

ORGANISATIONAL BEHAVIOUR

**‘PERCEPTION AND INDIVIDUAL
DECISION MAKING’**

What Is Perception?

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

Why is perception important in the study of Organizational Behavior (OB)?

It is important 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 behaviorally important. In other words, our perception becomes the reality from which we act.

Factors That Influence Perception

Perceiver : interpretation of what you see is influenced by your personal characteristics—attitudes, personality, motives, interests, past experiences, and expectations.

Target: the object being perceived; characteristics of the target such as loud, attractive, women, men, whites, African Americans, Asians, or members of any group

Context: time at which we see an object or event;

Awareness and Objective measures can reduce our perception distortions.

Attribution Theory

Explains the ways we judge people differently, depending on the meaning we attribute to a behavior, such as determining whether an individual's behavior is **internally** or **externally** caused.

Determination depends largely on three factors:

1. Distinctiveness
2. Consensus
3. Consistency

Internally: personal behavioral of the person

Externally: situation forced the individual

Determination Factors of Internal & External

Distinctiveness: Whether an individual displays different behaviours in different situations; *Is the employee who is late today also one who blows off commitment? If the behaviour is unusual for them?*

Consensus: Behaves similarly in similar situations; Is everyone late today? If not, then internal cause, If so, then external

Consistency: Is the employee always late?

Fundamental Attribution Error

“Tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behavior of others.”

- why a sales manager attributes the poor performance of her sales agents to laziness rather than to a competitor's innovative product line.

Self-Serving Bias

“Tendency for individuals to attribute their own successes to internal factors and put the blame for failures on external factors.”

-own successes to internal factors such as ability or effort while blaming failure on external factors such as bad luck or difficult coworkers.

COMMON SHORTCUTS IN JUDGING OTHERS

1. Selection Perception: *The tendency to selectively interpret what one sees on the basis of one's interests, background, experience and attitudes*
2. Halo and Horns Effects: *The tendency to draw a general impression about an individual on the basis of a single characteristic*
3. Contrast Effect: *Evaluation of a person's characteristics that is affected by comparison with other people recently encountered who rank higher or lower on the same characteristics*
4. Stereotyping: *Judging someone based on one's perception of the group to which that person belongs*

APPLICATION OF THESE SHORTCUTS

1. Job Interview

2. Performance Expectations

–Self-fulfilling Prophecy & Pygmalion effect: A situation in which a person inaccurately perceives a second person, and the resulting expectations cause the second person to behave in ways consistent with the original perception

3. Performance Evaluation

–Subjective Evaluation

THE LINK BETWEEN PERCEPTION AND INDIVIDUAL DECISION MAKING

- **Decisions:** Choices made from among two or more alternatives.
 - Top Manager, Mid-level managers and Non-managerial employees are all involved in making decisions
- **Problem:** A discrepancy between the current state of affairs and some desired state.

“Decision making occurs as a reaction to a problem”

“One person’s problem is another person’s satisfactory state of affairs.”

DECISION MAKING IN ORGANISATIONS

To improve the way we make decisions in organisations, we must understand the decision-making errors people commit.

The Rational Model: consistent, value-maximizing choices within specified constraints.

Bounded Rationality: decisions by constructing simplified models that extract the essential features from problems without capturing all their complexity

Intuition: unconscious process created out of distilled experience; relies on holistic associations, or links between disparate pieces of information; is fast; and is affectively charged

The Rational 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.

Common Biases and Errors in Decision Making

Overconfidence Bias: being overconfident about our abilities and the abilities of others; –Especially novices

Anchoring Bias: tendency to fixate on initial information, from which one then fails to adjust adequately for subsequent information.

Confirmation Bias: tendency to seek out information that reaffirms past choices and to discount information that contradicts past judgments.

Availability Bias: tendency for people to base their judgments on information that is readily available to them.

Common Biases and Errors in Decision Making

Escalation of Commitment: increased commitment to a previous decision despite negative information.

Randomness Error: tendency of individuals to believe that they can predict the outcome of random events.

Risk Aversion: Tendency to prefer a sure gain of a low amount over a riskier outcome, even if the riskier outcome might have a higher expected payoff.

Hindsight Bias: tendency to believe falsely, after an outcome of an event is actually known, that one would have accurately predicted that outcome.

Individual Differences

- Personality

- Achievement-seeking and Dutiful People

- Achievement-seeking – escalation of commitment and hindsight bias and Dutiful People

- Gender

- Overanalyse

- Mental Ability

- Cultural Differences

Organisational Constraints

- Performance Evaluation
- Reward Systems
- Formal Regulations
- System-imposed Time Constraints
- Historical Precedents

END

Good Job!

THANK YOU!