

Perception and Individual Decision Making

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Lecture 10



Perception

What Is Perception?

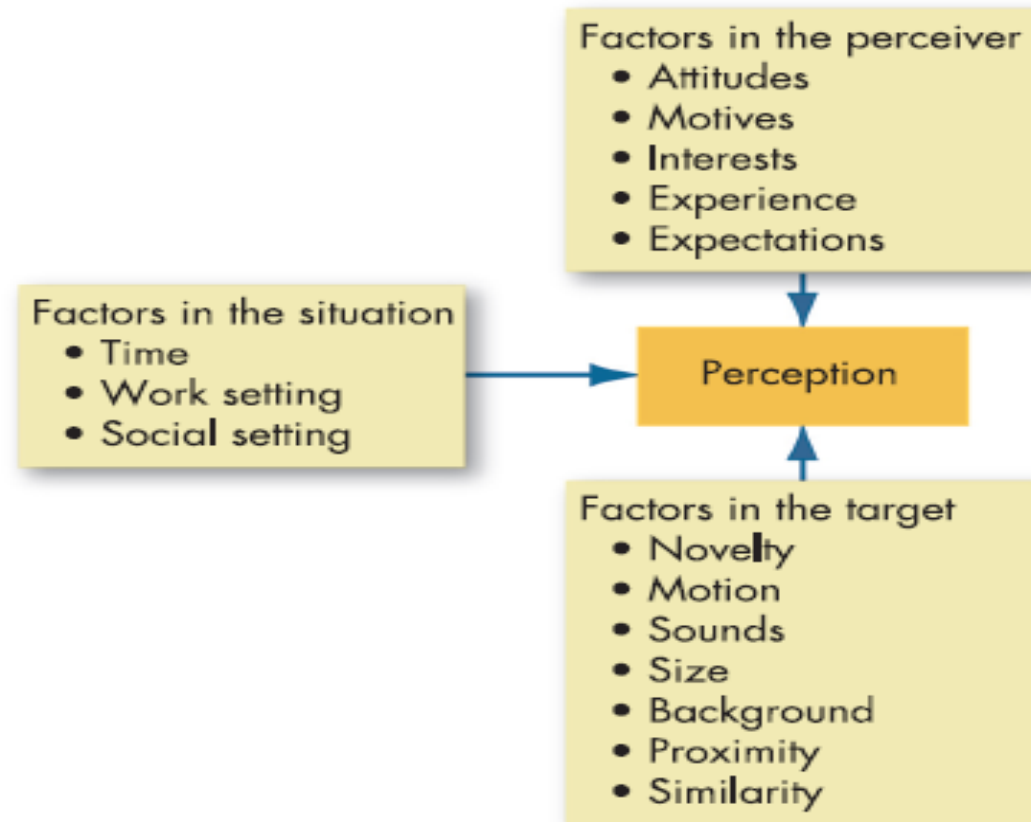
- A process by which individuals organize and interpret their sensory impressions to give meaning to their environment.
- People's behavior is based on their perception of what reality is, not on reality itself.
- The world as it is perceived is the world that is behaviorally important.



Factors that Influence Perception

Figure 4-1

Factors That Influence Perception



Attribution Theory: Judging Others

Our perception and judgment of others is significantly influenced by our assumptions of the other person's internal state:

- When individuals observe behavior, they attempt to determine whether it is internally or externally caused.
 - Internal causes are under that person's control.
 - External causes are not—person forced to act in that way.

