

Book Review

Lee Roy Beach and Terry Connolly

The Psychology of Decision Making: People in Organizations
Thousand Oaks, CA: Sage Publications, 2005

By Howard A. Doughty

There is a lame old joke that places a cleric, an engineer and an economist on a desert island with no tools and nothing to eat but canned food. To solve their problem, the cleric urges prayer for divine intervention. Then, the engineer advises that they smash the cans with rocks. Sceptical of the supernatural and aware that brute force would result in huge waste, the economist gives the perfect answer: “First, let us assume we have a can opener.”

Ever since Adam Smith presented his myth of an “invisible hand” guiding personal greed toward collective well-being, economists have offered succeeding generations an expanding inventory of spectral forces masquerading as “real world” practices and processes. From assumptions of scarcity to intersections of supply and demand (to say nothing of the pseudo-empirical machinations of “econometrics”), academic economics has sought to comprehend the production and distribution of goods and services in formal, quantitative analyses all premised on the iconic Wall Street assumption that “greed is good.” Their rigorous rationalism has been nicely parodied in such artefacts of popular culture as the 1976 film *Network*, wherein a crusading broadcaster is taken to task in the following terms:

“You get up on your little twenty-one inch screen, Mr. Beale and howl about America and democracy. There is no America. There is no democracy. There is only IBM and ITT and AT&T and DuPont, Dow, Union Carbide and Exxon. Those are the nations of the world now. What do you think the Russians talk about in their councils of state — Karl Marx? They pull out their linear programming charts, statistical decision theories and minimax solutions like the good little systems analysts they are and compute the price- cost probabilities of their transactions and investments just like we do.”

Undaunted by satire, un-deflected by Enron, unaffected by sappy humanism, they have stuck to their models and have successfully persuaded leading figures in other disciplines to abandon narratives that embrace either moralism or messy empiricism and cut straight to the chase for a blend of logic and mathematics that can reduce human subjectivity and historical insight to a neat and tidy decision-making matrix.

So it is and has been, for the systematic study of human decision making has had a long history, at least by the standards of contemporary social science. It has morphed through a variety of forms depending upon which discipline was producing the pertinent analysis but, in all cases, these forms barely disguised their underlying ideological values with a veneer of mathematico-rationalism.

Economists, of course, brought forward representations of behaviour aimed at describing patterns of thought and action that would maximize utilities for the participants. Sociologists attempted to demonstrate how specific groups could enhance their status and acquire a greater diversity of choices within particular cultural settings. Political scientists played war games, often building computer simulations to structure situations in which advantage might be gained over an opponent. I confess here and now that I have been a researcher and a designer of such simulations dating back to the 1960s with organizations as diverse as the Canadian Peace Research Institute (modelling international conflict), Ontario Hydro (alternative energy sources), and the University of Hawaii's political science department (judicial behaviour on the US Supreme Court). Even environmentalists applied the same assumptions to trends in ecological degradation and tried to persuade us that it was necessary to impose limits to growth.

The iconic instance of rational decision-making theory was, of course, "the prisoner's dilemma," which amused untold numbers of undergraduates as they contemplated what choice to make when faced with the familiar four-celled matrix that would, depending on whether you and your isolated confederate confessed to a crime, produce results varying from freedom to a heavy penalty. Quite apart from the a historical and a cultural nature of this unnatural construction, those who play this game are assumed to behave in a totally selfish fashion. As Beach and Connolly say, "honor is not part of the normative analysis of the dilemma." Honour, of course, may exist among thieves but it seems to have little cachet among behavioural scientists.

Underlying much of the study of decision making is some sort of game theory. This can involve commercial price-fixing cartels trying to decide if their co-conspirators are trustworthy. It can include a timber company manager worrying about whether to pull crews and equipment off the slopes of Mt. St. Helen's just because some geologists have issued a vague warning of an eruption. Whatever the example, the entire business of choosing one action over another usually boils down to the kind of calculations most commonly associated with gambling. Unfortunately (or fortunately), public policy decisions do not take place in the hermetically sealed environment of a Las Vegas casino or, for that matter, a local bingo parlour.

