

Perception and Individual Decision Making

LEARNING OBJECTIVES

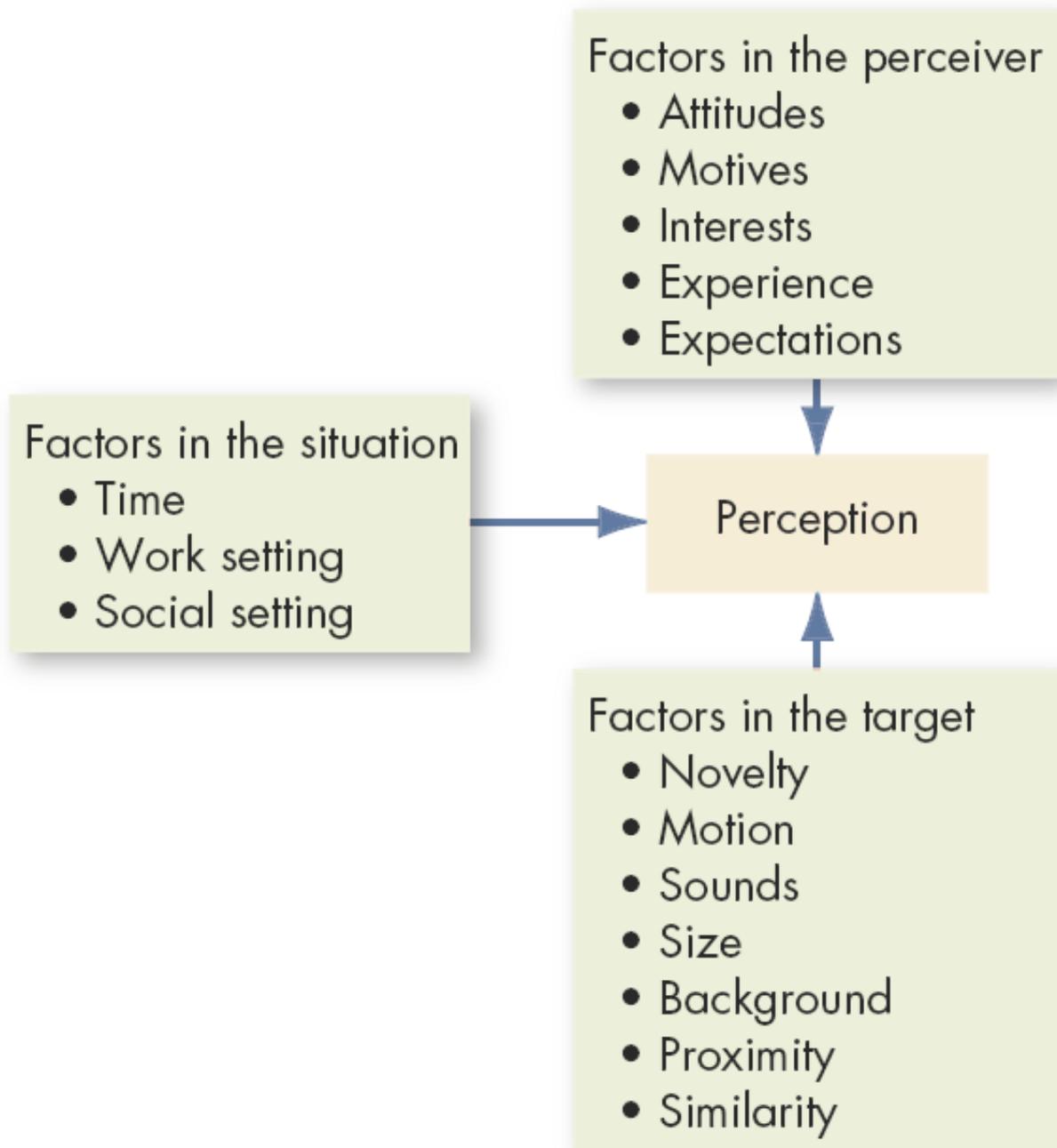
After studying this chapter, students should be able to:

1. Define *perception* and explain the factors that influence it.
2. Explain attribution theory and list the three determinants of attribution.
3. Identify the shortcuts individuals use in making judgments about others.
4. List and explain the common decision biases or errors.

WHAT IS PERCEPTION?

