

How Confirmation Bias Influences Risk and Contingency Management: Lessons From Global Leaders' Responses to the 2020 Pandemic

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ABSTRACT

Abundant research has documented the negative effects of confirmatory bias in a broad range of managerial decision-making contexts. However, insufficient research has been conducted on the effect of confirmatory bias on risk and contingency management. This article addresses the research gap by examining how confirmatory bias may affect global leaders' responses to the COVID-19 pandemic. Based on a comprehensive literature review of prior research and empirical evidence, the authors illustrate the relationship between confirmatory bias and organizational performance in disaster management and identify several important mediators and moderators, which influence the relationship between confirmatory bias and the performance of human collectives in disaster management.

KEYWORDS

Confirmatory Bias, Contingency Management, COVID-19 Pandemic, Decision Making, Responses, Risk

INTRODUCTION

On 21 January 2020, health officials in Washington State reported the first case of the 2020 pandemic in the United States. The man in the case was in his 30s and was in good condition at a hospital in Everett, Washington, after returning from Wuhan, China. Two days later, on 23 January, the Chinese government announced that 17 people had died and more than 500 were infected with this novel pandemic. Therefore, air and rail departures from Wuhan were suspended on that day, and the whole city was locked down soon after that. Reacting to this information, on 25 January 2020, President Donald J. Trump sent a tweet, "China has been working very hard to contain the coronavirus. The United States greatly appreciates its efforts and transparency. It will all work out well. In particular, on behalf of the American People, I want to thank President Xi!" (Trump, 2020). At that time, the coronavirus in China was not perceived as an immediate threat to the United States. Therefore, the

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U.S. government decided to minimize travel bans - only putting a ban on all travel from China, but not a ban on travels originating from Europe although there had already been reports of the pandemic in some European countries(BBC News (Reality Check team), 2020; Wolfe, 2020).

Throughout January and February of 2020, the pandemic appeared to be manageable in the United States, at least based on the assessment of the U.S. government. The government did not undertake any substantive action until 8 March 2020, when Italy formally locked down more than a quarter of its population to contain the spread of the pandemic there(BBC News (Reality Check team), 2020; Wolfe, 2020). At the same time, nearly 100 other countries had begun to respond to the spread of the pandemic. When the outbreak had reached Washington D.C., the U.S. government began to adopt a more substantive approach. A political convention, attended by Donald Trump and Mike Pence, was organized. However, this occurred well after adequate precautions should have been taken to stem the virus’s rapid spread. The United States had been ill-prepared for the pandemic. For instance, even in the most developed areas, such as New York, there was a severe shortage of medical resources.

Table 1 shows the increase of Covid-19 cases and the number of deaths in the United States. In 18 months after January 2020, one can see that there was both a sharp increase of cases and deaths in this most advanced country in terms of medical science and technology (see Figures 1 and 2). Given this country’s financial and other resources, it is surprising that the country had done such a poor job in its fight against the coronavirus disease.

Discussing the above observations, we do not intend to critique political leaders nor blame the situation on political ideologies. This paper explores an important issue in information processing and decision-making, i.e., confirmatory bias impedes effective and efficient risk and contingency

Table 1. The development of Covid-19 cases in the United States

End of	Cases - cumulative total	Deaths - cumulative total	Date of reporting
Jan. 2020	53	0	2020.1.20
Feb. 2020	134	1	2020.2.24
Mar. 2020	279512	6856	2020.3.30
Apr. 2020	1096052	65550	2020.4.27
May. 2020	1740331	103917	2020.5.25
Jun. 2020	2804392	131124	2020.6.29
Jul.2020	4550051	157582	2020.7.29
Aug.2020	6177628	190565	2020.8.31
Sep.2020	7293335	210696	2020.9.28
Oct.2020	9018745	232295	2020.10.26
Nov.2020	14440664	283278	2020.11.30
Dec.2020	20154222	354982	2020.12.28
Jan. 2021	25797002	443691	2021.1.25
Feb. 2021	28293943	513523	2021.2.22
Mar. 2021	30330486	551452	2021.3.29
Apr. 2021	32039197	570835	2021.4.26
May. 2021	33015604	591276	2021.5.31
Jun. 2021	33378240	600294	2021.6.28
Data Source: WHO, 2021			

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