

Unit 3:

Decision Making the Essence of Manager's Job

BIT

3RD SEMESTER

PATAN MULTIPLE CAMPUS

Introduction

- ▶ Analytical step towards goal achievement
- ▶ Process to address and decide something which focuses on problem solving or organization development
- ▶ A choice made after a deeper study of any situation
- ▶ Manager and their level of decisions vary according to the authority they have

Features of Decision Making

- ▶ Dynamic Process
- ▶ Situation based
- ▶ Goal Focused
- ▶ Human resource related process
- ▶ Decision Making Style
- ▶ Process of Selection

Key Factors in Decision-Making

- Adaptability
- Data based study
- Morality & Ethics
- Stakeholder Input
- Risk Management
- Environment Effect
- Resource Allocation

Decision Making Process

1. Need identification
2. Gather information
3. Identify alternatives
4. Analysis
5. Evaluation of the analysis
6. Choose an alternative
7. Monitoring and Review

Rational Decision Maker

- Systematic analysis of decision making process
- Facts, figures and logics are prioritized while making any decision

HOW???

- Consistency
- Long Term Focus
- Systematic & Logical
- Deep analysis of causes and solutions

Decision Making Styles

1. Directive Style

2. Analytical Style

▶ **3. Conceptual Style**

▶ **4. Behavioral Style**

Group Decision Making

- ▶ making decisions collectively by a group of members
- ▶ collective actions to solve any problem
- ▶ abilities, skills and consistent for the improvement of quality of decisions

Advantages of Group Decision Making:

- ☐ Deeper information on situation
- ☐ Generate more alternatives
- ☐ Increased acceptance of a solution
- ☐ Increased validity

Disadvantages of Group Decision Making:

- ☐ Time consuming
- ☐ Domination and discrimination
- ☐ Pressures to conform
- ☐ Confusion on processes

Techniques of Group Decision Making

1. Delphi Technique

- ▶ obtaining the opinions of experts physically
- ▶ insulates group members.

The steps in the Delphi technique are:

1. The problem is identified, and a sample of experts is selected. These experts are asked to provide potential solutions through a series of carefully designed questionnaires.
2. Each expert completes and returns the initial questionnaire.
3. The results of the questionnaire are compiled at a central location and the central coordinator prepares a second questionnaire based on the previous answers.



4. Each member receives a copy of the results along with the second questionnaire.

5. Members are asked to review the results and respond to the second questionnaire. The results typically trigger new solutions or cause changes in the original position.

6. The process is repeated until a consensus is reached.


2. Nominal Group Technique

- structured technique used to generate creative and innovative ideas
- operate independently, generating ideas for solving the problem on their own
- Members do not interact with each other so that strong personality domination is avoided
- encourages individual creativity

3. Brainstorming Technique

- a group technique by which efforts are made to find a conclusion for a specific problem by gathering
- a list of ideas spontaneously contributed by its member

