

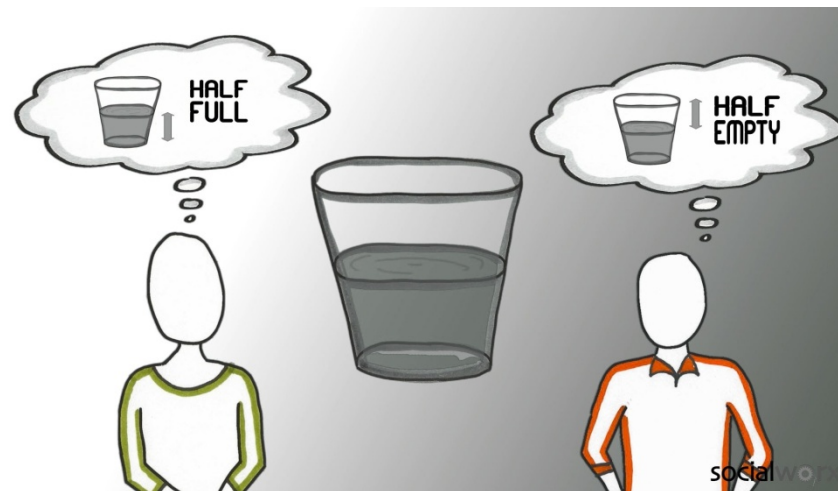
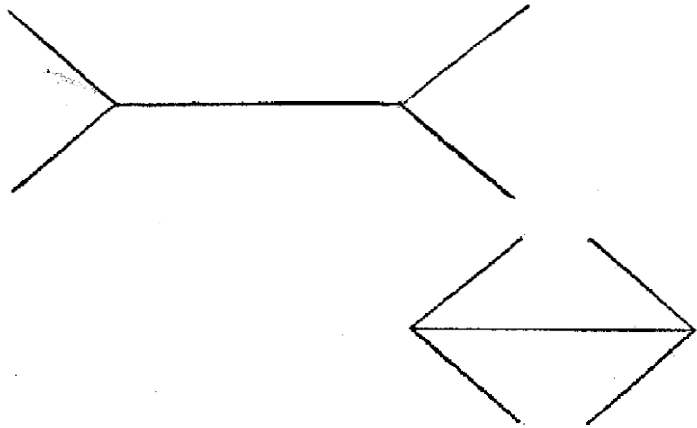


