

Organizational Behavior

Meeting-4



PERCEPTION & DECISION MAKING

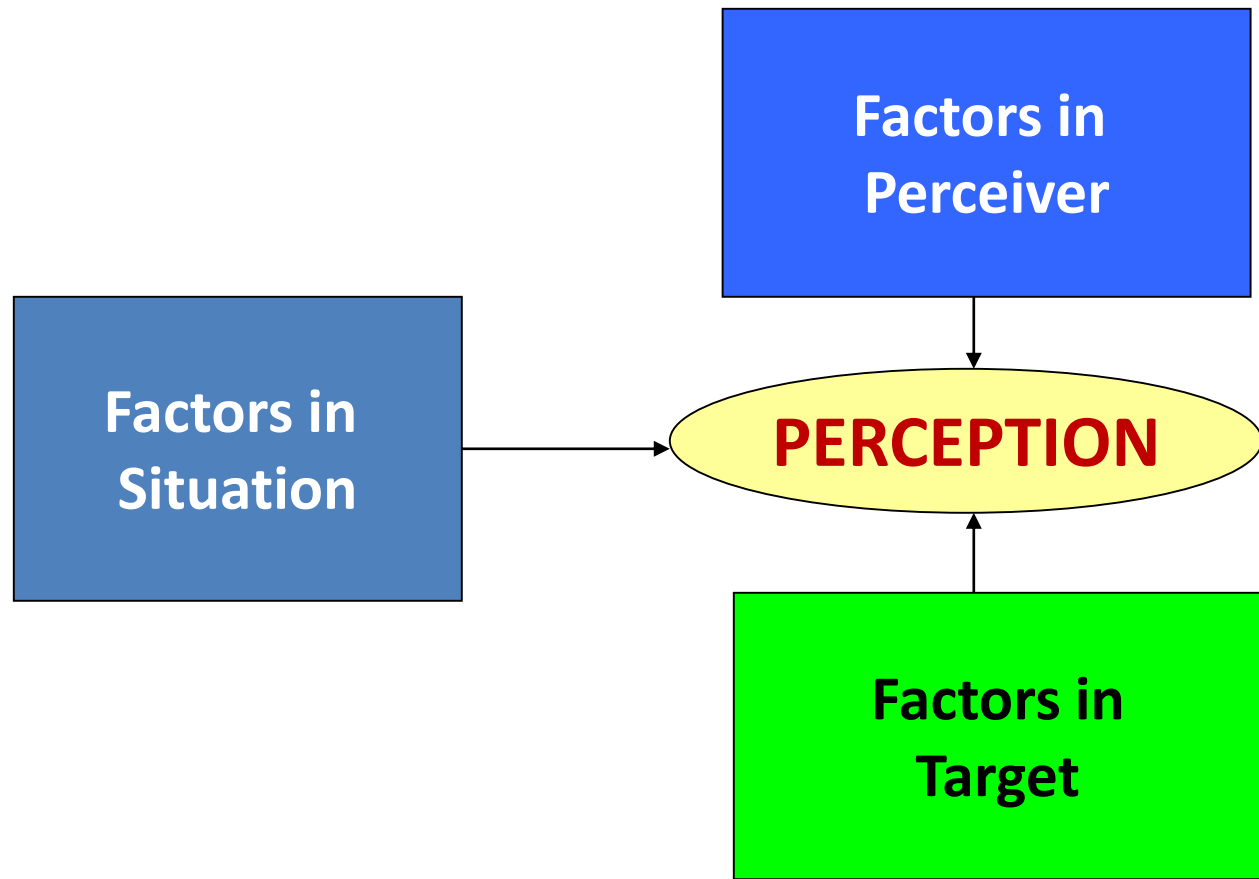
PERCEPTION

Perception is a process by which individuals organize and interpret their *sensory impressions* in order *to give meaning* to their environment.

