
UNIT 8 DECISION MAKING

Structure

- 8.1 Introduction
- 8.2 Objectives
- 8.3 Significance of Decision making
- 8.4 Decision making Process
- 8.5 Types of Decisions
- 8.6 Models of Decision Making
- 8.7 Creativity and Decision making
- 8.8 Some Common Errors in Decision making
- 8.9 Let Us Sum Up
- 8.10 Unit-end Exercises
- 8.11 Suggested Readings

8.1 INTRODUCTION

Decision making is the process of choosing actions that are directed towards the resolution. It can be defined as “the selection from among alternatives of a course of action: it is at the core of planning”. The decision making process can be carried out either by individuals acting alone or by groups. There are several models and theories which are developed to explain decision making and how effectively you can make a decision.

Decision making is a process of selection from a set of alternative courses of action which is thought to fulfill the objectives of the decision problem more satisfactorily than others. Decision making is an essential part of every function of management. In the words of Peter F. Drucker, “Whatever a manager does, he does through decision making.” When we talk of teachers it can be seen that a teacher is continuously involved in decision making whether it is regarding school activities or related student centered activities etc. Knowingly or unknowingly a teacher is always at decision making. Decision making involves thinking and deciding before doing and so is inherent in every activity. That is the reason decision making is often called the “essence” of managing.

No one can survive without effective decision making. Some of the decisions may be of a routine type and repetitive in nature and some may be strategic in nature which may require a lot of systematic and scientific analysis. In the educational sector, a teacher is always a decision maker. Teachers are expected to make decisions that affect the growth and development of the students in their care.

8.2 OBJECTIVES

After going through this unit, you should be able to:

- discuss the importance and process of decision making,
 - discuss the models of decision making,
 - explain the relativity of creativity and decision making,
 - discuss common errors in decision making.
-

8.3 SIGNIFICANCE OF DECISION MAKING

Decision making is important for organizational effectiveness because of its central role in the overall process of directing and controlling the behaviour of organizational members. Decisions are made that cover the setting of goals, strategic planning, organizational design, personnel actions, and individual and group actions. Besides its organizational effect, however, decision making also has an individual effect. The quality of a decision has a bearing on his or her professional success and sense of satisfaction. So studying decision making is important from both an organizational and an individual perspective.

Another major reason for studying decisions is to enable us to make better quality decisions than we do presently. This point must be emphasized strongly because the quality of our decisions is often much poorer than we realize. Selective perception tends to bias the information we use in making decisions and our attitudes and values influence how we interpret that information. Drives for consistency lead to oversimplified interpretations. Our willingness to attribute positive outcomes to ourselves. (e.g., taking credit for good decisions) and to attribute negative outcomes to forces outside our control makes us remember the results of decisions in a personally favourable light. All these forces degrade our decisions, and at the same time, limit our understanding of the decision making problem.

Besides being unaware of our human limitations in the decision making process, we are often unaware of the methods that can be used to increase our decision effectiveness. Very little training that emphasizes the actual decision making process is available either inside or outside organizations. In most cases experience is our guide and while experience can be a good teacher, it can be misleading as well. In many cases we may learn the wrong way to do something or we may obtain information that is actually irrelevant for the quality of the decision.

In order to increase our effectiveness in decision making, we must first understand the decision making process. Decision making and planning are deeply interlinked. The determination of objectives, policies, programmes, strategies, etc. involves decision making. The most outstanding quality of a teacher to be successful is his/her ability to make sound decisions. A teacher may be in a situation where he/she has to make up his/her mind quickly on certain matters. It is not correct to say that he/she has to make spur of the moment decisions all the time. While taking many decisions, he/she gets enough time for careful fact finding, analysis of alternatives and choice of the

best alternative. Decision making is a human process. When a teacher decides, he/she chooses a course which he/she thinks is the best.

8.4 DECISION MAKING PROCESS

The basic characteristics of decision making are as follows:

- It is the process of choosing a course of action from among the alternative courses of action.
- It is a human process involving to a great extent the application of intellectual abilities.
- It is the end process preceded by deliberation and reasoning.
- It is always related to the environment. A decision may be taken in a particular set of circumstances and another in a different set of circumstances.
- It involves a time dimension and a time lag.
- It always has a purpose. Keeping this in view, there may just be a decision to not to decide.
- It involves all actions like defining the problem and probing and analyzing the various alternatives which take place before a final choice is made.

