Chapter 5 Perception and Individual Decision Making

MULTIPLE CHOICE

What is Perception?

1.   What is the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment?
        a. interpretation
        b. environmental analysis
        c. social verification
        d. outlook
        e. perception
(e; Easy; Perception; p. 139)

2.   What is the relationship between what one perceives and objective reality?
        a. They are the same. **X**
        b. They can be substantially different.
        c. They should be the same. صح لكن مو هذي مشكلة العلاقة اللي ندرسها
        d. They are rarely if ever the same. **X**
        e. They cannot be the same. **X**
(b; Moderate; Perception; p. 139)
‏ا. إنهم متشابهون.
‏ب. يمكن أن تكون مختلفة بشكل كبير.
‏ج. يجب أن يكونوا متشابهين.
‏د. هم نادراً ما يكونون متشابهين.
‏ه. لا يمكن أن تكون هي نفسها.

3.   What are the three classes of factors that influence perception?
        a. factors in the setting, factors in the environment, and factors in the motives
        b. factors in the perceiver, factors in the target, and factors in the situation
        c. factors in the character, factors in knowledge, and factors in experience
        d. factors in the personality, factors in the character, and factors in the values
        e. factors in the senses, factors in the surroundings, and factors in the lighting
(b; Easy; Factors Influencing Perception; p. 139) {AACSB: Analytic Skills}

4.   Two people see the same thing at the same time yet interpret it differently. Where do the factors that operate to shape their dissimilar perceptions reside?
        a. the perceivers
        b. the target **X** *see the same thing*
        c. the timing **X** *at the same time*
        d. the context
        e. the situation
(a; Moderate; Factors Influencing Perception; p. 139)

5.   Which of the following is not a factor in the individual perceiver?
        a. attitude
        b. motive
        c. expectation
        d. location
        e. perception
(d; Moderate; Factors Influencing Perception; p. 140) {AACSB: Analytic Skills}

6. David has the opinion that people who drive SUVs are dangerous drivers. He often perceives that people driving SUVs are doing so in a dangerous manner, even when other observers can see nothing wrong with the behavior of the SUV drivers. What factor in David is affecting his perception in this case?
    a. his interests
    b. his experiences
    c. his expectations
    d. his motives **X**
    e. his background
(c; Moderate; Factors Influencing Perception; p. 140) {AACSB: Analytic Skills}

7. Which of the following is <u>not</u> true about our perceptions of a target?
    a. Objects that are close together will be perceived together rather than separately.
    b. Persons that are similar to each other tend to be grouped together.
    c. Targets are usually looked at in isolation.
    d. Motion, sounds, size, and other attributes of a target shape the way we see it.
    e. Objects that are distant from one another will be perceived separately rather than as a group.
(c; Challenging; Factors Influencing Perception; p. 140) {AACSB: Analytic Skills}

8. The time at which an object or event is seen is an example of what type of factor influencing the perceptual process?
    a. perceiver
    b. target
    c. social
    d. reality
    e. context
(e; Moderate; Factors Influencing Perception; p. 140)

Person Perception; Making Judgments About Others

9. What is the most relevant application of perception concepts to OB?
    a. the perceptions people form about each other
    b. the perceptions people form about their employer
    c. the perceptions people form about their culture
    d. the perceptions people form about society
    e. the perceptions people form about external reality
(a; Challenging; Person Perception; p. 140)

10. What is the name of the theory that deals with how we explain behavior differently depending on the meaning we assign to the actor?
    a. behavioral theory
    b. judgment theory
    c. selective perception theory
    d. attribution theory
    e. equality theory
(d; Moderate; Attribution Theory; p. 141)

11. When individuals observe another person's behavior, they attempt to determine whether it is internally or externally caused. This phenomenon is most directly relevant to which of the following?
    a. the Pygmalion effect
    b. projection theory
    c. attribution theory
    d. selective perception theory
    e. expectancy theory

(c; Moderate; Attribution Theory; p. 141)

12.   Which of the following is an example of externally caused behavior?
       a. An employee is late because he was partying late and then overslept.
       b. An employee is late because of a flat tire.
       c. An employee was fired because he slept on the job.
       d. An employee was promoted because he was hard working.
       e. An employee died from lung cancer after excessive tobacco use.
(b; Moderate; Attribution Theory; p. 141) {AACSB: Analytic Skills}

13.   In attribution theory, what is distinctiveness?
       a. whether an individual displays consistent behaviors in different situations
       b. whether an individual displays different behaviors in different situations
       c. whether an individual displays consistent behaviors in similar situations
       d. whether an individual displays different behaviors in similar situations
       e. whether an individual displays different behavior from other people
(b; Challenging; Distinctiveness; p. 141)

14.   What term is used for the extent to which an individual displays different behaviors in different situations?
       a. continuity
       b. integrity
       c. stability
       d. flexibility
       e. distinctiveness
(e; Moderate; Distinctiveness; p. 141)