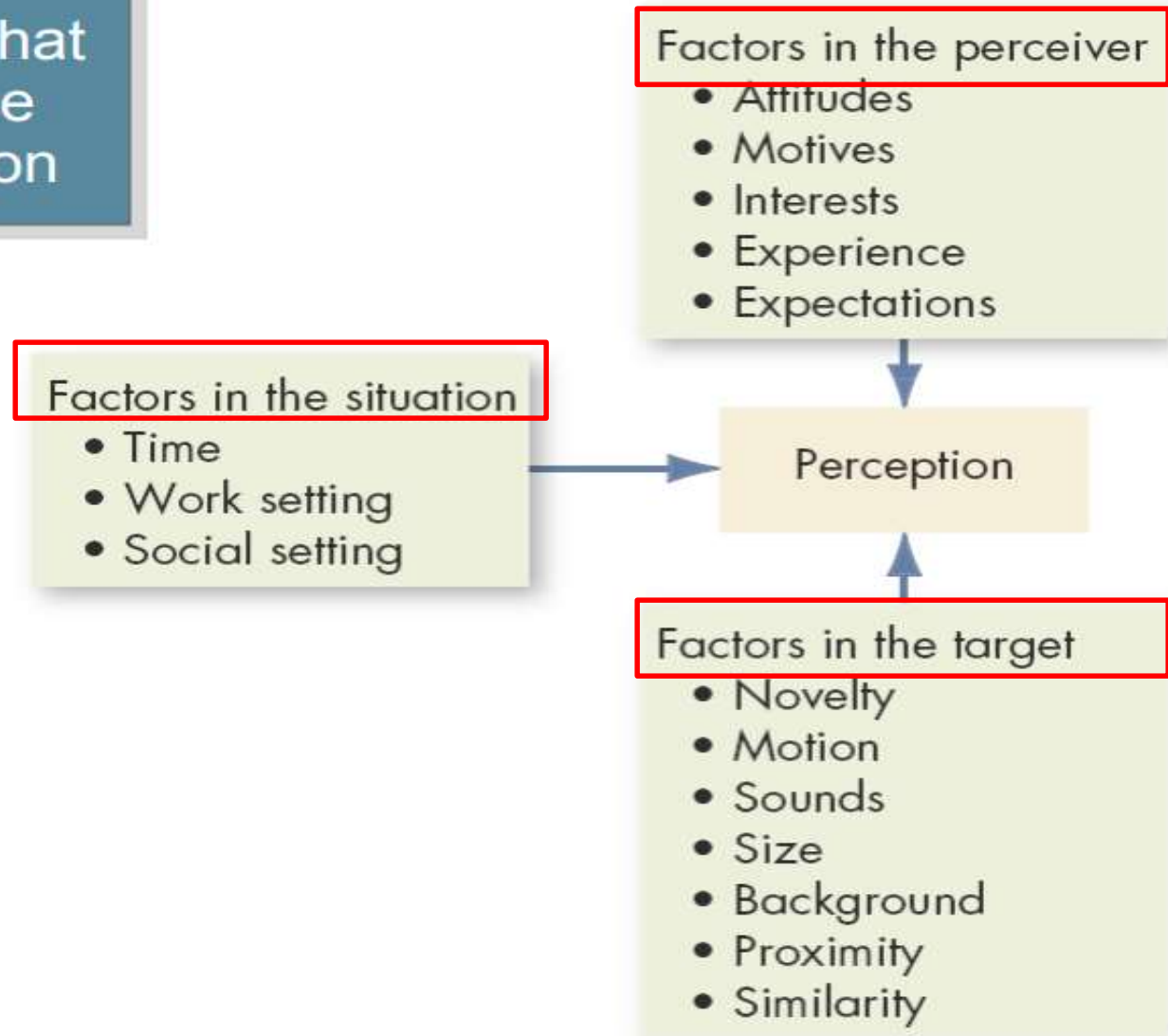
Why is perception important in the study of OB?

- People's behaviors are based on their perception of what reality is, *not on reality itself*
- Individuals judge others *according to their personal perceptions*
- Decisions and the quality of the final determination of individuals in an organization *largely influenced by perception*

