

# ***UNIFORS 2020***

*Universities for future work skills 2020*

## Module 4a

## Decision Making

Teaching materials for soft skills blended course



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# Overall of the materials

1. Target groups: students, teachers and business
2. Educational outcomes:
  - Knowledge – students are able to define and understand the action of factors affecting the decision making process. They also are able to identify sources of the most common difficulties in the decision making process.
  - Skills – students are able to use techniques that facilitate decision making process.
  - Competences – students are able to make more consciousness decisions and improve their professional and personal life.

# Useful literature

1. Drucker Peter, The Effective Executive.
2. Dawson Roger, Confident Decision Making.
3. Kahneman Daniel, Thinking, Fast and Slow.
4. Robbins Stephen, Decide and Conquer: make winning decisions and take control of your life.
5. Herzog Dagmar, Brenk Lena, Decision making in 30 minutes.
6. Simon Herbert, Making management decisions: The role of intuition and emotion.

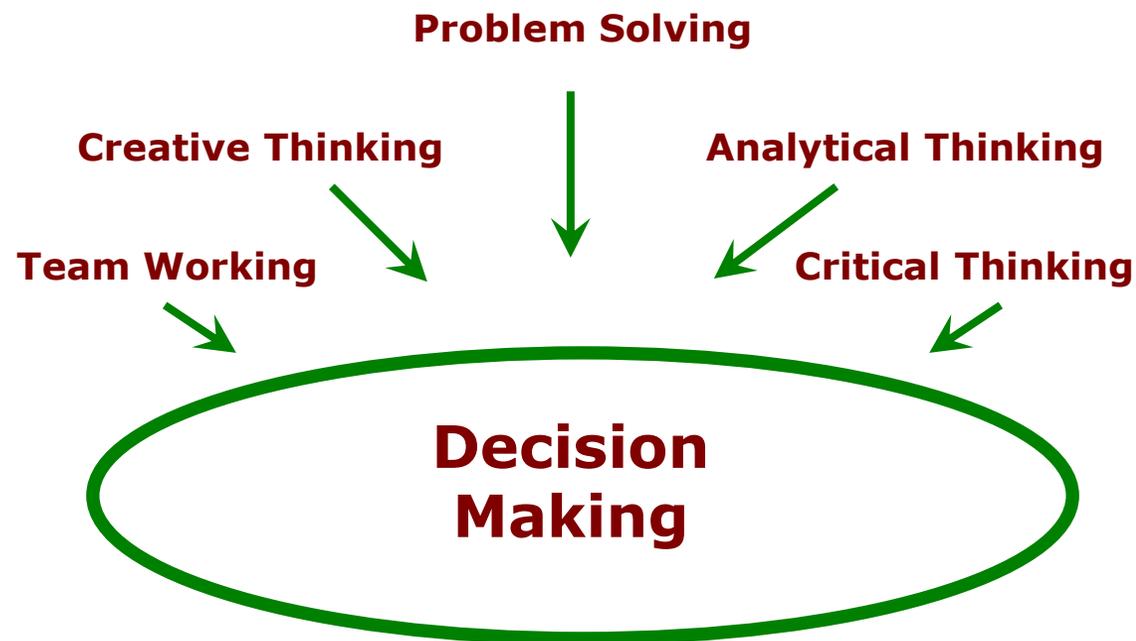
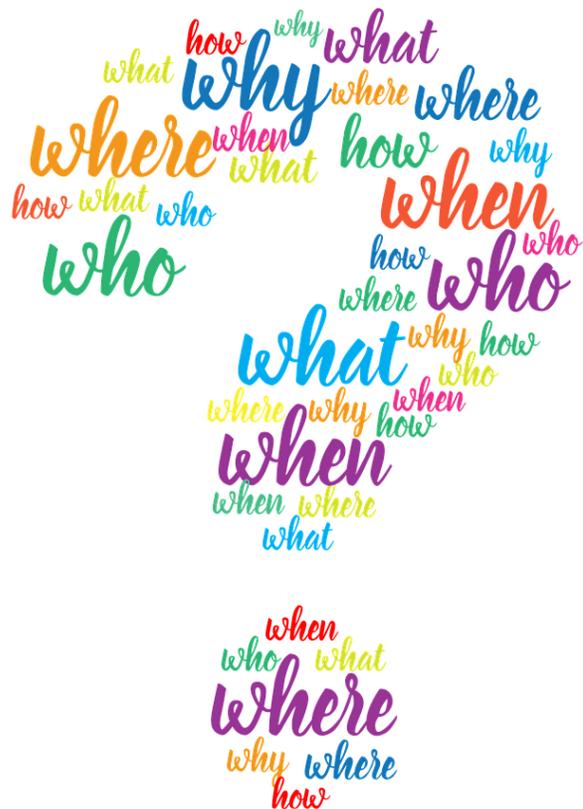


# Decision Making - Agenda

1. Importance
2. Definition and Nature of the Decision
3. Types of Decisions
4. Decision Making Process
5. Tips and Tricks
6. Workshops and Exercises
7. References



# Decision Making



# Decision Making



*The term 'decision' comes from the Latin word **decisio**, meaning a conclusion or resolution*

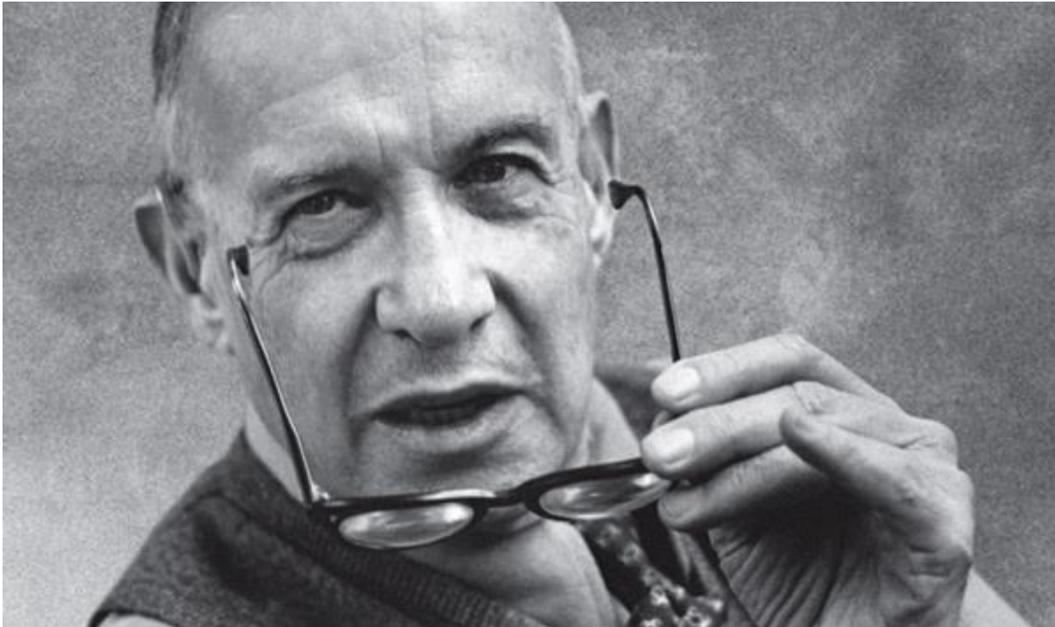
## **Decision:**

- Making a choice from two or more alternative.

## **Decision Making:**

- The process of examining your possibilities and options, comparing them, and choosing a course of action.

