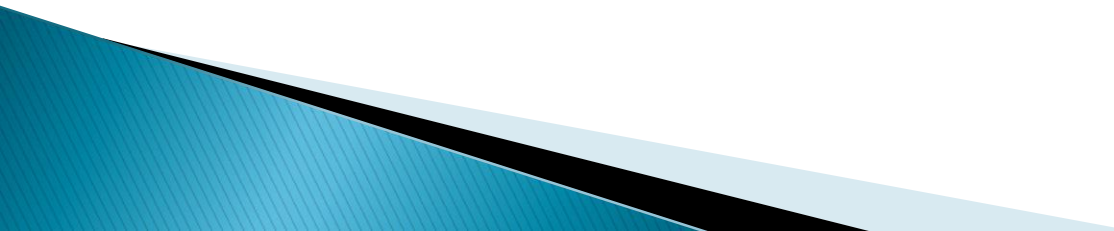


**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA HRD 205
SUBJECT NAME:
MANAGEMENT INFORMATION
SYSTEM**

**TOPIC NAME: SOME CONCEPTS RELATED TO
DECISION MAKING**



- ▶ 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.
 - ▶ A decision is an act of selection or choice of one action from several alternatives. Decision-making can be defined as the process of selecting a right and effective course of action from two or more alternatives for the purpose of achieving a desired result. Decision-making is the essence of management.
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PURPOSE OF DECISION MAKING:

- ▶ The purpose identifies the reason(s) you're taking action. It answers the big “Why are you doing this?” and “Why do you exist?” questions. Knowing the purpose confirms priority and focus for both short-term results and longer term direction. Being clear about purpose is important for when you're making both immediate decisions (“What are you trying to achieve by taking action?”) and decisions related to the company's reason for existence.
- ▶ **Purpose at the decision-making level**
- ▶ At the level of decision-making, purpose points the way to the endpoint, the goal the decision is meant to achieve. With decisions made internally, purpose provides focus and keeps effort on track. The point is to know very clearly why you are taking action so that you can effectively communicate the purpose to your team and give a sense of priority.
- ▶ A solid purpose statement provides some indication of the value — “to deliver high customer service so that the customer happily returns,” for example. A clear purpose statement offers these benefits:
- ▶ **It allows your employees to adapt and adjust to emerging conditions.** When you've articulated the purpose of the decision, staff members have the freedom to react to unexpected events without needing permission. As a result, your company will be able to adjust to circumstances more quickly.
- ▶ **It clarifies how the decision serves the company, client, or customer.** A clear purpose statement connects the desired endpoint to how it is accomplished.

- ▶ **It focuses new initiatives and helps teams that aren't quite clear on what they're supposed to do.** Teams often form without knowing why or what they are to achieve. A clear purpose statement in this instance provides the needed commitment for teamwork.
- ▶ When you are working with teams, focus on identifying the “why” for the team’s work. Basically, you want to answer the question, “What can we achieve by working together?” Many team dysfunctions can be traced back to not having a good enough reason to work together.
- ▶ **Purpose at a higher level**
- ▶ At a higher level, purpose articulates what a company stands for. It inspires effort. Without a sense of purpose, people are very busy, yet not all can say why or know where they are going.
- ▶ At a higher level, purpose is much more than, “The company exists to make money.” Purpose is about how the company serves society, the community, and the environment. Defining your purpose — your “why” — helps your staff and your customers (both current and potential) know what you stand for.
- ▶ A company creates meaning when its stated purpose (as well as its stated mission, vision, and intention) corresponds with its decisions and actions. Companies that post their mission statement and espoused values and then fail to connect their decisions to the words lose credibility with their employees and their customers.

LEVEL OF PROGRAMMIBILITY:

Systems can be programmed at:

- ▶ Application level
- ▶ Instruction level
- ▶ Hardware level

Application Level:

- ▶ Allows users to specify “option of functionality” using special language.
- ▶ Example: Programming VCR or automated steering control of a ship

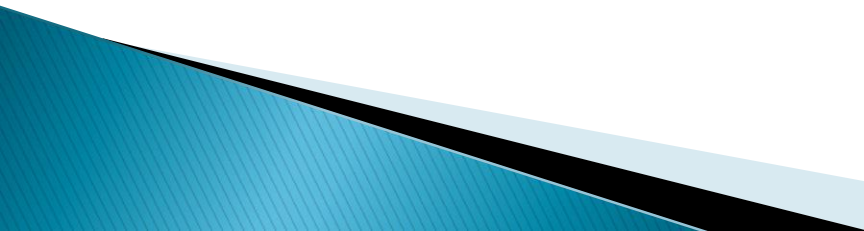
Instruction-level programmability:

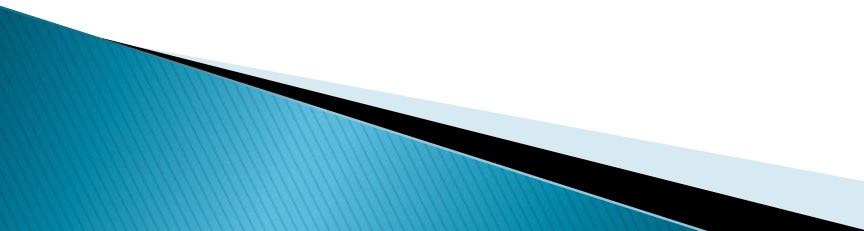
- ▶ Most common ways with ISA processors or DSP
 - compilers are used in case of computers
 - In case of embedded systems, ISA is NOT visible

Hardware level programmability:

- ▶ Example: Microprogramming (determine the behavior of control unit by micro program)
 - Emulating another architecture by alternation of ?p
 - Some DSP implementations too
 - Never in RISC or ISA processors
- ▶ configuring the hardware (after manufacturing) in the desired way.