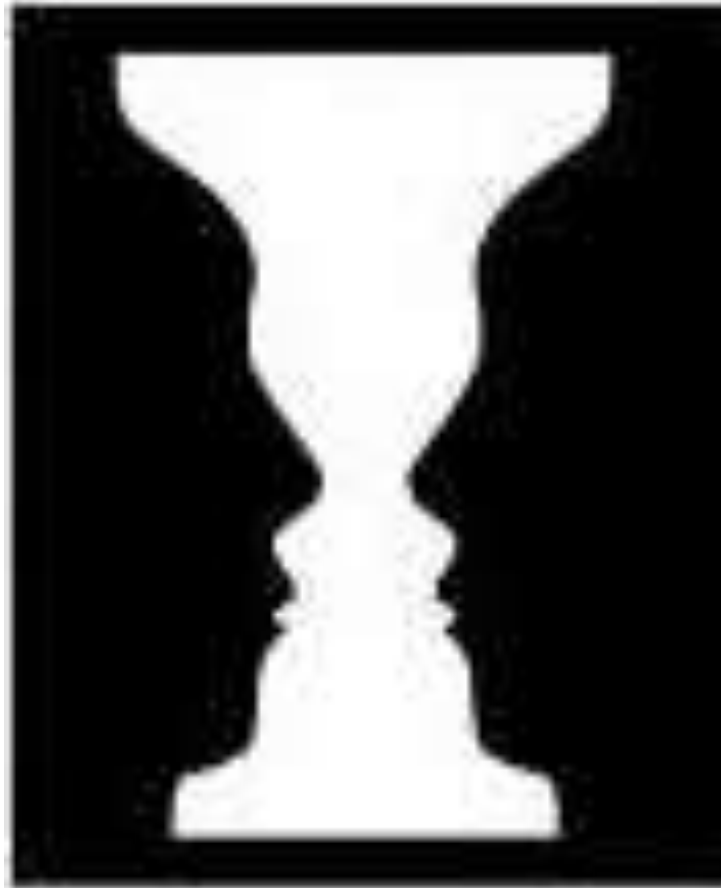
FACTORS AFFECTING PERCEPTION



Factors That Influence Perception



What picture is this?



What picture is this?



What picture is this?



What picture is this?



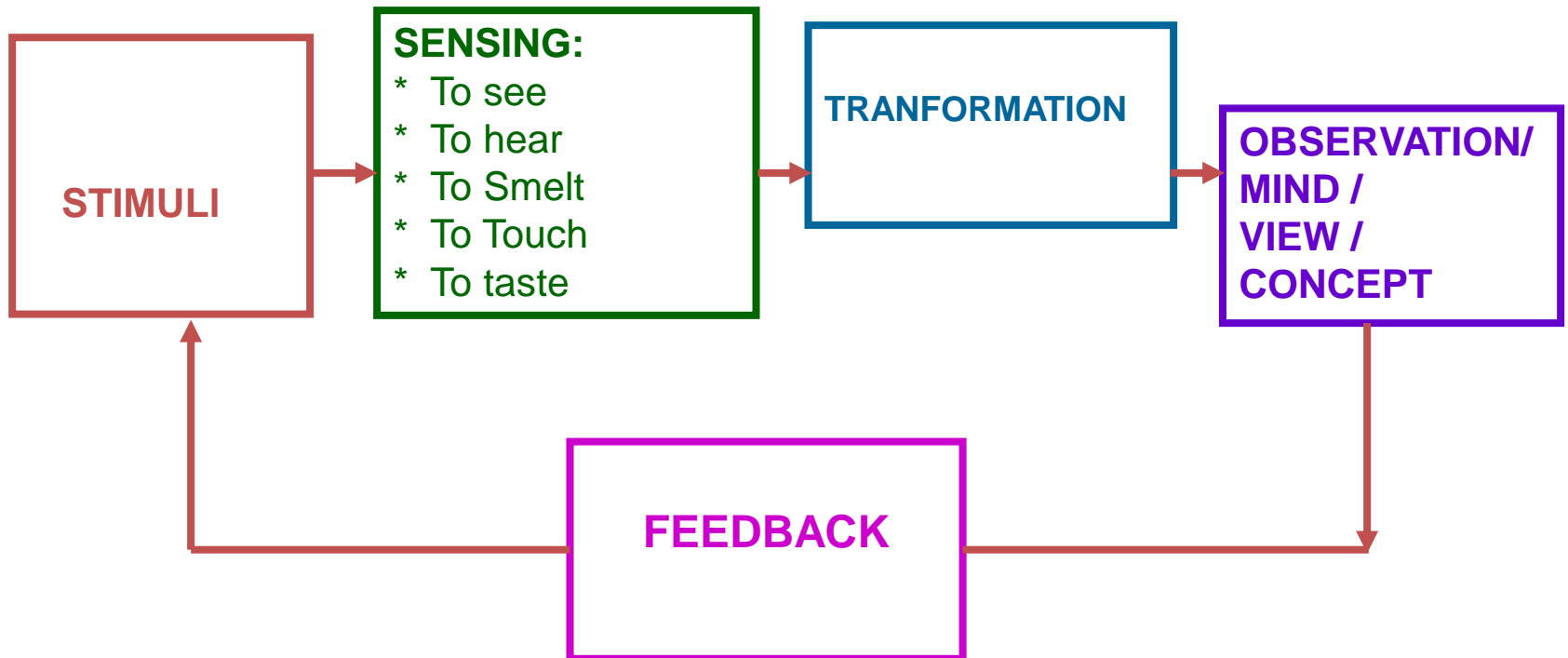
What picture is this?



