

3) Decision making

- The word decision has been derived from the latin word "decidere" which means "cutting off"
- Thus, decision involves cutting off of alternatives b/w those that are desirable and those that are not desirable

Characteristics of effective decisions

1. Action orientation
2. Goal direction
3. Effective in implementation

1. Action orientation:

Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment.

2. Goal direction:

Decision making should be goal-directed to enable the organization to meet its objectives

effective in implementation:

decision making should take into account all the possible factors not only in terms of external context but also internal context so that a decision can be implemented properly.

- Types of decisions:

programmed decision and non-programmed

1. programmed decisions:-

programmed decision are routine and repetitive and are made within the frame work of organizational policies & rules.

• programmed decisions have short-run impact

• it generally taken at lower level of management

• Non-programmed decisions:

* Non-programmed decisions are decisions taken to meet non-repetitive problems.

* non-programmed decisions are relevant for solving unique problems in which various alternatives cannot be decided in advance.

b) Strategic and tactical decisions:-

1) Strategic decisions

* Basic decision or strategic decisions are decisions which are of crucial importance.

* Strategic decisions of resources & contribution to the achievement of organizational objectives.

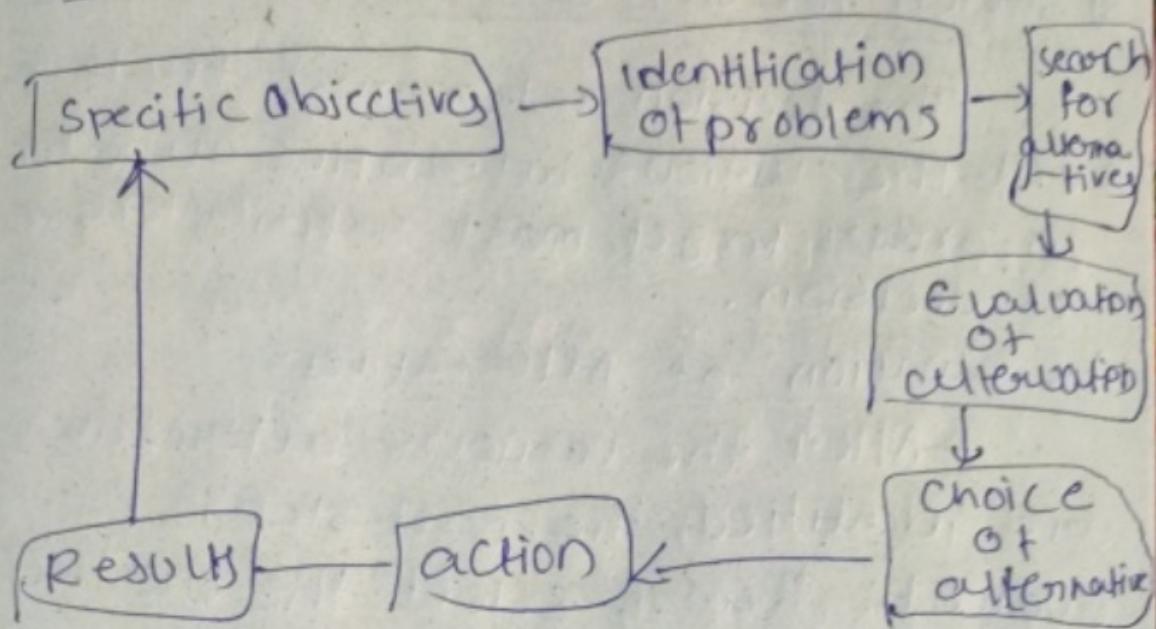
2) Tactical decisions:-

Routine decisions or tactical decisions are decisions which are routine and repetitive.

* It is related to day-to-day operational organization and has to be taken very frequently.

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Decision making process:-



1. Specific objectives:-

- * The need for decision making arises in order to achieve certain specific objectives.
- * The starting point in any analysis of decision making involves the determination of whether a decision need to be made.

2. Problem identification

- A good decision is dependent upon the recognition of right problem
- Diagnosis.

3) Search for alternatives:

The decision maker must try to find out the various alternative available in order to get most satisfactory result of decision.

4) Evaluation of Alternatives:-

-After the various alternatives are identified, the next step is to evaluate them & select the one that will meet the choice criteria.

5) Choice of Alternative:-

The evaluation of various alternative presents a clear picture as to how each one of them contribute the objective under question.