Attribution Theory: Judging Others

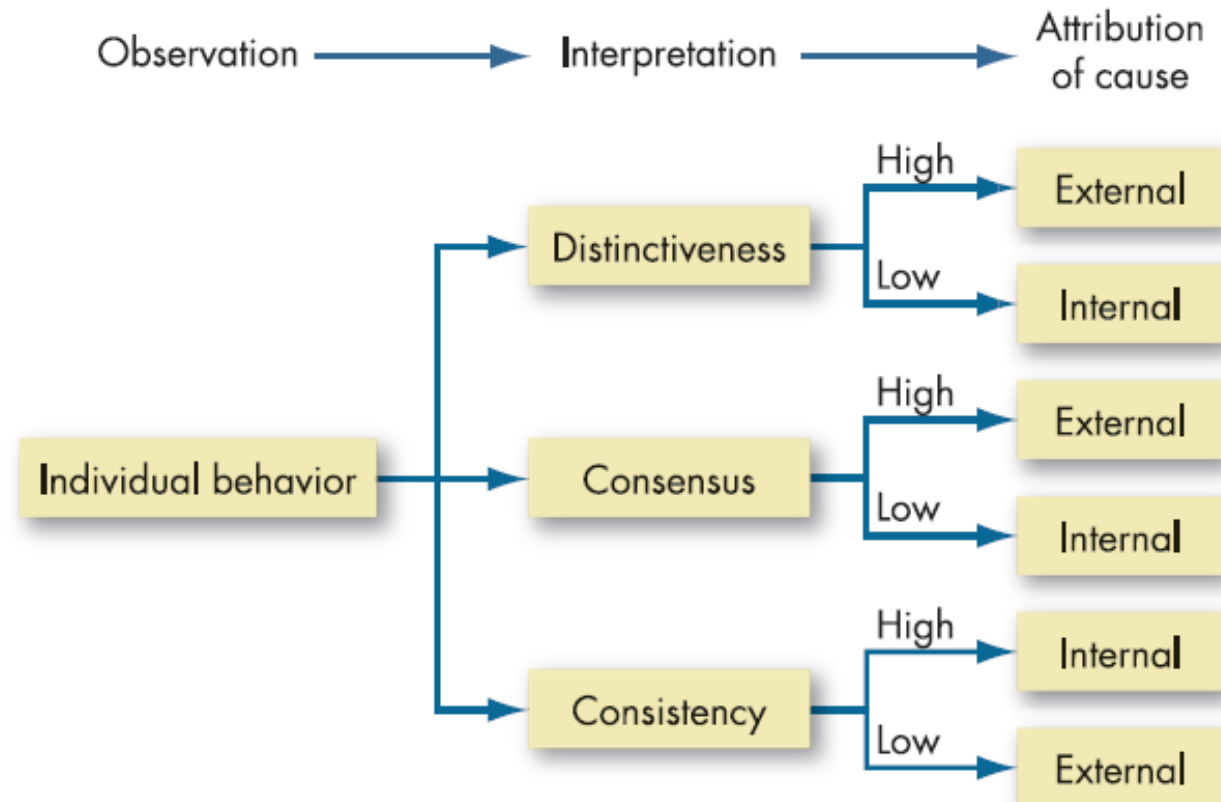
Causation judged through:

- Distinctiveness
 - Shows different behaviors in different situations.
- Consensus
 - Response is the same as others to same situation.
- Consistency
 - Responds in the same way over time.

Elements of Attribution Theory

Figure 4-2

Attribution Theory



Errors and Biases in Attributions

Fundamental attribution error

- The tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behavior of others
- *We blame people first, not the situation*



Self-serving bias

- The tendency for individuals to attribute their own successes to internal factors while putting the blame for failures on external factors.
- *It is 'our' success but 'their' failure.*

Frequently Used Shortcuts in Judging Others

Selective perception

- People selectively interpret what they see based on their interests, background, experience, and attitudes.

Halo effect

- Drawing a general impression about an individual on the basis of a single characteristic.

Contrast effects

- Evaluation of a person's characteristics that are affected by comparisons with other people recently encountered who rank higher or lower on the same characteristics.

Another Shortcut: Stereotyping

Stereotyping: Judging someone on the basis of one's perception of the group to which that person belongs—a prevalent and often useful, if not always accurate, generalization.

Profiling: A form of stereotyping in which members of a group are singled out for intense scrutiny based on a single, often racial, trait.



Specific Shortcut Applications in Organizations

Employment Interview

- Perceptual biases of raters affect the accuracy of interviewers' judgments of applicants.
- Formed in a single glance – 1/10 of a second!

Performance Expectations

- **Self-fulfilling prophecy (*Pygmalion effect*):** The lower or higher performance of employees reflects preconceived leader expectations about employee capabilities.

Performance Evaluations

- Appraisals are often the subjective (judgmental) perceptions of appraisers of another employee's job performance .
- Critical impact on employees.

