

Course Name: Organizational Behaviour: Individual Dynamics in Organization

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Week – 03

Lecture – 14

Lecture 14: What affects decisions?

Namaskar. Welcome back to the course on Organizational Behaviour Individual Dynamics in Organization.

I am Dr. Abraham Cyril Issac. I am a faculty here at the School of Business Indian Institute of Technology, Guwahati.

So, in the previous lectures we have looked into what perception is and what are the effects of that specifically in terms of the organization and as an individual.

So, here in lecture 4 we will look into perception and decision making and specifically we will look into what affects decisions. Let us start with today's theme, emotions serve as information when we evaluate the alternatives. This is critical, emotions serve as information when we evaluate the alternatives. Let us look into the factors affecting decisions.

Many a time we have seen that these aspects of individual differences we have stressed right from lecture 1 of the module 1. So individual differences could be many. I am not going into the details of that personal characteristics create deviations from the rational model. So many a time your decisions are they based on the particular individual differences within your decision to do something with respect to person A might be different from person B. There are situations like that.

There could be organizational constraints which creates deviation from the rational model where the actual decision is with respect to the organizational it could be with respect to the resource constraint. The organization is not able to take up the particular decision though we know that it is not in favor of you because we have let us say manpower constraint. Some decisions like this you must have heard from your boss or from your superiors. So, precedent can limit decisions. There could be some situations where the organizations have taken decision in such a way that it has created a precedent and you

cannot change it because it has happened like that maybe in the previous intake or in the previous year or with respect to the particular situation in the previous instance.

So there are organizational constraints as well. So, when you are looking into decision making as such the factors affecting decision making it is not only individual, individual is there, individual differences are there, it is in fact one of the strongest determinants no doubt about it, but organizational constraints are also equally critical if not more.

Now individual differences could vary in terms of gender. Specifically let us look into something like rumination which is more in women. There could be structural differences in expectations from different genders and there could be also difference in self-esteem in different genders.

So specifically you might feel that self-esteem is similar. The self-esteem you have might be similar to a self-esteem a female colleague of yours is having. It is not like that. Research has strictly demonstrated that the self-esteem has a certain bit of gradient, certain bit of difference in itself. So, there could be individual differences in terms of mental ability.

Faster information processing and learning would be the cynosure or the strength or the weak point of somebody. There might be that when I am talking about weak point it is like you do not you are in a very lethargic organization. You are in an organization which does not need you to read between the lines, but there are individuals who always do that. So, in that particular situation faster information processing might be not a boon, but a bane. These are some of the situations in terms of mental ability.

Accuracy in decisions. As a manager you might need accuracy in making decisions. Here cannot be faulty decision that has happened and that can create that can put a dent on the pockets of the organization. Or there could be situation if you are in a R&D department. You could be in a very let us say critical aspect of let us say space study or space science or something or in nuclear physics or something.

So there could be situations where the accuracy of the particular individual matter. Intelligent people learn from more quickly to avoid errors in decision making. So, these are some of the cultural these are some of the mental ability aspects with respect to individual differences.

Now let us look into organizational constraints. The cultural differences. Cultural differences are critical. Cultural differences can affect decisions. The selection of problems, the depth of analysis would be the first factor. The second would be importance placed on logic and rationality would vary according to culture. In some

culture you will see that the importance is given on logic.

The importance is given on rationality, but in some culture, it is more result oriented. You do not care about what are the means. You do not care about how it is executed. What is the logic behind that? You just need to see the result. But in some culture context there are situations where the typical importance is given to the logic.

How you have done it? The means becomes relevant. There could be situations where decisions autocratically by an individual or manager or collective in groups could be a factor. There could be cultural differences in terms of time orientation. Some of the culture let us say there is always a joke that Indian Standard Time is always 30 minutes late. This is never true because some individuals always take things very lightly.

Because some individuals always take things in a lethargic relaxed manner, if you are supposed to get there at 9.30 you are okay, if you get there at 10, if that is the mindset then you are actually polluting the particular culture. So, time orientation has its own different significance in terms of cultural context. And finally, belief in the ability of the people is also specific to specific culture.

Let us look into organizational constraints. We are looked into that in a very cursory level in the initial set of lectures. Performance evaluation, reward systems, formal regulations, system-imposed time constraints, historical precedents, these are some of the particular organizational constraints. Let us understand this from organizational context. There might be an organization which is not clear in terms of the reward system. So, you do not know how to perform, what to perform, when to perform.