6) Action:-

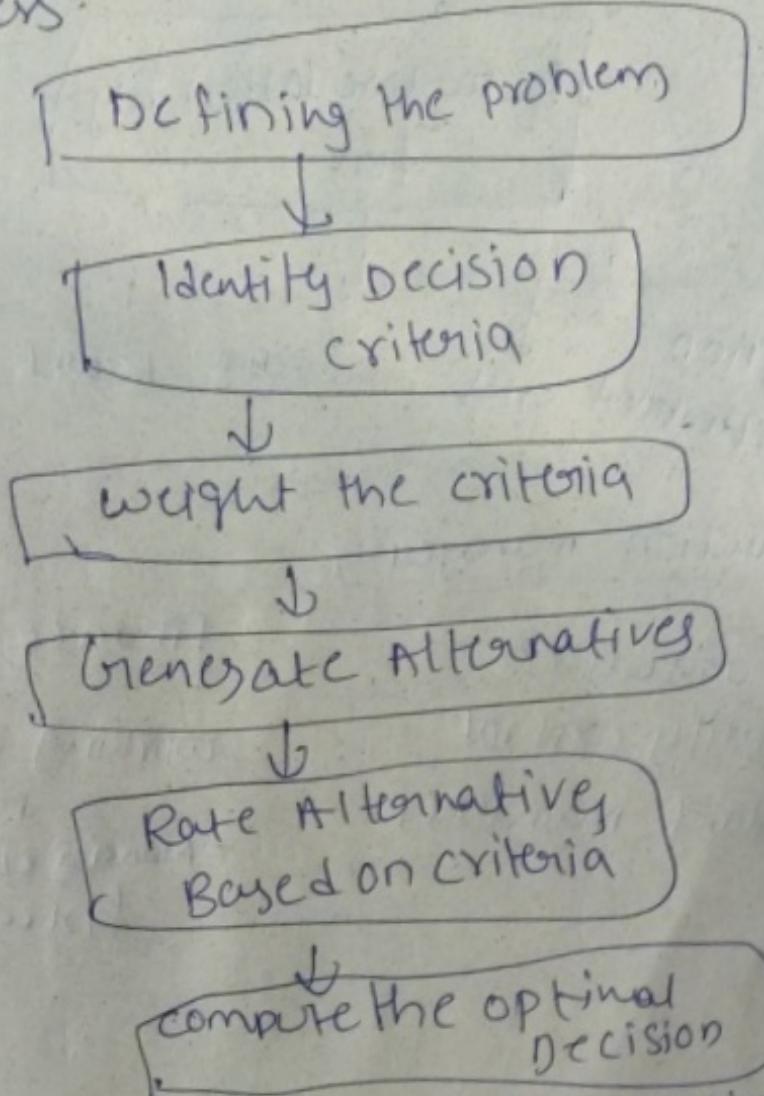
-once the alternative is selected, it is put into action

7) Result:-

The result must be correspond with objectives starting point of decision process, if good decision has been made & implemented properly

Rational decision making model

- It is a model which emerges from organizational behavior.
- The process is one that is logical & follows the orderly path from problem identification through solution.
- Using such an approach can help to ensure discipline and consistency built into your decision making process.

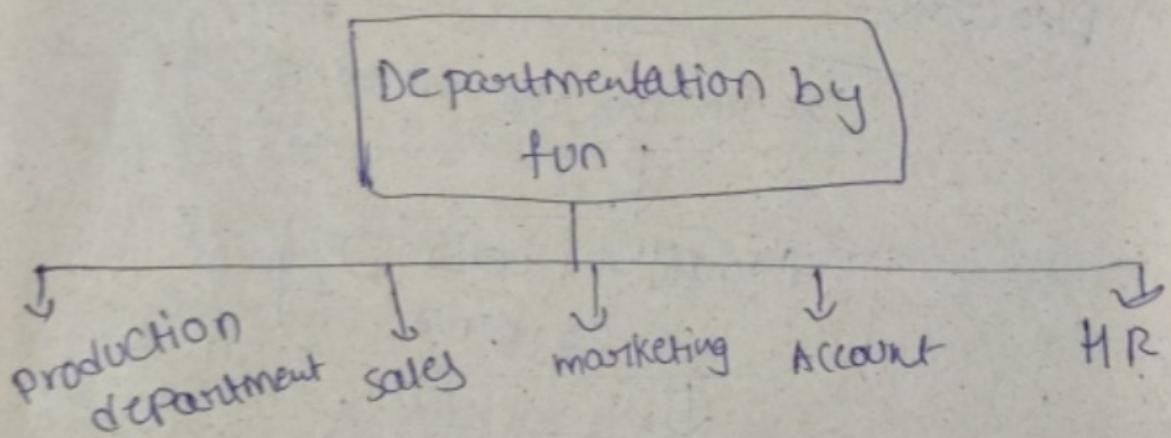


Decision making under various conditions:-

1. certainty
2. uncertainty
3. Risk

6. Departmentalization, centralization, Decentralization

- * Departmentalization is a process of horizontal clustering of diff types of function and activities on any one level of hierarchy.
- * It is based on purpose, product, process, fun, personal things and place.