# Decision Making



*The decision is a choice between alternative options, and the choice between equity and error is rare.*

*A good decision results from the clash of opposing views, from a dialogue with different points of view.*

*Also, never start with the assumption that the only mode of action proposed is correct, and all the others are incorrect. This will block you into equally attractive, if not better, alternative scenarios.*

# Our decisions reflect us



- decisions have a fundamental impact on our lives
- allow us to determine who we are
- our decisions are the result of our ethics, priorities and values
- we are the sum of all decisions we have made

# Our decisions reflect us

## Activity 1



- Example 1.

Your 90-year-old father is in a luxury nursing home for which you pay with him. However, he is unhappy there and says that he would like to live with you, expecting that you agree. You have a wife, three children and you know that moving in, would disturb your family peace. In spite of all, you still remember the days when father was with you, ready to help you.

# Our decisions reflect us



- Example 2.

You are 25 and you are single. You work hard but without much success so far. You've been employed in the company for two years. Your rich uncle invites you to a monthly safari around Africa, promising to cover all costs. This is the trip of your dreams, but your boss doesn't give you a vacation/free time. He says that if you want to go then you have to quit your job.

# Our decisions reflect us

## Activity 1

- Example 3.



You are selling a used car. Despite the announcements, there has been no interest for a month. Eventually, an interested buyer has just arrived and claims he is looking for such a car. He is ready to pay cash, the price you expect, but at the last moment he asks if the car was involved in the accident. He doesn't want to buy car after a crash. Unfortunately, your car had a bump, but it was repaired so well that if you don't tell the customer he probably will never know. Past damage does not affect driving. You realize that he has almost bought a car but only wants to make sure that the vehicle has not had an accident.

# Worst decisions



- The case of Coca-Cola
- The case of Eastman Kodak
- The case of Decca Records



# Worst decisions



**WORST  
DECISION**

- **„Who the hell would like to listen to actors talking”** – Harry Warner, Warner Bros. Studios, 1927;
- **„What benefits could an electric toy bring to our company?”** – William Orton, president of the Western Union Telegraph Company in 1876 rejecting the proposition to buy a patent for Alexander Graham Bell's telephone;
- **„A case of melting a nuclear reactor core may occur no more than once every ten thousand years”** – Vitaliy Sklarov, Minister of Energy and Electrification of the Ukrainian Soviet Socialist Republic, two months before the Chernobyl accident.

# Best decisions



- example 1. Ford
- example 2. George Lucas
- example 3. Domino's Pizza



# Types of decisions



# Types of decisions



Each decision is classified from three points of view:

1.Importance

2.Urgency

3.Complexity

# Important decisions



To determine decision importance, use following questions:

- what is the significance of the decision?
- what are the worst consequences of a wrong decision?

# Urgent decisions



To assess the urgency of the decision, try to answer the following questions:

- will there be any negative effects if I make a decision later (e.g. next week)?
- will I have enough time to implement it?
- whether decision making will be limited?

# Complex decisions



To assess the complexity of decisions you should ask the following questions:

- have you already made similar decisions?
- can I use experience from other decision-making processes?
- how many criteria can influence this decision?

# Journey



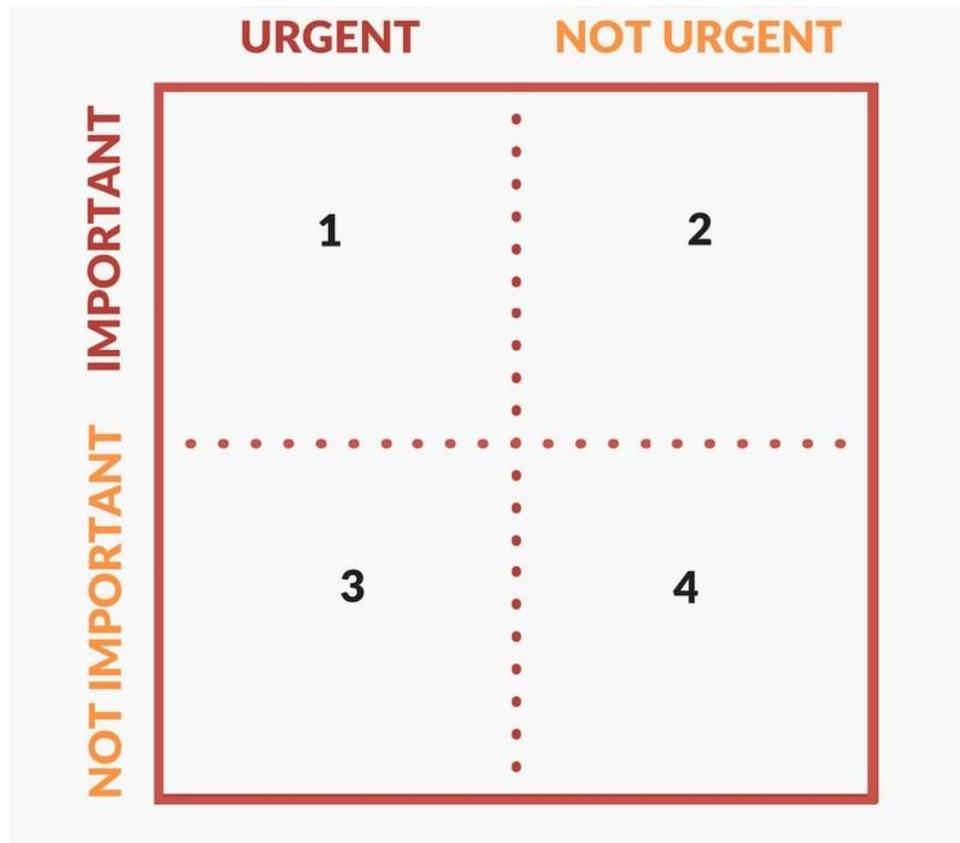
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## Activity 2



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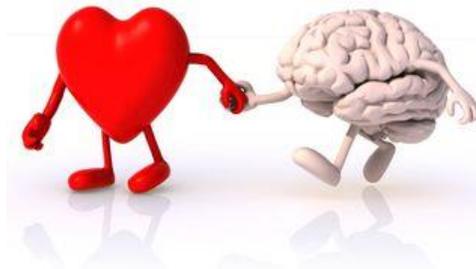
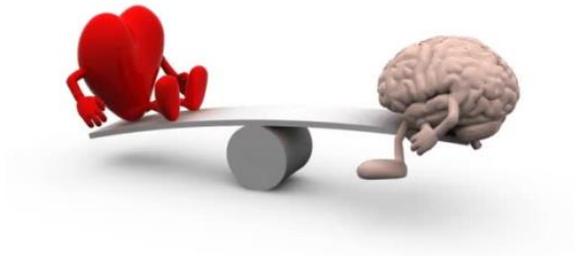
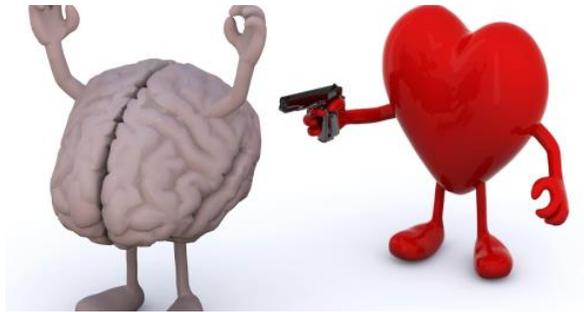
# Types of decisions