This should have been evident decades ago when "realistic" analysts of American politics declared an end to the "age of ideology" and predicted a coming era of pluralistic politics in a civil society where "values" were amiably and authoritatively distributed by representative and competitive elites that ensured enough social justice to permit social scientists to declare that political philosophy was obsolete because the United States was "the good society in operation." After all, a couple of years later, the civil rights movement, urban riots, the "counter-culture," feminism and other manifestations of discontent showed that such confidence had been hideously misplaced. It should also have become clear when the best and the brightest from Harvard and corporate America

— happy game theorists all — tragically misunderstood and mishandled not just the adventure in Vietnam but many other international scenarios. Even the current transient triumphalism cannot long discount the lessons that ought to have been learned. The lessons are not lost on Lee Roy Beach and Terry Connolly.

In *The Psychology of Decision Making*, Beach and Connolly demonstrate three important things. First, they have an excellent appreciation of the history of academic approaches to the study of decision making. Second, they are skilled at explicating the variety of formalized methods of analysis. Third, because they know the strengths and weaknesses of the past, they are able to

develop opportunities and methods for building on the strengths and overcoming the weaknesses. Unlike ideologues and sentimentalists who are aesthetically offended by the fascinations of everyone from the young aristocrats who sought a winning gambling system from Daniel Bernoulli in the 18th century to the Hawthorne experimenters and Herbert Simon and on to clever near contemporaries such as Kahneman and Tversky whose work culminated in a Nobel Prize in economics in 1993, Beach and Connolly work fully within the established tradition. They are, however, not ashamed to criticize it and they are quite capable of reforming it.

Beach and Connolly are justifiably to be praised for focusing on their subtitle, “People in Organizations.” They understand very well that actual human beings do not conceptualize their decisional dilemmas in cleanly defined matrices. They recognize that real decision makers (who, of course, are not merely political leaders, business managers and upper level bureaucrats but clerics, shop stewards and grocery shoppers as well) do not easily divest themselves of their personal attitudinal lenses. They rarely transcend their own personalities. They seldom operate as though they were exempt from participation within specific organizational cultures that limit their authentic range of choices. They especially do not imagine that others will automatically embrace their “rational” choices. They know that opposition will come, even if for “irrational” reasons.

Accordingly, Beach and Connolly neither disdain nor ignore the kinds of calculations that have previously preoccupied scholars and scientists eager to make sense of what people do and to encourage them to do better. Instead, *The Psychology of Decision Making* brings such game-theoretical exercises down to earth and firmly grounds them in the realities of lived experience.

They introduce helpful terms such as “framing” (the capacity to link the ongoing experience of the decision maker to contextual events and to the images that others have of those same events), which permits the entire situation to gain genuine meaning – “almost every decision is ultimately a social decision.” They then restructure decision making to define success less as an artificial individual choice with definable, predictable and culturally contextless results than as an exercise in alignment. Bringing personal perceptions, organizational cultures and corporate goals into a mutually accommodating pattern yields a more compelling concept of success as co-ordinated decision making and implementation.

As well, there is a salutary chapter on “alternatives to gambling.” In practice, this is not just as a metaphor but a potentially pathological modus operandi sometimes used by unimaginative or impatient politicians and described as “rolling the dice.” In this section, concepts and activities that are rarely contemplated in game theories (e.g., narratives, reflection, incremental change, morality) are given due attention. They are plainly not interpreted as subjective diversions, social distractions and ethical complications that unnecessarily confound steely objectivity; they are the stuff and substance of the decision making process.

By restoring interest in actual people who work in actual organizations while, again, not jettisoning the insights of abstract theories but merely putting them in their place, Beach and Connolly have produced an admirable, readable and surprisingly thorough account (in a modest 201 pages) of the state-of-the-art science of decision-making. It is not merely intelligent and engaging; it is also of real practical value.

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