KNOWLEDGE OF OUTCOMES:

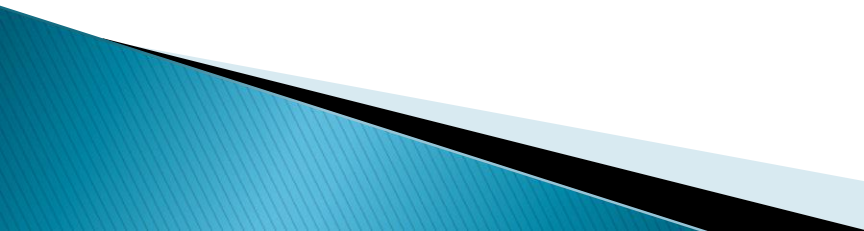
- ▶ An outcome defines what will happen, if a decision is made or course of action taken. When there is more than one alternative, the knowledge of outcome becomes important.
 - ▶ Another approach of classifying decisions is the level of knowledge of outcomes. An outcome defines what will happen, if a decision is made or course of action taken. When there is more than one alternative, the knowledge of outcome becomes important. On the basis of the level of knowledge of outcomes, decision-making can be classified into three categories.
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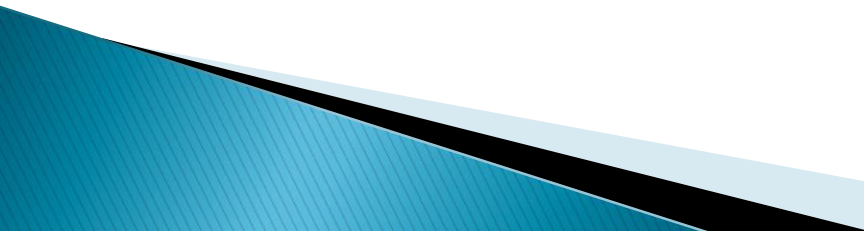
- 1. Decision under certainty:** Decision-making under certainty takes place when the outcome of each alternative is fully known. There is only one outcome for each alternative.
 - 2. Decision under risk:** Decision-making under risk occurs when there is a possibility of multiple outcomes of each alternative and a probability of occurrence can be attached to each outcome.
 - 3. Decision under uncertainty:** Decision-making under uncertainty takes place when there are a number of outcomes for each alternative & the probabilities of their occurrences are not known.
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METHODS OF CHOOSING AMONG ALTERNATIVES:

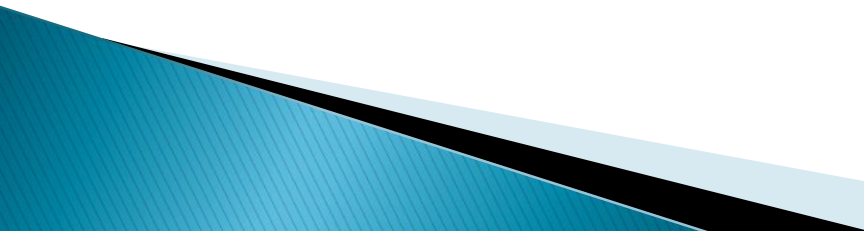
- ▶ Experience, experimentation, and research and analysis are the three common tools or approaches for choosing the best alternative in decision making.

1. Experience:

- ▶ Experience is a great guide. Reliance on past experience, therefore, plays a comparatively big role in decision-making.
 - ▶ Experienced managers usually believe, often without realizing it, that the things they have successfully accomplished and the mistakes they have made provide almost a foolproof guide to the future.
 - ▶ This attitude is likely to grow with their increasing experience and ascendancy to the higher levels of the organization. Experience helps a great deal to develop the ability to exercise good judgment.
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- ▶ However, one should be wary of using past experience merely out of blind reverence for the old. As a guide for future action, it can be dangerous too.
 - ▶ Firstly, most people fail to recognize the underlying reasons for their mistakes or failures. Secondly, past experience may not at all be applicable to new problems which need new solutions.
 - ▶ However, if a person carefully analyses experience instead of blindly following it and find out the actual reasons for or causes of success or failure, the experience can be useful as a basis for decision-making.
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2. Experimentation:

- ▶ Trying one of the alternatives and see how it goes is the usual way of choosing an alternative. This kind of experimentation is often used in scientific inquiry.
 - ▶ It is frequently suggested that this method should be used quite often in management.
 - ▶ Because only by trying various alternatives a manager can be sure about the best way, especially in view of the intangible factors involved in the decision process.
 - ▶ The experimental method is likely to be the most expensive of all methods, particularly where it involves a substantial amount of money and manpower.
 - ▶ Moreover, even after carrying out an experiment, doubts may remain about its certainty and real nature. Therefore, this should be used only after considering other alternatives.
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3. Research and Analysis:

- ▶ One of the best techniques for selecting from among alternatives when major decisions are involved in research and analysis.
 - ▶ This approach means solving a problem by comprehending it at first.
 - ▶ It, therefore, involves a search for relationships among the more crucial variables, constraints, and premises that bear upon the goal sought.
 - ▶ It is the pen-and-paper approach to decision-making.
 - ▶ The solution to a planning problem and making a decision about it involves dissecting the problem into its component parts and studying their various quantitative and qualitative aspects.
 - ▶ Compared with experimentation, study and analysis are likely to be far cheaper. Study and analysis may require time and volumes of paper but usually, they cost much less than trying various alternatives.
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