



[Frequently Asked Questions]

Perception and Decision Making Part-1

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Frequently Asked Questions

Q1. Define Perception.

A1. Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. However, what we perceive can be substantially different from objective reality. For example, all employees in a firm may view it as a great place to work—favorable working conditions, interesting job assignments, good pay, excellent benefits, understanding and responsible management—but, as most of us know, it's very unusual to find such agreement.

Q2. Why is perception important in the study of OB?

A2. Perception is important in the study of OB Simply because people's behavior is based on their perception of what reality is, not on the reality itself. The world as it is perceived is the world that is behaviorally important.

Q3. What is Selective Perception?

A3. Any characteristic that makes a person, an object, or an event stand out will increase the probability we will perceive it. Why? Because it is impossible for us to assimilate everything we see; we can take in only certain stimuli. This explains why you're more likely to notice cars like your own, or why a boss may reprimand some people and not others doing the same thing. Because we can't observe everything going on about us, we engage in selective perception. Because we cannot assimilate all that we observe, we take in bits and pieces. But we don't choose randomly; rather, we select according to our interests, background, experience, and attitudes. Selective perception

allows us to speed-read others, but not without the risk of drawing an inaccurate picture. Seeing what we want to see, we can draw unwarranted conclusions from an ambiguous situation.

Q4. Explain Specific Applications of Shortcuts in Organizations

A4. People in organizations are always judging each other. Managers must appraise their employees' performances. We evaluate how much effort our co-workers are putting into their jobs. Team members immediately "size up" a new person. In many cases, our judgments have important consequences for the organization. Let's look at the most obvious applications.

Employment Interview: Few people are hired without an interview. But interviewers make perceptual judgments that are often inaccurate and draw early impressions that quickly become entrenched. Research shows we form impressions of others within a tenth of a second, based on our first glance. If these first impressions are negative, they tend to be more heavily weighted in the interview than if that same information came out later. Most interviewers' decisions change very little after the first 4 or 5 minutes of an interview. As a result, information elicited early in the interview carries greater weight than does information elicited later, and a "good applicant" is probably characterized more by the absence of unfavorable characteristics than by the presence of favorable ones.

Performance Expectations: People attempt to validate their perceptions of reality even when these are faulty. The terms **self-fulfilling prophecy** and Pygmalion effect describe how an individual's behavior is determined by others' expectations. If a manager expects big things from her people, they're not likely to

let her down. Similarly, if she expects only minimal performance, they'll likely meet those low expectations. Expectations become reality. The self-fulfilling prophecy has been found to affect the performance of students, soldiers, and even accountants.

Performance Evaluation: An employee's future is closely tied to the appraisal—promotion, pay raises, and continuation of employment are among the most obvious outcomes. Although the appraisal can be objective (for example, a sales-person is appraised on how many dollars of sales he generates in his territory), many jobs are evaluated in subjective terms. Subjective evaluations, though often necessary, are problematic because all the errors we've discussed thus far— selective perception, contrast effects, halo effects, and so on—affect them. Ironically, sometimes performance ratings say as much about the evaluator as they do about the employee!

Q5. Explain what is Rational decision making and the steps involved in Rational decision making model.

A5. The rational decision making process is generally observed to be the best as it helps in making consistent and value-maximizing choices within specified constraints. The steps are as followed:

1. Identify 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 alternatives

The model relies on number of assumptions which includes, the decision maker has complete information about the situation, he is unbiased, is able to identify all the relevant options, can conclude with the best option. Practically, people choose the options which are more acceptable to them than the optimal one.

In reality, to use rational model, there will be a need to gather a lot of information about all the options, compute applicable weights and then calculate values across a huge no. of criteria which costs time, energy and money.

Q6. Explain Selective perception.

A6. Any characteristics that make a person, any event or any object to stand out increases the probability of us noticing and perceiving it. The reason being it is impossible for us to assimilate everything we come across. For e.g. we are more likely to notice the cars like our own, we notice one or two in a crowd doing same thing. We can't observe everything going on about us, we engage in selective perception.

We can't assimilate all that we observe, we take in bits and pieces. We don't choose randomly, we select according to our interests, background, experience and attitude. Looking at what we want to look can create biasness in the decision which cannot be accurate.

Q7. What is Pygmalion effect?

A7. An individual's behavior at work is affected by the expectations of the employer that can be described by self-fulfilling prophecy or Pygmalion effect. It describes the increased

level of expectations of performance sometimes resulting in increased level of output. The expectations become reality.

Q8. Explain Stereotyping.

A8. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping.

We sometimes depend upon generalized perceptions to simplify decision-making process. It can be done on the basis of gender, age, race, religion, ethnicity, weight etc. For e.g. Youngsters are overconfident.

Stereotypes can be deeply ingrained and powerful enough to influence life and death decisions. The people who are being stereotyped sometimes face bad results because of others.

Q9. Explain Intuition.

A9. The intuitive decision-making model has emerged as an important decision-making model. It refers to arriving at decisions without conscious reasoning. When we recognize that managers often need to make decisions under challenging circumstances with time pressures, constraints, a great deal of uncertainty, highly visible and high-stakes outcomes, and within changing conditions, it makes sense that they would not have the time to formally work through all the steps of the rational decision-making model. Yet when CEOs, financial analysts, and healthcare workers are asked about the critical decisions they make, seldom do they attribute success to luck. To an outside observer, it may seem like they are making guesses as to the course of action to take, but it turns out that they are systematically making decisions using a different model than was earlier suspected.

Research on life-or-death decisions made by fire chiefs, pilots, and nurses finds that these experts do not choose among a list of well-thought-out alternatives. They don't decide between two or three options and choose the best one. Instead, they consider only one option at a time. The intuitive decision-making model argues that, in a given situation, experts making decisions scan the environment for cues to recognize patterns. Once a pattern is recognized, they can play a potential course of action through to its outcome based on their prior experience. Due to training, experience, and knowledge, these decision makers have an idea of how well a given solution may work. If they run through the mental model and find that the solution will not work, they alter the solution and retest it before setting it into action. If it still is not deemed a workable solution, it is discarded as an option and a new idea is tested until a workable solution is found. Once a viable course of action is identified, the decision maker puts the solution into motion. The key point is that only one choice is considered at a time. Novices are not able to make effective decisions this way because they do not have enough prior experience to draw upon.

Q10. Explain Distinctiveness and Consensus in behavior.

A10. (1) Distinctiveness

Distinctiveness refers to whether the behavior of an individual differs in different situations.

For e.g. whether the employee is working overtime today because he wants a leave tomorrow or is out of his believed importance of completing work on time.

(2) Consensus

If everyone who faces the similar situation behaves in the similar manner, we can say it to be consensus.

For e.g. if all the students asked to reach on time face the constraint of rain on the way to be late than their estimated time, however, everyone of them reach at different time before deadline.