

## 8 Types of Decision Makers:

1. the impulsive decider
2. the fatalistic decider
3. the compliant decider
4. the delaying decider
5. the agonizing decider
6. the paralytic decider
7. the intuitive decider
8. the planning decider.

## Lesson 2-Decision Making

8 Types of Decision Makers:

### 1. the impulsive decider

"decide now, think later"

- takes first option
- makes a quick suggestion or selects the first option present.
- becomes frustrated if it takes a group a long time to decide.

### 2. the fatalistic decider

"it is what it is" or "whatever will be, will be"

- leaves a decision up to fate or external factors (what smells good, what has something interesting happening, etc.)
- often more carefree and unlikely to plan ahead or make a reservation

### 3. the compliant decider

"what's good for you is what's good for me"  
goes along with what others want

### 4. the delaying decider

- "that's tomorrow's problem" or "that is on the back burner"
- procrastinate making a decision

### 5. the agonizing decider

"I can't make up my mind"

- put a lot of time and thought into making decisions
- gather data and analyze alternatives but get overwhelmed by it all and can't decide
- may still want to discuss other options even after a decision is made

### 6. the paralytic decider

"I know I should but I can't"

- avoids decision making due to anxiousness
- different from delayed because paralytic deciders know the decision needs to be made now but just can't do it.

### 7. the intuitive decider

"I am going with my gut" or "I feel this is right"

- make decisions based on intuition or what **they feel**

### 8. the planning decider

- balance between thinking and feeling
- will do research, get group feedback, and then select the best option rationally.

Sort the statements into one of the 8 decision making styles.

 <https://cms.sunwestsd.ca/mod/book/view.php?id=207298&chapterid=32482>

What factors influence our decision making?

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**Economic:**

- Opportunity Cost
- Advertising
- Incentives
- Needs/Wants
- Risk
- Economy
- Scarcity

**Personal:**

- Friends/Family
- Values
- Emotions
- Lifestyle/Fads

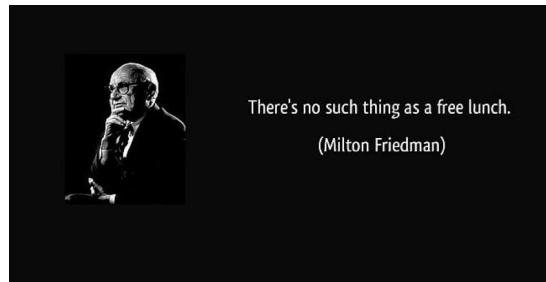
## Lesson 2-Decision Making

Economic:

### -Opportunity Cost

What are we giving up to make the choice?

The total cost is actually the direct amount paid + the opportunity cost.



### -Advertising

<https://www.youtube.com/watch?v=1rV-dbDMS18>



### -Incentives

positive incentives=reward (coupon, discount, etc.)

negative incentives (fee you can avoid if you buy right now)

### -Needs/Wants

Needs: required to survive

Wants: desired

### -Risk

Risk:possibility of something bad

Mitigation: minimizing exposure to risk (example: extended warranty)

Tolerance: amount of risk an individual is comfortable taking

\*quiz

### -Economy

system of how money is made and used within a country or region

economy is connected in a country and globally

### -Scarcity

scarce/limited resources

Example: Apple uses false scarcity with the iPhone by saying they will only be making so many "Buy now so you don't miss out!"



## Lesson 2-Decision Making

 <https://www.youtube.com/watch?v=Ahg6qcgoay4>

 [https://www.youtube.com/watch?v=IGQmdoK\\_ZfY](https://www.youtube.com/watch?v=IGQmdoK_ZfY)

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## Lesson 2-Decision Making

$$1+1=2$$

...or at least it does in a normal, logical, mathematical world.

The world, particularly individuals operating within it, is not this simple. As we just looked at, there are many factors that influence decision-making. These factors collectively move us from a purely logical decision, to one that may not make sense to an outsider. The influences that affect our decision-making can be summed up as **emotional math**.

Emotional math is the consideration of the influences, both internal and external, which affect the rational decision-making process, and produce a result we would not otherwise expect.