The decision making process includes the following components:

- The decision maker.
- The decision problem.
- The environment in which the decision is to be made.
- The objectives of the decision maker.
- The alternative courses of action.
- The outcome expected from various alternatives.
- The final choice of the alternative.

The stages of decision making are indicated in Figure 8.1.

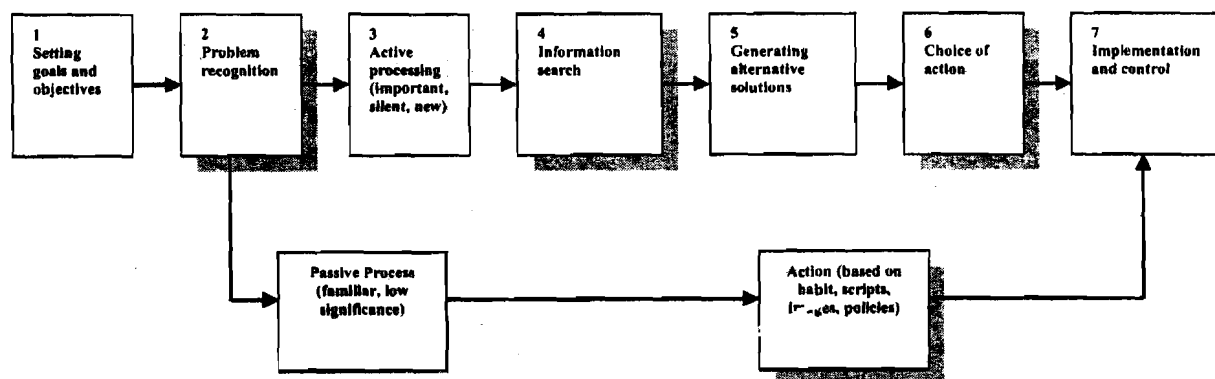


Fig.8.1: Stages of Decision Making

The first leg of decision making is goals and objectives. The second stage is problem recognition. Here the decision-maker has to be alert to know what is

happening and also to recognize the discrepancies which exist. During the third stage, the decision-maker must evaluate the discrepancy whether it is an important one or not. Next, it has to be found out how the problem occurred i.e., 'information-search phase'. This stage is crucial but least handled well. In the next stage 'course of action' must be explored i.e., number of alternatives to be explored. This is the 'alternative-generation' phase. Next comes the evaluation of alternatives that is the 'choice phase'. Here the pros and cons of each alternative have to be thought about before taking a decision which is known as choice of action. The last phase of the process involves the implementation and evaluation of the decision.

8.5 TYPES OF DECISIONS

Decisions may be classified into five major types. These are:

- Organisational and personal decisions
- Routine and strategic decisions
- Policy and operating decisions
- Programmed and non-programmed decisions
- Individual and group decisions

Let us discuss each type in brief.

- (i) **Organizational and personal decisions:** Personal decisions are those decisions that cannot be delegated to others. These decisions are meant only to achieve personal goals. Organisational decisions are those decisions that are taken to achieve organizational goals. For example you want to solve food habits related problems of your students. Advising them to take nutritious food becomes a personal decision. As a teacher you adopt different kinds of teaching methods so that your students are able to understand science and mathematics better. These are for organizational goals because good performance enhances the credibility of the school.

Activity 1

Illustrate with reference to your school on what occasions you had to follow organizational or individual decisions.

- (ii) **Routine and strategic decisions:** Routine decisions are those which are repetitive in nature. For example, certain established rules, procedures and policies are to be followed. You might have experienced that when a teacher goes on leave another teacher who is free at that time has to engage the class. This is a routine decision. 'Strategic' decisions are those decisions which have to be deliberated upon in depth. For example, highlighting the characteristics of the school, before giving an advertisement for admissions, can bring more revenue to the school.

Activity 2

Cite an example with reference to your school regarding a strategic decision.

- (iii) **Policy and operating decisions:** Policy decisions are those decisions which are taken at the higher level. For example, fixing pay scales for teachers. Operating decisions are those decisions which mean procedure of execution of the policy made. For example, how to disburse the arrears accumulated to a teacher (e.g. calculations).

