

The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home

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Behavioral economics may seem to be an overwhelmingly apparent oxymoron at first but it is a beacon of light fervently in pursuit of the subtle nuances of decision making, and Dan Ariely is one of the most inquisitive and bright minds in the field. Having survived stepping on a land mine early in his life, he questions the very nature of our logic centric mind. "The upside of irrationality" is all about how being irrational in life and (shudder) work has its fair share of benefits for everyone. Following up on his previous book "Predictably Irrational" he further explores the hidden forces that dictate our mind on decisions we feel are governed by cold logic.

He begins with a proposition which is sure to send chills down the spines of all the students expectantly waiting to be placed. He talks about how paying executives large (sometimes considered by those not "worthy" as "vulgar") amounts of money would actually decrease their efficiency, not because they'll be worried whether they should vacation by the French Riviera or get that new Ferrari spider, but taking a cue from Yerkes and Dodson's experiments on motivation in which a controlled amounts of electricity dosage was delivered to mice to make them run mazes (the metaphorical representation to executives after the 2008 recession is undeniable) and from Dan's own series of experiments in India and America to get mind bending results (I won't spoil it for you but the executives aren't going to be lining up to subscribe to his thoughts).

Further on, the book explores other themes such as 'Contrafreeloading', which questions the assumption that organisms will always choose to maximize their

returns with minimum effort. The author quotes cases in which fulfillment are the primary criterion for job satisfaction, not pay or recognition, such as when a perfectly good presentation is laid to waste because the purpose for which it was created was eradicated or when you spent days editing a book only to find that the deal didn't go through and it's never going to be published. , Even if you get paid more than handsomely for your efforts and your effort is lauded by your seniors and colleagues, the sinking feeling of your work never seeing the light of day is enough to make you want to leave it all behind.

Similarly, the Ikea effect talks about the level of investment in your work playing a part in the satisfaction you gain from it. This was very significant from a marketing perspective for Pillsbury who at first introduced their instant cake mix, all you had to do was mix in water and presto one delicious devil's cake. Result: It was shot to hell by consumers, housewives shied away from it like the black plague, unable to understand their misgiving they found out that even though the end result was top notch, housewives never got the satisfaction of putting in the effort for baking a cake, which earmarks the cake as a symbol of celebration. It's the effort that made the cake sweet for the creators and even more so for the appreciation given to it. This effect is termed as the Ikea effect because when you want Ikea furniture you have to build it yourself, with a series of complex instructions laid out for you to follow, but the end result no matter if it looks like a contorted iron maiden instead of the lush Turkish couch you had expected, it still remains to be a product

you created with your bare hands and therefore you're going to enjoy your favorite reruns in that bed of thorns you so lovingly call your couch.

The other themes explored in the book go from hedonic adaptation to revenge with lucid examples from various experiments the author conducted with MIT students and from his personal insights. He delves deeply into his personal experiences from stepping on to the land mine to his complete recovery and how he has used his

understanding of behavioral economics to positively influence people. This book is a must read for all students of business for a multitude of reasons, but mostly because as managers decision making is one of the most crucial aspects of the job. The difference in being under the illusion that cold hard logic is what dictates consumers and people and the fact that we as a species can be highly irrational and rightly so, would be the difference between being Kenneth Lay and Narayan Murthy.

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