

Institute of Engineering JIWAJI UNIVERSITY



Presentation On FACTORS INFLUENCE MANAGERIAL DECISION MAKING UNIT-IV BE 8sem (EL-8103) Electronics

Submitted By
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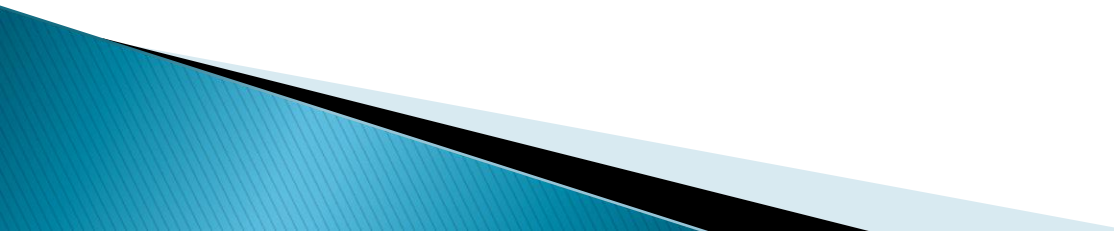
CONTENT

□ INTRODUCTION

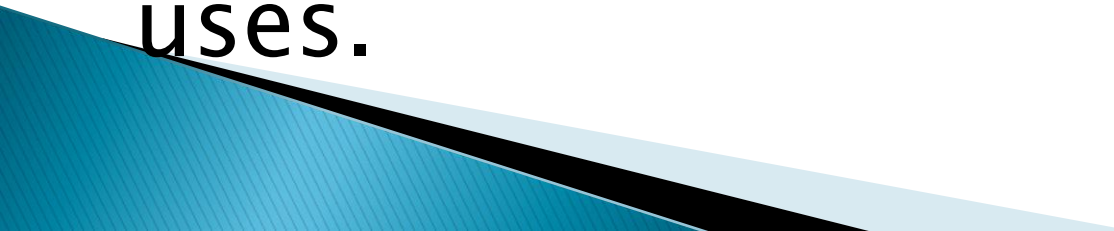
□ FACTORS

- Objectives of a firm
- Economic factors


CONTENT

- **Technological Factors**
 - **Human and behavioral factors**
 - **Environmental factors**
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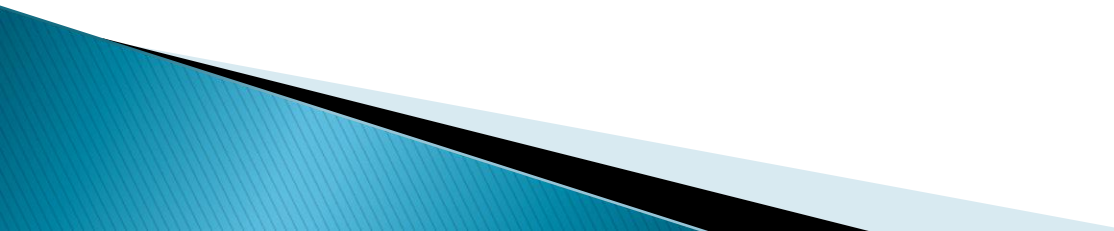
INTRODUCTION

- ▶ Managerial decision-making is the process.
 - ▶ Selecting a particular course of action from among a number of alternatives.
 - ▶ Since the factors of production are limited and can be put to alternative uses.
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INTRODUCTION

- ▶ The objective of a firm is to achieve optimal result from use of available resources.
 - ▶ If there were no alternatives, there would be no scarcity,
 - ▶ and no choice ,no decisions, so that the problem of choice arises.
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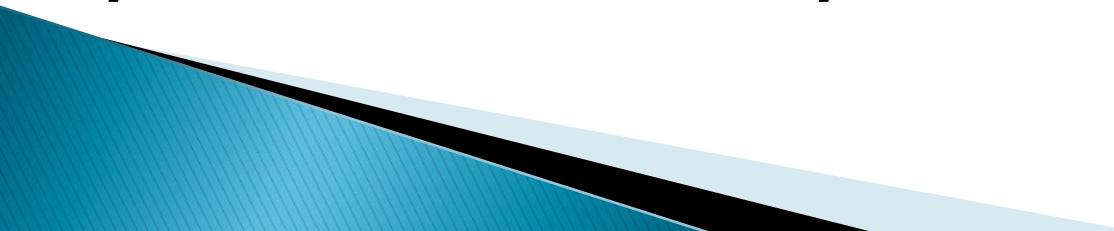
INTRODUCTION