Perceptions and Individual Decision Making

Problem

- A perceived discrepancy between the current situation and a desired state.

Decisions

- Choices made from among alternatives developed from data.

Perception linkage:

- All elements of problem identification and the decision-making process are influenced by perception.
 - Problems must be recognized.
 - Data must be selected and evaluated.

Expediency dominates business decision making



Decision-Making Models in Organizations (cont'd)

Bounded reality

- The “real world” model seeks satisfactory and sufficient solutions from limited data and alternatives.

Intuition

- A non-conscious process created from distilled experience that results in quick decisions.
 - Relies on holistic associations.
 - Affectively charged—engaging the emotions.

Common Biases and Errors in Decision Making

Over-confidence bias

- Believing too much in our own ability to make good decisions—especially when outside of own expertise.

Fastening bias

- Using early, first received information as the basis for making subsequent judgments.

Confirmation bias

- Selecting and using only facts that support our decision.

Availability bias

- Emphasizing information that is most readily at hand.
 - Recent
 - Vivid

More Common Decision-Making Errors

Escalation of commitment

- Increasing commitment to a decision despite evidence that it is wrong—*especially if responsible for the decision!*

Randomness error

- Creating meaning out of random events—superstitions.

Hindsight bias

- After an outcome is already known, believing it could have been accurately predicted beforehand.

Individual Differences in Decision-Making

Personality

- Conscientiousness may affect escalation of commitment.
 - Achievement-strivers are likely to increase commitment.
 - Dutiful people are less likely to have this bias.
- Self-Esteem.
 - High self-esteem people are susceptible to self-serving bias.

Gender

- Women analyze decisions more than men—*ruminat*ion.
- Women are twice as likely to develop depression.
- Differences develop early.

Organizational Constraints

Performance evaluation

- Managerial evaluation criteria influence actions.

Reward systems

- Managers will make the decision with the greatest personal payoff for them.

Formal regulations

- Limit the alternative choices of decision makers.

System-imposed time constraints

- Restrict ability to gather or evaluate information.

Historical precedents

- Past decisions influence current decisions.

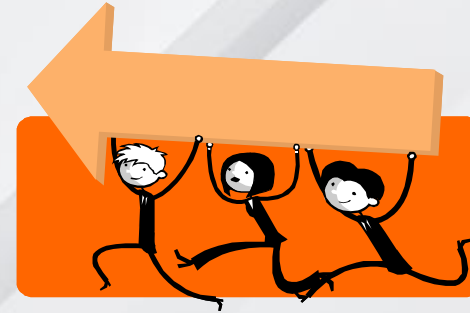


Understanding Work Teams

Differences between Groups and Teams

A **work group** interacts primarily to share information and to make decisions to help each group member perform within his or her area of responsibility.

- No joint effort required.