Organizational Behaviour

Perception, Attribution & Decision Making

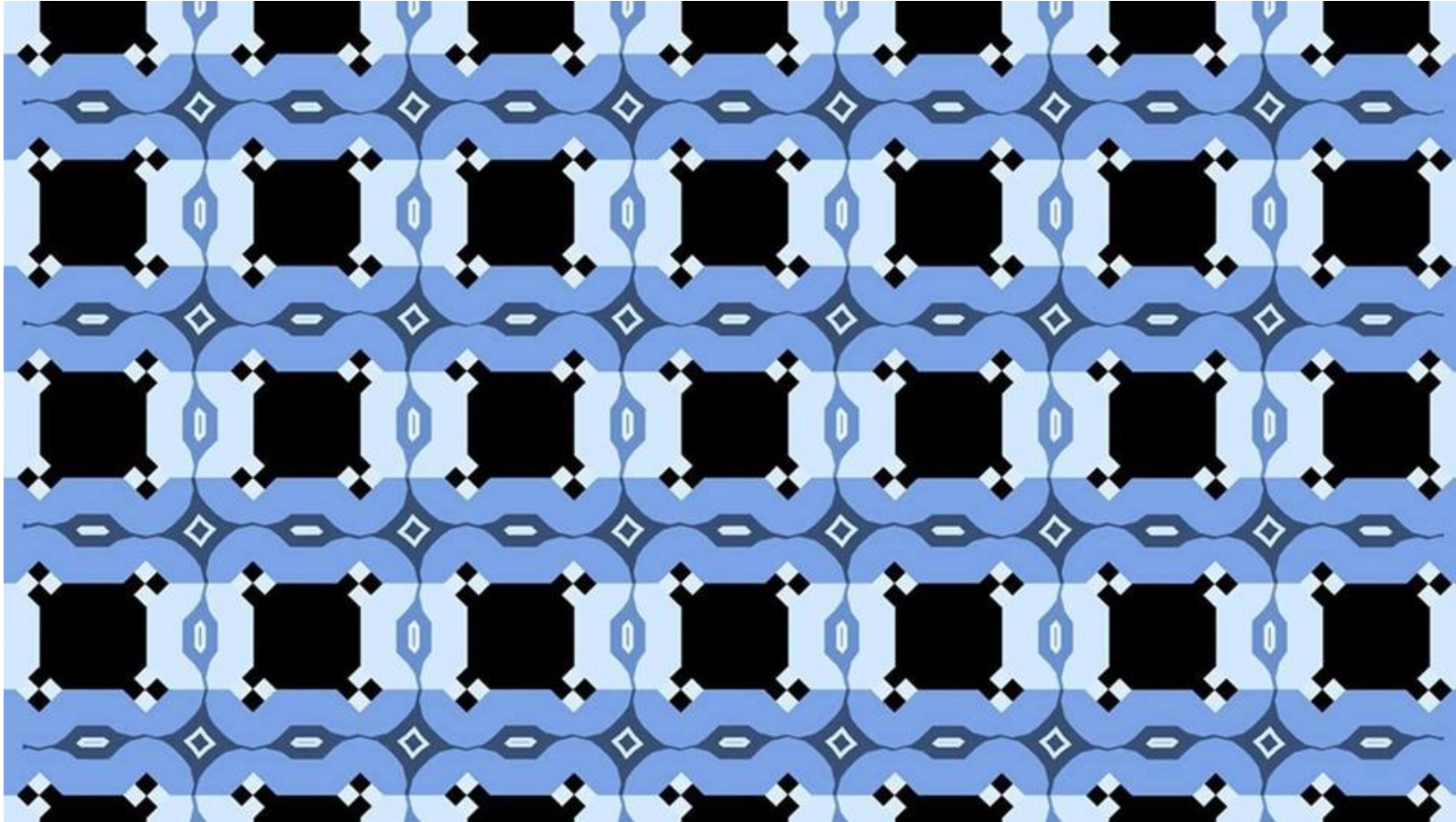
Prof. S Patanjali
E-MBA Sem I/ 2019

Perception . . .





Perception . . .