Perception process: 6 Steps

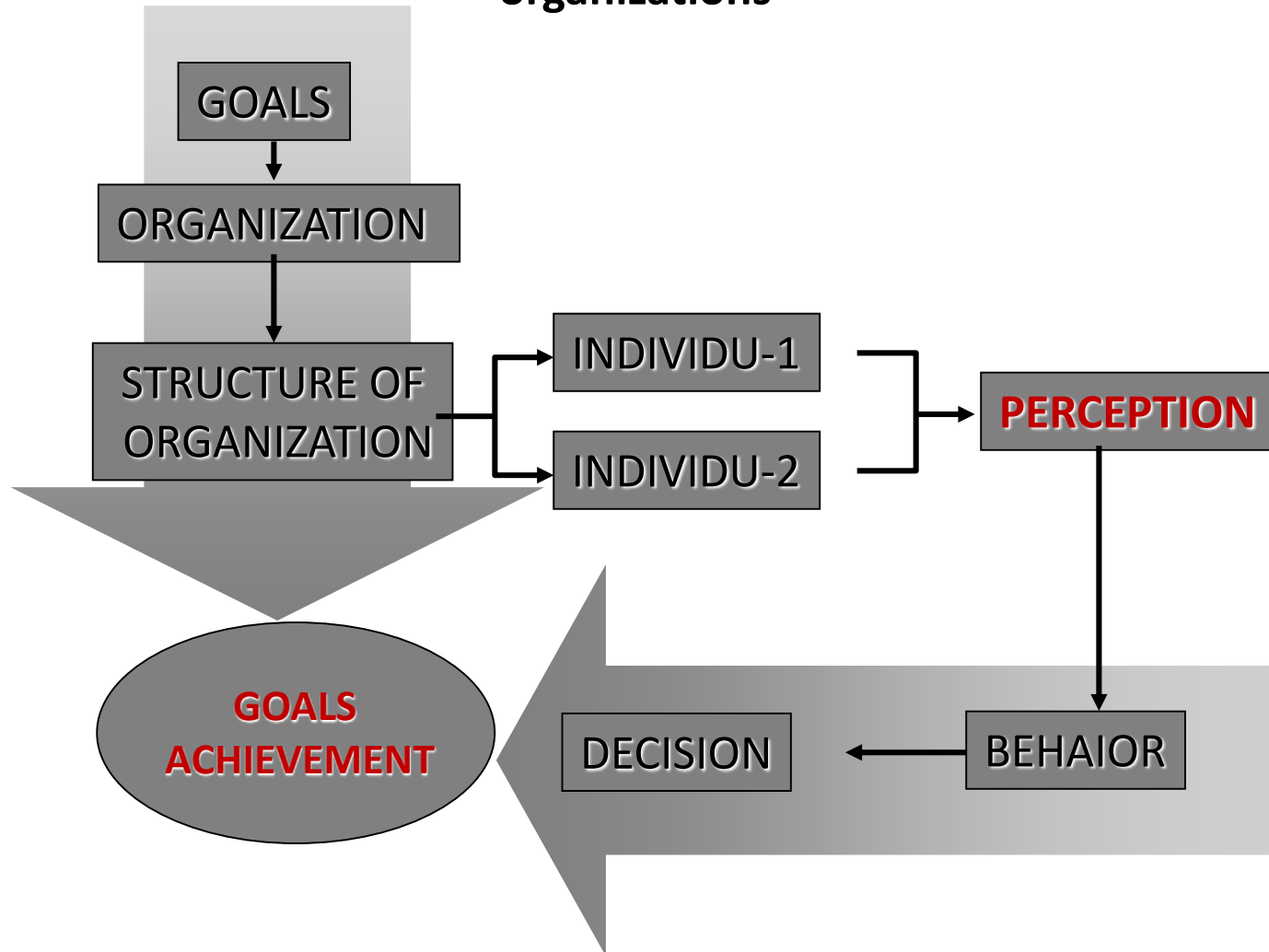
- 1. Stimuli**
- 2. Organising (or Receiving Stimuli)**
- 3. Selective Attention (or Selecting Stimuli)**
- 4. Perceptual Organisation**
- 5. Interpreting**
- 6. Response**

Process of Perception



Perception

The importance of perception in organizations



ATTRIBUTION THEORY

Attribution theory

- Attribution theory tries to explain the ways in which we judge people differently, depending on the meaning we attribute to a given behavior
- Attribution is *perception in making judgments* on others
- **Ex :** If one of your employees is late for work, you might attribute that to his partying into the wee hours and then oversleeping. This is *an internal attribution*. But if you attribute lateness to an automobile accident that tied up traffic, you are making *an external attribution*.

