

Psychological Study on the Decision Making of a Flight Brokerage Company: A Systematic Review

Nirmal Acharya

University of Newcastle, Australia

Abstract: *This paper provides insights on the decision making of the flight brokerage company which decides to develop their own airlines company that takes their business to a global platform that can set new standards and add quality to their company. The case analysis shows that decision made by the company was a fantasy view and it was dependent upon several shared mental models held. The method of analysis used is physiological viewpoint. Analysis discussed include: Fantasy view, Future perception, Past experience impact and Ignorance of issues. The paper also sheds light on the major area of weakness that leads to failure of the new innovation (developing their own airline). Additionally, some recommendations are also made to tackle the issue faced. Recommendation discussed include: focusing on "here and now", Circle and Completely Connected networks, and Tackling the issue rather than ignoring it.*

Keywords: psychological viewpoint, fantasy view, mental model

1. Introduction

The aim of the paper is to analyze the decision-making structure of a flight brokerage company which worked in three limited incorporates includes operating call centers for empowering their reservations, customer support and booking frameworks, brokering airline seats on flights that were not offered to other customers and sourcing tickets for groups, etc. The company decided to charter an aircraft and develop their own airline. Accordingly, an aircraft was chartered for year and a half nonetheless, this part of the business was failed to perform and the airline needed to shut down twelve months later. The company also held some mental model that became factor in making decision. The paper uses qualitative method by utilizes psychological viewpoint to recognize some important problem of the company. Furthermore, some recommendations are made to guarantee reasonable decision-making of the company in future.

"Model" has prompt some vexation by specialists of psychological hypothesis due to people groups' conviction that they comprehend what the word implies when utilized as a part of the designation mental model. Halford [1] contended that psychological models mirror the structure of wonder in the environment whether it is a circumstance, task, idea or an issue with which an individual is confronted.

2. Extant Theories

The Airplane seat business company wanted to lunch a new part of business i.e., developing their own airline. In this project, there were nine different key decision makers. The team was integrated within the company but later sifted to another building. The company was very successful and stable at the beginning despite of ups and downs in the past. It later failed to perform because of strong impact of mental model developed within the organization, they wanted to make their dream come true without any actual research. The dream was to start their own airlines.

3. Case Analysis

The airplane seat business company that worked in three limits settled on a decision to charter an airplane and develop their own airline. This was an unsafe, expensive and exceptionally a very difficult journey in the event that if it succeeded might lead to enormous organization development, however disappointment of failure could bring the entire organization down. In light of the fact that their perspective was settled on a focus in future and choose to avoid contemporaneous issues.

The decision made in the company was dependent upon the three-shared mental model held in the company and some intuitive behavior. The first mental model was on dream perspective of the industry at that time, which led to rejection of the thoughts that did not fit this dream perspective. It was the dream of the company that they will have own airplane so the company thought it was the correct time to do so. Fantasy view is a hallucinatory quality that seems as real as everyday reality, visualization is imaginary described in terms such as fuzzy or vague rather than lifelike. In other words, it's a psychology of imagining instead of making real efforts [2]. Those members of the team who tried to reject the idea believed the decision made was right as it was decided by the senior executives of the company. This made the team members to not raise their voice against it. The effect of this mental model was so strong to the point that it outweighed the evidence from the source that the project will not work.

The second mental model was they believed in the fact that all charter airlines makes profit in summer, provided the aircraft is full. With intuition they believed that, the aircraft was contracted for 18 months and there will be two summers and one winter their project will run perfectly. This procedure of attempting to paint a picture of the future is called episodic future thinking [3]. At this point perception played an important role in decision making, they became over confident. Research has shown that this mental model underlies deductive reasoning which is a crucial form of decision making which represent only what is true and neglecting what is false [4]. This led to ignorance of

Volume 7 Issue 7, July 2018

www.ijsr.net

Licensed Under Creative Commons Attribution CC BY

monetary losses because they thought money loss during winter can easily be tackled by making more money during summer.

The third mental model was that from their previous knowledge they encountered that “betting the company” worked, as whenever they have done it in past its being a success story. People are inclined to repeat the behavior which proved being fruitful in the past and might be hesitant to do so in the event that it is turned out to be unsuccessful, however, the relation between the past experience and preference could be influenced by another variable [5]. Keeping the past experience in mind there was encouragement in further behaviors of launching the product to market. They aimed in betting the company because of their past experience which give us a clear view of the impact of the past experience in the decision-making process. The company was influenced by assumptions and conscious anticipation of future events [6]. This model led to eradicate the thought that it might not work and also ignore the financial evidence of the failure.

