

Decision Making

POSC 315

Week 8

Agenda Setting → Decision-Making

- Policy design in the **Alternative Selection** stage requires decisions about what "tools" to adopt and how to design a policy to achieve the desired outcome.
- As well decision-making also permeates ongoing policy design, budgeting, implementation, and evaluation.

Decisions

- Decisions are made throughout the policy process
- There are important considerations at each "stage"
- There are multiple decision points at each stage
- There are several theories about the decision-making process, both for individuals and organizations.

Decisions

- Matters can be complex or simple:
 - Complex: What is the best way to reduce the number of people who die in car accidents?
 - Simple: Should we build a new bridge?
- Remember, our constitutional system intentionally slows policy-oriented decision-making.

Decision-Making Theories

- Rational Choice
- Bounded Rationality
- Incrementalism

Rational Choice

- The Rational-Comprehensive Model is the starting point for many decision-making theories.
- All important factors are considered
 - Analysis of policy goal and policy tool is separate
 - Goals are isolated before tools are considered
- A *good* policy is the *technically* best policy

Rational Choice

- Starts with a rational actor: *Economic Man*
 - Complete and perfect information
 - about a problem(s)
 - about its causes and effects
 - about the consequences of alternative solutions
 - about the consequences of inaction
 - Can accurately weigh costs and benefits

Rational Choice

- **Optimization**

- The rational actor will choose the policy that maximizes benefits and minimizes costs
- All alternatives are considered, and the rational actor chooses the best one
- Achieve maximum social gain from the decision

Rational Choice

- Pretty unrealistic model
 - Information is never complete
 - Information is never perfect
 - Costs and benefits are never known
 - Costs and benefits are never accurately weighed
 - There are always constraints on the decision-maker
- **Bureaucracy** helps to make the model more realistic

Rational Choice

Six Steps to Rational Choice

1. Define the problem
2. Identify decision criteria
3. Weight the criteria
4. Generate alternatives
5. Rate each alternative on each criterion
6. Compute the optimal decision

Bounded Rationality

- Herbert Simon (1916-2001)
- Nobel Prize in Economics (1978)

“ The capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world.

Bounded Rationality

- Recognizes goals and tools are intertwined
- Means and ends—goals and tools—are considered together
- A good policy is one where consensus can be reached

Bounded Rationality

- Starts with a rational actor: *Administrative Man*
 - This actor's rationality is "bounded" by:
 - Limited information
 - Limited time
 - Limited cognitive capacity
 - Limited resources
 - Limited ability to process information
 - So they **satisfice** rather than optimize

Bounded Rationality

- **Satisficing**, "satisfy" + "suffice"
 - Makes the most rational decision with the information and experience available
 - The administrative actor will choose the policy that is "good enough"
 - Decisions are made by choosing between facts and values
 - The first alternative that meets the minimum criteria is chosen
 - Achieve a satisfactory social gain from the decision

Bounded Rationality

Rational Choice	Bounded Rationality
Complete information	Limited information
Values and facts are separate	Values and facts are intertwined
Goals are isolated before tools are considered	Goals and tools are considered together
Means and ends are separate	Means and ends are intertwined
A "good" policy is the "technically" best policy	A "good" policy is one where consensus can be reached
Analysis is comprehensive	Analysis is limited
Relies heavily on theory	Succession of alternatives reduces reliance on theory

Incrementalism

- Charles Lindblom (1917-2018)
- "The Science of Muddling Through" (1959)
- "The Science of Muddling Through Revisited" (1979)
- "Still Muddling, Not Yet Through" (1993)
- "The Science of Muddling Through: Fifty Years Later" (2009)

Incrementalism

- Builds on the work of Herbert Simon
 - Recognizes people cannot process all the information available
 - We do the best we can with the information processing capacity we have
- Based on "successive limited comparisons"
 - Compare alternatives to the status quo
 - Choose the alternative that is the least different from the status quo
 - Incremental change is the norm

Incrementalism

- Simplifies the decision-making process
 - Reduces the number of alternatives to consider
 - Allows only those that are marginally different from the status quo
 - Allows decision-makers to rely on feedback from experience
- Manages risk by making the process serial and remedial
 - Avoids the possibility of large, irreversible errors.

Incrementalism

- **Successive Limited Comparisons**
 - Compare alternatives to the status quo
 - Choose the alternative that is the least different from the status quo
 - Incremental change is the norm

Incrementalism

Problems with Incrementalism

- Incrementalism is not always possible
 - Some problems are too complex
 - Some problems are too urgent
 - Some problems are too important
- Some decisions require huge leaps: "moonshots, wars, pandemics, depressions"

Dysfunctional Decision-Making

- Dysfunction often arises not from problems of disagreement but rather problems of agreement.
- People can be hesitant to disagree with the group, or to speak truth to power.
- Savvy administrators put safeguards in place to avoid groupthink.

Dysfunctional Decision-Making

- **Groupthink**

- A group of people make irrational decisions because they are more concerned with maintaining group cohesion than with assessing the facts of the problem with which the group is concerned.
- The group is more concerned with maintaining unanimity than with objectively evaluating their situation, alternatives, and consequences.
- *The Bay of Pigs Invasion, The Challenger Disaster, The Abilene Paradox*

The Garbage Can Model

- Michael Cohen, James March, and Johan Olsen (1972)
 - Decisions are made in an "organized anarchy"
- Decisions are made in a "garbage can"
 - Problems
 - Solutions
 - Participants
 - Choice opportunities

The Garbage Can Model

- Basic Structure:
- There are choices looking for problems
- There are issues and feelings looking for decision situations in which they might be expressed
- There are solutions looking for issues to which they might be the answer
- There are decision makers looking for work

The Garbage Can Model

- The Garbage Can Model is a model of decision-making in organizations with:
 - Unclear goals
 - Fluid participation
 - Unclear technology
 - Organizationally induced time constraints

The Garbage Can Model

When the timing is right for a choice opportunity, a problem, a solution, and a decision maker to come together, a decision is made.

- The decision maker can pull a "solution" out of the "garbage can" and apply it to the "problem" at hand, hoping it works or suits the decision-maker's purposes.

Conclusion

- Decision-making is a critical part of the policy process
- We discussed three theories of decision-making:
 - Rational Choice
 - Bounded Rationality
 - Incrementalism
- We also discussed two theories of dysfunctional decision-making:
 - The Garbage Can Model
 - Groupthink