SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

M.A.POL.SC.401

SUBJECT NAME:ADMINISTRATIVE THEORY

UNIT-IV **TOPIC NAME:DECISION MAKING**

DECISION MAKING - MEANING AND IMPORTANT CONCEPTS

Every organization needs to make decisions at one point or other as part of managerial process. Decisions are made in the best interest of the organization. For that matter, decisions made by the organization are to lighten the way forward. Be it strategic, business activities or HR matters, processes of making decisions is complex, involves professionals of different genre. While small organization involves all levels of managers, complex organizations largely depend on a team of professionals specially trained to make all sorts of decisions. But remember, such a body alone cannot come out with final decisions. Here, the point is, decision making process is cumulative and consultative process. The process, on the whole, bears its pros and cons and would by and large emanate results and consequences in the organizations' overall growth and prospects.Decisions are taken to support organizational growth. The whole fabric of management. its day to day operation is rightly built on managerial decisions. Top notch companies, as evidenced by their functions, effective communication tools are utilized in addition to normal consultation process to make decisions that would have large scale implications on the company's prospects.Discussions and consultations are two main tools that support and eventually bring out decisions. For instance to take a decision on how to embark on new business activity suggested by strategic management team must have developed through series of consultative process, which is now available with implementation team. Here we see the cumulative effect of decision taken at one point by a different body of affairs. Decision taken by strategic managers is to push new and innovative business line or initiative. At this point the decision taken by such team becomes consultative point for discussion for implementation professionals. There is lot to debate, research and finalize. Is the new proposal viable? Is it innovative enough? Can there be growth stimulant in the strategies proposed? Handle-full of such questions evolved from the decision taken by strategic group has reflective influence on the next level of managerial consultations and meetings. Let us accept, at this point of discussion, that proposals submitted by business development team would largely depend on another set of deliberations in the board room.Thus, the final decision to roll out a product or service is through cumulative interim decisions taken by various internal and external parties. And also the final decision is reflective and founded on researches and consultations. Whole process is a chain affair where one decision taken at one point and at one level shall have far reaching implications in the way an organization moves forward. As a matter of fact, capable of taking critical decisions is one of the many attributes that every manager should have, be it top level or middle

or entry level. By nature a human being during his existence and by virtue of his instinct makes decisions for his survival, as social psychologists put it. By and large, managers are polished individuals to take decisions to affect others, the organization's existence and growth thus is annotative with human endeavor to live and succeed. Success succeeds on the decisions taken, be it by an individual or an organization.

WHAT IS DECISION MAKING ?

Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning.Decisions are made at every level of management to ensure organizational or business goals are achieved. Further, the decisions make up one of core functional values that every organization adopts and implements to ensure optimum growth and drivability in terms of services and or products offeredAs such, decision making process can be further exemplified in the backdrop of the following definitions

DEFINITION OF DECISION MAKING

According to the Oxford Advanced Learner's Dictionary the term decision making means - the process of deciding about something important, especially in a group of people or in an organization.

Trewatha& Newport defines decision making process as follows:, "Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem".As evidenced by the foregone definitions, decision making process is a consultative affair done by a comity of professionals to drive better functioning of any organization. Thereby, it is a continuous and dynamic activity that pervades all other activities pertaining to the organization. Since it is an ongoing activity, decision making process plays vital importance in the functioning of an organization. Since intellectual minds are involved in the process of decision making, it requires solid scientific knowledge coupled with skills and experience in addition to mental maturity.Further, decision making process can be regarded as check and balance system that keeps the organization growing both in vertical and linear directions. It means that decision making process seeks a goal. The goals are pre-set business objectives, company missions and its vision. To achieve these goals, company may face lot of obstacles in administrative, operational, marketing wings and operational domains. Such problems are sorted out through comprehensive decision making process. No decision comes as

end in itself, since in may evolve new problems to solve. When one problem is solved another arises and so on, such that decision making process, as said earlier, is a continuous and dynamic. A lot of time is consumed while decisions are taken. In a management setting, decision cannot be taken abruptly. It should follow the steps such as

DEFINING THE PROBLEM

Gathering information and collecting data,Developing and weighing the options,Choosing best possible option,Plan and execute, Take follow up action Since decision making process follows the above sequential steps, a lot of time is spent in this process. This is the case with every decision taken to solve management and administrative problems in a business setting. Though the whole process is time consuming, the result of such process in a professional organization is magnanimous.

