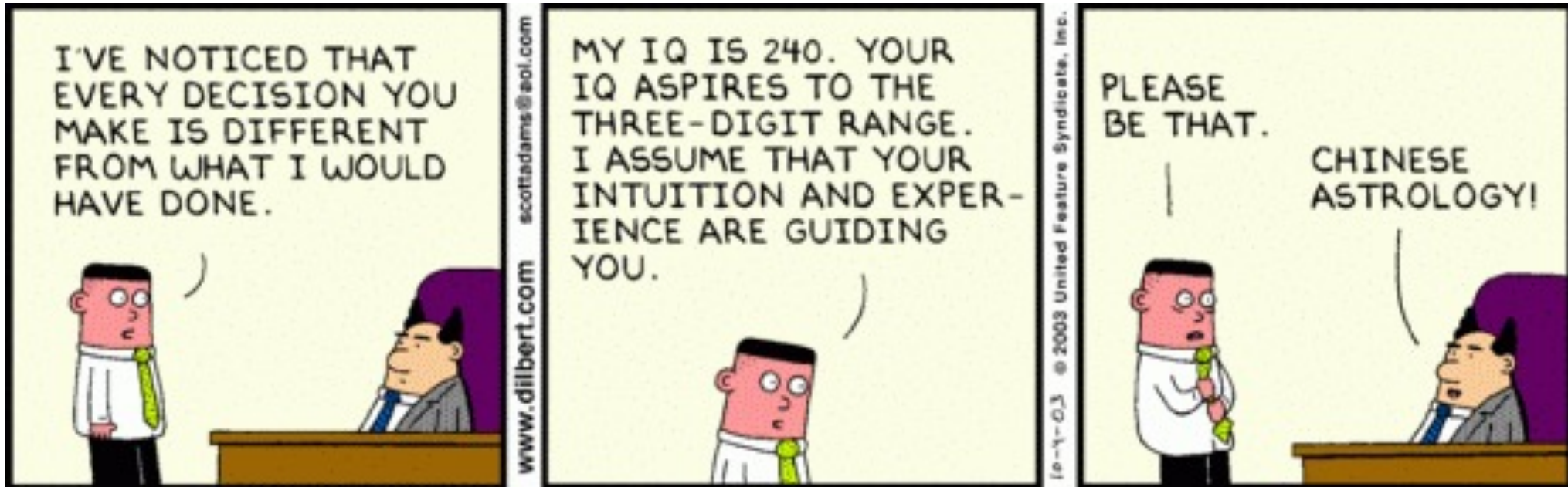
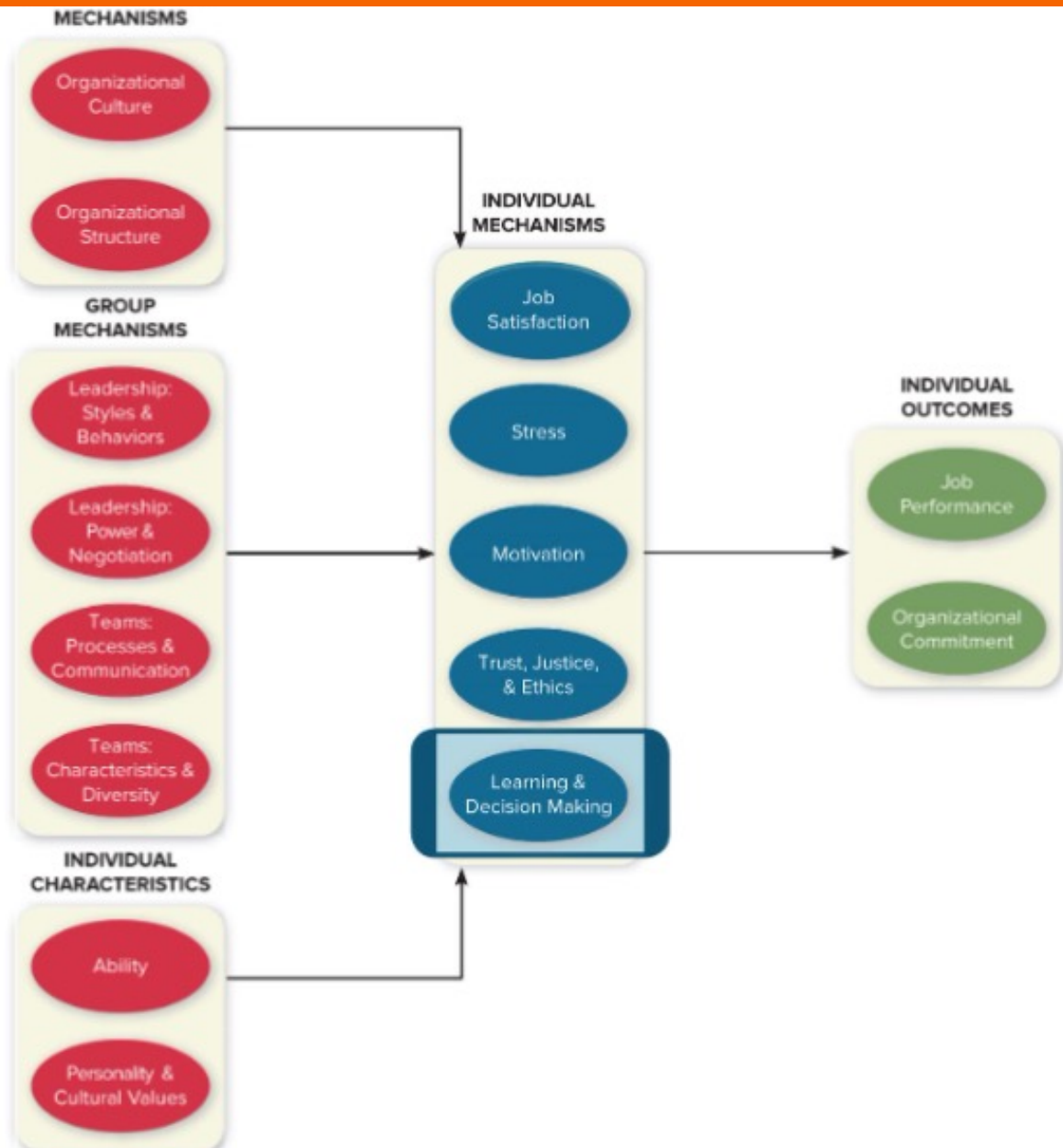


