Lesson:-21

Specific Applications in Organizations

People in orgalilizations are' always judging each other. Managers must appraise their subordinates' performances. We evaluate how much effort our coworkers are putting into their jobs. When a new person joins a work team, he or she is immediately "sized up" by the other team members. In many cases, these judgments have important consequences for the organization. Let's briefly look at a few of the more obvious applications.

EMPLOYMENT INTERVIEW A major input into who is hired and who is rejected in any organization is the employment interview. It's fair to say that few people are hired without an interview. But the evidence indicates that interviewers make perceptual judgments that are often inaccurate. In addition, agreement among interviewers is often poor; that is, different interviewers see different things in the same candidate and thus arrive at different conclusions about the applicant.

Interviewers generally draw early impressions that become very quickly entrenched. If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later. 11 Studies indicate that most interviewers' decisions -change very little after the first four or five minutes of the interview. As a result, information elicited early in the interview carries greater weight than does information elicited later, and at good applicant" is probably characterized more by the absence of unfavorable characteristics than by the presence of favorable characteristics.

Importantly, who you think is a good candidate and who I think is one may differ markedly. Because interviews usually have so little consistent structure and interviewers vary in terms of what they are looking for in a candidate, judgments of the same candidate can vary widely; If the employment interview is an important input into the hiring decision-and it usually is- you should recognize that perceptual factors influence who is hired and eventually the quality of an; organization's labor force.

PERFORMANCE EXPECTA'{IONS There is an impressive amount of evidence that demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty.12 This characteristic is particularly relevant when we consider performance expectations on the job.

The terms self-fulfilling prophecy, or *Pygmalion effect,* have evolved to characterize the fact that people's expectations 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.

An interesting illustration of the self-fulfilling prophecy is a study undertaken with 105 soldiers in the Israeli Defense Forces who were taking a fifteen week combat command course.13 The four course instructors were told that one-third of the specific incoming trainees had high potential, one-third had normal potential, and the potential of the rest was unknown. In reality, the trainees were randomly placed into those categories by the researchers. The results confirmed the existence of a self-fulfilling prophecy. Those trainees whom instructors were told had high potential scored significantly -higher on objective achievement tests, exhibited more positive attitudes, and held their leaders in higher regard than did the other two groups. The instructors of the supposedly high-potential trainees got better results from them because the instructors expected it!

PERFORMANCE EVALUATION Although the impact of performance evaluations on behavior will be discussed fully in chapter 15, it should be pointed out .here that an employee's performance appraisal is very much dependent on the perceptual process.14 An employee's future is closely tied to his or her appraisal- promotions, pay raises, and continuation of employment are among the most obvious outcomes. The performance appraisal represents an assessment of an employee's work. Although the appraisal can be objective (for example, a salesperson is appraised on how many dollars of sales she generates in her territory), many jobs are evaluated in subjective terms. Subjective measures are easier to implement, they provide managers with greater discretion, and many jobs do not readily lend themselves to objective measures. Subjective measures are, by definition, judgmental. The evaluator forms a general impression of an employee's work. To the degree that managers use subjective measures in appraising employees, what the evaluator perceives to be good or bad employee characteristics or behaviors will significantly influence the outcome of the appraisal. .

EMPLOYEE EFFORT An individual's future in an organization is usually not dependent on performance alone. In many organizations, the level of an employee's effort is given high importance. Just as teachers frequently consider how hard you try in a course as, well as how you pedorm on examinations, so often do managers. An assessment of an individual's effort is a subjective judgment susceptible to perceptual distortions and bias. If it is true, as some claim, that limier workers are fired for poor attitudes and lack of discipline than for lack of ability, ills then appraisal of an employee's effort may be a primary influence on his or her future in the organization.

EMPLOYEE LOYALTY Another important judgment that managers make about employees is whether or not they are loyal to the organization. Despite the general decline in employee loyalty noted in chapter I, few organizations appreciate it when employees, especially those in the managerial ranks, openly disparage the firm. Furthermore, in some organizations, if the word gets around that an employee is looking at other employment opportunities outside the firm, that employee may be labeled as disloyal and so may be cut off from all future advancement opportunities. The issue is not whether organizations are right in demanding loyalty. The issue is that many do, and that assessment of an employee's loyalty or commitment is highly judgmental.