production manager:-

- manufacture
- quality control
- plant maintenance

finance manager

- working capital management
- Management of fixed capital

entry
tion

Marketing manager

- Advertising
- sales promotion
- control of salesman

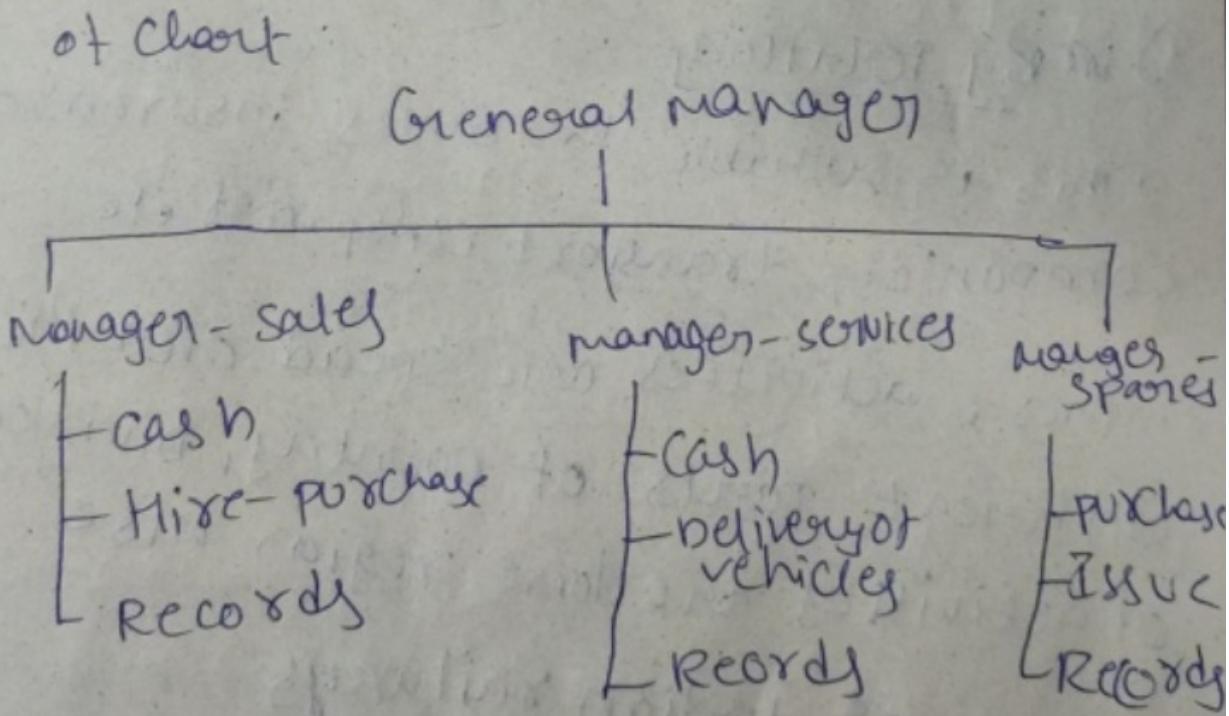
Personal mangr

- Recruitment
- training
- wage administration

Types:-

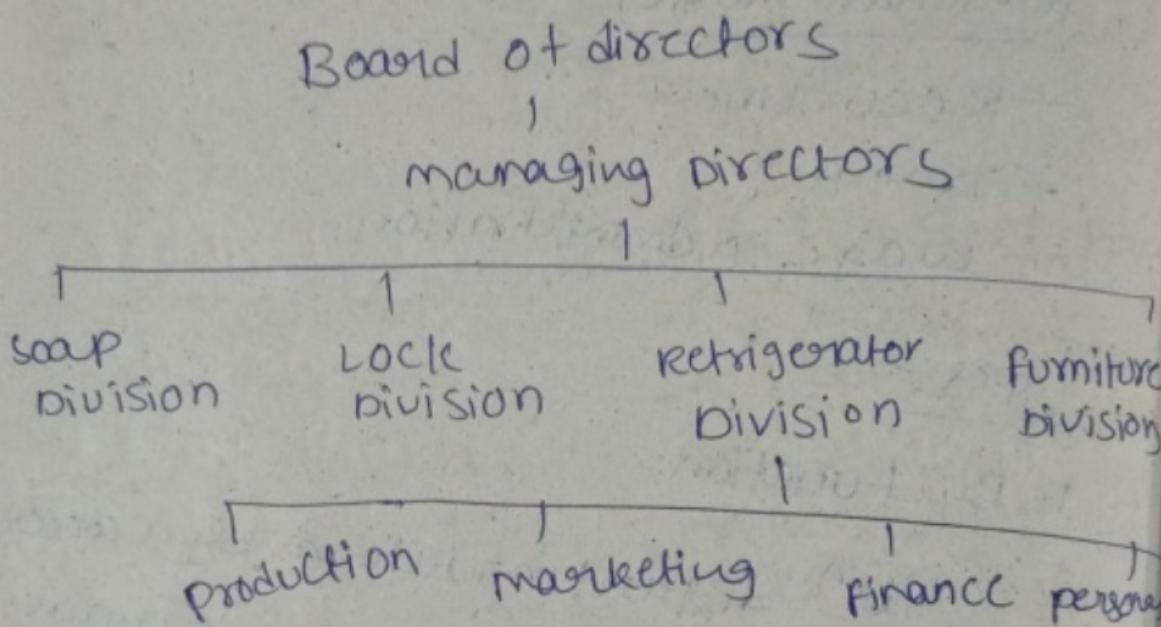
1. By function:-

Following departmentalization by a concern selling cars may be shown by means of chart.



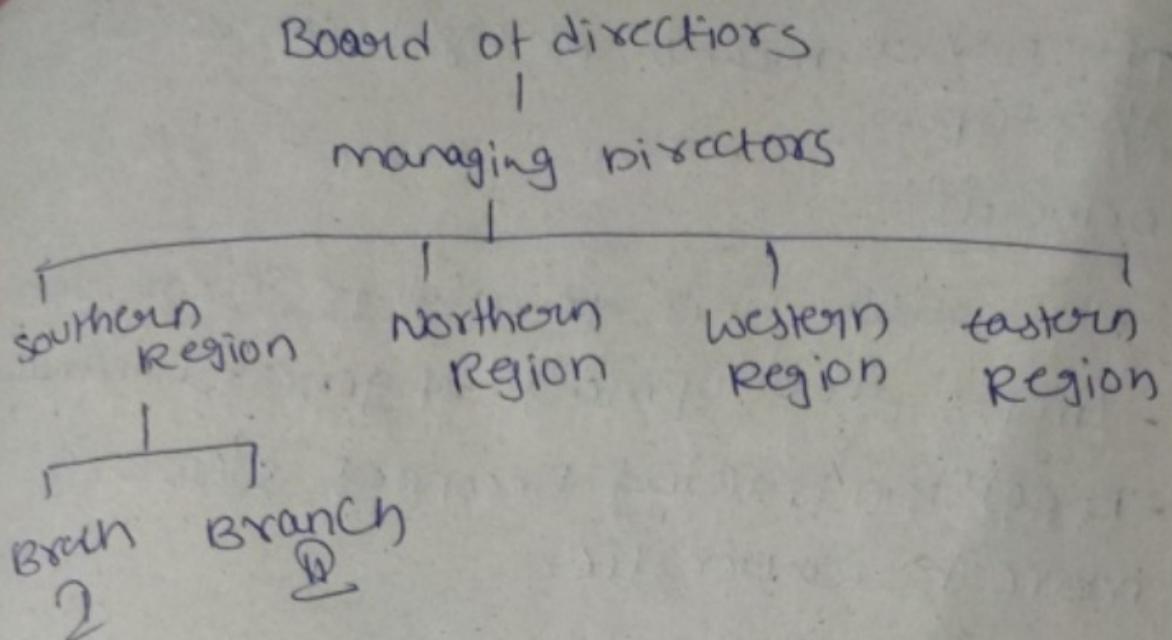
2. By products:-

These are suitable for those concerns who market different lines of products.