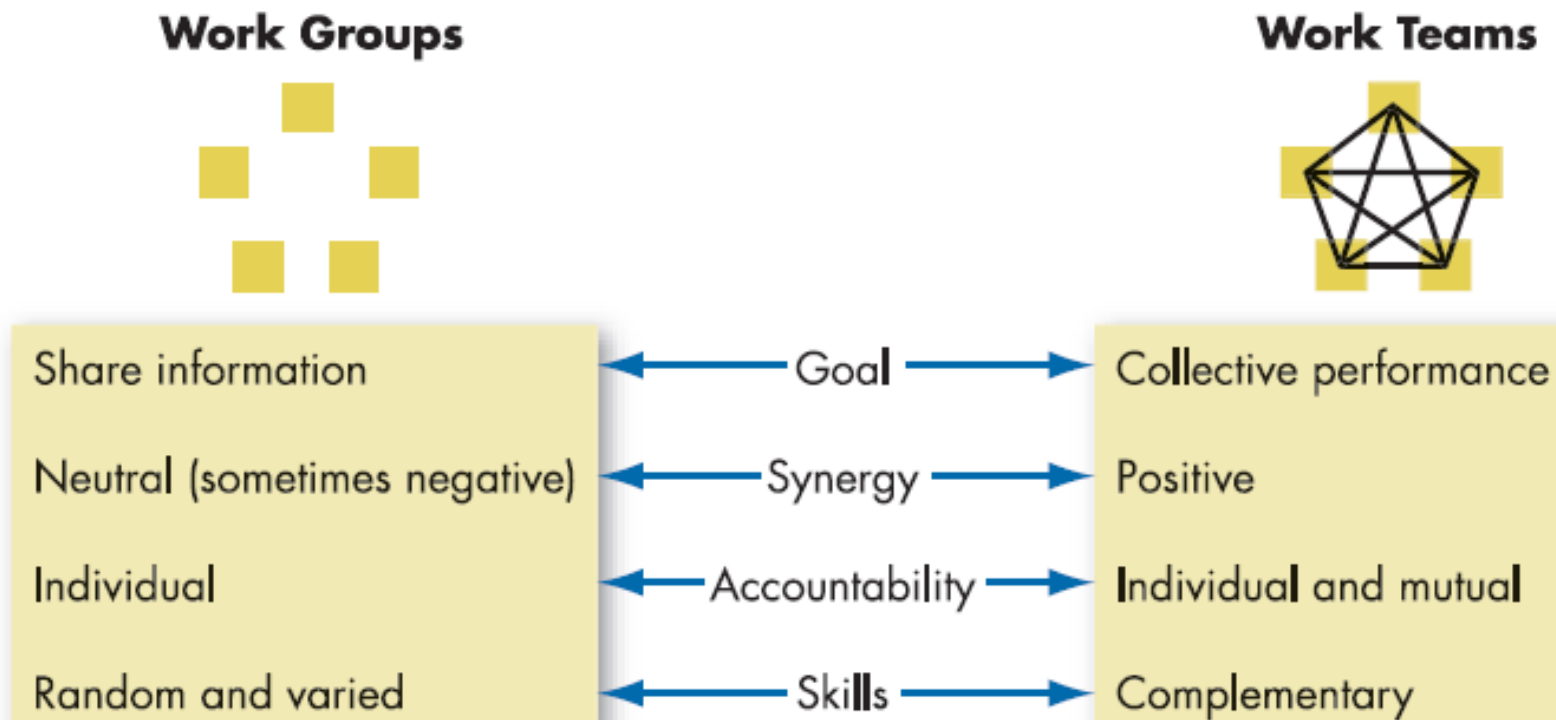


A **work team** generates positive synergy through coordinated effort. The individual efforts result in a performance that is greater than the sum of the individual inputs.

Comparing Work Groups and Work Teams

Figure 8-1

Comparing Work Groups and Work Teams

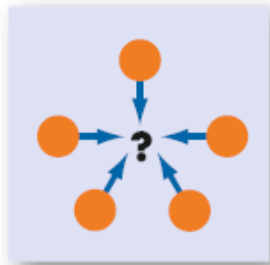


Types of Teams

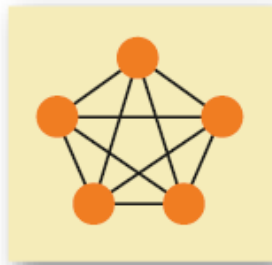
There are four types of teams.

Figure 8-2

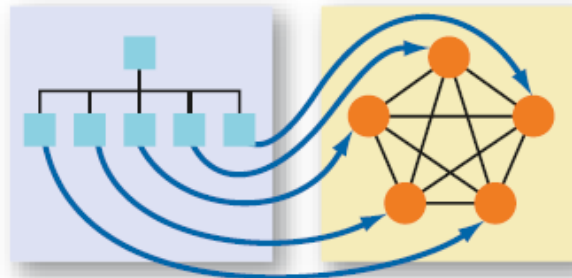
Four Types of Teams



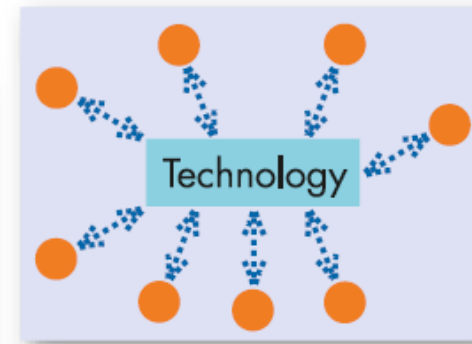
Problem-solving



Self-managed



Cross-functional



Virtual

Types of Teams (cont'd)

Problem solving teams

Groups of 5 to 12 employees from the same department who meet for a few hours each week to discuss ways of improving quality, efficiency, and the work environment.