**Give some examples:**

- Q1 – urgent and important
- Q2 – not urgent but important
- Q3 – urgent but not important
- Q4 – not urgent and not important

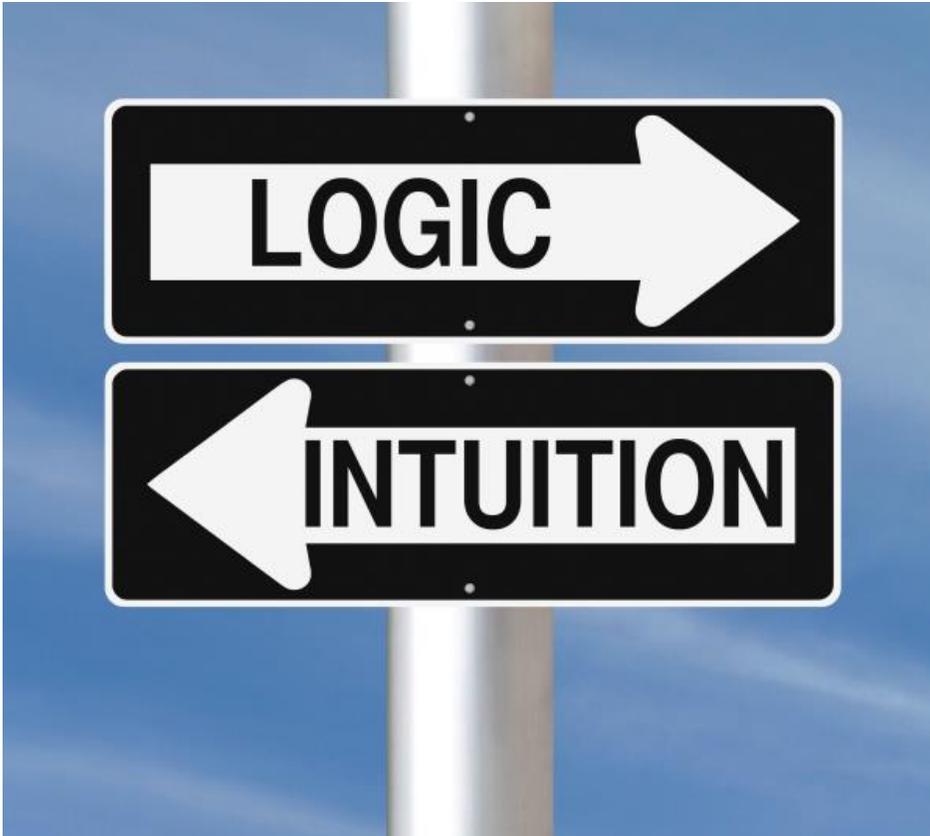
# Rational vs. Emotional



In terms of attitude to the decision-making process, we can distinguish two personality types:

1. rational type - thoroughly analyzes each problem, keeping cool, assesses every possibility.
2. emotional type - approaches every problem spontaneously and intuitively, often impulsively.

# Intuitive to Logic

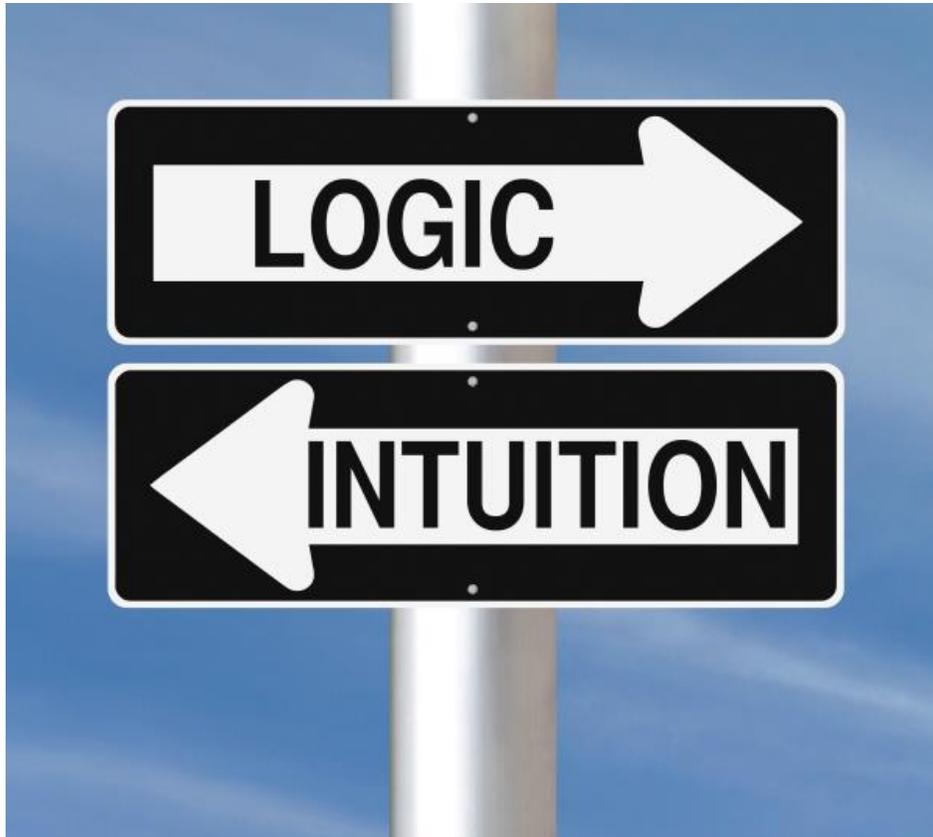


- Intuitive decisions
- Logic decisions

Try the following puzzle:

- A bat and ball cost \$1.10.
- The bat costs one dollar more than the ball.
  - How much does the ball cost?

# Intuitive to Logic

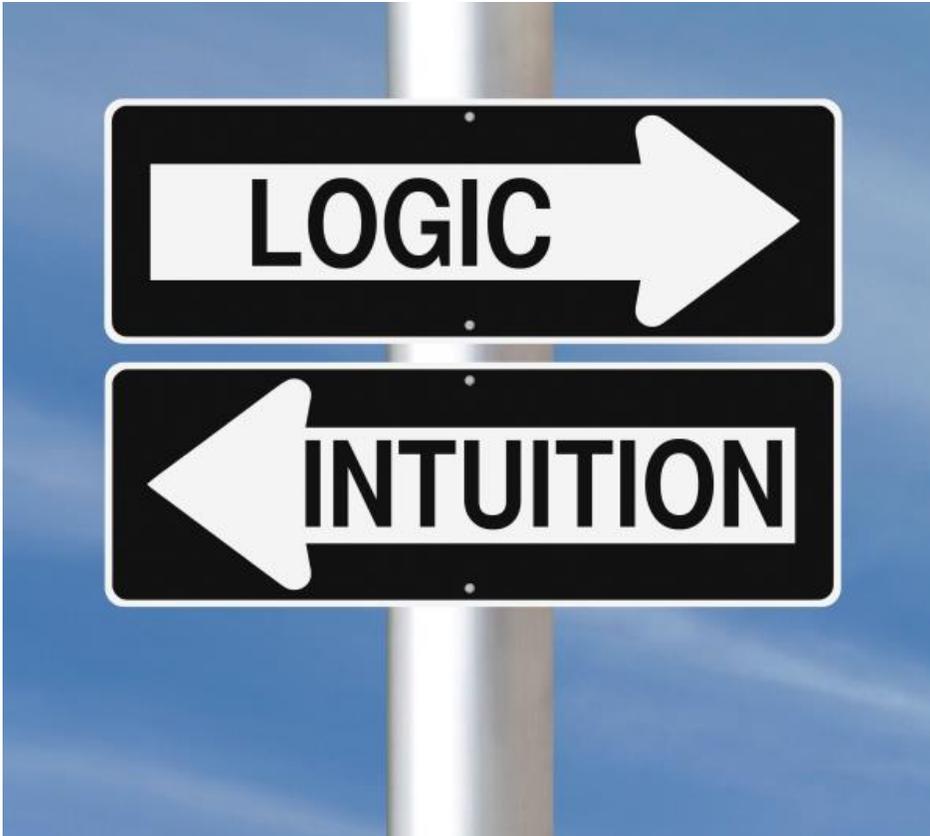


Here is a logical statement:  
two premises and a conclusion

- All roses are flowers
- Some flowers wilt quickly
- ✓ Therefore, some roses wilt quickly

Whether two premises justify the conclusion?

