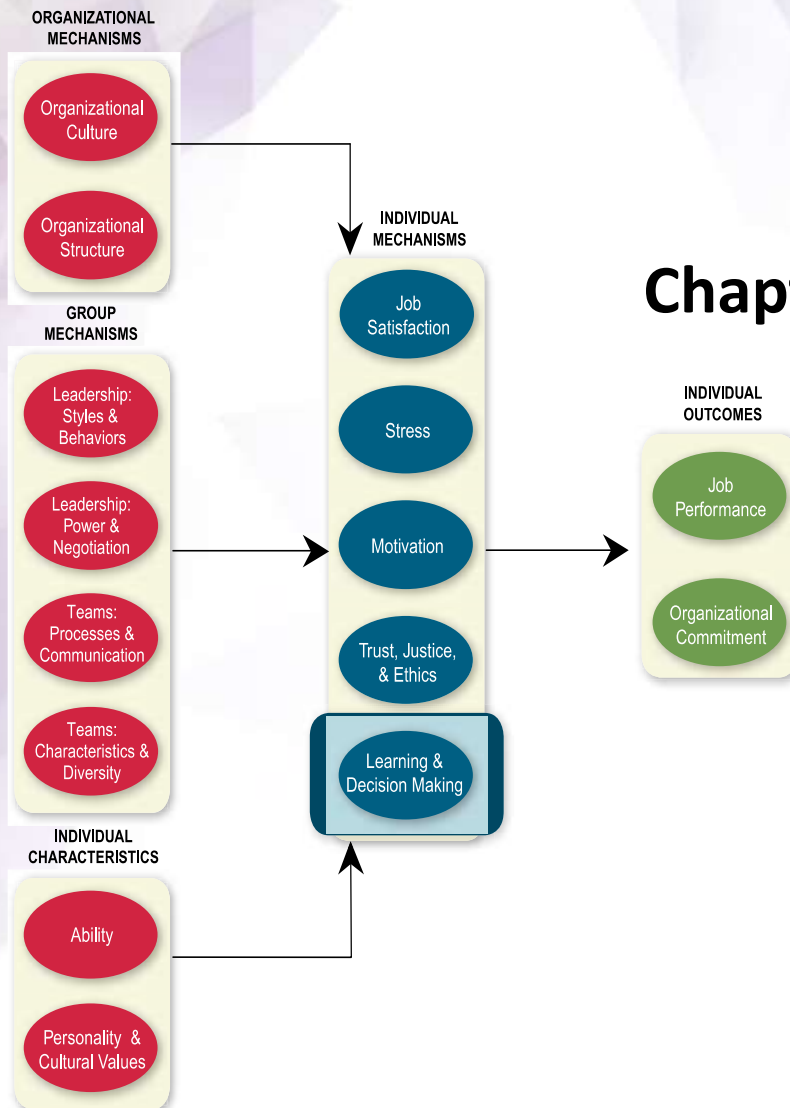


Chapter 8: Learning & Decision Making



Learning Goals

- What is learning, and how does it affect decision making?
- What types of knowledge can employees gain as they learn and build expertise? cracked
- What are the methods by which employees learn in organizations?
- What two methods can employees use to make decisions?
- What decision-making problems can prevent employees from translating their learning into accurate decisions?
- How does learning affect job performance and organizational commitment?
- What steps can organizations take to foster learning?

Learning and Decision Making

- **Learning** reflects relatively permanent changes in an employee's knowledge or skill that result from experience.
 - The more employees learn, the more they bring to the table when they come to work.
- **Decision making** refers to the process of generating and choosing from a set of alternatives to solve a problem.
 - The more knowledge and skills employees possess, the more likely they are to make accurate and sound decisions.
- **Expertise** refers to the knowledge and skills that distinguish experts from novices and less experienced people.

Discussion Questions

- What does the term “expert” mean to you?
- What exactly do experts do that novices don't?

Types of Knowledge

- ***Explicit knowledge*** is the kind of information you are likely to think about when you picture someone sitting down at a desk to learn.
 - Relatively easily communicated.
- ***Tacit knowledge*** is what employees can typically learn only through experience.
 - Up to 90 percent of the knowledge contained in organizations occurs in tacit form.

