BRAC BUSINESS SCHOOL

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Study Note

DECISION MAKING

MGT213: Management Practices and Organizational Behavior

Decision Making
Topic 4 | Week 4

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BBA Program
Summer 2025

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In 2016, actor Will Smith, director Spike Lee, and others publicly announced that they would boycott the Academy Awards ceremony. Their protest came on the heels of the announcement of the Oscar nominations, which did not include any African American filmmakers or actors. Such protest would tarnish the reputation of the award's sponsor, the Academy of Motion Picture Arts and Sciences. Management promptly analyzed the root cause of the nomination process, which they determined to be a homogenous membership base, consisting primarily of older, white males. In response, the Academy's management board decided to change the racial composition of the Academy by radically altering the Academy's rules for membership — something that had not been done in the 90-year history of the organization.

Managers at Disney made the decision to buy Marvel Comics for $4.3 billion in 2009. At about the same time, the general manager of the Ford dealership in Bryan, Texas, made a decision to sponsor a local youth soccer team for $200. Each of these examples reflects a decision, but the decisions differ in many ways.

Decision making is the essence of management. It's what managers do (or try to avoid). And all managers would like to make good decisions because they're judged on the outcomes of those decisions.

Although most decisions managers make don't require radical changes, you can see that decisions — choices, judgments — play an important role in what an organization has to do or is able to do.

DECISION MAKING DEFINED

Decision making can refer to either a specific act or a general process. **Decision making** per se is the act of choosing one alternative from among a set of alternatives.

The decision-making process, however, is much more than this. One step of the process, for example, is that the person making the decision must both recognize that a decision is necessary and identify the set of feasible alternatives before selecting one. Hence, **the decision-making process includes recognizing and defining the nature of a decision situation, identifying alternatives, choosing the "best" alternative, and putting it into practice**.

The word **best**, of course, implies effectiveness. **Effective decision making** requires that the decision maker understand the situation driving the decision.

- Most people would consider an effective decision to be one that **optimizes** some set of factors, such as profits, sales, employee welfare, and market share.
- In some situations, though, an effective decision may be one that **minimizes** losses, expenses, or employee turnover.
- It may even mean **selecting the best method** for going out of business, laying off employees, or terminating a strategic alliance.

Managers Make Decisions About Both Problems and Opportunities

We should also note that managers make decisions about both problems and opportunities.

> For example, making decisions about how to cut costs by 10 percent reflects a **problem** — an undesirable situation that requires a solution.

But decisions are also necessary in situations of **opportunity**. Learning that the firm is earning higher-than-projected profits, for example, requires a subsequent decision. Should the extra funds be used to increase shareholder dividends, reinvest in current operations, or expand into new markets?

Of course, it may take a long time before a manager can know if the right decision was made. For example, in 2009 government leaders made the decision to invest billions of dollars in failing financial institutions and other businesses. It will be years — or perhaps decades — before economists and other experts will know if those were sound decisions or if the United States would have been better off allowing those businesses to fail.

PROGRAMMED VS NON-PROGRAMMED DECISIONS

Managers must make many different types of decisions. In general, however, most decisions fall into one of two categories: **programmed** and **nonprogrammed**.

A **programmed decision** is one that is relatively structured or recurs with some frequency (or both).

Many decisions regarding basic operating systems and procedures and standard organizational transactions are of this variety and can therefore be programmed. Examples might include when a customer returns a purchase to a store, when a supplier is late with an important delivery, a news team's response to a fast-breaking event, or a college's handling of a student wanting to drop a class.

> North End Coffee Roasters uses programmed decisions to roast and supply new batches of coffee beans and to purchase cups and napkins. North End baristas are trained to make their customers feel at ease. If a child spills something on the floor, the employees do not rush to make a big deal out of it. They treat it like a very normal incident.

Nonprogrammed decisions, on the other hand, are relatively unstructured and occur much less often.

Managers faced with such decisions must treat each one as unique, investing enormous amounts of time, energy, and resources into exploring the situation from all perspectives. **Intuition** and **experience** are major factors in nonprogrammed decisions. Most of the decisions made by top managers involving strategy (including mergers, acquisitions, and takeovers) and organization design are nonprogrammed. So are decisions about new facilities, new products, labor contracts, and legal issues.

> The first ever merger in Bangladesh's telecommunication sector between Robi and Airtel was a nonprogrammed decision. As the country's largest merger known as Robi Axiata Limited that came into effect in 2016, the combined entity serves approximately 56.4 million subscribers, representing 30% of subscriber market share.
>
> Unilever's purchase of GSK Bangladesh for the Dhaka Stock Exchange, with a record trading value of 20.2075 billion Bangladeshi taka, and Akij Group's acquisition of Janata Jute Mills for around 7 billion Bangladeshi taka, are also examples of nonprogrammed decisions.
>
> Disney's decision to buy Pixar was a nonprogrammed decision.