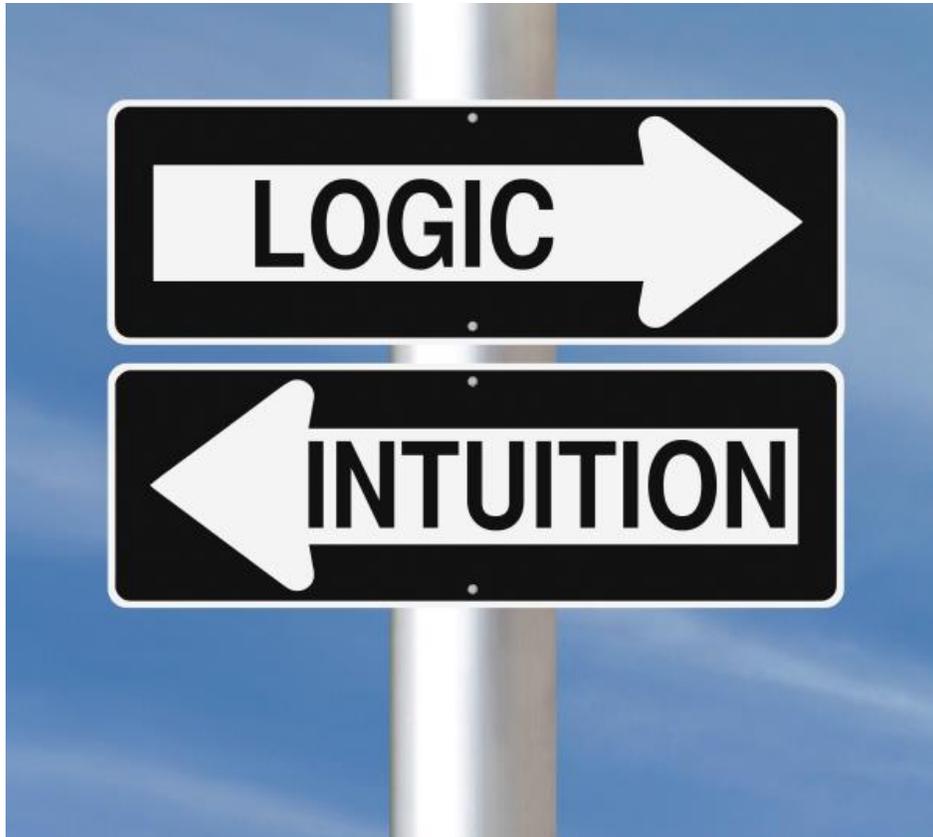
# Intuitive to Logic



If it takes 5 machines 5 minutes to make 5 widgets, how long would it take 100 machines to make 100 widgets?

100 minutes OR 5 minutes?

# Intuitive to Logic



In a pond, there is a patch of lily pads. Each day, the lily pads double in size. If it takes the lily pads 48 days to cover the whole pond, how many days does it take to cover half the pond?

24 days OR 47 days?



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## Activity 3

# The survivors

We are on a ship that has a major accident. The radio does not work, and on our shipping route we have no other means of communication. However, we know that there is an island nearby.

The ship is equipped with a lifeboat that we can all fit on. We can only take **two** of the 10 items on board with the boat



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# Activity 3

## The survivors

### ITEMS ON SHIP

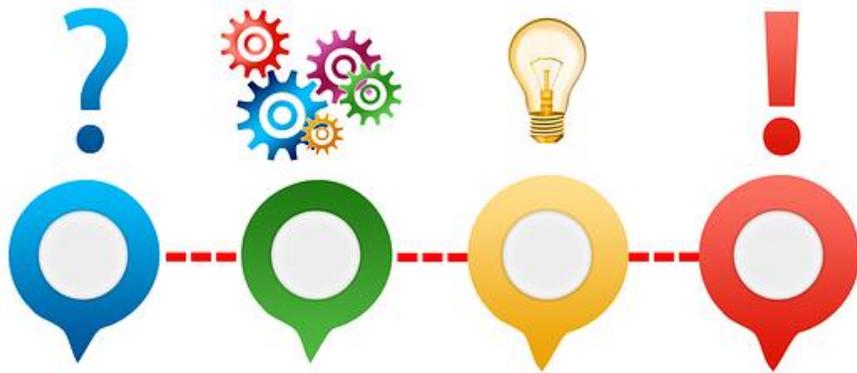
1. a suitcase with blankets,
2. medicine box,
3. a box of alcohol,
4. a weapon box,
5. a box of food,
6. lifebuoys,
7. small field cooker,
8. the dog being the crew's mascot,
9. on-board radio (in the hope that we will be able to fix it),
10. toolbox.



# Decision Making Process



# Decision Making Process



1. Define the problem
2. Gather and assess information
3. Identify possible alternatives
4. Weigh the evidence
5. Make choice
6. Implement the action
7. Evaluate the results

# 1. Define the problem



Classifying the problem:

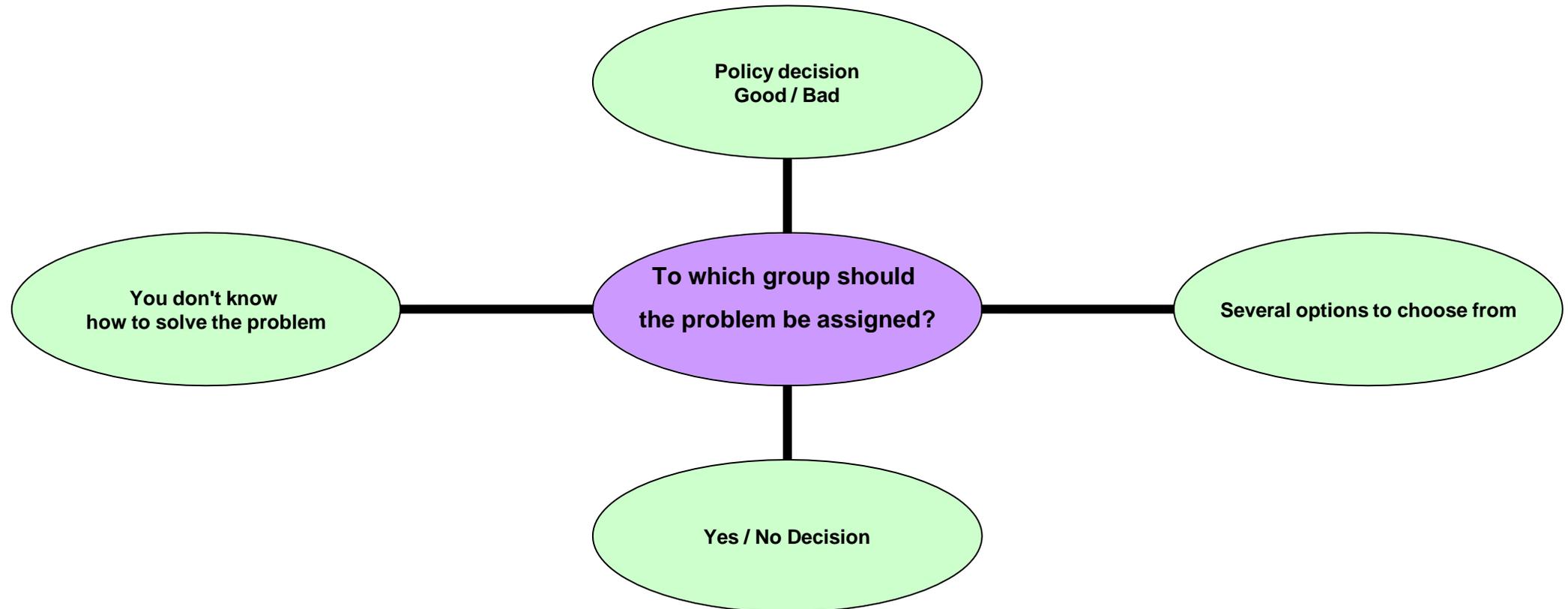
- simple decisions
- decisions based on existing rules
- decisions requiring analysis
- decisions requiring assessment
- decisions requiring synthesis

# 1. Define the problem



1. Whether the decision is valid and has long-lasting consequences?
2. Is this a problem or an opportunity?
3. Are there rules to deal with the situation?
4. Is the problem real or imaginary?
5. Does the problem involve people or money?
6. What happens if we do nothing
7. How unusual the problem is?
8. To which group should the problem be assigned?

# 1. Define the problem

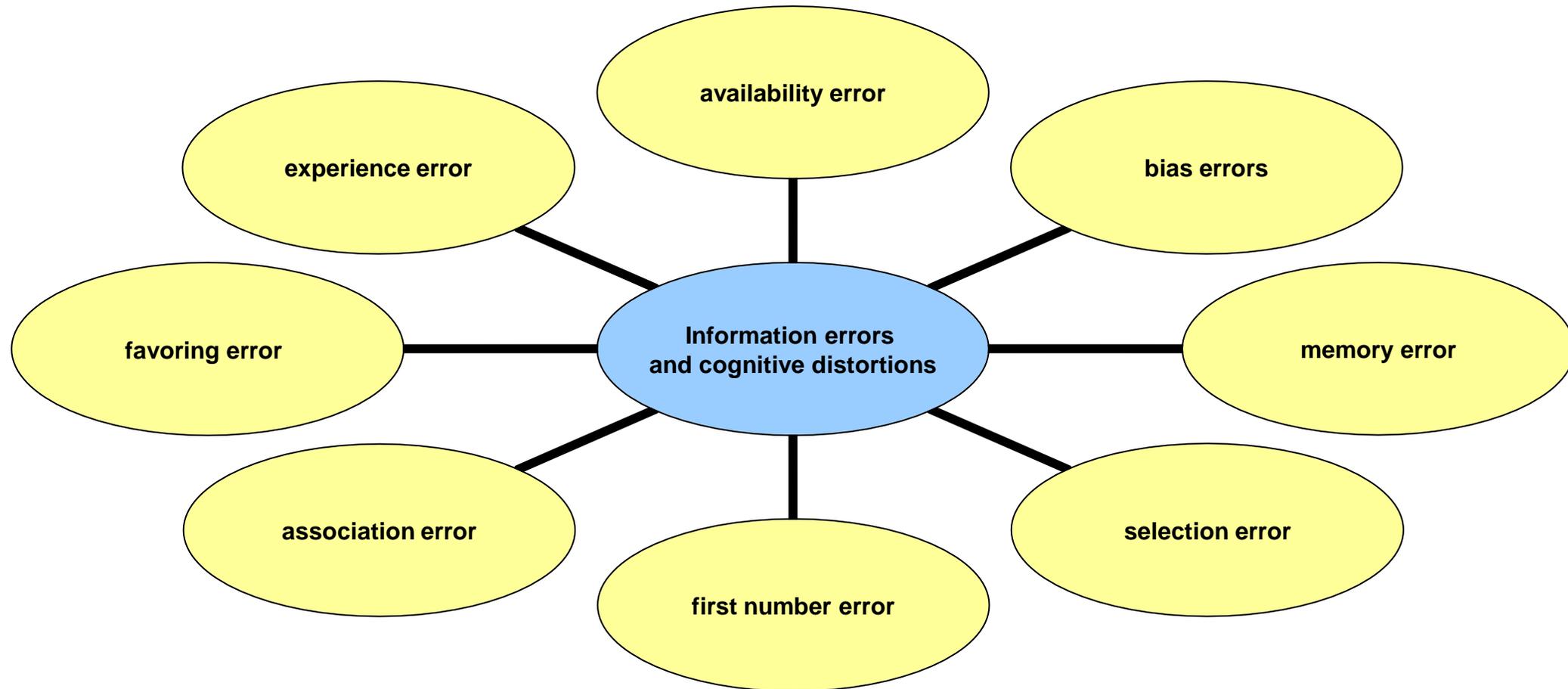


## 2. Gather and assess information / data



- Collecting information
- Information errors and cognitive distortions
- Proper assessment of collected information

## 2. Gather and assess information / data



# Availability error (heuristic)



**Availability error / availability heuristic** – a simplified inference method based on assigning greater probability to events that are easier to evoke to consciousness and are more emotionally characterized.

# Memory error

- Julia Roberts**
- Catherine Deneuve**
- Allan Bullock**
- Bill Evans**
- Margaret Thatcher**
- Leonard Mosely**

- Laura Bush**
- John Tarant**
- Norman Lewis**
- Steffi Graf**
- Agatha Christie**
- Edmond Fuller**



# Memory error



***Are there more women  
or men on the list?***

# Anchoring and adjustment heuristic



**Anchoring bias** - in the decision-making process, decision-makers start the thought process by adopting an arbitrarily specified value.