The concept of emotional math attempts to explain when we make decisions that could be seen as illogical to outsiders. This is a concept we will return to throughout the course; however, it is useful to consider an example of our mental processes at work now.

Social scientists Christopher Chabris and Daniel Simons conducted an experiment that demonstrates our mental processes at work, when we are focused elsewhere. In the experiment, they asked people to watch a two-minute video of a basketball being passed around. The group had only one task, count the number of passes. When done, the experimenter would ask, "How many passes were made?", and the answers were generally right, or close. When the interviewer would ask, "Did you see the Gorilla?" however, most people would respond by saying, "What Gorilla?" It was actually a Gorilla mascot and the mascot is not small; it was a full-sized adult male! None-the-less, many of the participants missed the Gorilla mascot, nearly half the time! Why is this? Well, they were focused on the task at hand, counting passes, and were missing the Gorilla mascot, even if they knew he was coming. They should be able to see and notice the Gorilla mascot, but they didn't —  $1+1$  did not equal 2.

The participant's minds were preoccupied, which is partly what happens with personal finance. We focus on the moment, counting the passes, and forget the big picture, which just happens to include a giant Gorilla jumping around. It is easy to think about what needs to happen now with our finances, since we are in that moment, and it is not too hard to think about what is about to happen, but the long-term gets fuzzy. You can look at the day-to-day decisions you need to make and plug along, when suddenly you realize that the Gorilla has come and gone several times, metaphorically speaking, and you are in a financial situation you did not plan. Planning for retirement is the most obvious example of this. So, what to do then? It is important to realize that it is not just  $1+1=2$ , it is  $1+1+1=3$ , the numbers still add up, but our emotions and other factors in decision-making need to be considered. Careful planning can help you think about the future, and a budget is a great place to begin.

# Decision Making Scenarios Worksheet




When answering "What would you do?", how did you make a decision?

## The Decision Making Process:

### Decision-Making Process PACED Method

- Identify Problem.
- List Alternatives (choices).
- Select the Criteria that is most important to consider.
- Evaluate the options compared to the criteria.
- Make a Decision.

## Lesson 2-Decision Making

Define the <b>P</b> roblem:							
Determine the <b>C</b> riteria:	Criteria 1:	Criteria 2:	Criteria 3:	Criteria 4:	Criteria 5:	Criteria 6:	Evaluate <b>A</b> lternatives:
List <b>A</b> lternatives:	Value of Criteria 1:	Value of Criteria 2:	Value of Criteria 3:	Value of Criteria 4:	Value of Criteria 5:	Value of Criteria 6:	
 							
Alternative 1:							
Alternative 2:							
Alternative 3:							
Alternative 4:							
Alternative 5:							
Make a <b>D</b> ecision:					Note Opportunity Costs:		

## Lesson 2-Decision Making

Define the Problem: Where should I go to college?							
Determine the Criteria:	Criteria 1: Program of Study	Criteria 2: Extracurricular Activities	Criteria 3: Student to Faculty Ratio	Criteria 4: Affordable	Criteria 5: Close to Home	Criteria 6: Graduation Rate > 50%	Evaluate Alternatives:
List Alternatives:	Value of Criteria 1: 10	Value of Criteria 2: 4	Value of Criteria 3: 5	Value of Criteria 4: 8	Value of Criteria 5: 2	Value of Criteria 6: 5	
Alternative 1: University of Arkansas	Yes	Yes	Yes (18:1)	Yes	Yes	Yes (59%)	34
Alternative 2: Arkansas State University	Yes	Yes	Yes (19:1)	Yes	No	No (39%)	27
Alternative 3: Hendrix College	No	Yes	Yes (11:1)	No	No	Yes (72%)	14
Alternative 4: Harding University	Yes	Yes	Yes (17:1)	No	No	Yes (61%)	24
Alternative 5: Southern Arkansas University	No	Yes	Yes (16:1)	Yes	No	No (35%)	17
Make a Decision: University of Arkansas					Note Opportunity Cost: Arkansas State University		

Case Study:



When making decisions, what should come first? Our needs or our wants?

Which of our wants should come first?