3) By Territory

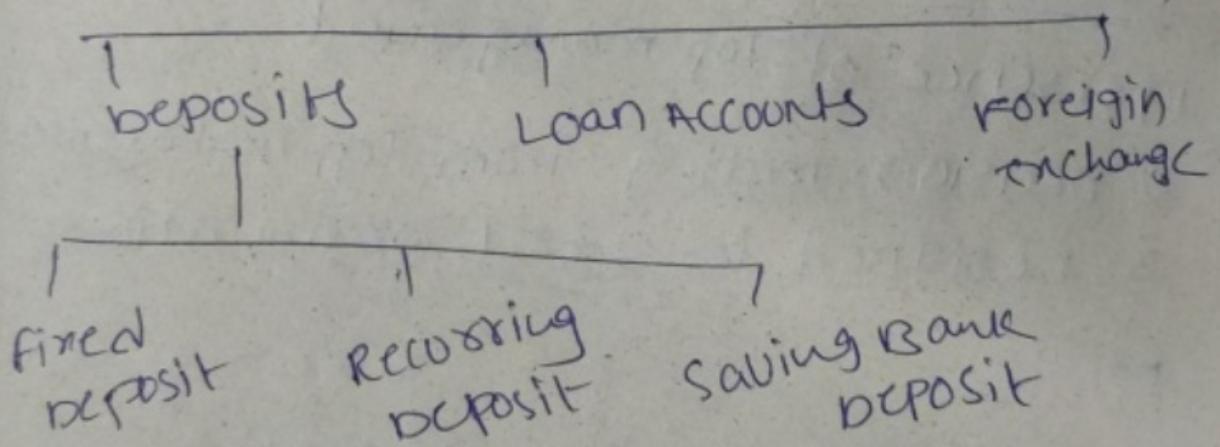
- This is suitable for banks, insurance companies, transport companies etc.
- These activities are spread over the different parts of country, division of activities are done region wise
eg: Indian railways



4) By customers:-

If its division activities is done based on needs of customers.

branch manager



merit:-

- Simplifies training and supervisor of subordinates.
- follow principle of occupational specialization

- Furnishes means of tight control at the top.

Demerits:-

- Slow adaptation to change in environment
- limits development of general manager
- Decision making becomes slower & more bureaucratic.

Centralization:-

The organization whose decision are taken by their top management are known as centralization

features:-

1. presence of top management
2. decision-making from top management
3. Designed for small organization .

Merits:-

1. consistency in decision making
2. strong top management
3. lower cost of administration
4. broad approach to managing
5. efficient handling of emergencies

Demerits:-

1. Heavy burden on top management
2. organizational growth retarded
3. Autocratic management
4. initiative discouraged
5. delayed decision making

Decentralization

Decentralization means systematic dispersal of authority in all departments and at all levels of management.

Importance of Decentralization

1. Rapid decision making
2. Administrative development
3. Development of executive skills
4. Higher control

Merits:-

1. light burden on top management
2. democratic management
3. Initiative encouraged
4. superior decision making
5. Span of control

Demerits

1. Lack of consistency in decision making.
2. Weak top management
3. Inefficient handling of emergencies
4. Encouraging inter-departmental conflicts.

