

SUCCESS MINDSET

**Applying Psychological
Principles to Business**

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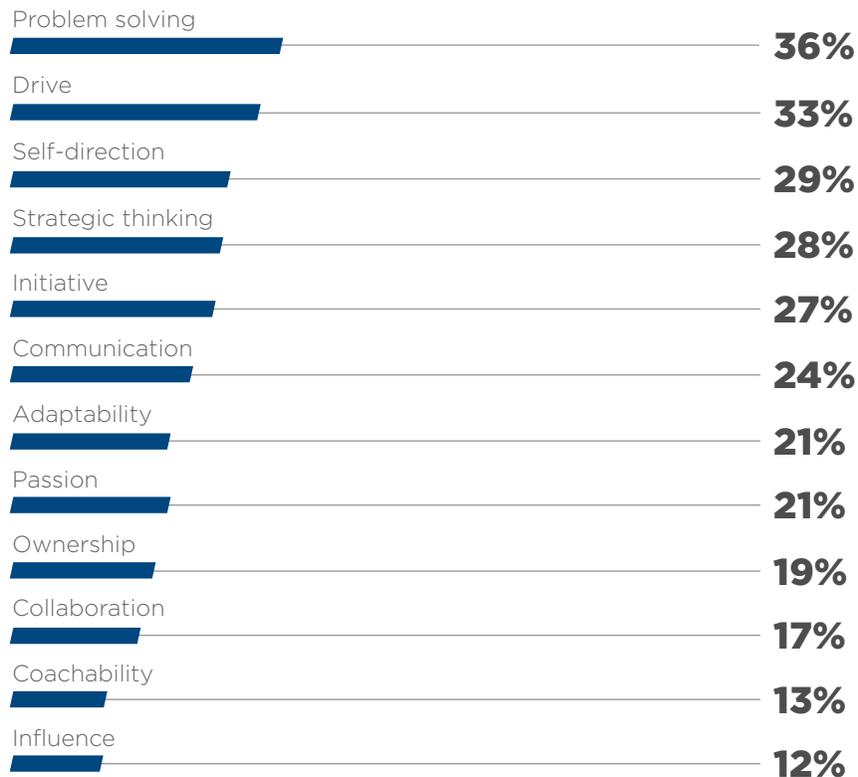
SUCCESS MINDSET

Applying Psychological Principles to Business

What does it take to become successful in the business world? To start, you could certainly point to having a strong set of skills and the right type of knowledge. Those qualities are important, but they're not everything.

Consider how a survey from Indeed questioned [1,000 employers](#) about the most impressive top performer they've ever worked with. Employers were asked: "What is the #1 attribute this person exemplified?"

Think about the most impressive top performer you've worked with at your current company or a previous company. What is the #1 attribute this person exemplified?



Source: Indeed employer study conducted by Decipher/FocusVision (Base: all respondents, N=1000)

The answers are revealing. Employers said that only two attributes in the top five — problem solving and strategic thinking — were learned behaviors. The remaining three attributes — drive, self-direction, and initiative — were deemed innate qualities.

In other words, some of the most important attributes that top performers share aren't things you typically learn. Rather, those attributes come from within. They're associated more with your mindset than the knowledge you have.

Psychological principles can help you cultivate a mindset for success. This guide examines several ways that you can become more aware of how thought processes and your overall mindset impact your effectiveness. Whether you're a business leader, manager, or hope to enter one of those roles soon, you'll gain the tools to transform the way you think, which will then transform your performance and help you to reach your goals.



Psychological principles can help you cultivate a mindset for success.



IMPACTS ON MINDSET

EXAMINING COGNITIVE BIASES

Before you can develop a successful mindset, you need to better understand potential roadblocks in the process. One way is to observe how you can avoid cognitive biases in your decision-making. By improving the way that you process information and people's opinions, you'll be better able to make reasonable, more accurate decisions.

WHAT ARE COGNITIVE BIASES?

All humans tend to make errors from time to time when confronted with decisions. Researchers have examined those systematic distortions, known as cognitive biases.

It's important to recognize that cognitive biases are natural, and the resulting errors are easy to make. An article from the American Society of Safety Professionals' journal *Professional Safety* explained how the brain is inundated with [large quantities of data](#) on a routine basis. Consider how, with all that information being processed, the brain is hard at work doing two things: 1) making the complex world simpler and more predictable; and 2) understanding new information by making connections to past information.