Activity 3

What do you mean by operating decision?

- (iv) **Programmed and non-programmed decisions:** Non-programmed decisions are those decisions which are unstructured. For example, if a child is often absent, the class teacher can analyse the reasons for his/her absenteeism from the information provided by the child and then advise as to how to recoup with the situation. Whereas programmed decisions are of routine type and repetitive in nature. For example, when should children take their breakfast, lunch etc.

Activity 4

Differentiate between programmed and non-programmed decisions citing appropriate examples.

- (v) **Individual and group decisions:** A decision taken by an individual in the organisation is known as 'individual' decision, where autocratic style of functioning prevails. For example, if only the principal takes a decision without the participation of teachers, it is an individual decision. 'Group' decisions are collective decisions which are taken by a committee with a proper representation. For example, decisions taken collectively by parents, teachers and principal for the welfare of students.

Activity 5

Describe a situation where individual and group decisions have to be taken?

Some other types of decisions: Decisions can also be classified on the basis of dimensionality i.e., complexity of the problem and certainty of outcome of following the decision. These are described below:

Mechanistic decisions: Mechanistic decision is routine and repetitive in nature where the outcomes are known. For example, if a child misbehaves in the class, the teacher raises voice to control it.

Analytical decisions: In this type of decision one has to analyse the situation and take a decision. For example, if students are not performing well in science, the reasons have to be explored. It can be because of the teacher or the method of teaching science, lab-facilities provided, etc.

Adaptive decisions: In this kind of decision outcomes are not known and often unpredictable. It varies from situation to situation. For example, a decision taken by a teacher without prior experience of the outcome.

Activity 6

Cite examples regarding the above types of decisions with reference to your school or a school you are familiar with.

Check Your Progress 1

Notes: a) Write your answers in the space given below.

b) Compare your answers with those given in the text.

1. List any three basic characteristics of decision making.

.....

2. Write any four components of the decision making process.

.....

3. Name three types of decisions classified on the basis of dimensionality.

.....

8.6 MODELS OF DECISION MAKING

The following are important decision making models which enable us to know more about decision making:

- Contingency model
- Economic man model
- Administrative man model
- Social man model

Let us discuss each model in brief.

(i) **Contingency model:** Beach and Mitchell (1978) felt that the decision maker uses one of three general types of decision strategies: aided analytic, unaided analytic, and no analytic. The aided analytic strategy employs some sort of formal model or formula, or an aid such as a checklist. An unaided analytic strategy is one in which the decision maker is very systematic in his or her approach to the problem and perhaps follows some sort of model, but does it all in his or her head. Thinking of all the pros and cons for each alternative or trying to imagine the consequences of each action would fall in this category. Finally there is the category of no analytic strategy. Here the decision maker chooses by habit or uses some simple rule of thumb ("nothing ventured, nothing gained" or "better safe than sorry") to make the choice.

Which strategy is to be selected depends on the personal characteristic of the decision maker and the demands of the task. The underlying assumption of this model is that a person will choose a strategy that

requires the least amount of time and effort to reach a satisfactory decision. The more analytic a strategy, the more time and effort are required to use it.

Since aided analytic techniques take the most effort and analysis, the use of such techniques requires that 1) the individual should have the personal characteristics necessary to employ them (e.g., knowledge, ability, and motivation) and 2) such techniques are demanded by the characteristics of the decision problem.

The characteristics of the problem are divided into two groups: the decision problem itself and the decision environment. The model suggests that as the decision problem becomes less familiar and more ambiguous, complex, and unstable, the decision maker will use more time and analysis (more analytic strategies) to reduce the uncertainty caused by these factors. However, this process continues only up to a point. When the uncertainty due to these factors becomes too great, the decision maker is likely to return to a simpler rule. The reason is that when there is an extremely high degree of uncertainty in the decision problem, the potential gains of a more accurate analytic decision are small and are often far outweighed by the cost (e.g., time and effort) required to arrive at that decision.

The decision environment is composed of four factors. The model suggests that more analytic strategies will be selected when decisions are not reversible and very important, and when the decision maker is personally accountable. Also, analytic procedures are more likely to be used where there are no time or money constraints.

- (ii) **Economic man model:** In this model, it is believed that man is completely rational in taking decisions. It is accepted that man takes decisions based on the best alternatives available.

