

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION**

MBA HRD 205

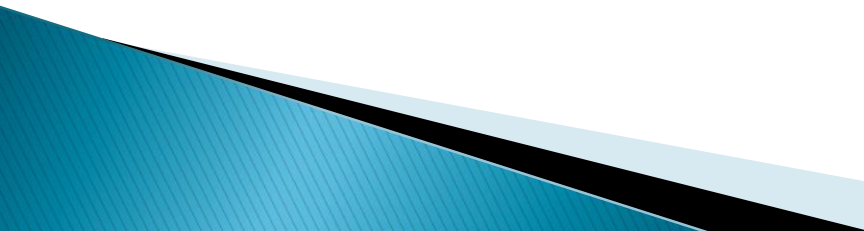
SUBJECT NAME:

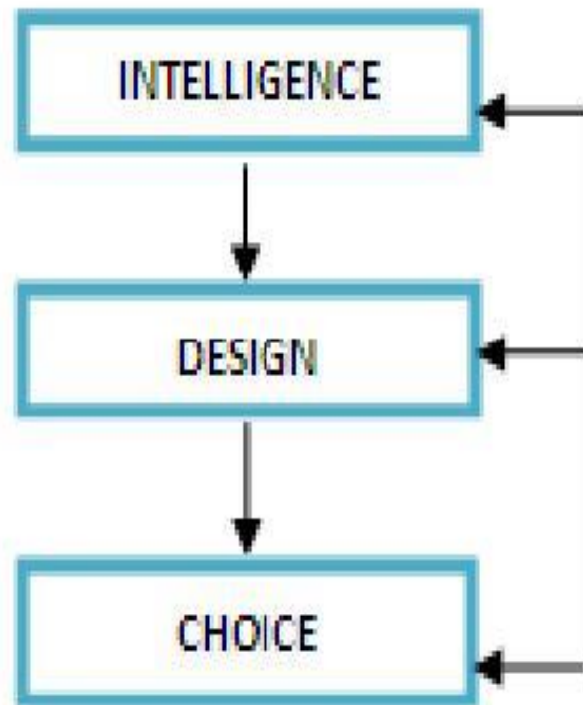
**MANAGEMENT INFORMATION
SYSTEM**

**TOPIC NAME: SIMON'S MODEL OF DECISION
MAKING**

MEANING OF DECISION MAKING:

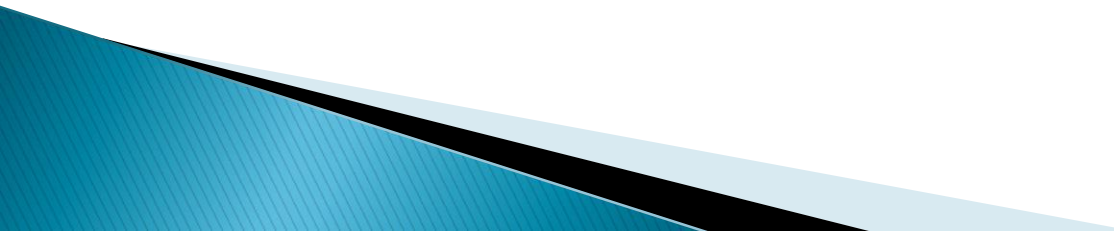
- ▶ Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions 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 offered.

- ▶ 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.
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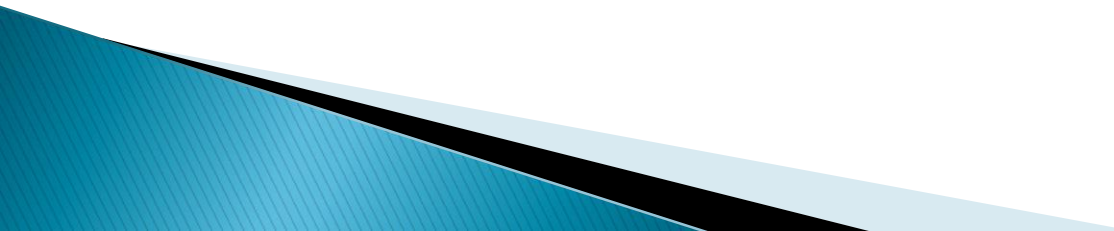


