

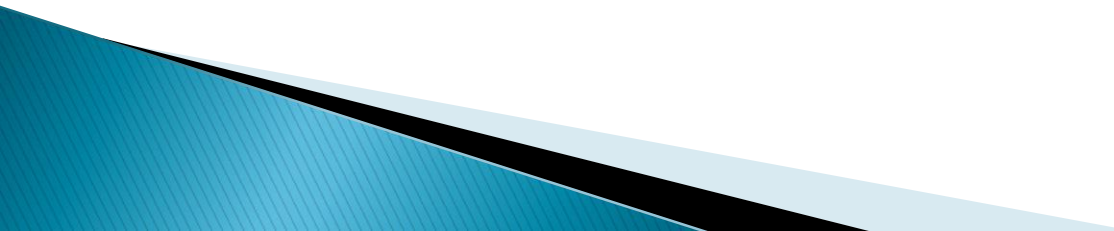
**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA HRD 205
SUBJECT NAME:
MANAGEMENT INFORMATION
SYSTEM**

TOPIC NAME: 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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- ▶ 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.

CHARACTERISTICS OF DECISION-MAKING:

1. Rational Thinking:

- ▶ It is invariably based on rational thinking. Since the human brain with its ability to learn, remember and relate many complex factors, makes the rationality possible.

2. Process:

- ▶ It is the process followed by deliberations and reasoning.

3. Selective:

- ▶ It is selective, i.e. it is the choice of the best course among alternatives. In other words, decision involves selection of the best course from among the available alternative courses that are identified by the decision-maker.

4. Purposive:

- ▶ It is usually purposive i.e. it relates to the end. The solution to a problem provides an effective means to the desired goal or end.

5. Positive:

- ▶ Although every decision is usually positive sometimes certain decisions may be negative and may just be a decision not to decide. For instance, the manufacturers of VOX Wagan car once decided not to change the model (body style) and size of the car although the other rival enterprise (i.e. the Ford Corporation) was planning to introduce a new model every year, in the USA.
- ▶ That a negative decision and is equally important was stressed by Chester I. Bernard-one of the pioneers in Management Thought-who observed, “The fine art of executive decision consists in not deciding questions that are not now pertinent, in not deciding prematurely, in not making decisions that cannot be made effective, and in not making decisions that other should make. ”

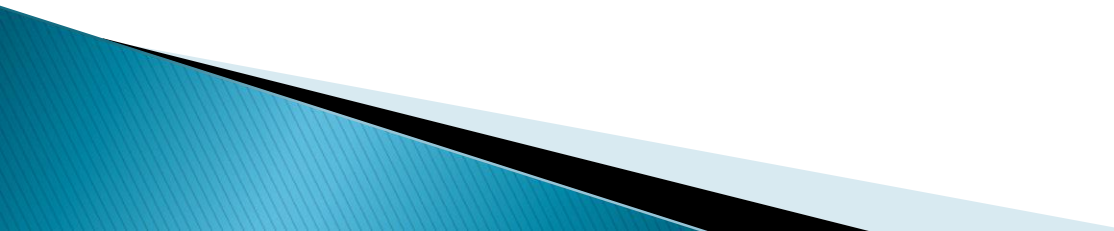
6. Commitment:

- ▶ Every decision is based on the concept of commitment. In other words, the Management is committed to every decision it takes for two reasons- viz., (i) it promotes the stability of the concern and (ii) every decision taken becomes a part of the expectations of the people involved in the organization.
- ▶ Decisions are usually so much inter-related to the organizational life of an enterprise that any change in one area of activity may change the other areas too. As such, the Manager is committed to decisions not only from the time that they are taken but up to their successfully implementation.

7. Evaluation:

- ▶ Decision-making involves evaluation in two ways, viz., (i) the executive must evaluate the alternatives, and (ii) he should evaluate the results of the decisions taken by him.

DECISION-MAKING PROCESS:

- ▶ Though there are many slight variations of the decision-making framework floating around on the Internet, in business textbooks, and in leadership presentations, professionals most commonly use these seven steps.
 1. Identify the decision
 2. Gather relevant information
 3. Identify the alternatives
 4. Weigh the evidence
 5. Choose among alternatives
 6. Take action
 7. Review your decision
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1. Identify the decision

- ▶ To make a decision, you must first identify the problem you need to solve or the question you need to answer. Clearly define your decision. If you misidentify the problem to solve, or if the problem you've chosen is too broad, you'll knock the decision train off the track before it even leaves the station.
- ▶ If you need to achieve a specific goal from your decision, make it measurable and timely so you know for certain that you met the goal at the end of the process.

2. Gather relevant information

- ▶ Once you have identified your decision, it's time to gather the information relevant to that choice. Do an internal assessment, seeing where your organization has succeeded and failed in areas related to your decision. Also, seek information from external sources, including studies, market research, and, in some cases, evaluation from paid consultants.
- ▶ Beware: you can easily become bogged down by too much information—facts and statistics that seem applicable to your situation might only complicate the process.

