

Chapter Three: Rationality, Decision Making, and (Ab)uses of Information

What we will cover:

- 1) Rationality in theory and practice
- 2) Various understandings of decision making
- 3) The role of emotion in organizational life

Chapter 3: Defining Rationality

- Q: How do we use the term in everyday talk? In what ways is rationality more of an aspiration and an image than a reality?
- Q: What did Max Weber mean by “formal” versus “substantive” rationality?
- Q: What is Robert Michels’ “Iron Law of Oligarchy”? How does it apply to rationality?
- Q: How do we understand human incentives at work? (Theories X & Y)

Chapter 3: The Meanings of Efficiency

- Q: What are some common meanings of *efficiency*?
- Q: How does efficiency differ from *effectiveness*?
- Consider Chester Barnard's definitions of effectiveness and efficiency.
- Q: When is efficiency *not a good thing*?
Think of counseling, education, and intimate relations, for a few examples.

Chapter 3: Rewards & Incentives

- Q: Why do we seek A while rewarding B?
Think of a few examples.
- Q: When do we need individual-level rewards?
- Q: When are group-level rewards most useful?
- Q: How can we design organizational systems that use a healthy mix of both types of incentives?

Chapter 3: Modifying our Ideal of “The Rational Animal”

- Q: Why do you think Aristotle defined humans this way? What are some implications of this in western thought?
- Q: What does Herbert Simon mean by “satisficing”? How is this concept useful?
- Q: What does Karl Weick mean by “retrospective sensemaking”? How does this idea reframe our traditional decision-making models?

Chapter 3: The Decisional Premise

Economist Herbert Simon breaks down the organization in terms of a hierarchy of decisional premises. The broadest premises are represented at the “top” of the organization, where the “view” is presumed to be the widest. Ideally, in Simon’s view, each level “downward” uses more specific decisional premises, aiming toward the actual “operations” of an organization: e.g., the making of a product or the provision of a service.

Q: What are the advantages and limitations of this perspective?

Chapter 3: Karl Weick's Model of Decision Making

- Equivocality: A stance toward the decision-making environment
- Enactment: Constructing the decision-making environment
- Selection: Interpreting part of that environment
- Retention: Memory, feedback, routine, habit, and what counts as “knowledge”

Now let's apply this model to decisions about career choice, starting a new business, and making economic policy.

Chapter 3: Functional Model of Decision Making

- Assessing the problem or situation or task
- Specifying process goals
- Identifying available alternatives
- Evaluating alternatives according to criteria
- Selecting an alternative
- Assessing the implementation of the alternative

Chapter 3: Images/Metaphors of Decision-making Processes

- Path
- Ladder
- Cycle
- Spiral
- Garbage can
- Chance/Luck
- Impression management

Chapter 3: Emotion at Work

- Q: How has emotionality been shortchanged in modern organizations?
- Q: According to Arlie Russell Hochschild and others, what is “emotion labor”?
Think of examples from your own experience.
- Q: According to Dennis Mumby and Linda Putnam, what is “bounded emotionality”?
Why is this idea important?

Chapter 3: From Rationality to Rationalities

Contexts that shape rationality:

- Time (e.g., speed vs. “quality”)
- Culture (e.g., “palanca” in Latin America)
- Gender (e.g., experiments on cooperation vs. competition)
- Class (e.g., “being professional”)
- Cosmology (answers to the big questions)

Chapter Three:

The Idea of “Partial Inclusion”

- Q: What does this idea mean?
- Q: To what kinds of organizations does it best apply?
- Q: When does the concept not apply?
- Q: How is partial inclusion advantageous for the employee? The organization?
- Q: How is it limiting for the employee? For the organization?

Let's look at some examples: the military, the corporation, the sports team, the charity, and the social movement.