

Decisions, decisions...

Making rational, informed decisions is an essential part of good management, but our decisions are not always as logical as we may believe

Decision-making is an essential aspect of our lives. On average we make more than 30,000 choices every day. Furthermore, our decisions are often scrutinised by ourselves or others, and our professional and personal achievements frequently depend on the effectiveness of our judgments.

Working in a finance-related role requires sound, logical decisions to be made. In most instances, we believe that our decisions are logical, driven through the application of rules, consideration of the facts and careful reasoning. But this becomes more complex when more than one solution exists, or the decision to be made is not 'black or

white'. We are most likely to encounter these complexities when managing and leading others, or when making decisions that directly affect people (including ourselves).

Head versus heart

The information that helps us to make our many daily decisions is initially processed in an area of our brain that deals with emotions rather than logic. This is primarily to ensure that the information received does not relate to immediate danger, during which the need for logic becomes redundant – a swift decision is required, based on our natural flight, fight or freeze response.

Hopefully, the majority of our daily decisions aren't quite so 'life and death', but sometimes our brains confuse the information we receive and invoke an emotional, irrational response anyhow. When this occurs, our ability to think logically is significantly hampered, and our actions are driven by our hearts not our heads – an 'emotional hijack'.

Regardless of whether we experience a 'hijack' or not, we are likely to be influenced by our emotions, particularly when making more complex or ambiguous decisions. On these occasions, we may convince ourselves (and others) that our choices are purely logical and without emotion. However, when this happens, we undertake a neurological activity known as post-rationalisation – ie we find logical reasons for why our emotional choice was the 'right' thing to do.

We're all individuals

For those of us with good emotional control and awareness, another set of challenges awaits – our own belief systems, cognitive biases and assumptions. All of us view the information presented to us in different ways, based on our own beliefs and the assumptions we make. This explains to some extent why we can form different conclusions based on the same information; although we may adopt a logical approach to assessing the information we see, hear and feel, we unconsciously use our own beliefs to determine our actions and decisions.

A simple example of how we use our beliefs and assumptions relates to our interaction with others. When

Top tips for improving your decision-making

- * **Invest in your self-awareness and understanding your own emotions.** Developing a better understanding of how you are feeling is key to determining when you are progressing towards an 'emotional hijack'. By the time your thoughts have been 'hijacked', it is more difficult to regain immediate control and return to logical decision-making. Understanding your own emotions in greater depth will also help in recognising when others, such as your team members, are also making emotion-based decisions.
- * **Self-reflect.** The process of self-reflection involves taking the most impartial view possible of your own actions, decisions and behaviours. This can be developed through regular practice and through seeking feedback from others on their perspective of your actions. The objective is to achieve a balance between the positive and negative aspects of your behaviours and decisions.
- * **Accept that there may not always be a 'right' decision.** Our beliefs, assumptions and cognitive biases often lead us to believe that our decisions are right. In most instances, particularly when dealing with people-based decisions, there may be other possible choices that can be made.
- * **Challenge your own beliefs, biases and assumptions.** Sometimes this can be assisted through asking someone else to challenge what assumptions you have made and what beliefs you hold when making the decisions you have. Although this may feel uncomfortable at times, it often highlights long-held beliefs that are not based on evidence.

**We seek evidence
to support our
assumptions and
unconsciously
ignore information
that may suggest
our view is
incorrect**

meeting someone for the first time, we quickly form a view of the individual, based on what the other person says or does not say, their actions (or lack of), and what we believe or assume about this individual.

This explains why we can perform a rapid 'assessment' of an individual during a job interview (usually within the first 10 seconds) without asking the candidate a single question.

Confirmation bias

To make matters worse, the information is quickly processed by our brain and is subject to a naturally occurring event called confirmation bias. In other words, we seek evidence to support our beliefs and assumptions, and unconsciously ignore information that may suggest our view is incorrect. In such instances, we can find ourselves or others presenting a range of arguments that make perfect sense, and will sternly defend their perspective on matters.

Making logical decisions is an important part of our professional and personal lives. Improving our awareness of factors that could impact our ability to make such decisions could assist us in challenging such choices in the future. ■