3. Identify the alternatives

- ▶ With relevant information now at your fingertips, identify possible solutions to your problem. There is usually more than one option to consider when trying to meet a goal—for example, if your company is trying to gain more engagement on social media, your alternatives could include paid social advertisements, a change in your organic social media strategy, or a combination of the two.

4. Weigh the evidence

- ▶ Once you have identified multiple alternatives, weigh the evidence for or against said alternatives. See what companies have done in the past to succeed in these areas, and take a good hard look at your own organization's wins and losses. Identify potential pitfalls for each of your alternatives, and weigh those against the possible rewards.

5. Choose among alternatives

- ▶ Here is the part of the decision-making process where you, you know, make the decision. Hopefully, you've identified and clarified what decision needs to be made, gathered all relevant information, and developed and considered the potential paths to take. You are perfectly prepared to choose.

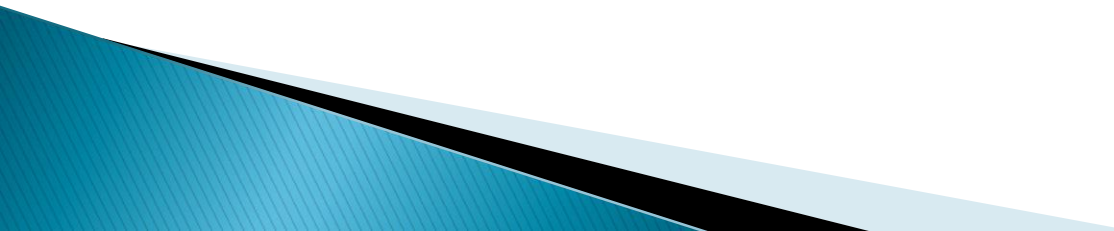
6. Take action

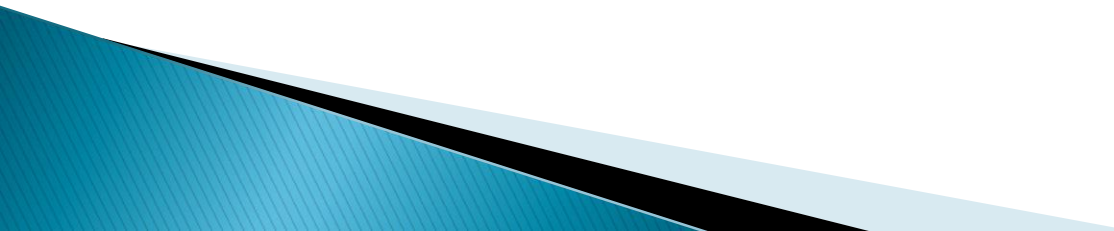
- ▶ Once you've made your decision, act on it! Develop a plan to make your decision tangible and achievable. Develop a project plan related to your decision, and then set the team loose on their tasks once the plan is in place.

7. Review your decision

- ▶ After a predetermined amount of time—which you defined in step one of the decision-making process—take an honest look back at your decision. Did you solve the problem? Did you answer the question? Did you meet your goals?
- ▶ If so, take note of what worked for future reference. If not, learn from your mistakes as you begin the decision-making process again.

IMPORTANCE OF DECISION- MAKING:

- ▶ Management is essentially a bundle of decision-making process. The managers of an enterprise are responsible for making decisions and ascertaining that the decisions made are carried out in accordance with defined objectives or goals.
 - ▶ Decision-making plays a vital role in management. Decision-making is perhaps the most important component of a manager's activities. It plays the most important role in the planning process. When the managers plan, they decide on many matters as what goals their organization will pursue, what resources they will use, and who will perform each required task.
 - ▶ When plans go wrong or out of track, the managers have to decide what to do to correct the deviation.
 - ▶ In fact, the whole planning process involves the managers constantly in a series of decision-making situations. The quality of managerial decisions largely affects the effectiveness of the plans made by them. In organizing process, the manager is to decide upon the structure, division of work, nature of responsibility and relationships, the procedure of establishing such responsibility and relationship and so on.
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- ▶ In co-ordination, decision-making is essential for providing unity of action. In control, it will have to decide how the standard is to be laid down, how the deviations from the standard are to be rectified, how the principles are to be established how instructions are to be issued, and so on.
 - ▶ The ability to make good decisions is the key to successful managerial performance. The managers of most profit-seeking firms are always required to take a wide range of important decision in the areas of pricing, product choice, cost control, advertising, capital investments, dividend policy, personnel matters, etc. Similarly, the managers of non-profit seeking concerns and public enterprises also face the challenge of taking vital decisions on many important matters.
 - ▶ Decision-making is also a criterion to determine whether a person is in management or not. If he participates in decision-making, he is regarded as belonging to management staff. In the words of George Terry: “If there is one universal mark of a manager, it is decision-making.”
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PRINCIPLES OF DECISION MAKING:

1. Subject-matter of Decision-making:
 2. Organizational Structure:
 3. Analysis of the Objectives and Policies:
 4. Analytical Study of the Alternatives:
 5. Proper Communication System:
 6. Sufficient Time:
 7. Study of the Impact of a Decision:
 8. Participation of the Decision-maker:
 9. Flexibility of Mind:
 10. Consideration of the Chain of Actions:
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