All the senior member of the team was skeptical that the accountant was always wrong, as in past he has done a lot of mistakes. The impact of past encounters and activities in forming current observations, feelings, choices and objectives is generally distinguished in the psychological literature [7]. Senior member of the team was seeing him as temperamental and over-regulating, he was generally a negative thinker. In fact, he was right as the director said later.

The contrast between revenue rising and expenditure empowered a muddled picture of money stream. A prolonged period of time was set to judge the accomplishment in the new innovation. The company additionally had made due over a period of time by breaking fundamental principles secured at its starting by directors, the example of success by disobedience. The strong mental model also leads in distortion of the new plans entering the framework.

4. Recommendation

In the light of the above analysis, it can easily be extract that the conception which was being implemented in company seemed to be on the right track but later it landed up-side down as the view was fixed on a point in the future. Following recommendation in decision making process are made to reduce failure rate in the objective.

Company should not ignore any financial losses and believe that they can recover that in future seeing the success stories of others. The company should not make decision using intuition as it is believed that decision made using intuition was irrational and ineffective [6]. The company neglected to perform in light of the fact that their perspective was settled on a focus in future, the essential focus they may as well have remembered was keeping tabs on “here and now” i.e., developing the plan with attention to current situation and updating their strategy accordingly. Team should have looked for information that disconfirms or contradicts wrong

believe and assumptions so that they can challenge their tendency as a result may make smarter decision [8]. Every person has a different set of thinking and has a different way to implement it and everybody needs to have a broader range of analysis so that it would make innovation as immortal as it can be and be reasonable of what they are planning to do rather imagining and doing randomly. Different priorities are assigned as we go down the lane where the most priority job is to manage team openness which is being achieved by developing alternatives of knowledge creation. Each person in the team need to put down his or her own unique experiences, perspectives and has his own knowledge synthesis in a given context rather than maintaining the accepted norms. Circle and Completely Connected networks are functional for non-routine decisions; are less averse to be inventive; and have higher fulfillment levels of members [9]. There can be number of alternatives to a same problem, the better part of this is that it would show us the lenient and appropriate way to solve the issue, so we should encourage team to bring out newer aspects rather than being conservative and bring all of team member’s ideas to converge only on a single idea. A brief time ought to be set for the implication of accomplishment in the new innovation.

5. Limitations

This study has several important limitations. First, the number of included studies was relatively low. Secondly, the case analysis cannot be extended to more extensive populaces with the same degree of certainty as the findings of the research are not tested to discover whether they are statistically significant or due to chance. Finally, increasing the number of studies for the assessment may enhance the generalizability of our findings.

6. Conclusion

The paper analyzed the issue faced during decision making process of the flight brokerage company. When the company was doing relatively stable business it decided to start a new venture for the realization of dream. Psychological perspective is used in the paper to highlight the issue. Several shared mental models were held inside the organization which restricted the view of team members to a particular point in future. The company had a dogmatic thinking that they would be able to cash in a huge amount of cash but the company never had much money in their bank to support their superficial thinking’s. The end result of this research was the company failed to perform and was closed after 12 months.

7. References

- [1] Halford, G. S. (1993). Children’s understanding: The development of mental models. Hillsdale, N.J.: Erlbaum.
- [2] Jakob Persson, F. V. (2005). Fantasy Proneness and Coping. *Journal of Personality and Social Psychology*, 267-283. Retrieved from lup.lub.lu.se/record/1324852/file/1324853.pdf
- [3] James M. Thom, N. S. (2013). Imagining the future – a bird’s eye view. *Episodic future thinking*, 418-421.

- [4] Horn, C. (2006). How Experience Affects Perception in Expert Decision-Making journal. *Journal of educational psychology* 91(4), 684-689.
- [5] Bogler, R. (1994). Higher Education. The Impact of past Experience on People's Preference: The Case of University Researchers' Dependency on Funding Sources, 169-187.
- [6] Fitzgerald, M. (2013). *Managing Under Uncertainty*. Pearson Australia.
- [7] Ortman, O. E. (2011). *Social and Personality Psychology Compass*. The Lingering Effects of Our Past Experiences: The Sunk-Cost Fallacy and the Inaction-Inertia Effect, 653–664.
- [8] Robbins, S. P. (2004). *Decide and Conquer: Make Winning Decisions and Take Control of Your Life*. Upper Saddle River, NJ: FT Press.
- [9] Harrison, E. F. (1999). *The Managerial Decision-Making Process*. Houghton Mifflin.

Author Profile



Nirmal Acharya received the MBA degrees from University of Newcastle, Australia in 2015. He also received the Bachelor in Technology degree from BPUT in 2013. He is now with Pixaris Power Private Limited as Director.