Characteristics of Explicit and Tacit Knowledge

Table 8-1

EXPLICIT KNOWLEDGE	TACIT KNOWLEDGE
Easily transferred through written or verbal communication	Very difficult, if not impossible, to articulate to others
Readily available to most	Highly personal in nature
Can be learned through books	Based on experience
Always conscious and accessible information	Sometimes holders don't even recognize that they possess it
General information	Typically job- or situation-specific

Methods of Learning

- We learn through reinforcement (rewards and punishment), observation, and experience.
- ***Reinforcement*** – The process whereby a behavior with desirable consequences comes to be repeated
- ***Operant conditioning*** says that we learn by observing the link between our voluntary behavior and the **consequences** that follow it.

Contingencies of Reinforcement

- There are four specific consequences typically used by organizations to modify employee behavior, known as the *contingencies of reinforcement*

Contingencies of Reinforcement

- Two contingencies used to **increase desired** behaviors:
 - ***Positive reinforcement*** occurs when a positive outcome follows a desired behavior.
 - Most common type of reinforcement
 - Increased pay, promotion
 - ***Negative reinforcement*** occurs when an unwanted outcome is removed following a desired behavior.
 - Perform a task to not get yelled at

Contingencies of Reinforcement, Cont'd

- Two contingencies used to **decrease undesired** behaviors:
 - ***Punishment*** occurs when an unwanted outcome follows an unwanted behavior.
 - Suspension, firing
 - ***Extinction*** occurs when there is the removal of a consequence following an unwanted behavior.
 - Stop laughing at off-color jokes

Positive reinforcement and extinction should be the most common forms of reinforcement used by managers to create learning among their employees.

Contingencies of Reinforcement, Cont'd

Figure 8-2

	Consequence is added	Consequence is removed
Wanted outcome	Positive reinforcement	Extinction
Unwanted outcome	Punishment	Negative reinforcement

 Increases desired behaviors

 Decreases unwanted behaviors

Schedules of Reinforcement

- ***Continuous reinforcement*** is the simplest schedule of reinforcement and happens when a specific consequence follows each and every occurrence of a desired behavior.
- ***Fixed interval schedule*** is where workers are rewarded after a certain amount of time, and the length of time between reinforcement periods stays the same.
- ***Variable interval schedules*** are designed to reinforce behavior at more random points in time.

Questions:

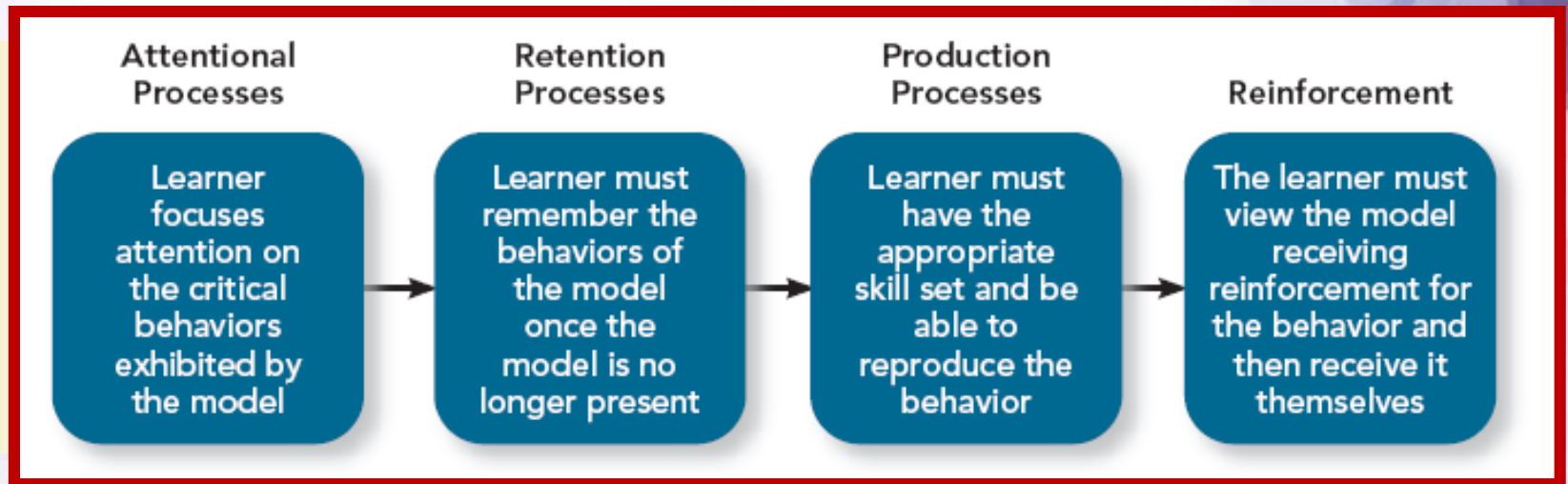
- The workers at Snack Time are always on their feet and do not take extra long breaks because their supervisor Mr. Dan pays surprise visits to the production department. This practice helps the firm exceed performance targets. Mr. Dan practices which of the following reinforcement schedules?
 - A. Fixed interval schedule
 - B. Variable interval schedule
 - C. Continuous schedule
 - D. Fixed ratio schedule

