

Week 3 – Perception, attribution error and decision making

Perception – the process of organising and interpreting sensory data to make sense of your position vis-à-vis the environment.

Perceptions of reality form the basis for behaviour in most aspects of our lives (especially conscious decisions where we weigh up the consequences of our actions) – cognitive and emotional responses

This is very important in organisational settings, because our perceptions inform our decisions and actions about how we relate to other people – they inform what we call ‘social cognition’.

Halo Effect – the tendency for an impression created in one area to influence opinion in another area

Limits to perception

Humans are good at recognising pattern from very limited data, but those patterns very quickly become fixed and we have difficulty seeing anything else. Thus, we are not very good at dealing with complexity and ambiguity.

Further to this, our background, education and social upbringing also influence our perception of ourselves and others.

Relation to organisational behaviour

- In organisations, we are constantly expected to draw conclusions about why people do things (e.g. attribute motives).
- In organisations, we are constantly expected to draw conclusions about how well people did things in the past (e.g. performance management).
- In organisations, we are constantly expected to predict how well people will do things in the future (e.g. recruitment, selection, and promotion).

Attribution theory – supposes that people attempt to understand the behaviour of others by attributing feelings, beliefs, and intentions to them.

Humans are ‘intentional’ — they do things for a reason or a purpose (i.e. behaviour has motivations). When we observe people’s behaviour we ask ourselves: “Was this caused by internal (consequence intended) or external factors (result of matters beyond their control)?”

The self-serving nature of attribution errors

Self-serving bias – the common human tendency to attribute one's successes to personal characteristics, and one's failures to factors beyond one's control. The reason people tend to personalise success is because it helps their self-esteem levels.

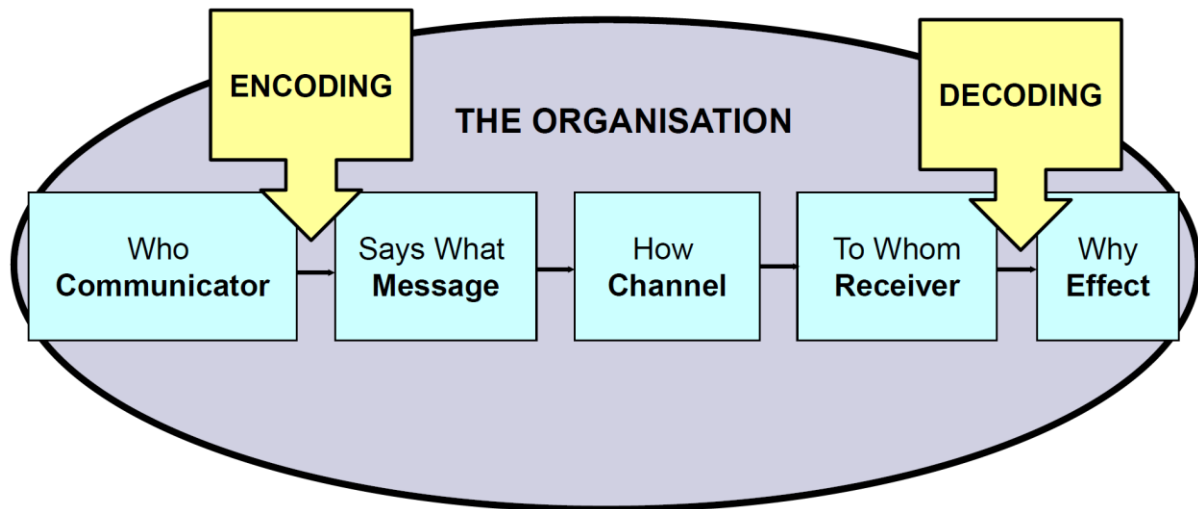
Kelley’s covariation model

Attributions are made based on three criteria: Consensus, Distinctiveness, and Consistency (Kelley, 1973).

