

**Organizational Behaviour**  
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**Lecture – 41**  
**Decision Making - Part - 3**

Warm welcome to this lecture series on Organizational Behaviour, we are in this chapter on Decision Making; this is our 3rd lecture in this chapter. I will quickly summarize what happened in the previous lectures.



## APPROACHES IN DECISION MAKING

- ☐ Rational approach: making optimal decisions by gathering all possible information and analyzing them rationally.
- ☐ Bounded rationality
- ☐ Non-rational approach: making decisions under the limitations of information gathering and processing.
  - Satisficing approach: finding a solution which is satisfactory rather than optimal
  - Incremental approach: making the smallest response possible that will reduce the problem to at least a tolerable level
  - Garbage-can approach: behaving in virtually a random pattern in making decisions



We spoke about different approaches in decision making, where we primarily spoke about rational approach and intuitive approach. We looked at the advantages and disadvantages in both the approaches and also we looked at a concept called bounded rationality approach.



## BARRIERS TO EFFECTIVE DECISION MAKING

Not accepting the problem

- Complacency
- Defensive avoidance
  - Rationalization
  - Procrastination
  - Buck passing
- Panic
- Not deciding to decide



We also looked at different barriers to effective decision making. Very important reason behind most of these barriers is not willing to take risk in decision making. Or in other words, decision making involves risk taking; especially if the decision goes wrong, you will be blamed for the decision. So, sometimes people may avoid taking decisions fearing, you know being blamed for decision making.

People also blame, people also avoid taking decisions out of complacency; which means they feel there is no need to take decisions, because they are in a better state than earlier. So, they do not feel the need to take the decision. There is also another reason why people do not want to take decision because they avoid making decisions through rationalization, procrastination and buck passing. Because they actively avoid taking decisions fearing that, it is not required at this point in time.

## DECISION-MAKING BIASES



Framing: the tendency to make different decisions depending on how a problem is presented

Prospect theory: decision makers find the prospect of an actual loss more painful than giving up the possibility of the gain

Representativeness: the tendency to be overly influenced by stereotypes in making judgments about the likelihood of occurrences



We also looked at some of the decision making biases or the mistakes people commit when they make decisions. We looked at some of the you know popular biases which can happen in decision making.

## DECISION-MAKING BIASES...



Availability: the tendency to judge the likelihood of an occurrence on the basis of the extent to which other like instances or occurrences can easily be recalled.

Anchoring and adjustment: the tendency to be influenced by an initial figure, even when the information is largely irrelevant.

Overconfidence: the tendency to be more certain of one's judgments



So, one important aspect which can be a which can lead to bias in decision making is using memory in decision making. In other words, stereotypical attitudes or relying on the information which is available to the immediate memory, which can lead to typical instances or which can bring out situations where they the same thing happened in typical situations, can influence the way we make decisions. Even though typical decisions are more common it may not necessarily be the same in every case, so that can lead to wrong decisions in some situations.



## INDIVIDUAL VS THE GROUP

Best team member Vs the team

Synergy

Role of group processes

Role of leadership

Nature of the problem

Risk taking in groups



We also looked at the difference between individual and group decision making. We looked at the advantages and disadvantages and also why it is important to make decisions in groups in organizations.



## DECISION MAKING IN TEAMS

Orientation

- Define the problem
- Set goal
- Plan for the process

Discussion

- Gather information
- Identify alternatives
- Evaluate alternatives

Decision making

- Choose group solution

Implementation

- Adhere to the decision
- Evaluate the decision
- Seek feedback



So, this is where I stopped in the previous lecture. In this lecture, we are going to talk specifically about team decision making. When we say team decision making, it involves different steps. So, unlike individual decision making, where the individual may not be aware of what is happening within him or her in during the decision making; team decision making usually is a very conscious process or it is a very planned process.