15.   What does consensus refer to in attribution theory?
       a. There is general agreement about a perception.
       b. Different people respond the same way in the same situation.
       c. There is general agreement about how people desire to respond to the same situation.
       d. Different people perceive a situation similarly.
       e. All people behave precisely the same way in certain situations.
(b; Challenging; Consensus; p. 141)

16.   If everyone who is faced with a similar situation responds in the same way, attribution theory states that the behavior shows _____.
       a. consensus
       b. similarity
       c. reliability
       d. consistency
       e. stability
(a; Moderate; Consensus; p. 141)

17.   If a person responds the same way over time, attribution theory states that the behavior shows
       _____.
       a. distinctiveness
       b. consensus
       c. consistency
       d. continuity
       e. stability
(c; Moderate; Consistency; p. 141)

18.   Janice is late for work each day by about ten minutes. How would attribution theory describe this behavior?
        a. It shows consensus.
        b. It shows similarity.
        c. It shows reliability.
        d. It shows consistency.
        e. It shows distinctiveness.
(d; Easy; Consistency; p. 141) {AACSB: Analytic Skills}

19.   The more consistent a behavior, the more the observer is inclined to _____.
        a. attribute it to interpretation
        b. attribute it to internal causes
        c. attribute it to consensus
        d. attribute it to external causes
        e. attribute it to distinctiveness
(b; Moderate; Consistency; p. 141)

20.   What sort of actions is most likely to be attributed to external causes?
        a. actions that have high distinctiveness, high consensus, and high consistency
        b. actions that have high distinctiveness, high consensus, and low consistency
        c. actions that have high distinctiveness, low consensus, and low consistency
        d. actions that have low distinctiveness, low consistency, and high consensus
        e. actions that have low distinctiveness, low consensus, and low consistency
(a; Moderate; Attribution Theory; p. 142) {AACSB: Analytic Skills}

21.   What term is used for the tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behavior of others?
        a. fundamental attribution error
        b. self-serving bias
        c. selective perception
        d. consistency
        e. actor bias
(a; Moderate; Fundamental Attribution Error; p. 142)

22.   Your boss never gives you the benefit of the doubt. When you were late back from lunch, he assumed that you had simply taken too much time. He never considered that the elevators were out and you had to walk up 10 flights of stairs. Your boss is guilty of _____.
        a. self-serving bias
        b. selective perception
        c. fundamental attribution error
        d. inconsistency
        e. stereotyping
(c; Moderate; Fundamental Attribution Error; p. 142) {AACSB: Analytic Skills}

23.   What term is used for the tendency of an individual to attribute his own successes to internal factors while putting the blame for failures on external factors?
        a. fundamental attribution error
        b. self-serving bias
        c. consistency
        d. selective perception
        e. stereotyping
(b; Moderate; Self-Serving Bias; p. 142)

24. Whenever Jane is successful she takes full credit for what has happened, but whenever she is unsuccessful she attributes her failure to bad luck or blames one of her fellow employees. She is guilty of _____.
    a. fundamental attribution error
    b. attribution bias
    c. the halo effect
    d. distinctiveness
    e. self-serving bias

(e; Moderate; Self-Serving Bias; p. 142) {AACSB: Analytic Skills}

25. Investors bragged about their investing expertise during the stock market rally between 1996 and early 2000, then blamed analysts, brokers, and the Federal Reserve when the market imploded in 2000. These investors were most probably guilty of what?
    a. fundamental attribution error
    b. self-serving bias
    c. the halo effect
    d. distinctiveness
    e. selective perception

(b; Moderate; Self-Serving Bias; p. 142) {AACSB: Analytic Skills}

Frequently Used Shortcuts in Judging Others

26. Shortcuts in judging others include all of the following except _____.
    a. stereotyping
    b. halo effect
    c. projection
    d. self-serving bias
    e. the Pygmalion effect

(d; Easy; Shortcuts in Judging Others; pp. 142-144) {AACSB: Analytic Skills}

27. Because it is impossible for us to assimilate everything we perceive, we engage in _____.
    a. selective perception
    b. memorization
    c. mental desensitization
    d. periodic listening
    e. linear clustering

(a; Easy; Selective Perception; p. 142)

28. A committee is made up of 12 managers: three each from the sales, production, accounting, and human resources departments. They read a comprehensive study of the company they work for, and are asked which of its recommendations are most important. In discussion they find that the managers perceive that the most important recommendations are those concerning their own departments. This finding is most likely the result of what type of bias?
    a. selective perception
    b. halo effect
    c. Pygmalion effect
    d. self-serving bias
    e. projection

(a; Challenging; Selective Perception; p. 143) {AACSB: Analytic Skills}

29.	What is the term used for a general impression about an individual based on a single characteristic such as intelligence, sociability, or appearance?
   a. contrast effects
   b. personal bias
   c. prejudice
   d. the halo effect
   e. projection

(d; Moderate; The Halo Effect; p. 143)

30.	Your rating in a job interview is high in contrast to the candidate who was interviewed directly before you, who was rated extremely low. Your own high rating might be partially attributed to which of the following?
   a. the halo effect
   b. contrast effects
   c. projection
   d. stereotyping
   e. prototyping