Chapter 8

Learning and Decision Making





An Integrative Model of Organizational Behavior



Learning and Decision Making

Learning

- Relatively permanent changes in an employee's knowledge or skills attained from experience
- Why is learning so important for your employees?
 - "Tools" your employees can use for good decision making
 - Doesn't mean that they will use all the available tools, but a bigger pool to choose from for the right time/event/occasion, etc.



Types of Knowledge: Explicit knowledge and Tacit knowledge

Explicit knowledge

- Information-based
- Relatively easily communicated
- **Example:** manual, technical skills, software, machine operation, things you can find from books
- “Necessary” to perform well
- But often turns out to be a relatively minor contributor to learning

Tacit knowledge

- Experience-based
- Tough to communicate
- **Example:** social skills, insight, practical intelligence, knowing who to reach out to for information, intuition
- Often turns out to be a huge contributor to learning



How do we know if an employee “learns?”

By observing ‘repetitive and relatively permanent’ behaviors.



Learning and Decision Making

Decision making

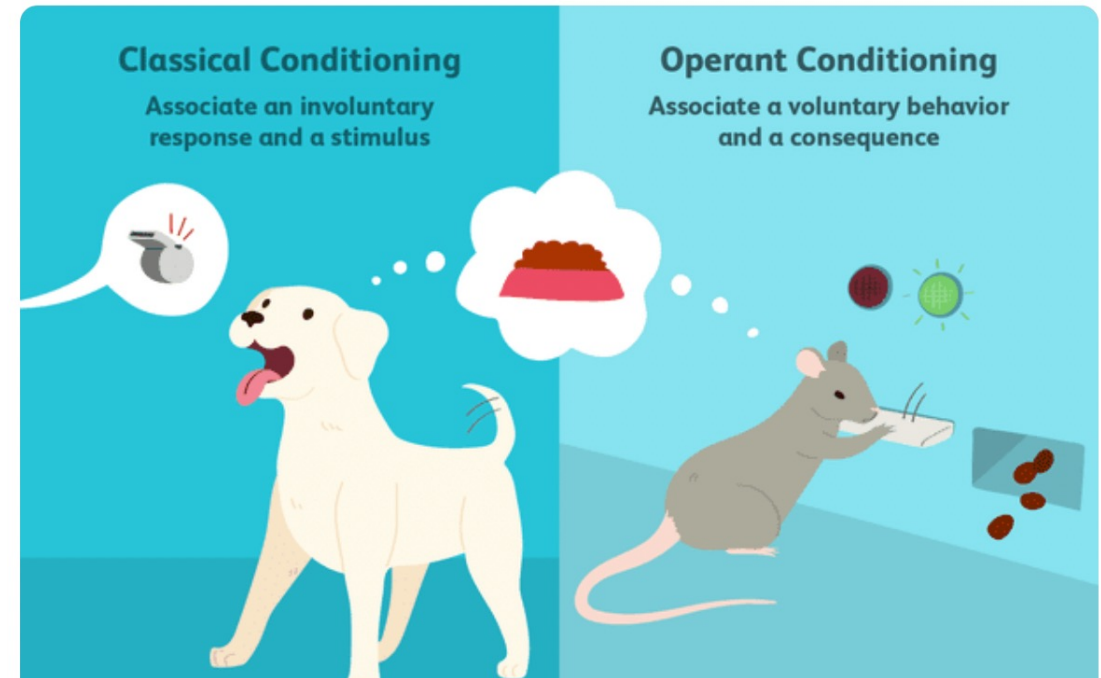
- The process of generating and choosing from a set of alternatives to solve a problem
- The more skills and knowledge, the more likely you are to make accurate and sound decisions