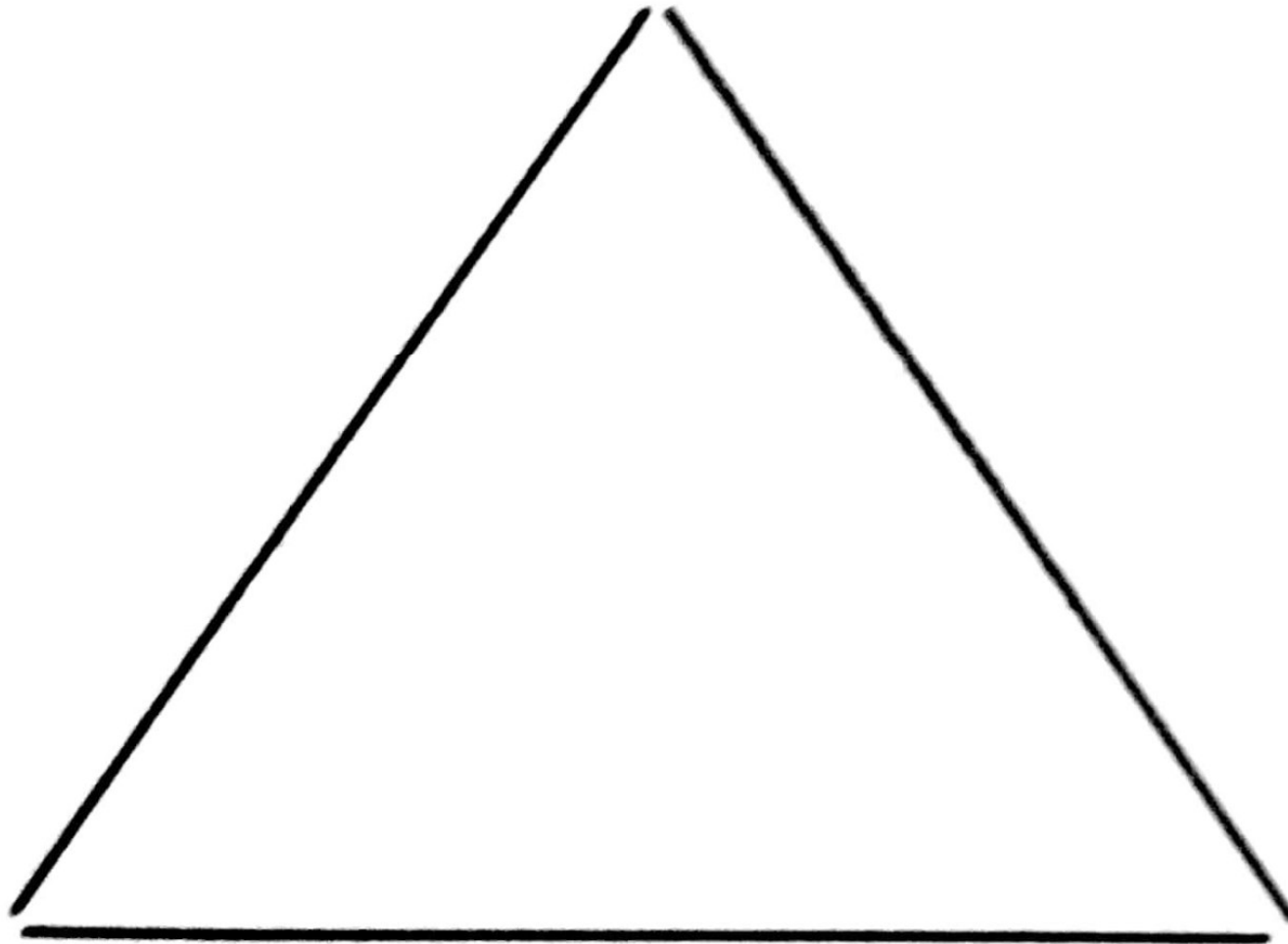






Perception (the Closure Phenomenon)

SIBM
Bengaluru
Birthplace of Business Leaders





Your friend fails an exam that both of you have given. She always seems to get a low grade. You begin to think that she is lazy; she's more involved in activities other than studying; that she is not interested in studies. However, it is possible that she may be having trouble retaining information, or that there may be circumstances at home that do not permit her to study enough for any upcoming test.

Someone is having trouble starting their car. You decide to help the person by giving her a piece of advice on something they should do to get the car started. The person shoots you down, snaps at you, or just ignores you. You get angry yourself and dismiss the person as a rude, misbehaved individual who does not value the help someone is trying to offer. It is probably likely that a lot of people have offered the person the same piece of advice that you did and it didn't work; or that the person has already had a rough day and the car getting spoiled was the cherry on the icing.