(b; Moderate; Contrast Effects; p. 143) {AACSB: Analytic Skills}

31.	One of the shortcuts used to judge others involves evaluating a person based on how he/she compares to other individuals on the same characteristic. What is this shortcut called?
   a. selective perception.
   b. contrast effects
   c. the halo effect
   d. prejudice
   e. stereotyping

(b; Moderate; Contrast Effects; p. 143)

32.	What do we call it when we judge someone on the basis of our perception of the group to which he/she belongs?
   a. grouping
   b. stereotyping
   c. categorizing
   d. assimilating
   e. prototyping

(b; Easy; Stereotyping; pp. 144-145)

33.	When F. Scott Fitzgerald said, "The very rich are different from you and me," and Hemingway replied, "Yes, they have more money," Hemingway refused to engage in what shortcut to judge others?
   a. projection
   b. contrast effect
   c. halo effect
   d. stereotyping
   e. prototyping

(d; Challenging; Stereotyping; p. 145) {AACSB: Analytic Skills}

34.	Which of the following statements is not an example of stereotyping?
   a. There is no need to offer child-care to him; men aren't interested in child care.
   b. Don't hire an older worker; they can't learn new skills.
   c. She was good at her last job, so she will be good at this one.
   d. She won't relocate for a promotion, since women don't relocate.
   e. The new hire will be emotionally insensitive, since he is a man.

(c; Easy; Stereotyping; p. 145) {AACSB: Analytic Skills}

35.   When the police began searching for a serial killer, they stopped only vehicles carrying Caucasian males. What are the police engaging in?
        a. contrast effects
        b. prototyping
        c. the halo effect
        d. selective perception
        e. profiling

(e; Challenging; Profiling; p. 145) {AACSB: Analytic Skills}

36.   Jenny is being interviewed for a position as an editor. At the start of the interview she is flustered and repeatedly mispronounces the name of the company she is applying to work for. She thinks the rest of the interview goes very well and she is confident about getting the job. Why might her confidence be misplaced?
        a. Most employment decisions have been made before the interview is conducted.
        b. Most interviewers make their decision by the first 5 minutes of the interview.
        c. Employers gain most of their knowledge of a potential employee's skill set through interviewing.
        d. Interviewers make perceptual judgments that are often inaccurate.
        e. Interviewers will use stereotypes to judge her, so what she says and does at the interview will be of little importance.

(b; Moderate; Application of Shortcuts in Organizations; p. 146) {AACSB: Analytic Skills}

37.   Leone thinks that because her employee Josef went to an Ivy League college he is very knowledgeable, and always asks his opinion on the firm's investments. In reality, Josef knows very little about investing, but makes sure he reads up on it so that he can give an informed opinion to Leone. What has occurred in this situation?
        a. profiling
        b. a self-fulfilling prophecy
        c. a self-serving bias
        d. the fundamental attribution error
        e. a projection event

(b; Challenging; Self-Fulfilling Prophecy; p. 146) {AACSB: Analytic Skills}

38.   What is another name for a self-fulfilling prophecy?
        a. Pygmalion effect
        b. projection
        c. self-selecting bias
        d. halo effect
        e. prototyping

(a; Moderate; Self-Fulfilling Prophecy; p. 146)

39.   According to _____, what is expected of people helps determine their behavior.
        a. the fundamental attribution error
        b. projection
        c. self-selecting bias
        d. the halo effect
        e. the Pygmalion effect

(e; Moderate; Self-Fulfilling Prophecy; p. 146)

40. Why is decision making a perceptual issue?
    a. Decisions must be made on how to move from the current state of affairs to some desired state.
    b. Middle and lower level managers may have different perceptions on how to solve a problem than their underlings or top level managers.
    c. Decision making is generally by consensus.
    d. There may be more than one way to solve a problem.
    e. Before a decision is made, a problem must be perceived to exist.

(e; Moderate; Perception and Decision Making; p. 147)

Decision-Making in Organizations

41. What is the first step in the rational decision-making model?
    a. developing alternatives
    b. defining the problem
    c. identifying the decision criteria
    d. weighing the decision criteria
    e. collecting relevant data

(b; Easy; Rational Decision-Making Model; p. 148) {AACSB: Analytic Skills}

42. Mel has exceeded her budget by at least $200 every month for the last three months. After recognizing that this is a problem, she decides to use the rational decision-making model to decide what to do. What might be the next step she takes if she follows this model?
    a. determine what she needs to take into account when making her decision
    b. choose a method to cut her expenses
    c. weigh the relative importance of each of her expenses
    d. come up with different ways that would either reduce her expenses or increase her income
    e. evaluate different ways that she could use to either reduce her expenses or increase her income

(a; Moderate; Rational Decision-Making Model; p. 148) {AACSB: Analytic Skills}

43. Which is not one of the steps in the rational decision-making model?
    a. defining the problem
    b. identifying the decision criteria
    c. rating the alternatives
    d. computing the decision alternatives
    e. selecting the best alternative