How do your employees learn?: **Methods of Learning**

1. Reinforcement

- Also known as “operant conditioning”
- Learn by observing the link between “voluntary behavior” and the “consequences that follow”
 - Your employee engages in a desirable behavior → you (the manager) reward them
 - Your employee engages in an undesirable behavior → you punish them





Operant Conditioning Components





We all know that reinforcement is not that simple:
Contingencies of Reinforcement

Positive Reinforcement:

Positive outcome follows a desirable behavior

Negative Reinforcement:

Negative outcome is removed following a desired behavior

Punishment:

Negative outcome follows an undesirable behavior

Extinction:

Positive outcome is removed following an undesirable behavior



Your time to shine 🤗

Manager rewards an employee for completing a task

Manager removes a task that the employee hates doing, upon seeing that the employee is excelling in other tasks

Manager stops praising an employee for good behaviors when the employee is repetitively late

Manager suspends an employee for repetitively being late to work

Employee worked hard to reach a goal and manager reduces one task from her table

In a team of 5 members, all employees participated in quarterly training. One employee missed the training without prior notice twice in a row. Manager stops inviting the employee for the rest of the training programs.



Group Activity

1. Pick two of the contingencies of reinforcement.
2. Come up with your own work-related example for each.
3. Are there any unintended consequences? If so, what are they?



In general, what do you think are the most common forms of reinforcement used by managers to promote learning of their employees?



Positive Reinforcement and Extinction.

Why?



Though all of these contingencies (positive reinforcement, negative reinforcement, punishment, and extinction) tend to deliver their intended results:

- **Positive reinforcement and extinction tend to do so “without” creating feelings of animosity and conflict (both between the manager-employee amongst coworkers)**
- **Negative reinforcement and punishment tend to bring other detrimental consequences along with them**



**So far, we discussed the “types” of reinforcement.
What other factors of reinforcement should managers
considered?**



“Timing/Schedule” of Reinforcement

Reinforcement Schedule	Reward Given Following	Potential Level of Performance	Example
Continuous	Every desired behavior	High, but difficult to maintain	Praise
Fixed interval	Fixed time periods	Average	Paycheck
Variable interval	Variable time periods	Moderately high	Supervisor walk-by
Fixed ratio	Fixed number of desired behaviors	High	Piece-rate pay
Variable ratio	Variable number of desired behaviors	Very high	Commission pay

Research shows that the timing of reinforcement is important to modify behaviors.

New learning is acquired most rapidly under a **“continuous schedule.”**



Methods of Learning CONT.

2. Observation

- Social learning theory suggests that people in organizations have the ability to learn through the observation of others
 - Applicable in many settings including workplace, child-parents, education, etc.
- “Behavioral Modeling” in the workplace (very briefly; see next slide for more details):

An employee observes others' (e.g., coworkers' and supervisor's) actions/behaviors



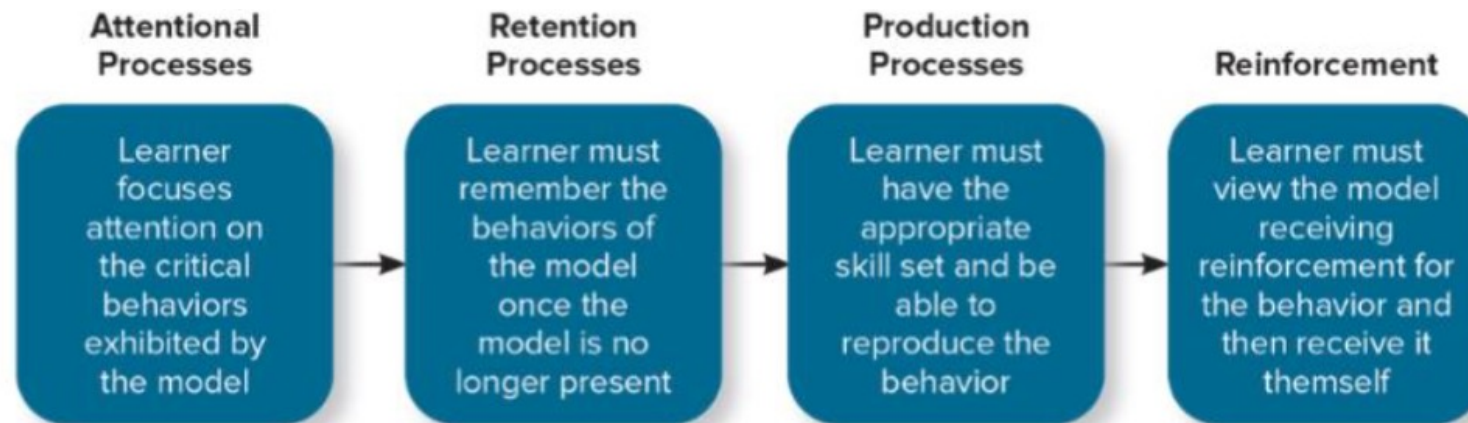
Employee learns from what they had observed



