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Why Has There Been So Much JDM–IOOB Cross-Fertilization?

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If the doctrine of social proof (Cialdini, 2001) has any meaning, surely one of the best ways to encourage the application of theories, methods, and findings from the field of judgment and decision making (JDM) to the concerns of industrial–organizational psychologists and organizational behavior (IOOB) researchers is to celebrate how frequently and successfully this has occurred. I will therefore take this approach in this commentary on Dalal, Bonaccio, Highhouse, Ilgen, Mohammed, and Slaughter (2010), but note that it is not inconsistent with the view that there remains untapped potential in leveraging JDM to elucidate phenomena that have traditionally captured the attention of IOOB researchers and practitioners. The glass, however, is most constructively and not inaccurately described as half-full rather than nearly empty.

One striking example of productive JDM–IOOB cross-fertilization that continues to have significant unrealized potential, but that is also telling with respect to why sometimes such cross-fertilization may not be embraced by those in IOOB, is research on goal setting. Goal setting is a widely touted and very influential theory of work motivation that says, among other things, that specific and ambitious goals lead to higher performance than goals that implore people to ''do your best'' (Locke & Latham, 1990). One mechanism by which goals boost performance according to the goal setting paradigm is through their capacity to focus attention and redirect effort.

JDM, however, has a very different answer to the question of why specific ambitious goals are motivating, and one that poses a challenge to the mountain of research on which modern goal-setting theory has been built. According to Heath, Larrick, and Wu (1999), goals can be regarded as reference points in the same way that Kahneman and Tversky (1979) used this term in describing prospect theory. According to prospect theory, people judge the outcomes of risky choice as either positive or negative deviations from a neutral point of reference. This point most typically reflects a state to which people have become accustomed but might also reflect a goal or even an act of imagination. In short, this point is not etched in stone but is subjective in nature and thus subject to influence and change. In turn, a mere change in perspective or reference point may cause a situation that was initially perceived as positive or as a gain now to be perceived as negative or as a loss. For example, answers to the questions ''Is forty old?'' or ''Are two publications a year a lot?'' depend significantly on one's present age and recent research productivity. If the perception of a gain or loss depends at least in part on the reference point people have adopted, this has profound implications for behavior

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because people are more sensitive to losses than gains and also respond very differently to them.

These insights, and others related to them, are foundational to JDM but potentially revolutionary to IOOB and more specifically to much of the extant literature on goal setting. For example, it turns out that prospect theory can be used to provide competing and arguably better explanations for many of the traditional findings associated with goal setting. What's more, the application of prospect theory can also be used to turn goal-setting theory, figuratively speaking, on its head. For example, if goals are best regarded as a type of reference point that induces the perception of a sure loss when performance fails to meet this standard, then two things become clear. First, people will be highly motivated to avoid failing to meet a goal and thus suffer a sure loss because of loss aversion. Second, loss aversion induced by a prospective failure to achieve an important goal may cause people to do risky and even unethical and illegal things (Schweitzer, Ordonez, & Duouma, 2004). In short, JDM paints a profoundly different picture of the mechanisms and consequences of goal-setting from the one that is typically seen in the IOOB literature. Given that a JDM perspective has only been recently applied to goal setting, and that the implications of such an application are challenging to a literature that can safely be described as mature, it is perhaps no small wonder that goal-setting researchers have yet to display much of an appetite for exploring the implications of a JDM perspective further.

It is, of course, possible to apply JDM to IOOB concerns without doing such violence to received wisdom while still shedding a significant amount of light on important phenomena. One such example may be found in the research on groupthink (e.g., Whyte, 1998). The groupthink hypothesis provides one answer to the question as to why competent managers on occasion make important decisions that are highly likely to become fiascoes. Historical examples of this kind of approach to policy making include American escalation of the war in Vietnam during the 1960s under President Johnson and the Kennedy administration's decision to invade Cuba at the Bay of Pigs in 1961 (Janis, 1982). More contemporary examples of the same phenomenon may even include decision making at many financial institutions in the months and years leading up to the global credit and financial crisis of 2008–2009.

Groupthink refers to ''a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' striving for unanimity override their motivation to realistically appraise alternative courses of action, ... a deterioration of mental efficiency, reality testing, and moral judgment that results from in-group pressures'' (Janis, 1982, p. 9). The groupthink model as formulated by Janis is based on group dynamics and has been extremely influential in thinking about the occurrence of policy fiascoes. This model has, unfortunately, little empirical support (Baron, 2005). Moreover, it is at best an incomplete explanation for the lack of vigilance and excessive taste for risk observed in groups contaminated by groupthink. Fortunately, JDM can assist with both these problems.

For example, the main theme of groupthink is concurrence seeking, but this naturally occurs in group decision making independent of group performance. The task, after all, in group decision making is to achieve some measure of agreement from the potentially conflicting predispositions of group members. Agreement, however, is typically obtained around preferences that predominate at the outset of group discussion. Yet groupthink as described by Janis (1982) provides no clue as to what these preferences might be.

This is a large gap in groupthink theory because group choice can often be predicted with a high degree of accuracy given knowledge of the initial inclinations of group members. JDM can and has been used to plug this hole. One way to do this is with the observation that many decision fiascoes share a common structure. It has

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been noticed that many decisions that led to fiascoes were framed by those who made them as choices between unpleasant options or losses (Whyte, 1989). One option frequently required the immediate recognition of the permanence of an aversive state of affairs. The other option (or options) often involved potentially worse outcomes that were combined with the possibility that the aversive state of affairs might be avoided. In other words, decision makers perceived their choice to be between or among losses as opposed to being between or among gains or losses and gains. Typically, the consequence of framing a decision, whether appropriately or not, as a choice between losses is a preference for risk and indeed a preference for even very risky choices as long as these choices entail even a small probability that otherwise certain losses might be averted.

Tellingly, neither groupthink theory as described by Janis (1982) nor framing effects on their own have the capacity to explain very well why talented and experienced executives on occasion make decisions about crucial matters that they knew or ought to have known would fail. When these two approaches are integrated, however, there is an order of magnitude increase in the amount of light shed on this phenomenon over the amount shed by each approach alone. Surely there are other IOOB topics that could similarly benefit from a judicious application of JDM.

Both goal-setting theory and groupthink are two traditional IOOB topics that have benefited significantly from the application of a JDM perspective and could clearly benefit equally from more. Yet, it is hardly surprising that researchers who have made significant investments in IOOB may not be particularly impressed by this or even interested in it. What would be surprising and unfortunate would be if young IOOB researchers were to ignore the opportunities presented by JDM to push IOOB in a direction that it might not otherwise go and to unlock important insights that might otherwise remain hidden.

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