# Anchoring and adjustment heuristic

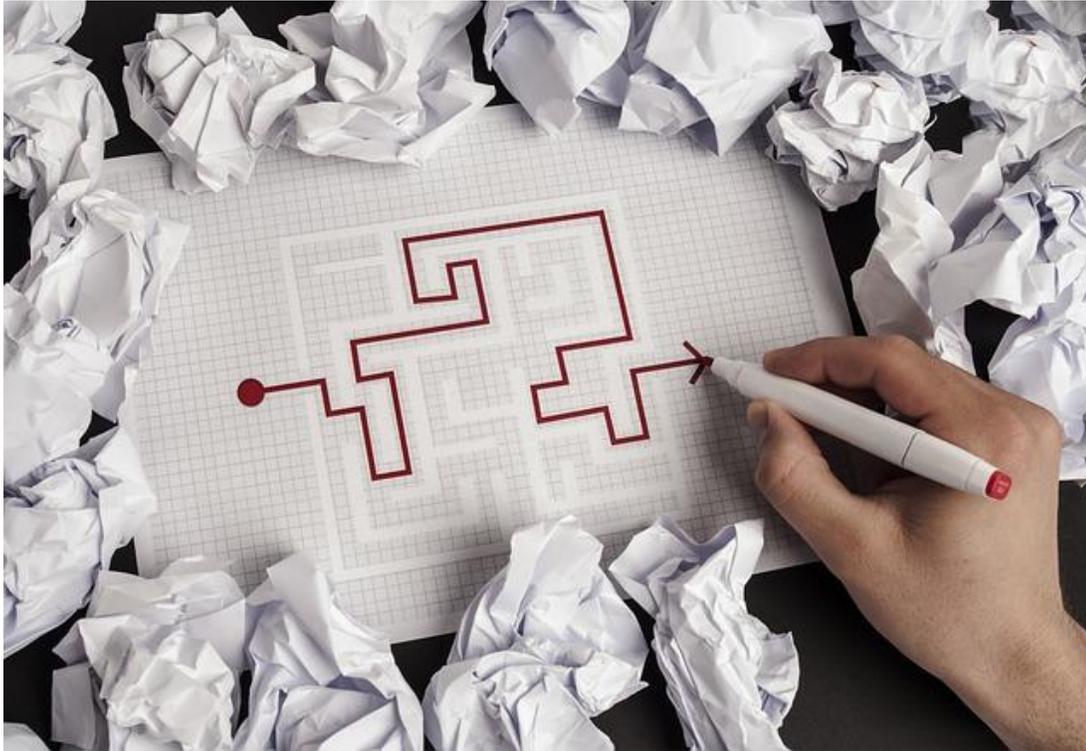


The example of Kahneman and Tversky:

Participants were asked to estimate what percentage of African countries belong to the UN. The starting point was the number indicated by the roulette wheel, and the respondents were to estimate whether the percentage of countries is higher or lower than the one indicated by the roulette.

- In group A the roulette wheel indicated 10%,  
**median response was 25%**
- In group B, 65% of the roulette wheel  
**median response was 45%**

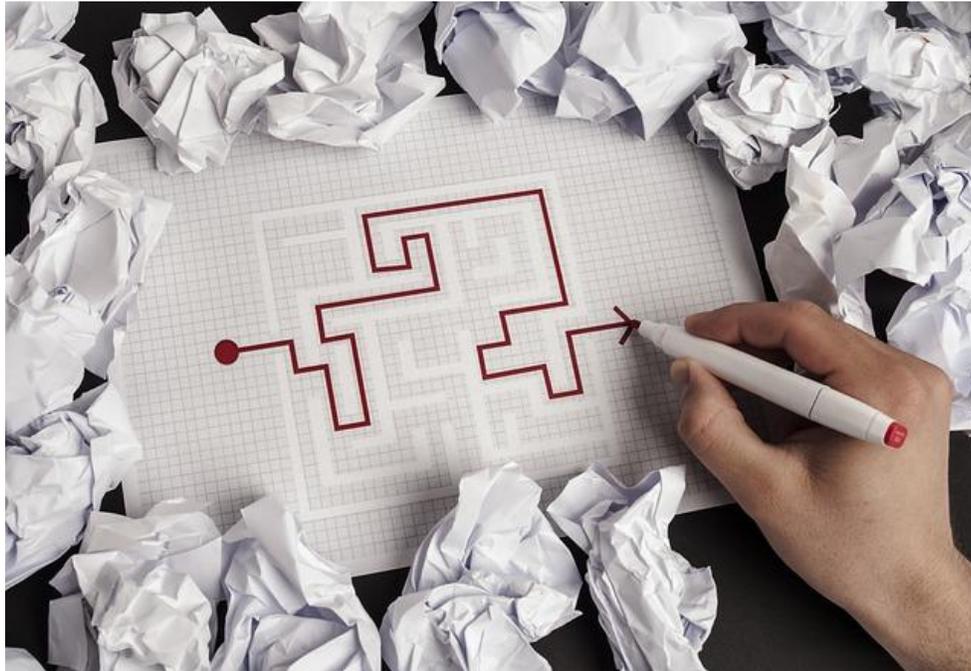
### 3. Identifying possible alternatives



As you collect information, you will probably identify several possible paths of action, or alternatives.

You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

### 3. Identifying possible alternatives



The wider the options you explore, the better your final decision is likely to be.

This is when it can be helpful to employ a variety of creative thinking techniques.

## 4. Weight the evidence



When you're satisfied that you have a good selection of realistic alternatives, it's time to evaluate the feasibility, risks and implications of each one.

- evaluate risk
- specify the potential consequences
- consider whether your resources are adequate
- weigh up a decision's financial feasibility

# 5. Make choice



## Intuitive decisions

- ability to quickly conclusion
- intuition or quick conclusion
- emotions and assertiveness
- distance to the problem

# 5. Make choice



## Logic decisions

- yes / no decisions
- multi-stage decision making
- theory of probability
- error scheme

## 5. Make choice



### Group decision making

- advantages of group decisions
- organized group activities
- when a group causes more problems than benefits

# Group Decisions



Group decisions seems to be more effective than individual:

- synergy effect (knowledge, resources)
- diversity of perspectives
- the ability to verify many ideas (before the final decision)
- social context motivates members to find best possible solution

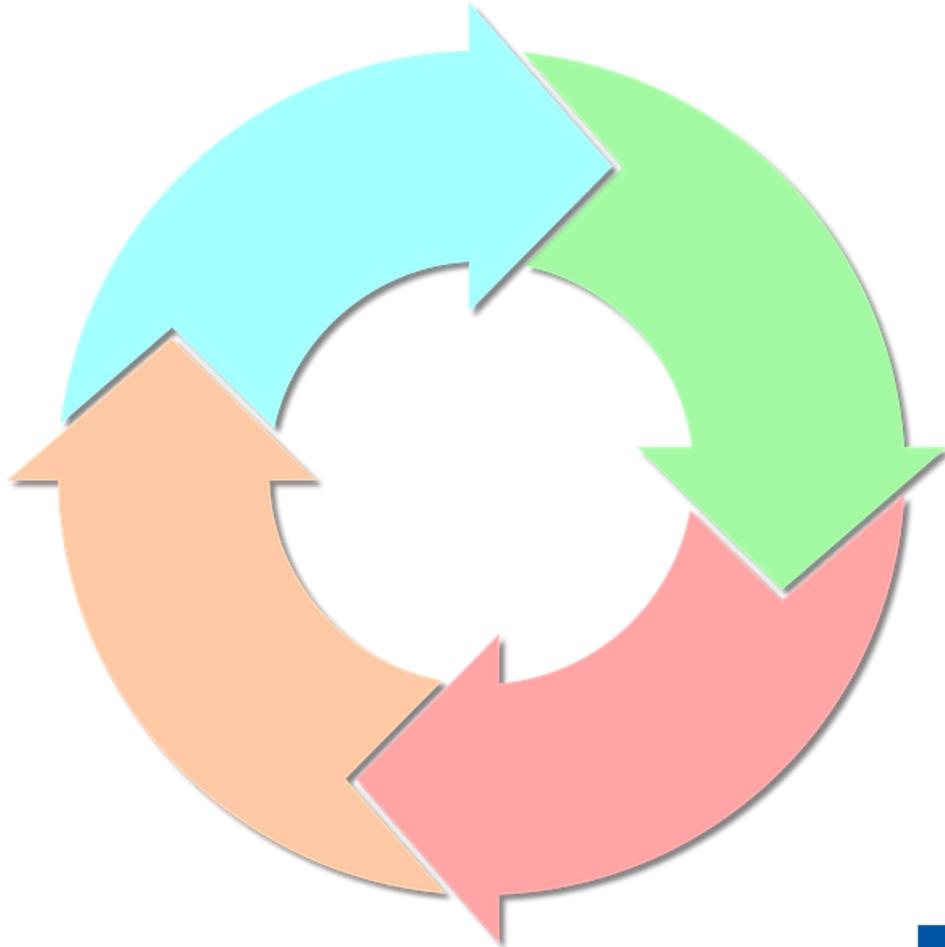


## 6. Implement the action



- In this step, the decision or the solution is taken to the process / implemented.
- In business decisions, before implementing the solution, the team should be prepared to understand and use it.
- Further meeting with the team can help them learn more about the action, why it is adopted, and how to place it in the process.