The following table describes the **differences between programmed and nonprogrammed decisions**. **Lower-level managers mostly rely on programmed decisions (procedures, rules, and policies)** because they confront familiar and repetitive problems. As managers move up the organizational hierarchy, the problems they confront become more unstructured. Why? Because lower-level managers handle the routine decisions and let upper-level managers deal with the unusual or difficult decisions. Also, upper-level managers delegate routine decisions to their subordinates so they can deal with more difficult issues. Thus, **few managerial decisions in the real world are either fully programmed or nonprogrammed**. Most fall somewhere in between.

Characteristic	Programmed Decisions	Nonprogrammed Decisions
Type of Problem	Programmed decisions typically involve structured problems, ones that are familiar and routine.	Nonprogrammed decisions involve unstructured problems that are new and unusual.
Managerial Level	These decisions are commonly encountered at lower managerial levels, where standardized procedures and rules guide the decision-making process.	These decisions are typically encountered at upper managerial levels, demanding higher-level judgment and creativity.
Frequency	Programmed decisions are repetitive and routine, and occur frequently.	Nonprogrammed decisions are new, unusual and infrequent, and arise in novel situations
Information	Programmed decisions are supported by readily available information.	Nonprogrammed decisions often involve ambiguous or incomplete information.
Goals	Programmed decisions have clear and specific goals.	The goals associated with nonprogrammed decisions tend to be vague, reflecting the uncertainty of dealing with novel situations.
Time Frame for Solution	Programmed decisions require short time frames for finding solutions due to their routine nature.	Nonprogrammed decisions demand relatively longer time frames for thorough analysis and consideration of various options.
Solution Relies on	Programmed decisions rely on established procedures, rules, and policies.	Nonprogrammed decisions rely on judgment and creativity to navigate complex and novel situations.

DECISION-MAKING CONDITIONS

Just as there are different kinds of decisions, there are also different conditions in which decisions must be made. Managers sometimes have an almost perfect understanding of conditions surrounding a decision, but at other times they have few clues about those conditions. In general, as shown in Figure 9.1, the circumstances that exist for the decision maker are conditions of **certainty**, **risk**, or **uncertainty**.

⊕ Decision Making Under Certainty

When the decision maker knows with reasonable **certainty** what the alternatives are and what conditions are associated with each alternative, a state of certainty exists.

For example, imagine a small café owner deciding to buy a new coffee machine. There are two well-known brands, Brand A and Brand B, both offering similar prices, warranties, and delivery times. The café owner knows exactly what each brand offers and can easily compare the two. Since there's little uncertainty, the owner can confidently make a decision based on preference or small differences, with minimal risk of making a wrong choice.

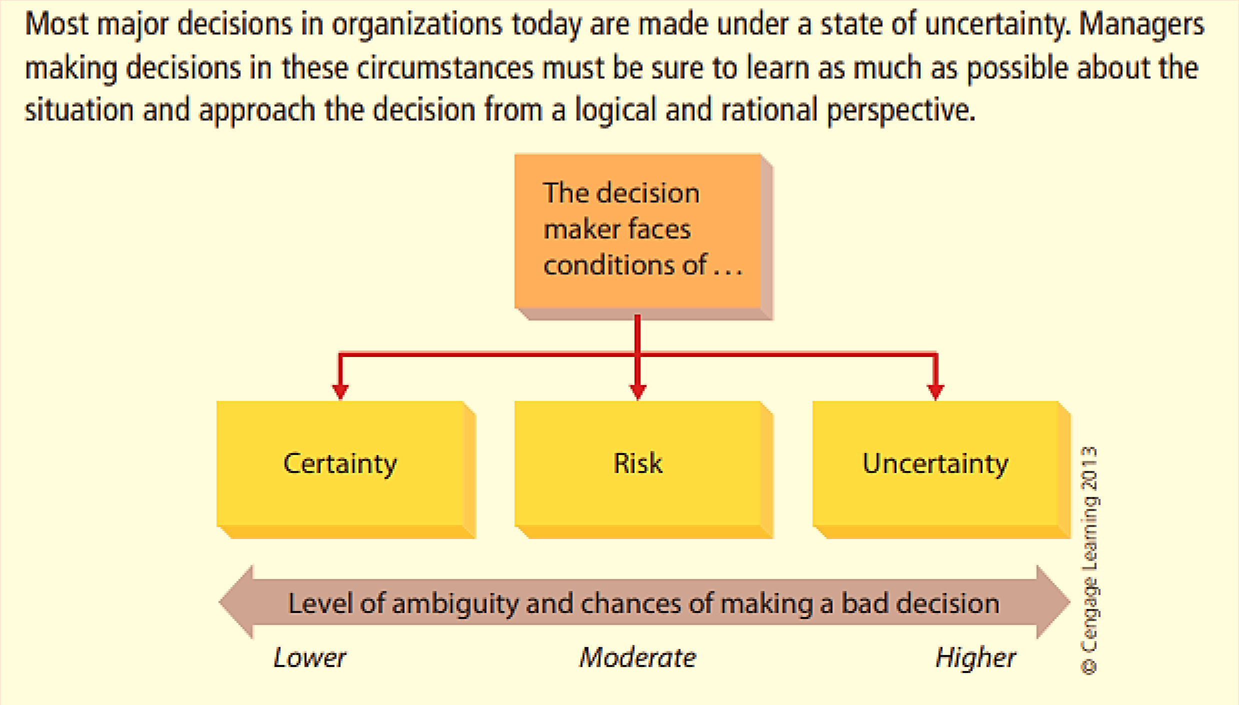

Figure 9.1 Decision-Making Conditions

Few organizational decisions, however, are made under conditions of true certainty. The complexity and turbulence of the contemporary business world make such situations rare. Even in the case of the café owner purchasing a coffee machine, there may be less certainty than it seems. For instance, the suppliers might face delays or may include clauses in the contract for price adjustments due to inflation or unforeseen circumstances. As a result, the café owner is only partially certain about the conditions surrounding each option.

