

Management 2.0

Constraints on Decision-Making: Why Can't We Be Rational?

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Introduction

I have been a Star Trek fan from the first episode. I am especially a fan of Mr. Spock, the logical Vulcan who seemed to take secret delight in showing the humans on the *Enterprise* just how their lack of logic and rational thinking affected their thinking. Perhaps Mr. Spock was so critical because he was unable to comprehend the *constraints* on humans as they tried to make decisions. Sometimes we are unable to see them as well, but we should make an effort to learn how these constraints work against us as we make decisions in the work place. It is likely that library managers believe they are acting rationally as they make decisions regarding people and resources in their organizations. But is that really the case? In this article, I will discuss decision-making, and some of the constraints in managerial decision-making.

Decision-making

Though you may be tempted to describe your job as putting out fires, your primary role as manager is to make decisions.¹ Sometimes they are little decisions, such as deciding whether to order pizza for the monthly staff meeting. Sometimes they are more complicated. Should you hire more student workers or a new MLIS grad? How can you retain a good worker when the budget doesn't allow for a raise?

It has been said that "Decision making is what you do when you don't know what to do."² If you knew how to entice that worker to remain with the library, you would not have to rack your brain trying to decide what to do. If you had all the information necessary to know what to do you would just do what needed to be done.

As a manager, when you make a decision, you are trying to act in ways that will benefit your organization. You do this by obtaining as much information as possible, in an effort to reduce uncertainty;³ the more information you have, the better the decision will be. What is uncertainty in terms of decision-making? One view considers uncertainty to be of three types: 1) state uncertainty – no understanding of the changing environment; 2) effect uncertainty – no understanding of how a changing environment influences organization; and 3) response uncertainty – no appreciation of all the options available to them to resolve their uncertainty.⁴

What do these states of uncertainty look like in real life? The library director, overwhelmed by her duties, fails to keep track of what is happening at other libraries, bookstores, and even on social media. She then fails to understand how the changes brought by these different information providers will affect her organization. And finally, the director may simply be unaware of how some problems may be solved. For example, she may be unable or unwilling to scan the environment to find useful information or she may depend on her past experiences to inform her decision-making process, whether those past experiences are truly applicable to present circumstances or not. To resolve uncertainty requires both knowledge of the problem and quality information. The problem with this seemingly simple solution is that there are forces that act as constraints on decision-making.⁵

What we think we're doing – rational decision-making

Generally, decision-makers believe they have examined all sides of a problem before reaching a decision. In their minds, they may think they are engaging in a *rational* process. A truly rational decision-maker, however, has all available information, is able to consider all of the alternative actions, and the consequences of each alternative. This complete information is what allows her to make truly rational decisions.⁶ You probably see the problem with this already. When was the last time you had complete information about any issue? And how is your crystal ball working – can you foresee the consequences of each alternative you consider? In reality, uncertainty continues to be a problem for the decision maker because she can only obtain a portion of the available information.

Unable to make a perfectly rational decision, we wind up with a *boundedly rational* decision. These are decisions based on the information that can be acquired. They are less than optimal and must *satisfice*, or be good enough.⁷ There are many reasons why we accept decisions that satisfice, but in my opinion, the cost of obtaining information is the primary reason. 'Cost' is not only financial. Time is a cost. Effort is a cost. So what is to be done?

Constraints?

Constraints on decision-making are those factors that affect decision-making. Organizations today are complex and dynamic structures in which time, people, and money (resources) are scarce due to their being in demand by many other people in the organization. You may be unable to make decisions that will obtain the result you prefer because there isn't enough money in the budget or your staff does not have the right skill set for current needs. Maybe another division needs more resources this year and you will have to wait your turn. You aren't the only person with demands on the organization. Internally, you are competing with other managers, externally; you are

also competing with outside decision-makers such as the board or taxpayers, to implement your desires. In addition, you may not even be aware of the constraints surrounding your decisions. Following are some of the constraints facing decision-makers in the workplace.