(d; Moderate; Rational Decision-Making Model; p. 148) {AACSB: Analytic Skills}

44. In the real world what do people typically do?
    a. follow the rational decision-making model
    b. seek the optimal decision
    c. obtain complete information
    d. remain unbiased and objective
    e. find an acceptable solution

(e; Moderate; Decision-Making; p. 148)

45. Decision makers construct simplified models that extract the essential features from problems without capturing all their complexity. That is, they operate within the confines of _____.
   a. optimal decision making
   b. intuitive decision making
   c. bounded rationality
   d. rationality
   e. common sense

(c; Moderate; Bounded Rationality; p. 149)

46. How is the satisficing decision maker best characterized?
   a. as using rationality
   b. as using bounded rationality
   c. as affected by anchoring bias
   d. as using creativity
   e. as relying on others to make decisions

(b; Challenging; Bounded Rationality; p. 149)

47. Why do people satisfice?
   a. Resource restraints usually prevent people from entertaining all the options possible.
   b. Solutions that solve a problem, even if they are not the best solution, are generally satisfactory.
   c. Any solution that solves a problem will be considered to be acceptable if the other possible options are not explored.
   d. In general, people lack the motivation to perform rational decision-making fully.
   e. They lack the capability to assimilate and understand all the information necessary to optimize.

(e; Moderate; Bounded Rationality; p. 149)

48. What is perhaps the least rational way of making a decision?
   a. to remain objective
   b. to rely on intuition
   c. to use bounded rationality
   d. to use a conscious thought-process
   e. to use complete information

(b; Moderate; Intuition; p. 149)

Common Biases and Errors in Decision-Making

49. Where is overconfidence most likely to surface?
   a. outside your area of expertise
   b. in your area of expertise
   c. with more education and training
   d. among higher wage earners
   e. among older workers

(a; Challenging; Overconfidence; p. 150)

50. What do we call the tendency for people to base their judgments on information that they can easily obtain?
   a. representative bias
   b. availability bias
   c. confirmation bias
   d. anchoring bias
   e. principality

(b; Moderate; Availability Bias; p. 150)

51. What is the term used for an increased commitment to a previous decision in spite of negative information?
    a. escalation of commitment
    b. hindsight
    c. satisficing
    d. representative
    e. rose-colored-glasses

(a; Moderate; Escalation of Commitment; pp. 151-152)

52. Avoiding making decisions on Friday the 13th can be an example of which bias?
    a. representative
    b. commitment
    c. randomness
    d. confirmation
    e. substitution

(c; Moderate; Randomness; p. 152)

Influences on Decision Making: Individual Differences and Organizational Constraints

53. People with high self-esteem appear to be especially susceptible to what?
    a. hindsight bias
    b. bounded rationality
    c. escalation of commitment
    d. randomness
    e. the self-serving bias

(e; Moderate; Personality and Decision-Making; p. 155)

54. Who is most likely to engage in rumination?
    a. a 10-year old girl
    b. a 15-year old boy
    c. a 40-year old woman
    d. a 50-year old man
    e. a 70-year old woman

(c; Moderate; Gender and Decision-Making; p. 155) {AACSB: Multicultural and Diversity}

What About Ethics in Decision Making?

55. Which of the following terms involves making decisions so as to provide the greatest good for the greatest number?
    a. utilitarianism
    b. justice
    c. rights
    d. satisficing
    e. humanitarianism

(a; Moderate; Utilitarianism; p. 157) {AACSB: Ethical Reasoning}

56. What trait does a decision maker need to have if they are to fully appraise a problem and even see problems that others are not aware of?
    a. creativity
    b. rationality
    c. conceptual style
    d. intuition
    e. individuality

(a; Moderate; Creativity; p. 158)

57. What is the segment of the three-component model of creativity that is the foundation for all creative work?
    a. expertise
    b. creative thinking skills
    c. intrinsic task motivation
    d. intuition
    e. realization

(a; Moderate; Three-Component Model of Creativity; p. 159) {AACSB: Analytic Skills}

58. Gene is regarded by his peers as an extremely creative designer of watercraft. He attributes much of his success to his family: he was raised by a traditional boat builder and from a very early age was surrounded by boats and the people who made them. To what element of the three-component model of creativity does Gene attribute his success?
    a. intuitiveness
    b. insight
    c. task motivation
    d. expertise
    e. creativity skills

(d; Moderate; Three-Component Model of Creativity; p. 159) {AACSB: Analytic Skills}

59. What segment of the three-component model of creativity encompasses personality characteristics that are associated with imagination?
    a. expertise
    b. creative thinking skills
    c. intrinsic task motivation
    d. intuition
    e. realization

(b; Moderate; Three-Component Model of Creativity; p. 159) {AACSB: Analytic Skills}

60. What is the segment in the three-component model of creativity that turns creative potential into actual creative ideas?
    a. expertise
    b. creative thinking skills
    c. intrinsic task motivation
    d. intuition
    e. realization

(c; Moderate; Three-Component Model of Creativity; p. 160) {AACSB: Analytic Skills}

TRUE/FALSE

What Is Perception?