When we say it is a planned process, the team members are aware of the steps involved in decision making. And these steps define how the decisions are made; in other words,

these steps influence the way team decisions are made. When I say team decisions, I mean decision making in teams within organizational context, I am not talking about group decision making. So, group decision making means, group of people coming together and take decision.

Team decisions are usually formed are made in a very structured manner and it is also very formal in nature. So, we are going to look at some of the steps in team decision making. And these steps may vary depending on nature of the problem, size of the team and also the objective of the team in terms of making decisions. So, sometimes teams may involve implementing the decision also. So, in that case, the fourth step will also be part of team decision making.

Sometimes the teams are just advisory committees. So, they may not have control over how the team decision or how the decisions are implemented. So, in that case, only first three steps will be; the first three steps will be there in the team decision making. So, the first step is orientation; orientation means getting familiarized with the problem or understanding the problem.

So, orientation involves defining the problem; when you say defining the problem, every member will have different understanding of the problem. So, in this stage, the group has to arrive at the consensus about what is the problem, which they have to solve or what is the situation they are facing which needs a decision to proceed.

So, many a times this step is a very important step; because many a times, the group members may not even have similar understanding of the problem, because some of them may define the problem in a very different way compared to others in the team. So, why is it important to have a common understanding? If there is no common understanding, consensus in terms of how to resolve the problem may vary or consensus may not even happen.

So, it may lead to lot of conflicts in the team and many a times, teams may get stuck in this particular step; because they are not able to come at a common understanding of the problem. And also when there is no common understanding of the problem; the solution may, the solutions they may approach or the solutions which they aimed for may not suit the problem itself.

So, this is where the hidden profile paradigm which we saw in the previous chapter comes into picture. If you remember, we spoke about this concept called hidden profile, where each of the members in the group has different levels of information and different kinds of information about the problem.

So, when they come and share their understanding of the problem, some information may not come out. So, we also looked at another concept called common information bias, which means when people in group, when in a group decision making, when people start talking about the problem; the common information is shared in the beginning or many a times groups tend to share the common information and unique information may not even come out during the team discussion.

So, even in this stage, when people discuss about their understanding of the problem; many a times only the common issue may come out or the common information will be shared. There will be hidden information, hidden profile which will be very important for resolving the problem which may not come out.

So, this is the step where the team should ensure there is no hidden profile and they should overcome this bias of common information bias. So, once they define the problem, they have to set goals. So, set goals not necessarily in terms of how the or what is the solution?

But also goals in terms of timelines, in terms of how they are going to come or what are the processes they are going to use to arrive at the decision making. Or in other words, at this stage it is not about, not exactly about arriving at the solution; but at this stage, you have to set goal in terms of time period in which they are going to fulfill each of those steps.

And also what kind of methods they are going to use in decision making; because there are multiple methods which are available for the teams to make decisions in groups, if I am going to look at some of the methods in the next slide. So, setting goals is also very important; because if you do not set goals especially in teams, team decision making, it may take a lot of time to arrive at a consensus or arrive at a team decision.

If you remember in the previous slide, we spoke about the advantages and disadvantages of team decision making. And what are the advantages individual decision making has?

One important advantage individual decision making has is it takes less time. Similarly, you know team decision making takes lot of time, because many people have to come together and decide.

So, to avoid that pitfall of taking a lot of time; setting goals becomes very important. And also the team leader or the team coordinator can ensure that, these goals are clearly met or these goals are met at the right time and the right stage. What I mean to say is, the team leader or the team coordinator should have clear cut specific action points or the you know milestones, which will ensure that the teams have, teams reach those milestones at the prescribed time.

So, there should be someone to reinforce it in simple words that is what I am trying to say. And then planning the process, when I say planning the process; again it means having clear cut milestones, assigning someone to reinforce it, having specific guidelines and how to achieve those milestones and things like that.

So, orientation stage is a very important stage; when teams fail to establish you know specific guidelines and milestones, they may fail at some point or many a times they may not even reach the decision making stage and they take lot of time at this stage.

