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Herd instinct can destroy the urge to be positive

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I think it's time for some positive inspiration. For three years we've lived on a diet of negativity with words like recession, debt, loss, fraud and theft peppering our daily news media. Because we've been regularly told that the world is in recession, we believe it. Because we're told that the economic statistics are not convincing, we are not convinced that a recovery is underway, even though it very well might be.

Two recent media articles got me thinking about the way we think and how it affects our behaviour. The first was about crowd mentality and the lure of conformity. It cited an experiment where 144 Swiss college students were sat in isolated cubicles and asked a variety of questions such as the number of new immigrants living in Zurich. In many instances, the crowd was correct. For example, the median guess of the students was 10,000 immigrants. The answer was 10,067.

Then the students were given access to the answers given by other members of the group, and told they could adjust their answers if they wished. The results were disappointing. All of a sudden, the range of answers narrowed with people mindlessly imitating their peers. People who previously thought they were right were swayed by what others thought, and they ended up with the wrong answers. The scientists concluded that the experiment highlighted the "social influence effect" which essentially says that the crowd tells itself what to think.

We have seen the social influence effect aptly demonstrated in financial markets in recent years. In any one period the crowd will either be optimistic, pushing asset prices higher, or pessimistic, selling every asset available for sale. Groupthink has been, and continues to be, alive and well which is great if you happen to have thought (and positioned yourself) ahead of the crowd.

So what did I take from this article? Not much more than a reminder to be aware of contrary views because they may well become the view of the crowd. But I was also reminded that the crowd is not always right in its conclusions.

The second article left me feeling far more positive because it was about the optimism bias, the tendency for humans to be optimistic rather than realistic. It seems that on average, people expect things to turn out better than they end up being. People underestimate their chances of getting divorced, being diagnosed with cancer or losing their job.

The really good news is that thinking optimistically can lead to better health and longer lives, and can influence reality in a positive way - our brains apparently learn from negative experiences and steer us away from future ones. The article concluded by sending readers to a "happy" website, www.happynews.com to provide inspiration and lift spirits. I have to say it was uplifting to read positive human interest stories. I can't help but wonder if we all had www.happynews.com as our home page, we might behave differently and overcome the negative biases we've developed of late.

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