61.   Perception refers to the way we organize and interpret the world around us.
(True; Easy; Perception; p. 139)

62.   The reality of a situation is what is behaviorally important.
(False; Moderate; Perception; p. 139)

63.   Individuals involved in the same situation will usually perceive that situation similarly.
(False; Easy; Perception; p. 139)

64.   When an individual looks at a target and attempts to interpret what he or she sees, that
        interpretation is heavily influenced by personal characteristics of the individual perceiver.
(True; Easy; Factors Influencing Perception; p. 140)

65.   Personal characteristics affecting perception include the time at which an object or event is seen.
(False; Moderate; Factors Influencing Perception; p. 140)

66.   An individual's expectations have little effect on perception.
(False; Easy; Factors Influencing Perception; p. 140)

67.   Expectations can distort your perceptions in that you will see what you did <u>not</u> expect.
(False; Easy; Factors Influencing Perception; p. 140)

68.   The relationship of a target to its background influences our perception of that target.
(True; Moderate; Factors Influencing Perception; p. 140)

69.   Elements in the surrounding environment are ignored in our perceptions.
(False; Moderate; Factors Influencing Perception; p. 140)

Person Perception: Making Judgments About Others

70.   Attribution theory looks at the internal and external causes of behavior.
(True; Moderate; Attribution Theory; p. 141)

71.   Giving an attribution an external causation means you assume that the individual is responsible for
        his or her own behavior.
(False; Moderate; Attribution Theory; p. 141)

72.   In attribution theory, "distinctiveness" refers to whether an individual displays different behaviors in
        different situations.
(True; Moderate; Distinctiveness; p. 141)

73.   In attribution theory, "consensus" refers to whether an individual displays similar behaviors in similar
        situations.
(False; Moderate; Consensus; p. 141)

74.   The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.
(True; Moderate; Consistency; p. 141)

75. The tendency for individuals to attribute their successes to internal factors while putting the blame for failures on external factors is called the fundamental attribution error.
(False; Moderate; Fundamental Attribution Error; p. 142)

76. The self-serving bias explains why a sales manager is prone to attribute the poor performance of her sales agents to laziness rather than to the innovative product line introduced by a competitor.
(False; Challenging; Self-Serving Bias; p. 142)

77. The self-serving bias suggests that feedback provided to employees in performance reviews is very likely to be distorted by recipients.
(True; Moderate; Self-Serving Bias; p. 142)

Frequently Used Shortcuts in Judging Others

78. Selective perception allows us to "speed read" others.
(True; Moderate; Selective Perception; p. 143)

79. The halo effect occurs because it is impossible for us to assimilate everything we see.
(False; Moderate; The Halo Effect; p. 143)

80. An individual's place in the interview schedule may affect the interviewer's evaluation of the applicant. This is an example of the halo effect.
(False; Moderate; The Halo Effect; p. 143)

81. Interviewers make perceptual judgments that are generally accurate during an employment interview.
(False; Easy; Employment Interview; p. 146)

82. If you expect to see that older workers can't learn a new job skill, you will probably experience that effect whether your opinion is valid or not.
(True; Moderate; Self-Fulfilling Prophecy; p. 146)

83. Another name for the self-serving bias is the Pygmalion effect.
(False; Challenging; Self-Fulfilling Prophecy; p. 146)

84. Brenda has been told that her students have been selected for her class because they are the most intelligent in their grade. She finds that they consistently perform above average work. This may be an example of a self-fulfilling prophecy.
(True; Moderate; Self-Fulfilling Prophecy; p. 146)

The Link Between Perception and Individual Decision Making

85. Managers are generally the only ones who make decisions in an organization.
(False; Easy; Perception and Decision Making; p. 146)

86. Decision making occurs as a reaction to a problem.
(True; Moderate; Perception and Decision Making; p. 147)

87. One person's problem may be considered by another person to be a satisfactory state of affairs.
(True; Easy; Perception and Decision Making; p. 147)

88. Awareness that a problem exists and that a decision needs to be made is an analytical issue.
(False; Moderate; Perception and Decision Making; p. 147)

Decision-Making in Organizations

89.   Most decisions in the real world follow the rational model.
(False; Moderate; Rational Decision-Making Model; p. 148)

90.   A satisficing solution is satisfactory but <u>not</u> sufficient.
(False; Easy; Bounded Rationality; p. 148)

91.   The concept of bounded rationality assumes that the decision maker will complicate the problem.
(False; Moderate; Bounded Rationality; p. 149)

92.   The concept of bounded rationality uses previously tried-and-true solutions.
(True; Moderate; Bounded Rationality; p. 149)

93.   To optimize an outcome, bounded rationality should be used.
(False; Moderate; Bounded Rationality; p. 149)

94.   Intuitive decision making is a conscious process created out of experience.
(False; Challenging; Intuition; p. 149)

95.   Intuitive decision analysis must operate independently of rational analysis.
(False; Moderate; Intuition; p. 149)

Common Biases and Errors in Decision-Making

96.   Availability bias is the tendency for people to base judgments on information that is readily available to them.
(True; Moderate; Availability Bias; p. 151)

97.   Jackson continues to put money into car repair even though he knows the car is a "lemon." This is an example of the availability bias.
(False; Moderate; Availability Bias; p. 151)

98.   It has been well documented that individuals escalate commitment to a failing course of action when they view themselves as responsible for the failure.
(True; Moderate; Escalation of Commitment; p. 152)

What About Ethics in Decision Making?