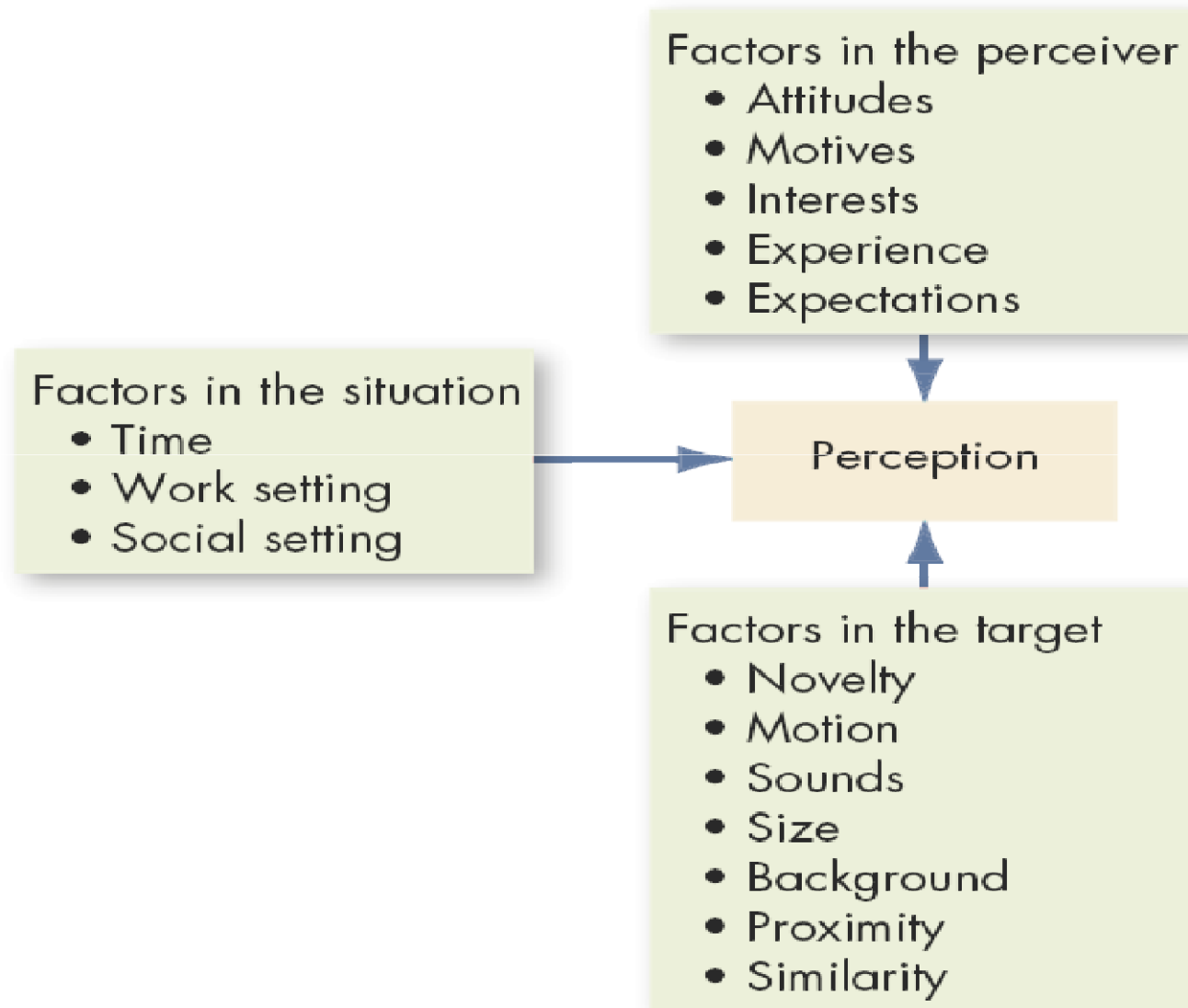


Definition

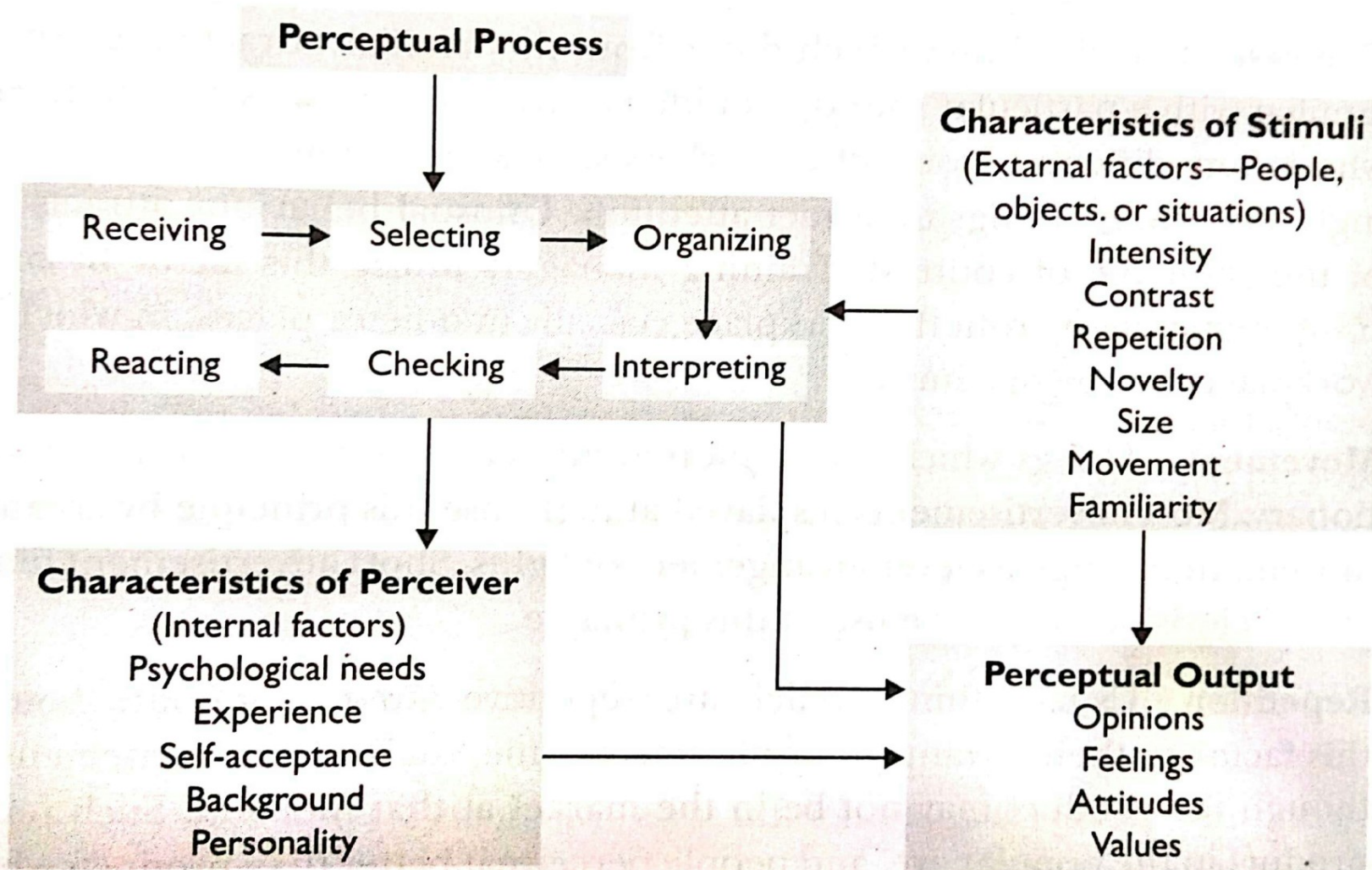
- ✓ **Perception** is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment
- ✓ It is important to the study of OB because people's behaviors are based on **what we perceive as reality, not on reality itself**



