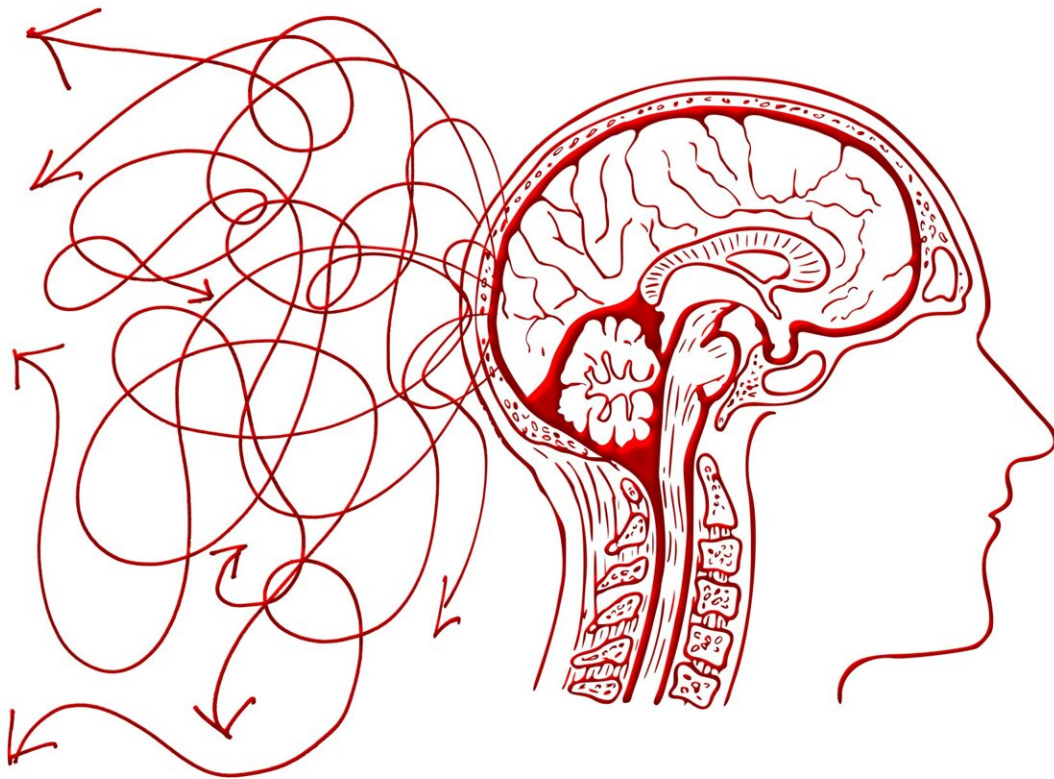


Optimistic thinking linked with lower cognitive abilities, new research suggests

December 1 2023



Credit: Pixabay/CC0 Public Domain

Optimistic thinking has long been immortalized in self-help books as the key to happiness, good health and longevity but it can also lead to poor

decision-making, with particularly serious implications for people's financial well-being.

Research, published in *Personality and Social Psychology Bulletin*, from the University of Bath shows that excessive optimism is actually associated with lower cognitive skills such as verbal fluency, fluid reasoning, numerical reasoning, and memory. Whereas those high on cognitive ability tend to be both more realistic and pessimistic in their expectations about the future.

"Forecasting the future with accuracy is difficult and for that reason we might expect those with low cognitive ability to make more errors in judgments, both pessimistic and optimistic. But the results are clear: low cognitive ability leads to more self-flattering biases—people essentially deluding themselves to a degree," said Dr. Chris Dawson of the University's School of Management.

"This points to the idea that while humans may be primed by evolution to expect the best, those high on cognitive ability are more able to override this automatic response when it comes to [important decisions](#). Plans based on overly optimistic beliefs make for poor decisions and are bound to deliver worse outcomes than would realistic beliefs," Dr. Dawson added.

Decisions on major financial issues such as employment, investments or savings, and any choice involving risk and uncertainty, were particularly prone to this effect and posed serious implications for individuals.

"Unrealistically optimistic financial expectations can lead to excessive levels of consumption and debt, as well as insufficient savings. It can also lead to excessive business entries and subsequent failures. The chances of starting a [successful business](#) are tiny, but optimists always think they have a shot and will start businesses destined to fail," Dr.

Dawson said.

The study, "[Looking on the \(B\)right Side of Life: Cognitive Ability and Miscalibrated Financial Expectations.](#)" took data from a UK survey of over 36,000 households and looked at people's expectations of their financial well-being and compared them with their actual financial outcomes. The research found that those highest on cognitive ability experienced a 22% increase in the probability of "realism" and a 35% decrease in the probability of "extreme optimism."

"The problem with our being programmed to think positively is that it can adversely affect our quality of decision-making, particularly when we have to make serious decisions. We need to be able to over-ride that and this research shows that people with high cognitive ability manage this better than those with low cognitive ability," he said.

"Unrealistic optimism is one of the most pervasive human traits and research has shown people consistently underestimate the negative and accentuate the positive. The concept of '[positive thinking](#)' is almost unquestioningly embedded in our culture—and it would be healthy to revisit that belief," Dr. Dawson added

More information: Chris Dawson, Looking on the (B)right Side of Life: Cognitive Ability and Miscalibrated Financial Expectations, *Personality and Social Psychology Bulletin* (2023). [DOI: 10.1177/01461672231209400](#)

Provided by University of Bath

Citation: Optimistic thinking linked with lower cognitive abilities, new research suggests (2023, December 1) retrieved 27 April 2024 from <https://medicalxpress.com/news/2023-12-optimistic->

[linked-cognitive-abilities.html](#)

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.