An econologic model of decision making is given in Figure 8.2.

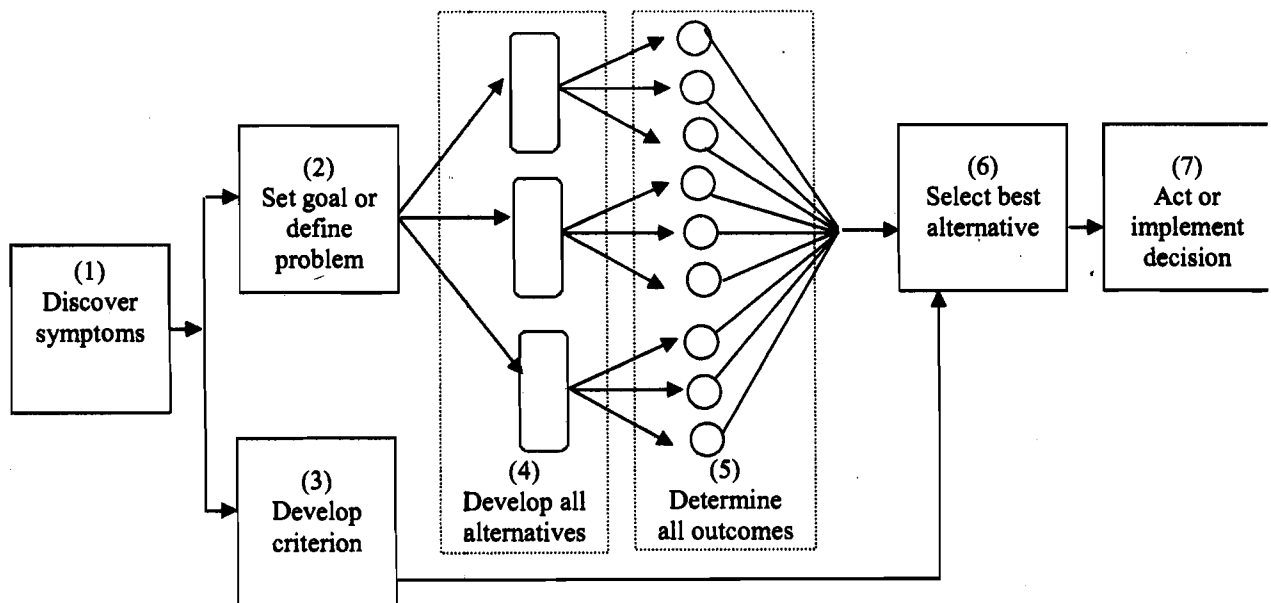


Fig.8.2: An Econologic Model of Decision making
Source: Behling and Schriesheim, 1976

(iii) **Administrative man model:** This model assumes that though people would like to have best solution, they settle for less because the decisions may require more information which they may not possess. Thus, there is a kind of bounded (or limited) rationality in decisions. The following three steps are involved in the process of this model.

Sequential attention to alternative solutions: In this step, all the alternatives are identified and evaluated one at a time. If one of the alternatives fails then the next alternative is considered

Use of heuristics: A heuristic is a rule which guides the search for alternatives into areas that have a high probability for yielding satisfactory solutions. In this step if the previous solution was working then a similar set of alternatives are used in that situation.

Satisfying: Here the alternatives which are workable are found to be satisfying.

A bounded rationality model of decision making is explained in Figure 8.3.

