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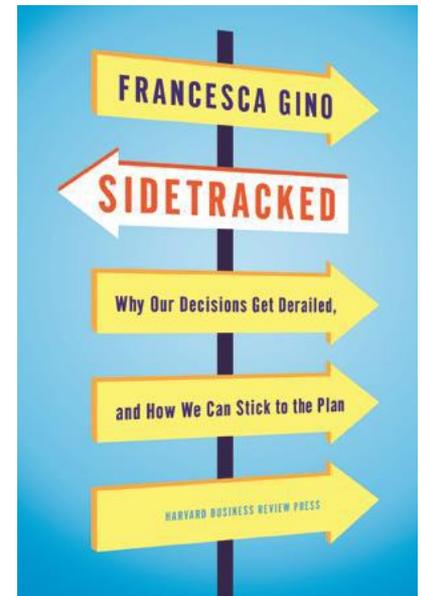
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Making Better Decisions – Understanding Decision Derailers



Not According to Plan



Forces we do not perceive
are going to matter

Factors derailing our Decisions

FORCES FROM WITHIN

Factors that reside in both our minds and hearts and exist because of our very nature



FORCES FROM OUR RELATIONSHIPS

Factors that characterise our relationships and interactions with others

FORCES FROM THE OUTSIDE

Factors that characterise the context in which we operate



Destructive Cognitive Bias

- Cognitive Dissonance

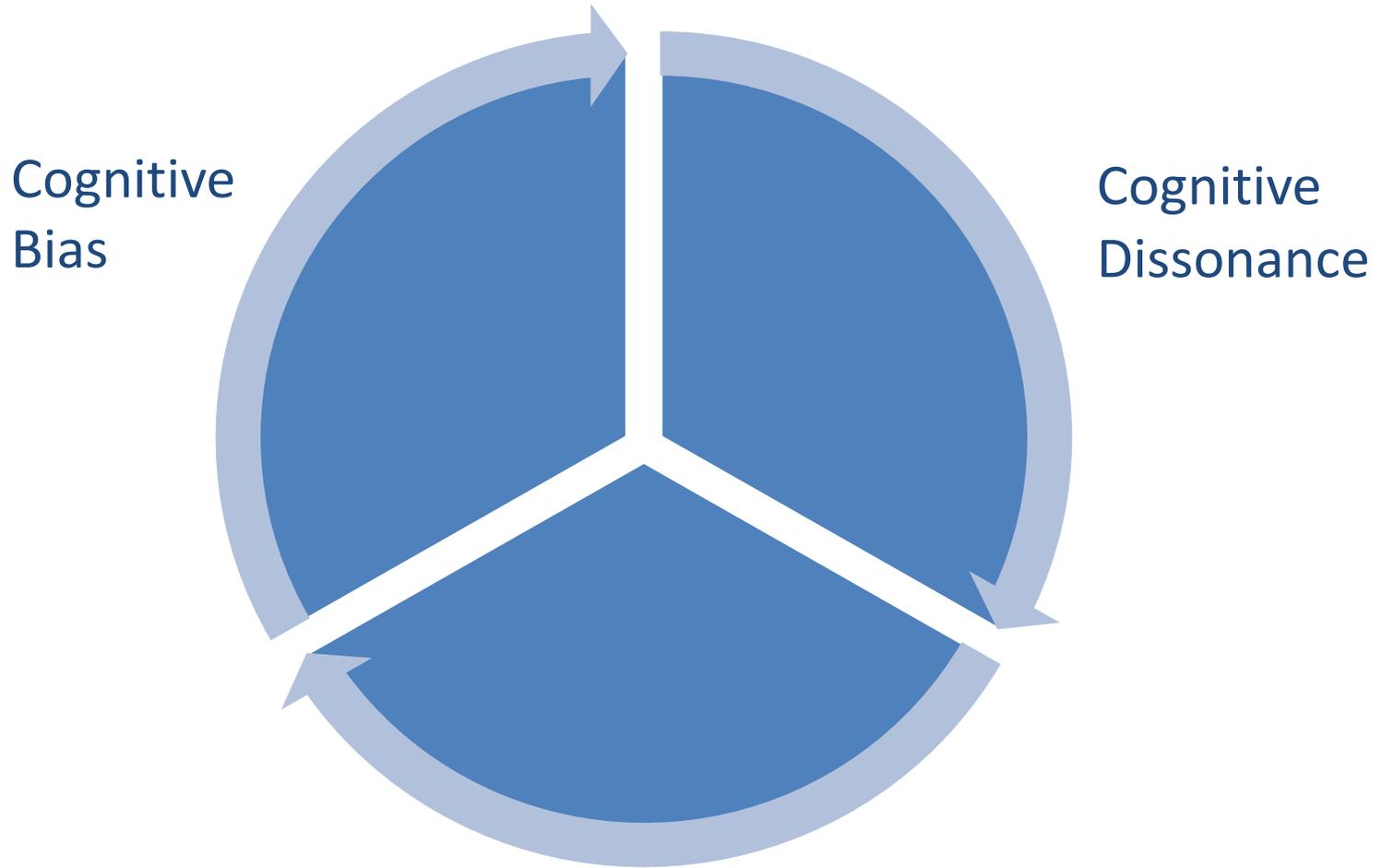
Destructive Cognitive Bias

- **Shooting from the hip bias:** making spur of the moment unplanned decisions
- **Locking In bias:** focussing exclusively on a preferred option while ignoring critical information that contradicts this option
- **Wishful thinking bias:** attribute unfounded and unevidenced positive effects to a particular viewpoint

Destructive Cognitive Bias

- **Ignoring critical evidence bias:** where the critical evidence goes against the preferences of the group or group leader
- **Short termism bias:** short term benefits rather than long term costs
- **Over confidence/Positive illusion bias:** assume success even though the data does not support such confidence and risks still occur

summary...



Force No 1: Forces From Within



Rate Yourself

- Using 0-100 percentile scale, compare yourself relative to other people in this room on the following dimensions:
 - My ability to make good decisions