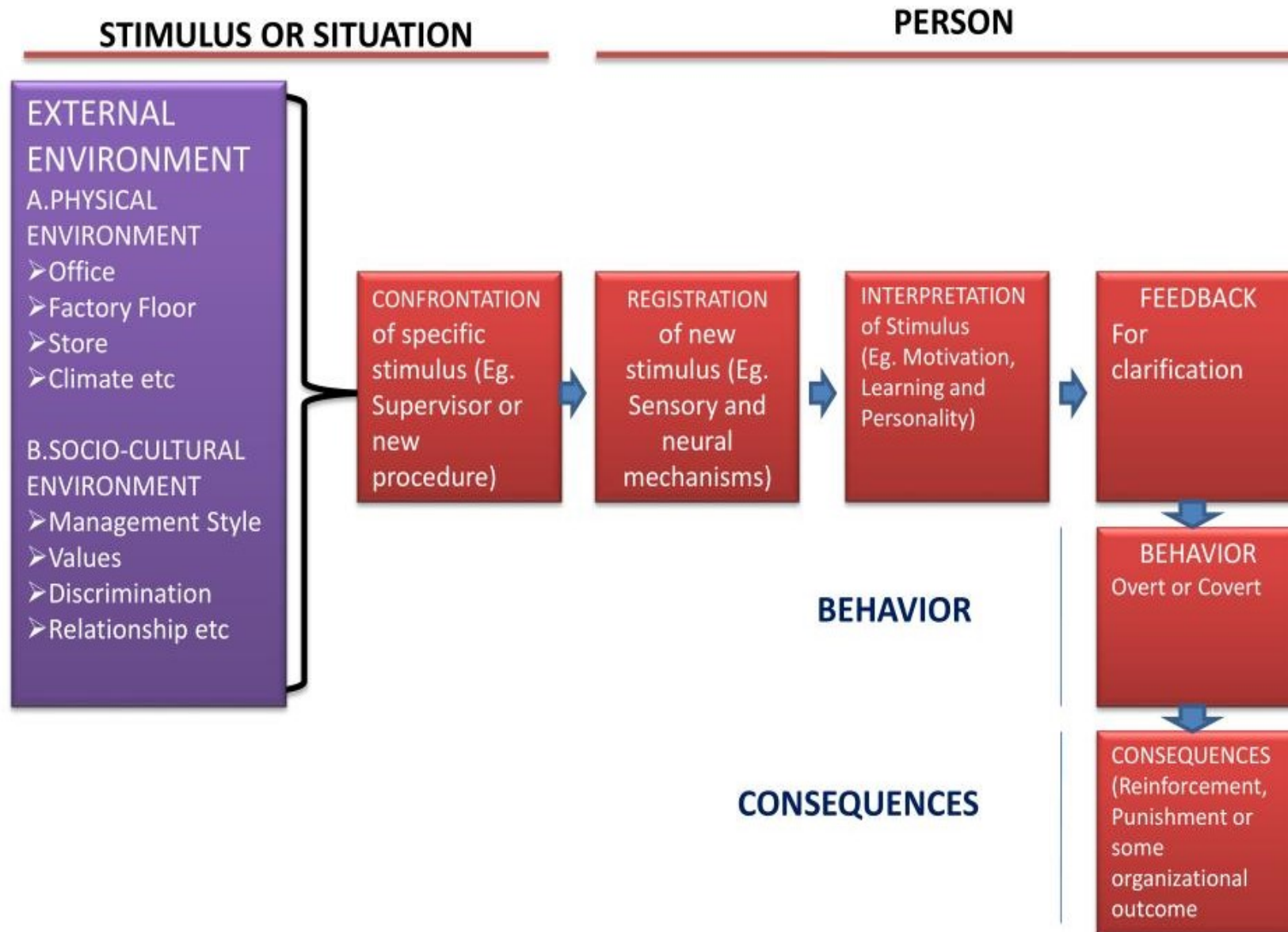
Factors Influencing Perception



The Perceptual Process



The Sub-Processes of Perception





Attribution Theory: Judging Others



- ✓ **Attribution** = the inferences we make about the causes of other people behaviour