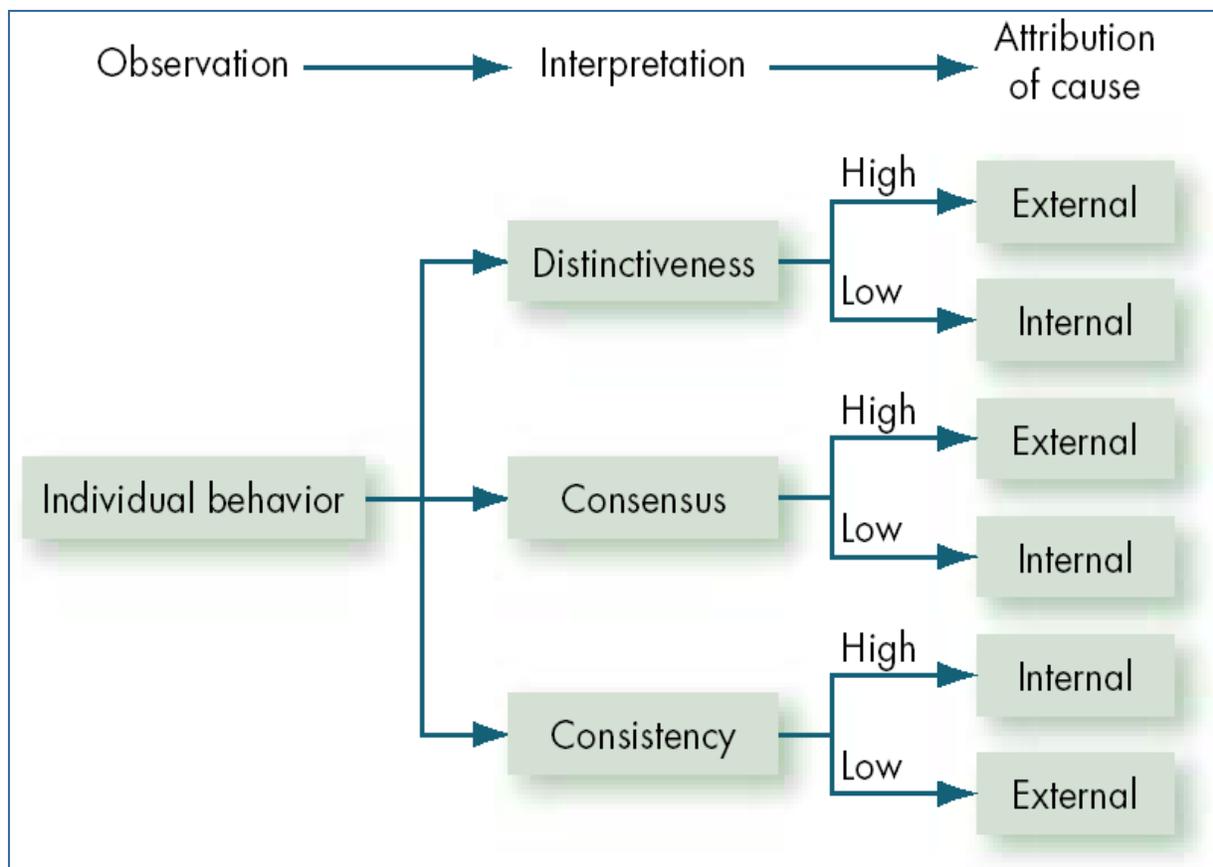
- Definition: Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.
- Why is this important to the study of OB?
 - Because people's behavior is based on their perception of what reality is, not on reality itself

FACTORS THAT INFLUENCE PERCEPTION



Attribution Theory: Judging Others

- Our perception and judgment of others is significantly influenced by our assumptions of the other person's internal state.
 - When individuals observe behavior, they attempt to determine whether it is internally or externally caused.
 - Internal causes are under that person's control
 - External causes are not – person forced to act in that way
- Causation judged through:
 - Distinctiveness
 - Shows different behaviors in different situations.
 - Consensus
 - Response is the same as others to same situation.
 - Consistency
 - Responds in the same way over time.



Errors and Biases in Attributions

- **Fundamental Attribution Error:** The tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behavior of others.
- **Self-Serving Bias:** The tendency for individuals to attribute their own successes to internal factors while putting the blame for failures on external factors

Frequently Used Shortcuts in Judging Others

- **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.
- **Profiling:** A form of stereotyping in which members of a group are singled out for intense scrutiny based on a single, often racial, trait.

Specific Applications of Shortcuts in Organizations

- Employment Interview
 - Perceptual biases of raters affect the accuracy of interviewers' judgments of applicants
- Performance Expectations
 - Self-fulfilling prophecy: The lower or higher performance of employees reflects preconceived leader expectations about employee capabilities
- Performance Evaluations
 - Appraisals are often the subjective (judgmental) perceptions of appraisers of another employee's job performance

Common Biases and Errors in Decision-Making

- **Overconfidence Bias:** Believing too much in our own ability to make good decisions.
- **Anchoring Bias:** Using early, first received information as the basis for making subsequent judgments.
- **Confirmation Bias:** Selecting and using only facts that support our decision.
- **Availability Bias:** Emphasizing information that is most readily at hand.

SUMMARY AND IMPLICATIONS FOR MANAGERS

- A. Perception
 - An employee's perception of a situation is the basis for his/her behavior
 - To influence productivity, it is important that a manager understand how employees perceive their job.

- Employees try to create meaning out of their job in various situations
- Managers are advised to understand how individuals interpret reality

B. Individual Decision Making

- Individuals think before they act
- How an employee makes decisions may explain their behavior
- Individuals often make decisions that satisfied, rather than optimize

Shorts Questions

Chapter 5:

1. What is perception, and what factors influence our perception (Factors in the perceiver only)?

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

Factors in the perceiver

- Attitudes
- Motives
- Interests
- Experience
- Expectations

2. What are the three determinants of attribution theory?

- Distinctiveness: Shows different behaviors in different situations.
- Consensus; Response is the same as others to same situation.
- Consistency: Responds in the same way over time.

3. What shortcuts do people frequently use in making judgments about others (three only)?

- **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.
- **Stereotyping:** Judging someone on the basis of one's perception of the group to which that person belongs.

4. What are the main Applications of Shortcuts in Organizations (Explain two only)?

- In Employment Interview, Perceptual biases of raters affect the accuracy of interviewers' judgments of applicants.
- Self-fulfilling prophecy: The lower or higher performance of employees reflects preconceived leader expectations about employee capabilities

5. What are the Biases and Errors in Decision-Making (Explain three only)?

- Overconfidence Bias: Believing too much in our own ability to make good decisions.
- Confirmation Bias: Selecting and using only facts that support our decision.
- Availability Bias: Emphasizing information that is most readily at hand.