 - My ability to get along well with other people
 - My ability to negotiate effectively
 - My ethicality

US News Survey

“Who is likely to get to heaven?”

Bill Clinton 52%

Michael Jordan 62%

Mother Teresa 79%

Themselves 87%

WHAT MATTERS MOST
IS HOW YOU SEE YOURSELF.



Inflated Self-Views

- **YES: benefits to having a positive view of who we are and what we can accomplish**
- **BUT: having inflated beliefs = costs**
In workplace decision-making contexts:
 - **If leaders believe they are savvier than the competition, they are likely to make overly risky business decisions**
 - **If CEOs believe they're smarter than other executives at their level, they will go ahead with ill-advised projects and processes**
- **Implications for advice taking**

What can you do to counteract Inflated Self Views

Raise your awareness

- By raising your awareness, you can keep your self views in check and recognise when they may be taking you off track

Forces from within: Infectious Emotions



What can you do to counteract Infectious Emotions

Take your emotional temperature

- By taking your emotional temperature before making a decision, you can reflect on the causes of your current feelings and determine whether they were triggered by an event unrelated to the decision at hand and you can examine whether irrelevant emotions are clouding your judgment

Emotion Regulation

Emotion Suppression:

- Individual tries to hide, ignore or otherwise control the emotion by suppressing

Cognitive Re-appraisal:

- Changing the way you think about and reinterpreting the issue in a different way