- ▶ The choice is the most important role of management.
 - ▶ So, the basis of our decision the future outcomes
 - ▶ Our objective will be achieved.
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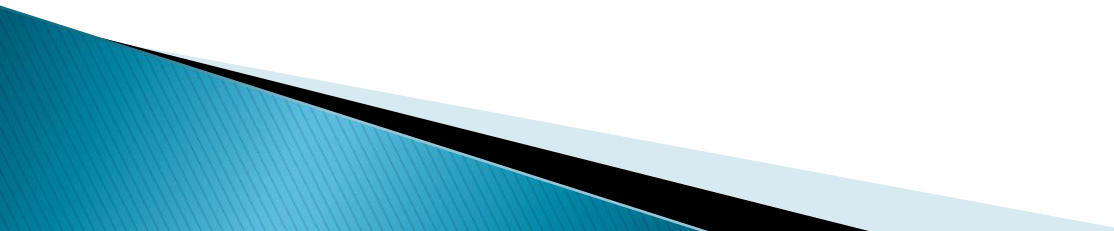
Factors : Objective Of Firm

- ▶ Efficient or optimal decision-making requires a goal or objective be established.
 - ▶ A management decision can only be evaluated,
 - ▶ Against the goal that the firm is attempting to achieve.
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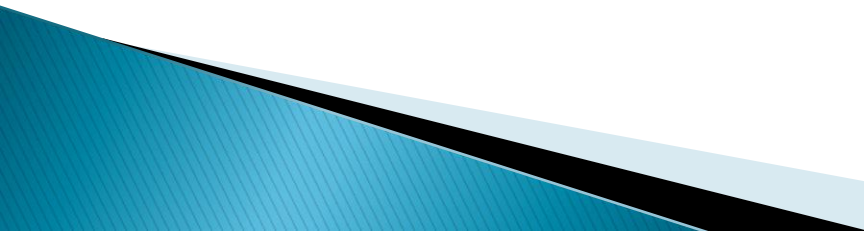
Objective Of Firm

- ▶ Objective of the firm is to maximize profit.
 - ▶ Managers consistently make decisions in order to maximize profit.
 - ▶ That should be clear either in current year or in next year.
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Economic factors

- ▶ According to traditional concept a firm tries to maximize its profit.
 - ▶ Many economists have challenged this concept;
 - ▶ The firm may have other objectives such as sales maximization.
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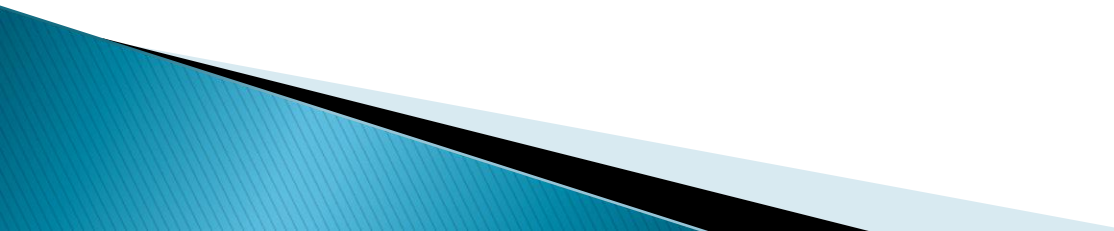
Economic factors

- ▶ Although it cannot be cleared that the preference for profitability is high.
 - ▶ So that manager should consider if the set course
 - ▶ Action is profitable or not, can be done with least cost or not.
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Economic factors

- ▶ Demand forecasting, pricing condition, cost estimation will have to be made for the purpose.
- ▶ It must consider the size of and direction of future changes in prices;
- ▶ Demand, general level of economic activity, possible strikes, changes in fission,


Economic factors

- ▶ Which affects the demand on the one side and on the supply side.
 - ▶ Cost of machine, cost of borrowing, cost of renting space to store would be studied.
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Technological factors

- ▶ Significant role of technology in decision making in the economic theory.
 - ▶ Technology also influences the business decisions.
 - ▶ The manager must consider the factor such as assessment and emerging new technological alternatives,
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Technological factors

- ▶ Such as assessment and emerging new technological alternatives,
 - ▶ The technological moves of competitors and emerging new technological
 - ▶ Process in their planning and available resource allocation.
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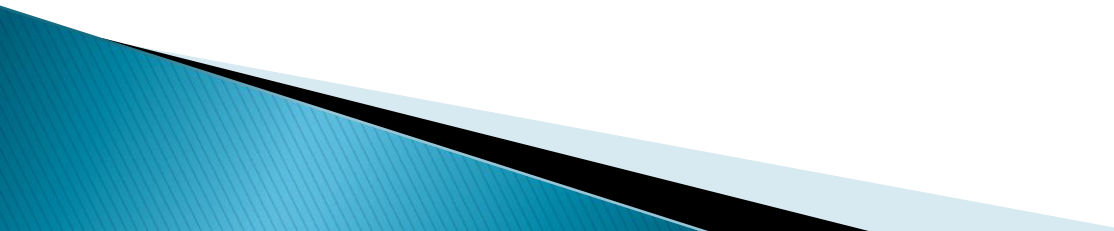
Technological factors