⊕ Decision Making Under Risk

A more common decision-making condition is a state of **risk**. Under a state of risk, the availability of each alternative and its potential payoffs and costs are all associated with probability estimates.

Suppose, for example, that a labor contract negotiator for a company receives a "final" offer from the union right before a strike deadline. The negotiator has two alternatives: to accept or to reject the offer. The risk centers on whether the union representatives are bluffing. If the company negotiator accepts the offer, she avoids a strike but commits to a relatively costly labor contract. If she rejects the contract, she may get a more favorable contract if the union is bluffing, but she may provoke a strike if it is not.

On the basis of past experience, relevant information, the advice of others, and her own judgment, she may conclude that there is about a 75 percent chance that union representatives are bluffing and about a 25 percent chance that they will back up their threats. Thus she can base a calculated decision on the two alternatives (accept or reject the contract demands) and the probable consequences of each.

When making decisions under a state of risk, managers must reasonably estimate the probabilities associated with each alternative.

For example, if the union negotiators are committed to a strike if their demands are not met, and the company negotiator rejects their demands because she guesses they will not strike, her miscalculation will prove costly.

As indicated in Figure 9.1, **decision making under conditions of risk is accompanied by moderate ambiguity and chances of a bad decision**.

For instance, like many other automobile companies, Ford laid off thousands of workers early in the recent recession. But during the depths of the recession Ford executives noted that as fuel prices were dropping, demand for its new F-150 pickup was increasing. So the firm rehired 1,000 of its former workers to help build more pickups. The risk was that if gas prices had surged unexpectedly and/or demand for the F-150 had cooled, Ford would have been in the embarrassing position of having recalled workers and then once again terminating them. But the upside was that if Ford's assessments were correct, the firm would generate new revenues and more profits.

⊕ Decision Making Under Uncertainty

The general manager and employees of the Fukushima Daini nuclear power plant in Japan faced a crisis because of the damage that resulted from an earthquake and tsunami. A strong possibility existed for a catastrophic nuclear meltdown and explosion at the power plant. Many possible factors could have led to these outcomes, including whether vital systems damaged in the quake could be repaired and whether aftershocks would further destabilize the nuclear reactors. What happens if you face a decision where you're not certain about the outcomes and can't even make reasonable probability estimates?

Most of the major decision making in contemporary organizations is done under a state of uncertainty. The decision maker does not know all the alternatives, the risks associated with each, or the likely consequences of each alternative. This uncertainty stems from the complexity and dynamism of contemporary organizations and their environments. The emergence of the Internet as a significant force in today's competitive environment has served to increase both revenue potential and uncertainty for most managers.

To make effective decisions in these circumstances, managers must acquire as much relevant information as possible and approach the situation from a logical and rational perspective. **Intuition**, **judgment**, and **experience** always play major roles in the decision-making process under conditions of uncertainty. Even so, **uncertainty is the most ambiguous condition for managers and the one most prone to error**.

A real-life example of decision-making under uncertainty is how Airbnb adapted during the COVID-19 pandemic. Before the pandemic, Airbnb experienced rapid growth and expansion. However, the global travel restrictions in 2020 led to a sharp decline in bookings, forcing CEO Brian Chesky to make tough decisions in the face of uncertainty. Rather than continuing its global expansion plan, Chesky laid off a significant portion of the workforce, reduced corporate expenses, and introduced new initiatives like "long-term stays" to adapt to changing consumer behaviors. Additionally, Airbnb emphasized local and "staycation" rentals, aligning with people's preference for safer, closer destinations during the pandemic.

RATIONAL MODEL OF DECISION MAKING

A manager who really wants to approach a decision rationally and logically should try to follow the steps in rational decision making, listed in Table 9.1. These steps in rational decision-making help keep the decision maker focused on facts and logic and help guard against inappropriate assumptions and pitfalls.