99.   Utilitarianism dominates business decision making.
(True; Easy; Utilitarianism; p. 157) {AACSB: Ethical Reasoning}

100.   A focus on utilitarianism as an ethical decision criterion promotes efficiency and productivity as well as a focus on the rights of individuals.
(False; Easy; Utilitarianism; p. 157) {AACSB: Ethical Reasoning}

101.   The justice criterion for decision making requires that individuals impose and enforce rules fairly and impartially so there is an equitable distribution of benefits and costs.
(True; Moderate; Justice; p. 157) {AACSB: Ethical Reasoning}

Improving Creativity in Decision-Making

102.   Expertise is the foundation for all creative work.
(True; Moderate; Three-Component Model of Creativity; p. 159)

103. The three-component model of creativity proposes that individual creativity requires expertise, creative-thinking skills, and intrinsic task motivation.
(True; Moderate; Three-Component Model of Creativity; p. 159)

Global Implications

104. Ethical standards are less ambiguous in Asia than in the United States.
(False; Challenging; Ethical Standards; p. 161) {AACSB: Ethical Reasoning} {AACSB: Multicultural and Diversity} {AACSB: Ethical Reasoning}

SCENARIO-BASED QUESTIONS

Application of Attribution Theory

You are on a team with two individuals who are "difficult." The work has been divided among the three of you, and each time your team meets, Janet and Jim disagree about the progress of the team project. Janet is convinced that Jim's lack of progress is because he is inherently lazy and not because of some overwhelming problem with the project itself. The truth seems to be that Janet is <u>not</u> doing her part of the work.

105. What might you use to try to understand Janet and Jim's behavior?
   a. perception theory
   b. attribution theory
   c. decision-making theory
   d. satisficing theory
   e. Surber's theory
(b; Easy; Attribution Theory; p. 141) {AACSB: Analytic Skills}

106. What error or bias does Janet seem to be making?
   a. selective perception
   b. an external bias
   c. the fundamental attribution error
   d. self-serving bias
   e. the ultimate attribution error
(c; Moderate; Fundamental Attribution Error; p. 142) {AACSB: Analytic Skills}

Application of Frequently Used Shortcuts in Judging Others

The students in your class are presenting their oral presentations in front of the entire class. You have heard that there are several frequently used shortcuts to judging others and are wondering if any of these are being used by your teacher.

107. Jennifer has already presented two excellent reports. The report she has just presented is clearly <u>not</u> as good as the first two reports, yet she is given the same high grade as before. What shortcut has the teacher used in this case?
   a. the contrast effect
   b. the halo effect
   c. stereotyping
   d. projection
   e. assertion
(b; Moderate; The Halo Effect; p. 143) {AACSB: Analytic Skills}

108. Allison has just presented her paper and has done a really good job. Why should you <u>not</u> want to present your own paper directly after she does?
       a. to avoid the stereotyping effect
       b. to avoid the halo effect
       c. to avoid the contrast effect
       d. to avoid the projection effect
       e. to avoid the ultimate attribution error
(c; Moderate; Contrast Effects; p. 143) {AACSB: Analytic Skills}

109. You have heard that the teacher believes that men perform better in oral presentations than women. What shortcut has the teacher used in this case?
       a. the halo effect
       b. the contrast effect
       c. projection
       d. stereotyping
       e. prototyping
(d; Moderate; Stereotyping; p. 145) {AACSB: Analytic Skills}

Application of Decision–Making in Organizations

You are part of a group making a decision about whether it is appropriate to discontinue research on a new drug. This new drug would save lives, but it is uncertain whether you can develop it within a reasonable time frame and at a reasonable cost. Your firm has already spent a small fortune on this drug. You have gathered so much information in preparation to making the decision that you are unable to sort the good information from the superfluous data. Your experience tells you that this project has merit.

110. What form of decision making are you using if you decide to continue the project on the basis that the project has merit?
       a. compulsive
       b. intuitive
       c. rational
       d. satisficing
       e. compelling
(b; Moderate; Intuition; p. 149) {AACSB: Analytic Skills}

Application of Common Biases and Errors in Decision-Making

You are part of a group making a decision about whether it is appropriate to discontinue research on a new drug. This new drug would save lives, but it is uncertain whether you can develop it within a reasonable time frame and at a reasonable cost. Your firm has already spent a small fortune on this drug. You have gathered so much information in preparation to making the decision that you are unable to sort the good information from the superfluous data. Well after you have started trying to make a decision, new information comes to light that implies that the drug may be able to be synthesized much more cheaply than was previously thought.