## 7. Evaluate the results



- With all the effort and hard work you've already invested in evaluating and selecting alternatives, it can be tempting to forge ahead at this stage.
- But now, more than ever, is the time to "sense check" your decision. After all, hindsight is great for identifying why things have gone wrong, but it's far better to prevent mistakes from happening in the first place!

# Barriers in making the right decisions



- don't make decisions too quickly
- don't make decisions too slowly
- be ready to admit your mistake
- autocratic decisions

# Decision Making - strategies



## Decision-Making Strategies

GCFLearnFree.org

In this video, you'll learn strategies for making decisions large and small.

[https://www.youtube.com/watch?v=pPIhAm\\_WGbQ](https://www.youtube.com/watch?v=pPIhAm_WGbQ)

# Tips and tricks



1. Pareto 20/80 method
2. The "seven questions" method
3. TRIZ – algorithmically to solve problems
4. Decision Trees
5. Matrix analysis
6. Paired Comparison Analysis

# Decision Tree

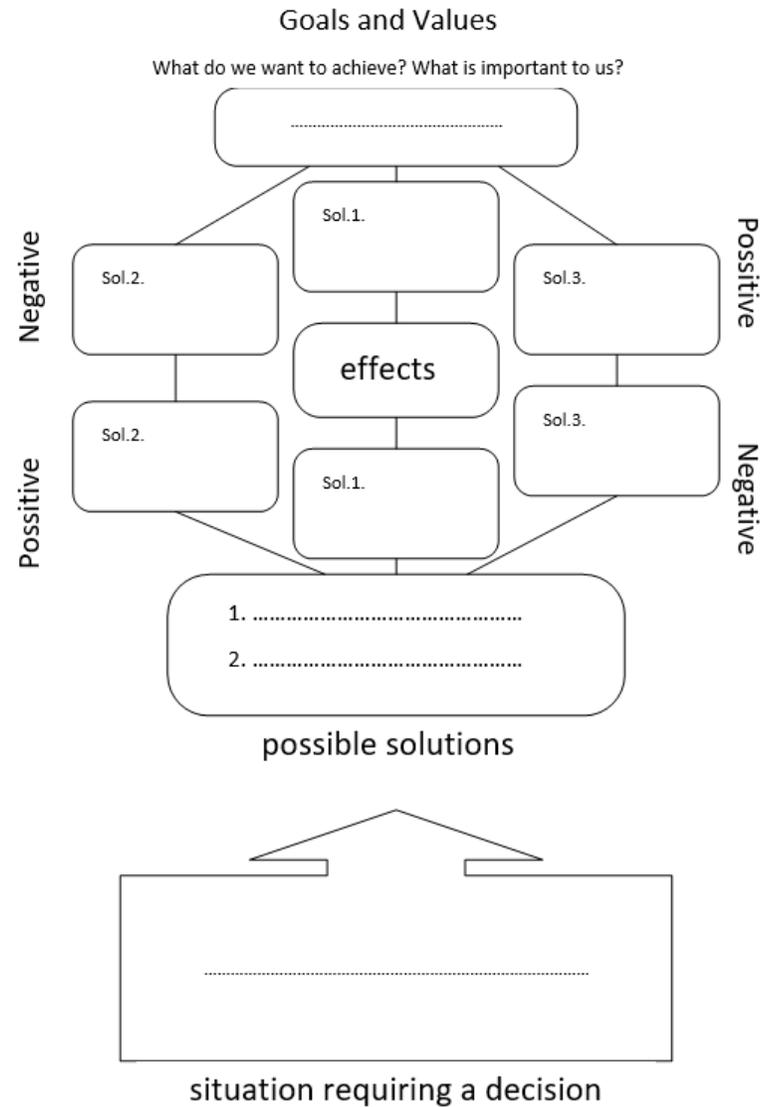


Rules for making a decision tree: at the bottom of the page we draw a tree trunk in which we enter the decision problem (questions about the problem situation).

Then we draw branches - possible ways to solve the problem, and above the negative and positive consequences of individual solutions. In the crown of the tree, we enter the goals and values that we will be guided by when making the decision.

# Activity 4

# Decision Tree



Divide students into groups of 2-4 people. The task of each group is to make decisions regarding one of the the following problem situations, using a decision tree.:

- Will we decide to start work while still at university?
- Will we decide to start a business abroad?
- Will we decide to start a vegetarian restaurant?
- Will we embark on a 1-year trip around the world, right after graduation?
- Would you start a free internship in a well-known corporation?

# Small steps

## Activity 5

1. Ask participants to write a list of things they want (3-5), even if "it's impossible", "I can't afford it,,", etc (note it),
2. Read the list and think about what small step you can take to get closer to the implementation of individual plans,
3. Then determine how real this step is (from 1 to 5),
  - 1 – 20% real,
  - 2 – 40% real,
  - 3 – 60% real,
  - 4 – 80% real,
  - 5 – 100% real
4. Discuss their desires and „small steps” with the group.