Information

If we know that costs can hinder us from finding information, and the more information, the better the decision, how do we go about reducing costs so we can make better decisions? One way to do so is to consult nearby information sources.⁸ Nearby sources can be human. For example, we might ask for information from the co-worker sharing an office with us rather than look it up on the organization's intranet. We might even ask a stranger in the store whether they liked a new flavor of salad dressing, rather than look up reviews or buy a bottle to test it for ourselves. Nearby sources can also be books and the Internet. The problem with nearby sources is that not only do we rarely go out of our way to find information, we usually don't make the effort to find better information if our information needs can be satisfied quickly from the nearby sources. Why try the new salad dressing for ourselves if the stranger says she didn't like it?

The problem is that by choosing easily accessible information, it is easy to forgo quality.⁹ In dynamic work environments, there may not be enough time to do deep searches for information.¹⁰ Sometimes quality sources are just unavailable. They may no longer be in print; for those in corporate library environments, some sources may be unavailable because they are produced by a competitor; the resources may be difficult for the decision-maker to use or access (such as an unfamiliar database); or they may be unavailable due to costs (such as expensive trade reports). Finally, while librarians like to think they can find anything, the decision-maker may simply be unaware of the existence of certain quality information sources.

Time and Opportunity

Organizational theory suggests additional constraints on decision-making, among them, the Garbage Can model, team structures, and roles.

In Cohen and March's¹¹ *garbage can model*, decisions are made as they reach the decision-maker and using the information at hand. Because the decision-maker is usually busy trying to manage the workplace, as decisions come up, they are not always given the thought they deserve or made in reference to the importance of the decision to the organization. Rather, opportunities, rather than problems, prompt the decision-maker to action. For example, the decision to purchase OPACs presented an opportunity for directors to modernize their libraries and indicate that they welcomed technology and change, rather than being an indication that the card catalog was faulty and should be changed.

Teams

If it is difficult to make good workplace decisions alone, what happens in a team environment? Teams form their own relationships, power structures, loyalties, and values. Even though team members may come from different departments or have different skills to bring to bear on a project, the shared goals and experiences of the team eventually has members starting to see the world through the team lens, creating an 'us vs. them' perspective. It can be positive, as they use the knowledge held by individual team members to increase the amount of available information available to problem solve, however, it can also be negative, as team members may begin to have diminished loyalty to the organization and transfer that loyalty to the team. The team may hold on to the information it creates, diminishing the ability of others in the organization to make better decisions by sharing in the team-created information. When members are from other departments or different hierarchical levels, it can create a challenging and difficult atmosphere for decision-making. Individual team members can manipulate or hide information or they can exert power over others in the group by dint of their department's status or their own position. In such an environment, many team decisions will not be optimal – they might not even satisfy.

Risk

Decisions may also be less-than-optimal if risk is used as a major factor in decision-making. This is because what we are willing to do often depends on how much we are willing to risk and how much risk is 'worth it' determines what decision is made.

You can probably think of managers that you consider risk takers – people who will go out on a limb when making decisions. Maybe you've even wondered why you weren't like them. And if you are a risk taker, perhaps you wonder why others are reluctant to follow you over that decision cliff? Risk-taking is actually a factor of personality. Frequently studied in terms of financial decisions,¹² risk-taking and decision-making have also been studied with adolescents,¹³ and how aging may affect decision-making¹⁴ Because it is a personality factor, risk-taking can be an element of any decision, not only those identified as important at the time, such as allocating the annual budget, but also to those whose importance only emerges later, such as purchasing 'gas station sushi,' as a current commercial suggests.¹⁵

Risk takers may exaggerate their control of the environment. For example, a risk taking library director may consider the library under control, something that she can mold to her vision. She may also discount acts outside of her control as she emphasizes her own actions. In an effort to mold the library, she may take little heed of outside forces such as the ability of patrons to go elsewhere to meet their information needs. She may also deny the level of uncertainty in a given situation by focusing on what she knows or

what she believes is likely to occur or not occur, rather than less concretely known factors.¹⁶

Those willing to take more risks will make more risky decisions, but these aren't necessarily good decisions. The blinders that risk-takers wear, especially to the external forces that surround the situation, make poor decisions a likely outcome, so that less-than-optimal results tend to occur when risk is a major factor in decision-making.