Table 9.1 Steps in the Rational Decision-Making Process

	Step	Detail	Example
1.	**Recognizing and defining the decision situation**	Some stimulus indicates that a decision must be made. The stimulus may be positive or negative.	A plant manager sees that employee turnover has increased by 5 percent.
2.	**Identifying alternatives**	Both obvious and creative alternatives are desired. In general, the more important the decision, the more alternatives should be generated.	The plant manager can increase wages, increase benefits, or change hiring standards.
3.	**Evaluating alternatives**	Each alternative is evaluated to determine its feasibility, its satisfactoriness, and its consequences.	Increasing benefits may not be feasible. Increasing wages and changing hiring standards may satisfy all conditions.
4.	**Selecting the best alternative**	Consider all situational factors and choose the alternative that best fits the manager's situation.	Changing hiring standards will take an extended period of time to cut turnover, so increase wages.
5.	**Implementing the chosen alternative**	The chosen alternative is implemented into the organizational system.	The plant manager may need permission from corporate headquarters. The human resource department establishes a new wage structure.
6.	**Following up and evaluating the results**	At some time in the future, the manager should ascertain the extent to which the alternative chosen in step 4 and implemented in step 5 has worked.	The plant manager notes that, six months later, turnover dropped to its previous level.

We will understand the model with the help of the following example.

Harry, Ron, and Hermione are three friends who study at BRAC Business School of BRAC University. After a particularly hectic day at school, they decide to go to a burger place to unwind and have fun. They have three alternatives - Chillox, Takeout, and Madchef. Help them make a decision based on the rational decision making model. Let's help Harry, Ron, and Hermione decide on the best burger place using the six steps of the rational model of decision making.

1. Recognizing and Defining the Decision Situation

The first step in rational decision making is recognizing that a decision is necessary — that is, there must be some stimulus or spark to initiate the process.

For many decisions and problem situations, the stimulus may occur without any prior warning. When equipment malfunctions, the manager must decide whether to repair or replace it. Or, when a major crisis erupts, the manager must quickly decide how to deal with it. As we already noted, **the stimulus for a decision may be either positive or negative**. A manager who must decide how to invest surplus funds, for example, faces a positive decision situation. A negative financial stimulus could involve having to trim budgets because of cost overruns.

Inherent in problem recognition is the need to define precisely what the problem is. The manager must develop a complete understanding of the problem, its causes, and its relationship to other factors. This understanding comes from careful analysis and thoughtful consideration of the situation.

> 
>
> Harry, Ron, and Hermione have had a hectic day at BRAC Business School of BRAC University. They want to unwind and have fun at a burger place. The decision situation is to **choose the best burger place among the three alternatives**: Chillox, Takeout, and Madchef.

2. Identifying Alternatives

Once the decision situation has been recognized and defined, **the second step is to identify alternative courses of effective action**.

Developing both obvious, standard alternatives and creative, innovative alternatives is generally useful. In general, the more important the decision, the more attention is directed to developing alternatives. If the decision involves a multimillion-dollar relocation, a great deal of time and expertise will be devoted to identifying the best locations.

> JetBlue announced in 2009 that it would be seeking a new location for its corporate offices. After a year of searching and analyzing incentives to relocate to Orlando, the airline decided it would keep its headquarters in Queens, New York.

If the problem is to choose a color for the company softball team uniforms, less time and expertise will be brought to bear.

Although managers should seek creative solutions, they must also recognize that various constraints often limit their alternatives.

Common constraints include –

- Legal Restrictions
- Moral and Ethical Norms
- Authority Constraints
- Constraints Imposed by the Power and Authority of the Manager
- Available Technology
- Economic Consideration
- Unofficial Social Norms

The three friends recognize that they have various options for burger places but need to define their preferences and constraints, such as budget, cuisine preference, and location. They brainstorm and list several burger place options, available nearby, taking into account factors like **budget** and **location convenience**. They also think about their **dietary restrictions and preferences**, such as vegetarian or gluten-free options. Upon brainstorming for a while, they come up with three alternatives.

- **Chillox:** Known for its gourmet burgers and trendy ambiance.
- **Takeout:** Offers quick service with a focus on takeout and delivery.
- **Madchef:** Famous for its innovative burger combinations and vibrant atmosphere.

3. Evaluating Alternatives

The third step in the decision-making process is evaluating each of the alternatives.

Figure 9.3 presents a decision tree that can be used to judge different alternatives. The figure suggests that each alternative be evaluated in terms of its **feasibility**, its **satisfactoriness**, and its **consequences**.