Emotion Regulation

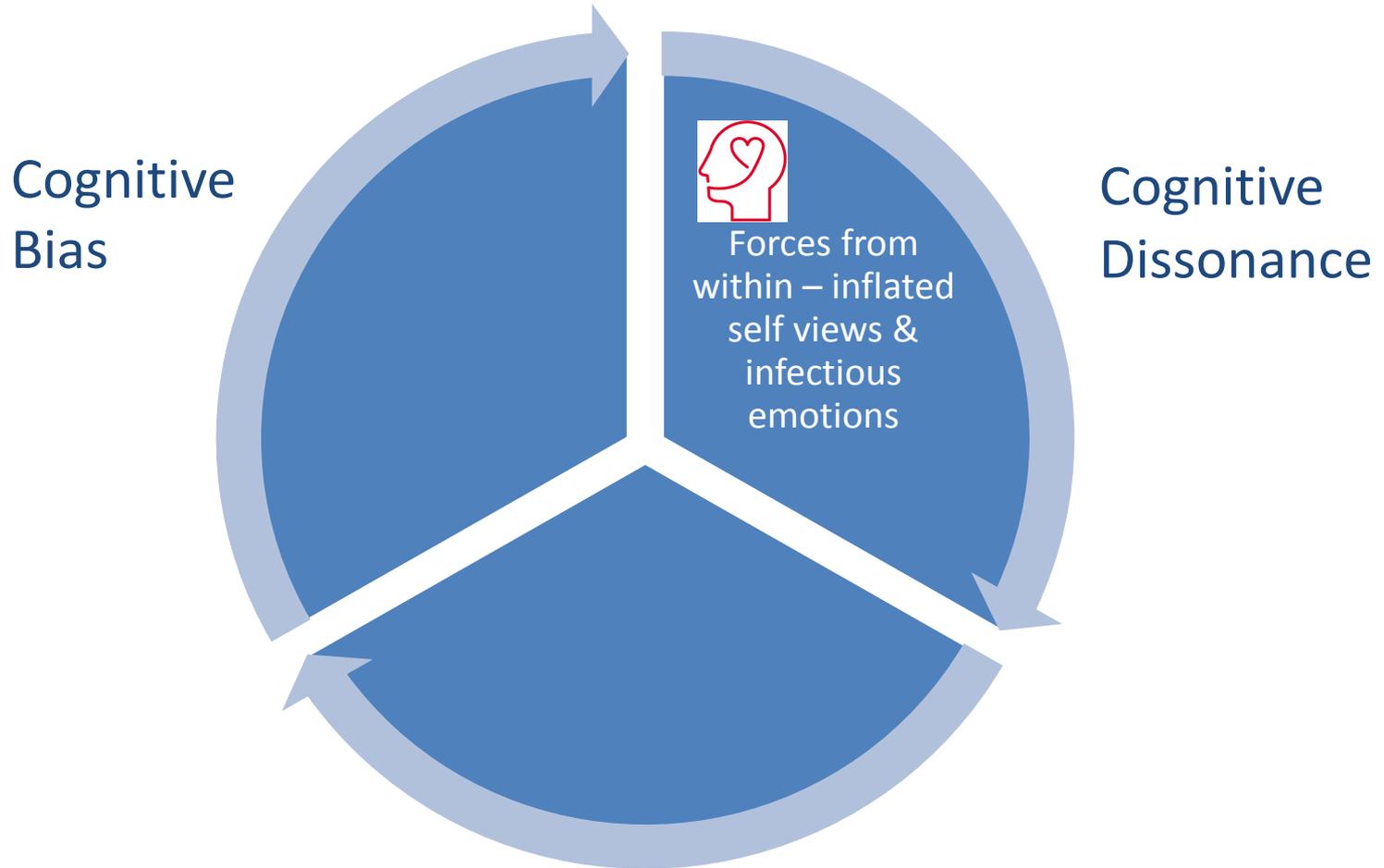
Emotion Suppression

- Lose motivation
- Feel less confident about achieving goals
- Abandon goals
- Feel less satisfied about performance and achievements

Cognitive Re-appraisal

- Keep going
- Become more competent – make better decisions
- Achieve goals

Summary...



Force 2

Forces From Our Relationships



Two Offers

Imagine that you just graduated from an MBA programme at a top UK business school and are now looking for a job. You have two offers:

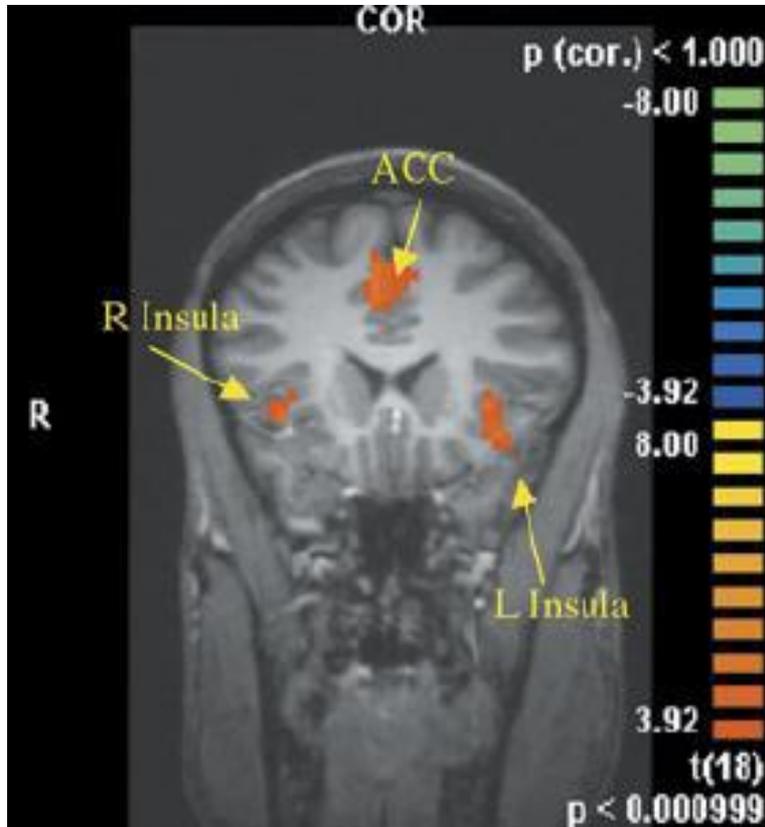
Job A: The offer is from Company 1 for £170,000 a year. It is widely known that this firm pays all starting MBAs £170,000 a year.

