"Guest Speakers"

- **Herbert Simon on bounded rationality [4 mins]**

- **James March on garbage can model [4 mins]**

- **Henry Mintzberg on decision making [4 mins]**

- **Daniel Kahneman on fast and slow thinking [4 mins]**

- **Katherine Phillips on diversity in decision making [8 mins]**

- **Therese Huston on women in decision making [20 mins]**

1

Herbert Simon on bounded rationality

- **In economics:**

    - **People assumed to have consistent preferences**

    - **Preferences can be combined in a utility function**

    - **People then make rational choices by maximizing utility**

- **In practice,**

    - **People don't carry utility functions in their minds**

    - **People don't have full information about consequences of choices**

    - **When multiple actors are involved, difficult to combine utility**

- **Bounded rationality is a call to study how humans actually make decisions, given the cognitive, informational, and value limitations noted above.**
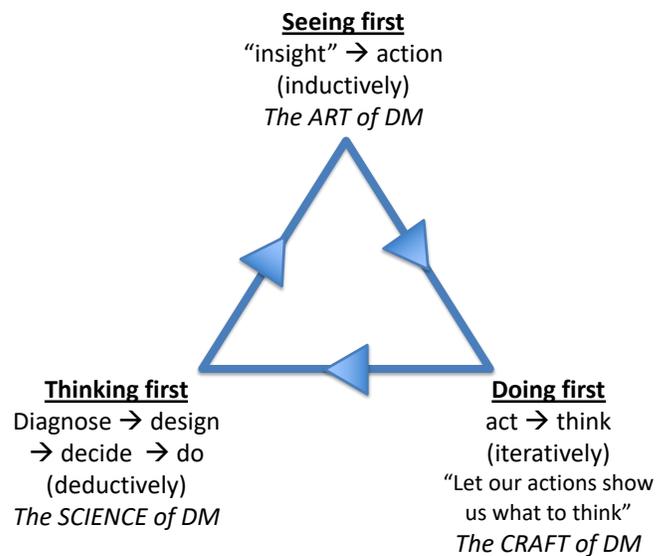
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1

James March on garbage can model

- **We live in an ambiguous world where preferences are unclear, cause and effect relationships are uncertain**

- **Lack of CAUSAL CONNECTIONS → TEMPORAL SIMULTANEITY**

- **Decisions that are made depend on the MOVEMENT of problems and solutions in and out of people's ATTENTION**

- **Garbage can model is a model of ATTENTION ALLOCATION: we pay attention to things that arrive at the same time, we tie them together**

3

Henry Mintzberg on decision making

Seeing first
"insight" → action
(inductively)
The ART of DM

Thinking first
Diagnose → design
→ decide → do
(deductively)
The SCIENCE of DM

Doing first
act → think
(iteratively)
"Let our actions show
us what to think"
The CRAFT of DM

4

Daniel Kahneman on fast and slow thinking

- **Dual-processing mode in cognitive psychology**

    - **Fast thinking (automatic, quick, no effort, no control)**
      E.g., heuristics and biases; intuition; instinct

    - **Slow thinking (effortful, self-evaluative, quality control)**

- **Fast and slow information seeking**

    - **Fast: <20% task time; cherry pick; satisfice; easy to access sources**

    - **Slow: planned; reflexive, self-evaluative; doubt and skepticism**

- **Suggestion for ODM: organizations should self-critique, quality-control their decision making and info seeking**

5

How Diversity Works in Group DM

- **Social diversity → Informational diversity → encourages creativity, encourages consideration of alternative perspectives**

- **Simply adding social diversity to a group makes people anticipate differences of opinion and perspective. They assume they will need to work harder to come to a consensus.**

- **People work harder in diverse environments both cognitively and socially. They might not like it, but the hard work can lead to better outcomes.**

- **This is how diversity works: by promoting hard work and creativity; by encouraging the consideration of alternatives even before any personal interaction.**

Phillips, Katherine W. "How diversity works." *Scientific American* 311.4 (2014): 42-47.

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Therese Huston on women in decision making

- **Social sensitivity improves group decision making:**
  Paying attention to nonverbal cues and group dynamics

- **Decision making under stressful conditions:**
  - **Stressed men focused on potential rewards, and became more risk-seeking**
  - **Stressed women focused on potential risks, and became more cautious**

- **Challenging, consequential decisions need men and women to work together to make better decisions**

- **Homogeneous groups don't make better decisions, they are just convinced that they did.**
  Heterogeneous groups actually make better decisions, they don't recognize it.

Huston, Therese. 2016. How Women Decide: What's true, what's not, and what strategies spark the best choices. New York: Houghton Mifflin Harcourt.
Woolley, Anita Williams, et al. "Evidence for a collective intelligence factor in the performance of human groups." *Science* 330.6004 (2010): 686-688.

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