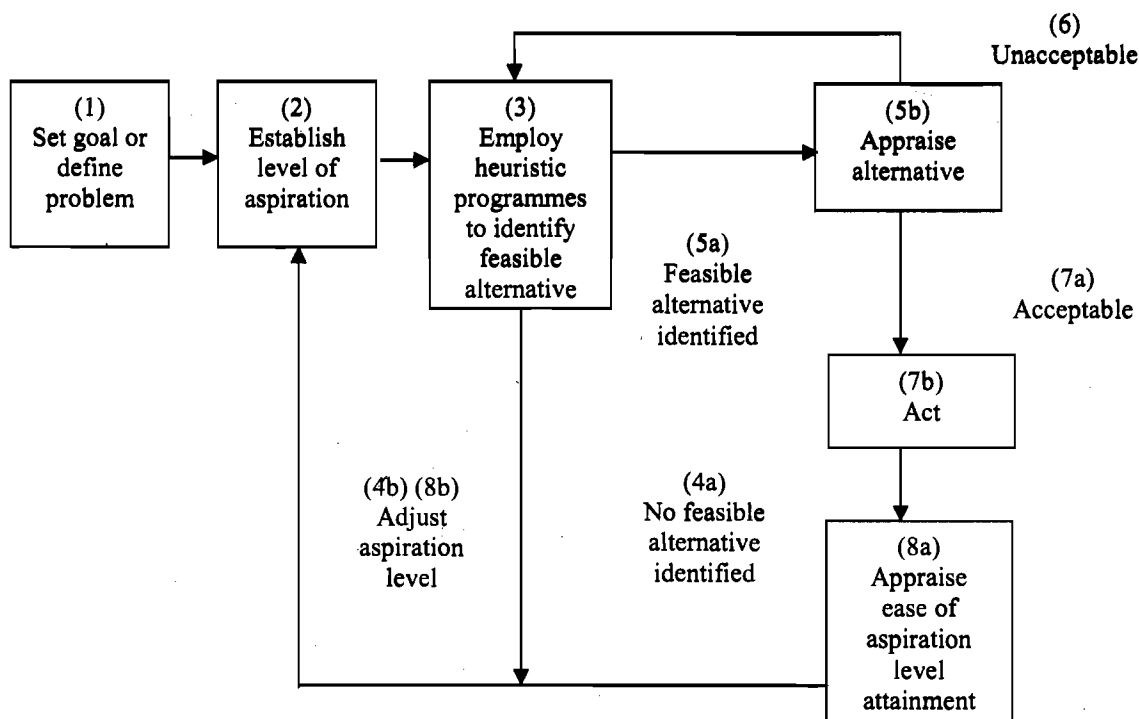


Fig.8.3: A Bounded Rationality Model of Decision Making
Source: Behling and Schriesheim, 1976

(i) **Social man model:** This model was developed by the classical psychologists. This model feels that man being a social animal is subjected to social pressures and influences. Here the decisions are taken under the following conditions:

- **Certainty:** Because of certainty, accurate decisions can be taken.
- **Uncertainty and risk:** Several decisions are taken under conditions of risk.

Identification of Alternatives

In order to generate alternatives three main processes are generally used. These are brainstorming, synectics and nominal grouping.

- (i) **Brain storming:** This is developed by Alex F. Osborn. It is the best technique in stimulating creative thinking. The objective of this method is to produce as many ideas as possible. In this method 'criticism' is prohibited. 'Freewheeling' is welcome. Generating a number of alternatives is the motto. Combination and improvement are sought. This method does have limitations. They are time consuming and costly. Care should be taken to select group members who are familiar with the problem to be considered (e.g. Parent - Teacher Association meetings).
- (ii) **Synectics:** Here members are selected from different backgrounds and training. The leader poses the problem in such a way that the members deviate from traditional ways of thinking. Various methods employed include role playing, use of analogies, paradoxes, metaphors and other thought provoking exercises.

This is a widely used method and though it has limitations like brain storming, it is very useful for complex and technical problems.

Activity 7

Illustrate the above mentioned decision making technique and situation where it can be used.

- (iii) **Nominal grouping:** It means group in name only. This model is useful when it requires a high degree of innovation and idea generation. Here the search process is proactive rather than reactive. It is also time consuming and costly.

8.7 CREATIVITY AND DECISION MAKING

Creativity involves a novel combination of ideas which must have theoretical or social value or make an emotional impact on other people. Creative decisions and the quality of such decisions is influenced by many factors. It would depend upon the quality of the information input and any prejudices introduced because of our perceptual processes and cognitive constraints. In addition to the outside factors, the characteristics of the decision maker greatly affect the quality of the decision. The primary characteristics are the attitude of the decision maker towards risk that he/she may be facing and the types of social and cultural influences on him/her.

Some of the factors and personal characteristics that have an impact on the decision maker are:

- (i) **Information inputs:** It is very important to have adequate and accurate information about the situation for decision making, otherwise the quality of the decision will suffer. It must be recognized, however, that an individual has certain mental constraints which limit the amount of

information that he/she can adequately handle. Less information is as dangerous as too much information, even though some risk takers and highly authoritative individuals do make decisions on the basis of comparatively less information than more conservative decision makers.