111. What must you try to avoid when integrating this new information?
       a. anchoring bias
       b. overconfidence bias
       c. confirmation bias
       d. availability bias
       e. representative bias
(a; Moderate; Anchoring Bias; p. 150) {AACSB: Analytic Skills}

112.   The group decides to continue the project so that all the resources already spent on it will <u>not</u> have been wasted. In this case the group has done which of the following?
    a. used the availability bias
    b. used the anchoring bias
    c. made an escalation of commitment
    d. satisficed
    e. made the ultimate attribution error
(c; Moderate; Escalation of Commitment; pp. 151-152) {AACSB: Analytic Skills}

Application of Ethical Decision Making

You are the manager of a development group in a large computer software company. You have decided that it is important for your group to understand the many ways that ethical decisions can be made and you are designing a training program on the subject of ethics. You want to teach the decision criterion that currently dominates business decision-making.

113.   Which decision criterion will you teach?
    a. utilitarian
    b. justice
    c. rights
    d. privilege
    e. assertion
(a; Challenging; Utilitarianism; p. 157) {AACSB: Analytic Skills} {AACSB: Ethical Reasoning}

114.   If you wish to emphasize the importance of making decisions consistent with fundamental liberties and privileges, the focus of your teaching will also be on which of the following?
    a. utilitarianism
    b. justice
    c. rights
    d. privilege
    e. service
(c; Moderate; Rights; p. 157) {AACSB: Analytic Skills} {AACSB: Ethical Reasoning}

SHORT DISCUSSION QUESTIONS

115.   Contrast the fundamental attribution error and the self-serving bias.

    When we make judgments about the behavior of other people, we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors. This is called the fundamental attribution error. There is also a tendency for individuals to attribute their own successes to internal factors such as ability or effort while putting the blame for failure on external factors such as bad luck or unproductive coworkers. This is called the self-serving bias. (Moderate; Fundamental Attribution Error and Self-Serving Bias; p. 142) {AACSB: Analytic Skills}

116.   What is the self-fulfilling prophecy?

The self-fulfilling prophecy is also called the Pygmalion effect. It characterizes the fact that what is expected of people helps determine their behavior. In other words, if a manager expects big things from his people, they're not likely to let him down. Similarly, if a manager expects people to perform minimally, they'll tend to behave so as to meet those low expectations. The result then is that the expectations become reality. (Easy; Self-Fulfilling Prophecy; p. 146) {AACSB: Analytic Skills}

117.   Define the term escalation of commitment.

A bias that creeps into decisions is a tendency to escalate commitment when a decision stream represents a series of decisions. Escalation of commitment refers to staying with a decision even when there is clear evidence that it is wrong. Individuals tend to escalate commitment to a failing course of action when they view themselves as responsible for the failure. (Easy; Escalation of Commitment; pp. 151-152) {AACSB: Analytic Skills}

MEDIUM LENGTH DISCUSSION QUESTIONS

118.   Discuss four shortcuts used in judging others.

a) **Selective Perception. Because it is impossible for us to assimilate everything we see, only certain stimuli can be taken in. Since we cannot observe everything going on about us, we engage in selective perception. This allows us to "speed-read" others.**
b) **The Halo Effect. When we draw a general impression about an individual on the basis of a single characteristic, a halo effect is operating.**
c) **Contrast effects. Contrast effects occur when we don't evaluate a person in isolation; our reaction to one person is influenced by other people we have recently encountered.**
d) **Stereotyping. 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. (Moderate; Shortcuts in Judging Others; pp. 142-145) {AACSB: Analytic Skills}**

119.   Discuss some of the errors in perceptual judgment made by interviewers in job interviews.

Interviewers make perceptual judgments that are often inaccurate. They generally draw early impressions that very quickly become entrenched. Research shows that we form impressions of others within a tenth of a second, based on their first glance at them. 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 the 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 characteristics. (Moderate; Employment Interview; p. 146) {AACSB: Analytic Skills}

120. How is bounded rationality related to decision making?

Since the capacity of the human mind for formulating and solving complex problems is far too small to meet the requirements for full rationality, individuals operate within the confines of bounded rationality. They construct simplified models that extract the essential features from problems without capturing all their complexity. Individuals can then behave rationally within the limits of the simple model. Once the limited set of alternatives is identified, the decision maker will begin reviewing it. But the review will not be comprehensive. Instead, the decision maker will begin with alternatives that differ only in a relatively small degree from the choice currently in effect. Following along familiar and well-worn paths, the decision maker proceeds to review alternatives only until he or she identifies an alternative that is "good enough." The first alternative that meets the "good enough" criterion ends the search. So the final solution represents a satisficing choice rather than an optimum one. (Moderate; Bounded Rationality; p. 149) {AACSB: Analytic Skills}

121. Discuss three different criteria for ethical decision making.

There are three different criteria in making ethical choices.
a) **The first is the utilitarian criterion, in which decisions are made solely on the basis of their outcomes or consequences. The goal of utilitarianism is to provide the greatest good for the greatest number. This is the view that tends to dominate business decision making.**
b) **Another criterion is to focus on rights. This calls on individuals to make decisions consistent with fundamental liberties and privileges as set forth in documents like the Bill of Rights. An emphasis on rights in decision making means respecting and protecting the basic rights of individuals.**
c) **A third criterion is to focus on justice. This requires individuals to impose and enforce rules fairly and impartially so there is an equitable distribution of benefits and costs. (Moderate; Ethics; p. 157) {AACSB: Analytic Skills} {AACSB: Ethical Reasoning}**

COMPREHENSIVE ESSAYS

122. What factors that operate to shape and sometimes distort perception reside in the perceiver, what factors reside in the target being perceived, and what factors reside in the context of the situation?