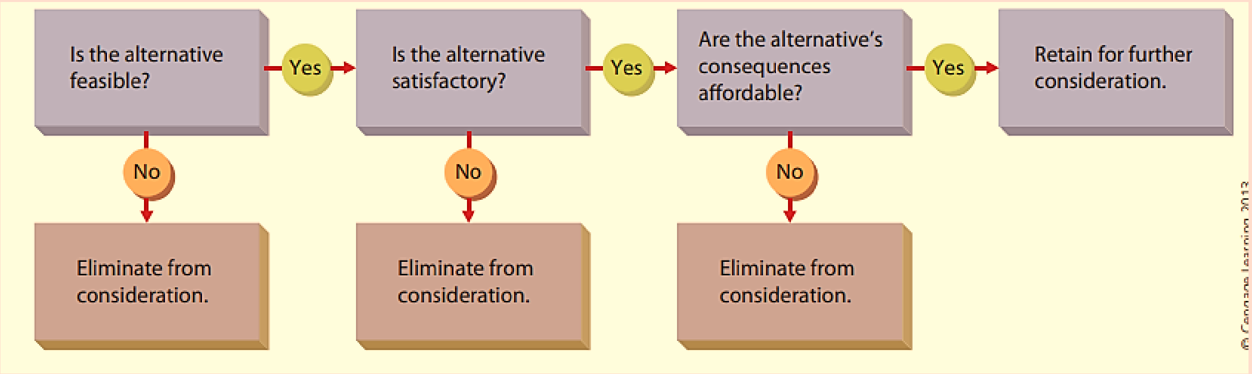

Figure 9.3 Evaluating Alternatives in the Decision-Making Process

- **Feasibility Test: The first question to ask is whether an alternative is feasible.** Is it within the realm of probability and practicality? For a small, struggling firm, an alternative requiring a huge financial outlay is probably out of the question. Other alternatives may not be feasible because of legal barriers. And limited human, material, and information resources may make other alternatives impractical.

- **Satisfactoriness Test: When an alternative has passed the test of feasibility, it must next be examined to see how well it satisfies the conditions of the decision situation.** For example, a manager searching for ways to double production capacity might initially consider purchasing an existing plant from another company. If more detailed analysis reveals that the new plant would increase production capacity by only 35 percent, this alternative may not be satisfactory.

- **Consequence Test: Finally, when an alternative has proven both feasible and satisfactory, its probable consequences must still be assessed.** To what extent will a particular alternative influence other parts of the organization? What financial and nonfinancial costs will be associated with such influences? For example, a plan to boost sales by cutting prices may disrupt cash flows, require a new advertising program, and alter the behavior of sales representatives because it requires a different commission structure. The manager, then, must put "price tags" on the consequences of each alternative. Even an alternative that is both feasible and satisfactory must be eliminated if its consequences are too expensive for the total system.

The friends evaluate each alternative based on several criteria such as **taste**, **price**, **ambiance**, **service quality**, and **proximity to BRAC University**.

- They assess the feasibility of each option, considering factors like reservation availability, waiting times, and distance.
- They weigh the satisfactoriness of each alternative by discussing their individual preferences and reaching a consensus on which options appeal to them the most.
- They consider the potential consequences of their choice, such as the overall dining experience and potential post-meal activities.

	Chillox	Takeout	Madchef
Taste	Highly rated for gourmet flavors	Decent, standard burgers.	Known for unique and innovative flavors.
Price	Moderately expensive	Affordable.	Moderately expensive.
Ambiance	Trendy and modern.	Minimal, focused on takeout.	Vibrant and lively.
Service Quality	Good but can be slow during peak hours.	Quick service.	Generally good, but busy.
Proximity	About 15 minutes away	10 minutes away.	20 minutes away.

Triple Test for the Three Restaurants

	Chillox	Takeout	Madchef
Feasibility	√	√	√
Satisfactoriness	√	√	√
Consequence	X	√	√

4. Selecting an Alternative

Even though many alternatives fail to pass the triple tests of feasibility, satisfactoriness, and affordable consequences, two or more alternatives may remain. **Choosing the best of these is the real crux of decision making.** One approach is to choose the alternative with the optimal combination of feasibility, satisfactoriness, and affordable consequences. Even though most situations do not lend themselves to objective, mathematical analysis, the manager can often develop subjective estimates and weights for choosing an alternative.

Decision makers should also remember that finding multiple acceptable alternatives may be possible; selecting just one alternative and rejecting all the others might not be necessary.

For example, the Royals' manager might decide that Sam will start each game, Bill will be retained as a pinch hitter, and Joe will be retained as a defensive substitute.

In many hiring decisions, the candidates remaining after evaluation are ranked. If the top candidate rejects the offer, it may be automatically extended to the number-two candidate and, if necessary, to the remaining candidates in order.

The friends weigh the importance of each criterion. They decide that taste and ambiance are the most critical factors, followed by price, service quality, and proximity.

Based on their evaluations,

- **Chillox:** Scores high on taste and ambiance but is moderately expensive and has slower service.
- **Takeout:** Scores high on price and service quality but lower on taste and ambiance.
- **Madchef:** Scores high on taste and ambiance, and generally good service, but is a bit farther and moderately expensive.

> They decide that the overall experience is more important than the cost and proximity. Therefore, they choose Madchef for its innovative flavors and lively ambiance.

5. Implementing the Chosen Alternative
After an alternative has been selected, the manager must put it into effect.

In some decision situations, implementation is fairly easy; in others, it is more difficult. In the case of an acquisition, for example, managers must decide how to integrate all the activities of the new business, including purchasing, human resource practices, and distribution, into an ongoing organizational framework.

For example, when Hewlett-Packard made the decision to buy Compaq Computer, managers estimated that it would take at least a year to integrate the two firms into a single one.

Operational plans are useful in implementing alternatives.

Managers must also consider people's resistance to change when implementing decisions. The reasons for such resistance include insecurity, inconvenience, and fear of the unknown.

When JCPenney decided to move its headquarters from New York to Texas, many employees resigned rather than relocate.