Self-managed work teams

Groups of 10 to 15 people who take on the responsibilities of their former supervisors.

Types of Teams (cont'd)

Cross-functional teams

Employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.

- Very common
- Task forces
- Committees

Types of Teams (cont'd)

Virtual teams

Teams that use computer technology to tie together physically dispersed members to achieve a common goal.

Characteristics

- Limited socializing.
- The ability to overcome time and space constraints.

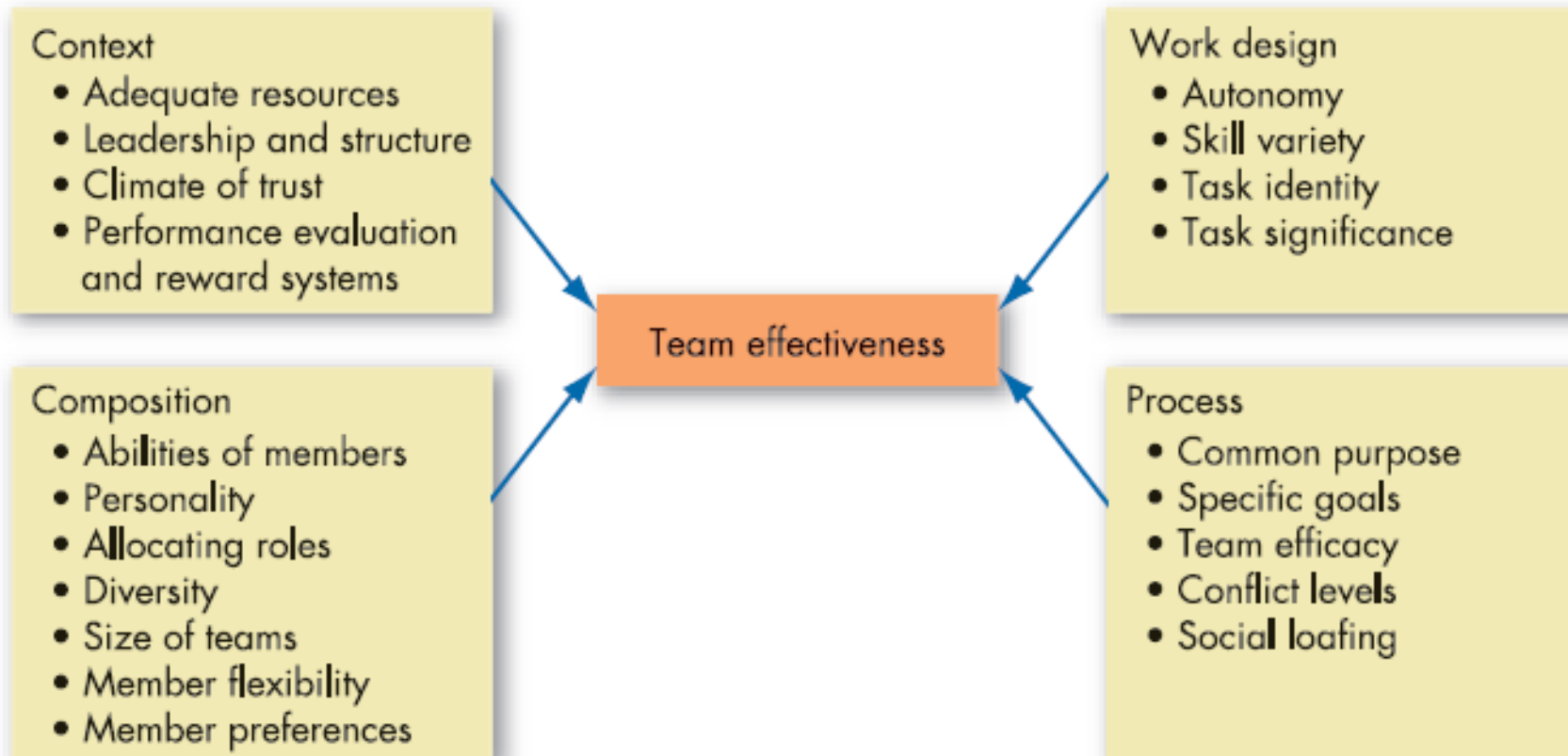
To be effective, needs:

- trust among members;
- close monitoring;
- to be publicized.

