

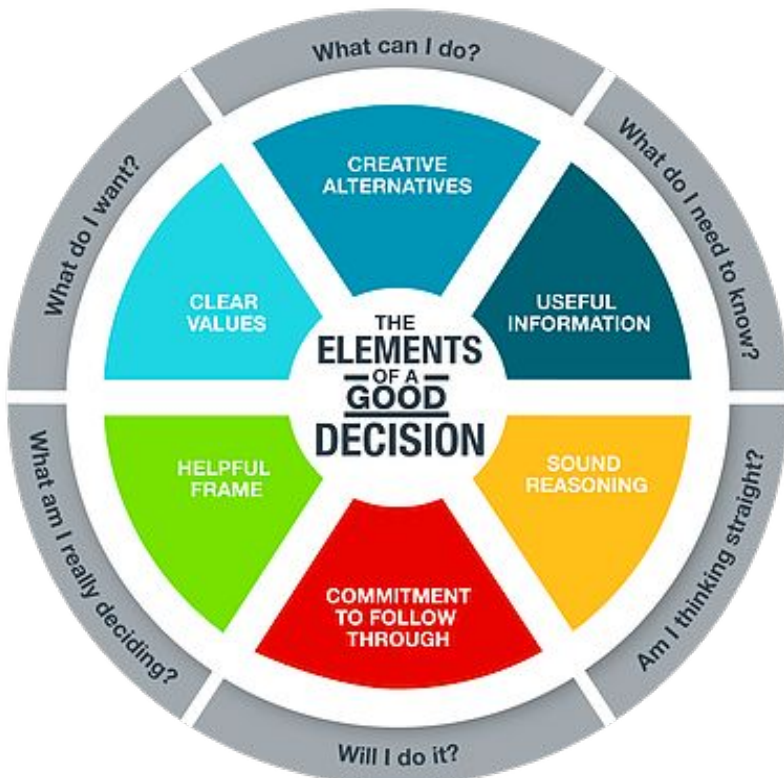
# DECISION MAKING - INPUT

## INTRODUCTION

Making the right decisions is not always easy. We tend to think we make rational decisions but a growing area of research on judgement and decision-making has shown that we are continuously affected by our cognitive biases that lead us to making irrational decisions more often than we would like (or that we are aware of). We tend to make use of heuristics like rules of thumb rather than making complete informed decisions like we think. This area of research was highly popularised by Nobel laureate Daniel Kahneman and his friend Amos Tversky through prospect theory showing that our decision are not always optimal. What we want to learn is how do we make good decisions and how can we be aware of our biases during decision making.

## MAIN IDEAS

There are many models that explain the elements of decision making, a reasonable one proposed by the [Decision Education Foundation](#) contains the following:



In the previous section (Communal Discernment) several of the points of this model have been presented one way or another. However, one element that we need turn our focus to and deep a little deeper is “Sound Reasoning”. This is not as straightforward as the other points and requires further attention. Communal Discernment gives us the ability to see how the Spirit is working through us and in our lives, here we are going to analyse a more practical limitation of the human being’s decision making process. (**Note:** be sure to reflect on the other elements of the model that have not been touched in other sections to become an expert on decision making)

## The 5 groups of biases

There are many different types of biases, D. Lovallo & O. Sibony selected those that leaders and managers tend to fall for and organised them in the following 5 groups. These are:

**1) Action oriented biases:** drive us to take action less thoughtfully than we should.

- **Excessive optimism.** The tendency for people to be over optimistic about the outcome of planned actions, to overestimate the likelihood of positive events, and to underestimate the likelihood of negative ones.
- **Overconfidence.** Overestimating our skill level relative to others’, leading us to overestimate our ability to affect future outcomes, take credit for past outcomes, and neglect the role of chance.

**2) Interest biases:** arise in the presence of conflicting incentives, including nonmonetary and even purely emotional ones.

- **Misaligned individual incentives.** Incentives for individuals in organizations to adopt views or to seek outcomes favorable to their unit or themselves, at the expense of the overall interest of the company. These self-serving views are often held genuinely, not cynically.
- **Inappropriate attachments.** Emotional attachment of individuals to people or elements of the institution, creating a misalignment of interests.
- **Misaligned perception of organisational goals.** Disagreements (often unspoken) about the hierarchy or relative weight of objectives pursued by the organization and about the tradeoffs between them.

**3) Pattern recognition biases:** lead us to recognize patterns even where there are none.

- **Confirmation bias.** The overweighting of evidence consistent with a favored belief, underweighting of evidence against a favored belief, or failure to search impartially for evidence
- **Management by example.** Generalizing based on examples that are particularly recent or memorable.
- **False analogies—especially, misleading experiences.** Relying on comparisons with situations that are not directly comparable.
- **Power of storytelling.** The tendency to remember and to believe more easily a set of facts when they are presented as part of a coherent story
- **Champion bias.** The tendency to evaluate a plan or proposal based on the track record of the person presenting it, more than on the facts supporting it

4) **Stability biases:** create a tendency toward inertia in the presence of uncertainty.

- **Anchoring and insufficient adjustment.** Rooting oneself to an initial value, leading to insufficient adjustments of subsequent estimates.
- **Loss aversion.** The tendency to feel losses more acutely than gains of the same amount, making us more risk averse than a rational calculation would suggest.
- **Sunk-cost fallacy.** Paying attention to historical costs that are not recoverable when considering future courses of action.
- **Status quo bias.** Preference for the status quo in the absence of pressure to change it.

5) **Social biases:** arise from the preference for harmony over conflict.

- **Groupthink.** Striving for consensus at the cost of a realistic appraisal of alternative courses of action.
- **Sunflower management.** Tendency for groups to align with the views of their leaders, whether expressed or assumed.

## IGNATIAN NOTE

The question we now face is, what do we do in front of our flawed reasoning? Knowing about the existence of these biases is already a big win but we can go an extra mile and learn to detect them regularly. The ignatian tradition offers us wonderful tools to do this. You probably already know about them, this is a refresher:

- **Examen:** one of the main forms of prayer for Ignatius, it can help you establish a rhythm in my life. The Examen helps in making conscious what is unconscious. It is about feelings and lasting joy, and about yearnings, desires, needs, about living a full life. See: [Reimagining the Examen](#)
- **Contemplation:** Contemplative persons become more «attentive», they are able to avoiding rush and distance, opposite of applying to reality their own schemas, preconceived ideas, and prejudices. Contemplation requires taking off our armour: in this reflection we accept that other things affect us, our sensibility allows itself to be affected and touched by reality. «Contemplative» closeness to persons gives us the patience and constancy we need to perceive what there is of God in everybody and everything.

## EXPECTED LEARNINGS AND OUTCOMES

1. Getting to know the key elements of good decision making
2. Understanding our biases when we decide
3. Learning some tools from the ignatian tradition to counterbalance our biases

*“Your word is a lamp to my feet and a light to my path”*

**Psalm 119:105**