Managers should anticipate potential resistance at various stages of the implementation process. Managers should also recognize that even when all alternatives have been evaluated as precisely as possible and the consequences of each alternative weighed, unanticipated consequences are still likely. Any number of factors — unexpected cost increases, a less-than-perfect fit with existing organizational subsystems, or unpredicted effects on cash flow or operating expenses, for example — could develop after implementation has begun.

> Harry, Ron, and Hermione head to Madchef. They check the opening hours, make sure they have enough money, and ensure they have a way to get there. They decide to split the cost and enjoy the evening.

6. Following Up and Evaluating the Results
The final step in the decision-making process requires that managers evaluate the effectiveness of their decision — that is, they should make sure that the chosen alternative has served its original purpose. If an implemented alternative appears not to be working, the manager can respond in several ways. Another previously identified alternative (the original second or third choice, for instance) could be adopted. Or the manager might recognize that the situation was not correctly defined to begin with and start the process all over again. Finally, the manager might decide that the original alternative is in fact appropriate but has not yet had time to work or should be implemented in a different way.

Failure to evaluate decision effectiveness may have serious consequences. The Pentagon once spent $1.8 billion and eight years developing the Sergeant York anti-aircraft gun. From the beginning, tests revealed major problems with the weapon system, but not until it was in its final stages, when it was demonstrated to be completely ineffective, was the project scrapped.

> 
> After visiting Madchef, the friends evaluate their experience:
>
> **Taste:** They loved the unique burger combinations.
> **Ambiance:** The lively atmosphere helped them unwind and have fun.
> **Price:** Although a bit expensive, they felt it was worth it.
> **Service Quality:** The service was good despite the busy environment.
> **Proximity:** The 20-minute travel was manageable.
>
> They conclude that Madchef was an excellent choice and decide it might become their go-to spot for unwinding after hectic days at school. They also note that for quicker, less expensive options, they might consider Takeout in the future.

Practice Problem and Solution

Practice Problem
You and three of your friends have just finished your summer semester at university and are eager to go on a trip outside Dhaka to unwind and relax. There are several conditions that must be met while planning the trip such as -

The trip should provide a break from the academic stress.
The trip should be within a reasonable budget for all participants.
The location should be easily accessible from Dhaka.
The trip should fit within the semester break period (1 week).
The destination should offer a variety of activities that everyone will enjoy.

Use the rational decision-making model to plan the trip, ensuring that the decision is well thought out and everyone's preferences are considered.

Solution
Let's use the six steps of the rational decision-making model to help me and my three friends plan a trip.

Step 1: Recognizing and Defining the Decision Situation
My friends and I have just finished your summer semester at university and are looking to unwind and relax with a trip outside Dhaka. The trip should provide a break from academic stress, be within a reasonable budget, be easily accessible, fit within a one-week semester break, and offer a variety of activities that everyone will enjoy.

Step 2: Identifying Alternatives
Our group identifies three possible destinations based on several factors such as affordability, location convenience, trip duration, and variety of activities.

Cox's Bazar
Known for its long sandy beach.

Sreemangal
Famous for its tea gardens and natural beauty.

Sajek Valley
Known for its scenic beauty and tribal culture.

Step 3: Evaluating Alternatives

My friends and I evaluate each alternative based on several criteria: **stress relief**, **budget**, **accessibility**, **time frame**, and **variety of activities**.

	Cox's Bazar	Sreemangal	Sajek Valley
Stress Relief	High, with beautiful beaches and sea.	High, with serene tea gardens and natural beauty.	High, with stunning views and a peaceful environment.
Budget	Moderate, with a range of accommodation options.	Affordable, with budget-friendly accommodation.	Moderate, with various accommodation types.
Accessibility	Easily accessible by bus or flight.	Easily accessible by train or bus.	Accessible by road, but requires a longer journey.
Time Frame	Fits within a one-week period.	Fits within a one-week period.	Fits within a one-week period.
Variety of Activities	Swimming, beach sports, sightseeing, seafood.	Tea garden tours, bird watching, visiting Lawachara National Park.	Hiking, exploring local culture, enjoying scenic views.

Triple Test for the Three Locations

	Cox's Bazar	Sreemangal	Sajek Valley
Feasibility	√	√	X
Satisfactoriness	√	√	X
Consequence	√	√	X

Step 4: Selecting an Alternative

Our group weighs the importance of each criterion. Stress relief and variety of activities are the most critical factors, followed by budget, accessibility, and time frame.

Based on our evaluations,

- **Cox's Bazar:** Scores high on stress relief, accessibility, and variety of activities, with a moderate budget.
- **Sreemangal:** Scores high on stress relief and budget, with good accessibility and a variety of activities.
- **Sajek Valley:** Scores high on stress relief and activities but has longer travel time and moderate budget.

We decide that the balance between stress relief, variety of activities, and budget is crucial. Therefore, we choose Sreemangal for its serene environment, affordability, and accessibility.

Step 5: Implementing the Chosen Alternative
Our group plans our trip to Sreemangal. We book train tickets, reserve accommodation in a budget-friendly guesthouse, and plan our itinerary to include tea garden tours, bird watching, and visiting Lawachara National Park. We also ensure that the trip fits within our one-week semester break.

