

## POSITIVE ILLUSION IN DECISION-MAKING

George NICULESCU<sup>1</sup>

**ABSTRACT:** *THE ROLE OF POSITIVE ILLUSION ATTITUDE IN DECISION-MAKING IS SIGNIFICANT AND CAN INFLUENCE INDIVIDUAL AND ORGANIZATIONAL DECISIONS IN VARIOUS FIELDS.*

*THE PEOPLE HAVE BIASES THAT GO IN THE OPPOSITE DIRECTION, TOWARDS AN ILLUSORY SUPERIORITY, BELIEVING THAT THEY ARE ABOVE AVERAGE IN MANY ASPECTS.*

*THE PRINCIPLE OF "POSITIVE ILLUSION ATTITUDE" IN BEHAVIORAL ECONOMICS REFERS TO THE HUMAN TENDENCY TO HAVE AN EXAGGERATEDLY POSITIVE PERSPECTIVE ON THEIR OWN QUALITIES, ABILITIES, AND BEHAVIORS, COMPARED TO THE PERCEPTION WE HAVE OF OTHERS. THIS PHENOMENON IS ALSO KNOWN AS THE "ILLUSORY SUPERIORITY EFFECT" OR "LAKE WOBEGON EFFECT."*

*POSITIVE ILLUSION ATTITUDE CAN DISTORT PERCEPTION OF THE RISKS ASSOCIATED WITH A DECISION. PEOPLE MAY UNDERESTIMATE THE PROBABILITY OF NEGATIVE OUTCOMES OR IGNORE POSSIBLE UNFAVORABLE CONSEQUENCES, LEADING TO TAKING EXCESSIVE RISKS.*

*AWARENESS OF POSITIVE ILLUSION ATTITUDE IS ESSENTIAL TO PROMOTE MORE INFORMED AND BALANCED DECISION-MAKING. UNDERSTANDING THIS PRINCIPLE ALLOWS PEOPLE TO RECOGNIZE AND BETTER MANAGE THEIR OWN ILLUSIONS, LEADING TO MORE REALISTIC AND SUSTAINABLE DECISIONS.*

**KEYWORDS:** *POSITIVE ILLUSION, BEHAVIORAL ECONOMICS, DECISION, RISK, ABILITIES.*

### 1. Introduction

In the presence of a positive illusion attitude, people may be more inclined to ignore or minimize information that contradicts or questions their positive beliefs. This can affect the objective assessment of the situation and influence the direction of decisions made. Culture and the social environment in which a person lives can influence the intensity of the positive illusion attitude.[1] In certain cultures or subcultures, this tendency may be more pronounced or less attenuated. Sometimes, receiving realistic and objective feedback can help correct positive illusions and bring a more balanced perspective. However, people may resist accepting information that contradicts their positive perception. Individuals with a positive illusion attitude may demonstrate greater resilience in the face of failures or obstacles. The ability to see the positive side of difficult situations can contribute to overcoming them and adapting to changes. [2]

The positive illusion attitude may be correlated with other cognitive phenomena such as excessive optimism, cognitive dissonance, and cognitive self-censorship. These phenomena reflect how people process information and construct perceptions about themselves and the surrounding

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<sup>1</sup> Scientific researcher I, „Constantin Brâncuși” University of Târgu Jiu, gniculesco@yahoo.com

world. [3] Although exaggerating one's own abilities can have risks, there are also potential benefits, such as increased self-confidence and maintaining a positive emotional state. Positive illusions can provide people with the motivation to take risks and engage in challenging activities. The positive illusion attitude, despite its potential distorted effects on perception and decisions, can also bring certain positive aspects to individual and collective life. [4] In general, the positive illusion attitude highlights the complexity of how people perceive and interpret reality, emphasizing the subjective influence and cognitive distortions in the decision-making and evaluative process. Studying this phenomenon contributes to a deeper understanding of human behavior and the psychological mechanisms underlying how people perceive themselves in relation to others. [2]

## **2. Areas where positive illusion attitude can be observed**

### ***2.1. In the field of sociology***

• In the field of sociology, the positive illusion attitude can be observed in various contexts, influencing the perceptions and behaviors of individuals and social groups. [5] Among the relevant examples are:

a. Perception of group belonging:

• Members of a community or social group may have positive illusions about the virtues and collective achievements of their group, underestimating potential internal problems or conflicts.

b. Opinion about one's own community or society:

• People may develop positive illusions about the positive characteristics and values of the community or society they live in, ignoring or minimizing negative aspects.

c. Self-perception in minority groups:

• Members of minority groups may have positive illusions about their progress and impact on society, underestimating discrimination and structural obstacles.

d. Perception of other social groups:

• Social groups may develop positive illusions about their own superiority or morality compared to other groups, contributing to stereotypes and prejudices.

e. Beliefs about social mobility [5]:

• Individuals may have positive illusions about their social and economic advancement, underestimating class barriers or social structures that can limit mobility.

f. Educational aspirations:

• Families or young people may have positive illusions about access to and success in higher education, underestimating financial challenges or unequal educational systems.

g. Perception of social justice:

• People may develop positive illusions about the degree of social justice in their society, ignoring or minimizing systematic inequalities and injustices.

h. Career and professional success expectations:

- Young individuals may have positive illusions about their career success and professional impact, underestimating competition and labor market challenges.

i. Attitudes towards political and civic participation:

- Citizens may have positive illusions about the effectiveness of their political participation and the influence they have on decision-making processes, often underestimating the barriers and complexity of political systems.

j. Attitudes towards diversity and inclusion:

- Social groups may have positive illusions about the level of tolerance and inclusion in their community, ignoring or minimizing discrimination and prejudices [5].

k. Perceptions of gender relations:

- Positive illusions can influence how people perceive gender equality and traditional roles in society. This can lead to underestimating existing gender inequalities or neglecting specific issues.

l. Images of migration and cultural diversity:

- The positive illusion attitude can affect how people perceive the impact of migration and cultural diversity. This can lead to ignoring integration challenges and underestimating the positive contributions made by migrant communities.

m. Reactions to social changes:

- Positive illusions can influence people's reactions to social or cultural changes. They may underestimate resistance to change or neglect the impact on their identity.

n. Beliefs about education and opportunities:

- Positive illusions can affect how people perceive education and development opportunities. They may underestimate financial or social obstacles and have exaggerated confidence in the benefits of access to education.

o. Attitudes towards technology and communication:

- Positive illusions can influence how people perceive the impact of technology and communications on social relationships. They may underestimate risks related to technology dependence or ignore privacy issues.

r. Quality of life evaluation:

- Individuals may have positive illusions about the quality of their life, underestimating difficulties or social pressures. This can influence their perception of well-being and personal happiness.

s. Opinions about marginalized or stigmatized groups:

- Positive illusions can influence how people perceive marginalized or stigmatized groups. They may underestimate discrimination and have exaggerated trust in social justice and equality.

ș. Reactions to crises and social catastrophes:

- In situations of crisis or social catastrophes, people may develop positive illusions about the resilience of their community and the ability to recover quickly. This can influence how they prepare and react to such events.

t. Attitudes towards social services [5]:

- Positive illusions can affect how people perceive and appreciate social services provided by the government or non-governmental organizations. They may underestimate the real needs of the community and have exaggerated confidence in the effectiveness of the social assistance system.

u. Evaluation of individual influence in society:

- People may have positive illusions about the impact they individually have on social changes or progress in society. This can influence their involvement in civic actions and activism.

These examples illustrate the variety of ways in which the positive illusion attitude can influence individual and collective perceptions and behaviors in the field of sociology. It is important to be aware of these illusions to address social issues more effectively and promote a realistic understanding of social dynamics.

## ***2.2. In the economic field***

In the economic field, the positive illusion attitude can influence decision-making at both individual and organizational levels. Here are some relevant examples:

a. Entrepreneurship:

- An entrepreneur may have a positive illusion attitude regarding the potential success of a new business. They may underestimate competition and associated risks, having exaggerated confidence in their own vision and leadership skills. [6]

b. Financial investments:

- Investors may develop positive illusions about the performance of their investments. They may underestimate financial market risks and believe they will achieve returns higher than the average.

c. Organizational Management:

- Managers may have positive illusions about the performance of the organization they lead. They may underestimate obstacles and have exaggerated confidence in their ability to manage changes and challenges.

d. Strategic planning [7]:

- During strategic planning processes, leaders may develop positive illusions about the effectiveness of proposed strategies. They may underestimate environmental changes and competition, having excessive confidence in the success of their plans.

e. Workforce and human resources:

- Within human resources departments, managers may have positive illusions about their employees and how they perceive working conditions. This can affect performance evaluations and motivation strategies. [8]

f. Trade and marketing:

- In the field of trade and marketing, professionals may develop positive illusions about how consumers perceive their products or services. This can influence promotion strategies and market positioning [5].

g. Real estate sector:

- Real estate developers may have positive illusions about the demand for their projects and their profitability. These illusions can influence decisions regarding investments and construction projects.

h. Technology and innovation:

- In the technology industry, companies may develop positive illusions about the novelty and relevance of their products or services. This can affect how they approach competitiveness and the adoption of new technologies.

i. Social and solidarity economy:

- Within social and solidarity economy initiatives, community members may have positive illusions about the positive impact on the community and the sustainability of their projects.

j. Regulation and economic policies:

- Government authorities may develop positive illusions about the positive effects of certain economic policies or reforms. This can influence decisions regarding the development and implementation of economic legislation. [9]

These examples illustrate how the positive illusion attitude can have implications in various sectors of the economy, influencing decision-making, strategies, and risk management. Recognizing and managing this attitude can contribute to more realistic decisions and a more balanced approach in economic activities. [10]

### ***2.3. In the Cultural Field***

Examples illustrating how this tendency manifests in different cultural contexts [11]:

a. Music industry:

- An artist may have a positive illusion attitude regarding their musical qualities or the potential to become an international star. They may underestimate competition and the risks associated with the music industry.

b. Visual arts world:

- A visual artist may tend to consider themselves more talented or innovative than other artists. This can affect how they approach creation and how they evaluate their works compared to excellence standards.

c. Theater and film:

- Actors may develop positive illusions about their ability to interpret complex roles or attract the audience. This can affect how they present themselves at auditions and how they perceive success in the film or theater industry.

d. Literature and writers:

- An author may have a positive illusion attitude regarding the originality and value of their literary work. This can influence how they approach publishers or perceive feedback from critics.

e. Fashion trends:

- Fashion designers may have positive illusions about how their collections will be perceived by the public and critics. These illusions can influence their design choices and marketing strategies.

f. Architecture and urban design:

- Architects may develop positive illusions about the impact of their projects on urban space and communities. This can affect decisions made in urban planning projects. [12]

g. Festivals and cultural vents:

- Event organizers may have positive illusions about the attractiveness of their event and the ability to attract participants. This can influence promotion strategies and allocated resources.

h. Cultural education:

- In the field of cultural education, a teacher or lecturer may develop positive illusions about how students perceive and appreciate their courses. This can affect teaching and assessment methods. [13]

i. Cultural heritage:

- Custodians of cultural heritage may have positive illusions about how visitors appreciate and understand exhibitions or cultural sites. This can influence presentation and interpretation strategies. [14]

These examples illustrate how the positive illusion attitude can affect decisions, approaches, and perceptions in various cultural sectors. It is important to recognize this tendency and manage associated risks to promote an authentic and thriving culture.

## Conclusions

At a personal level, the positive illusion attitude can influence how people approach personal projects, such as career planning, education, or personal development. Positive illusions can lead to underestimating the efforts and time required to achieve goals.

Within organizations, the positive illusion attitude can contribute to creating a culture that favors excessive optimism and avoids recognizing problems or failures. This can affect the organizational approach to change and innovation. In the field of risk management, the positive illusion attitude can affect the assessment and management of risks in an organization. Managers may underestimate potential threats and make decisions that expose the organization to significant risks.

People tend to consider themselves more competent than average in various areas, such as intelligence, social skills, leadership, or academic performance. This phenomenon can influence the choices and decisions we make because we believe we are better than others.

Individuals exhibit exaggerated optimism about their future, underestimating risks and overestimating the likelihood of achieving positive outcomes. This optimism can influence financial, health, and life decisions in general.

The positive illusion attitude can affect social interactions as people may have unrealistic expectations regarding their own behaviors and reactions to others. It can lead to conflicts or misunderstandings in interpersonal relationships.

In decision-making, people may ignore or underestimate information that contradicts their positive self-image and prioritize information that reinforces it. Evaluations of their own actions or contributions may be distorted in favor of a positive perception.

The positive illusion attitude can also play an adaptive role, providing people with a sense of well-being and self-confidence. However, there is a risk of ignoring realistic feedback and underestimating the efforts needed for improvement.

In essence, this principle of behavioral economics highlights the complexity of how people perceive and evaluate reality, being susceptible to cognitive distortions that can influence their decisions and behaviors in a variety of contexts.

It is important to emphasize that, although positive illusions may bring certain benefits, it is crucial to maintain a balance between optimism and reality. Awareness and realistic assessment of situations and goals remain essential for making informed decisions and efficiently managing personal and professional life.

Positive illusions play a significant role in everyday life, and understanding them in the context of behavioral economics provides insight into how psychological factors can influence individual and group decision-making and behaviors. It is important to approach these illusions with an appropriate dose of self-reflection and integrate them into decision-making processes to ensure a balanced vision and effective risk management.

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