Perception Makes judgments on others

1. Attribution theory

When individuals observe the behavior of others, they try to determine whether the behavior is caused by :

- **Internally caused** – those that are believed to be under the *personal control of the individual*.
 - **Externally caused** – resulting from *outside causes*
-
- The determination depends on three factors:
 - Distinctiveness
 - Consensus
 - Consistency

2. Relationship Theory

- **Distinctiveness/ Specificity/ Uniques**

Does an individual exhibit different behaviors in different situations?

High specificity → **internal**

- **Consensus**

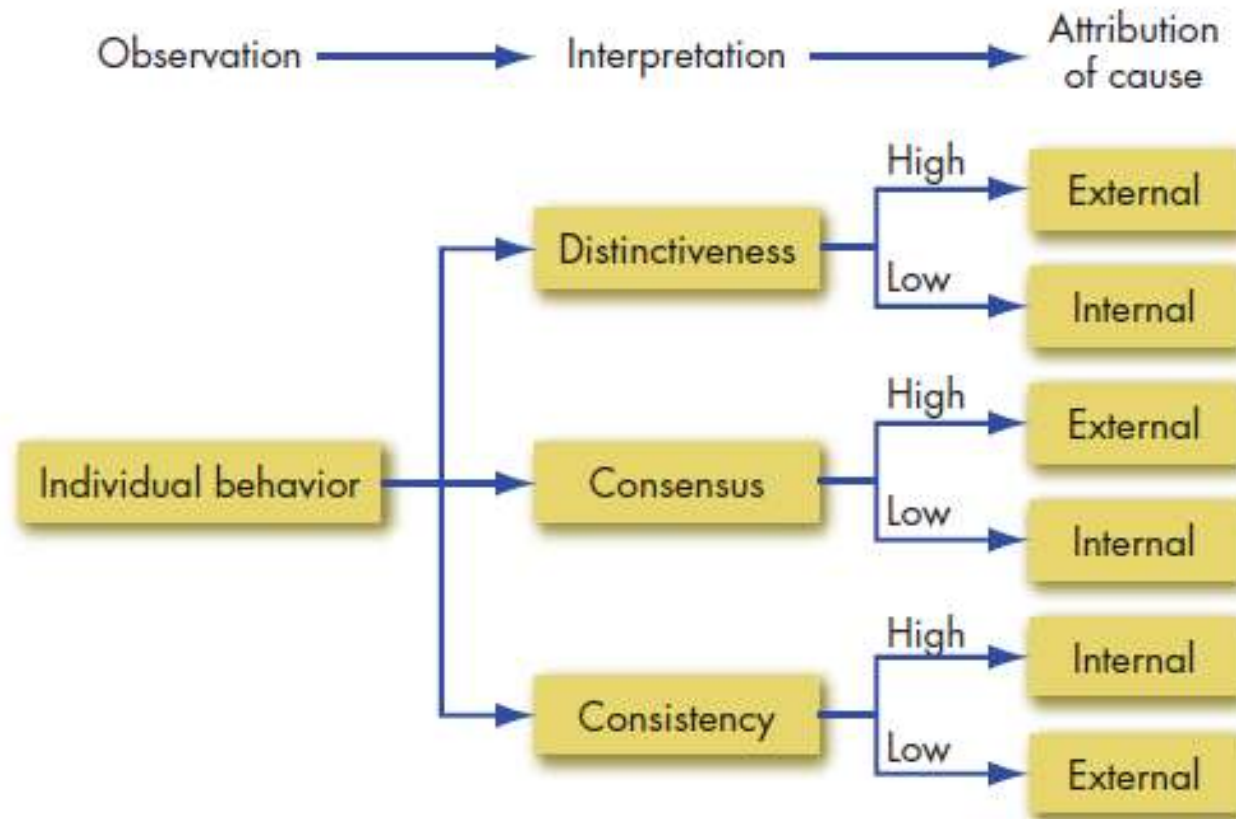
If individuals in similar situations show the same response

If consensus is high → **external**

- **Consistency**

The more consistent, the tendency of **internal factors is stronger**

Relationship Theory



ERRORS AND BIASES IN ATTRIBUTION

- **Fundamental attribution error**

- We have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
- Example: if the sales target is not reached, it is because the salesman is lazy

- **Self-serving bias**

- Individuals attribute their own successes to internal factors.
 - If we are success → Perceived as “Internal factors”
 - If we are failure → Perceived as “External factors”

- **Selective perception**

- Any characteristic that makes a person, object, or event stand out will increase the probability that it will be perceived.

- Since we can't observe everything going on around us, we engage in selective perception.

Example: Managers who criticize the state of the company in accordance with their fields only

- **Halo effect**

- The halo effect occurs when we draw a general impression on the basis of a single characteristic.