- **Consensus** – co-variation of behaviour across different people. If lots of people find Lisa attractive, consensus is high. If only Johnny finds Lisa attractive, consensus is low. High consensus is attributed to the stimulus (in the above example, to Lisa), while low consensus is attributed to the person (in this case, Johnny).
- **Distinctiveness** – how unique the behaviour is to the particular situation. There is a low distinctiveness if an individual behaves similarly in all situations, and there exists a high distinctiveness when the person only shows the behaviour in particular situations. If the distinctiveness is high, one will attribute this behaviour more to the circumstance instead of person (Gilovich et al., 2005).
- **Consistency** – covariation of behaviour across time. If Jane is generous all the time, she shows high consistency. If Jane is rarely generous or is generous only at specific times, perhaps around the holidays, she shows low consistency. High consistency is

Week 8 – Communication

The transmission model of communication (Lasswell Formula)



Encoding – messages are encoded by the sender before they are sent

Decoding – the receiver decodes messages after messages are received

Encoding and decoding create distortion due to the complexities inherent in the communication process. For example, encoding and decoding are shaped by various factors including:

- Environment, background and experiences of the sender and receiver.
- Values, attitudes and personalities of the sender and the receiver.
- Relationship between sender/receiver
- Non-verbal communication
- Perceptual limitations (you can draw links to the biases introduced in the micro part of the subject).

Perceptual limitations distort the communication process. For example:

- Selective perception – we only “hear” some of the information we receive
- Selective retention – we only remember some of the information we hear

Role of feedback in communication

Providing feedback is a good way to remedy the problems of distortion because of these two reasons:

- Feedback helps us understand how our messages are received
- Feedback helps us modify and improve on our communication in subsequent attempts to communicate a particular message

However, feedback is also a form of communication so it is equally subjected to distortion.

Functional theories of communication

Proposes that if we can identify and eliminate all distortions, we can design the optimal message.

According to the functional theories of communication, messages are designed purposefully to serve a particular function in organisations. In particular, there are three main functions that message can be tailored to fulfill.

- Messages can be designed to get people to do things and to establish rules, regulations and policies.
- Messages can also be useful for establishing relationships between people.

Week 11 – Strategy

Strategy is a series of consistent decisions about an organisations objectives, scope, competitive advantage

1. Objective i.e. ends (market share, growth, profitability)
2. Scope i.e. domain (customer, geography)
3. Competitive advantage i.e. means (value proposition, process)

Strategy can be a planned or emergent process

Planned

- Strategy should follow a strict plan
- Strategic change is deliberate
- Process is linear
- Formulation and implementation are separate
- Decisions are result of rational analysis
- Strategic decisions are taken at top

Emergent

- Strategic change evolves in practice
- Process is iterative
- Formulation and implementation are entwined
- Decisions are result of intuition, opportunism, reflection (i.e., bounded rationality)
- Strategic decisions taken all over the organization

Levels of strategy

Corporate	Business
<u>Corporate strategy</u> – the way a corporation seeks to create value through the configuration and coordination of its multi-market activities i.e. how it generates and preserves corporate advantage	<u>Business strategy</u> – once the industry is chosen, the logic regarding how to compete in that industry (What is the objective? What is the scope? How will we achieve a competitive advantage?)
Corporate advantage (corporate level): extent to which corporation enhances competitive advantage of its businesses, over and above that of (the best) alternative ownership structure	Types of competitive advantage (business level) <ul style="list-style-type: none"> • Successful differentiator competitor • Successful cost competitor • Competitor with dual advantage • Target one particular customer segment through focus

Competitive strategies

Organisations need to make a strategic choice in order to maintain a competitive advantage. Successful business strategies can achieve a competitive advantage through differentiation or lowering cost.

Firms must either seek to:

- Offer low prices through cost leadership
 - Low cost producer compared to rest of industry
 - Emphasis on efficiency (experience curve)
 - High volume, low margin (economies of scale, scope)
 - Standardised products: basic, low-cost, no frills
- Offer more value through differentiation
 - Unique in its industry in ways that are widely valued by customers
 - Offers benefits or attributes that are of superior value enough to justify a premium price
 - High margins (not always low volume)
 - Price elasticity tends to be reduced (less reaction to price changes)