Job B: The offer is from Company 2 for £180,000 a year. It is widely known that this firm is paying some other graduating students from your programme £190,000 a year.

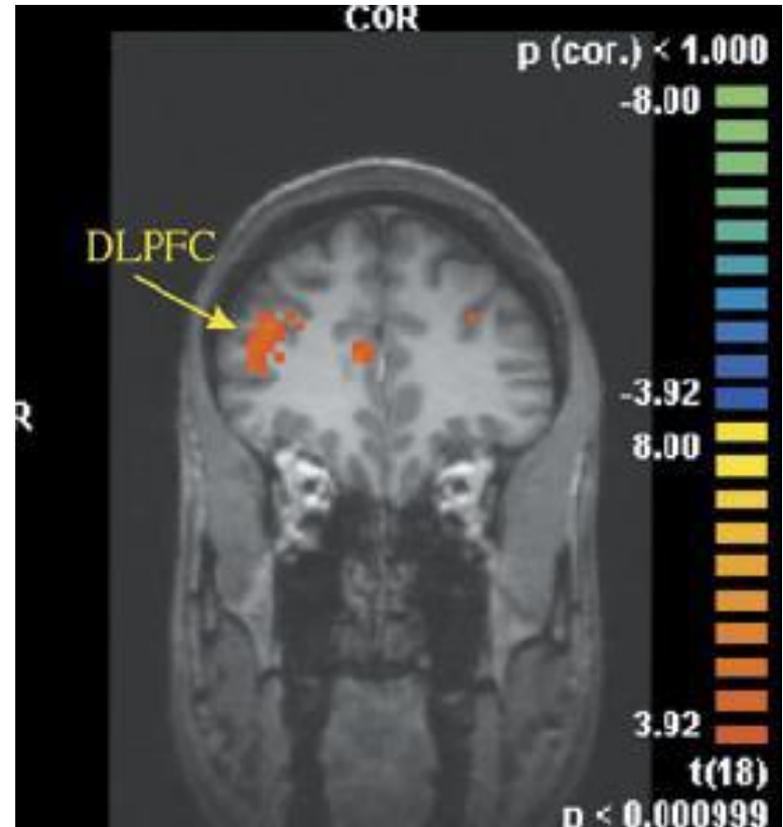


We Are Wired This Way

Brain Scan after “unfair” offer



Brain Scan after “fair” offer



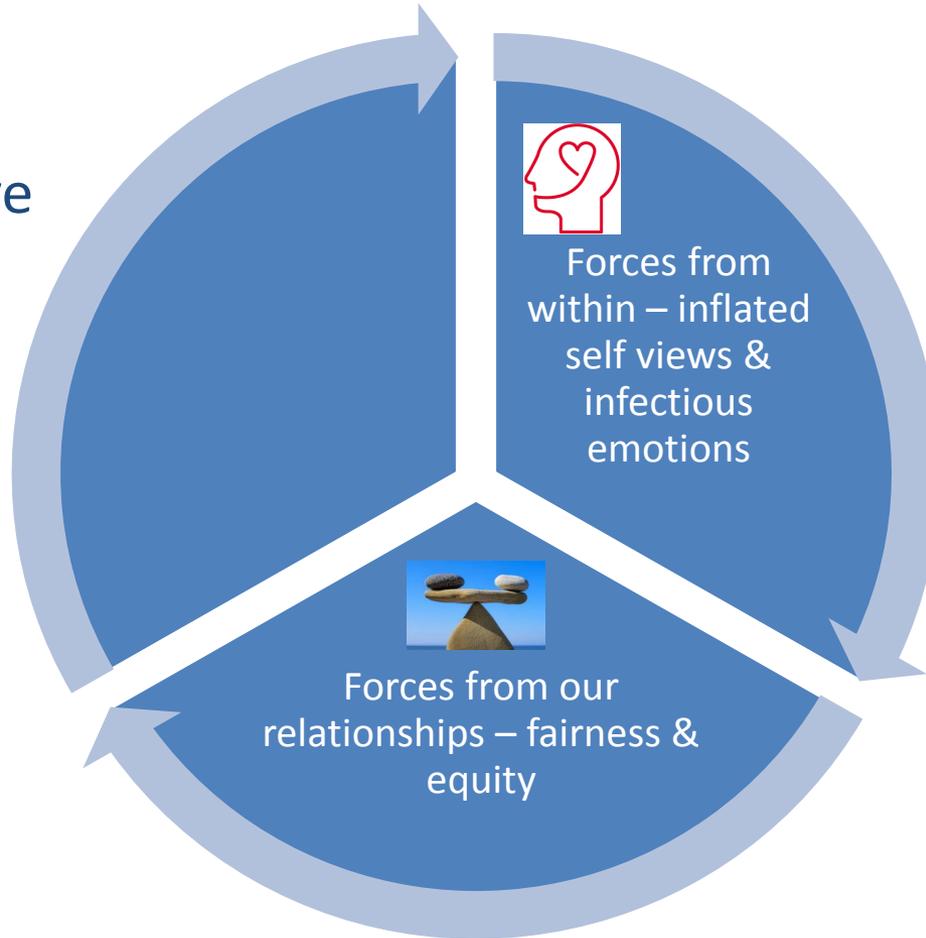
What can you do to counteract Salient Comparisons