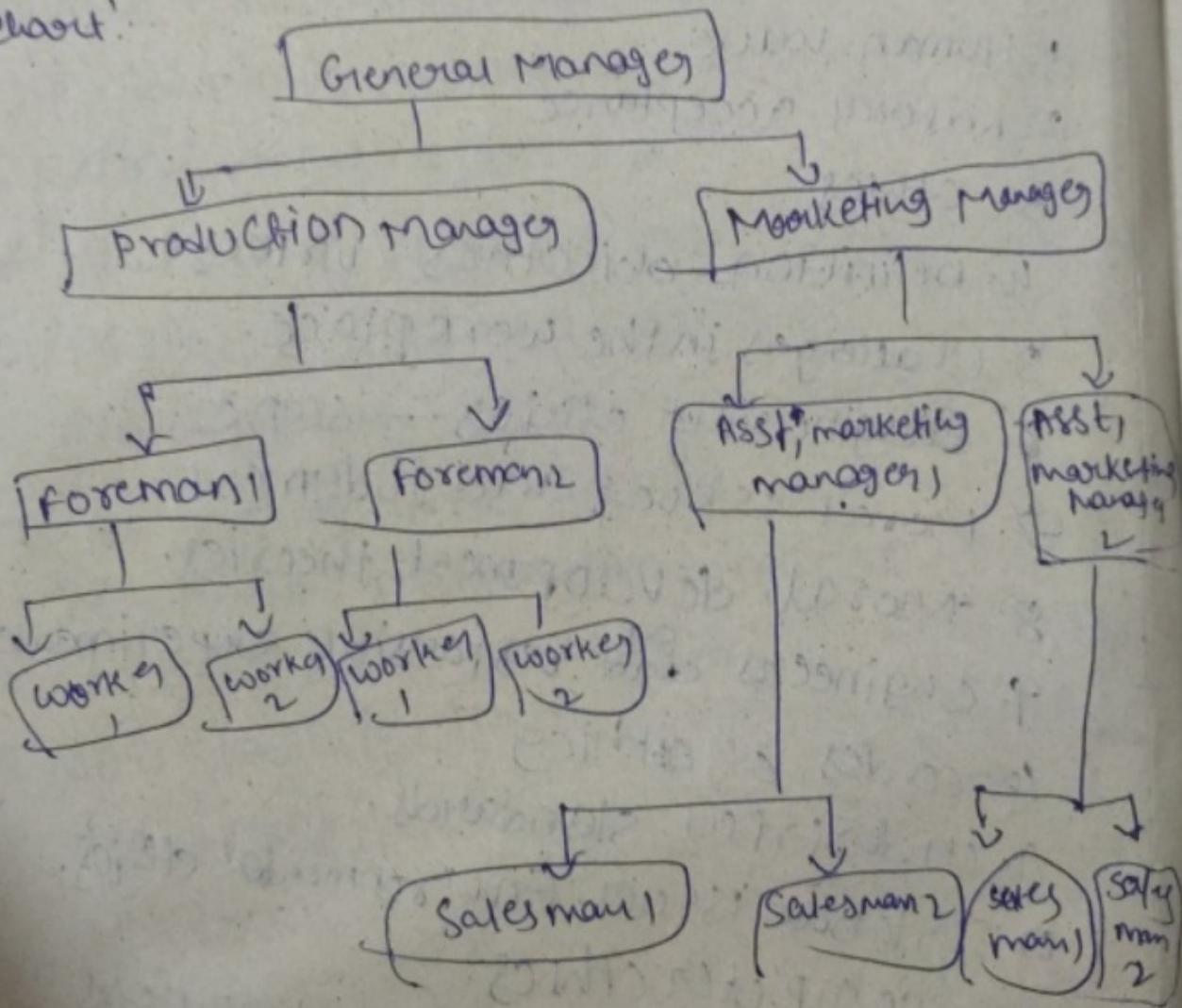
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organisation structure

An organization structure explains the position and official relationship between the various individuals working in an organization.

organisation chart

- The diagrammatic presentation of the organization structure is known as an 'organization chart'.



Organization types

Types of organizational structures:

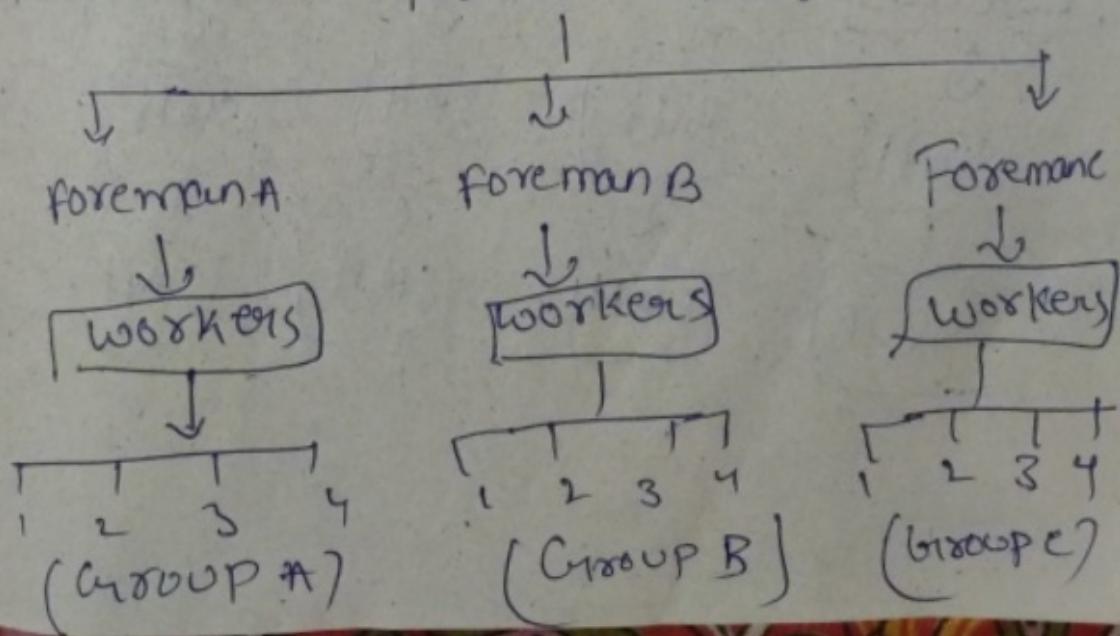
1. Line, military or scalar.
2. functional
3. Line and staff
4. committee
5. project
6. matrix
7. freeform.

1. Line organization

simplest and oldest type of organization

pure line organisation.