- (ii) **Prejudice:** Prejudice and bias are introduced by our perceptual processes and may cause us to make ineffective decisions. First of all, the perception is highly selective, which means that we only accept what we want to accept and hence only such type of information filters down to our senses and secondly, perception is highly subjective meaning that the information gets distorted to coincide with our pre-established beliefs, attitudes and values. For example, a pre-conceived idea that a given person or an organization is honest or deceptive, good or poor source of information, late or prompt on delivery can have a considerable effect on the objective ability of the decision maker and the quality of the decision.
- (iii) **Cognitive constraints:** A human brain, which is the source of thinking, creativity and thus decision making, is limited in capacity in a number of ways. For example, except in unique circumstances, our memory is short term with a capacity of only a few ideas, words and symbols. Secondly, we cannot perform more than a very limited number of calculations in our heads which are not enough to compare all the possible alternatives and make a choice. Finally, psychologically, we are always uncomfortable with making decisions. We are never really sure if our choice of the alternative was correct and optimal, until the impact of the implication of the decision has been felt. This makes us feel very insecure. These constraints limit us to use 'Heuristics', which means limiting the search for facts and data and using the limited information for decision making. This leads to 'satisfactory' decisions rather than optimal decisions.
- (iv) **Attitudes about risk and uncertainty:** These attitudes are developed in a person, partly due to certain personal characteristics and partly due to organizational characteristics. If the organizational policy is such that it penalizes losses more than it rewards gains, then the decision maker would tend to avoid such alternatives that have some chances of failure even though the probability of substantial potential gains is very high. The risk taking attitude is influenced by the following variables:
- Intelligence of the decision maker. Higher intelligence results in highly conservative attitudes and highly conservative decision makers are low risk takers. The less intelligent decision makers are generally more willing to take calculated risks if the potential rewards are large and there is some chance of success.
 - Expectations of the decision maker. People with high expectations are generally highly optimistic in nature and are willing to make decisions even with less information. The decision makers with low expectations of success will require more and more information to decide upon a course of action.
 - Time constraints. As the complexity of the personal habits of the decision maker and the complexity of the decision variables increases, so does the time required to make a rational decision. Even though, there are certain individuals who work best under time pressures and

may out-perform others under severe time constraints, most people, by and large, require time to gather all the available information for evaluation purposes. However, most people under time pressures rely on 'Heuristic' approach, considering few characteristics of alternatives and focusing on reasons to reject some alternatives. This approach may also be in use when the cost of gathering information and evaluating all such information is high.

- (v) **Personal habits:** Personal habits of the decision maker, even though formed through social environmental impact and personal perceptual processes, must be studied in order to predict his decision making style. Some people stick to their decisions even when these decisions are not optimal and try to shift the blame for failure on outside factors rather than their own mistakes. For example, Hitler found himself bound by his own decisions. Once he decided to attack Russia, there was no coming back even when it was realised that the decision was not the right one. Some people cannot admit that they are wrong and they continue with their decisions as before even ignoring such evidence which indicates that a change is necessary. These personal habits have a great impact on organizational operations and effectiveness.
- (vi) **Social and cultural influences:** The social and group norms exert considerable influence on the style of the decision maker. Ebert and Mitchell define a social norm to be "an evaluating scale designating an acceptable latitude and an objectionable latitude for behaviour, activity, events, beliefs or any object of concern to members of a social unit. In other words, social norm is the standard and accepted way of making judgements". Similarly, cultural upbringing and various cultural dimensions have a profound impact on the decision making style of an individual. For example, in the Japanese organizational system, a decision maker arrives at decisions in consensus with others. This style is culturally oriented and makes implementation of the decision much easier, since every body participates in the decision making process. In America, on the contrary, the decision making style is highly individualistic with the help of decision models and decision techniques.

8.8 SOME COMMON ERRORS IN DECISION MAKING

Since the importance of the right decision cannot be overestimated, because the quality of the decision can make the difference between success and failure, it is imperative that all factors affecting the decision be properly looked at and fully investigated. In addition to technical and operational factors which can be quantified and analyzed, other factors such as personal values, personality traits, psychological assessment, perceptions about the environment, intuitional and judgemental capabilities and emotional interference must also be understood and credited.