Learning Through Observation

- ***Social learning theory*** argues that people in organizations have the ability to learn through the observation of others.
- ***Behavioral modeling*** happens when employees observe the actions of others, learn from what they observe, and then repeat the observed behavior.

The Modeling Process

Figure 8-3



Goal Orientation

- ***Learning orientation*** - where building competence is deemed more important than demonstrating competence.
 - Enjoy working on new kinds of tasks, even if they fail during their early experiences.
 - View failure in positive terms—as a means of increasing knowledge and skills in the long run.
- ***Performance-prove orientation*** focus on demonstrating their competence so that others think favorably of them.
- ***Performance-avoid orientation*** focus on demonstrating competence so that others will not think poorly of them.

Decision Making

- ***Decision making*** refers to the process of generating and choosing from a set of alternatives to solve a problem.

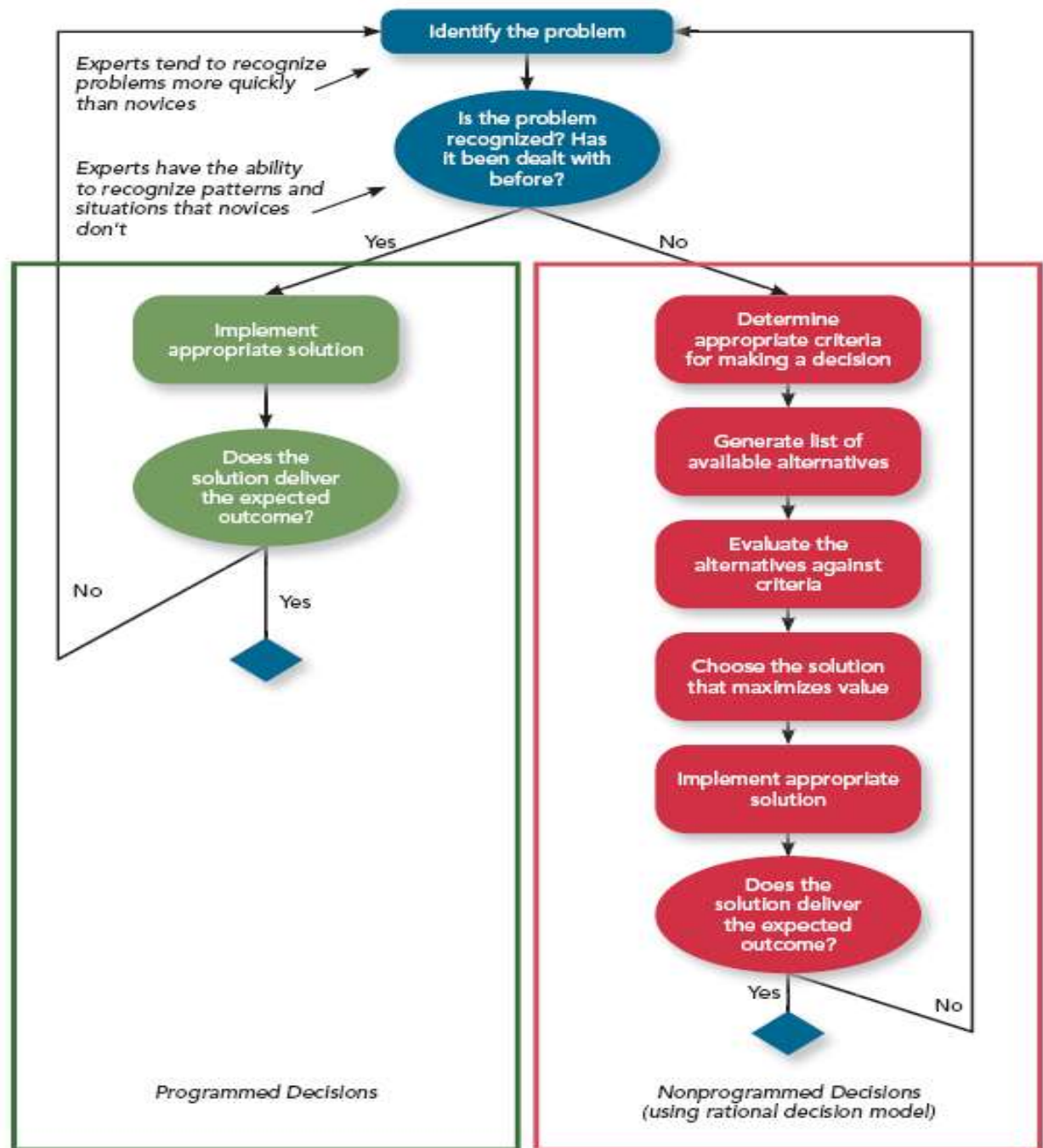
Methods of Decision Making

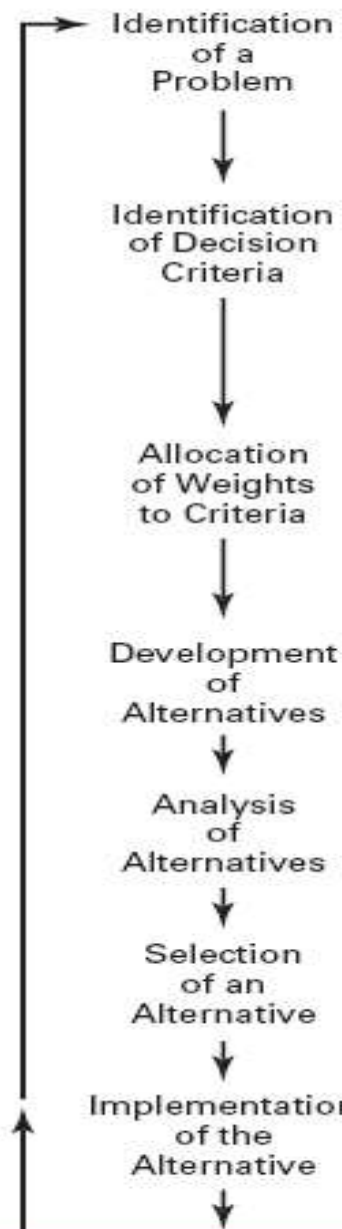
- ***Programmed decisions*** are decisions that become somewhat **automatic** because a person's knowledge allows him or her to recognize and identify a situation and the course of action that needs to be taken.

Methods of Decision Making, Cont'd

- When a situation arises that is **new, complex and not recognized**, it calls for a ***nonprogrammed decision*** on the part of the employee.
 - As employees move up the corporate ladder, a larger percentage of their decisions become less and less programmed.
- ***Rational decision-making model*** offers a step-by-step approach to making decisions that maximize outcomes by examining all available alternatives.

Programmed and Nonprogrammed Decisions





"My sales reps need new computers!"