production manager



MERITS

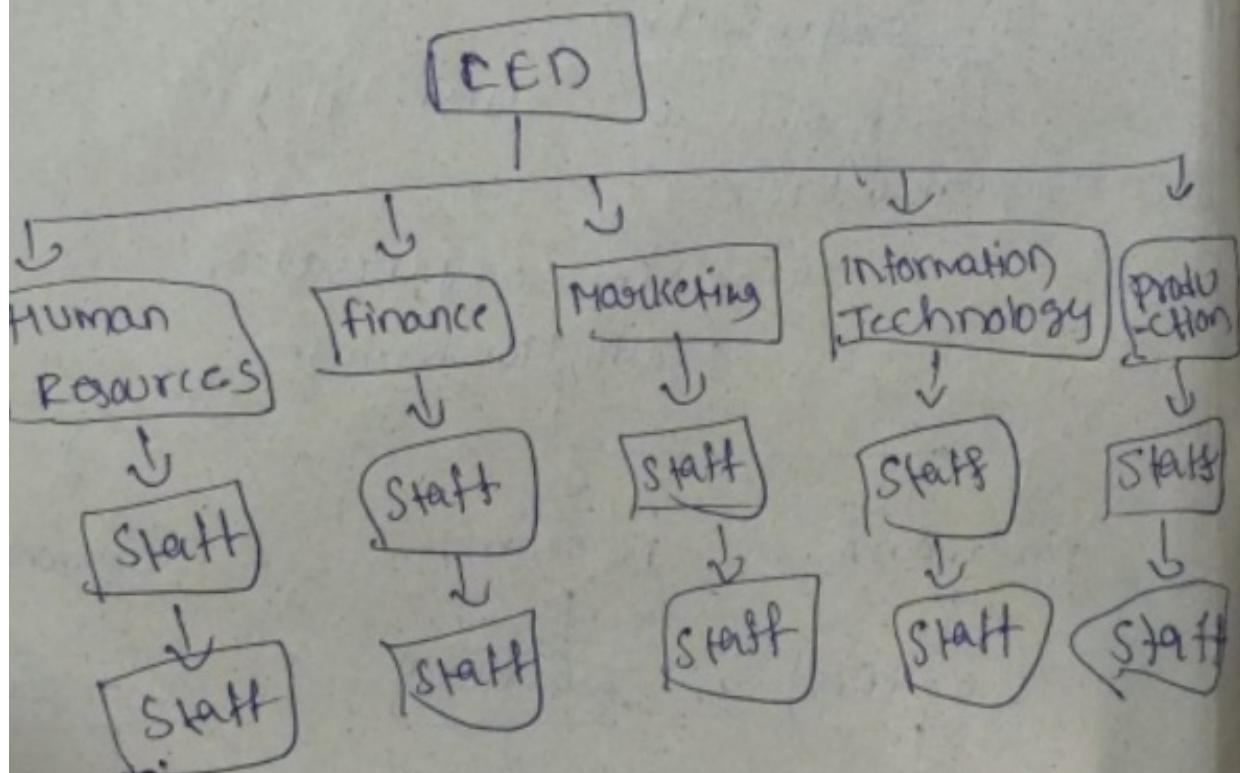
1. Simplicity
2. Division of Authority and Responsibility
3. Unity of control
4. Speedy Action
5. Discipline

Demerits

1. Lack of Specification
2. Over Loading
3. Lack of initiative
4. Scope for favoritism
5. Dictatorial.

2. functional organization

functional specialists dedicated to attend and lead common functions of various departments.



functional organization

MERITS

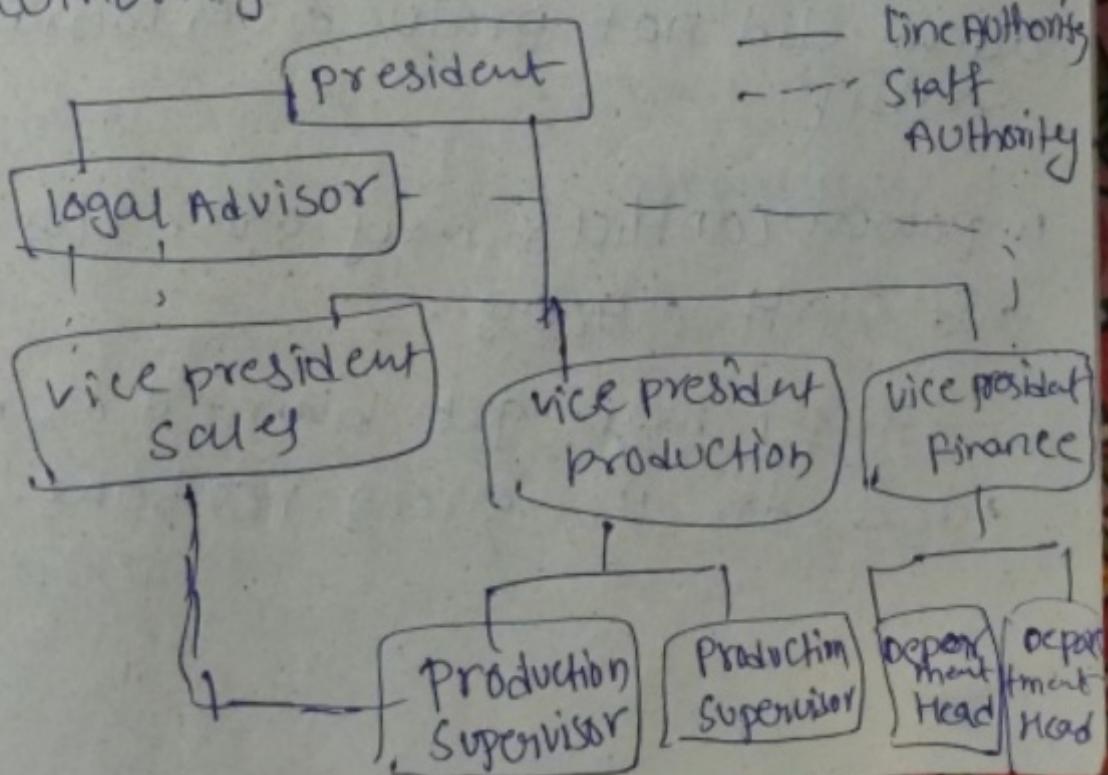
1. Benefit of specialization
2. Application of expert knowledge
3. Reducing the work load
4. Efficiency
5. Co-operation

DEMERITS

1. complex Relationship
2. Discipline
3. over-specialization
4. In-effective co-ordination
5. Lack of responsibility

line and staff organization

Line officers of each division may be assisted by staff officers, staff officers are advisory and do not have authority.



