

# INNOVATION INSTITUTE REVIEW

A Different View on  
**Innovation and Creativity**



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## RECOGNIZING AND DEALING WITH CHANGE

# Choosing the Status Quo

Imagine your brain can detect every single change happening around you. Have in mind that change is continuously happening across space and time – within existing and across novel contexts. Just standing still and doing nothing, the change is happening – time is passing by, and earth, sun, galaxy are revolving. Now imagine it reacting to such plethora of changes simultaneously. If not simultaneously, imagine your brain evaluating and ranking observed changes by importance – deciding which to act upon and which to ignore. If it manages to decide which changes to react to – imagine your brain deciding the type and extent of reaction to the observed changes. In order to cope with change, we have learned to “ignore” constants – even if the constant is the change itself. Our ability to ignore change results in the “noise free surrounding” in form of a covert that favors safety and familiarity; well established routines and predictable outcomes. In that situation our minds often chose “not to choose” and resist change. We develop preference for the status quo thus ignoring change happening around us every day.

Through evolution, we have learned to deal with change by ignoring constants, even though sometimes change is a constant itself. Think about your children – seeing them every day makes us oblivious to how much they are changing. Their changes are more apparent to those who come to visit them every now-and-then. In other words, by being close to them, we are actually missing out on the possibility to witness the beauty of change they are experiencing. Similarly, in business – if we are fully immersed in our business/industry/field, continuous changes along the known trajectories of progress lead us to become oblivious to such changes

Since the beginning of mankind, we have been evolving to ignore constants (even if they are constant changes – such as seasons) in favor of recognizing and fighting against “unusual changes” (which we would generally interpret as threats). Inability to disregard predictable change, and focus on outlier changes would probably lead to evolutionary disadvantage and

extinction. In order to enhance our probability of survival, our minds have made us oblivious to change (providing us with a more simple and safe context), and strongly resistant to change (preferring the “default option”, (i.e. the status-quo we are accustomed to). Therefore, we have evolved to ignore and fight the change – regardless of our wish to perceive ourselves as drivers of change. Even much of the change we have created actually aims to minimize change around us (e.g. housing/airconditioning/etc).

Our ability to ignore change results in the “noise free surrounding” in form of a covert that favors safety and familiarity; well established routines and predictable outcomes. Innately, our minds can be seen as satisficing mechanisms, keen on seeking the minimum viable solution that will most probably keep and maintain the established equilibria (i.e. the “status quo”). As many experiments have shown, our minds often chose “not to choose” thus resisting change. Preference for the status quo arises from several well-known effects/biases.

## INDIVIDUAL RELATED BIASES

### MERE EXPOSURE EFFECT

Existing states are encountered more frequently than non-existent states, thus will be perceived as more true and evaluated more preferably

### VIVIDNESS BIAS

Overvaluing information and events that are more vivid, easily accessible and more frequently encountered

### ENDOWMENT EFFECT

People value items in their possession more than they value items not in their possession

First set of biases implies preference of the brain for known/familiar. The “mere exposure effect” is a psychological phenomenon by which people tend to develop a preference for things merely because they have been previously exposed to them. Similarly, the “vividness bias”, resulting from the availability heuristic, implies that things to which we are exposed more often, we tend to overvalue – therefore preferring the status quo (to which we are frequently exposed) in comparison to the non-existent states that are likely to arise as the result of change. Lastly, the “endowment effect” implies that, with change, we tend to lose what we already have – therefore overvaluing the possible losses and thus favoring the status quo.

## CHANGE RELATED BIASES

### CONFIRMATION BIAS

Tendency to search for or interpret information in a way that confirms one’s preconceptions and overlook or ignore information that refutes one’s beliefs

### SUNK COSTS

Overvaluation of costs that have already been incurred and cannot be recovered, but are still perceived as relevant

### ANCHORING EFFECT

Human tendency to rely too heavily, or “anchor,” on one trait or piece of information when making decisions

Second set of biases implies preference of an individual to seek and overvalue information which tends to maintain the status quo. In that sense we are subject to confirmation biases, which lead us to disregard information which potentially has the power to change our existing worldview. Sunk costs imply our unwillingness to give up on the option in which we have already invested time/resources – therefore favoring the status quo.

Lastly, the “anchoring effect” implies that we tend to compare everything to the anchor we are exposed to – thus making the status quo as the favored default option.