- **Contrast effects**

- We do not evaluate a person in isolation.
- Our reaction to one person is influenced by other persons we have recently encountered.
- For example, an interview situation in which one sees a pool of job applicants can distort perception.
 - Distortions in any given candidate's evaluation can occur as a result of his or her place in the interview schedule.

- **Stereotyping**

- Judging someone on the basis of our perception of *the group to which he or she belongs (ethnicity, nationality, race, religion, etc.)*
- This is a means of simplifying a complex world, and it permits us to maintain consistency.
 - We have to monitor ourselves to make sure ***we're not unfairly applying a stereotype*** in our evaluations and decisions.

A Shortcut That Is Often Used in Judging Others

- **Projection**

Connecting the characteristics of ourselves with other individuals.

Example: We are honest and trustworthy people, so we assume others are also honest and trustworthy

Applications of Shortcuts In Organizations

Applications of Shortcuts in Organizations

– Employment Interview

- Evidence indicates that interviewers make perceptual judgments that are often inaccurate.
 - Interviewers generally *draw early impressions* that become very quickly entrenched.
 - Studies indicate that most interviewers' decisions change very little after the first four or five minutes of the interview.

– 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.

Applications of Shortcuts in Organizations

– 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*

Applications of Shortcuts in Organizations

Employee Efforts:

Employee effort assessment is a subjective consideration that is prone to perceptual distortion and prejudice

Employee Loyalty:

An employee who questions the decisions of top management is considered to be *unfaithful by some people*, but is *considered to have the attention and care of others*

Expectations on performance:

If a manager expects something excellent from his subordinates, then the subordinates perceive that the manager *must not go down to help*. Equally, if a manager expects his subordinates to do the minimal, then they will tend to *behave to meet low expectations*

Several Ways to Reduce Biases & Errors

- ✓ Focus *on objectives*
- ✓ Look for information that *weakens your beliefs*
- ✓ Don't try to interpret *accidental events (incidence)*
- ✓ Make *more choices*

Link Between Perception and Decision Making

INDIVIDUAL DECISION MAKING

“Choice made from two or more alternatives ”

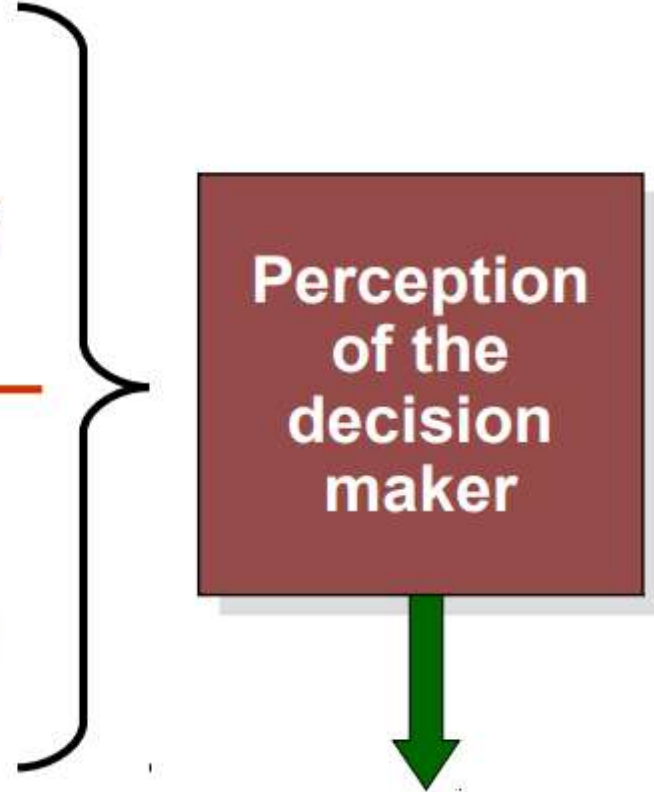
RELATIONSHIP BETWEEN PERCEPTION AND INDIVIDUAL DECISIONS

Problem

A *perceived* discrepancy between the current state of affairs and a desired state.