- ✓ 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 and Bias

✓ **Fundamental attribution error**

➤ We have a tendency to:

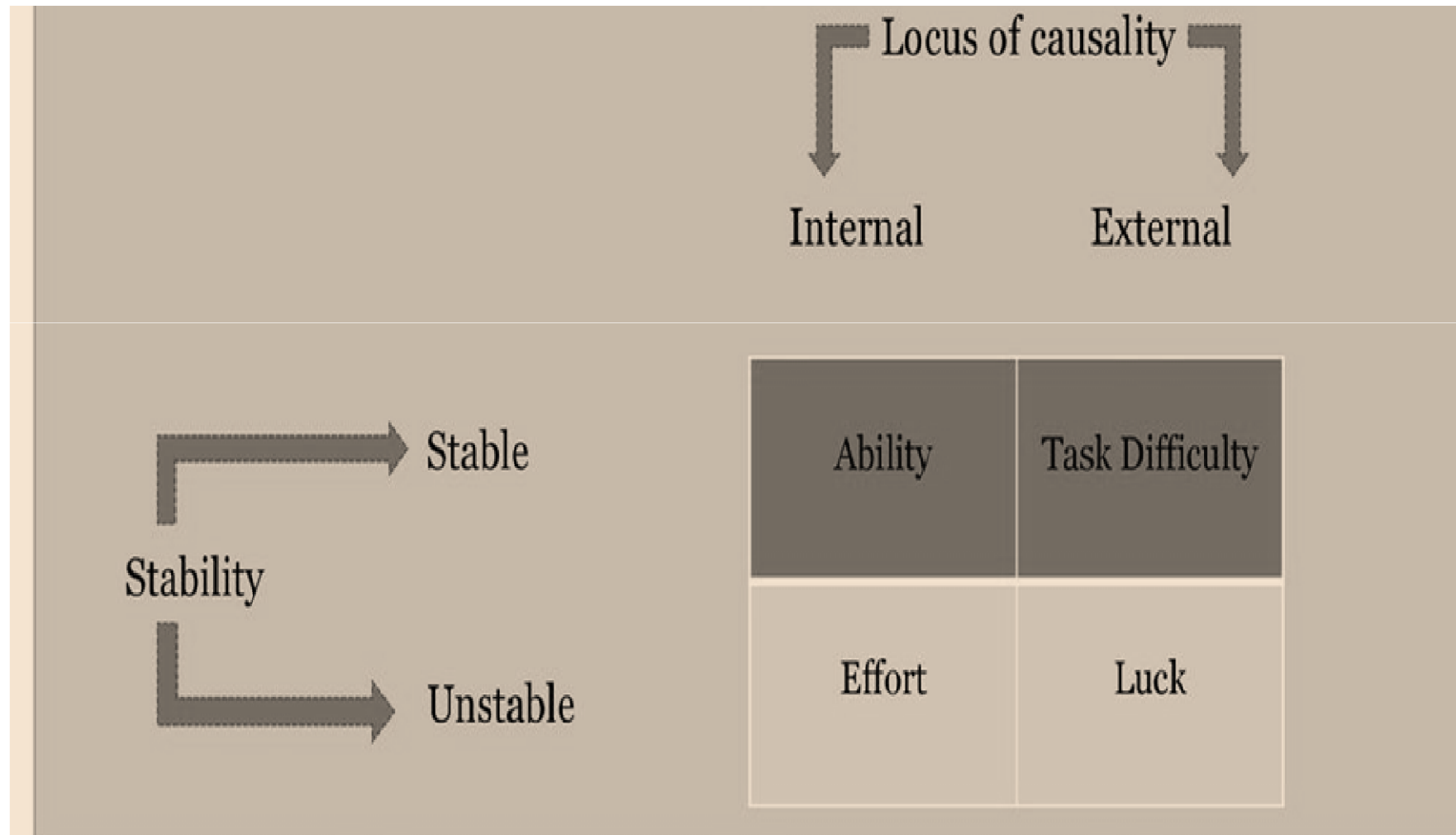
- underestimate the influence of external factors; and
- overestimate the influence of internal or personal factors