Step 6: Following Up and Evaluating the Results
After the trip, my friends and I evaluate their experience:

Stress Relief: The serene tea gardens and natural beauty provided excellent relaxation.
Budget: The trip was affordable and within everyone's budget.
Accessibility: The train journey was comfortable and convenient.
Time Frame: The trip fit well within the one-week break.
Variety of Activities: They enjoyed a range of activities, from tea garden tours to nature walks.

We conclude that Sreemangal was an excellent choice for our trip. We note that for future trips, we might consider Cox's Bazar or Sajek Valley if we are looking for a different type of experience.

REVIEW AND DISCUSSION QUESTIONS

A. Theoretical/Conceptual Questions

1. What is decision making?
2. "Managers make decisions about both problems and opportunities" - do you agree? Provide justifications in favor of your stance with examples.
3. Explain the different categories of decisions with examples.
4. What are the differences between programmed and nonprogrammed decisions?
5. "Few managerial decisions in the real world are either fully programmed or nonprogrammed" - do you agree? Provide justifications in favor of your stance with examples.
6. Classify the different decision-making conditions with examples.
7. "Few organizational decisions are made under conditions of true certainty" - do you agree? Provide justifications in favor of your stance with examples.
8. "Most of the major decision making in contemporary organizations is done under a state of uncertainty" - do you agree? Provide justifications in favor of your stance with examples.
9. Explain the rational model of decision making with examples.

B. Situational/Contextual Questions

10. "ABC Corporation" regularly orders office supplies like paper, pens, and printer ink every month. The process follows a standard protocol. Is the company making a programmed or a nonprogrammed decision in this case? Explain.
11. "XYZ Enterprises" wants to introduce a new marketing campaign to boost sales for a new product. This is a unique situation requiring creative planning and decisions. Is the company making a programmed or a nonprogrammed decision in this case? Explain.
12. "Tech Solutions Inc." has a standard procedure for monitoring employee attendance, including clocking in and out and monthly attendance reports. Is the company making a programmed or a nonprogrammed decision in this case? Explain.
13. "Green Farms" experiences a severe storm that damages crops and disrupts operations. They need to make quick decisions to address the crisis. Will the company make a programmed or a nonprogrammed decision in this case? Explain.
14. "Logistics Co." schedules routine maintenance for its fleet of delivery trucks every three months following a predetermined checklist. Is the company making a programmed or a nonprogrammed decision in this case? Explain.
15. "Tech Innovators" plans to launch a new gadget in an emerging market where they have no prior experience. Will the company make a programmed or a nonprogrammed decision in this case? Explain.
16. "EcoGadget," a technology company known for its environmentally friendly products, is considering launching a new line of solar-powered smartphones. This decision involves high uncertainty, as the market for such products is relatively new and untested. The decision will require significant research and innovative thinking, as it doesn't follow a standard procedure. What kind of decision-making is involved here? Explain.
17. "ABC Electronics" plans to launch a new model of a smartphone that is a slight upgrade from its previous successful model. The demand for the previous model was well-documented, and market conditions have remained stable. Is this decision-making scenario considered to be one of certainty, risk, or uncertainty? Explain.
18. "XYZ Investments" is considering investing in the stock market. They have analyzed historical data and consulted financial experts, but there is always a potential for market fluctuations. Is this decision-making scenario considered to be one of certainty, risk, or uncertainty? Explain.
19. "GlobalTech" wants to expand its operations into a new international market where it has no prior experience and little market data is available. The political and economic conditions are unpredictable. Is this decision-making scenario considered to be one of certainty, risk, or uncertainty? Explain.
20. "OfficePlus" needs to reorder office supplies like paper, ink, and pens. They have been doing this monthly for years and have a clear understanding of their needs and supplier reliability. Is this decision-making scenario considered to be one of certainty, risk, or uncertainty? Explain.

21. "FashionForward" is developing a new clothing line for the next season. They have conducted market research and trend analysis, but customer preferences can be unpredictable. Is this decision-making scenario considered to be one of certainty, risk, or uncertainty? Explain.
22. "FashionTrends" faces a sudden change in fashion trends due to an unexpected celebrity endorsement. They need to decide how to respond without having clear data on how long the trend will last or its overall impact. Is this decision-making scenario considered to be one of certainty, risk, or uncertainty? Explain.
23. Was your decision about what college or university to attend a rational decision? Did you go through each step in rational decision making? If not, why not?
24. You and three of your friends have just finished your summer semester at university and are eager to go on a trip outside Dhaka to unwind and relax. There are several conditions such as -
    - The trip should provide a break from the academic stress.
    - The trip should be within a reasonable budget for all participants.
    - The location should be easily accessible from Dhaka.
    - The trip should fit within the semester break period (1 week).
    - The destination should offer a variety of activities that everyone will enjoy.

