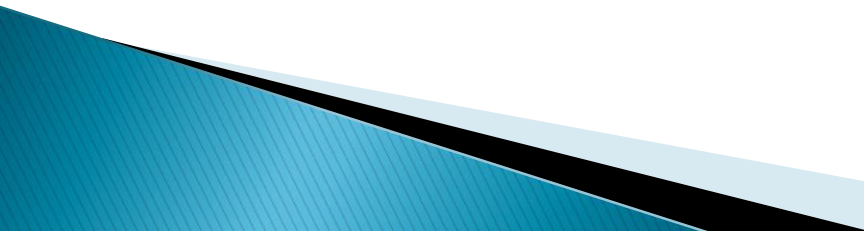


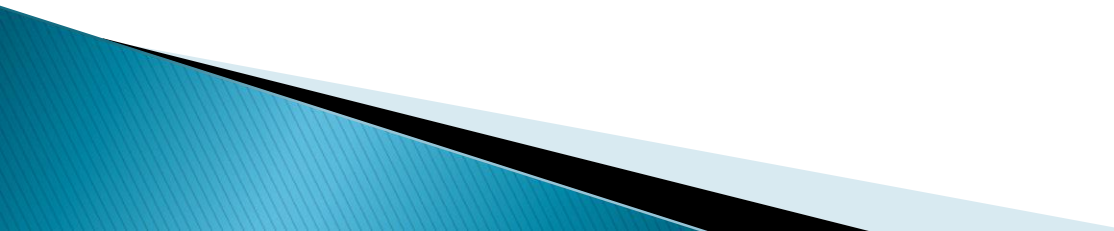
**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA HRD 205
SUBJECT NAME:
MANAGEMENT INFORMATION
SYSTEM**

TOPIC NAME: TYPES OF DECISIONS



- ▶ Decision-making is regarded as the cognitive process resulting in the selection of a belief or a course of action among several alternative possibilities. Decision-making is the process of identifying and choosing alternatives based on the values, preferences and beliefs of the decision-maker.
 - ▶ Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives.
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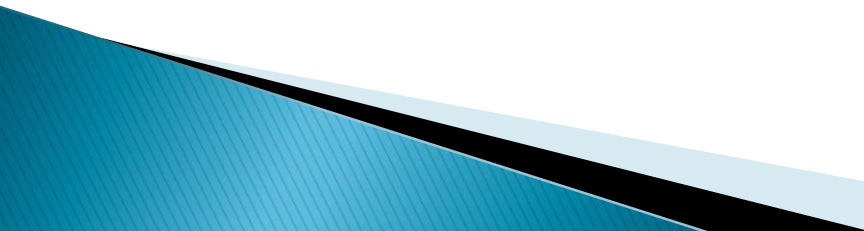
TYPES OF DECISIONS:

1. Programmed and non-programmed decisions:
 2. Routine and strategic decisions:
 3. Tactical (Policy) and operational decisions:
 4. Organizational and personal decisions:
 5. Major and minor decisions:
 6. Individual and group decisions:
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1. Programmed and non-programmed decisions:

- ▶ Programmed decisions are concerned with the problems of repetitive nature or routine type matters.
- ▶ A standard procedure is followed for tackling such problems. These decisions are taken generally by lower level managers. Decisions of this type may pertain to e.g. purchase of raw material, granting leave to an employee and supply of goods and implements to the employees, etc. Non-programmed decisions relate to difficult situations for which there is no easy solution.
- ▶ These matters are very important for the organization. For example, opening of a new branch of the organization or a large number of employees absenting from the organization or introducing new product in the market, etc., are the decisions which are normally taken at the higher level.