✓ **Self-serving bias**

➤ Individuals attribute their own successes to internal factors



Weiner's Attribution Theory (also, Locus of Control)





Attribution Theory

Causes of behaviour may be Internally or Externally caused, that is within the individual's control or forced by a situation

We can find out by looking at three factors:

- 1) Distinctiveness: Does the individual display different behaviors in different situations (ex. Is the employee late for work today, or always later for all activities?)
- 2) Consensus: does everyone in a situation respond in the same way (ex. everyone is late because they were on the same train which was late?)
- 3) Consistency: does the individual respond in the same way over time (ex. coming late several times a week?)



Attribution Theory & Behaviour



- ✓ The salesman is not likely to work harder this year unless he thinks that his raise is a factor within his control and specific to how he performs on the job



Attribution Theory & Behaviour

- ✓ A Salesman is not given a raise after his Performance Appraisal. He might think that:
 - “I am stupid” (internal, uncontrollable)
 - “I just never work sufficiently hard” (internal, controllable)
 - “I am tactless / not adequately skilled” (internal, controllable)
 - “I had a very bad last year on all fronts” (internal, uncontrollable)
 - “My company has very tough benchmarks” (external, uncontrollable)
 - “Just bad luck this time” (external, uncontrollable)
 - “My friends could not help me” (external, uncontrollable)
 - “I am not in the good books of my boss” (external, & controllable)



Attributions, Shortcuts and Biases



✓ 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

✓ Overconfidence Bias

- Individuals whose intellectual and interpersonal abilities are weakest are most likely to overestimate their performance and ability

✓ Anchoring Bias

- Fixating on initial information as a starting point and failing to adequately adjust for subsequent information.



Attributions, Shortcuts and Biases



- ✓ Confirmation Bias
 - Type of selective perception
 - Seek out information that reaffirms past choices, and discount information that contradicts past judgments

- ✓ Availability Bias
 - Tendency for people to base judgments on information that is readily available



Attributions, Shortcuts and Biases



- ✓ Escalation of Commitment
 - Staying with a decision even when there is clear evidence that it's wrong.
 - Escalation is most likely to occur when individuals view themselves as responsible for the outcome

- ✓ Randomness Error
 - Our tendency to believe we can predict the outcome of random events.
 - Decision making becomes impaired when we try to create meaning out of random events.



Attributions, Shortcuts and Biases



- ✓ Risk Aversion
 - The tendency to prefer a sure thing instead of a risky outcome.

- ✓ Hindsight Bias
 - The tendency to believe falsely that one has accurately predicted the outcome of an event, after that outcome is actually known



Attributions, Shortcuts and Biases



- ✓ Selective Perception
 - People selectively interpret what they see on the basis of 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



Applications in Organizations



Performance Expectations

- Evidence demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty
- **Self-fulfilling prophecy**, or the ***Pygmalion effect***, characterizes the fact that people's expectations determine their behavior
- Expectations become reality