What is perceived as loyalty by *one* decision ,maker may between as excessive conformity by another. An employee who questions a top-management decision may be seen as Gisloyal by some, yet caring and concerned by others. As a casein point, whistle-blowers- individuals who report unethical 'practices by their employer to outsiders-typically act out of loyalty to their organization but are perceived by management as troublemakers.16

The Link between Perception and Individual Decision Making

Individuals in organizations make decisions. That is, they make choices from among two or more alternatives. Top managers such as Marilyn Marks at Dorsey Trailers, for instance, determine their organization's goals, what products or services to offer, 110w best to finance operations, or where to locate a new manufacturing plant. Middle- and. lower-level managers determine production schedules, select new employees, and decide how pay raises. are to be allocated. Of course, making decisions is not the sale province of managers. No managerial employees also make decisions that affect their jobs and the organizations they work for. The more obvious of these decisions might include whether not to come to work on any given day, how much effort to put: forward once at work, and whether or not to cornply with a request made by the boss. In addition, an increasing number .of organizations in recent years have been empowering their no managerial employees with job-related decision-making authority that historically was reserved for managers alone. Individual decision making, therefore, is an important part of organizational behavior. But how individuals in organizations make decisions and the quality of their final choices are largely influenced by their perceptions.

Decision making occurs as a reaction to a problem. That is, there is a discrepancy between some *current* state of affairs and some *desired* state, requiring consideration of alternative courses of action. So if your car breaks down and you rely on it to get to school, you have a problem that requires a decision on your part. Unfortunately, most problems don't come neatly packaged with a label "problem" clearly displayed on them. One person's *problem* is another person's *satisfactory state of affairs.* One manager may view her division's 2 percent decline in quarterly sales to be a serious problem requiring .immediate action on her 'part. In contrast, her counterpart in another division of the same company, who also had a 2 percent sales decrease, may consider that percentage quite satisfactory. So the awareness that a problem exists and that a decision needs to be made is a perceptual issue.

Moreover, every decision requires interpretation and evaluation of information. Data are typically received from multiple sources and they need to be screened, processed, and interpreted. Which data, for instance, are relevant to the decision and, which are not? The perceptions of the decision maker win answer that question. Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated. Again, because alternatives don't come with "red flags" identifying them as such or with their strengths and weaknesses clearly marked, the individual decision maker's perceptual process will have a large bearing on the final outcome.

How Should Decisions Be Made?

Let's begin by describing how individuals should behave in order to maximize or optimize a certain outcome. We call this the *rational decision-making process.*

The Rational Decision-Making Process

The optimizing. decision maker is rational. That is, he or she makes consistent, value-maximizing choices within specified constraints.17 These choices are made following a six-step rational decision-making model.18 Moreover, specific assumptions underlie this model.

THE RATIONAL MODEL The six steps in the rational decision-making model are listed in Exhibit 3-5.

The model begins by *defining the problem.* As noted previously, a problem exists when there is a discrepancy between an existing and a desired state of affairs.19 If you calculate your monthly expenses and find you're spending $50 more than you allocated in your budget, you have defined a problem. Many poor decisions can be traced to the decision maker overlooking a problem or defining the wrong problem.

Once a decision maker has defined the problem, he or she needs to *identify the decision criteria* that will be important in solving the problem. In this step, the decision maker determines what is relevant in making the decision. This step brings the decision maker's interests, values, and similar personal preferences into the process. Identifying criteria is important because what one person thinks. is relevant another-person may not. Also keep in mind that any factors net identified in this step are considered irrelevant to the decision maker.

The criteria identified are rarely all equal in importance. So the third step requires the decision maker to *weight the previously identified criteria* in order to give them the correct priority in the decision.

The fourth step requires the decision maker to *generate possible alternatives* that could succeed in resolving the problem. No attempt is made in this step to appraise these alternatives, only to list them.

Once the alternatives have been generated, the decision maker must critically analyze and evaluate each one. This is done by *rating each alternative .on each criterion.* The strengths and weaknesses of each alternative become evident as they are compared with the criteria and weights established in the second and third steps.

Exhibit 3-5 Steps in the Rational Decision-Making Model

1. Define 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 alternative.