The next stage is discussion stage, where the group members they have all the information about the problem; they discuss collectively to decide which of those, what information to use, how to collate the information, which of those information will help in decision making, prioritizing the information, coming up with different, alternatives evaluating the alternatives in terms of which is better and things like that.

So, gathering information again can be a very important step; like I mentioned earlier hidden paradigm, hidden paradigm problem bias and also you know common information bias, all those biases can affect the stage also, ok. And also there are many techniques available which can give some structure to group decision making.

Because, if there is no structure to decision making, people can talk without any specific objective in mind; or the one person may talk more than others, or some people may keep quiet, they may not even open their mouth about their ideas or sometimes people may misunderstand what others are saying.

Worst case scenario, they may be conflicts also; people may take things personally and they may get into conflicts also. If you remember in the conflict chapter, we spoke about you know how in groups, you know personal biases can creep in and that can lead to conflict in terms of you know task conflict.

So, interpersonal conflict can become a task conflict in group decision making, especially at discussion stage; because when people disagree, others may feel you know they are, they get offended or they may take it personally. So, this stage is also very important stage; here the role of the leader is to ensure everybody talks, everybody shares information, people do not take things personally, everybody gets an opportunity to view their or everybody gets an equal opportunity to give their viewpoints and things like that.

And there are, like I said earlier; there are many methods available which can help bring in structure to discussion. We will talk about those methods in the next slide. This stage can also lead to some biases in team decision making, which we will talk about it later in this chapter. The third step, once you have all the alternatives, you have evaluated all the alternatives; the last step is or the third step is decision making, where you have to pick up the right solution or the right alternative.

One important problem which can happen at this stage is, the powerful member can influence the team or the leader can; if the leader is biased, it can affect the team decision making. Or if some members are very, they have the right solution; but they may keep quiet or they may they may not criticize the decisions which have been made. So, that may affect the team effectiveness in terms of decision making.

So, they may know this solution which they have selected is wrong, but they may keep quiet; because they may fear, you know they may sound stupid. If you remember in communication chapter, we looked at communication climate. So, team communication climate also is a important aspect. If the team communication is, communication climate is not favorable; people may not open their mouths. And also another problem which can happen at the stage is, especially it is connected to the first stage where if you do not set goals and if you do not reinforce those goals in terms of milestones and guidelines, teams may not have enough time to choose.



So, what will happen is, at the last moment they may not have time. So, they have to hurry up in picking up some solution. So, there might be lot of time pressure; where are the last stage, the team might become tired or you know there may be lot of conflict or they may become very restless to arrive at a solution.

So, they will think ok; let us just decide on something. It happens because, they do not follow the plan which they have made in the first stage. That these are the three steps. The fourth step like I mentioned earlier; if the team owns the decision then they have to implement it also. So, how do they implement? They have to reinforce the solution or they have to sell the solution or they have to convince everyone in the team.

And also people from outside to follow the solution. And also they have to evaluate the decision. Once it is implemented, the team's role is also to see to what extent the solution which they have come up with is effective in solving the problem. And they should seek feedback also; especially if the decision is just conveyed to all the organizational members and they do not even seek feedback about how, what happened and what people feel about it, whether it worked or not.

So, in order to avoid this kind of a trap, where the team makes a decision and it gives the decision to the whole organization and they even care about what happened. So, that may have future consequences like, you know trust on the team may come down. To avoid that, the team should ensure; it should get feedback from others in the organization about the decision they have taken and whether it has worked or not.



## GROUP DECISION MAKING TECHNIQUES

Nominal group technique

Delphi method

Ringi technique



So, these are some of the techniques teams can use in decision making, especially in the second stage where they discuss about the different alternatives. So, there are many techniques, but these are some of the popular techniques which are used in organizations.