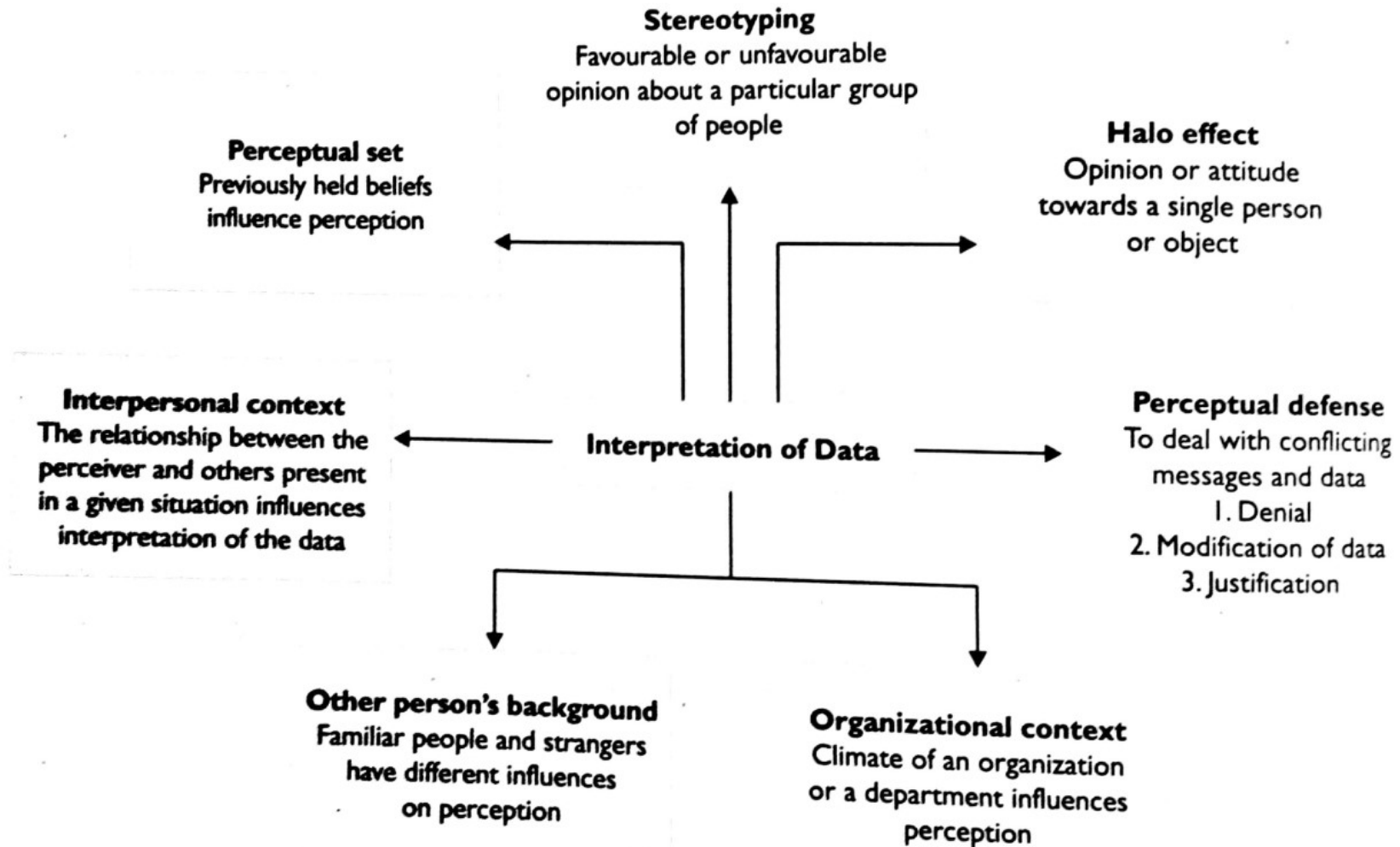


Performance Evaluation

- An employee's performance appraisal is very much dependent upon the perceptual process
- Many jobs are evaluated in subjective terms
- Subjective measures are problematic because of selective perception, contrast effects, halo effects, and so on



Factors Contributing to Interpretation of Data





Individual Differences in Decision-Making

- ✓ Personality
 - Conscientiousness may effect 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
 - “Rumination”
 - Women are more empathetic



Individual Differences in Decision-Making



- ✓ Mental Ability
 - People with high mental ability are able to
 - Process information more quickly, solve problems more accurately and learn faster
 - We might expect them to be less susceptible to common decision errors
 - It is true that smart people are just as likely to fall prey to anchoring, overconfidence and escalation of commitment
- ✓ Cultural Differences
 - People from different cultures make decisions differently
 - Cultures differ in time orientation, importance of rationality and their preference for collective decision making



Rational Decision Making

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



Reducing Biases and Errors

1. Focus on Goals: Clear goals make decision making easier and help you eliminate options that are inconsistent with your interests
2. Look for Information that Dis-Confirms Your Beliefs: When we overtly consider the various ways we could be wrong, we challenge our tendencies to think we are smarter than we actually are
3. Don't try to Create Meaning out of Random Events: Some event are outside our control. Ask yourself are there are really patterns or merely coincidences. Don't attempt to create meaning out of coincidences
4. Increase your Options: The more alternatives you can generate, and more diverse these alternatives, the greater the chance of finding the right option



Implications for Managers . . .

- ✓ Be aware of biases. Then try to minimize their impact
- ✓ Combine rational analysis with intuition. These are not conflicting approaches to decision making. By using both, you can actually improve your decision making effectiveness
- ✓ To influence productivity, assess how your employees perceive their jobs. Clue into employee absenteeism, turnover, and job satisfaction levels for indicators of their perception
- ✓ Adjust your decision making approach to ensure compatibility with the organizational Culture and your organizations values



End!



Any questions?