- Memory and storage
- Display quality
- Battery life
- Warranty
- Carrying weight

Memory and storage.....	10
Battery life.....	8
Carrying weight.....	6
Warranty.....	4
Display quality.....	3

Toshiba Protégé	Dell Inspiron
HP Pavilion	Apple iBook
Sony Vaio	Gateway
Toshiba Qosmio	Lenovo Thinkpad

Toshiba Protégé	Dell Inspiron
HP Pavilion	Apple iBook
Sony Vaio	Gateway
Toshiba Qosmio	Lenovo Thinkpad

Toshiba Protégé	Dell Inspiron
HP Pavilion	Apple iBook
Sony Vaio	Gateway
✓ Toshiba Qosmio	Lenovo Thinkpad

"Toshiba!"

**Evaluation of
Decision Effectiveness**

Decision-Making Problems

- Limited Information
 - ***Bounded rationality*** is the notion that decision makers simply do not have the ability or resources to process all available information and alternatives to make an optimal decision.
 - ***Satisficing*** results when decision makers select the first acceptable alternative considered.

Decision-Making Problems, Cont'd

- Faulty Perceptions
 - **Selective perception** is the tendency for people to see their environment only as it affects them and as it is consistent with their expectations.
- Faulty Perceptions, Cont'd
 - **Projection bias** is the belief that others think, feel, and act the same way they do.
 - **Stereotype** occurs when people make assumptions about others on the basis of their membership in a social group.

Decision-Making Biases

Table 8-4

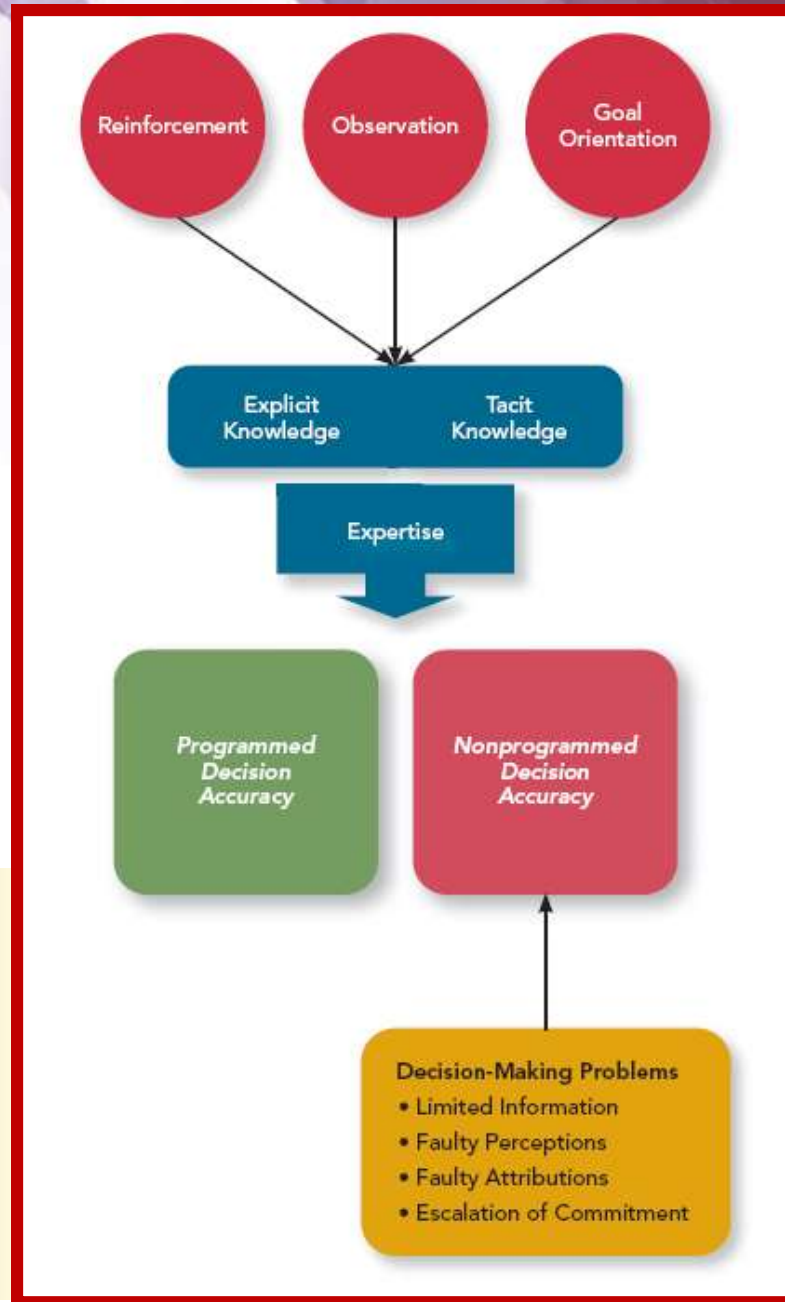
NAME OF BIAS	DESCRIPTION
Anchoring	The tendency to rely too heavily, or "anchor," on one trait or piece of information when making decisions even when the anchor might be unreliable or irrelevant. <i>Example: One recent study showed that initial bids for a bottle of wine in an auction could be heavily influenced by simply having subjects write down the last two digits of their social security number prior to putting a value on the bottle. Those with higher two digit numbers tended to bid 60–120 percent more for a bottle of wine than those with low numbers.</i>
Framing	The tendency to make different decisions based on how the question or situation is phrased. <i>Example: Why do gas stations (or any retailer) give out discounts for paying cash as opposed to adding a surcharge for using a credit card? The discount is seen as a gain while the surcharge is seen as a loss. Because humans are loss averse, we are more likely to give up the discount (the gain) than accept the surcharge (the loss).</i>
Representativeness	The tendency to assess the likelihood of an event by comparing it to a similar event and assuming it will be similar. <i>Example: Assuming because a flipped coin has come up heads 10 times in a row, the likelihood that it will come up tails is greater than 50/50. Sometimes referred to as the "gambler's fallacy".</i>
Contrast	The tendency to judge things erroneously based on a reference that is near to them. <i>Example: If you were to take your hand out of a bowl of hot water and place it in a bowl of lukewarm water, you would describe that water as "cold". If someone else were to take their hand out of a bowl of extremely cold water and place it in the same bowl of lukewarm water, they would describe that water as "hot".</i>
Recency	The tendency to weigh recent events more than earlier events. <i>Example: A manager's tendency to weight ratings in performance evaluations based on an employee's behavior during the prior month as opposed to his or her behavior over the entire evaluation period.</i>