# Experience and Self-esteem

**Activity 6**

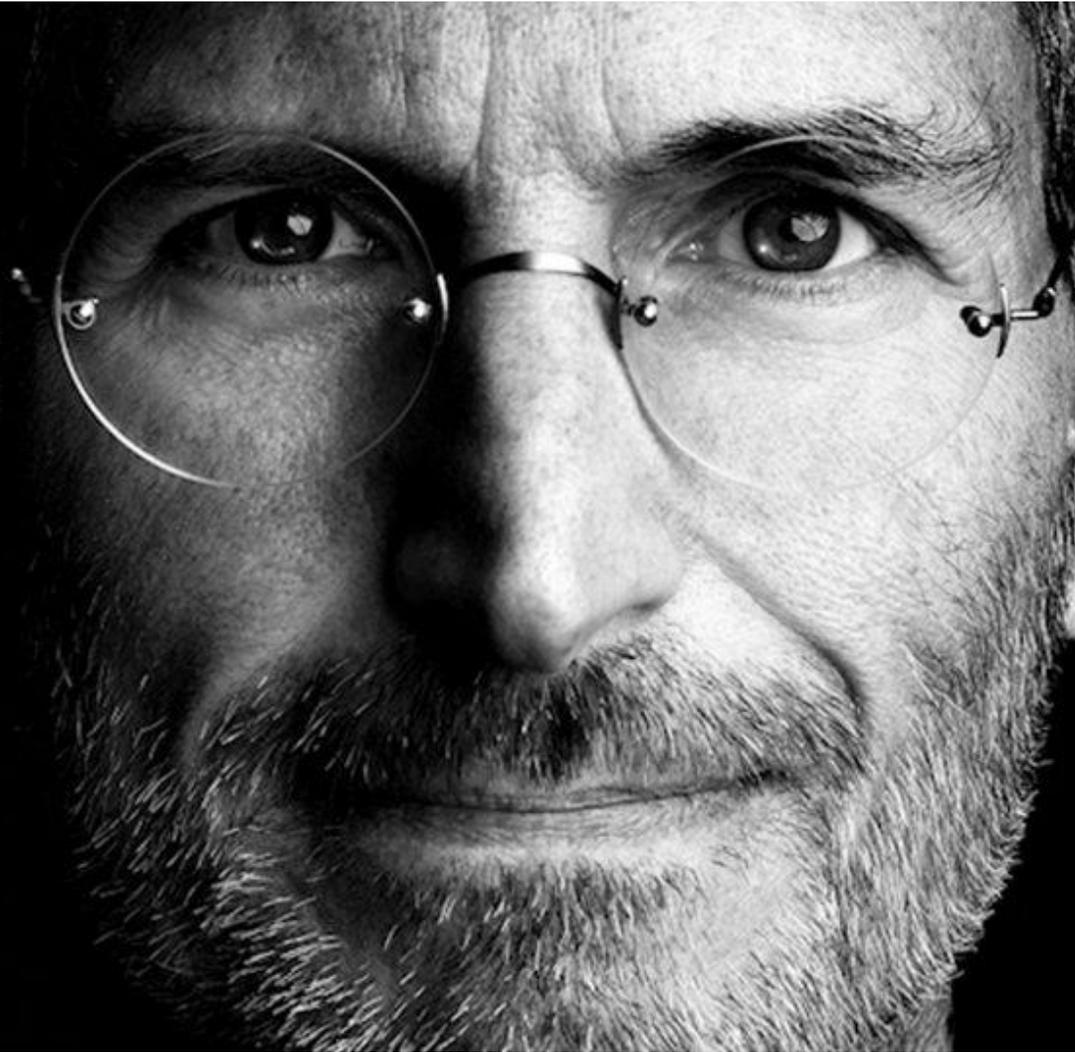


1. Remember a situation or event in the past that was unfavorable for you,
2. Make a note of what you thought about yourself during this event,
3. Answer the questions:
  - whether it was helpful in this situation,
  - what positively influenced your feelings, stress level, self-esteem, behavior and relationships with others,
4. If it didn't help you, why did you think of yourself that way?
5. Try to formulate a positive message - one that would be helpful in such a situation,
6. Discuss with the group how analyzing such situations, looking at your own strategies (ways of acting) helps shape decision-making skills.

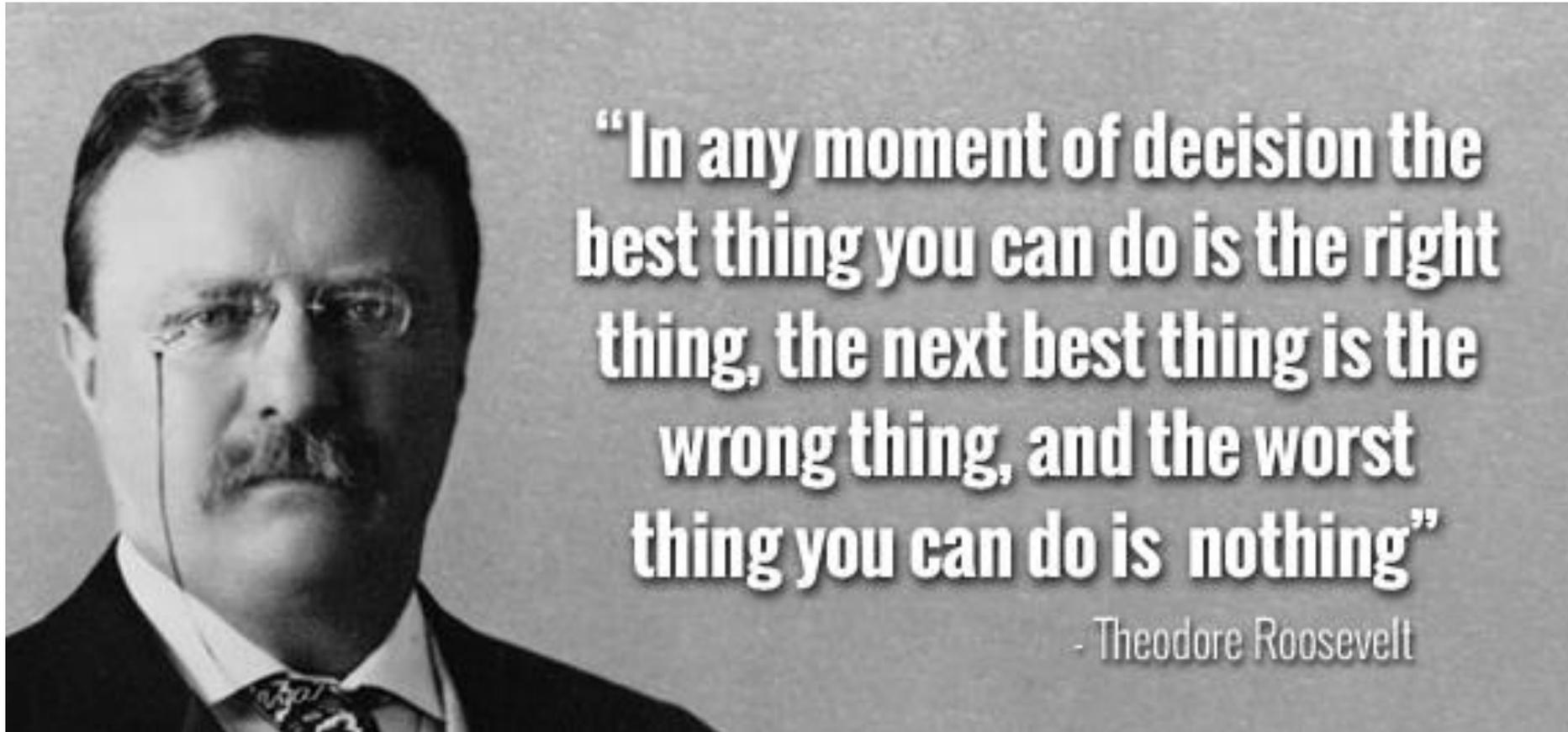


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**The most important  
decisions you make  
are not the things  
you do — but the  
things that you  
decide not to do.**



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# References

- ✓ Drucker Peter, The Effective Executive
- ✓ Dawson Roger, Confident Decision Making
- ✓ Kahneman Daniel, Thinking, Fast and Slow
- ✓ Robbins Stephen, Decide and Conquer: make winning decisions and take control of your life
- ✓ Beck Henning, Irren is nutzlich
- ✓ Herzog Dagmar, Brenk Lena, Decision making in 30 minutes
- ✓ Saaty Thomas, Decisions Making for Leaders: The Analytical Hierarchy Process for Decisions in a Complex World
- ✓ Grzesik, Karaś, Decyzje menedżerskie w organizacji
- ✓ Simon Herbert, Making management decisions: The role of intuition and emotion
- ✓ 7 Steps to Effective Decision Making, UMass Dartmouth, umassd.edu

## Activites:

- ✓ Trio 2 Success, Zbiór scenariuszy dla doradców zawodowych oraz osób pracujących z młodzieżą
- ✓ Scenariusze zajęć, Moduł I - Podejmowanie decyzji, Autor: Aneta Gąsiewska

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