As you can imagine, things can get tricky. In a given decision, you can easily become overwhelmed when quickly sorting through relevant data and processing the value of certain items. Doing all of that when you're emotionally drained, physically tired, or some other combination of factors makes it even more difficult. As a result, cognitive biases can creep in.

Cognitive biases can emerge in virtually everything you do. When you go out to eat and the check comes, how much do you tip? Maybe you use a certain percentage or perhaps it depends on the quality of service you received.

Or, maybe it depends on how many dinner mints are left with the check.

Famous studies published in the *Journal of Applied Social Psychology* have determined the type and number of mints you receive will [have an impact](#) on the tip that you leave. The first study found that providing customers with fancy chocolates increased tips by 15 to 18 percent. In the second follow-up study, leaving one piece of candy per person and then offering a second piece spontaneously increased tips by 23 percent.

That's the reciprocity bias in action. When you receive a positive action, you feel compelled to respond with another positive action. The bias has applications across behavioral economics as well as relationships, negotiations, and more.

Another example of a cognitive bias in daily life is the self-serving bias. It means that you're more likely to give yourself credit for success but blame others or outside causes for failures. Although it protects your self-esteem, you can falsely blame other people for your own shortcomings. The self-serving bias is applicable anytime successes and failures are involved, which certainly leads to applications in the business world.

LOOKING AT COGNITIVE BIASES IN BUSINESS

The pervasiveness of cognitive biases in business is evident to a lot of people. After all, put together plenty of people in fast-paced, high-stress situations where results impact their paychecks, and you have a strong formula for producing distortions in thinking.

An easy example is found in meetings, which are hated by many employees. That's not an exaggeration either. A Harris poll found that [46 percent](#) of employees would rather do almost anything else than sit in a status meeting; just under 20 percent said they'd rather go to the DMV or watch paint dry.

Why? Often meetings lack purpose and include the wrong people, said Larry Myler, CEO of consulting firm By Monday, in Forbes. However, another reason is that a lot of people [don't listen](#) very well. For instance, it's easy for decisions to be made based on how many people hold that belief. That's the bandwagon bias in action. There may be strength in numbers, but that phenomenon doesn't mean that the majority of people are making the best decision.

There are several other cognitive biases in business that can take place in any given situation. In keeping with the scenario of a business meeting, it can be instructive to look at how a number of these biases can come into play.

You've seen how the bandwagon bias can influence your beliefs. Related biases can also impact how you might respond in a business meeting. For instance, if your boss speaks up before you have a chance to provide your opinion, you might naturally agree with him or her. That leads to the authority bias, which describes the tendency to favor the ideas or choices of people in authority.

Related biases can also impact how you might respond in a business meeting.

Now, imagine that in the meeting, your group is trying to decide between certain options. What are some common tendencies you might see? Your boss might gravitate toward an option where the outcome is able to be known more than others, and that defines the ambiguity bias. Other options might be better, but a lack of information is scary, so risk aversion comes into play.

Speaking of ambiguity, sometimes bias can come into play to avoid ambiguity. That leads to action bias, where your group will want to do something, even hastily, because “something needs to be done.” Or maybe your group is evaluating choices but only seems to be considering the option that they like the most. That’s confirmation bias, which involves people searching for information that confirms their beliefs or theories.

Cognitive biases are still in play after the decision has been made. Imagine that you and your group succumbed to one of the previous biases and made the objectively wrong choice, given available information. In a follow-up meeting, your boss discusses how things haven’t gone as planned, but it may be too early to change course. In this case, loss-aversion bias is in play. Your group has become emotionally attached to the decision and wants to see it finished.

Cognitive biases are still in play after the decision has been made.

A final example of cognitive bias can be seen in how you make sense of what happened. Even though, in this illustration, you agreed with the group and made the wrong decision, how you now remember things happening has changed. You now “knew it all along,” after seeing how the choice failed. That’s the hindsight bias, which describes the tendency to view events as more predictable than they were. You may actually rewrite what your opinions were of an event, in an effort to convince yourself that you knew better.

OVERCOMING COGNITIVE BIASES IN BUSINESS

It may seem almost impossible to overcome some cognitive biases. After all, aren't they unconscious, automatic tendencies? That's true, but there are some things to keep in mind to ensure that you're thinking clearly, without any distortions in the way you process information.

An obvious first step is to become familiar with cognitive biases. There are dozens of them, but by examining common situations and the natural tendencies that can arise, you'll be better prepared for potential mistakes. Another benefit is that real-world situations give you perspective into how to make strong, sound business decisions. It's important to examine what you should be doing and not only what you should be avoiding.