A Team-Effectiveness Model

Figure 8-3

Team Effectiveness Model



Key Components of Effective Teams

- Context
- Composition
- Work design
- Process variables



Creating Effective Teams: Context

Adequate resources

- Need the tools to complete the job.

Effective leadership and structure

- Agreeing to the specifics of work and how the team fits together to integrate individual skills.
- Even 'self-managed' teams need leaders.
- Leadership especially important in multi-team systems.

Creating Effective Teams: Context (cont'd)

Climate of trust

- Members must trust each other and their leader.

Performance and reward systems that reflect team contributions

- Cannot just be based on individual effort.

Creating Effective Teams: Composition

Abilities of members

- Need technical expertise, problem solving, decision making, and good interpersonal skills.

Personality of members

- Conscientiousness, openness to experience, and agreeableness all relate to team performance.

Creating Effective Teams: Composition (cont'd)

Allocating roles and diversity

- Many necessary roles must be filled.
- Diversity can often lead to lower performance.

Size of team

- The smaller the better: 5 to 7 is optimal.

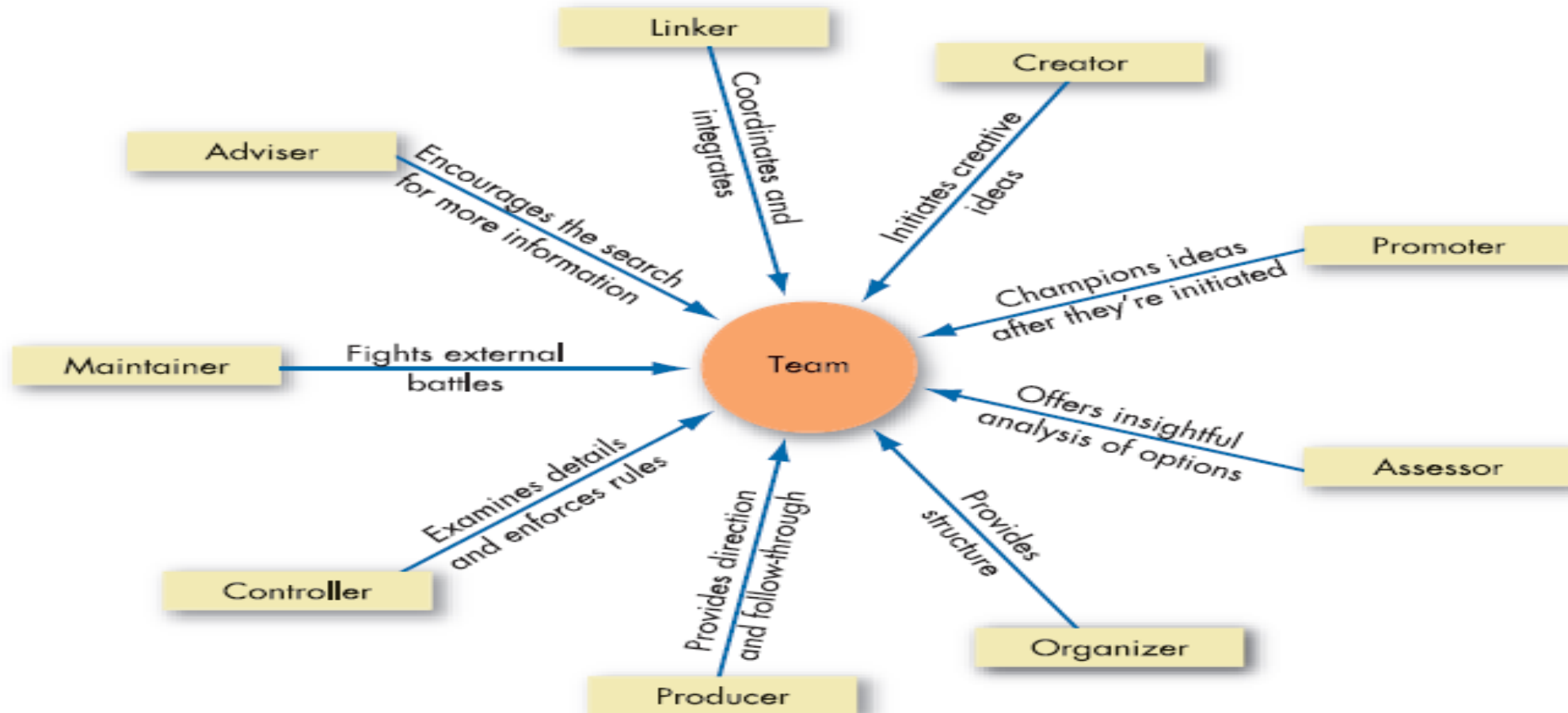
Member's preference for teamwork

- Do the members want to be on teams?

Key Roles On Teams

Figure 8-4

Key Roles of Teams



Creating Effective Teams: Work Design

Freedom and autonomy

- Ability to work independently.

Skill variety

- Ability to use different skills and talents.

Task identity

- Ability to complete a whole and identifiable task or product.

Task significance

- Working on a task or project that has a substantial impact on others.



Creating Effective Teams: Process

Commitment to a common purpose

- Create a common purpose that provides direction.
- Have *reflexivity*: willing to adjust plan if necessary.

Establishment of specific team goals

- Must be specific, measurable, realistic, and challenging.

Team efficacy

- Team believes in its ability to succeed.

Creating Effective Teams: Process (cont'd)