A number of factors operate to shape and sometimes distort perception. These factors can reside in the perceiver, in the object or target being perceived, or in the context of the situation in which the perception is made. When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver. Personal characteristics affecting perception include his or her attitudes, personality, motives, interests, past experiences, and expectations. Characteristics of the target being observed can affect what is perceived. The relationship of a target to its background influences perception, as does our tendency to group close things and similar things together. The context in which we see objects or events is also important. The time at which an object or event is seen can influence attention, as can location, light, heat, or any number of other factors. (Moderate; Perception; pp. 139-140) {AACSB: Analytic Skills}

123.   List and explain eight common decision biases or errors.

a) **Overconfidence Bias. When we're given factual questions and asked to judge the probability that our answers are correct, we tend to be far too optimistic.**

b) **Anchoring Bias. The anchoring bias is a tendency to fixate on initial information as a starting point. Once set, we then fail to adequately adjust for subsequent information. The anchoring bias occurs because our mind appears to give a disproportionate amount of emphasis to the first information it receives. So initial impressions, ideas, prices, and estimates carry undue weight relative to information received later.**

c) **Confirmation Bias. The rational decision-making process assumes that we objectively gather information. But we don't. We selectively gather information. The confirmation bias represents a specific case of selective perception. We seek out information that reaffirms our past choices, and we discount information that contradicts past judgments.**

d) **Availability Bias. This is the tendency for people to base their judgments on information that is readily available to them. Events that evoke emotions, that are particularly vivid, or that have occurred more recently tend to be more available in our memory. As a result, we tend to be prone to overestimating unlikely events like an airplane crash. The availability bias can also explain why managers, when doing annual performance appraisals, tend to give more weight to recent behaviors of an employee than those behaviors of six or nine months ago.**

e) **Escalation of Commitment Error. This refers to staying with a decision even when there is clear evidence that it's wrong. Individuals escalate commitment to a failing course of action when they view themselves as responsible for the failure. Escalation of commitment is also congruent with evidence that people try to appear consistent in what they say and do. Increasing commitment to previous actions conveys consistency.**

f) **Randomness Error. Human beings have a lot of difficulty dealing with chance. Most of us like to believe we have some control over our world and destiny. Although we undoubtedly can control a good part of our future by rational decision making, the truth is that the world will always contain random events. Decision making becomes impaired when we try to create meaning out of random events.**

g) **Winner's Curse. The winner's curse argues that the winning participants in a competitive auction typically pay too much for the item.**

h) **Hindsight bias. The hindsight bias is the tendency for us to believe falsely that we'd have accurately predicted the outcome of an event, after that outcome is actually known. When something happens and we have accurate feedback on the outcome, we seem to be pretty good at concluding that this outcome was relatively obvious.**

(Challenging; Common Biases and Errors in Decision-Making; pp. 150-153) {AACSB: Analytic Skills}

124.   Discuss some of the ways in which an organization constrains decision makers.

Managers are strongly influenced in their decision making by the criteria by which they are evaluated. The organization's reward system influences decision makers by suggesting to them what choices are preferable in terms of personal payoff. Rules, policies, procedures, and other formalized regulations standardize behavior of organizational members. By programming decisions, organizations are able to get individuals to achieve high levels of performance without paying for the years of experience that would be necessary in the absence of regulations. Organizations impose deadlines on decisions. These conditions create time pressures on decision makers and often make it difficult, if not impossible, to gather all the information they might like to have before making a final choice. Decisions have a context. Decisions made in the past are ghosts which continually haunt current choices. Choices made today, therefore, are largely a result of choices made over the years. (Moderate; Organizational Constraints; pp. 155-156) {AACSB: Analytic Skills}

125.   Discuss the three-component model of creativity.

The three-component model of creativity proposes that individual creativity essentially requires expertise, creative-thinking skills, and intrinsic task motivation.
a) **Expertise is the foundation for all creative work. The potential for creativity is enhanced when individuals have abilities, knowledge, proficiencies, and similar expertise in their field of endeavor.**
b) **The second component is creative-thinking skills. This encompasses personality characteristics associated with creativity, the ability to use analogies, as well as the talent to see the familiar in a different light.**
c) **The final component is intrinsic task motivation. This is the desire to work on something because it is interesting, involving, exciting, satisfying, or personally challenging. This motivational component is what turns creativity potential into actual creative ideas. It determines the extent to which individuals fully engage their expertise and creative skills. (Moderate; Three-Component Model of Creativity; pp. 159-160) {AACSB: Analytic Skills}**