Employee repeats the observed behavior



The Process of Behavioral Modeling



Source: Adapted from H.M. Weiss, "Learning Theory and Industrial and Organizational Psychology," in Handbook of Industrial and Organizational Psychology, ed. M.D. Dunnette and L.M. Hough (Palo Alto, CA: Consulting Psychologists Press, 1990) pp. 75–169.



Methods of Learning CONT.

Some people learn differently as a function of the goals and activities that they prioritize.

In other words, we need to consider "individual differences" in employee learning processes.



Methods of Learning CONT.

3. Goal orientations

Learning Orientation

- Building competence is deemed more important than demonstrating competence.
- **Learning itself >>>> showing that you're good at it.**

Performance-Prove Orientation

- Focus is on demonstrating competence so that others think favorably of you.
- **Learning itself <<<<< showing that you're good at it.**

Performance-Avoid Orientation

- Focus is on demonstrating competence so that others will not think poorly of you.
- **Learn to make sure that you avoid negative consequences**



Learning goal orientation
Performance-prove orientation
Performance-avoid orientation

**What do you think is most closely associated with
desirable learning outcomes?**



Evidence suggests..

- **Learning goal orientation:**

Tends to be associated with positive outcomes such as:

Improved self-confidence; feedback-seeking behaviors; learning performance

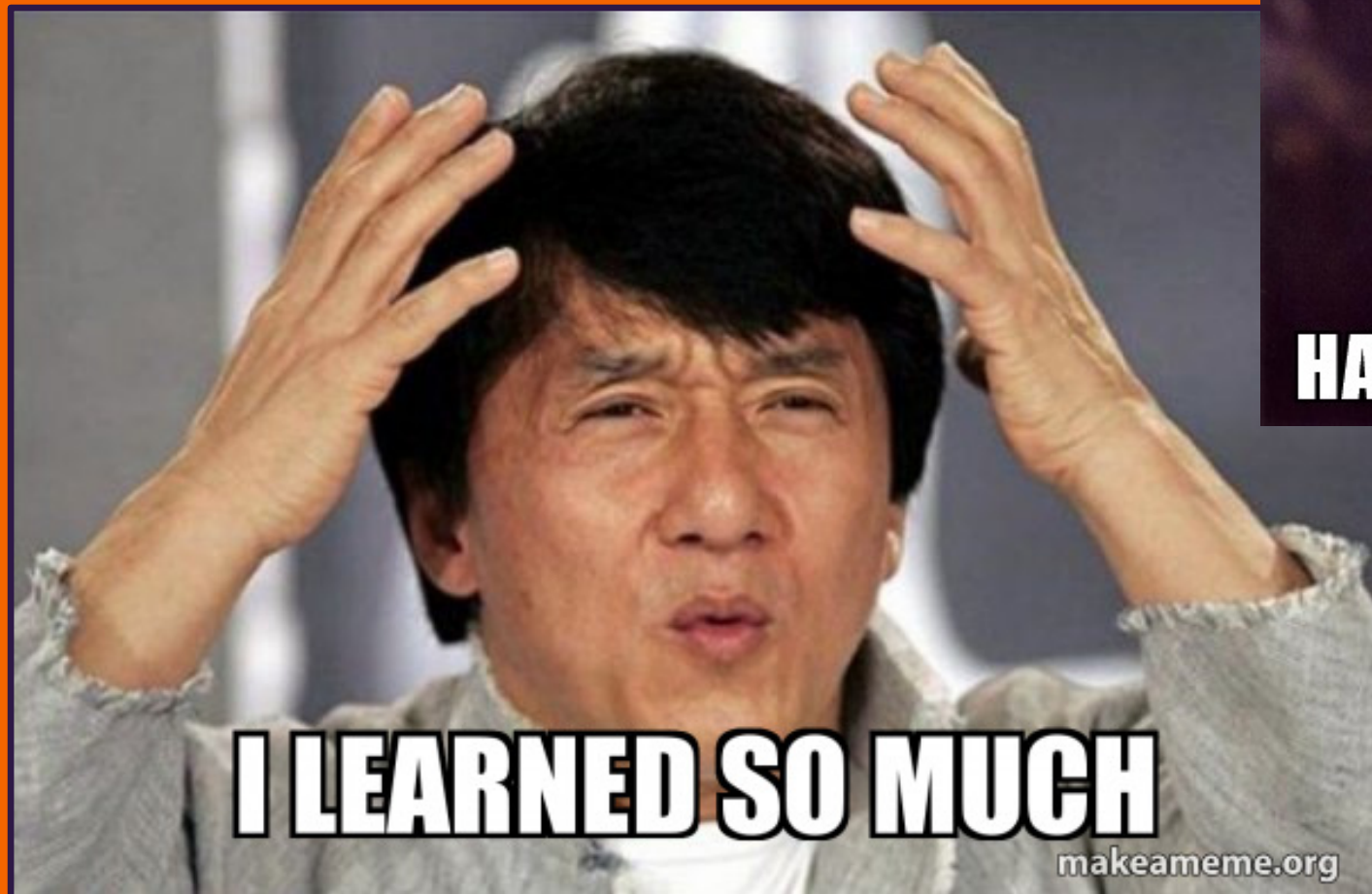
- **Performance-prove orientation:**

Mixed evidence on performance-prove orientation

- **Performance-avoid orientation:**

Tends to be associated with negative outcomes such as:

Learning less; experiencing higher levels of anxiety





So far, we've learned:

- 1) Why we study learning and decision making in OB
- 2) Methods of learning (different methods of learning – reinforcement, observation, & goal orientation)