Mental models

- Have an accurate and common mental map of how the work gets done.

A managed level of conflict

- Task conflicts are helpful; interpersonal conflicts are not.

Minimized social loafing

- Team holds itself accountable both individually and as a team.

Creating Effective Teams: Process (cont'd)

Figure 8-5

Effects of Group Processes

Potential group
effectiveness

+

Process
gains

-

Process
losses

=

Actual group
effectiveness

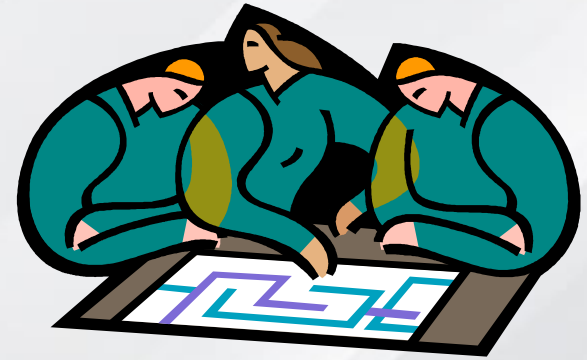
Turning Individuals into Team Players

Selection

- Make team skills one of the interpersonal skills in the hiring process.

Training

- Individualistic people can learn.



Rewards

- Rework the reward system to encourage cooperative efforts rather than competitive (individual) ones.
- Continue to recognize individual contributions while still emphasizing the importance of teamwork.

Beware! Teams Aren't Always the Answer

Teamwork takes more time and resources than does individual work.

Three tests to see if a team fits the situation:

1. Is the work complex and is there a need for different perspectives:
will it be better with the insights of more than one person?
2. Does the work create a common purpose or set of goals for the group
that is larger than the aggregate of the goals for individuals?
3. Are members of the group involved in interdependent tasks?

Summary and Managerial Implications

Effective teams have common characteristics:

- Adequate resources
- Effective leadership
- A climate of trust
- Appropriate reward and evaluation systems
- Composed of members with correct skills and roles
- Smaller

Summary and Managerial Implications (cont'd)

Effective teams have common characteristics (cont'):

- Work that provides freedom, autonomy, and the chance to contribute
- Tasks are whole and significant
- Members believe in the team's capabilities

Managers should modify the environment and select team-oriented individuals to increase the chance of developing effective teams.



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