Decisions

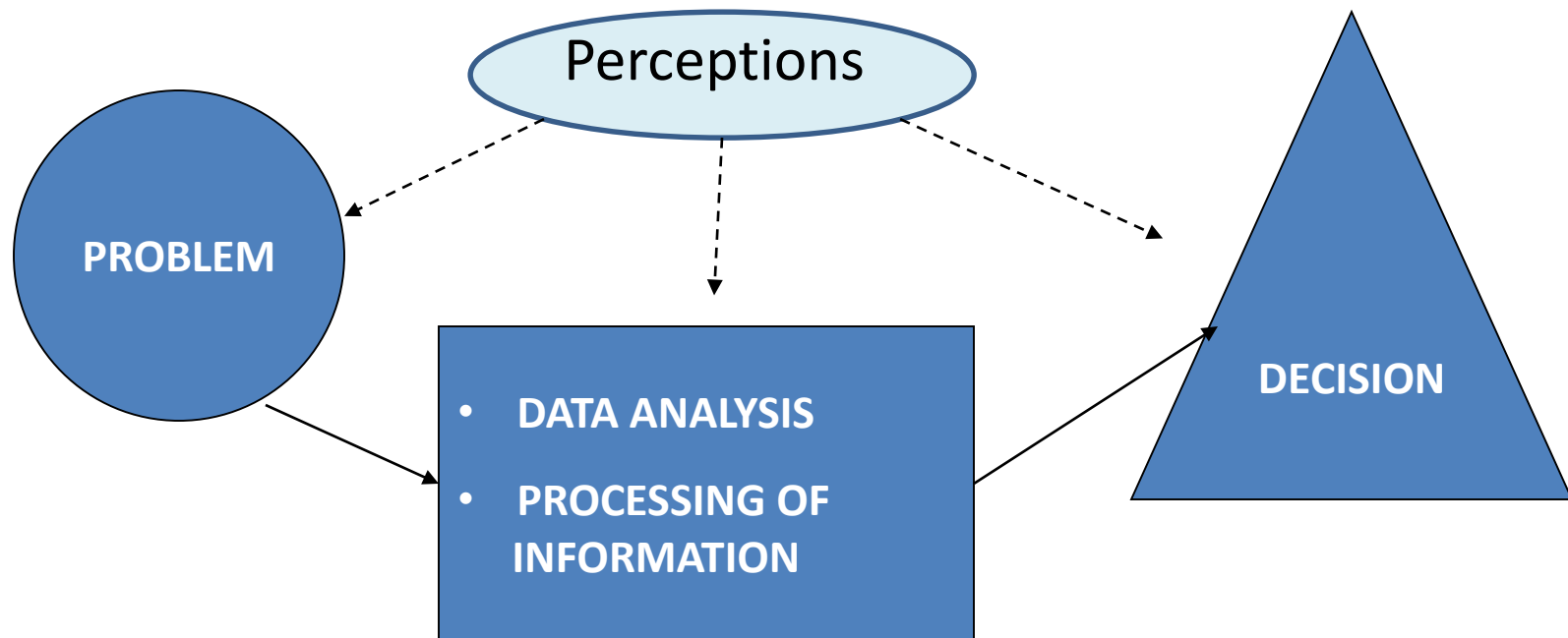
Choices made from among alternatives developed from data *perceived* as relevant.



**Perception
of the
decision
maker**

Outcomes

RELATIONSHIP BETWEEN PERCEPTION AND INDIVIDUAL DECISIONS



Three Decision Making Models

1. Rational decision making

(Based on complete information). Looking for "*Optimal decision*"

2. Limited rational decision making

(Based on limited / incomplete information → caused that problem is complex / complicated). "Not looking for an optimal decision", but just "*acceptable or reasonable*")

3. Intuitive decision making

(Created without awareness, *based only on experience*)

Assumptions of the Rational Decision-Making Model

Rational Decision-Making Model

Describes how individuals should behave in order to maximize some outcome.

Model Assumptions

- **Problem clarity**
- **Known options**
- **Clear preferences**
- **Constant preferences**
- **No time or cost constraints**
- **Maximum payoff**