Check your reference points

- By checking your reference points, you can uncover the real motives behind your decisions and readjust accordingly

summary...

Cognitive
Bias



Cognitive
Dissonance

Force 3

From the Outside



Context is Everything



Context



An Example

- In 2004: case study with Ducati Motorcycle racing team (Ducati Corse)
 - Long (and successful) history of racing
 - Until 2003: never raced in the Grand Prix circuit (“MotoGP”)
 - Being a newcomer: set low expectations
- Team Director: 2003 would be a learning season for the team
- Surprisingly, Ducati Corse performed much better than they (or anyone else) expected during the 2003 season
- Finished season 2nd overall in the team standings





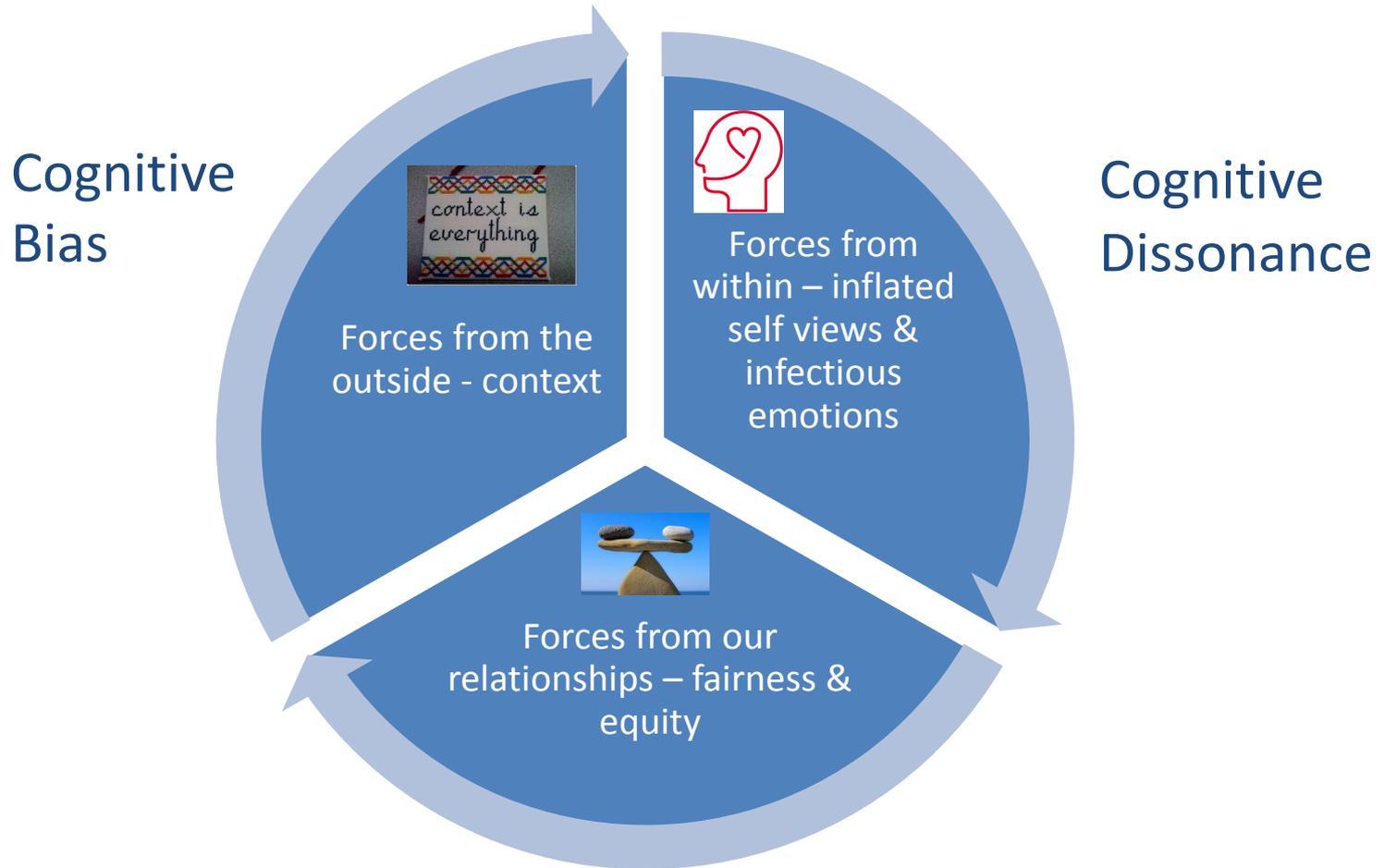
- Learning took a distinct back seat to winning
- One team member noted:
“Our 2003 season was, in some way, too successful. Our strategy became we ride, we go home and we do not need to analyse the data. It was not important to have information at that point”
- 2004 bike completely redesigned:
More than 60% of the 915 individual components of the new bike were totally different and could not be interchanged with the previous version.
- Result? Worse performance in the 2004 season and many struggles in the races, especially at first.