Conscious steps can also help you avoid cognitive biases. Take an active approach to biases by examining a given situation or decision from alternative viewpoints. Become more aware of situations when you're more likely to resort to mental shortcuts that can backfire. For instance, if a meeting is running particularly long, or if you're interviewing someone you've worked with before, you could more easily integrate bias into your thinking. In those situations, you'll need to proceed cautiously.

You should also recognize that optimizing the way you think isn't a simple thing to overcome. As you gain more experience in the business world, and as you enhance your understanding of certain concepts and situations, you'll be able to improve your thought process. Of course, that all depends on whether you have the right mindset for success. Top performers and business leaders are able to achieve success by coupling strong thinking habits with a growth mindset.

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DO YOU HAVE A TOXIC MINDSET? EVALUATING YOUR MENTAL OUTLOOK

Before you can develop the right mindset for success, you have to determine if there's anything that may be holding you back. Sometimes there may be distortions in the way you think, and those cognitive biases can prevent you from making clear, rational decisions. Other times, issues may be present in matters that have more to do with your attitude and emotions.

They go hand-in-hand. Just like unclear thinking can undermine your decision-making and ability to solve business problems, so too can your mindset. A toxic mindset can doom your success in the business world, regardless of your knowledge, skills, and experience.

Try to take an honest look at anything that may be holding you back. According to a U.S. News & World Report, there are some [common signs](#) that you're in need of an attitude adjustment. Based on the article's key questions, here are areas that may be factoring into your potential toxic mindset at work.

- **You're putting too much pressure on yourself.** Do you tend to place an unreasonable amount of pressure on yourself? You need to recognize that “. . . there's only so much of your job that you can control,” the article said.
- **You're worrying too much about others.** Are you overly influenced or place too high of expectations about your colleagues or your boss? Those tendencies can limit your creativity and, more generally, cause you to focus on other people. Like the previous point, this issue may be rooted in control.
- **You're too interested in gossip and negativity.** Are you drawn toward people who gripe, gossip, or those who are simply negative? Toxic people can easily cause you to become toxic. It also forces you to become more interested in negativity and issues.

Addressing any tendencies that you may have for a toxic mindset can help you eliminate the negativity and develop a healthier outlook. Also, if you encounter stressful situations, you'll be able to notice and “catch yourself” before heading down that path. That happened to Chris McGoff, an expert on organizational culture, when he was hosting a Facebook Live session about his book on peak performance culture. A little bit into the broadcast, the system froze, and the crew couldn't figure out how to solve the technical issues. They figured it out, and minutes later, another issue appeared.

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“Both times things were falling apart I had this overarching sense that I was ‘looking bad,’” McGoff wrote in Inc. “I felt shame and embarrassment. I was upset that ‘wrong’ things were happening. I was mentally [assigning blame](#) and holding members of the crew as wrong. My mind was filling with defensive and negative thoughts.

“Then in a flash, I got the joke.”

McGoff understood how he was heading down a path toward negativity and a toxic mindset, while he was trying to help people avoid the exact same thing. Thankfully, he recognized his natural reaction and fixed it right away. In the Inc. article, he offered two key components to shaping a strong performance culture: changing the default response to surprises and failures from “something’s wrong” to “what’s possible here?”; and being intentional about improving.

You can do the same. Evaluate any inclinations you have to assign blame and devolve into a harmful, toxic mindset. Then you can approach improving — or developing the right mindset for success — in a deliberate, purposeful manner.

THE PATH TO SUCCESS: ACHIEVING A GROWTH MINDSET AT WORK

What's the right mindset for success? Arguably, it's the growth mindset.

In recent decades, psychologist Carol Dweck pioneered work on the growth mindset. She used the terms “fixed mindset” and “growth mindset” to characterize the beliefs people have about intelligence and learning. A fixed mindset reflects the belief that intelligence and success are stagnant. A growth mindset accomplishes the opposite, enabling individuals the power to influence their success and intelligence through persistence, hard work, learning, and training.

The concept has received a great deal of attention in education, where educators are helping students accomplish their goals by how they approach their studies. Based on a first-of-its-kind study from Proceedings of the National Academy of Sciences of the United States of America (PNAS), having a growth mindset can predict achievement across a national sample of students. Researchers found that students from lower-income families in Chile who held a growth mindset “were [appreciably buffered](#) against the deleterious effects of poverty on achievement.”

