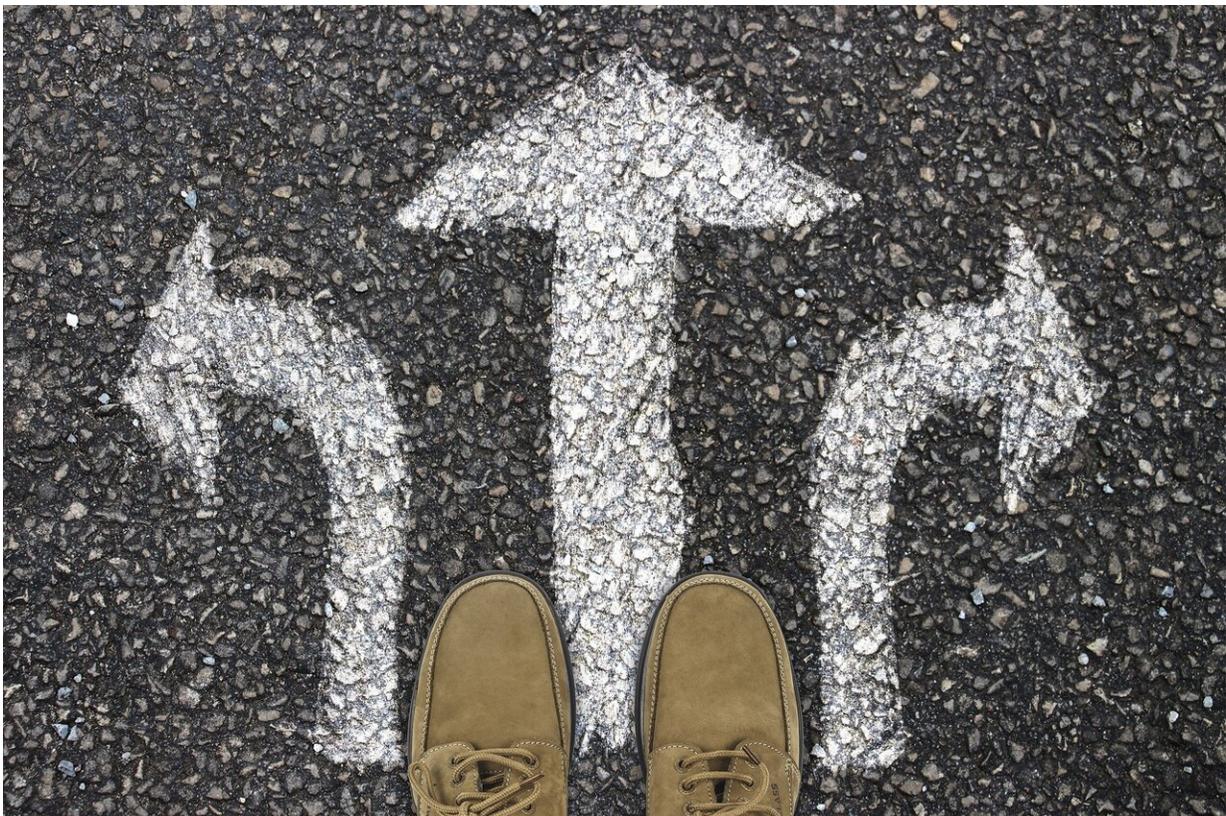


Going with your gut can result in better decision-making than using detailed data methods, study shows

June 18 2021, by Luke Lambert



Credit: Pixabay/CC0 Public Domain

Managers who use their gut instinct together with simple decision-making strategies may make equally good, but faster, decisions as those

who use data to reach an outcome, a new study has found.

The report, co-authored by academics at the Business School (formerly Cass), King's Business School, and the University of Malta, finds that the reliance on [data analysis](#) in decision-making might be counterproductive as this reduces decision-making speed without ensuring more accuracy.

The research, based on information from 122 advertising, digital, publishing, and [software companies](#), finds that using data to inform decision making under high uncertainty is often not optimal. This may explain why 12 different publishers initially rejected the opportunity to publish 'Harry Potter and the Philosopher's Stone' – because it had no data to inform its potential.

A [recent survey](#) revealed that 92 percent of Fortune 1000 companies were reporting increased investment in data initiatives, although it appears this may not always be necessary.

The authors asked [managers](#) how they made decisions on their most recent innovation project, including the extent to which they used data, instinct, and other simple heuristics (mental strategies). The findings outlined that among those decision-making methods were:

- a. Majority—choosing what the most people wanted
- b. Tallying—picking the choice with the greatest quantity of positive points
- c. Experience—selecting the option that the most experienced individual on the team wanted.

Managers were asked whether they think they made the [right decision](#) and how fast they were in reaching that decision. Results showed that managers relied on their own [instinct](#) as much as data, using 'tallying' more than any other metric.

Dr. Oguz A. Acar, Reader in Marketing at the Business School and co-author of the report, said: "This research shows that data-driven decision-making is not the panacea in all situations and may not result in increased accuracy when facing uncertainty.

"Under extreme uncertainty, managers, particularly those with more experience, should trust the expertise and instincts that have propelled them to such a position. The nous developed over years as a leader can be a more effective than an analytical tool which, in situations of extreme uncertainty, could act as a hindrance rather than a driver of success."

"Choosing among alternative new product development projects: The role of heuristics" is published in *Psychology and Marketing*.

More information: Douglas C. West et al, Choosing among alternative new product development projects: The role of heuristics, *Psychology & Marketing* (2020). [DOI: 10.1002/mar.21397](https://doi.org/10.1002/mar.21397)

Provided by City University London

Citation: Going with your gut can result in better decision-making than using detailed data methods, study shows (2021, June 18) retrieved 25 June 2024 from <https://medicalxpress.com/news/2021-06-gut-result-decision-making-methods.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.