Context is Everything



summary...



- Behavioural Insights

Behavioural Insights

- Parents picking up children from nursery



Behavioural Insights

- Potholes



Behavioural Insights

- Increasing work performance

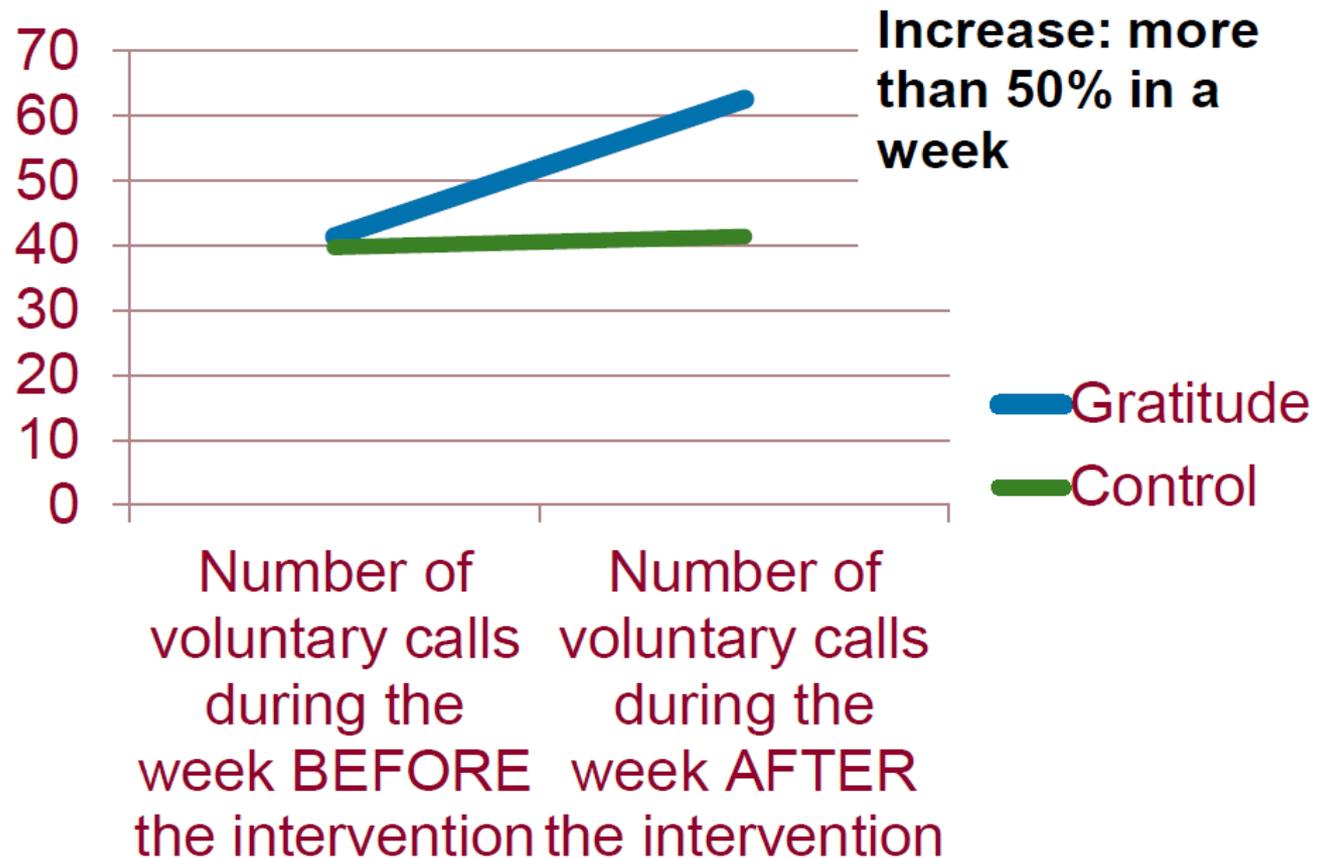


Increasing Work Performance

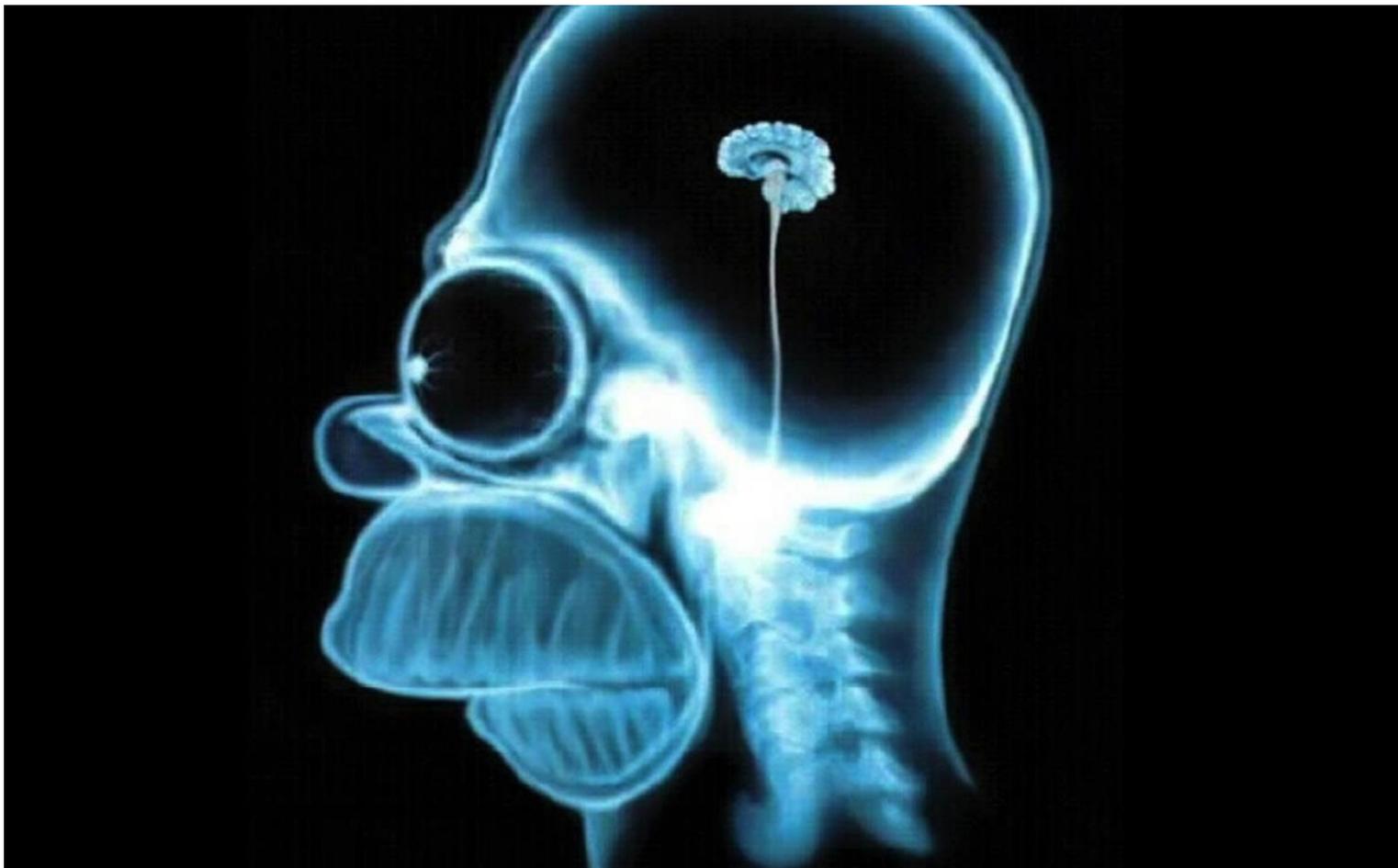
- **Participants:** Fundraisers responsible for soliciting donations to a charity
- **Intervention:** A director expressed gratitude to half of the fundraisers when visiting their offices [expressed gratitude condition]
- No visit [control condition]
- “I am very grateful for your hard work. We sincerely appreciate your contributions to the charity.”