OVERVIEW

Decision-making can be regarded as a problem-solving activity yielding a solution deemed to be optimal, or at least satisfactory. It is therefore a process which can be more or less rational or irrational and can be based on explicit or tacit knowledge and beliefs. Tacit knowledge is often used to fill the gaps in complex decision making processes. Usually both of these types of knowledge, tacit and explicit, are used together in the decision-making process.Human performance has been the subject of active research from several perspectives:Psychological: examining individual decisions in the context of a set of needs, preferences and values the individual has or seeks.

COGNITIVE: the decision-making process regarded as a continuous process integrated in the interaction with the environment.

NORMATIVE: the analysis of individual decisions concerned with the logic of decision-making, or communicative rationality, and the invariant choice it leads to.

A major part of decision-making involves the analysis of a finite set of alternatives described in terms of evaluative criteria. Then the task might be to rank these alternatives in terms of how attractive they are to the decision-maker(s) when all the criteria are considered simultaneously. Another task might be to find the best alternative or to determine the relative total priority of each alternative (for instance, if alternatives represent projects competing for funds) when all the criteria are considered simultaneously. Solving such problems is the focus of multiple-criteria decision analysis (MCDA). This area of decision-making, although very old, has attracted the interest of many researchers and practitioners and is still highly debated as there are many MCDA methods which may yield very different results when they are applied on exactly the same data. This leads to the formulation of a decision-making paradox. Logical decision-making is an important part of all science-based professions, where specialists apply their knowledge in a given area to make informed decisions. For example, medical decision-making often involves a

diagnosis and the selection of appropriate treatment. But naturalistic decision-making research shows that in situations with higher time pressure, higher stakes, or increased ambiguities, experts may use intuitive decision-making rather than structured approaches. They may follow a recognition primed decision that fits their experience and arrive at a course of action without weighing alternatives. The decision-maker's environment can play a part in the decision-making process. For example, environmental complexity is a factor that influences cognitive function. A complex environment is an environment with a large number of different possible states which come and go over time. Studies done at the University of Colorado have shown that more complex environments correlate with higher cognitive function, which means that a decision can be influenced by the location. One experiment measured complexity in a room by the number of small objects and appliances present; a simple room had less of those things. Cognitive function was greatly affected by the higher measure of environmental complexity making it easier to think about the situation and make a better decision

DECISION MAKING PROCESS ACCORDING TO HERBERT A. SIMON

This article throws light upon the three main steps of decision making process according to Herbert A. Simon. **The steps are: 1. Intelligence Activity 2. Design Activity 3. Choice Activity.**

Decision Making Process

DECISION MAKING STEP 1 . INTELLIGENCE ACTIVITY:

The initial step in the intelligence phase is often referred to as problem finding or problem recognition.This step involves searching the environment for condition requiring a decision.The search process has different characteristics depending on whether it can be structured and whether it is continuous or ado.These differences are summarized in three types of search:

1. Unstructured search

2. Structured choc search

3. Structured continuous search.

1. UNSTRUCTURED SEARCH:

In many cases the search or intelligence algorithms cannot be specified. The decision support system must allow the user to approach the task heuristically through trial and error rather than by reestablished, fixed logical steps. Support for unstructured search is primarily based on flexible access to the data bases.The user needs to be able to perform such functions as retrieval, presentation scanning, analysis and comparison on data in order to discover new relations and new conclusions that have not previously been defined.Interactive systems enhance the performance of unstructured search by allowing the user to change parameters of the problem

and quickly see their effect. In some cases, system support may include analysis information systems and representational models in other cases system support may be a file drawer system with fast access to the data base.

2. STRUCTURED ADHOC SEARCH:

Many problems and opportu-nities do not occur frequently enough to be handled by regular search. However, the search process can be structured. For example, plant location may be a problem for an expanding company, but it may not occur with sufficient frequency to justify a data base and regular scanning for plant location sites. Instead the intelligence process is structured, but it is applied only when other indicators suggest the need for it. System support for structured Analysis information systems and representational models may be used.