In business, having a growth mindset leads to employees feeling more empowered and committed, according to Dweck. In an article for Harvard Business Review, she explained how those employees receive more support for collaboration and innovation. What about employees in fixed-mindset companies? They “report more of only one thing: [cheating and deception](#) among employees, presumably to gain an advantage in the talent race,” she wrote.

In business, having a growth mindset leads to employees feeling more empowered and committed

UNCOVERING MISCONCEPTIONS: WHAT ISN'T A GROWTH MINDSET

Growth mindset has received a lot of press over the years. Unfortunately, some of the information about growth mindsets has been misrepresented, and the result has infiltrated public opinion. It's important to examine common errors to better understand what having a growth mindset at work or in other environments actually means.

Here are two common misconceptions about growth mindsets that Dweck wrote in the Harvard Business Review article.

- **“I already have it, and I always have.”** A growth mindset is not tantamount to being positive or flexible. Also, people carry both fixed and growth mindsets, and that combination changes over time. There's no such thing as a pure growth mindset.
- **“A growth mindset is just about praising and rewarding effort.”** It's superficial to suggest that empty praise can lead to a growth mindset. Deep engagement is critical. People must examine setbacks to learn how to grow from them and develop a successful mindset. Outcomes shouldn't be minimized in a quest to praise and reward effort.

“Even if we correct these misconceptions, it's still not easy to attain a growth mindset,” Dweck added. “One reason why is we all have our own fixed-mindset triggers. When we face challenges, receive criticism, or fare poorly compared with others, we can easily fall into insecurity or defensiveness, a response that inhibits growth.”

Understanding a growth mindset is the first step, but the next one is full of hard work. Take an honest look at yourself to approach how you can develop a strong growth mindset at work.

HOW TO OBTAIN A GROWTH MINDSET

You can sense when negative triggers enter your thinking or mindset. That's the key to uncovering those unconscious, automatic cognitive biases that can distort your decision-making abilities. Negative triggers also can help uncover when you're exhibiting a toxic or fixed mindset, instead of a growth mindset.

If you remember what happened in the story earlier about Chris McGoff, you can take a similar approach to be more mindful of your mindset. Then you can catch yourself before your mindset and thoughts become toxic.

Watch out for the signs. Do you get frustrated when challenges arise? How do you respond when you get critical feedback? How about a challenging task? What about an outright failure? Then examine your attitude toward growth in general. Is it about your abilities, or your attitude and effort? How are you committed toward enhancing your knowledge, skills, and competencies?

Here are some ways you can cultivate a growth mindset.

- **Embrace Whatever Comes:** Some people simply can't handle challenges and failures. A growth mindset looks at these inevitable occurrences and uses them as learning opportunities. After all, they will come. Challenges may bring stress and failures may expose uncomfortable truths about your shortcomings, but they both offer powerful lessons that can help you become better and reach your potential. Arguably, they'll help you more than your successes.
- **Persevere:** Persistence and perseverance are distinguishing marks of people in a growth mindset. They also define the types of people that coworkers and supervisors want to be around. Develop your sense of perseverance by keeping negative thoughts in check. Try to maintain a positive outlook in the face of challenges, failures, and difficult times.
- **Look for Feedback:** If you're focused on growth and improvement, obtaining feedback from others is another powerful way to achieve success. It's not enough to simply want to receive feedback, though. You have to ask for it, and sometimes you have to be persistent and direct. What does your trusted coworker think about that one skill you've been trying to improve? What does your supervisor think you can improve upon most? Have follow-up questions ready, and make sure you incorporate feedback points into your plan for growth and improvement.
- **Seek New Opportunities:** Pushing yourself can help you learn new skills, gain new experiences, and put what you've learned to work. If you don't look for new opportunities and get out of your comfort zone, it'll be much tougher for you to develop. So, get out there. Maybe you can take on a new project, offer to mentor a newer team member, get involved in some type of leadership committee, or, of course, enhance your education.

- **Keep Learning:** If the hallmark of the growth mindset in business is becoming a better worker and leader, then how can you accomplish that without expanding your knowledge, skills, and experience? Fixing distortions in your thinking process can help, and removing a toxic mindset helps, but taking that next step, so to speak, is tough without formal education and learning. Informal learning and educational opportunities will arise, but more formal forms of learning and education are particularly effective for building your knowledge, skills, and experience — that’s what they’re designed to do. Thankfully, continual learning can be flexible.

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