One the first technique is nominal group technique, where the team leader or the coordinator puts forward the problem to the all the team members. And the team members even before discussing the possible solutions or their viewpoints, they have to write down what they think and what would be the possible solution. So, they have to list down their ideas about what are the solutions, according to them will work.

And then the team leader will put forth all the ideas together, collate the ideas, distribute the ideas to all the team member saying; these are the ideas which came out of the first step and each one of them is asked to rank the solutions the entire list. So, then when all the members ranked individually, again the team leader brings out the rank and then discusses it with the entire team. So, this is a stage where people can discuss openly.

The earlier first two stages, in most cases it happens offline; which means people just write down and you know they give their ideas and they will give ranking also without discussing. Third stage usually involves discussion; people have to justify why they have ranked that way and give an opportunity, they also have to reveal their preferences, their you know why they are things some idea may not work on all those things.

And finally, the leader collates all the ideas and you know see which idea has gotten better rank or given better rank by most members. So, the advantage of ranking is; if you remember in the previous chapter also, we looked at the advantage of ranking rather than choosing one idea rating. In ranking what happens is you will know the second best solution also; you will also know if the first idea does not work, the second idea can also be used.

And also many a times when you rank, there is less pressure on you to select the one best solution, ok. So, the leader comes up with the best or the most people or the one which is ranked best by most people and then the decision is made. One advantage of nominal group is, since in the first two steps; people do not meet face to face.

The pressure on each one of them in terms of power structure or you know; if somebody whose very powerful in the group, if some that person talks others will keep quiet. But in

the first two steps in this method, people do not talk. So, they do not even know what others are thinking; especially if there is a powerful member, they do not know what the other person is thinking. If the boss is there if the boss starts opening his mouth or her mouth, all the others will say, yes.

But in this method, nominal method that problem does not occur because you do not even know what boss is saying or boss is thinking. So, that is a very important advantage of nominal group technique. The second technique is Delphi technique. Delphi technique is usually used for forecasting and prediction, especially in the technology area or in the change management area.

So, what will happen in Delphi method is, the experts in that particular area, different experts. Let us say if you would have heard about technology; people from different technological backgrounds and also social science background, they come together and they similar to normal method, they first write down their ideas first they will write down what they think.

And then those things are circulated to all the team members. In fact, Delphi method most of the steps happened offline. Offline means they do not meet actually, the document is shared via some platform where everybody looks at the document and they can comment on the document; where in the first step all the ideas are given and the ideas are collated in one document, second step the document is circulated to the entire group and everybody gives their comments.

Again in the third round, people comment on the comments given by others. So, it may take many iterations, many levels of discussion; most of the times offline. So, the advantage of doing it is, if they do not meet face to face; they are not influenced by all those you know biases in terms of personal prejudice or power influence and all those things.

So, this is similar to nominal technique, but here it is more about technical forecasting and prediction. The third method is Ringi technique, which is a Japanese method, where it is typically used in organization context, where the middle level management takes a decision as a group. And the decision is passed to the top level management, and the top level management gives comments on the middle level, what middle level management

has decided; again the decision is revisited by the middle level management and then it goes to the top level management.

So, here when the middle level management decides what they want to do, the middle level management should arrive at a consensus, they have to give their opinion about what all the managers have decided, and you know what I have to say disagree. And then once they arrive at some decision, after many levels of iterations; it goes to the top management, the top management looks at the decision.

And what process has happened and who agreed, who disagreed and then they decide or they give their comments. So, it is a very democratic process of decision making in organization. Most of the Japanese companies use this method; because they respect democracy in the group.

And also they respect middle level manager's decision making. The top level management is just you know reinforcing or authorizing the decisions made by middle level management. So, they give their opinion just as an expert or the senior management, not as the one who influence the decision making.

So, Ringi method is also very democratic group decision method. I will stop here, because in the next few slides, we will talk about what are the possible problems teams may encounter when they make decisions. So, till then take care.