MERITS

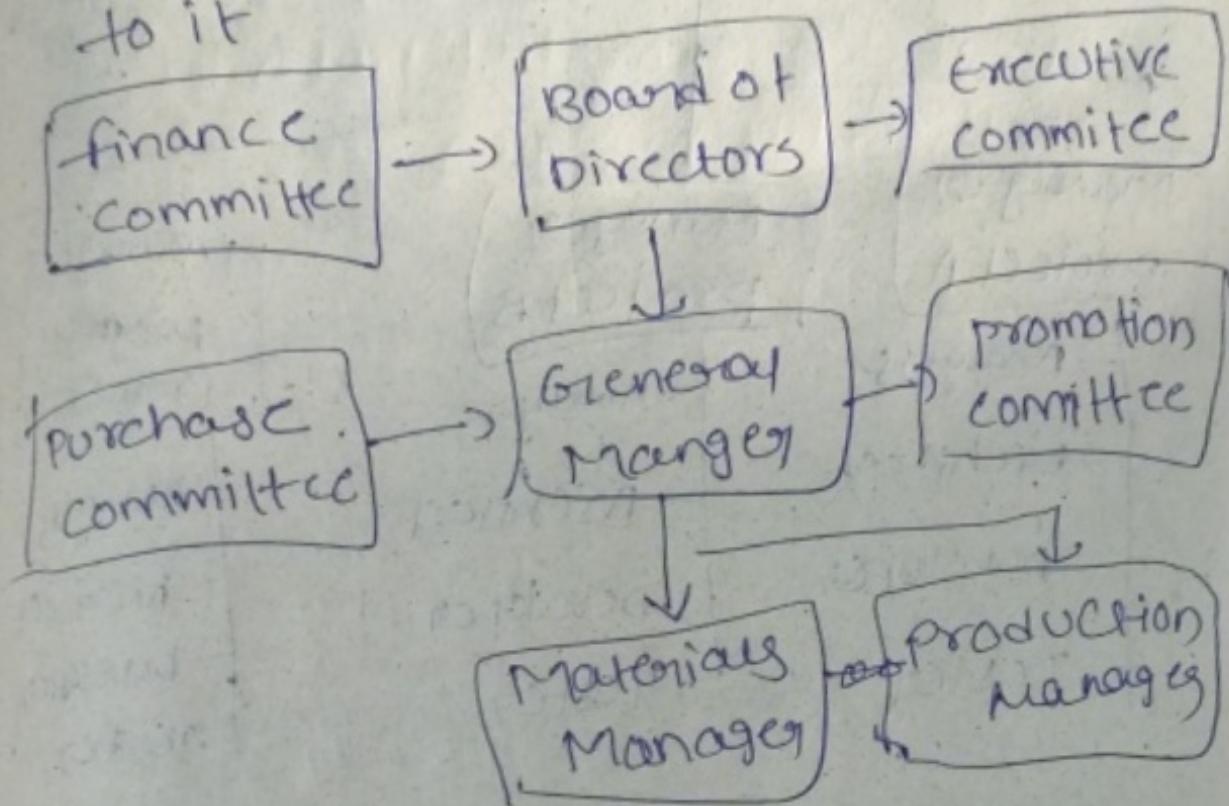
1. facilitates to work faster and better.
2. Specialization is attained.
3. enable to utilize experience and advice.
4. officers can take sound advice.
5. opportunity available for training.

DEMERITS

1. undefined line of commands lead to confusion.
2. advices could get rejected for no reason.
3. staff officers not responsible if the advice did not produce favourable result.
4. power conflicts may arise b/w line and staff officers.
5. officer may get blamed or rewarded for the wrong reasons.

ii. committee organization

committee is a group of people either appointed or elected to meet and execute the functions assigned to it.



MERITS

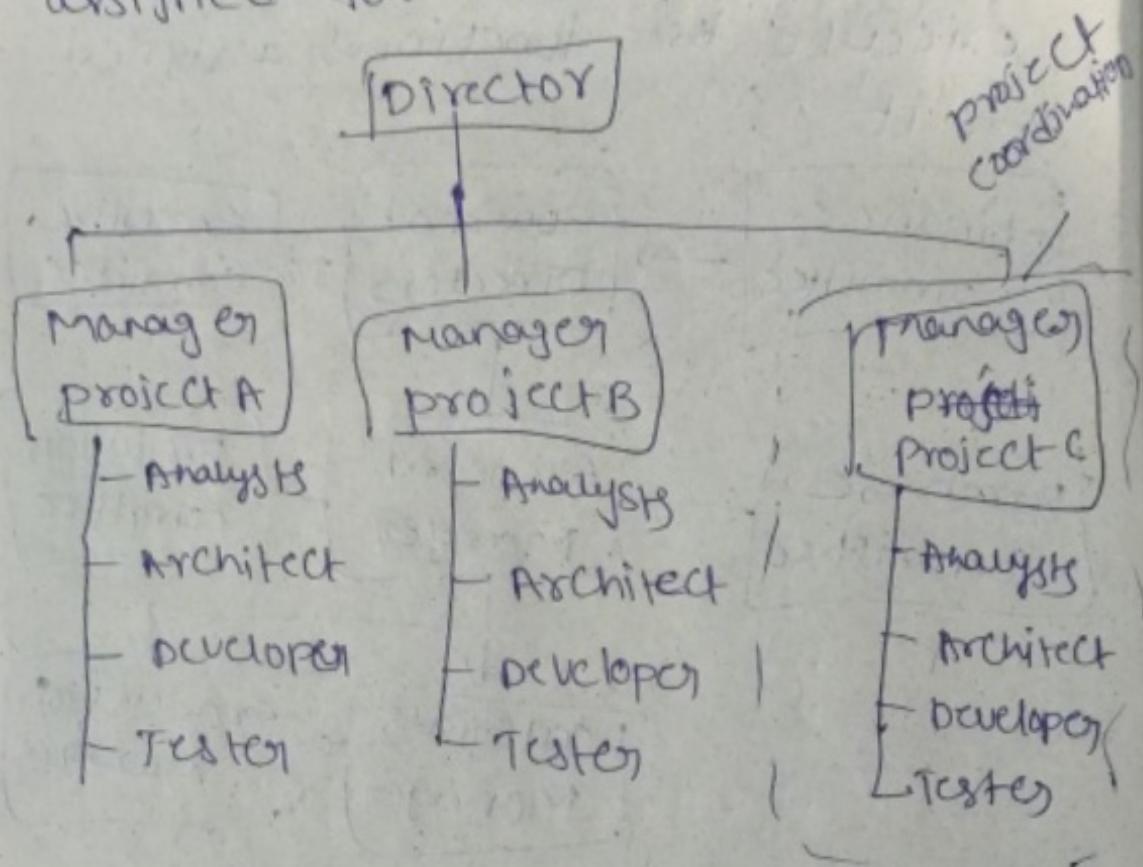
1. pooling option
2. improved cooperation
3. Motivation
4. Representation
5. dispersion of power