Performance before / after intervention



What are you going to do differently tomorrow?



Sticking to the Plan

Recognise we are human

- Subtle forces influence our decisions and behaviour
- Apply principles systematically

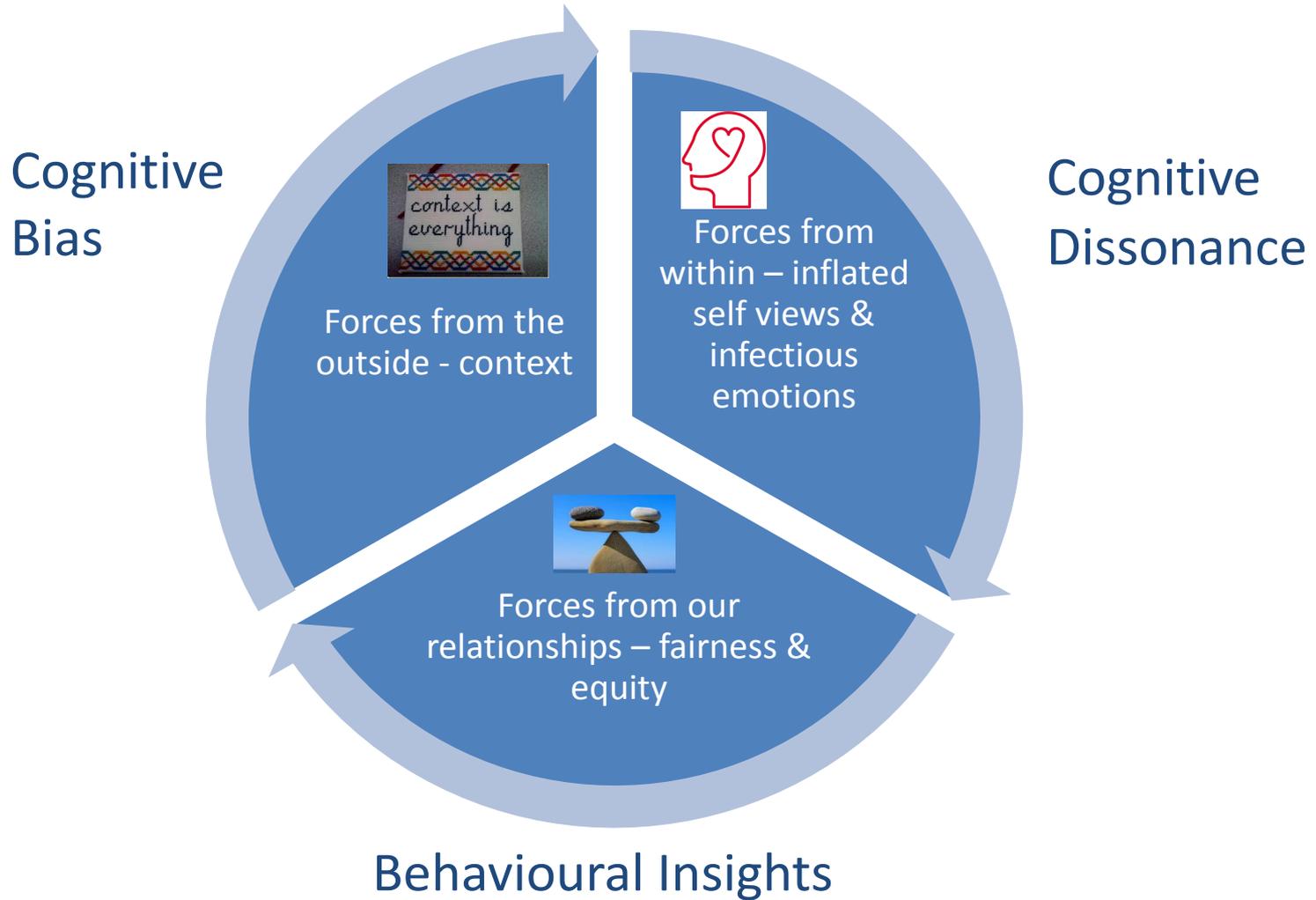


Develop plans of actions that consider and counteract the forces that sidetrack us

- Be an Architect and check on progress



In summary...





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