



THE ILLUSION OF CONTROL

PROF. DR. MARC BUELENS

FIVE RED FLAGS

- Illusion of control
- Goodhart's law
- The Bermuda Triangle
- Lake Wobegon
- Ritual rain dances

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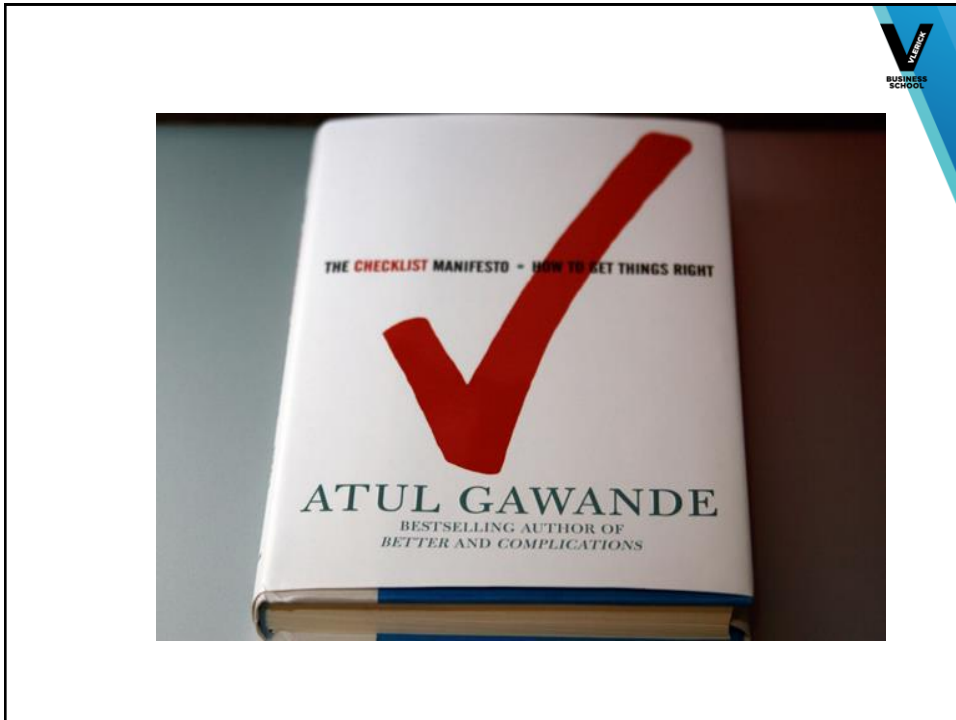
- In this world nothing can be said to be certain, except death and taxes.
- Benjamin Franklin



- “Past success is no guarantee for the future.”


THE ROLES OF ORGANIZATIONAL ILLUSION OF CONTROL AND ORGANIZATIONAL ATTENTION (DURAND, STRATEGIC MANAGEMENT JOURNAL)

- Illusion of control causes an inaccurate assessment of risks; the higher the perception of control, the higher the likelihood of underestimating risks
- Illusion of control leads to a deficiency in organizational attention.




THE ILLUSION OF CONTROL


- The **illusion of control** is the tendency for people to overestimate their ability to control event (Wikipedia)
 - Lotteries
 - Jaws
 - After 9/11
 - Anti oxydants pills



- The Cochrane review on antioxidant vitamin pills – the pills that glossy magazines most like to recommend – found around 200,000 patients' worth of good randomised trial data, and overall, **these pills do nothing to prolong life: if anything, it turns out, they actively increase your risk of dying.**



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GOODHART'S LAW

THE ORIGINAL	THE POPULAR VERSION
<ul style="list-style-type: none"> ▪ "As soon as the government attempts to regulate any particular set of financial assets, these become unreliable as indicators of economic trends." 	<ul style="list-style-type: none"> ▪ "When a measure becomes a target, it ceases to be a good measure."

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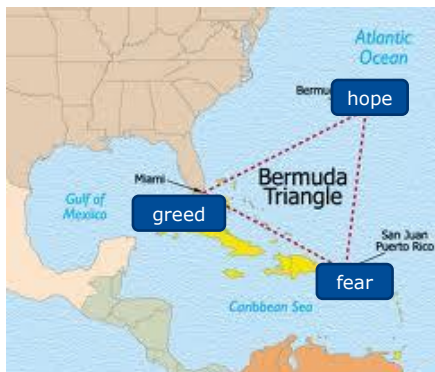
THE MARC BUELENS VERSION



- "When a measure becomes a target, you are driving a volkswagen-diesel"

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BEWARE OF THE BERMUDA TRIANGLE



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A man's satisfaction with his salary depends on whether he makes more than his wife's sister's husband.

H.L. Mencken



LAKE WOBEGON

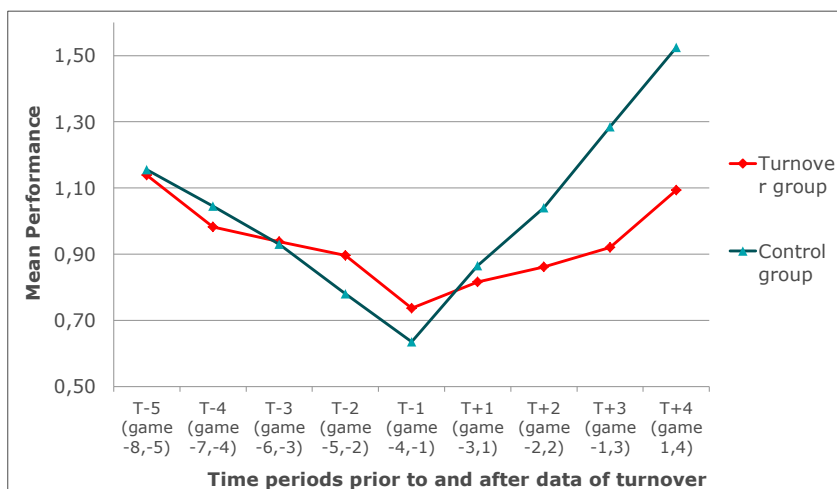
- "80% of CEOs think they deliver a superior customer experience, but only 8% of customers agree" (The New Yorker)

HOW TO DO A RAIN DANCE?

1. Never do a rain dance on a hill.
2. Make sure you have a lot of room so you don't run into anything.
3. Spin around in clockwise circles.
4. Make up your own rain chant. It should be rhythmical and easy to say fast.
5. Yell your rain chant while spinning around in circles.
6. If you are trying to get rid of rain, spin in counterclockwise circles and say your chant backwards.

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Balduck, A. L., Prinzie, A., & Buelens, M. (2010). The effectiveness of coach turnover and the effect on home team advantage, team quality and team ranking. *Journal of Applied Statistics*, 37(4), 679-689.





- Our recurring theme is that the best way of increasing your control, and improving your personal Fortune, is by accepting your *lack* of control (From 'Dance with Chance')