

Learning and Decision Making

Chapter 9

- We need a framework for decision making
- There are a few provided frameworks for making good decisions

Learning defined:

- Permanent changes in an employees knowledge or skill that results from experience
- Two types: (Explicit + tacit = expertise)
 - Explicit
 - Knowledge that is easy to communicate and explain
 - (math, hard skills, sports)
 - Tacit
 - Knowledge that is hard to communicate and skills
 - Mentorships are more useful in teaching that knowledge vs reading and writing it down.
 - (leadership, language, aesthetic, intuition)
- How do you learn?
 - You are acquiring a skill
 - You are acquiring it from several sources
 - More structured
 - You cannot remember more than 7 +/- 2 things at the same time.

Methods of learning:

- Reinforcement learning
 - Methods used to induce desirable actions and reduce undesirable actions
- Observational learning
 - Learn through overcation to others: social learning theory + behavioural modelling
- Goal oriented learning

Reinforcement

Operant condition components (Reinforcement learning) : (Skinner, B.F.)

- Antecedent
 - Condition that precedes behaviour
- Behaviour
 - Action performed by employee

- Consequence
 - Result occurs after a behaviour.

There are two types of reinforcement learning:

- adding
 - More effective,
- removing
 - Less effective, when you remove the negative stipulation the unwanted behaviour resumes

Methods:

- Positive reinforcement
 - Give rewards for desirable behaviour
- Negative reinforcement
 - Remove negative effect for desirable behaviour
- Extension
 - Remove a pleasant outcome that used to follow undesirable behaviour
- Punishment
 - Add a consequence to an unwanted outcome.

Schedules of positive reinforcement

- Continuous
 - Praise, constant positive reinforcement
- Interval based
 - Fixed (Paycheck)
 - Variable (Higher-ups walking by)
- Ration based
 - Fixed - Piece pay
 - Variable - commission pay

Observation

People learn through observation of others

- People learn by seeing others do it
- Common example is a kid learning from their parents.
- Mentoring and training

Goal Based

Some people learn differently as a function of the goals and activities that they prioritize

- Goal orientation
 - Learning
 - Performance-prove (demonstrate competence for approval)

- Performance-avoid (demonstrate competence / people don't think bad)

Decision making:

The process of generating and choosing from a set of alternatives to solve a problem

- Learning has a significant impact on decision making

Related to knowledge, you have to know in order to make good decisions

If you've made decisions before you can use your gut feelings in order to make decisions on the fly

Determine criteria -> Generate list of available solutions -> Evaluate against the criteria -> Choose the solution that has the max value -> Implement appropriate solution -> does the solution deliver the expected outcome?

Common reasons for making bad decisions:

- Limited knowledge
- Faulty perceptions
- Faulty attributions
- Escalation of Commitment

Bounded rationality:

- We are rarely rational decision makers
 - Problem defined in terms of what we know or perceive
 - Possible solutions are also limited to what we know or perceive
 - Choose first solution that seems acceptable
 - Little if any evaluation of decision outcomes.

Heuristics and decision-making biases

- Availability (of information)
- Anchoring (rely on one piece of information)
- Framing (make # decisions based on presentation of question)

- Representativeness (Gambler's fallacy)
- Contrast
- Recency (weight recent events more)
- Ratio bias (Use smaller numbers rather than large numbers in ratios)

People have a tendency to judge others behaviours as due to internal factors

- Low motivation
- Poor organization skills
- Other negative internal attributes

Escalation of commitment:

The decision to follow a failing course of action

- Throwing good money after bad

Selfish:

- Be careful about how important is learning

MC question:

- Which of the following is true:
 - ** The fundamental attribution error can lead to incompetent people being considered competent when in fact their success was simply a matter of luck **
 - The self serving bias involve making situational attributions for our success (No)
 - A decision-maker who engages in satisficing will choose the best possible solution (no, because satisficing stops after picking the first possible solution)
 - None of the above