- ▶ The technological alternatives suitable to the situation
 - ▶ As good for short run marketing or production decision.
 - ▶ But the consideration of technological factor cannot be a basis for business decision
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Technological factors

- ▶ With reaching at final decision, economic factor should also be considered well.

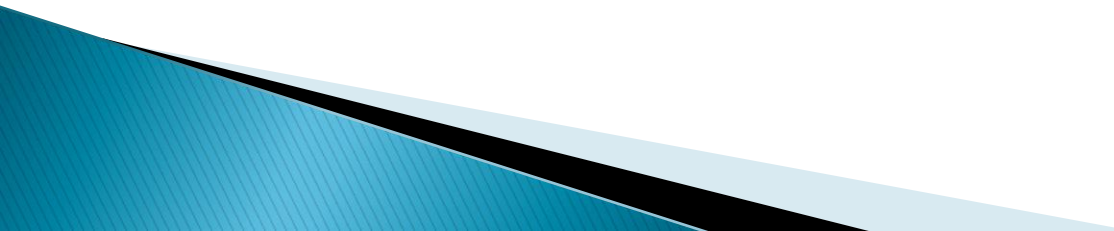
Human and behavioral factors

- ▶ The economic consideration is important in decision-making.
 - ▶ Although managers may not always give top most priority to economic consideration.
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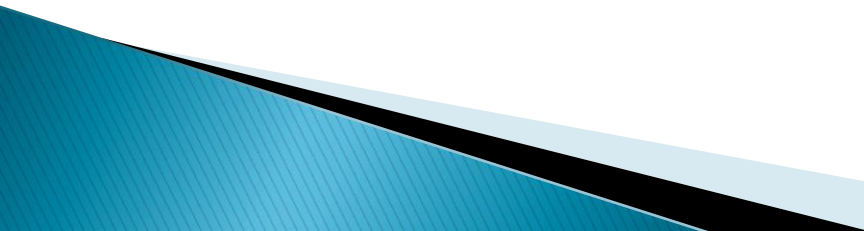
Human and behavioral factors

- ▶ It should be taken into account the factors;
 - ▶ such as the impact of decision on employee's morale (determination) as
 - ▶ In case of cutting of extra benefits of motivation.
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Human and behavioral factors

- ▶ The small entrepreneurs may not be agreed to expand or diversify
 - ▶ Despite green signals ahead because they feel that expansion may strain
 - ▶ Their quiet life or may threaten their control over management.
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Human and behavioral factors

- ▶ Manager must always consider constrain imposed upon him
 - ▶ by forces at work within his own firm such as individual and
 - ▶ Collective interests and pressures within the firm.
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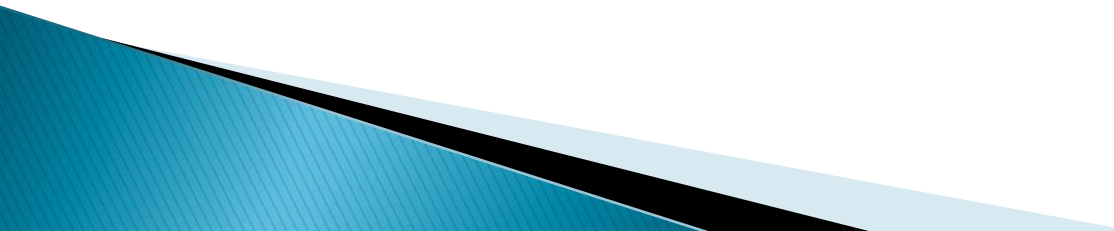
Human and behavioral factors

- ▶ The manager should base his final decision
- ▶ On both economic logic as well as human and personal thinking.

