

CHAPTER 5

PERCEPTION AND INDIVIDUAL DECISION MAKING

"Making decisions is a critical element of organizational life. In this chapter, we'll describe how decisions in organizations are made. But first, we discuss perceptual processes and show how they are linked to individual decision making" (p. 121).

Perception: A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

"Why is perception important in the study of OB? Simply because people's behavior is based on their perception of what reality is, not on reality itself. *The world as it is perceived is the world that is behaviourally important*" (p. 122).

FACTORS INFLUENCING PERCEPTION

a) THE PERCEIVER

"Among the more relevant personal characteristics affecting perception are attitudes, motives, interests, past experiences, and expectations" (p. 122).

"... *expectations* can distort your perceptions in that you will see what you expect to see" (p. 123).

distort = verzerren

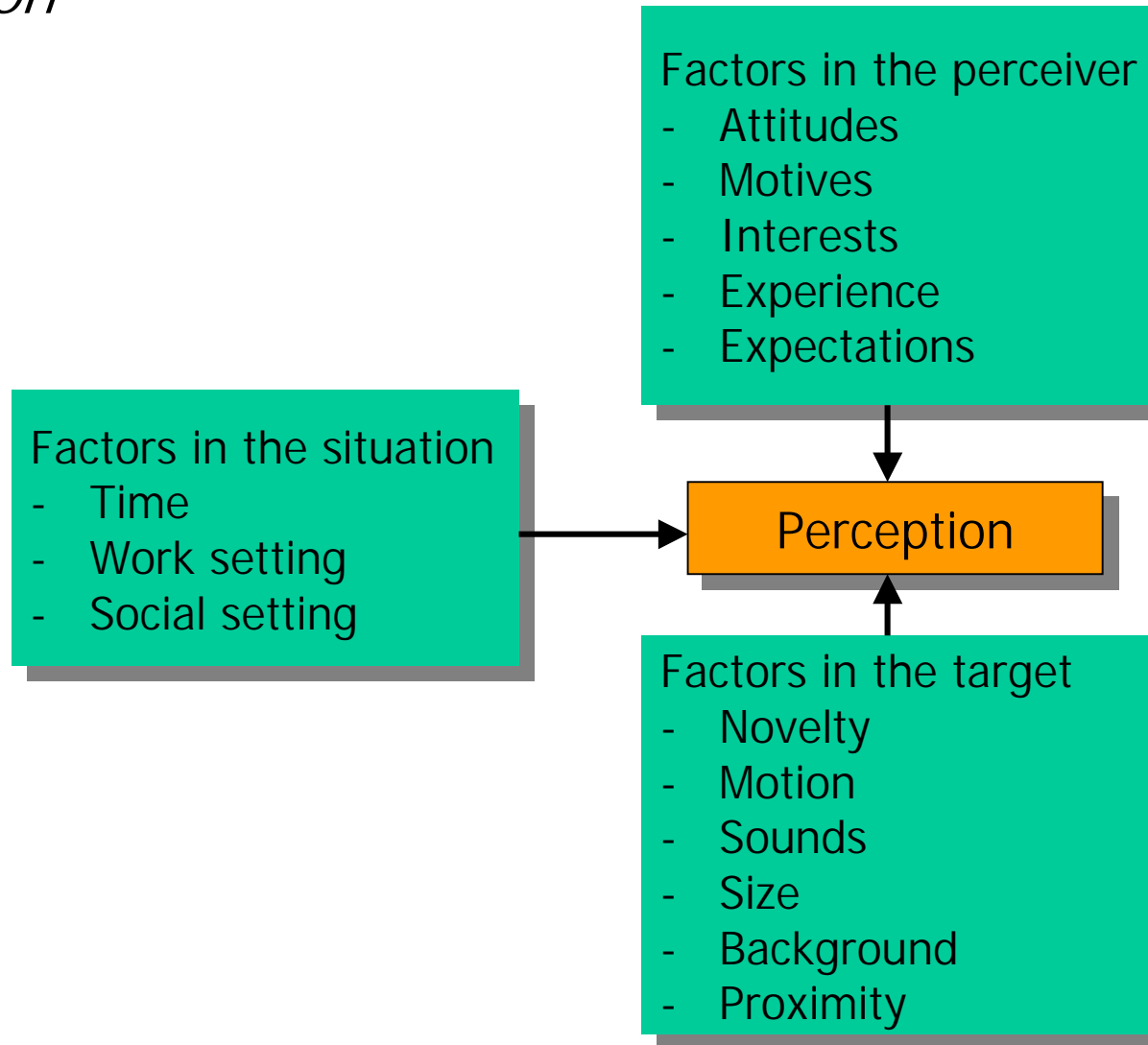
b) THE TARGET

"Characteristics of the target that is being observed can affect what is perceived. Loud people are more likely to be noticed in a group than are quiet ones. So, too, are extremely attractive or unattractive individuals. Motion, sounds, size, and other attributes of a target shape the way we see it" (p. 123).

THE SITUATION

"The context in which we see objects or events is important. Elements in the surrounding environment influence our perceptions" (p. 124).

Factors That Influence Perception



LINK BETWEEN PERCEPTION AND DECISION MAKING

"Individuals in organizations make **decisions**. That is, they make choices from among two or more alternatives... But how individuals in organizations make decisions and the quality of their final choices are largely influenced by their perceptions... The awareness that a problem exists and that a decision needs to be made is a perceptual issue" (p. 131).

HOW SHOULD DECISIONS BE MADE?

Steps in the Rational Decision-Making Model

1. Define the problem.
2. Identify the decision criteria.
3. Allocate weights to the criteria.
4. Develop the alternatives.
5. Evaluate the alternatives.
6. Select the best alternative.

Assumptions

1. *Problem clarity.* The problem is clear and unambiguous. The decision maker is assumed to have complete information regarding the decision situation.
2. *Known options.* It is assumed the decision maker can identify all the relevant criteria and can list all the viable alternatives. Furthermore, the decision maker is aware of all the possible consequences of each alternative.
3. *Clear preferences.* Rationality assumes that the criteria and alternatives can be ranked and weighted to reflect their importance.
4. *Constant preferences.* It's assumed that the specific decision criteria are constant and that the weights assigned to them are stable over time.
5. *No time or cost constraints.* The rational decision maker can obtain full information about criteria and alternatives because it's assumed that there are no time or cost constraints.
6. *Maximum payoff.* The rational decision maker will choose the alternative that yields the highest perceived value.

HOW ARE DECISIONS ACTUALLY MADE IN ORGANIZATIONS?

"Most decisions in the real world don't follow the rational model. For instance, people are usually content to find an acceptable or reasonable solution to their problem rather than an optimising one" (p. 135).

Bounded Rationality:

Individuals make decisions by constructing simplified models that extract the essential features from problems without capturing all their complexity.

"In bounded rationality, the final solution represents a satisficing choice rather than an optimum one" (p. 136).

Intuition: An unconscious process created out of distilled experience.

"There is growing recognition that rational analysis has been overemphasized and that, in certain instances, relying on intuition can improve decision making" (p. 137).

"When are people most likely to use intuitive decision making? Eight conditions have been identified: (1) when a high level of uncertainty exists; (2) when there is little precedent to draw on; (3) when variables are less scientifically predictable; (4) when 'facts' are limited; (5) when facts don't clearly point the way to go; (6) when analytical data are of little use; (7) when there are several plausible alternative solutions from which to choose, with good arguments for each; and (8) when time is limited and there is pressure to come up with the right decision" (p. 137).

precedent = vergleichbarer Fall, Präzedenzfall