SMART decisions

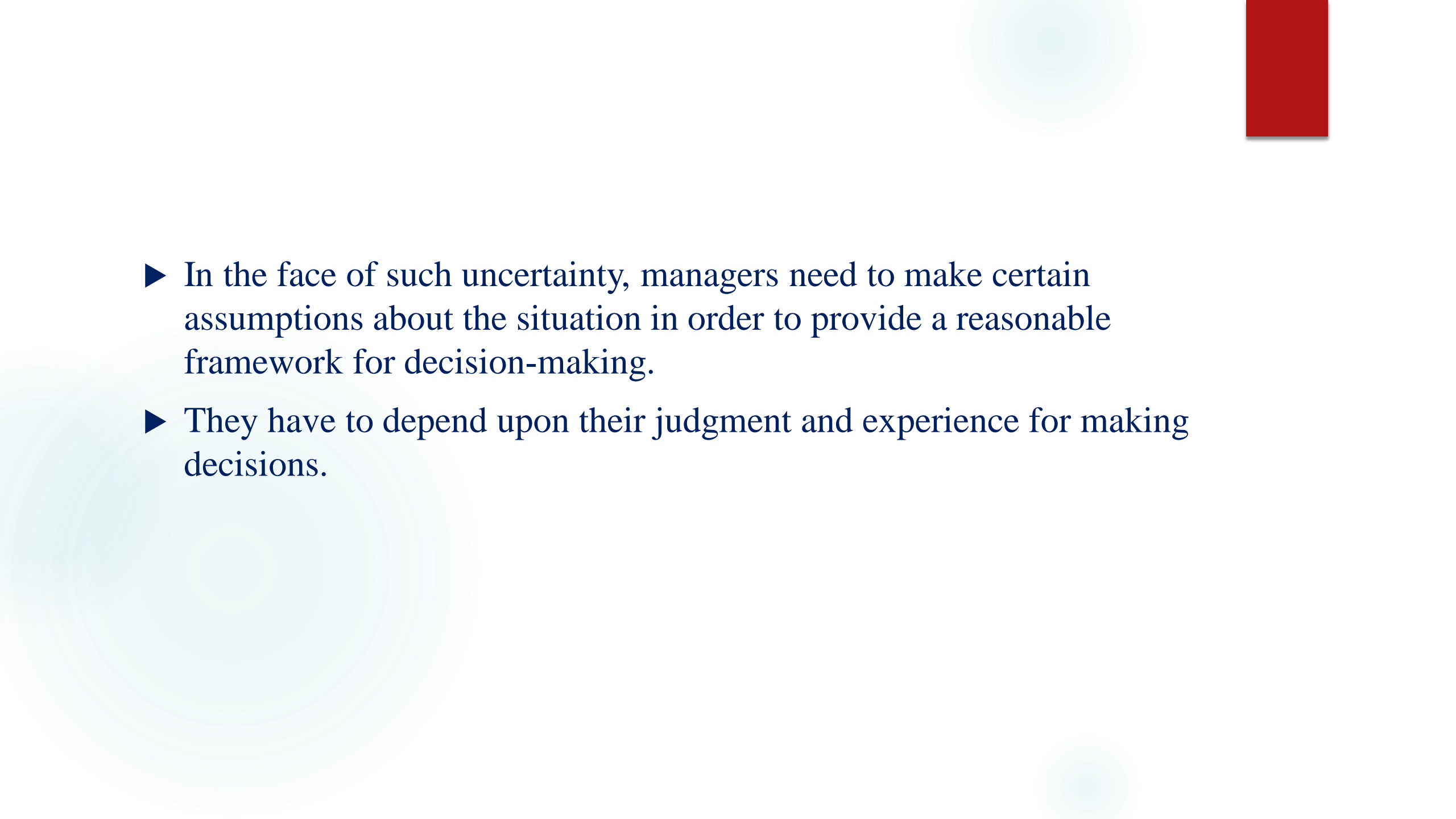
 Specific	 Measurable	 Attainable	 Realistic	 Time-bound
<p>Do: Set real numbers with real deadlines.</p> <p>Don't: Say, "I want more visitors."</p>	<p>Do: Make sure your goal is trackable.</p> <p>Don't: Hide behind buzzwords like, "brand engagement," or, "social influence."</p>	<p>Do: Work towards a goal that is challenging, but possible.</p> <p>Don't: Try to take over the world in one night.</p>	<p>Do: Be honest with yourself- you know what you and your team are capable of.</p> <p>Don't: Forget any hurdles you may have to overcome.</p>	<p>Do: Give yourself a deadline.</p> <p>Don't: Keep pushing towards a goal you might hit, "some day."</p>

Decision-Making under Certainty, Risk and Uncertainty.

- ▶ **Decision-making under Risk:**
- ▶ When a manager lacks perfect information or whenever an information irregularity (lack of quality) exists, risk arises.
- ▶ Under a state of risk, the decision maker has incomplete information about available alternatives but has a good idea of the probability of outcomes for each alternative.
- ▶ While making decisions under a state of risk, managers must determine the probability associated with each alternative on the basis of the available information and his experience

Decision-making under Uncertainty:

- ▶ Most significant decisions made in today's complex environment are formulated under a state of uncertainty.
- ▶ Conditions of uncertainty exist when the future environment is unpredictable and everything is dynamic.
- ▶ The decision-maker is not aware of all available alternatives, the risks associated with each, and the consequences of each alternative or their probabilities.
- ▶ The manager does not possess complete information about the alternatives and whatever information is available, may not be completely reliable.

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- ▶ In the face of such uncertainty, managers need to make certain assumptions about the situation in order to provide a reasonable framework for decision-making.
 - ▶ They have to depend upon their judgment and experience for making decisions.

Tools and techniques to analyze decision making:

- SWOT Analysis:** Assess the strengths, weaknesses, opportunities, and threats related to the decision.
- Cost-Benefit Analysis:** Compare the costs and benefits of each alternative to determine the most advantageous option.
- Decision Trees:** Visualize the decision-making process and potential outcomes using decision trees.
- Simulation Models:** Use simulations to predict the impact of different decisions under various scenarios.
- Feedback Loops:** Implement feedback loops to continuously improve the decision-making process based on past experiences.