You do not know what would be the outcome if I perform this much. There is no tangibility, there is no measurable outcome that you are being given. There might be situations where there are very formal regulations that you cannot put anything in social media, you cannot discuss anything in social media, something like that. Or there could be situations where you cannot go to a particular meeting, there could be restrictions in that invade your privacy, there could be system-imposed constraints. For example, there are some organizations where you have to surrender your mobile phones. You cannot take them inside your workplace.

There are some organizations which have a particular uniform. If it is required, it is well understood that the final product or the service actually warrants the use of that particular uniform or particular type of clothing or something like that. But there could be some such system-imposed constraints. There could be historical precedents, the company has been doing it.

There are sometimes you see that you go to the particular organization, your boss with wonderful suggestion. That particular suggestion is sometimes negated or the boss undermines that or place it down suggesting stating that no, no, no we have a set of precedents that has been happening like this, so we cannot actually change any of our precedents. So, these are things which actually take you down. These are things which actually provide or come up as organizational constraints.

Let us look another case of Steve Jobs at Apple. During his tenure as CEO was known for his charismatic, visionary and often demanding personality. Let us not undermine this. His influence on decision making was profound, but notable instance was the development of iPhone. Jobs strong personality and unwavering commitment to innovation led to the decision to create a revolutionary product that combined a phone, an iPod and an internet communication device. This decision was risky and requires substantial resources and investment, but Jobs persuasive nature and vision convinced the company to pursue it.

The iPhone went on to become a massive success transforming Apple into one of the world's most valuable companies. Jobs personality traits, along with his passion for design, attention to detail and insistence on perfection played a pivotal role in shaping the product and the organization's strategic direction.

When you are looking into decisions and emotions and decision making, emotions form the early preferences. You do not have the data to start with. You do not have the particular understanding of the situation.

Let us say you are being made a manager and you are asked to make a particular decision right from day one from the moment you are entering into the organization. The day or the first decision will always be triggered by how you feel, what is the emotion with respect to that particular product or service. You do not have the data, you do not have the details regarding the particular product or service, you do not have the details regarding the manpower planning or anything, but you are asked to make a decision. You will always make a decision based on the emotion that is coming in, how you feel towards that particular work environment. So, emotions form early preferences.

Emotions change the decision evaluation process. You might be angry sometimes; you might be frustrated sometimes. So, you tend to oversee some of the things, you tend to not go into the detail, you might be otherwise a person having attention to detail, but here because of your emotional state you are not going into that. So, there could be situations like that. Emotions serve as information when we evaluate alternatives.

This is the theme. Emotions serve as information when we evaluate the alternatives

because we have different options, we have a preference to that. We see that how it goes in, how it is being, how it comes out as a finished product. Somewhere we are making inherent choice of ours with respect to that particular decision. So, making choices more effectively, you have to be contemplative rather than rigid, reduce implicit favorite, be contemplative, revisiting decisions after emotional stability. And finally, the scenario planning. How you actually execute the whole process would be the critical aspect.

Now, let us look into evaluating decision outcomes. When we are looking into the decision you have made, effective evaluation of decision outcomes is very particular. You feel that the decision has gone wrong, you feel that the decision is not right in the particular context, you feel that the decision has somehow been made in the wrong time which has made it a wrong decision, otherwise it was a right decision. All the examples that are going through your mind you just scan through them, you will see any of these features, any of these elements which I have discussed. So, change the decision maker in that particular situation, create a stop loss.

There should be a limit to the escalation of commitment. You cannot keep on incurring losses after losses. This is not what you are made for. Seek factual and social feedback. There is nothing better than a good feedback.

You always get or seek factual feedback not like how you actually feel, how you actually understand. Rather than collect some data, get seek factual and social feedback and always the matter in consideration is the present scenario. Focus on the present. There should not be any other criteria that should be guiding you other than focusing on the present. If you think that the future should be bright and you are working on it by ignoring the present, then you are making a big mistake. So, this is what I would like to mention with respect to decision-making and emotion.

Let me conclude by stating one thing. The moment you are going into an organization, you are being asked to make a decision and the decision has to come out immediately. In that particular situation, you do not have any data available with you. You do not have any information available with you. What comes to your mind is how you feel about that particular product if it is a product-based company. What you feel about the service if it is a service-based company. What you feel about the organizational culture. This is emotion guiding you. So, anytime, every time emotion is and has been and will be one of the most critical factor in driving decisions.

Thank you for listening to me patiently. See you in the next class. Till then take care. Good bye. Namaskar.