

# Ask week6 m 8

Business, Management



LEARNING SET of Essay one What is the Cause of “ Winner Curse”? According to Drummond (2001, p. 23), the term “ winner curse” was the manifestation of economists to explain a state of affairs in which a winner is considered effective in fulfilling the desired goals but regrets after achieving the success. The main factor which leads to “ winner curse” is an attempt to get a service or a product that is either underestimated or overestimated (Platt, 1973, p. 642). For example, winner curse may occur when an individual overspends in a less productive event (Thaler, 1988, p. 202).

#### The Impact of “ Winner Course” Knowledge on an Organization’s Future Decision Making Process

As observed by Bazerman and Samuelson (1983, p. 621), the knowledge of “ Winner Curse” helps professionals to become more aware of issues and matters at hand. It also helps an individual to be more creative and innovative in future decision making process.

#### What is The Meaning of the Term Operation Successful: Patient Dead?

Operation successful: patient dead is defined by Holmes (1985) as a phrase that explains changes and reforms in the health care sector. It expounds on possible predicaments that may hinder the transformation process. For example, the transformation in healthcare sector in Canada can be referred to as operation successful: Patient Dead.

#### What Is Vicious Circle?

According to Masuch (1983, p. 17), vicious circle is articulated when a wrong decision in an organization is followed by another wrong decision for a long period. This may be due to poor policies and ideologies

#### How Can Vicious Circle Be Alleviated?

As observed by Breyer (1993, p. 87), vicious circle can be alleviated through change of attitude and improvement in organization tactics such as a change in decision making tactics. For instance, the involvement of all stakeholders in decision making process is very critical in averting the vicious circle

## Essay two

### What Is Decision Paradox?

According to Rothstein (2005, p. 67), decision paradox is a situation where a rational decision making process leads to unexpected results, which may undermine the objectives and goals of the decision maker. For example, a failed plan aimed at improving organization performance can be referred to as decision paradox (Amason and Mooney, 2008, p. 407).

### How Can Decision Paradox Be Eliminated In A Company Decision Making Process?

As stated by Bell (1982, p. 961), to counter the impact of decision paradox, decision makers ought to identify the decision paradox risks and develop ways of managing them in decision making process. For example, any decision to expand organization operations ought to be preceded by a comprehensive market survey

### At Which Situation Is Winner Curse Likely To Occur?

According to Bulow and Klemperer (2002, p. 7), winner curse is more likely to occur in a competitive environment. Competitive environment leads to increased level of uncertainty relating to the value of the product or services to bid (Burger and Walters, 2006, p. 789). For example, winner curse can occur when gamblers lose after betting for a long shot.

### Is there a Concrete Scenario Which Can Be Used to Describe Operation

### Successful, But Patient Dead?

Operation successful, patient dead can be applied when an organization follows consistently laid down process but the result turns out to be disastrous to the company (Casper-Futterman, 2011, p. 67). For example, operation successful, patient dead can be applied in the situation where the company applies the set down recruitment procedures but ends up recruiting immoral employees in the company (Merton 1957, p. 132).

### In Which Situation Does Vicious Circle Likely To Occur?

According to Heikkinen (2010, p. 479), vicious circles occur when there is inadequate understanding of a situation and its cause. Additionally, managers may decide to create vicious circle in order to protect themselves from incorrect decisions. This can be applied in the situation where managers attempt to have a productivity change by using bureaucratic means or developing inconsistent rules

### References

- Amason, A and Mooney, A 2008, " Icarus' paradox revisited: An examination of the relationship between past performance and strategic decision making", *Strategic Organization*, 6 (4), 407-434.
- Bazerman, M and Samuelson, W 1983, " I won the auction but don't want the prize", *Journal of Conflict Resolution*, 27(4), 618-634.
- Bell, D 1982, " Regret in Decision Making under Uncertainty", *Operations Research*, 30 (5), 961-981.
- Breyer, S. 1993, " Breaking the vicious circle: toward effective risk regulation", London: Harvard University Press.
- Bulow, J and Klemperer, P 2002, " Prices and the Winners Curse", *The RAND*

Journal of Economics, 33 (1), 1-21.

Burger, J and Walters, S 2006, “ The Existence and Persistence of a Winner’s Curse: New Evidence from the (Baseball) Field, North American Association of Sports Economists”, Working Paper Series, Paper No. 06-25.

Casper-Futtermann, E 2011, “ The Operation was Successful but the Patient Died: The Politics of Crisis and Homelessness in Post-Katrina New Orleans” University of New Orleans Theses and Dissertations Paper 1368.

Drummond, H 2001, “ The Art of Decision Making: Mirrors of Imagination, Masks of Fate”, Chichester: Wiley

Heikkinen, M 2010, “ Knock, Knock, Nokias Heavy Fall... Nokia has lost its way. What on earth happened to the mobile phone pathfinder?” Helsingin Sanomat International Edition – Business & Finance.

Holmes, B. 1985, “ Private practice in oncology nursing”, Oncology Nursing Forum 21(3), 65-67

Masuch, M. 1985, “ Vicious circles in organizations”, Administrative Science Quarterly, 30(1), pp. 14-33.

Platt, J. 1973, “ Social traps”, American Psychologist, 28(8), 641-651.

Merton, R 1957, “ Social Theory and Social Structure”, New York: Free Press.

Rothstein, B., 2005, “ Social Traps and the Problem of Trust”, Cambridge: Cambridge University Press.

Thaler, R 1988, “ Anomalies: The Winners Curse”, The Journal of Economic Perspectives, 2 (1), pp. 191-202.