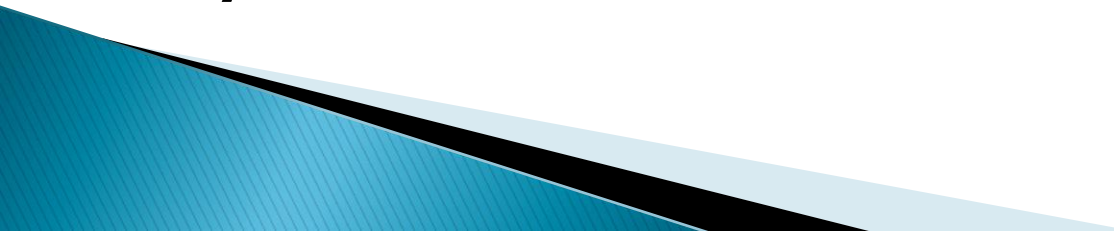
Environmental factors

- ▶ The firm's managers should be fully aware of the economic, social and political conditions
 - ▶ Curtailing the country while making business decisions.
 - ▶ The environment existing in and out of the firm should be considered.
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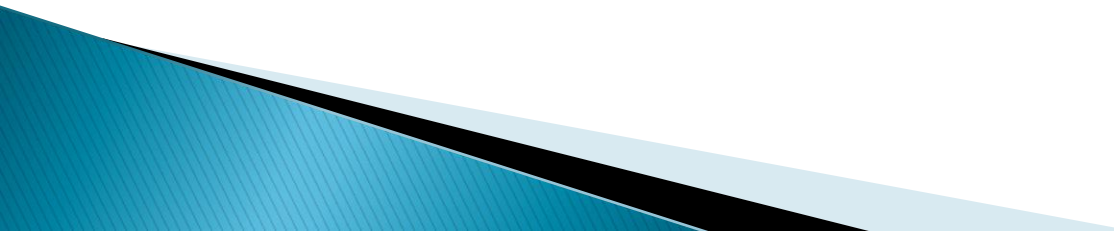
Environmental factors

- ▶ The political and social consequences as to decision can't be overlooked.
 - ▶ Public awareness
 - ▶ Social costs
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Public awareness

- ▶ The awareness of the impact of firm's decision on society is growing.
 - ▶ Many pressure groups like political parties, consumer's forum,
 - ▶ Trade unions and other exist these days.
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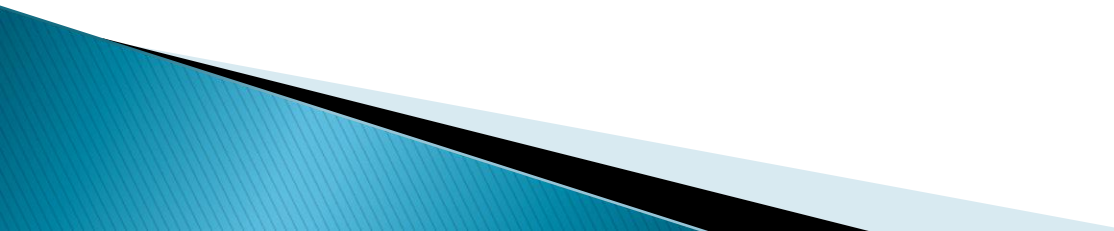
Public awareness

- ▶ The pressure groups watch secondly the nature and consequences
 - ▶ Decision whether decisions are harmful to their interest;
 - ▶ They will protest the decision.
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Social costs

- ▶ The decision of firm has social through their productive activities
 - ▶ Like pollution, congestion, development of slums and others.
 - ▶ Hence, the manager may have to take into account the environmental factors while making decisions.
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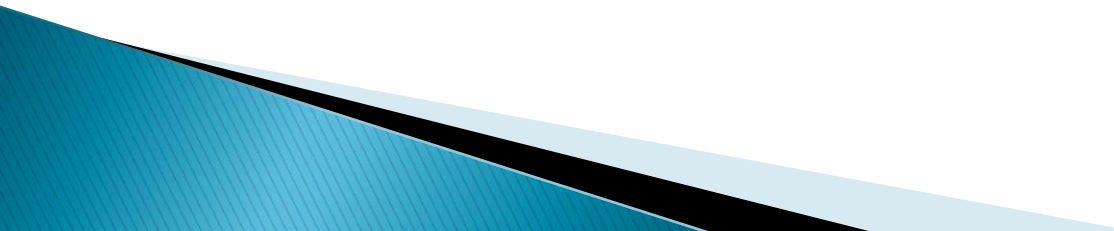
Social costs

- ▶ It should be considered carefully while making decisions of all the factors.
 - ▶ But economic factors still play a dominant role in decision making;
 - ▶ Because the firms are commercial in nature.
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Social costs

- ▶ The managers cannot ignore the environment within which they operate.
- ▶ They must understand and adjust to the external factors,
- ▶ Government intervention in business, taxation, business cycle fluctuation etc.

Social costs

- ▶ Modern business has to keep itself well informed of changes in its environment
 - ▶ And adjust its decisions accordingly from time to time.
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THANK YOU