

Rational Factors in Decision Making

by Sophia Tutorial



WHAT'S COVERED

In this lesson we'll discuss how rational factors are involved in the decision making process. The specific areas of focus include:

1. Decisions and Cost/Benefit Analysis
2. Factors to Consider in Decision Making

1. Decisions and Cost/Benefit Analysis

A **decision** is simply a choice between two or more items or options. Everyday we make multiple decisions that are quick and simple.

➦ **EXAMPLE** You need to decide what you're going to have for dinner. You begin to think about what your options are: "There's a new recipe I'd like to try, but I have some chicken leftovers in the refrigerator." Very quickly, you go back and forth over the pros and cons of each option:

- *New recipe pros*: It looks really good, and it's quick.
- *New recipe cons*: I might have to stop at the store and buy extra ingredients for it.
- *Leftovers pros*: The chicken can be prepared very quickly, it's already here, and the kids like it.
- *Leftovers cons*: I already had chicken for lunch.

You might decide that because you're hungry, and it's the simplest option, you're going to choose the leftovers.

This method of weighing pros and cons is called **cost/benefit analysis**, an assessment of the benefits gained versus the effort or resources expended in association with the particular option in a decision.

➦ **EXAMPLE** We can see this in the small decision of what to cook for dinner: The benefits gained in terms of time outweighed the resources that you'd have to expend.

Or you could decide that because you've already eaten chicken, you'd rather make something new. In this case, the benefits would outweigh the cost.



TERMS TO KNOW

Decision

A choice between two or more items or options.

Cost/Benefit Analysis

An assessment of the benefits gained vs. effort or resources expended associated with a particular option in a decision.

2. Factors to Consider in Decision Making

We go through this process of cost/benefit analysis all the time, many times more unconsciously than consciously. However, when we have a big decision to make—something that we consider significant—we give a lot more conscious attention to the range of factors that go into the decision.

IN CONTEXT

You've decided that you need to buy a new car. You check with Consumer Reports, and you start looking at various cars in various price ranges because cost is certainly a factor. In addition to cost, you might look at other factors, such as:

- Safety
- Gas mileage
- Seating

You take all of these physical conditions into consideration. Looking at these logical, rational items helps you to make a decision.

However, you're probably also weighing other, more emotional factors here:

- *What kind of a car is this?*
- *Does it have a sunroof?*
- *What is my spouse going to think about this?*
- *Should I look at used cars because of the expense?*
- *How long do I think the car will last?*
- *Is it environmentally sound?*
- *What color is the car?*

Any of these might end up being the most important factor for somebody in your family in terms of making a decision about a car.

You will look at this variety of factors and weigh them in terms of the cost/benefit analysis. Chances are that it will take some time to finalize your decision after taking all the factors into consideration.



BIG IDEA

Although not all of the decisions we make are instantaneous, some certainly feel more in-the-moment, such as, "What am I going to eat?" or "What am I going to wear to work?"

We quickly weigh a multitude of factors, and when the decision is more significant, we consciously spend more time weighing those factors. Some of the factors are physical, some are emotional, and some are based on our perceptions of how others might react to our decision.



SUMMARY

In this lesson, you learned how we make **decisions using the cost/benefit analysis** to evaluate the pros and cons of each option. You now understand that there are a variety of **factors to consider when making a decision**, and the significance of the decision affects the amount of time a person will spend weighing those factors. Good luck!

Source: Adapted from Sophia tutorial by Marlene Johnson.



TERMS TO KNOW

Cost/Benefit Analysis

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Decision

A choice between two or more items or options.