

Measures of inconsistency

Humans are unreliable decision makers because our judgments as humans are generally strongly influenced by irrelevant factors.¹ This is the expert opinion of Daniel Kahneman, the Nobel Prize winner in Economic Sciences and a master in understanding, disseminating, and synthesizing the psychological complexities of human cognition - including human heuristics and biased decision making. The more complex a decision, the more likely subjective judgments are made.²

Most executives and managers often contradict their own prior judgments when given the same data on different occasions. Research has confirmed that, in many tasks, experts' decisions are highly variable. Therefore, better decisions are made, and overall decision making processes are improved, through the design and implementation of algorithms. Studies have shown that algorithms are more accurate than human professionals at making consistent decisions.²

Kahneman suggests that personnel should adopt procedures that promote consistent results by ensuring that those in the same position use similar methods to seek information, integrate it, and translate it into a repeatable decision making process.²

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¹<https://www.linkedin.com/pulse/noise-how-inconsistent-subjective-judgement-decision-making-kiaos/>.

²Kahneman,D.,Rosenfield, A., Gandhi, L & Blaser.T. (2016). Inconsistent Decision Making Is A Huge Hidden Cost For Many Companies. Here's How To Overcome What We Call Noise. Harvard Business Review, pp 34-44.