A Brief History of Decision Making

Sometime around the middle of the past century, telephone executive Chester Barnard imported the term "decision making" from public administration into the business world.

There it began to replace narrower terms, like "resource allocation" and "policy making," shifting the way managers thought about their role from continuous, Hamlet-like deliberation toward a crisp series of conclusions reached and actions taken.

Yet, decision making is, of course, a broad and ancient human pursuit, dating back to a time when people sought guidance from the stars. From those earliest days, we have strived to invent better tools for the purpose, from the Hindu-Arabic systems for numbering and algebra to Aristotle's systematic empiricism to Friar Occam's advances in logic to Francis Bacon's inductive reasoning to Descartes' application of the scientific method.

A growing sophistication with managing risk, along with a nuanced understanding of human behavior and advances in technology that support and mimic cognitive processes, has improved decision making in many situations. Even so, the history of decision-making strategies has not marched steadily toward perfect rationalism.

Twentieth-century theorists showed that the costs of acquiring information lead executives to make do with only good-enough decisions. Worse, people decide against their own economic interests even when they know better. And in the absence of emotion, it's impossible to make any decisions at all.

Erroneous framing, bounded awareness, excessive optimism: The debunking of Descartes' rational man threatens to swamp our confidence in our choices. Is it really surprising, then, that even as technology dramatically increases our access to information, Malcolm Gladwell extols the virtues of gut decisions made, literally, in the blink of an eye?