Now, let's turn to **Methods of Decision Making.**



Methods of Decision Making CONT.

1. Programmed decisions:

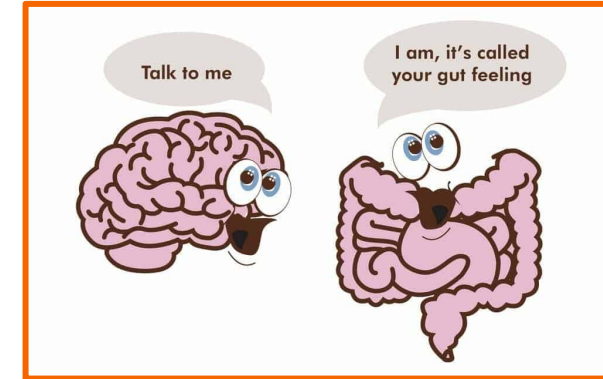
- Somewhat automatic
- Knowledge allows employees to recognize and identify a situation and the actions that need to be taken
 - Safe to think of it as experience-based decision making



Methods of Decision Making CONT.

2. Intuition:

- The “gut feeling”
- Emotionally charged judgment arising through quick, nonconscious, and holistic associations
- A large amount of evidence suggests that intuition is largely a function of:
 - **Tacit knowledge gained through reinforcement**
 - **Observation**
 - **Prior experience**
 - *Therefore, you often don't realize 'why' but you just 'know.'*
- Only effective when you have a high level of domain expertise!!



**What is your opinion on “intuition-based”
decision making?**

Positive? Negative? Neutral?



Methods of Decision Making CONT.

2. Intuition cont. (intuitive decisions under crisis situation):

- A change that results in an urgent problem that must be addressed immediately
- Oftentimes when faced with a “crisis,” decisions must be made quickly
 - **When this occurs, managers may be viewed by their employees as if they are incompetent in reasoning through things (e.g., “my manager rushes through things”)**
 - **Lack of support from the employees = lower chances of successful implementation**



Under circumstances where you, as a manager, must make intuitive decisions, consider these:

1) Here's what I think we are facing

2) Here's what I think we should do

A task-focused statement of what the manager wants to happen

3) Here's why

The reasoning behind the decision

4) Here's what we should keep our eye on

What should the staff look for to ensure the intuition is correct?

5) Now, talk to me

Confirm that everyone understands their roles and that all necessary information has been considered

Anything you recognize from our prior classes?