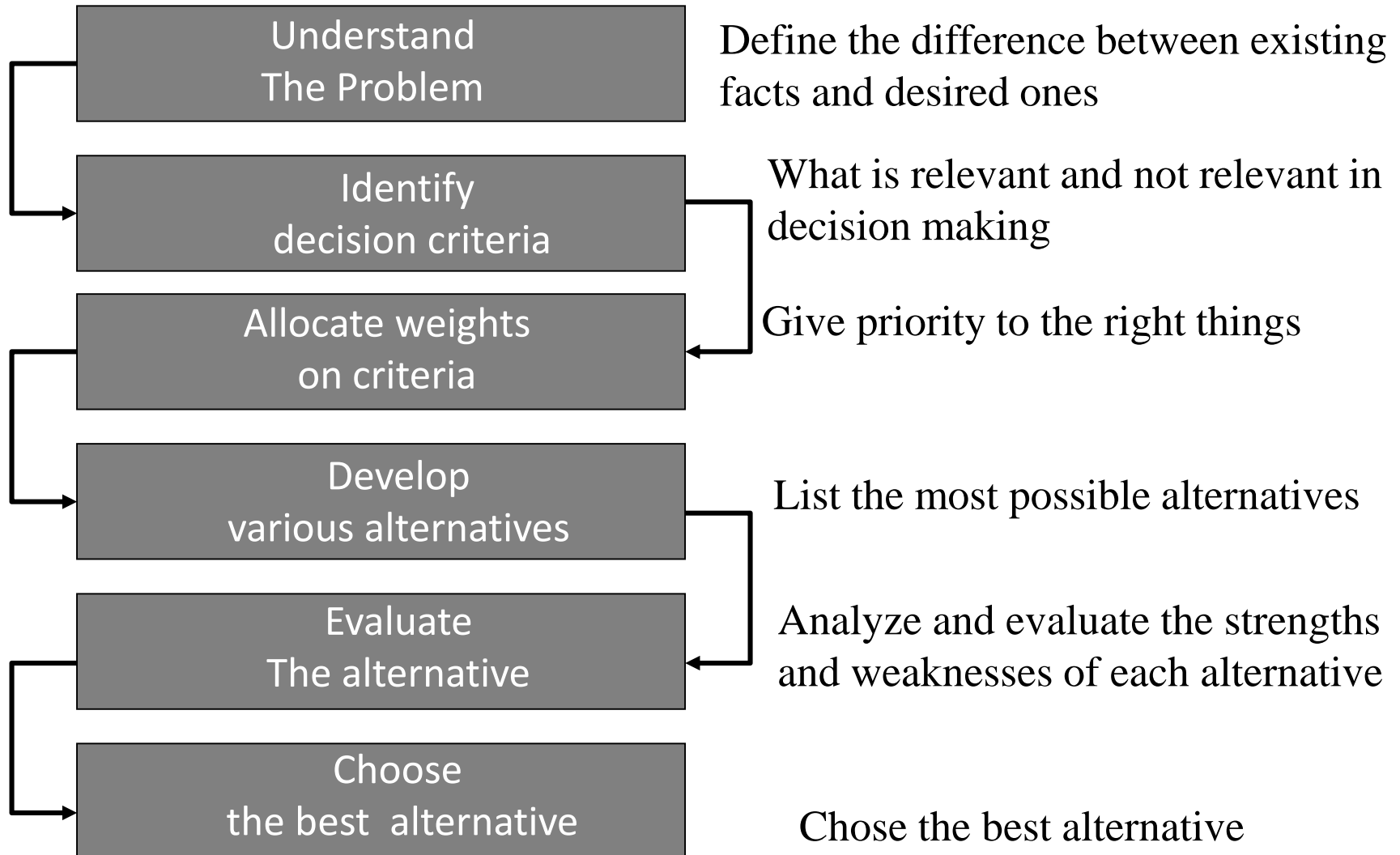
HOW WILL THE DECISION BE MADE?

The best is rational decision making :

That is the decision maker makes consistent choices and maximizes value within certain constraints

These choices are made by following the six steps of a rational decision-making model.

Rational Decision Making



Improving Creativity In Decision Making

Creativity:

The ability to generate *new and useful ideas*

Creativity enables decision makers to assess understanding problems in greater depth

Research shows that most individuals have the potential to be creative, how to:

- Research shows that we become more creative *when we are in a good mood*
- There is also evidence to show that *gathering with creative individuals* makes us more inspired

Three Components of Creativity Model

- Ability
- Knowledge
- Experience
- Skills



- Intelligence
- Self independence
- Confidence
- Internal control locus
- Analogy capability

- Interest, involvement
- Satisfaction
- Challenging

Intuition

- **Intuition**

Unconscious processes, *as a result of filtered experiences (experiences, patterns of events)*

When do we use intuition? It is when:

- High degree of *uncertainty*
- There are only *a few examples* that can be used as a guide
- Existing variables are *less predictable scientifically*
- *Limited facts*
- Facts do *not show clear instructions*
- *Little analytical data*
- There are some solutions that *make sense & have a strong foundation*
- *Limited time*

Criteria for Ethical Decisions :

1. Utilitarian

Give the *greatest benefits and the greatest amount*

2. Emphasize on Rights

Respect and protect the *basic rights of individuals*

3. Emphasis on Justice

Enforce and strengthen *rules fairly*

IMPORTANT THINGS IN DECISION MAKING

1. Analyze the situation:

Adapting the decision style to *the national and organizational culture in which you work*

2. Beware of biases:

In all decisions we make, *there will be bias*

3. Combine rational analysis with intuition:

By using both (*rational and intuitive*), you can truly increase the effectiveness of your decision making

4. Specific decision style for specific jobs:

Aligning your decision style with job requirements, it will increase the effectiveness of your decision making

5. Be creative:

Be a creative decision maker!