HERBERT SIMON MODEL OF DECISION-MAKING

SIMON'S MODEL OF DECISION MAKING:

- ▶ Herbert Simon made key contributions to enhance our understanding of the decision-making process. In fact, he pioneered the field of decision support systems. According to (Simon 1960) and his later work with (Newell 1972), decision-making is a process with distinct stages. He suggested for the first time the decision-making model of human beings.
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His model of decision-making has three stages:

- ▶ Intelligence which deals with the problem identification and the data collection on the problem.
 - ▶ Design which deals with the generation of alternative solutions to the problem at hand.
 - ▶ Choice which is selecting the 'best' solution from amongst the alternative solutions using some criterion.
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INTELLIGENCE PHASE:

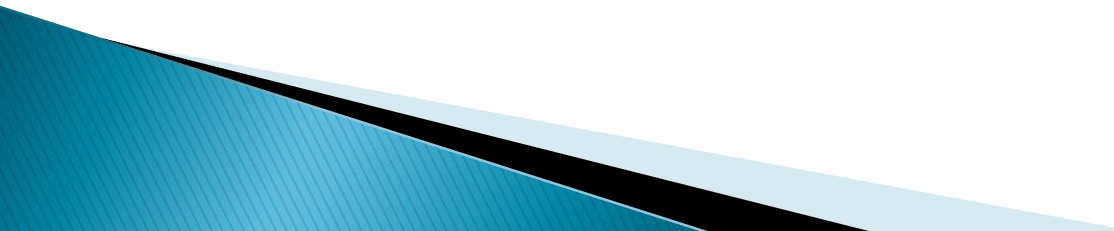
- ▶ This is the first step towards the decision-making process. In this step the decision-maker identifies/detects the problem or opportunity. A problem in the managerial context is detecting anything that is not according to the plan, rule or standard. An example of problem is the detection of sudden very high attrition for the present month by a HR manager among workers. Opportunity seeking on the other hand is the identification of a promising circumstance that might lead to better results. An example of identification of opportunity is-a marketing manager gets to know that two of his competitors will shut down operations (demand being constant) for some reason in the next three months, this means that he will be able to sell more in the market.
- ▶ Thus, we see that either in the case of a problem or for the purpose of opportunity seeking the decision-making process is initiated and the first stage is the clear understanding of the stimulus that triggers this process. So if a problem/opportunity triggers this process then the first stage deals with the complete understanding of the problem/opportunity.

Intelligence phase of decision-making process involves:

Problem Searching: For searching the problem, the reality or actual is compared to some standards. Differences are measured & the differences are evaluated to determine whether there is any problem or not.

Problem Formulation: When the problem is identified, there is always a risk of solving the wrong problem. In problem formulation, establishing relations with some problem solved earlier or an analogy proves quite useful.

DESIGN PHASE:

- ▶ Design is the process of designing solution outlines for the problem. Alternative solutions are designed to solve the same problem. Each alternative solution is evaluated after gathering data about the solution. The evaluation is done on the basis of criteria to identify the positive and negative aspects of each solution. Quantitative tools and models are used to arrive at these solutions. At this stage the solutions are only outlines of actual solutions and are meant for analysis of their suitability alone. A lot of creativity and innovation is required to design solutions.
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CHOICE PHASE:

- ▶ It is the stage in which the possible solutions are compared against one another to find out the most suitable solution. The 'best' solution may be identified using quantitative tools like decision tree analysis or qualitative tools like the six thinking hats technique, force field analysis, etc.
 - ▶ This is not as easy as it sounds because each solution presents a scenario and the problem itself may have multiple objectives making the choice process a very difficult one. Also uncertainty about the outcomes and scenarios make the choice of a single solution difficult.
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