10.2: Human Nature and Decision-Making

The world we face now is much more complex than just a few years ago. Within our world of communication, we encounter decision after decision. In the "old days" the 70's and 80's deciding on a telephone was easy. We went to a store and picked out the phone we liked and connected it to the hard line in our home. Now we have all sorts of smart phones with a variety of services with numerous packages of options. And this is just one example of how our world is becoming increasingly complicated.

We are experiencing what many experts consider the Age of Information. We have access to information as we never had before, and we can more easily obtain whatever information we need to make the best possible decisions. Modern electronics gives us instant access to this information. With a computer, and an Internet connection, we can access the Internet with its vast resources. The web pages there include everything from the synopses of stories in the world’s leading newspapers, to stock market reports, to a complete analysis of pending bills in Congress, to an explanation of wines, etc.

The same information that helps us master our environment can also lead to confusion about the many choices available to us within that same environment. From the information presented to us, we must be able to determine what is useful and what is useless.

As Richard Wurman writes in his book, Information Anxiety,

"Information is power, a world currency upon which fortunes are made and lost. And we are in a frenzy to acquire it, firm in the belief that more information means more power. But just the opposite is proving to be the case. The glut has begun to obscure the radical distinctions between data and information, between facts and knowledge, between what we need to know and what we think we should know." (Wurman, 2000)

Perhaps 200 years ago we could have ignored much of the information in the environment, because people were more
self-sufficient. If someone needed a place to live they could homestead a few acres. A new house could be built from the cleared lumber, while food could be found on the land nearby. Most primary needs could be obtained without the help of others. The homesteader didn’t need to know what was happening on the other side of the mountain, much less the other side of the world. Times have changed.

To obtain a place to live people must first have some money. If they are not independently wealthy or do not have a rich relative, they need to save for it. What type of savings account should be used? There are options from money market accounts to Treasury Bills to thousands of mutual funds. After you have been able to save enough for your down payment, which type of financing will you use? Creative financing, which has added flexibility to the purchase of a home, has presented the buyer with additional options.

Humans are decision-making creatures. From the time we make a decision to get up in the morning, until the time we make a decision to go to bed at night, we are making one decision after another. As a decision-maker, we need to be aware of how we make decisions, what external factors influence our decision-making process, and how we go about evaluating how effective our decisions are. We can start by examining the two ways humans make decisions: involuntary decision-making and voluntary decision-making.

Reference

1. Richard Saul Wurman, Information Anxiety (Indianapolis: Prentice Hall, 200)