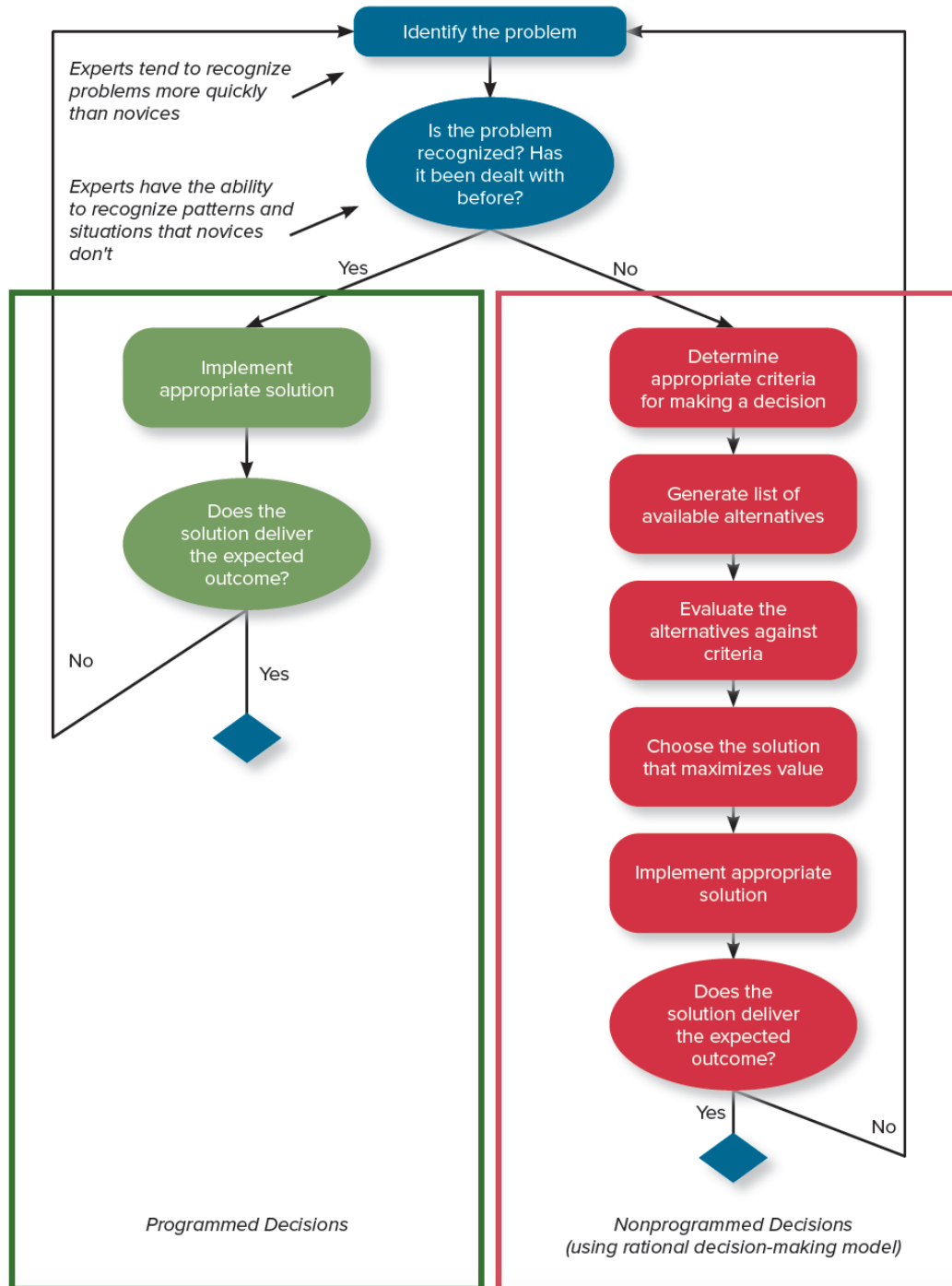
Methods of Decision Making CONT.

3. Nonprogrammed decisions:

- Problem is new, complex, or not recognized.

For nonprogrammed decisions, use **the rational decision-making model:**

- Offers a step-by-step approach to making decisions
- **In short, a thorough analysis on criteria, alternatives, and cost/benefits**



Programmed and Nonprogrammed Decisions



Decision-Making **Problems**

1) **Due to Limited Information**

Bounded rationality

: decision makers do not have the ability or resources to process all available information and alternatives to make a good decision.

Simplification

: when decision makers filter and simplify information to make sense of the complex problem.

Satisficing

: when decision makers select the first acceptable alternative considered.



Rational decision making vs. Bounded rationality?

Boil down the problem to something that's easily understood.



Rational decision making vs. Bounded rationality?

Come up with a few solutions that tend to be straightforward, familiar, and similar to what is currently being done.



Rational decision maker vs. Bounded rationality?

Evaluate all alternatives simultaneously in an exhaustive manner.



Rational decision maker vs. Bounded rationality?

Pick the alternative that maximizes values rather than the first acceptable alternative.



Decision-Making Problems

2) Faulty Perceptions

Selective perception

: tendency to see their environment only as it affects them and as it is consistent with their expectations

: e.g.,) "You only see what you want to see"

Projection bias

: project one's own thoughts, attitudes, and motives onto other people

: e.g.,) "He shouldn't do that - I would never do such a thing!"