3. STRUCTURED CONTINUOUS SEARCH:

Some problem areas, such as inventory balances and product prices relative to competitors, are relatively structured and can be examined regularly. Periodic reporting systems providing condition data support this type of search. Decision support systems permit the scope, number and frequency of information outputs to be extended with scanning of all known indicators of potential problems or opportunities.Output can be produced on a periodic basis or whenever a problem or opportunity is detected. Data analysis systems and suggestion systems can support this type of search. A second step in this phase is called problem formulation or problem structuring, which occurs as more information is sought to define the problem more clearly.This early stage of decision making has the potential for affecting the direction of all succeeding phases. During this step, the decision maker forms a mental model of the problem.The mental model reflects the manager's understanding of the problem structure. Problem structure refers to the variables occurring in the problem and how they interact. The qualitative representation of the problem thus formed strongly affects the domain of possible solutions. Research has shown that computer graphics are useful in assisting in the problem useful in depicting and communicating the user's perception of a problem's structure.

DECISION MAKING PROCESS STEP2 . DESIGN ACTIVITY:

Following the intelligence phase which results in problem or opportunity recognition, the design phase involves inventing, developing and analyzing possible courses of action. Support for the design phase should provide for iterative procedures in considering alternatives.The following iterative steps are typical:

1. SUPPORT IN UNDERSTANDING THE PROBLEM:

A correct model of the situation needs to be applied or created, and the assumptions of the model tested.

2. SUPPORT FOR GENERATING SOLUTIONS:

The generation of possible courses of action is aided by;

a. The model itself. The manipulation of the model frequently provides insight leading to generation of solution ideas.

b. The Data base retrieval system. The retrieval capabilities yield data useful in generating solution ideas.In many cases, the design model will provide a suggested solution. For example, an inventory reorder model may suggest a solution to the problem of how much to order. This quantity is a suggestion that can be modified, but it represents a feasible solution (and perhaps an optimal solution based on the factors in the model).Often the decision support system will lead the user in a rational search strategy for solutions. For example, the solution search procedure might begin with a set of questions relating to common solutions. These questions might be followed by a series of questions which assist the decision maker to consider all alternatives.The advantage of structured approaches is that they assist in systematically exploring the normal decision space; the disadvantage is the tendency to suppress search outside the normal decision space.

3. SUPPORT FOR TESTING FEASIBILITY OF SOLUTIONS.

A solution is tested for feasibility by analyzing it in terms of the environments it affects- problem area, entire organization, competitors and society. The analysis may be performed judgmentally against broad measures of their environment. Another approach is to analyze the proposed solutions using models of the different environment. These models will generally involve computer programs and a data base. The model base in a comprehensive MIS will have a number of such models that can be used in testing solutions.

DECISION MAKING PROCESS STEP3 . CHOICE ACTIVITY:

The main tasks in the choice phase are to evaluate possible alternatives and to select the best one software support for the intelligence and design phases assists in providing alternatives. The choice phase requires the application of a choice procedure and the implementation of the chosen alternative.A decision support system, by definition, does not make a choice. However, optimization models and suggestion models can be used to rank the alternatives and otherwise apply decision choice procedures to support the choice of the decision maker.For example, a decision to acquire a machine from among several alternatives may be structured by one or more criteria such as, rate of return, years of payback, minimum cash outlay, Executive preference, Employee preference, minimum risk, etc. These criteria can be applied by use of decision software. The choice is then made by a decision maker and communicated to person who can implement the result.Although the decision-making process is here characterized as sequential, it is less clearly so in practice. The activities of intelligence, design and choice are interlocked and repetitive, and they take place within a dynamic decision making environment. A DSS should support all aspects of this process.

THE EFFECTIVE DECISION

Effective executives do not make a great many decisions. They concentrate on what is important. They try to make the few important decisions on the highest level of conceptual understanding. They try to find the constants in a situation, to think through what is strategic and generic rather than to "solve problems." They are, therefore, not overly impressed by speed in decision making; rather, they consider virtuosity in manipulating a great many variables a symptom of sloppy thinking. They want to know what the decision is all about and what the underlying realities are which it has to satisfy. They want impact rather than technique. And they want to be sound rather than clever. Effective executives know when a decision has to be based on principle and when it should be made pragmatically, on the merits of the case. They know the trickiest decision is that between the right and the wrong compromise, and they have learned to tell one from the other. They know that the most time-consuming step in the process is not making the decision but putting it into effect. Unless a decision has degenerated into work, it is not a decision; it is at best a good intention. This means that, while the effective decision itself is based on the highest level of conceptual understanding, the action commitment should be as close as possible to the capacities of the people who have to carry it out. Above all, effective executives know that decision making has its own systematic process and its own clearly defined elements.