

## BCA 612 Management Information System

### Behavioral Model of Decision Making

#### Behavioural models of the decision making

The way a person examines a problem and makes a decision can be described from several different viewpoints depending on the assumptions made.

Because organizations are made up of individual it is required to build info system that facilitate individual decision making.

#### Models of the rational individual

Virtually all organization and nations utilizes a rational model of human behaviour. A rational model is as follows

- 1) An individual has goals and objectives and has a pay-off utility, or preference function that permits him to take actions given the problem set.

#### Rational Individual Models of Decision Making

Name	Basic concept	Inference pattern
1) Rational man	comprehensive rationality	establish goals, examine all alternatives and choose the best alternative

2) Justifying model

Bounded rationality

establish goals, examine a few alternatives and choose the first alternative that promotes the goals

3) Muddling

Successive comparison

examine alternatives to establish a run of goals and consequences. Choose policies that are marginally different from those of the past

Psychological

cognitive type  
④      ⑤

all decision makers choose goals but they differ in terms of gathering and evaluating information.

④ Systematic thinkers impose order on perceptions and evaluation; ⑤ Intuitive thinkers are more open to unaccepted info and use multiple model and perspectives.

① N ideas & alternatives

②

③

④

↓ 1 idea & alternative

# Organization Decision Making

## Behavioural model of organizational decision making

The behavioural theory also implies over the decision making of an organization. The theory begins with some assumption of the administrative model and explain the behaviour of decision maker. The decisions taken in an organization can be uniperson or can be taken by a group. Some major concepts that explains organizational decision making are

- 1) Avoid resolution of conflict
- 2) uncertainty avoidance
- 3) Problematic search
- 4) organizational learning
- 5) Substantial decision making

## Avoid resolution of conflict

The decision makers of an organization is a coalition of members with different thoughts, different goals and unequal power to influence organizational objectives. The goal changes as a member leaves or enters the organization. Given decisions to be taken there always exists conflicts.

eg: The sales manager requires lots of assemble goods whereas inventory manager requires close stock of item (RAW). They need some balancing eqn and at this point decision is needed, these conflicts are resolved by three methods

Method of conflict resolution	Explanation
1) local rationality	subunits are allowed to set their own rules.
2) Acceptable level decision rule	with certain limits, units are allowed to make their own decisions using agreed upon decision rules and procedures.
3) sequential attention to goals	The organization responds to first goal and studies its influence over the other ones. If having conflicts these decisions are changed.
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② Uncertainty avoidance	

Organization lives in uncertain environment. The decision pattern of organization is dependant on the behaviour of market, suppliers, govt etc. and they are always uncertain. The theory assumes that the uncertainty should be avoided or should be reduced for stability. The method of avoidance are:

## Methods of avoiding uncertainty

## Explanation

### 1) short run feedback and reaction cycle

It allows frequent new decisions taken and implemented with feedback understanding. If feedback are +ve decision are kept.

### 2) negotiated environment

the organization can avoid uncertainty over long periods by having MOUs/contracts with the suppliers, sales unit etc.

### 3) Problemistic search

the problemistic search assumes a problem simulation where

1) search locally either close to the present symptom or close to present solution that is given problem search the solution w.r.t similar problems.

2) if the search fails then first look for vulnerable areas that is overstaffing, overinventory etc.

#### ④ Organizational learning

All organization exhibits adaptive behaviour over time. Given problem, decisions ~~are~~ can be taken by previous references or one should also look for revising their problem search procedures on the basis of experience.

#### ⑤ Incremental decision making

A variation on the concept of satisficing is an incremental approach in which decisions are confined to little changes from existing policies and procedures.



## Decision Under Psychological Stress

### Decision making under psychological stress

The ideal models of decision making process focuses on a calm and reasoned process but it is not a fact. The decision makers are affected psychologically and emotionally by their personal lives and by the environment. The psychological stress becomes strong as the stresses grow. Hence the decision maker has to persevere in face of stress to cope up with the situation. A high stress leads to decisional conflicts whereby the decisions are deviated. The decision maker thus should cope up with the situation, fighting stress making non-deviated decisions.

### Conflict theory model of Janis and Mann

### Decisional conflicts and psychological stress

Decisional conflicts arises when important decisions are needed to be made. Given a group of decision makers trying to solve a problem can lead to a thinking of losses, after effects, future impact on organization etc. Under this conflicting situations the course of actions may appear with serious undesirable output. But under any circumstance the decision are still made however by using coping patterns.

The conflict theory model of decision making can be seen more directly in emergency situations such as flood or fire however it can be extended to almost any decision associated with threats or perceived threats.