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Can Managers Be Trained to Make Better Decisions?

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Dalal et al. (2010) list evidence-based strategies that they believe could significantly improve managerial decision making. Slaughter specifically argues that training ''done well'' would result in employees making fewer biased decisions. I agree but also believe that the difficulties involved in implementing these strategies in typical organizational contexts, and in actually developing effective training, are quite formidable. Decades of research have led to a dramatically better understanding of how people make judgments and decisions, but there is relatively little evidence that we know how to develop better decision makers. In trying to address these challenges, scholars in judgment and decision making (JDM) and industrial–organizational psychology need to keep in mind that ''better'' decisions are not necessarily a manager's only goal. People embedded in complex social and institutional frameworks may also be trying to minimize the stress of uncertainty, promote social cohesion and employee well-being, and manage others' impressions. In this response, I elaborate on a few of the specific examples provided and argue that a great deal of research is needed that takes organizational realities and multiple goals into account before effective interventions can be designed.

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Improving Group Decision Making

Dalal et al. characterize group brainstorming as an ''abject failure'' and suggest the Delphi technique as an alternative. But some types of problems for which managers might choose to use brainstorming (e.g., creative marketing approaches) are not necessarily among those most suitable for the Delphi technique (such as forecasts and estimates). That nominal (working alone) groups generate more solutions than face-to-face brainstorming groups was experimentally demonstrated over 2 decades ago, but business practitioners and researchers continue to take brainstorming seriously (e.g., Litchfield, 2008). In part this may be because of the fact that in organizations group decision making can have other important goals besides making a decision.

Many decision researchers hold that classic brainstorming, and even electronically supported brainstorming intended to minimize process losses, simply creates ''the illusion of productivity'' (see Pinsonneault, Barki, Gallupe, & Hoppen, 1999). But we should seriously consider that, for employees, even illusory productivity can be associated with positive outcomes such as boosts in confidence, cohesion, and morale. To the extent that brainstorming promotes important functions such as group well-being and member support (Dennis & Reinike, 2004), sometimes tradeoffs in decision quality might be justifiable. We can teach managers about the superiority of nominal groups over face-to-face ones, but we also need to teach them that group

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meetings serve functions other than their assigned tasks and ideally provide them with tools to weigh and manage potential tradeoffs.

Dalal et al. also observe that many organizational decisions are not made by equal-status groups or individuals but rather by leaders who receive advice from other employees or experts. They recommend that a decision maker adopt the median judgment of several independent expert advisors. But the evidence supporting this strategy is based on experiments where the advisors had no motivation other than to provide their honest unfiltered opinions. In many organizational contexts, finding disinterested independent advisors is likely to be quite challenging. In general, we know much more about how decision makers respond to advice than we do about how people *formulate* advice. And most of the few experiments to date that have looked at the decision processes of people providing advice have been restricted to presumably well-intentioned advisors whose interests do not diverge from those of the decision maker (for a rare exception, see Cain, Loewenstein, & Moore, 2005). This assumption in JDM research of disinterested candid advisors stands in sharp contrast to related work in economics and political science, where it is assumed that expert advisors have their own agendas, which may or may not correspond to those of the decision maker. I believe psychological research on advisory decision making could benefit a great deal from considering advisors as motivated to influence the ultimate decision and to enhance their own reputations and career prospects.

Escalation of Commitment

As noted by Slaughter (Dalal et al.), the costs of irrational escalation of commitment are well established in numerous organizationally relevant contexts, including strategic, investment, and personnel decisions; he suggests that training could reduce people's tendency to escalate. This is perhaps the one JDM bias business students are most likely to be exposed to in their coursework. I have had students with aha! moments, where they share a previous bad decision (or a friend's) that they now recognize as having resulted from this bias. But I doubt that such limited exposure ever affects their decisions going forward. Managers trained in accounting to avoid sunk costs do not seem to transfer this principle to real-world business problems. Although it is possible that more intensive training from a psychological perspective might mitigate this bias, even scholars of escalation can still succumb to the tendency in their own decision making (see Bazerman & Moore, 2008, p. 104).

Rather than attempt to train people to recognize and resist their own inclination to escalate, it may be more productive to train them to implement structural solutions to counteract this bias at the organizational level. A standard recommendation repeated in many organizational behavior textbooks is that different employees should make the initial and subsequent decisions about a project. There is some empirical support for this proposition, but recent experimental research suggests that the theoretical rationale for this intervention—that responsibility for the initial decision causes pressure for continued support—may be flawed. Schulz-Hardt, Thurow-Kroning, and Frey (2009) found that people who initially preferred an alternative, even if they were not responsible for choosing it, were still inclined toward escalation. A field study in banking also found that an organization's attempt to attenuate escalation by changing decision makers had unintended negative consequences (McNamara, Moon, & Bromiley, 2002). And in the venture capital industry, some evidence suggests that organizational safeguards designed to mitigate the individual bias toward escalation may instead promote countervailing political and institutional influences (Guler, 2007).

Training to Improve Selection

Hiring decisions are subject to classic decision-making biases such as decoy

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effects, and personnel selection would seem to be a context where the bottom-line impacts of improved decision making can be persuasively demonstrated. But evidence-based recommendations to use statistical models to select employees rather than more holistic, subjective assessments meet substantial resistance. The ambiguous criterion of ''fit'' is advanced by many experienced practitioners as a reason for not relying solely on validated predictive indices (see Cohen, 2007). Thus, subjective assessments based on interviews are likely to continue to play an important role in most selection decisions. Despite considerable evidence that typical interviews do not add predictive validity, managers often resist attempts to impose even minimal structure. In the focal article, Highhouse (Dalal et al.) is optimistic that training interviewers to understand how they are prone to various biases might be effective at improving selection validity, despite research demonstrating problems with other sorts of rater training.

But how do managers see hiring, and what are their goals? In the *New York Times* a weekly series called ''Corner Office'' presents interviews with successful executives about the challenges of leading and managing, including how they hire. From an HR researcher's point of view, their answers are frequently disheartening; the CEO of Cisco Systems wants to know what sports a candidate played in high school, a media CEO wants to know how many brothers and sisters she had, and so forth. One executive stated quite clearly that he not only wants to know if someone can do the job but also if the candidate is someone with whom he would enjoy spending time. Can we convince these experienced executives, who are likely to get positive feedback on hires they perceived as a good fit yet never get feedback on the success of candidates they did not, that they are not the expert interviewers they think they are? Some managers may be receptive to training and even willing to implement structural changes in selection procedures. But this will only be the case if the primary goal is in fact to hire the people most likely to perform well and not those with whom they will be most comfortable interacting.

Before managers are trained to recognize and combat their own biases, they may need to be motivated to do so. For example, a more structured approach to selection could result in employees who are more diverse in terms of their educational and functional backgrounds, as opposed to being clones of the boss. If managers are persuaded by the research that indicates such diversity improves an organization's decision-making culture, they may be more likely to change their minds about selection practices.

Conclusion

Managing decision-making processes is widely recognized as a valuable leadership competency. The JDM tradition has a great deal to offer to managerial training and development. But moving beyond simply educating students and managers about decision making to providing training that results in significant long-term transfer will require acknowledgment of the complex realities and motivations that govern organizational life.

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