DE-MERITS

1. Time and cost
2. compromise
3. personal prejudice
4. Logrolling
5. lack of effectiveness.

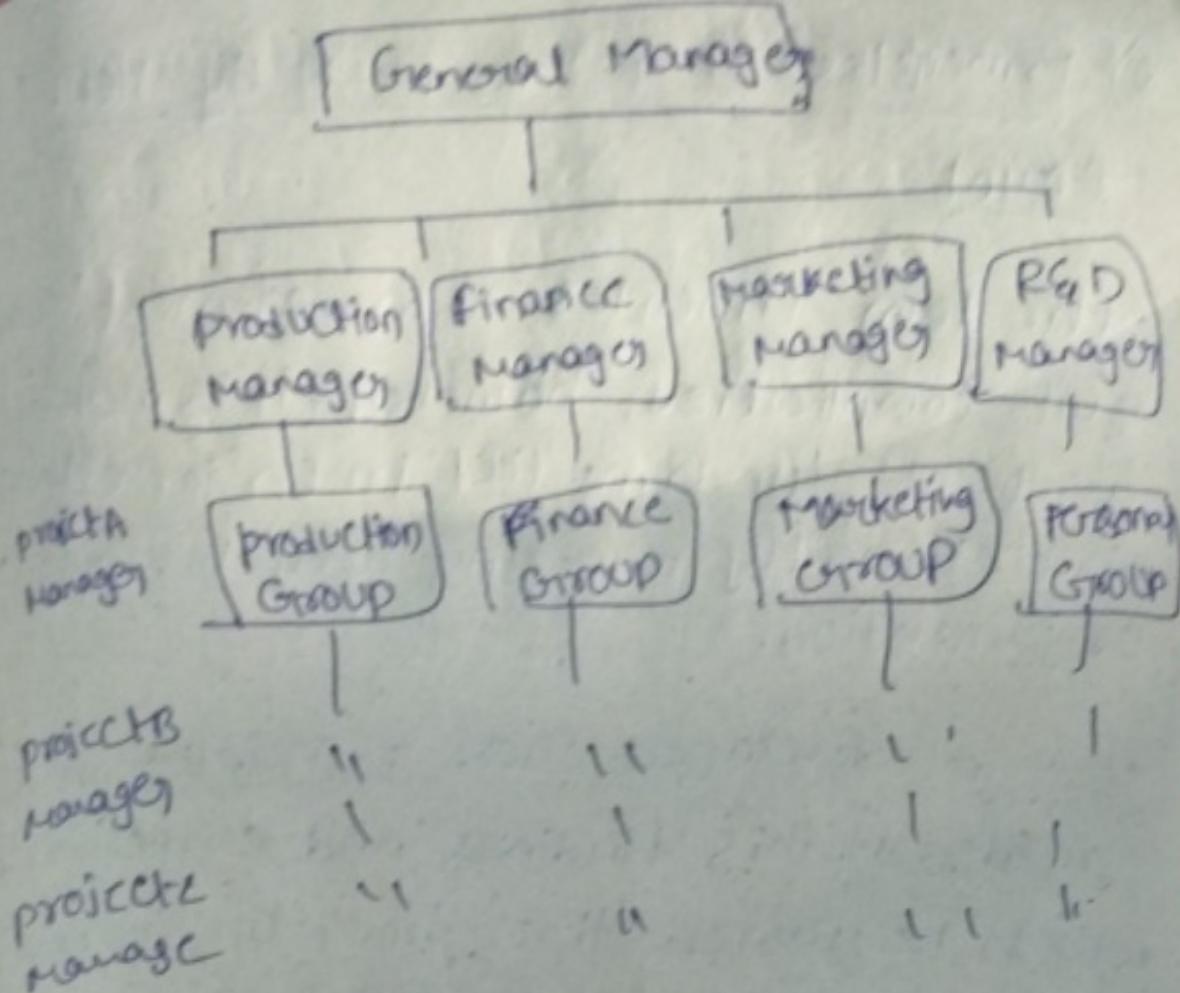
5) project organization

Grouping of work force and activities assigned for each project.



6. Matrix organization

multiple command structure with support mechanisms and organization culture.



7. fractform organization

- forms whenever a need arises to form an organization to achieve a particular objective.
- organization dissolves as soon as the objective is achieved.
- otherwise called organic or dynamic organizational structure.