Some researchers have pinpointed certain areas where managerial thinking needs to be re-assessed and where some common mistakes are usually made. These mistakes that affect the decision making process as well as the efficiency of the decision should be avoided as far as possible. Some other errors are:

- (i) **Indecisiveness:** Decision making is a very heavy responsibility. The fear of its outcome can make some people timid about making a decision. This timidity may result in taking a long time for making a decision and this may result in the loss of a good opportunity. This trait is a personality trait and must be looked into seriously.
- (ii) **Postponing the decision until the last moment:** This is quite a common practice and results in decision making under pressure of time which generally eliminates the possibility of a thorough analysis of the problem since such analysis is time consuming. It also makes it practically impossible to establish and compare all possible alternatives. For example, many students who postpone studying until their final exams usually do not fare well in the exams.
- (iii) **Failure to isolate the root cause of the problem:** It is a very common practice to cure the symptoms, rather than the causes. For example, a headache may be a symptom of some deep rooted emotional problem so that just a medicine for the headache would not cure the problem. It is necessary to separate the symptoms from the causes. Success of a decision is dependent upon the correct definition of the problem.
- (iv) **Failure to assess the reliability of informational sources:** Very often, we take it for granted that the other person's opinion is very reliable and trustworthy and we do not check for the accuracy of such information for ourselves. Many times, the opinion of the other person is taken so that if the decision fails to bring the desired results, the blame for the failure can be shifted to the person who had provided the information. However, this is a poor reflection on the manager's ability and integrity and the manager must be held responsible for the outcome of the decision. Accordingly, it is his moral duty to analytically judge the accuracy and reliability of the information that is provided to him.
- (v) **The method for analyzing the information may not be a sound one:** Since most decisions and specially the non-programmed ones have to be based upon a lot of information, and many factors and variables, the procedures to identify, isolate and select the useful information must be sound and dependable. Usually, it is not operationally feasible to objectively analyse more than five or six pieces of information at any given time. Hence, a model must be built which incorporates and handles many variables in order to aid the decision maker. Also, it is desirable to define the objectives, criteria and constraints as early in the decision making process as possible. This would assist in making the process more formal so that no conditions or alternatives would be overlooked.

Stages in the creative process

Stage	Type	Behaviours
Preparation	Conscious	Saturation: Investigating the problem in all directions to become fully familiar with it, its setting, causes, and effects. Deliberation: Mulling over these ideas, analyzing and challenging them, viewing them from different optics.
Latent period	Unconscious	Incubation: Relaxing, switching off, and turning the problem over to the unconscious mind. Illumination: Emerging with possible answers – dramatic, perhaps off beat, but fresh and new.
Presentation	Conscious	Verification: Clarifying and flushing out the idea, testing it against the criterion of appropriateness. Accommodation: Trying out the solution on other people and other problems.

Activity 8

Do you use any other model for making decisions other than the models presented above? Illustrate.

8.9 LET US SUM UP

In this unit we have discussed the importance of decision making, the process involved and different models of decision making and how decision making is helpful in everyday life. We discussed various characteristics of decision making. Four types of decisions have been discussed in this unit. We have also discussed four major models: contingency model, economic man model, administrative man model and social man model. Various factors and personal characteristics that have an impact on decision making have also been discussed.

8.10 UNIT-END EXERCISES

1. Explain the concept of rationality in decision making? What are its limitations?
2. Discuss the economic man model of decision making. How does it differ from administrative man model of decision making?
3. Discuss various types of decision making and illustrate with reference to the school you are working in.
4. Discuss the process and relationship of creativity and decision making.

8.11 SUGGESTED READINGS

1. Chhabra, T.N., (2002): Principles and Practice of Management. Dhanpat Rai & Co., Delhi.
2. IGNOU, (1987): Management Functions and Behaviour MS-1. IGNOU Study Material, New Delhi.
3. JITS, Chandan, (1998): Organisational Behaviour. Vikas Publishing House Pvt. Ltd., Delhi.
4. Mitchell, T.R. and Larson, J.R., (1987): People in Organisations: An Introduction to Organizational Behaviour. McGraw Hill International Edition.
5. Raju, R.S. and Parthasarathy, A., (2000): Management Text and Cases. Prentice-Hall of India Private Limited, India.