Social identity bias

: the way one identifies themselves based on where they think they belong impacts how they view the world

: e.g.,) your fraternity/sorority plays a big part in identifying who you are

Stereotype

: assumptions are made about others based on their membership in a social group

: e.g.,) inaccurate generalization about Wells Fargo employees



Decision-Making Problems

2) Faulty Perceptions



Heuristics

: simple, efficient rules of thumb that allow us to make decisions more quickly (mental shortcut)

: e.g.,) you need to do some number crunching; you immediately look for a calculator

Availability bias

: tendency for one to base their judgments on information that is easier to recall

: e.g.,) manager typically praises employees for almost any good behaviors. Recently, there has been many occasions where employees were praised for their on-time performance. Employee A thinks that the manager values on-time performance over others.



Decision-Making Problems

3) Faculty Attributions

Fundamental attribution error

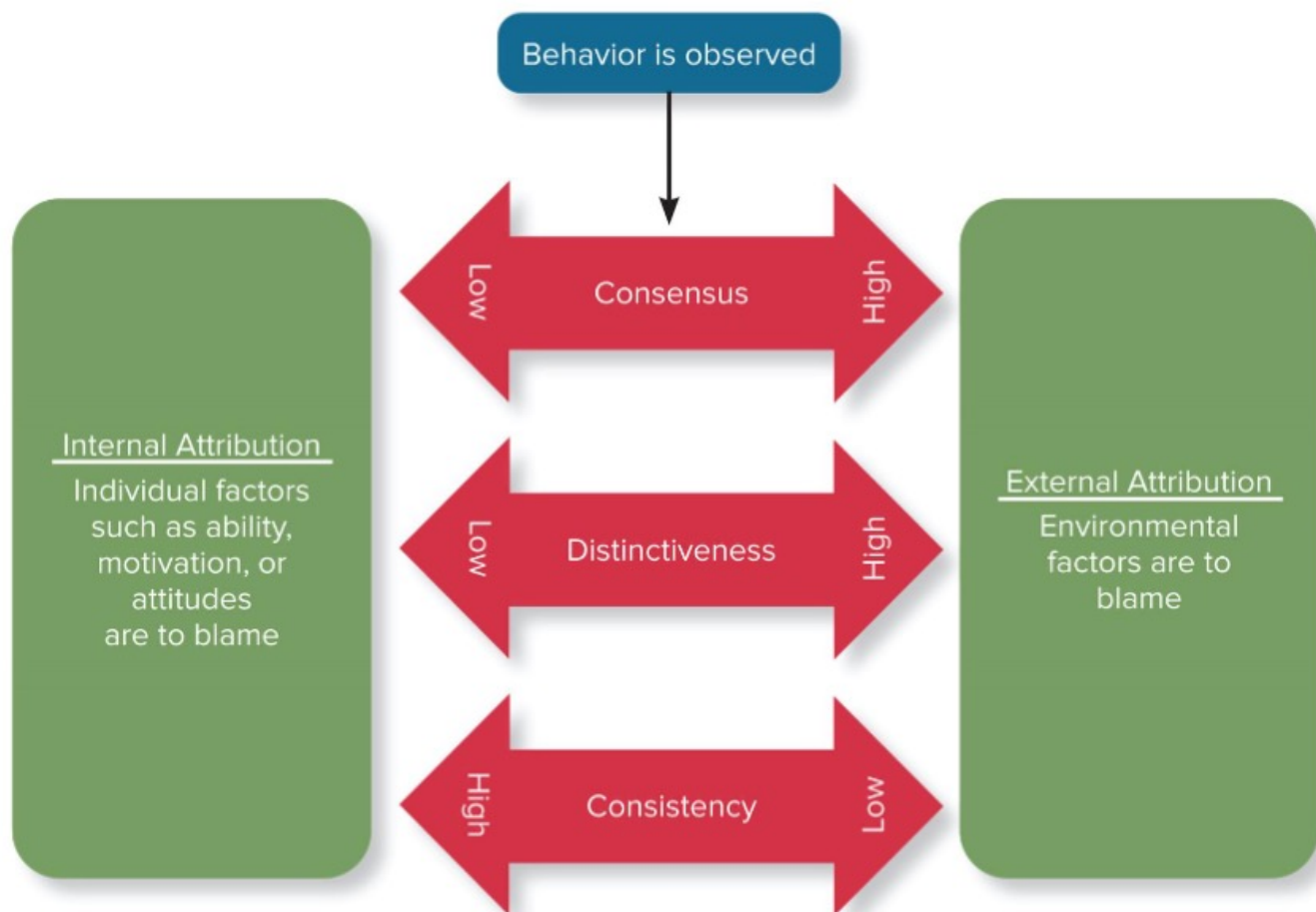
- : A tendency to judge others' behaviors as due to internal factors such as ability or attitude
- : ex) Manager thinks that an employee's poor performance is because of their lack of motivation (when in reality, the employee is struggling because of family issues)

Self-serving bias

- : Attribute one's failures to external factors and one's successes to internal factors
- : ex) An employee thinks that their low task performance is because the manager didn't create a learning environment; and thinks their OCB is because they are nice people.