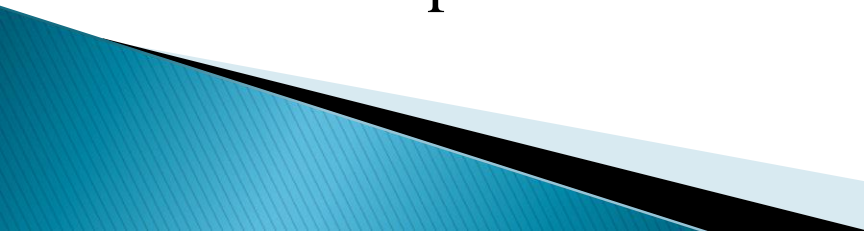
2. Routine and strategic decisions:

- ▶ Routine decisions are related to the general functioning of the organization. They do not require much evaluation and analysis and can be taken quickly. Ample powers are delegated to lower ranks to take these decisions within the broad policy structure of the organization.
 - ▶ Strategic decisions are important which affect objectives, organizational goals and other important policy matters. These decisions usually involve huge investments or funds. These are non-repetitive in nature and are taken after careful analysis and evaluation of many alternatives. These decisions are taken at the higher level of management.
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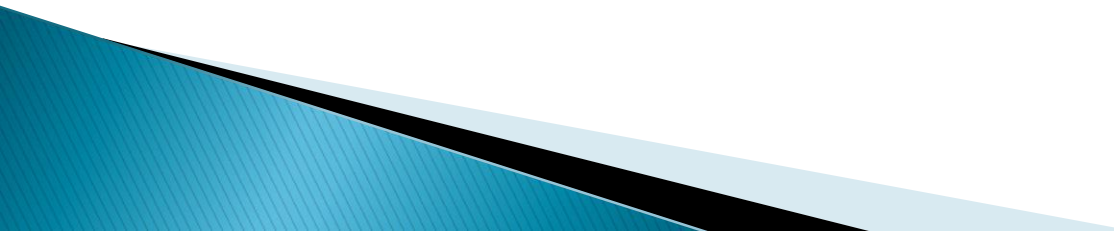
3. Tactical (Policy) and operational decisions:

- ▶ Decisions pertaining to various policy matters of the organization are policy decisions. These are taken by the top management and have long term impact on the functioning of the concern. For example, decisions regarding location of plant, volume of production and channels of distribution (Tactical) policies, etc. are policy decisions. Operating decisions relate to day-to-day functioning or operations of business. Middle and lower level managers take these decisions.
- ▶ An example may be taken to distinguish these decisions. Decisions concerning payment of bonus to employees are a policy decision. On the other hand if bonus is to be given to the employees, calculation of bonus in respect of each employee is an operating decision.

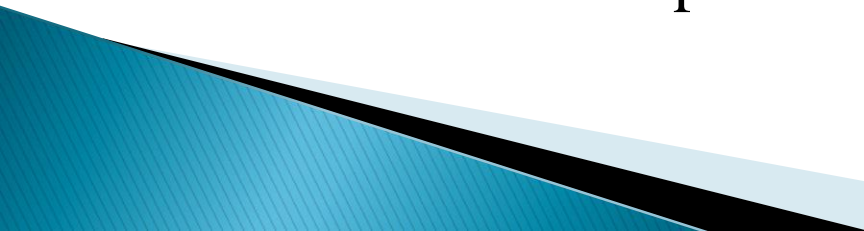
4. Organizational and personal decisions:

- ▶ When an individual takes decision as an executive in the official capacity, it is known as organizational decision. If decision is taken by the executive in the personal capacity (thereby affecting his personal life), it is known as personal decision.
 - ▶ Sometimes these decisions may affect functioning of the organization also. For example, if an executive leaves the organization, it may affect the organization. The authority of taking organizational decisions may be delegated, whereas personal decisions cannot be delegated.
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5. Major and minor decisions:

- ▶ Another classification of decisions is major and minor. Decision pertaining to purchase of new factory premises is a major decision. Major decisions are taken by top management. Purchase of office stationery is a minor decision which can be taken by office superintendent.
 - ▶ In organization minor decisions are taken on monthly basis.
 - ▶ In organization major decisions are taken on yearly basis.
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6. Individual and group decisions:

- ▶ When the decision is taken by a single individual, it is known as individual decision. Usually routine type decisions are taken by individuals within the broad policy framework of the organization.
 - ▶ Group decisions are taken by group of individuals constituted in the form of a standing committee. Generally very important and pertinent matters for the organization are referred to this committee. The main aim in taking group decisions is the involvement of maximum number of individuals in the process of decision- making.
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Common Types of Strategic Engineering Economic Decisions

- Equipment or process selection
 - Equipment replacement decisions
 - New products and product expansion
 - Cost reduction
 - Improvement in service or quality
 - Design decisions
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