    Use the rational decision-making model to plan the trip, ensuring that the decision is well thought out and everyone's preferences are considered.
25. A mid-sized retail company, "Fashion Avenue," has noticed a 25% drop in sales over the past six months. The management suspects that this decline might be due to a combination of increased competition, changing consumer preferences, and potential internal inefficiencies. Using the rational model of decision making, outline the steps Fashion Avenue's management should take to identify the root cause of the sales decline. What specific data and factors should they consider in defining the problem accurately?
26. A university, "Greenfield University," faces budget constraints and needs to optimize resource allocation across various departments. The administration is considering several options, including cutting underperforming programs, increasing tuition fees, or seeking additional funding through grants and partnerships. Using the rational model of decision making, how should Greenfield University approach the challenge of optimizing resource allocation? What criteria should they use to evaluate the different options, and how can they ensure that the chosen solution aligns with the university's long-term strategic goals and mission?
27. A financial services firm, "FinSecure Inc.," must decide on a new marketing strategy to attract younger customers. They have narrowed it down to three options: increasing their social media presence, launching a new mobile app with financial tips, or hosting free financial literacy workshops in colleges. Describe how FinSecure Inc. should make the final choice among the three marketing strategies using the rational decision-making model. What factors should be considered, and how can they ensure the decision aligns with their overall business objectives?

C. Case Study

Case 1: Ethics Dilemma

In the United Kingdom, the National Health Service employs 1.7 million people. It is the world's largest publicly funded health service. There are cases when employees have found themselves "victimized" by management for one reason or another. A prime example is that of a senior consultant, around 50 years old, working for a London hospital. She was suspended on full pay for three years after raising concerns over staffing levels in her clinic. Shortly before her suspension, a major case of child abuse implicating the hospital hit the headlines. As the hospital had failed to pick up on these problems, the consultant became a whistle-blower and exposed staffing concerns. Deeply concerned, the hospital promptly offered her money with a gagging clause as part of the agreement. She turned it down. It took the support of hundreds of colleagues for her to eventually return to work. Petitions that received great support from former patients had added to the call. However, she would never work for that hospital again. Since the incident, the consultant has been instrumental in trying to bring about changes to the support and protection of whistle-blowers in service.

Questions
1. Was the hospital's decision to suspend the consultant correct? Explain why or why not.
2. If you were the consultant's line manager, how would you have dealt with the situation?

Case 2: Manchester City: Football Big Data Champions

In most football teams, the minutes before the match are spent in the locker room where the coach provides last minute tips and delivers a motivational speech to the players. However, for Manchester City Football Club the ritual is a bit different. The team spends 15 minutes before each match meeting the club's performance analyst team, discussing things they had done well or wrong in previous matches. For instance, the defense examines several factors — the number of crosses, effective or ineffective tackles, balls lost or recovered, the relationship with midfield, and movements in protecting their penalty area.

The day after the match, the analysis team, headed by Gavin Fleig, gives each player a detailed and personalized report of all their movements during the match, thus, enabling each player to get an accurate feedback on improvements required. In a 2012 interview released to Forbes, Fleig declared that the goal of the performance analysis unit is both to help the club make smarter decisions by relying on objective and more informative data, and to enhance players' performance by helping them to become more reflective and aware of their unique features, actions, and movements on the pitch.

To illustrate how the performance analysis team helps better the team's performance, let's look at Manchester City's performance and the set-piece goals scored in the 2010–11 season.

According to the analyst team, City was underperforming more than any other club in Premier League with only one set-piece goal scored over 21 matches. To understand what led to the goals scored across several European leagues, the analyst team studied more than 500 corner kicks. The players were then presented with videos illustrating the best tactics and movements applied by other teams. This helped City to score 9 goals in the first 15 matches of the next season from corners, which represents a tremendous improvement in their performance.

Data analysis is a critical decision-making support tool for Manchester City's managers at all levels, including for youth teams. For example, future young players are helped in understanding their strengths and weaknesses within the different formation plays and what aspects they need to focus on to develop their talent. It is important to note that big data is just a means to facilitate the achievement of Manchester City's strategic goals concerning youth team development, which is to integrate young homegrown-talents into the first team's formation. The performance analysts have helped the team to become very successful — Manchester City got the best defensive records for two consecutive years since 2012, and it won the title in the seasons 2011–12 and 2013–14 after more than four decades of no wins. Of course, big data is not the only factor behind these successes, but it was very important.

To continue being a leader in football big data, in 2016, Manchester City organized a global Hackathon, with more than 400 applications received from all over the world, where data and football experts created algorithms and simulations using data from real players that have never before been available to external actors. The challenge was to create algorithms that could help identify new movements, passes, runs and pressure to be more effective on the pitch. The winning team, who received a cash prize of £7000 and the promise to collaborate with the performance analysis team, created a learning machine algorithm that tracks decision-making during games.

Questions

1. What types of decisions are made by football managers? Would you characterize these decisions as structured or unstructured problems? Explain.
2. Describe how big data can help football managers to make better decisions and how this has an effect on the decision-making process.
3. What type(s) of conditions are more likely to influence the performance analyst team's work: certainty, uncertainty, or risks? Explain.
4. Do you think it is appropriate for football managers to use only quantitative information to evaluate their players' performance during a season? Why or why not?
5. How can big data transform football decisions in the future?