These “attributions” are not made in vacuum. They are based on a few factors:

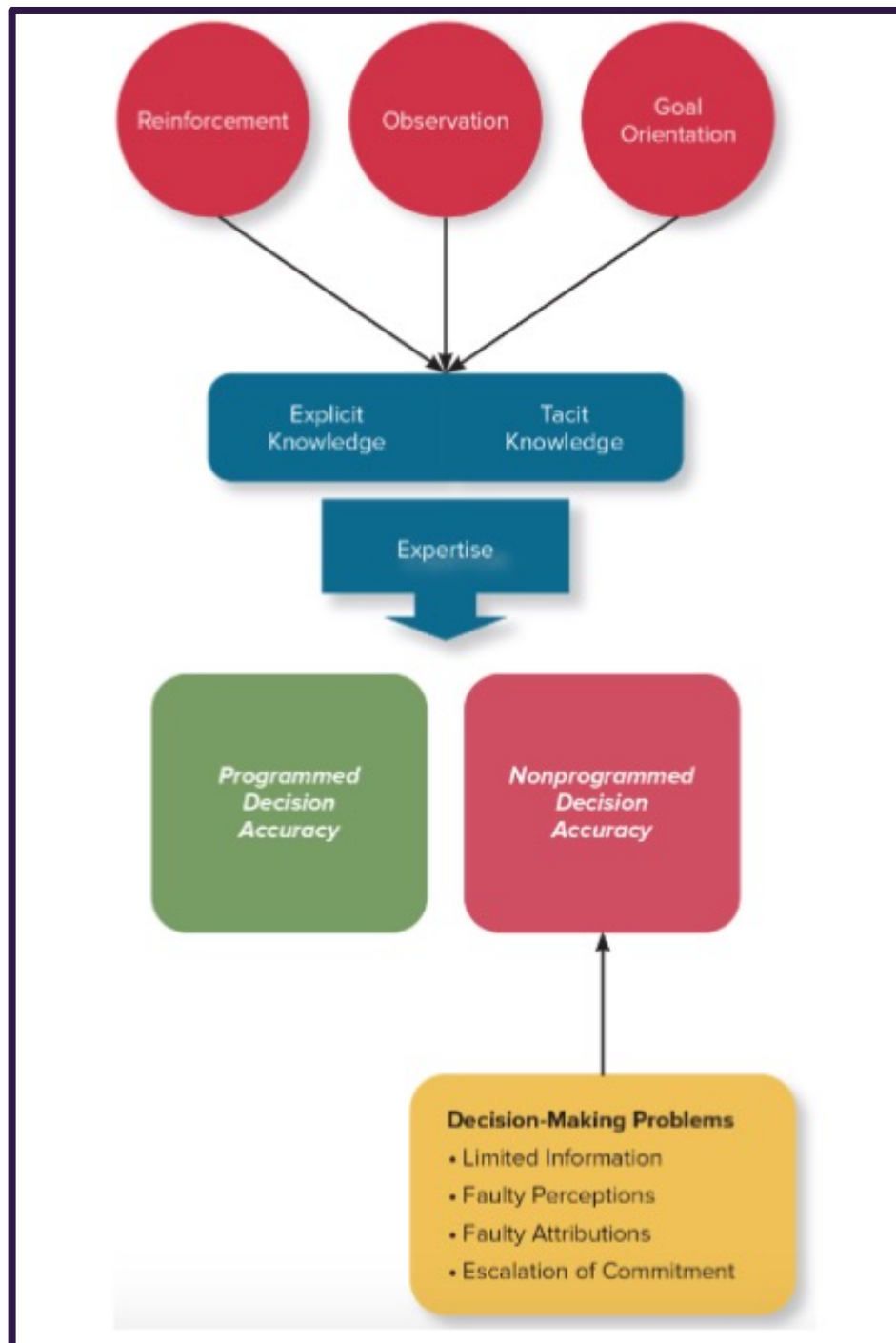


Examples

Consensus: Kim is late. Were other employees late today as well?

Distinctiveness: Kim is late. Is Kim late in other circumstances outside of workplace?

Consistency: Kim is late. Was Kim late before? If so, how often?



Summary:

Why Do Some Employees Learn to Make Decisions Better than Others?

Learning and Profitability: Relations to Performance and Commitment

- Learning is moderately/positively correlated with **task performance**
- Learning is less/positively correlated with **OCB and CWB**
- Learning is weakly/positively correlated with **organizational commitment**