## CHANGE RELATED BIASES

### BANDWAGON EFFECT

People do something primarily because other people are doing it, regardless of their own beliefs, which they may ignore or override

### CONFORMITY BIAS

Tendency to behave like those around rather than using own judgment

Third set of biases refers to social influences which provide safety for an individual within a group. The “bandwagon effect” implies that we tend to believe and act as others do. Similarly, “conformity bias” implies adoption of group thinking and behaviors. These biases are all linked to the idea of “safety in numbers”. Therefore, individuals heard around existing ideas/principles around which communities are formed, rather than adopting the change early (or initiating it). In business context, if decision was made by an independent individual, in case of failure – all blame would be placed on that single individual. However, if a decision was made as a group consensus, in case of failure – no one is to be blamed. Therefore, conforming to a group creates a strong sense of security for each individual, but results in preference for the status quo.

Although individuals and companies very often talk about challenging the status quo, embracing change, breaking routines and exploring new opportunities, the truth is somewhat different. Societies, systems, religions and organizations have all been founded upon structure, set of principles, laws and routines – which are only strengthened by our biases pertaining to information processing, information selection and social influences. Together, these forces create a strong preference for the status quo over possibility of change. The change we are accustomed to is change through the slow process of evolution (rather than quick process of disruption).

## INDIVIDUAL RELATED

### MERE EXPOSURE EFFECT

Existing states are encountered more frequently than non-existent states, thus will be perceived as more true and evaluated more preferably

- ⚠ Preference for routines, fixed point of view, likeminded culture, barriers to accept the "new truth"
- ✅ Intentionally expose yourself to diverse experiences; Get diverse inputs; Explore diverse contexts; Intentionally break your daily routines

### VIVIDNESS BIAS

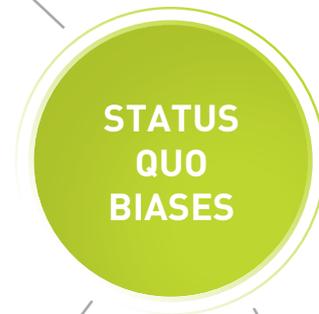
Overvaluing information and events that are more vivid, easily accessible and more frequently encountered

- ⚠ Quick solutions, favoring more recent information, impactful events have strong influence, exposure determines outcomes, excluding relevant data, myopia
- ✅ Avoid using heuristics and analogies; Focus on assumptions behind the decision

### ENDOWMENT EFFECT

People value items in their possession more than they value items not in their possession

- ⚠ Willing to sacrifice more not to lose, gains get undervalued, fear of loss, problems with detaching, favoring existing ways of doing business
- ✅ Re-frame decisions; Disregard idea and project ownership; Make minor changes more frequently; Re-define benefits from new opportunities and threats from maintaining the status quo (framing)



**STATUS QUO BIASES**

## DECISION-MAKER BASED

### CONFIRMATION BIAS

Tendency to search for or interpret information in a way that confirms one's preconceptions and overlook or ignore information that refutes one's beliefs

- ⚠ Seeking people that confirm your thinking/decisions, disregarding useful insight, filtering information, loop of same ideas / projects / thinking
- ✅ Do not discuss solutions, discuss assumptions; Challenge assumptions; Run simple experiments for critical assumptions to ensure learning ("smart mistakes")

### SUNK COSTS

Overvaluation of costs that have already been incurred and cannot be recovered, but are still perceived as relevant

- ⚠ Greater attention to past costs, resistance towards "killing the project", irrelevant for current decisions, strong emotional connections, resistance towards future investments
- ✅ Re-frame decisions; Make minor changes more frequently; Re-define benefits from new opportunities and threats from maintaining the status quo (framing); Find shared assumptions behind existing and novel

### ANCHORING EFFECT

Human tendency to rely too heavily, or "anchor," on one trait or piece of information when making decisions

- ⚠ Focusing on first piece of information, disregarding future inputs, narrow view, barriers for different perspectives, misguided point of reference
- ✅ Clearly identify all anchors you/others are exposed to; Self-reflect; Test your beliefs using simple experiments; Position information in diverse contexts

## DECISION-BASED

### BANDWAGON EFFECT

People do something primarily because other people are doing it, regardless of their own beliefs, which they may ignore or override

- ⚠ Behaviour adoption, adjusting beliefs and opinions, low level opposition, disregarding ideas/proposals not inclined with the group, group myopia, creating followers not leaders, sense of safety
- ✅ Identify and challenge existing assumptions, Build cases against group-think; Consider the opposites; Beware of the group inertia

### CONFORMITY BIAS

Tendency to behave like those around rather than using own judgment

- ⚠ Seeking consensus, group thinking, mimicking others, lack of critical thinking, following and obeying group norms, following obviously wrong decisions, high pressure of social forces
- ✅ Ask "why" to identify others' assumptions; Identify and challenge assumptions; Encourage participation and discussion; Avoid group decision-making – ask for individuals' decisions; Identify assumptions that determine if group is true/wrong