes apparent that psychological determinants and restrictions to freedom lie, to a large extent, in the minds of those who are being influenced--rather than being imposed from the outside in a coercive nature.



## It ain't getting' easier

- Cialdini concludes with a sobering point, and he's probably right
  - Given the speed and increased data availability of our current times, relying on shortcuts (cognitive and social) will only increase.