Roles and rules

Finally, sometimes the decisions we make are constrained by the roles we have and the rules that go with them. You would not expect the student worker at the check-out desk to make staffing decisions for the reference desk. That is not her role within the organization. However, it is within the role of the head of reference to make those decisions. Roles, and the identities that accompany them, provide a basis for decision making - that is, people make the decisions they do because of the role they inhabit.¹⁷

Acting within one's role provides legitimacy and credibility to decisions. A credible person acts within her role and is able to have power (control over another) by doing so. Therefore one's role in the organization, and the need to follow the rules for that role, are also constraints on decision-making. The decision-maker really can't do 'anything' she wants to do, because she is constrained by her role as manager. Most managers recognize this – they understand status and the chain of command in the organization. Trouble, in the form of decisions later deemed illegitimate by the organization, may occur when the manager fails to understand these constraints on her actions and proceeds to act in ways that are not commensurate with her role in the organization.¹⁸ On the other hand, having roles and rules as constraints usually force people to behave in ways that favor the organization, rather than their individual interests.

Conclusion

Decision-making is rarely as straightforward as we may think it is or want it to be. Considering the limitations on available information, changing environments in which past experience holds little value, organizational pressures that support teams, roles and rules, and finally, one's own personal propensity for risky behavior, it may seem surprising that useful decisions are ever made! The good news is that once we are aware of constraints, we can take efforts to mitigate them. We can find ways of bringing information close to us, such as using knowledge management tools or improving our networking skills so that we can tap into the knowledge residing in the network. We can learn more about ourselves and how we handle risk. And, we can be mindful of team dynamics and how it can affect information sharing and transfer. At the very least, we can acknowledge that constraints exist and that we may not be as rational in our decision-making as we thought we were.

Notes

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- ² Howard, Ronald. "An Assessment of Decision Analysis," *Operations Research*, 28 (1980): 4-27, 5.
- ³ Stinchcombe, Arthur. *Information and Organizations*. Berkeley: University of California Press, 1990.
- ⁴ Weick, Karl. *Sensemaking in Organizations* . Thousand Oaks, CA : Sage Publications, 1995.
- ⁵ March, James. *A Primer on Decision Making*. New York: The Free Press, 1994.
- ⁶ *Ibid.*
- ⁷ Simon, Herbert. "A Behavioral Model of Rational Choice," *Quarterly Journal of Economics*, 69 (1955): 99-118.
- ⁸ Saunders, Carol and Jack Jones. "Temporal Sequences in Information Acquisition for Decision Making: A Focus on Source and Medium." *Academy of Management Review*, 15 (1990): 29-46.
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- ¹⁰ Katopol, Patricia. "Just Enough" Information: Information Behaviour, Organizational Culture, and Decision Making in Municipal Government," *Canadian Journal of Information and Library Science*, 31, no. 3 (2007): 233-247.
- ¹¹ Cohen, Michael, March, James and Johan Olsen. "A Garbage Can Model of Organizational Choice," *Administrative Science Quarterly*, 17 (1972): 1-25.
- ¹² Porcelli, Anthony and Delgado, Mauricio. "Acute Stress Modulates Risk Taking in Financial Decision Making," *Psychological Science*, 20, no. 3 (2009): 278-283.
- ¹³ Leather, Nicola. "Risk-taking Behaviour in Adolescence: a Literature Review," *J Child Health Care*, 13, no. 3 (2009): 295-304.
- ¹⁴ Depping, Miriam and Freund, Alexandra. "Normal Aging and Decision Making: The Role of Motivation," *Human Development*, 54 (2011): 349-367.
- ¹⁵ Esurance Commercial. (2012). https://www.youtube.com/watch?v=DESV0Lk_bRU .
- ¹⁶ See note 5 above.
- ¹⁷ See note 5 above.
- ¹⁸ Hamilton, Gary and Nicole Biggart. "Why People Obey: Theoretical Observations on Power and Obedience in Complex Organizations," *Sociological Perspectives*, 28 (1985): 3-28.

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