

Questions for Review

1. What is perception, and what factors influence our perception?

Answer: Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. What one perceives can be substantially different from objective reality. Perception is important in the study of OB because people's behavior is based on their perception of what reality is, not on reality itself. Factors in the perceiver such as attitudes and motives; factors in the situations such as time, work or social setting; and factors in the target such as proximity, sounds, motion are all factors that can influence our perception.

2. What is attribution theory? What are the three determinants of attribution? What are its implications for explaining organizational behavior?

Answer: Attribution theory suggests that when we observe an individual's behavior, we attempt to determine whether it was internally or externally caused. That determination depends largely on three factors: distinctiveness, consensus, and consistency. An implication for managers is that errors or biases distort attribution. For example, while making judgments about the behavior of other people, we tend to overestimate the influence of personal factors or internal factors and underestimate the influence of external factors.

3. What shortcuts do people frequently use in making judgments about others?

Answer: 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
- 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

4. What is the link between perception and decision making? How does one affect the other?

Answer: Individuals must make decisions at work. Decision making occurs as a reaction to a problem, which is a discrepancy that exists between the current state of affairs and a desired state. The perception of problems differ between people. The awareness of whether a problem exists and subsequently whether a decision needs to be made is a perceptual issue. Perceptual distortions also affect decision making.

5. What is the rational decision-making model? How is it different from bounded rationality and intuition?

Answer: The optimizing decision maker is rational. He/she makes consistent, value-maximizing choices within specified constraints. The Rational Model—six steps listed in Exhibit 6–3.

- a. Define the problem.
- b. Identify the decision criteria important to solving the problem.
- c. Weight the previously identified criteria in order to give them the correct priority in the decision.
- d. Generate possible alternatives that could succeed in resolving the problem.
- e. Critically analyze and evaluate each alternative.
- f. Compute the optimal decision.
- g. Evaluate each alternative against the weighted criteria, and select the alternative with the highest total score.

The rational model differs in that bounded rationality is the “real world” model: that seeks satisfactory and sufficient solutions from limited data and alternatives. Intuition is a non-conscious process created from distilled experience that results in quick decisions. It relies on holistic associations and is affectively charged.

6. What are some of the common decision biases or errors that people make?

Answer:

- a. Escalation of Commitment - Increasing commitment to a decision in spite of evidence that it is wrong – especially if responsible for the decision!
- b. Randomness Error - Creating meaning out of random events - superstitions
- c. Winner’s Curse - Highest bidder pays too much due to value overestimation. The likelihood increases with the number of people in auction.
- d. Hindsight Bias - After an outcome is already known, believing it could have been accurately predicted beforehand.

7. What are the influences of individual differences, organizational constraints, and culture on decision making?

Answer: Individual differences can result in deviations in decision making. A person’s personality can influence his/her decision making. Achievement-striving people may fall prey to a hindsight bias. Gender may also impact decisions such as the concept of rumination whereby women in general reflect at length about possible decisions. Organizational constraints can include:

- a. Performance Evaluation - managerial evaluation criteria influence actions
- b. Reward Systems - managers will make the decision with the greatest personal payoff for them
- c. Formal Regulations - limit the alternative choices of decision makers
- d. System-Imposed Time Constraints - restrict ability to gather or evaluate information
- e. Historical Precedents - past decisions influence current decisions

Cultural differences also impact decision making based on traditions, customs, religion, etc.

8. Are unethical decisions more a function of an individual decision maker or the decision maker’s work environment? Explain.

Answer: This answer will vary according to the situation. Ethical criterion is essential in decision making. The ethical criteria discussed are utilitarianism – providing the greatest good for the greatest number, ethical criterion based on rights, which are fundamental liberties and privileges, and justice, which imposes rules

fairly and impartially. The ultimate decision is always an individual one, although work environments can influence decisions both positively and negatively.

9. What is creativity, and what is the three-component model of creativity?

Answer: Creativity is the ability to produce novel and useful ideas. The three-component model includes: expertise as the foundation; creative-thinking skills are the personality characteristics associated with creativity; and intrinsic task motivation is the desire to do the job because of its characteristics.