Decision-Making Problems, Cont'd

- ***Escalation of commitment*** refers to the decision to continue to follow a failing course of action.
 - People have a tendency, when presented with a series of decisions, to escalate their commitment to previous decisions, even in the face of obvious failures.

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

Figure 8-6

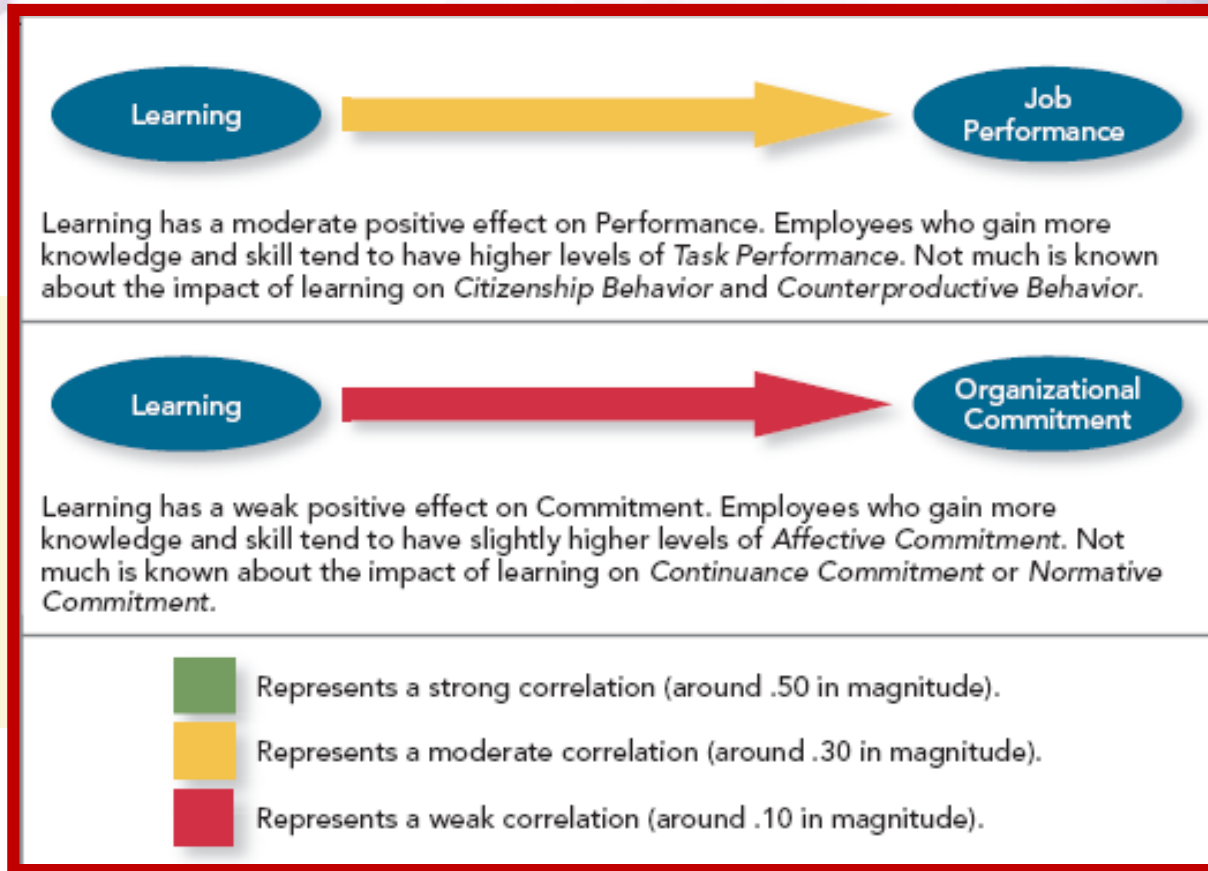


Learning

- Learning does influence job performance.
 - It is moderately correlated with job performance.
- Learning is only weakly related to organizational commitment.
 - Having higher levels of job knowledge is associated with slight increases in emotional attachment to the firm.

Effects of Learning on Performance and Commitment

Figure 8-7



Application: Training

- ***Training*** represents a systematic effort by organizations to facilitate the learning of job-related knowledge and behavior.
 - Organizations spent more than \$150 billion on employee learning and development in 2014, or \$1,208 per employee.
- ***Knowledge transfer*** is the transfer of knowledge from older, experienced workers to younger employees.

Knowledge Transfer

- ***Behavior modeling training*** ensures that employees have the ability to observe and learn from those in the company with significant amounts of tacit knowledge.
- ***Communities of practice*** are groups of employees who work together and learn from one another by collaborating over an extended period of time.
- ***Transfer of training*** occurs when the knowledge, skills, and behaviors used on the job are maintained by the learner once training ends and generalized to the workplace once the learner returns to the job.
 - Transfer of training can be fostered if organizations create a ***climate for transfer*** —an environment that can support the use of new skills.

Takeaways

- Learning is a relatively permanent change in an employee's knowledge or skill that results from experience. Decision making refers to the process of generating and choosing from a set of alternatives to solve a problem. Learning allows employees to make better decisions by making those decisions more quickly and by being able to generate a better set of alternatives.
- Employees gain both explicit and tacit knowledge as they build expertise. Explicit knowledge is easily communicated and available to everyone. Tacit knowledge, however, is something employees can only learn through experience.

Takeaways, Cont'd

- Employees learn new knowledge through reinforcement and observation of others. That learning also depends on whether the employees are learning-oriented or performance-oriented.
- Programmed decisions are decisions that become somewhat automatic because a person's knowledge allows him or her to recognize and identify a situation and the course of action that needs to be taken. Many task-related decisions made by experts are programmed decisions. Nonprogrammed decisions are made when a problem is new, complex, or not recognized. Ideally, such decisions are made by following the steps in the rational decision-making model.

Takeaways, Cont'd

- Employees are less able to translate their learning into accurate decisions when they struggle with limited information, faulty perceptions, faulty attributions, and escalation of commitment.
- Learning has a moderate positive relationship with job performance and a weak positive relationship with organizational commitment.
- Through various forms of training, companies can give employees more knowledge and a wider array of experiences that they can use to make decisions.